



ANNUAL REPORT 2013/2014

INCREASED DEMAND FOR QUALITY

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THIS IS NOBINA

Our role is to:

HELP MAKE SOCIETY MORE MOBILE

Our offering to customers:

SIMPLIFY EVERYDAY TRAVEL

We deliver that by:

BEING FRIENDLY, CREATING SIMPLE SOLUTIONS, BEING AFFORDABLE

We succeed, by living up to our values:

WE ARE AVAILABLE FOR OUR CUSTOMERS

We listen carefully to passenger needs and approach passengers with friendliness and respect. We keep our promises, develop value-for-money solutions and make life easier for our passengers.

WE CONTINUOUSLY PERSUE DEVELOPMENT

We achieve objectives and deliver results. We are resource efficient and meet or exceed assured quality. We work with managed objectives and systematic follow-up in order to continually improve the company and its services.

WE RESPECT EACH OTHER

We safeguard each other's equality and treat each other with friendliness and respect. Together we shape a secure and creative working climate that encourages initiative

and suggestions for improvement. We oppose a lack of respect towards passengers, each other and the company.

WE FOSTER STRONG LEADERSHIP

We place clearly-defined demands on managers and employees. We put the passenger's and the company's interests before our own. We foster unrestricted cooperation. We provide feedback on work performed and pay due regard to achievements. We manage trust and confidentiality.

WE CARE

We take active responsibility for the environment and the community. We encourage health and personal development. We follow regulations and abide by the law. We are involved; we care for each other, our passengers and the world at large.

We do all of that because we have a vision:

EVERYBODY WANTS TO TRAVEL WITH US

Nobina is the leader in the Nordic region for public transport by bus, offering reliable, environmentally friendly traffic solutions. Regional traffic under contract for providing services to society in Sweden, Norway, Finland and Denmark accounts for the largest portion of the business. In addition, Nobina operates interregional traffic under the Swebus brand in the Swedish market, where there is free competition and pricing. In total, Nobina serves approximately 280 boarding customers per year and the bus fleet is approximately 3,400 buses.



NORWAY
Number of buses:
501

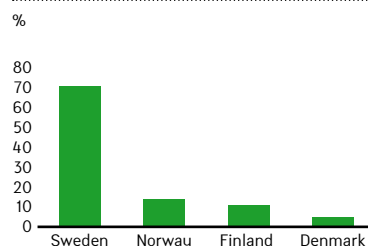
FINLAND
Number of buses:
384

SWEDEN
Number of buses:
2,333

DENMARK
Number of buses:
141



SALES PER COUNTRY



LEADING NORDIC TRAFFIC OPERATOR

53 % of regional contracts won during the year, with a market share of 16 %.

STABLE AND DIVERSIFIED REVENUE BASE

Long-term contracts account for 95 % of revenue, of which a large portion are new contracts.

COST-EFFECTIVE OPERATIONS

Profitability through careful traffic planning, cost control and Group-wide synergies.

STEADY FOCUS ON QUALITY

In a close dialogue with customers and PTAs, develop high quality traffic and services.

SUSTAINABLE OPERATIONS

Diesel consumption partially replaced by Biogas and Biodiesel usage.

AFTER THE NEW CONTRACTS START UP, NOBINA WILL BE DRIVING EVERY SECOND BUS IN THE SKÅNE REGION.

NOBINA WON A SIGNIFICANT TENDER FOR PUBLIC TRANSPORT IN COPENHAGEN AND NORTH ZEALAND.



IN DENMARK, NOBINA CAME IN THIRD PLACE FOR "COMPANY OF THE YEAR".

CASH FLOW IMPROVED SIGNIFICANTLY DURING THE FOURTH QUARTER.

Q1

The financial year got off to a good start, with both revenue and operating margin stable. There is a high level of activity in the market due to the large number of tendering processes for regional traffic. Nobina wins the tender for parts of Malmö city transport for 100 buses, worth approximately SEK 2.5 billion. In Helsinki, Nobina won a tender for another 31 buses, making it the city's largest operator. The market situation for Swebus is challenging and activities to increase profitability continue.

Q2

Earnings improve and the highest ever operating profit is achieved. Tendering activities continue to be intense. Nobina submits a successful bid in Värmland for 160 buses worth approximately SEK 3 billion. Nobina's contracts for traffic services in Skaraborg and Borås are renewed, the scope of which is approximately 250 buses with a value of nearly SEK 4 billion. Nobina also wins a tender for 91 buses in Sundsvall incl. environs, a contract with a distinct environmental profile, for a value of SEK 758 million. Start-up of services for city transport in Helsingborg is successful. The Norwegian business improves and in Finland, several cities initiate tendering processes. Due to intense price competition, Swebus discontinues its airport transfer services to Arlanda.

Q3

The earnings trend continues to be good and the high operating profit of the second quarter is surpassed in Q3. The proportion of contracts with variable remuneration increases. Nobina wins the tender for renewed city transport services in Landskrona, as well as renewed and expanded services in North-western Skåne. The value of both contracts is estimated at SEK 100 million per year. Nobina Denmark obtains environmental certification in accordance with ISO 14001 and in Randers, Nobina comes in third place for "Company of the Year". Swebus performs well thanks to prior activities that have been implemented. A higher interest in Nobina shares and bonds alters the ownership structure.

Q4

Cash flow improves considerably and the earnings trend is stable. All businesses are moving in the right direction and Swebus reports a profit. Nobina demonstrates that it is possible to win an important tender for Copenhagen and North Zealand, without sacrificing profitability or quality. The scope of the contract is 112 buses, with an estimated value of nearly SEK 1.8 billion. After completion of the appeal, Nobina was awarded the final contract for Värmlandstrafiken, which it had won in the second quarter. The losing party has requested leave to appeal in the Court of Appeal and a decision on this is expected shortly. Appeals are quite common and are to be expected in tendering processes.

53%

SHARE OF WON TRAFFIC VOLUME

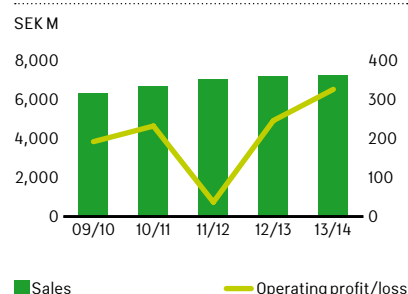
88%

COMPENSATION DEGREE OF THE TRAFFIC VOLUME

FINANCIAL HIGHLIGHTS

- 53 % (833) buses won for the volume of tenders that Nobina participated in.
- For all tenders that were submitted, the total number of buses for those contracts was 1,562.
- Sales amounted to SEK 7,269 (7,212) million.
- Profit/loss after net financial items was SEK 87 (–9) million and operating profit/loss was SEK 326 (246) million, both of which were significant improvements.
- Cash flow from operating activities improved and was SEK 173 (33) million.
- Investments were SEK 291 (1,256) million.

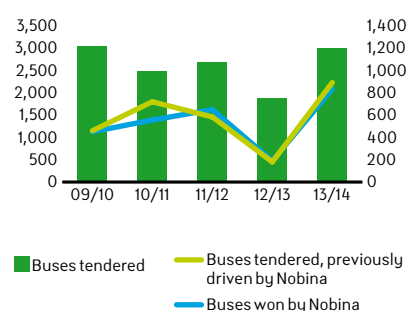
SALES AND OPERATING PROFIT/LOSS



DEFINITIONS

	13/14	12/13
Sales, SEK million	7,269	7,212
Operating profit/loss, SEK million	326	246
Profit/Loss after net financial items, SEK million	87	–9
Profit/Loss after tax, SEK million	56	60
Cash flow, SEK million	173	33
Cash and cash equivalents incl. restricted funds, SEK million	465	312
Of which restricted funds, SEK million	156	175
Equity/assets ratio, %	3.8	3.1
Equity, SEK million	224	187
Number of buses	3,359	3,455
Average number of employees	7,547	7,868
Sales/bus, SEK million	2.16	2.09

HISTORICAL TENDERING PROCESS OVERVIEW



A YEAR OF PROGRESS

For Nobina, 2013/2014 was a good year. Earnings and cash flow improved quite significantly. We demonstrated our strong position by winning 53 % of the tenders where we had submitted a bid, without sacrificing profitability or quality. By keeping a steady focus on creating the right conditions prior to, during and after the actual tender, we create predictability for everyone involved. This is also how we lay the foundation for continued profitable growth.

During this financial year, we participated in approximately twice the number of tender processes for regional traffic compared to other years. A great deal of energy and resources were devoted to the work with tenders and the results show that Nobina is a leader in the Nordic market. With our market share of 16 % in the Nordic market, we won 53 % of the total volume of buses within the scope of the tenders that Nobina submitted a bid for. That basically keeps our market share unchanged. It's a result we're very proud of. In Sweden, here are some of the contracts that Nobina won: Malmö, Landskrona, Northwestern Skåne, Värmland, Skaraborg, Kronoberg and Sundsvall incl environs. We have a strong position in the Skåne region and after the new contracts start up, Nobina will be driving every second bus for Skånetrafiken. In Finland, we won additional traffic contracts in Helsinki, which solidifies our position as the capital city's biggest operator. At the end of the financial year, we received a renewed and expanded contract for traffic in Copenhagen and North Zealand, which demonstrates that it is possible to develop our business in Denmark advantageously.

Higher profit and healthy cash flow

Although sales were basically at the same level as last year, we increased our profit before tax to SEK 87 million and operating profit improved by 33 % to SEK 326 million. It is excellent proof of the Group's strength and the focus we have on improving our productivity and efficiency. Together with our target-oriented cost-controls, we create the right conditions for higher profitability when volumes start to rise. Operating margin was 4.5 %. During the financial year, we also improved our cash flow from operating activities, which was SEK 173 million. That is partly the result of intensive efforts with our working capital. For the current financial year, we will also finish the few loss contracts we have left in our portfolio, which is expected to have a positive impact on our earnings and cash flow. On the ownership side, we noticed an increased interest during the year in Nobina's shares and bonds from the higher level of trading. This means that a large portion of the bond ownership has been transferred over to the Nordic market.

Predictability provides mutual security

Because Nobina competes in a low-margin industry, it is important that we strive to create the best possible conditions for traffic contracts. Accordingly, we work intensively and systematically to predict both the risks and opportunities so that we can carefully calculate and manage them. It is equally important to do this prior to, during and after submitting a tender. Our ability to interpret the various prerequisites is critical throughout a tendering process. We do this in part through preliminary discussions with politicians and PTAs and in part by carefully studying the tender documentation. The start-up of services is just one part of a larger process, but it's an important milestone for building confidence in Nobina's brand. Besides methodical work with traffic planning and cost-efficient operations, contract deviations is another key component. All deviations and changes in the contract must be negotiated in order to ensure that Nobina is not negatively impacted by them. We strive to refine our efforts further and our aim is to become even better at negotiating such deviations. By doing so, we can improve our organization on the right grounds, while building faith in Nobina as an operator.

More satisfied customers

When Nobina has won a contract, it's time for us to deliver on our promises by living up to what the PTA and passengers expect of us. The slightest over-achievement benefits Nobina by increasing customer satisfaction and the travel experience. We strive for friendliness, simplicity and affordability in our offering and delivery. Our regular surveys show that Nobina's level of customer satisfaction is continually rising in Sweden, Finland, Norway and Denmark. In Denmark, in the town of Neastved on the island of Zealand, we achieved a customer satisfaction score of 90 %. But we can also still improve and will continue to refine, increase and monitor our customer focus. Satisfied customers are always a result of our employees' commitment and enthusiasm. During the year, we decided to reduce the scope, but increase the frequency of our regular surveys that measure our employees' motivation, from once per year to three times per year. Our results show higher satisfaction and engagement, but at the same time, we realize the importance of continually improving leadership skills within the Group through a variety of initiatives aimed at getting all employees involved in the development of Nobina.

Focus on product development

To ensure the future competitiveness of the business, we've also intensified our efforts of developing, enlarging and redefining our product offering. This is important so that we can tailor our offering more closely to the terms and conditions in different tenders. Additionally, the proportion of incentive contracts is growing, which creates new business opportunities for Nobina. We are currently selling additional products like WiFi on board, payment and passenger counting. During the year, we worked closely with Swebus as "best practice" in order to capture valuable knowledge and insights from a completely commercial activity that also includes marketing activities through various channels to build up brand and attract more passengers. These are valuable, joint synergies that we will continue to build on in order to develop the entire Group and our shared working methods.

"BY KEEPING A STEADY FOCUS ON CREATING THE RIGHT CONDITIONS PRIOR TO, DURING AND AFTER THE ACTUAL TENDER, WE CREATE PREDICTABILITY FOR EVERYONE INVOLVED."

Contract changeover and general terms

Never before have we wrapped up so many contracts in parallel with starting up new ones as we will do this year, which is very demanding on the organization. Initially, it also required major investments in new vehicles and other start-up costs for such things as depot facilities, transfer of vehicles and takeover of personnel. Preparing for these changeovers was initiated during the year and it intensified as we got closer to the winding-up dates and start-up dates, respectively. The ongoing appeals process on the year's tendering process in Dalarna, which Nobina found to be flawed, resulted in the PTA deciding not to extend the contract with Nobina until a new tendering process could be conducted. Accordingly, these buses has to be reallocated to other contracts. Another challenge for Nobina is continuing to push for progress towards more uniform conditions and a better balancing of the risks in contracts. An important step forwards was the introduction of model contracts and general terms in Sweden during 2013 that are aimed at facilitating the public transport tendering process for all parties involved. Partners in the collaboration for doubled public transport is the organization behind this effort and Nobina is actively involved, along with the Swedish Association of Local Authorities and Regions (SKL). Our goal is to, via a variety of forums, continue to push



for progress in public transport in all of the countries where we have operations.

I would also like to extend my warmest appreciation to all employees of the Nobina Group for their commitment and efforts during the year, as well as to our PTAs, for their patience and partnership. We have an exciting and challenging year ahead of us. All of the new contracts that will start up provide us with a profitable foundation for continued success. At the same time, by winning new contracts, we can strengthen our position even further.

Stockholm, April 2014

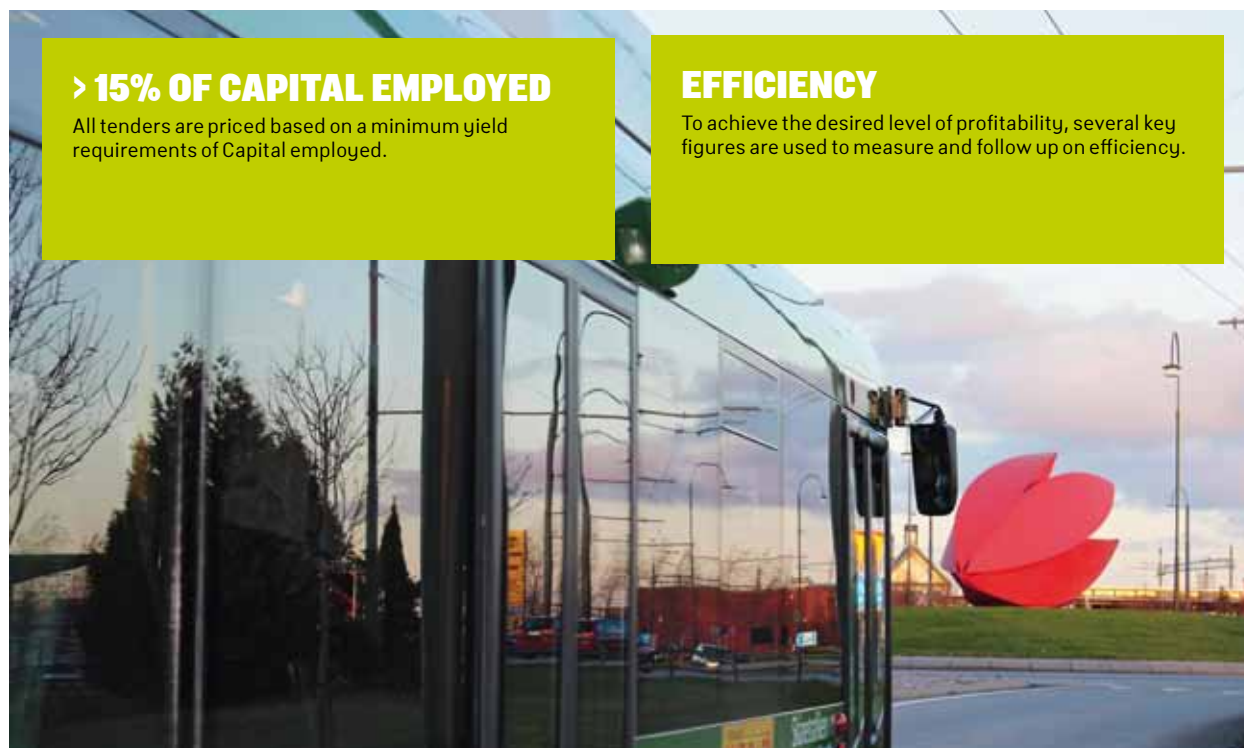
Ragnar Norbäck
President and CEO

OVERALL GOALS FOR PROFITABLE GROWTH

Prior to refinancing the bond in August 2012, Nobina defined a number of overall financial and operational goals that it should achieve over various lengths of time. These are adapted to the business at levels (primarily traffic areas) where they can be measured and controlled. The aim is an efficient, profitable way of delivering traffic services. The goals should be related to our ambition of positioning ourselves as a leading force for higher mobility in a sustainable society. Our business is making progress and we believe that we have the ability to succeed in achieving our goals.

Goals	Progress 2013/2014	Short term <1 year	Medium term <3 years	Long term <5 years
Annual sales increase	+0.9% (2.2)	0.0%	> 3.1%	3.0%
EBITDAR	13.4% (12.8)	13.2%	14.7%	15.7%
EBITDA	11.2% (9.8)	10.4%	13.2%	15.0%
EBIT	4.5% (3.4)	3.6%	5.9%	7.4%

Our financial definitions are described on page 103.



> 15% OF CAPITAL EMPLOYED

All tenders are priced based on a minimum yield requirements of Capital employed.

EFFICIENCY

To achieve the desired level of profitability, several key figures are used to measure and follow up on efficiency.

FRIENDLINESS, SIMPLICITY AND AFFORDABILITY IS OUR STRATEGY

The overall goal for our business is to generate stable, profitable growth. Nobina has extensive experience as an operator and we are determined to create better conditions for traffic contracts that benefit everyone involved. We can achieve that through systematic improvement efforts and we use our values as the point of departure for all of our decisions.

Nobina's vision is for everyone to want to travel with us. Our role is to contribute towards increased mobility in society, which we do by simplifying our customers' everyday travel. We do that by having simple, affordable solutions that we offer in a friendly way. Our shared values create the prerequisites for success and they provide the point of departure for our strategic direction. Our values also symbolize the company culture at Nobina. Besides growth, the strategic direction must also provide high value to all of our stakeholders – PTAs, customers and society,

owners and employees. We've used our values to adapt our overall goals into measurable operational performance variables. We use business and action plans to run the organization over the short, medium and long term. Following the launch of our shared values, they have been implemented throughout the organization and are currently used for a variety of purposes such as recruitment, introductions and as an assessment instrument. They are also included as criteria in employee surveys.

IMPORTANT STRATEGIC MILESTONES THAT WERE ACHIEVED DURING THE YEAR

Values	Focus 2013/14
<p>We are available for our customers</p> <p>Based on customer needs and our product values – simple, affordable and friendly, deliver transport services in accordance with our customers' expectations. We develop affordable solutions that simplify travel for our customers and exceed their expectations. This should help attract more passengers to public transport by bus.</p>	<ul style="list-style-type: none"> • We win 10 new contracts for 833 buses and obtain a larger mandate and more passengers to improve customer satisfaction. • We start up 6 new traffic contracts for 247 buses. • We cooperate on starting up a new bus concept (BRT) in Malmö. • New light-weight vehicles are used throughout the Helsinki region.
<p>We continuously pursue development</p> <p>We systematically strive to improve the conditions prior to, during and after the actual tender, which creates stability for everyone involved. We strive to achieve world-class traffic planning and efficient operations. We reach our established goals and work with target management and systematic follow-up of operations to improve Nobina and our services.</p>	<ul style="list-style-type: none"> • Improvement efforts in Norway continue. • Swebus enters into a partnership and the action plan produces results. • We expand IT support such that it is now even offered on buses. • We become even better at attracting more passengers.
<p>We respect each other</p> <p>Our actions are based on the concept that everyone deserves respect. We develop our business through a close dialogue with passengers, PTAs, employees and other stakeholders. We strive for a business-like approach in all of our actions.</p>	<ul style="list-style-type: none"> • We set up an external employee-ombudsman channel (MOM) that employees can use to report inappropriate behaviour. • We follow up to ensure that we behave in accordance with our values.
<p>We foster strong leadership</p> <p>The industry's most committed employees should take the initiative in our development efforts via a leadership style that is governed by goals, delegated and focused on individuals. This increases the organization's ability to achieve its goals. We put a great deal of focus on leadership development and motivating our employees in order to ensure that we have cutting-edge expertise within all of our business-critical key areas.</p>	<ul style="list-style-type: none"> • We redesign Nobina Academy. • New leadership in Norway. • We regularly survey our employees on the effectiveness of our governance and management efforts.
<p>We care</p> <p>We are actively engaged in creating a sustainable society by pursuing important issues for public transport, in particular via industry associations. Through dialogue with politicians, we strive to improve the conditions in our industry.</p>	<ul style="list-style-type: none"> • We made recommendations on new industry standards that are now being considered in Sweden. • We are reporting our sustainability efforts in accordance with GRI. • We strive to improve the conditions.

NORDIC MARKET FOR BUS SERVICES

In the Nordic region, public transport is key to a sustainable development of society. The popularity of public transport is increasing in major cities and it is expected the demand will continue to grow at a steady rate in the future. The conditions are similar in all of the Nordic countries. The price for regional travel is subsidized by local authorities, but there is free competition and pricing in the market for long-distance bus services. The main difference between the countries is the share of regional traffic that is publicly tendered.

PTAs, politically controlled, public entities (typically local authorities or county councils) are responsible for providing regional traffic services. Regional traffic is comprised of regional transport, city transport and school bus transport. A larger proportion of traffic is publicly tendered in accordance with the EU's traffic ordinance, which increases the market for publicly tendered traffic. The model for tendering processes is well established in Sweden and Denmark and it is gradually gaining ground in Norway and Finland. Additionally, in Sweden, for regional public transport services, there is free competition with the PTAs tendered traffic, but no subsidies are allowed. It is estimated that sales in the Nordic market are approximately SEK 41 billion, of which regional traffic accounts for nearly 90 % and interregional traffic slightly more than 10 %.

Leader in a fragmented market

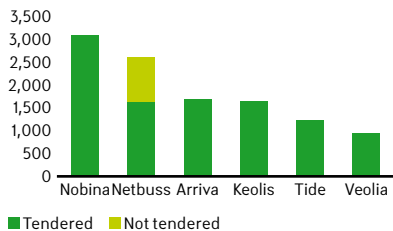
Nobina is currently the leading operator in the market for public transport by bus, with a market share of 16 %. The main competitors, French companies Keolis and Veolia, German-

owned Arriva and Norwegian Nettbuss, all have approximately equal market shares. Unlike Nobina, several of the companies have some form of state-ownership. Arriva is owned by Deutsche Bahn, which is a state-owned German company, Keolis is owned by the French state-owned railway company SNCF, Veolia is partly state-owned by the French government and Nettbuss is owned by NSB, the Norwegian state railway company. State-ownership implies other yield requirements, as well as different financing terms for the business.

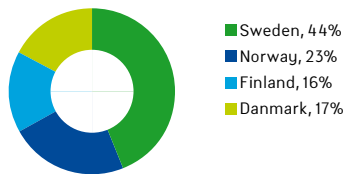
Swebus holds largest market share

In the Swedish market for long-distance bus services, Nobina is the leader, with a market share of around 50 % based on the number of completed trips. Other main competitors are Norwegian Nettbuss Express, via its two brands, Bus4you and Gobybus. The remaining portion is allocated among a number of smaller competitors.

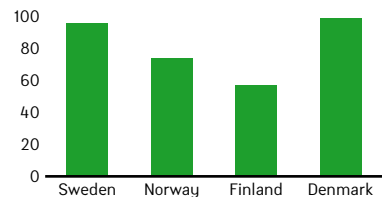
REGIONAL OPERATORS IN THE NORDIC COUNTRIES



VALUE PER REGIONAL MARKET



SHARE OF TENDERED REGIONAL TRAFFIC, %



SWEDEN

In 2012, a new law on public transport came into effect that is based on the EU's directive for public transport. It makes it possible to set up commercial public transport in all geographic market segments in the country and it requires competitive tendering processes. At present, almost all route-based transport by bus is publicly tendered. In certain cities however, concession contracts are still in place (where the contract has been assigned to a municipal or privately-owned business), since the days before deregulation in 1990. According to Swedish law on public procurement, the tender that has the lowest price or is the most financially advantageous in some other way is the one that should be accepted. Quality evaluations are becoming increasingly common.

NORWAY

Since 1994, Norwegian PTAs have had the option, but not the obligation, to award traffic contracts through public tendering. The proportion of publicly tendered public transport in Norway is lower than in Sweden and Denmark, but it exceeded 70 % in 2013 and is expected to increase by 500–800 buses annually in the next few years due to insight into the benefits of tendering for public transport. Although Norway is not a member of the EU, its legislation for procurement of public transport, via the EFTA agreement, is based on the EU's directive for public transport.

DENMARK

Denmark is somewhat of a pioneer when it comes to deregulation. The public transport bus market was opened to competition in the early 1990s and currently all transport areas in the country are publicly tendered. During these tendering processes, price and quality are decisive. Quality evaluations are typically included as a part of the process, which has an impact on the overall design. The tendering processes are typically conducted as a series of negotiations, where adjustments to the tender are allowed and bidders are eliminated at each round.

FINLAND

In Finland, regional public transport has been deregulated since the mid 1990s. In 2012, new legislation came into force, which means that traffic, as of 2018, will no longer be run under concessions, which will result in a gradual increase in the volume of tendered traffic. A few major cities have thus far publicly tendered all of their traffic areas. Unlike other Nordic countries, publicly tendered contracts are allocated for each specific route, rather than for a traffic area, which includes several routes. In 2013, part of Helsinki's public transport was publicly tendered and a number of cities with traffic under concession conducted tendering processes.

FAVOURABLE TRENDS AND INCENTIVES CREATE OPPORTUNITIES:

1.

CONTINUED DEREGULATION OF THE NORDIC PUBLIC TRANSPORT

An increasing number of municipalities in Norway and Finland are choosing to open up their regional transport to competition. New EU legislation is expected to speed up the deregulation throughout Europe even more in the near future.

2.

INCREASED FOCUS ON QUALITY AND MORE RATIONAL PRICING

Differentiation in the form of higher pricing given stable conditions for implementation creates new competitive opportunities. The gap between highest and lowest bids is becoming smaller.

3.

URBANIZATION AND CONGESTION CHARGES

The demand for public transport in densely populated major cities is expected to continue to increase. Congestion charges are being introduced in several cities in Norway, as well as Stockholm and Gothenburg in Sweden, which tends to increase the supply and demand for public transport.

4.

INCREASED TAX FUNDING

A greater focus on the environment has increased the political willingness to subsidize regional public transport. Since 2000, subsidies have more than doubled in Sweden and they now exceed 50 % of the ticket price. Subsidies are increasing in Norway as well, but Denmark and Finland are more restrictive.

TENDERS ARE THE FOUNDATION FOR OUR BUSINESS

We want to create value for passengers – our own and those of our PTAs – by simplifying everyday travel and thereby attracting more passengers. The key to our profitability is a broad contract portfolio that contains a growing number of new services, along with cost-efficient operations. While keeping a steady focus on improving the conditions for all stakeholders, we will strengthen our position as the leading and most profitable operator in the Nordic market.

Tendered regional traffic by bus is Nobina’s core business and it accounts for 96 % of the business. Regional traffic is operated in accordance with publicly tendered contracts, which are long-term and typically have an option to extend for one or two additional years. Initially, these contracts require major investments in buses and later on, they contribute with stable, gradually improving earnings and cash flow. In approximately 85 % of Nobina’s contracts, the option to extend is accepted, which means that the company benefits from a period of further improved cash flow.

It is becoming increasingly common for the contractual fixed revenue to be supplemented with various types of incentives. Product and service development is thus important in order to expand the business and this increases revenues. Critical to Nobina’s profitability is its ability to evaluate risks when pricing

tenders and via efficient operations, deliver high quality services to passengers while simultaneously benefiting from synergies and cost advantages thanks to Nobina’s organizational structure. It is also crucial that all contract deviations are negotiated in order to safeguard profitability.

The remaining portion of Nobina’s business, approximately 4 %, offers long-distance travel by bus between different regions in Sweden. The interregional traffic is run according to a conventional, market-driven business model, which involves free competition, set-up of operations and pricing. Also, the cash flow to the business is generated from ticket revenue. Although it comprises a small portion of Nobina’s business, it provides excellent opportunities to grow, sharpen service concepts and develop new services that are also applicable for publicly tendered traffic with incentive contracts.

OFFERING	TENDERED LOCAL AND REGIONAL TRAFFIC	COMMERCIAL LONG-DISTANCE TRAFFIC
REVENUE	CONTRACTED AND VARIABLE REMUNERATION ADDITIONAL SERVICES	TICKET REVENUE

PREREQUISITES FOR PROFITABILITY

- PROACTIVE DIALOGUE FOR KNOWLEDGE AND INSIGHT
- RISK MINIMIZATION BEFORE AND AFTER TENDER
- CONTRACT MANAGEMENT
- OPTIMIZATION OF THE BUS FLEET
- EFFICIENCY OF TRAFFIC PLANNING, OPERATIONS AND PURCHASING
- PRODUCT PACKAGING AND SERVICE DEVELOPMENT

NOBINA'S STRENGTHS PRIOR TO, DURING AND AFTER A TENDER

1. DIALOGUE WITH PTAS AND POLITICIANS

A thorough analysis and listing of priorities for each tender is done long before it is made public. There is continual dialogue with politicians, PTAs and industry organizations in order to interpret the content and point out certain aspects all aimed at achieving efficient, stable operations that attract more pas-

sengers. This strengthens confidence in Nobina as a competent partner that has the ability to deliver services based on the various stakeholders' needs.

2. THOROUGH CALCULATIONS AND RISK ASSESSMENTS

Thorough calculations provide the foundation for tenders that comprise everything from identifying risks and opportunities, to competitive traffic planning, with detailed cost calculations for primarily fuel, wages and maintenance. An evaluation of how effective the indexation terms are is also critical in order to know whether risk coverage needs to be included in the price. Operational risks and contract risks are identified and an optimal structure for the bus fleet is also defined. In addition,

third party contracts for such things as rental of depot facility are contracted back-to-back with the traffic contract so that the company is not dependent on winning the tender again after the traffic contract has expired. Preparations typically begin one to three years before the tender is made public. You can read more about Nobina's work with tendering processes on page 16.

3. SUCCESSFUL IMPLEMENTATION

A successful start-up of traffic services is an important and relatively complex process because it often involves a takeover of personnel and properties, which requires very careful planning. The actual changeover occurs during the night-time hours. Read more about preparations prior to the start-up of traffic services on page 30. Systematic traffic planning ensures cost-effective operations during the years that a contract is in place in order to avoid such things as routes with too many empty

seats. It also helps ensure that eco-fuels are used, encourages conservative driving and increases the number of passengers in buses. Traffic planning is continually improved based on passenger needs in close cooperation with the PTA. Customer needs are met through one of the main processes "delivery of passenger travel", which in turn consists of four sub-processes: planning production, ensuring resources, implementation of traffic services and wrapping-up traffic services.

4. NEGOTIATING CONTRACT DEVIATIONS

Any deviation from the existing contract, or on the initiative of the PTA must be negotiated in order to ensure that they do not

have a negative impact on the contract's profitability.

5. COST CONTROL

Intensive streamlining efforts are conducted with a focus on keeping costs under control in the areas of personnel, fuel consumption, maintenance and repairs. Competitive purchas-

ing prices are negotiated by having centralized a large portion of all purchases, such as fuel, tyres, and spare parts for buses.

6. CAREFUL FOLLOW-UP AND SATISFIED CUSTOMERS

Tenders are carefully followed up with a focus on identifying differences between budgeted and actual costs, identified and actual risks, planned vs. actual structure and capturing important lessons for future tendering processes. With the help of various tools, thorough customer analyses provide the

basis for the traffic development plan. These tools are also used systematically to evaluate PTA and passenger satisfaction and collaboration. They also provide valuable insight for additional sales and how to provide value to both passengers and society.

7. PRODUCT PACKAGING AND SERVICE DEVELOPMENT

The company continually strives to improve how its existing products are packaged and marketed, as well as finding new solutions that will simplify the offering and tendering process. An increasing share of tenders that include quality evaluations

and incentive based remuneration create new business opportunities. Synergies from Swebus' commercial activities are made use of and integrated into the regional business. There is also a strong focus on product development.

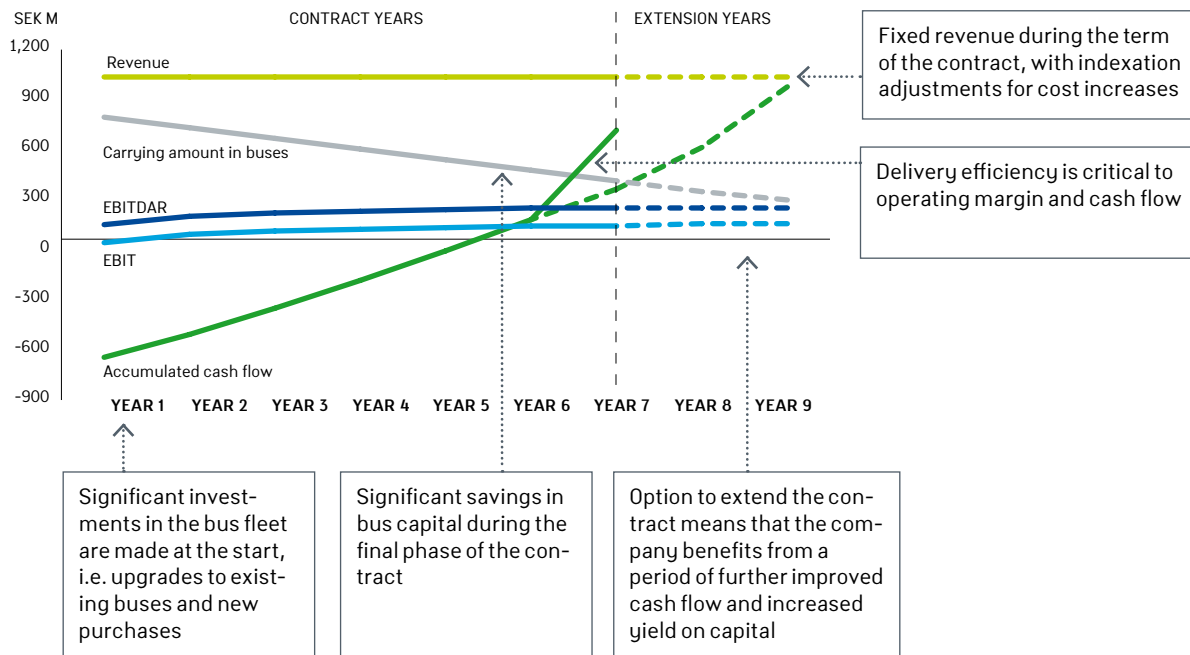
CONTRACT MANAGEMENT ENSURES PROFITABLE GROWTH

Nobina competes in a low margin industry and we are one of very few in the Nordic bus market who is actually profitable. An important prerequisite for profitability is to only participate in tendering processes where the risks are limited over the entire contract period so that the contract generates a positive cash flow. That also means that it must be possible to establish efficient traffic operations throughout the duration of the contract.

Costs and revenues are unevenly distributed over the contract term, which affects cash flow and profitability. Initially, the costs are high and cash flow is weak primarily because it is necessary to make significant investments in the bus fleet and

it is difficult to run fully efficient operations right from the very start. Contract management is thus a core part of the business model in order to balance mature and new contracts in the portfolio, thus ensuring both profitability and growth. At the end of the financial year, Nobina had a total of 107 traffic contracts in its portfolio. At present, we have a relatively young contract portfolio, which provides Nobina with a good foundation for the future. However, we have a large portion of older contracts that will be replaced with new ones during the coming year and we are working very hard to prepare for that changeover.

THIS IS THE PROFITABILITY TREND FOR A TYPICAL CONTRACT



TOTAL NUMBER OF CONTRACTS

107

AVERAGE DURATION OF A CONTRACT, YEAR

7,7

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

AVERAGE AGE, YEAR

4,9

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

STABLE REVENUE OVER TIME

Contracts with PTAs are long-term in nature, i.e. five to ten years, and they tend to increase in length as the requirements on vehicles increase and thus the costs. Revenue from the regional business is thus stable and relatively easy to forecast. Accordingly, the credit risk is also low.

Remuneration is generally a fixed remuneration based on kilometres driven and/or production hours (which are specified in the contract). In many cases, it is also based on the number of buses in traffic. At the same time, it is becoming increasingly important to offer added-value that increases bus travel. This is because more and more contracts contain remuneration models based on the number of passengers. As quality assessments and incentive-based compensation become more common, it gives Nobina more options for influencing the design of traffic and thereby also impacting profitability.

Indexation provides cost control

Common to the various types of revenue models for regional traffic is that changes in remuneration over time follow an index that is intended to compensate the traffic company for cost

inflation on fuel, salaries and other operating costs. How often the index is adjusted varies among the Nordic countries and types of contracts, but the trend is headed towards more frequent adjustments. In Denmark, for example, the frequency of adjustments varies depending on the type of cost. In Sweden and Finland, indexation typically occurs on a quarterly basis, and in Norway, it is usually done for the first time at the end of the first year, and then applied retroactively. Certain contracts have monthly indexation, which is becoming more common, particularly in Sweden. It is extremely important to perform an analysis of index risks and lobby for improved indexation transparency that reflects actual cost inflation. This is necessary for operators to profitably execute traffic contracts.

Nobina has historically won a high percentage of tenders and successfully led industry initiatives to adapt the models that are used for revenue indexation. This reduces the risk of imbalance between revenues received and actual costs.

For contract-related risks, see the section on risks on page 63.

FIVE MAIN REVENUE MODELS

1. GROSS CONTRACT

This is still the most commonly used remuneration model for regional traffic operations. Remuneration to the traffic operator is fixed fee and it is based entirely on the number of kilometres, hours and buses, which are stated in the tender and documented in the traffic contract. This type of contract lacks incentives for the operator to attract more passengers.

2. NET CONTRACT

This type of contract assumes that the traffic operator is able to run efficient operations and attract more passengers. The traffic operator obtains ticket revenue along with a fixed remuneration. However, the PTA establishes the offer and ticket prices, which makes it difficult for the operator to achieve profitability. This form of contract is thus becoming less common.

3. INCENTIVE CONTRACT

This form of remuneration is basically a gross contract, but the operator gets additional remuneration if more passengers choose to ride. Incentive agreements are increasing in popularity and they provide operators with more options to help develop public transport and run public transport more profitably.

4. PAY BY PASSENGER

This is a new type of contract where operators submit a tender price in the form of compensation for each passenger that uses the services. Operators have a strong incentive to attract more passengers given that it is possible to adapt services according to fluctuations in demand. The PTA faces the challenge of balancing the competition that may arise between different forms of public transport. Because subway, buses run by different operators and trams can all wind up competing for the same passengers, there can be a negative impact on the contract's profitability.

5. TICKET REVENUE

For interregional traffic operated by Nobina under the Swebus brand, each SEK 1 of revenue comes from ticket sales. Traffic operations are conducted entirely on commercial terms and the operator has full control over all aspects of the service offering, including route planning and pricing. The brand, in combination with effective sales channels and clear marketing communication is thus crucial.

A JOINT, OPTIMIZED BUS FLEET GIVES ADVANTAGES

Nobina Fleet is a corporate organization that is responsible for purchasing, financing, administration, use and sale of the Group's approximately 3,400 buses. We use Nobina Fleet to deal with the various needs that arise based on PTA requirements, contract changes, utilization of buses from daily operations and financing solutions. Nobina currently has a young bus fleet and a large proportion of new traffic contracts.

Nobina Fleet provides us with competitive advantages, in part because of the number of buses and in part by utilizing our skill in optimizing the bus fleet. The buses are leased by Nobina

Fleet from external financing companies which, in turn lease the buses to Nobina's operating subsidiaries. Nobina Fleet also leases some buses to other external operators. Some PTAs in Sweden also, to some extent, lease buses to operators, including Nobina Sverige AB. The operating subsidiaries are thus able to focus on their core operations and they have an incentive to reduce their costs since they can return the buses to Nobina Fleet when capacity exceeds the level of utilization.

AS ASSETS, BUSES ARE LOW RISK

As assets, buses are assessed as having relatively low risk from several aspects. Although contracts typically don't extend longer than ten years, the useful life of a bus is 14 years. This is also the length of time upon which Nobina bases its internal leases. Major traffic operators like Nobina are also able to reallocate buses internally within the Group based on a PTA's requests for changes during the duration of the contract. It is also possible to mix old and new buses when tendering for new contracts. Another aspect is the dependency relationship that's created based on the detailed specifications of buses from PTAs that are valid within the scope of each individual traffic contract. If an operator were to go bankrupt, the PTA must ensure that the new operator who takes over the contract obtains access to the existing buses. If other buses are going to be used, this would require a new tendering process.

Central purchasing of buses

Purchasing of buses is based on LCC analysis (Life Cycle Cost), where fuel consumption is the most important component. With the evaluation model, it is possible to make a full comparison between different suppliers. It calculates the total cost based on the useful life of the bus, rather than the price. The analysis includes the following parameters:

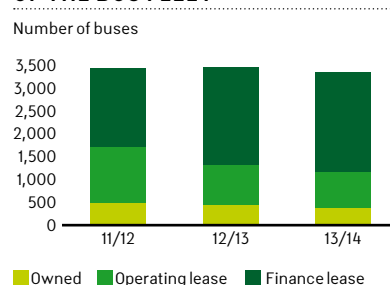
- Price of the bus
- Fuel consumption
- Financing
- Warranties
- Maintenance and Spare parts

Financing and leasing

Nobina is increasingly moving towards a financial leasing structure for buses and the majority of all new buses are leased under finance leases. The duration of a finance lease is typically ten years for ordinary buses with an option to extend for another two years. After ten years, the bus has an average residual value in leasing contracts of ten percent. Financing costs are based on STIBOR NIBOR or EURIBOR plus a margin. With a finance lease, Nobina Fleet is obligated to take over ownership of the bus from the financing company when the contract expires, which means that Nobina Fleet is responsible for residual value risk.

With an operating lease, the initial leasing period is typically five years, with an option for Nobina to extend for another five years. When the leasing period expires, Nobina Fleet returns the bus to the financing company, who is responsible for residual value risk.

FINANCING STRUCTURE OF THE BUS FLEET

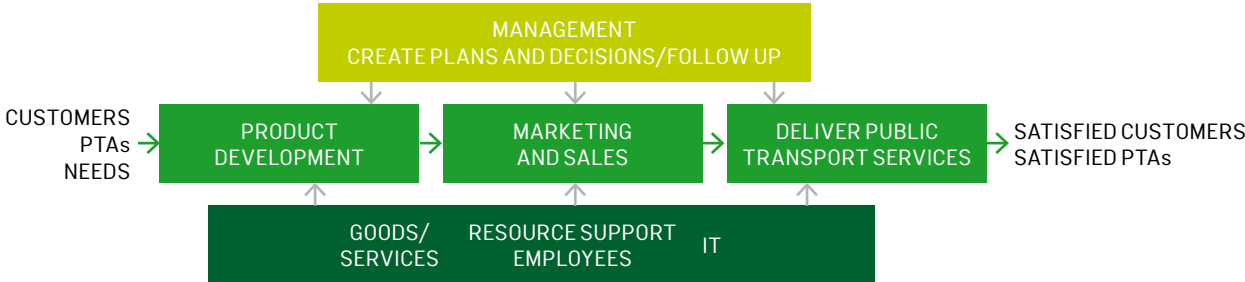




CONTINUALLY STREAMLINED PROCESSES

To a great extent, an operator’s revenue is fixed and based on the contracts. Cost-efficient operations are thus crucial to profitability. By continually monitoring and improving our processes, Nobina ensures that we deliver profitable public transport ser-

vices that live up to expectations. Our main processes have been defined based on customer and PTA needs. A process-oriented working method helps us achieve our stated goals and focus on our core business.



Nobina’s three main operational processes are: Product Development, Marketing & Sales and Delivery of Public Transport Services. These are complemented by the four support processes: Management, Goods/Services, Employees and IT. The main process team is responsible for creating and further developing Group-wide working methods. This effort is led by process owners, who have been appointed by the Group management team and are followed up quarterly in the joint forum, Process Performance Reviews. The main processes are broken down into various

sub processes, which in turn, are broken down at different activity levels. Different IT systems support our important processes. The main systems that are used are: the industry leading-system developed by Nobina, OMS (Operational Management System) for daily operational management, and HASTUS, the software used for traffic planning. Both of these systems have been integrated with each other. OMS is continually being developed with input from Nobina’s employees.



SYSTEMATIC AND DYNAMIC PROCESS HELPS NOBINA WIN TENDERS

Tendering activity in 2013 was intensive, with slightly more than 25 % of the regional market up for tender. In a normal year, the volume is around 10 %. Systematic, intensive tendering efforts from Nobina paid off. It is important to identify and value the various contract risks well in advance and lay the foundation for a profitable undertaking.

The purpose of public procurement of public transport is in itself good. It should lead to more efficient tendering processes that help ensure that the shared resources of society are utilized in the best possible way and not least, that the result is well functioning public transport services. This requires a tendering process that treats everyone equally, is predictable and transparent, and with contract terms that benefit all parties by taking into account the risks and responsibilities of everyone involved. For an operator like Nobina, it is critical to ensure that a systematic process is in place for the work prior to, during and after a tender has been submitted. This is work that, in certain cases, can begin three years before a tender is submitted.

Close dialogue and careful analysis essential

In order to assess a future tender, it is necessary to have a close dialogue with the PTA and politicians. It is essential to interpret what has been said, along with identifying, analysing and assessing the contract's risks and opportunities in order to determine its business potential. Is Nobina already an operator in the traffic area? What level of investment in buses is required? How is the situation with fuel and maintenance depots in the area, as well as available land and properties close to traffic hubs? These are examples of the many items included in the calculation to determine whether the undertaking is expected to be profitable.

Dedicated team packages the tender

If the analysis of the contract is positive and an invitation to tender is announced, Nobina and other interested operators typically then have between six and twelve months to prepare a bid. At that point, Nobina puts together a dedicated project team for the tender. They are chosen for their particular skills, based on the types of inquiry areas in the tender. Even in this phase, interpretation of conditions is key, as well as comparing the terms stated in the tender with conclusions from the preparatory analysis. It is not usual for as many as 40 employees to be involved on a full, or part-time basis during the tendering process. With the team in place, work on the content and packaging of the tender can begin, which

includes everything from creative ideas and animated descriptions of the business to in-depth calculations. For most new contracts, significant investments in buses are required initially. This means that it is necessary to ensure as high a return as possible over the entire duration of the contract. The challenge lies in discounting both risks and opportunities over the entire duration of the contract at the point when the tender is packaged. Political decisions might change the conditions during the contract period and thus have an impact on the public transport situation. Nobina also needs to be able to assess the effects of various planned activities on the contracts based on incentives to get more people to choose public transport. At the same time, it is important to provide a fair description of transport services that easily, safely and affordably meet PTA and passenger needs since quality evaluations

are becoming an increasingly common feature and a competitive advantage in tendering processes.

And the contract goes to...

There are two alternative methods for evaluating and awarding tenders:

– **An open tendering process.** Bidders that fulfil all of the “must” requirements are approved by the PTA. Of these, the bidder with the lowest price is the one that wins the contract.

– **A negotiated tendering process.** This is increasing in popularity, particularly for more complex traffic solutions. A reconciliation is done with all bidders based on changed conditions, such as other requirements, and how that would affect the overall price. The bidders are then given the opportunity to submit a revised tender.

When the PTA announces the award decision, the bidders have ten days to appeal the decisions if they feel that the PTA has made an error or that the process has been conducted incorrectly. Once the award decision is final and the contract has been signed, it is time to hand over responsibilities to the team who will be in charge of preparations prior to the start-up of services. Read more about how a start-up of traffic services works on pages 30–31.

One important final moment in a tendering process is careful follow up to collect experiences and lessons that can be used in the future. Approximately 12–18 months after the start of a new contract, it is necessary to identify any differences between budgeted figures and actual outcome, what has gone according to plan and new challenges that have arisen along the way.

THREE SHORT QUESTIONS TO MATTIAS BYSTRÖM

Responsible for contract revision and business support at Nobina.

What are the biggest challenges associated with submitting a good tender?

Doing calculations based on the existing conditions isn't so difficult. However, predicting the conditions that will exist 10–12 years in the future is another story. Because we compete in a market with low margins, it's critical that we are able to identify and balance all of the risks that could arise. We need to make the same analysis for the opportunities that could arise during the same period as well. It is one thing assessing the risks within the scope of Nobina's business, but quite another assessing external factors, such as how a change in government could affect

us. Another challenge is putting together the business description that PTAs often ask for and evaluate. It can often be decisive, at the same time that our ability to impact the assessment is extremely limited.

What do you feel are Nobina's strengths in a tendering process?

Above all, we have a tried and tested process that creates stability for everyone involved. Prior to every tendering project, we are able to ensure that resources are available, who are assembled into teams based on the requirements stated in the tender and this creates dynamics. We also know that practice makes perfect and we are always learning important lessons from previous experiences.

What are these important lessons?

That a process is never stronger than its weakest link. Every step has to be taken seriously and everything has to flow, from beginning to end. Furthermore, all



documentation of the least relevance to the actual start of services must be compiled. Internally, we file that information under the name, “the red file” and it is handed off like a relay stick by the tendering team, to the team that will be responsible for preparing the start-up of services. It provides the foundation for a successful contract and it serves as a tool throughout the entire duration of the contract.

NOBINA IS A LEADING COMPETITOR IN THE NORDIC MARKET

SWEDEN

71 % OF REVENUE

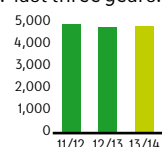
REGIONAL TRAFFIC UNDER CONTRACT

Sales: SEK 4,853 million Number of contracts: 70
 Employees: 5,158 Number of buses: 2,277
 Operating profit/loss: Market share: 26 %
 SEK 328 million

Distribution of interregional and regional traffic for Swedish sales.



Sales trend over the last three years.



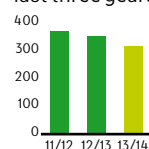
INTERREGIONAL TRAFFIC UNDER OWN MANAGEMENT

Sales: SEK 316 million Number of routes: 24
 Employees: 193 Number of buses: 56
 Operating profit/loss: Market share: 50 %
 SEK 3 million

Swebus' share of the Group's sales



Sales trend over the last three years.

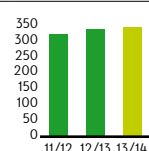


DENMARK

5 % OF REVENUE

Sales: SEK 346 million Number of contracts: 6
 Employees: 382 Number of buses: 141
 Operating profit/loss: Market share: 4 %
 SEK -14 million

Sales trend over the last three years.

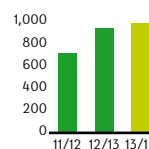


NORWAY

13 % OF REVENUE

Sales: SEK 995 million Number of contracts: 8
 Employees: 927 Number of buses: 501
 Operating profit/loss: Market share: 8 %
 SEK -3 million

Sales trend over the last three years.

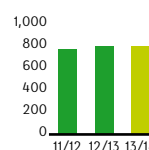


FINLAND

11 % OF REVENUE

Sales: SEK 802 million Number of contracts: 23
 Employees: 804 Number of buses: 384
 Operating profit/loss: Market share: 13 %
 SEK 45 million

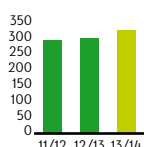
Sales trend over the last three years.



Regional traffic under contract accounts for 95 % of Nobina’s sales, with operations in all of the Nordic countries. In Sweden, long-distance transport between regions is another service that is provided under the Swebus brand. Sweden is Nobina’s largest domestic market and it is responsible for slightly more than 70 % of Group sales. All of Nobina’s businesses performed well during the year. The level of activity was also high, with a large volume of tendering processes, resulting in several renewed contracts and several entirely new ones.

EBIT TREND

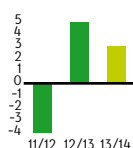
EBIT trend over the last three years.



SWEDEN

Ongoing contracts: 70
 Contracts completed during the year: 102 buses in contract
 Contracts started during the year: 115 buses in contract

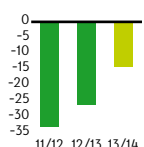
EBIT trend over the last three years.



Number of routes: 24
 Cancelled routes during the year: 8
 New routes during the year: 6

EBIT TREND

EBIT trend over the last three years.

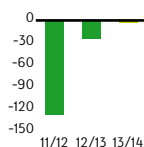


DENMARK

Ongoing contracts: 6
 Contracts completed during the year: 0
 Contracts started during the year: 0

EBIT TREND

EBIT trend over the last three years.

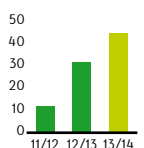


NORWAY

Ongoing contracts: 8
 Contracts completed during the year: 0
 Contracts started during the year: 0

EBIT TREND

EBIT trend over the last three years.



FINLAND

Ongoing contracts: 23
 Contracts completed during the year: 88 buses in contract
 Contracts started during the year: 132 buses in contract

SWEDEN – REGIONAL TRAFFIC LARGEST DOMESTIC MARKET

Nobina’s strongest position in the Swedish market, with a market share of approximately 27 % for regional traffic under contract. At present, Nobina is a traffic operator for 20 local traffic areas, as well as having garages and workshops located throughout the country. The Swedish organization also includes Swebus, which provides bus services, i.e. interregional traffic under own management.

Regional traffic

Nobina provides services of regional traffic under contract for PTAs throughout the country. The largest PTAs are SL, Västtrafik and Skånetrafiken. Nobina also provides services of regional traffic under own management and at present, it does so only via Djurgårdsbussarna in central Stockholm. Traffic under own management does not receive any subsidies, which means that Nobina competes with the publicly tendered services for passengers. At present, the scope of operations is 20 traffic areas at around forty locations throughout the country. Traffic contracts differ considerably both in terms of the responsibilities and the commercial terms and conditions. The trend is moving more in the direction of incentive contracts, which provide a component of variable remuneration based on a higher number of passengers.

Performance

Sales for the 2013/2014 financial year increased by 0.9 % to SEK 4,853 (4,808) million. Operating profit increased by approximately 8 % to SEK 328 (303) million, primarily because of improved operational results from efficiency enhancement measures in operations, along with an improved index. The contract portfolio also matured during the year due to limited start-up volume of new contracts.

Important events during the year

A large number of public transport authorities tendered significant volumes of regional traffic.

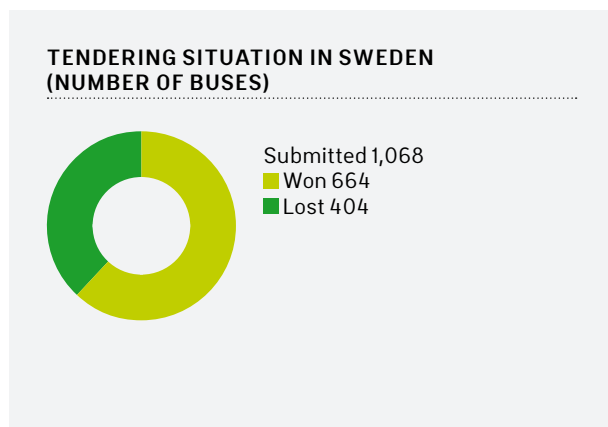
- Nobina participated in tendering processes for a total of 1,068 buses in Sweden and won contracts for a total of 664 buses, for example Malmö Södervärn, Landskrona, Nordvästra Skåne, Kronoberg and Sundsvall incl. environs.
- Winning the Malmö Södervärn contract (parts of Malmö’s city transport), which comprises approximately 100 buses and has a duration of ten years, means that Nobina will provide all of the city transport services for Malmö.
- Several successful start-up services occurred for previously won contracts, such as city transport services for Helsingborg, which includes 80 buses and approximately 200 new employees.
- Efforts continued with the Super Bus concept for Malmö-Expressen, which is a cooperative effort with Skånetrafiken and the City of Malmö. Launch is planned sometime during 2014. The Super Bus concept is a cost-efficient public transport solution with special bus lanes that give buses the right of way. The buses are also longer than normal and they allow passengers to embark and disembark from all doors, with an overall aim of creating a more rapid flow of traffic.
- Nobina’s successes in the Skåne region mean that, once all services start up, every second bus owned by Skånetrafiken will be driven by Nobina.

Start of services in Sweden:

Planned start of services in the next 12 months for:

- LT Västernorrland
- Skånetrafiken
- Västtrafik
- Värmlandstrafiken

For more information, see the table on page 59.



3 QUESTIONS

to Jan Bosaeus, Business Area Manager for Regional Traffic and Managing Director of Nobina Sverige AB.

In what way does your business area create added value for customers?

We simplify our customers' daily travel in very tangible ways. It might have to do with traffic planning, so that a bus starts five minutes earlier and students are thus able to get to their first class on time. It also has to do with developing a new traffic system for a city so that it becomes simpler and more obvious that you should choose public transportation. This also gives us an opportunity to attract more new customers and simultaneously improve customer satisfaction.

What are Nobina Sverige AB's strengths?

In recent years, Nobina Sverige AB has been the only major operator that has been able to provide public transport services with buses profitably. We are good at optimizing our fleet and planning traffic efficiently. We are assisted by market-leading solutions for planning and operations. We have a systematized and verified management system that raises the quality of our services and that plays a very significant role when quality is rated in tendering processes. We have wide geographic distribution and high volumes, which means that we have extensive experience of different types of transport

services. A distinct local organization along with group synergies equip us with cutting-edge expertise in every area of our operations. We also have the skill and experience required to prepare all the right supporting documentation required to win the tenders that we compete for. Nobina also

actively strives to be well represented in various types of industry associations and cooperation organizations that strive to improve conditions in the industry. Overall, it means that Nobina is well respected by the regional public transport authorities, PTAs. Because of that trust, we can develop transport services and thereby develop and add services within the scope of our existing contracts.

Which areas do you want to develop in the coming year?

Our main focus is on starting up services for the contracts that we've won and developing our working method so that more people choose public transport and we have more satisfied customers within the scope of our incentive contracts. We will also continue our efforts via various industry-wide initiatives, to develop the business conditions for public transport and support developments for increased use of public transport, which benefits society.



In the Swedish market, Nobina participated in tenders for a total of 1,068 buses and it won contracts for a total of 664 buses, including Landskrona.

SWEDEN – INTERREGIONAL TRAFFIC STIFFER COMPETITION

Through Swebus, we are market leaders in providing express bus services in Sweden. Together with its partners, Swebus offers an extensive network of routes with approximately 150 stops throughout Sweden, Norway and Denmark, from Umeå in the north to Malmö and Copenhagen in the south, where connections to other destinations in Europe are available.

Sales channels

The goal is to offer customers as much accessibility as possible when buying tickets through a combination of digital channels, telephone and personal sales. The largest sales channel is the Swebus website, which has more than 8 million visitors per year. Nearly 8 out of every 10 tickets are purchased via digital channels and every fourth ticket via mobile devices. At swebus.se, visitors are also offered the nationwide land-based travel alternatives of Samtrafiken. When a customer visits sj's website and enters a travel enquiry, Swebus trips are often presented in combination with, or as an alternative to, travel by train.

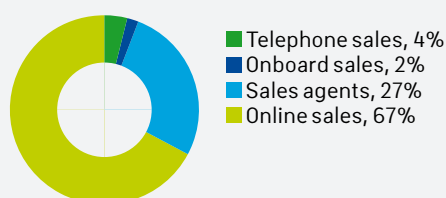
Performance

For quite some time, interregional traffic has grappled with a sluggish demand while facing intense price competition at the same time. But Swebus' business performed strongly during the second half of the year, after having discontinued airport transfer services to Arlanda from the middle of August 2013 and implementing a number of cutbacks in its route network in areas with a declining customer base. During the year, Swebus' sales declined from SEK 355 million to SEK 316 million, compared to last year, while operating profit declined by SEK -2 million to SEK 3 (5) million.

Important events during the year

- Sales in the area of chartered bus travel increased, as did shuttle runs for specific events like the music festivals, Hultsfred and Bråvalla.
- Cooperation with Flygbussarna FAC and Viking Line began.
- Increased investment in the services to ski areas with new routes to Branäs and Vallåsen.
- Several routes were discontinued during the year for traffic areas where the customer base had declined. Due to increased competition from tax-subsidized transportation, Swebus also decided to discontinue its airport transfer route to Arlanda.
- The bonus program, Sweplus, was relaunched and cooperation with Klarna started up in order to offer invoicing and payment plan options to customers.
- The use of data traffic on the buses increased considerably and it is now approximately 1 TB/bus/year, which means that Swebus consumes significant amounts of mobile data.

DISTRIBUTION OF SWEBUS' SALES CHANNELS



SWEBUS TREND

	Full year 2013/2014	Full year 2012/2013
No. passengers	1,755,515	1,968,466
No. driven km	13,907,670	16,472,496
Degree of utilization, %	47.5	44.4
Avg. revenue/km (SEK)	22.7	21.5
Avg. revenue/passenger (SEK)	180	173

3 QUESTIONS

to Joakim Palmkvist, Business Area Manager for Interregional Traffic and Managing Director of Swebus Express AB.

In what way does your business area create added value for customers?

We will gradually solidify Swebus' position, primarily through new products and services, using our customers needs and our strong brand as the point of departure. Swebus offers a wide variety of trips in channels that have been adapted to the needs of passengers. Our accessibility is very high thanks to the digital channels that we use. The price guarantee that Swebus offers customers is based on our aim to have the lowest price throughout our network of routes. Passengers are offered added value in the form of free Wi-Fi, power outlets, air conditioning and many other services. We develop our business based on our three fundamental values of being reliable, having high accessibility and offering affordable services to our customers. Swebus strives to achieve punctuality that exceeds 98 % and our passengers are informed of any delays via swebus.se and SMS. Swebus is also a smart choice from an environmental and safety point of view and we continually endeavour to develop this further based on clear goals for everything from alcohol interlock devices to service and brake controls.

What are Swebus' strengths?

Our brand is one of our absolute strengths, with brand recognition in excess of 65 % among bus companies in Sweden. We also have a strong position in the area of sustainability. Swebus has been awarded the Good Environmental Choice label

and it has been named the third best passenger transport company in Sweden for environmental work and social responsibility. We have satisfied customers and the result from this year's customer satisfaction survey was 68 compared to last year's result, which was 70. Our values are another one of our strengths and they provide the foundation for our various initiatives and goals. Our motivated employees have good knowledge of the market and an ability to implement our initiatives, which is another important strength. Furthermore, Swebus has a flexible production model, which enables us shorten lead times when changes are made to the service offering.



Which areas do you want to develop in the coming year?

We will put a great deal of focus on further developing swebus.se. We want to both expand the offer through various types of cooperation as well as improve the customer's experience. We want to add sales channels by packaging and selling our trips via partners' sales systems. We're also working to increase the share of additional products and improving the personal way in which drivers interact with customers. In addition, we will strive to increase sales for the company sales segment, i.e. the rent-a-bus concept. Efforts to become more streamlined and flexible continue to reduce our costs as well. Furthermore, during the coming year, we will set up a new system for dealing with complaints and feedback from our customers.



Swebus increased its investment in the services to ski areas with new routes to Branäs and Vallåsen.

DENMARK MORE TRIPS WITH NOBINA

Ever since Nobina was established in 2008, the company has gradually strengthened its position in Denmark by maintaining a strong focus on quality and efficiency. The Danish business performed well during the year, with a 12 % increase in passengers in Copenhagen. Nobina is an operator for a total of five contracts and at the start of 2014, the company received one renewed contract and one expanded contract for the traffic in Copenhagen and North Zealand.

The Danish market for regional traffic is divided into five regions and in total, there are six PTAs. Nobina currently provides regional traffic for two PTAs – Movia and Midttrafik – and it is responsible for the traffic services in Copenhagen, Hillerød, Næstved and Randers. Nobina currently has market share of 4 % and the biggest competitor, Arriva, which is owned by Deutsche Bahn, has approximately 30 % of the Danish market. The size of the bus fleet is currently 141 buses and Nobina has depot stations at six locations in the country. The trend in Denmark is the same as in Sweden, i.e. moving more in the direction of incentive contracts, which provide a component of variable remuneration based on a higher number of passengers.

Performance

The Danish operations reported sales of SEK 346 (341) million for 2013/2014, which was a slight improvement on the previous year. The operating profit/loss improved to SEK -14 (-26) million. We were awarded options in two of our contracts, which has a positive effect on profitability. The fact that we are still reporting a loss is because of the unprofitable contract in Copenhagen, which expires in December 2014. A new tendering process took place during autumn 2013 and the contract was awarded to Nobina Denmark, with a contract volume that is

twice as large and profitable. On the whole, we demonstrated during the financial year that our quality and efficiency of operations continues to improve.

The costs for maintenance and personnel were lower.

Important events during the year

- Winning the Movia contract gives Nobina responsibility for the traffic services in Copenhagen and North Zealand. The scope of the contract is 112 buses and the duration is six years with an option to extend for another six years. The total value is estimated at nearly SEK 1.8 billion over the contract period of six years. Approximately half of the buses will be taken over from the current operator, which means that Nobina will invest in 45 new buses. A smaller portion of the contract provides incentive-based remuneration based on customer satisfaction and growth in the number of passengers.
- All of Nobina Denmark's depots and operations were certified in accordance with ISO 14001 early in autumn of 2013, which was an important milestone in the Group's ongoing efforts to improve its processes and focus on sustainability issues.
- Nobina came in third place for "Company of the Year" in Randers, which is a ranking published each year by the drivers' union.
- Strong key figures were delivered in areas such as traffic planning efficiency and management of vehicle damage.
- Through various marketing initiatives, the number of passengers increased for the existing Copenhagen contract by 12 %.

Start of services in Denmark:

Planned start of services in the next 12 months for:

- Movia

For more information, see the table on page 59.

TENDERING SITUATION IN DENMARK (NUMBER OF BUSES)



Submitted 177
Won 100
Lost 77

3 QUESTIONS

to Niels Peter Nielsen, Managing Director of Nobina Denmark A/S

In what way does your business area create added value for customers?

We do that by being clear and always focusing on customer satisfaction, which we monitor using extensive qualitative and quantitative customer surveys. We are proactive in our efforts to participate in various types of partnerships with public transport authorities and municipalities in order to engage in a close dialogue and cooperation that is aimed at improving the quality of public transportation services. Based on various initiatives, we work with planning and implementation of marketing activities to attract more customers.

What are Nobina Denmark's strengths?

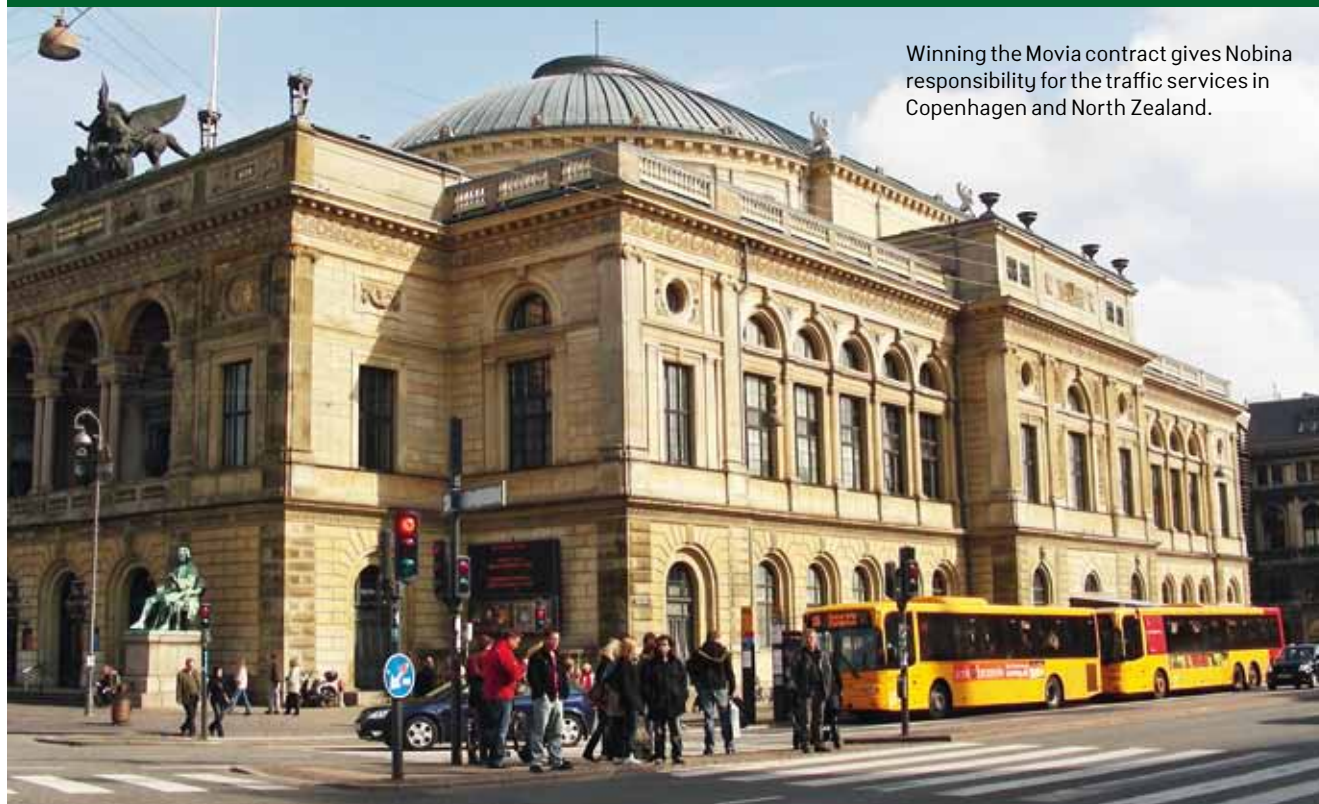
We work intensively with monitoring and developing the busi-

ness using certain Key Performance Indicators. By continually improving various structural and operating parameters, we are able to hone our business, which gives us the greatest chance of success in a tendering process. We focus on creating profitability by optimizing the business, without sacrificing quality.



Which areas do you want to develop in the coming year?

We will continue to focus on increasing our sales by attracting more customers and winning more contracts. During the coming year, we will also put effort into developing and strengthening the leadership skills within our organization.



Winning the Movia contract gives Nobina responsibility for the traffic services in Copenhagen and North Zealand.

NORWAY

FOCUS ON EFFICIENT OPERATIONS

The Norwegian market is fragmented and the share of publicly tendered regional traffic amounts to approximately 74 % of the total market. Nobina is the fifth largest competitor, with a market share of 8 %. Nobina has eight ongoing contracts and within the scope of these, there is a strong focus on planning and efficiency of the services provided.

Norwegian regional transport is concentrated to the region around Oslo, Hordaland, Vestfold in the south and Tromsø in the north. The services are distributed across eight contracts with four PTAs. The size of the bus fleet is currently 501 buses and Nobina has depot stations at 8 locations. The Norwegian market for bus services is fragmented, with several regional competitors, yet only five at the national level. Regional transport under contract comprises approximately 74 % of the total market for regional bus services. Nobina is the country's fifth largest competitor, with 8 % of the market. The largest is state-owned Nettbuss/NSB, with a market share of 32 %. In Norway, gross contracts are the main type of compensation, particularly in the traffic areas that were only recently opened up for tendering. The transition towards more incentive contracts is slow.

Performance

The Norwegian operations had sales of SEK 995 (946) million in 2013/2014, which was SEK 49 million higher than the previous year. Operating profit/loss improved to SEK -3 (-25) million due to efficiency enhancement measures in operations and the Oslo Vest contract. Inadequate revenue indexation and high maintenance costs have also been challenging. Additional costs, associated with traffic services in Tromsø, have still not been resolved.

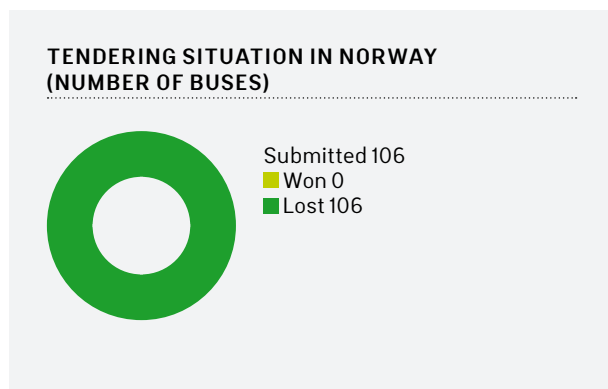
The Norwegian business performed well during the year, thanks to improved operational control and efficient operation of traffic contracts. The trend for personnel costs was also favourable during the year. During autumn 2014, the Vesfold contract expires, which has a negative impact on profit for the year.

Important events during the year

- Earnings improved sharply compared to last year and even though they are still negative, the trend is very much moving in the right direction.
- The Oslo Vest contract, which successfully started up in October 2012, made a positive contribution already during the first year of operation.
- The Tromsø contract, which started up for the first time in February 2012, stabilized and improved, as far as earnings are concerned, despite continued challenges due to incorrect bus specifications from the PTA. Discussions with the PTA are held continually in an attempt to solve the problems that have been identified.
- Increased focus and careful follow up on sick leave resulted in improved key figures in the personnel area.
- The new leadership group, which was set up last year and has extensive knowledge of the industry, achieved visible results. The changes aimed at improving cooperation between operations and staff functions have paid off.
- A new payroll system was implemented last year. It is both robust and scalable, ensuring that all employees receive the right salary at the right time.

Start of services in Norway:

No contracts started up in Norway during the financial year.



3 QUESTIONS

to Philipp Engedal, Managing Director of Nobina Norge AS

In what way does your business area create added value for customers?

We identify customer needs and expectations by conducting frequent customer surveys. We get positive feedback and the results show that Nobina maintains a high standard on its runs with very few delays or cancellations. Customers also appreciate that the buses are clean and tidy both on the inside and outside. Overall, we deliver quality services, which builds confidence in Nobina as an operator— we provide buses that leave on time and we ensure a safe, comfortable journey.

What are Nobina Norway's strengths?

Nobina Norway has a small, but very motivated and competent organization. With the support that we have from the Group, we have all we need for running an efficient organization and delivering good quality. This should enable Nobina to be the partner and operator that both PTAs and customers prefer in the future. Nobina also has excellent tools for monitoring operations, profit and tender calculations, which provides us with both good control and efficient processes. Joint purchasing and management of the bus fleet also gives us

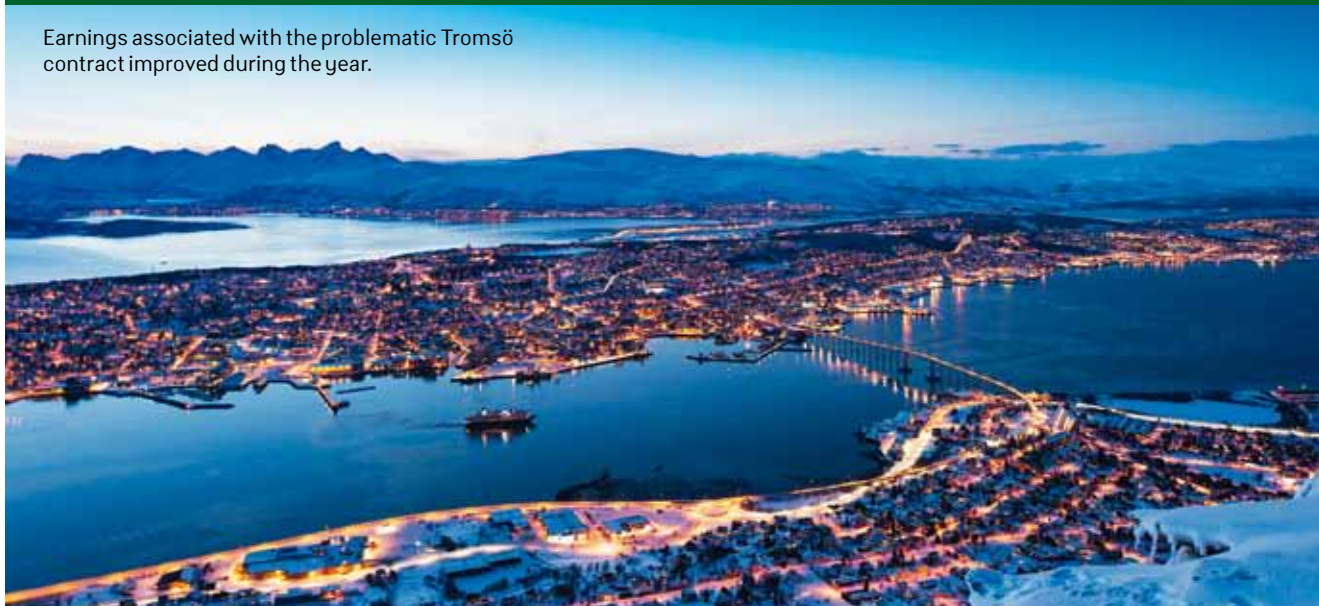
competitive advantages. Being part of a larger Group enable innovative growth that benefits customers and operations alike.

Which areas do you want to develop in the coming year?

Nobina Norway strives to become profitable, which will require further streamlining of the business via good planning and efficient operations. We also prioritize cooperation with our PTAs because this helps us provide better service to end customers. We will certainly also work very hard on submitting bids for various tendering processes, both for existing contracts and new ones. It is also important that we continue to make an impact on the industry, such that we move in the direction of more standardized contracts that balance risks more equally between the PTA and operator. A primary goal is to replace the current index that is used to regulate the prices in contracts with the industry's new bus index, which better reflects the operator's actual costs. We continue to work on the leadership development program and are endeavouring to improve cooperation with union representatives. There will also be a focus on employee surveys in order to improve job satisfaction and productivity within the organization.



Earnings associated with the problematic Tromsø contract improved during the year.



FINLAND IMMATURE GROWTH MARKET

Nobina is the largest operator in the Helsinki region, with a market share of 33 %. Taking a broader view of the Finnish market, significant changes are occurring right now, with the procurement of regional traffic rapidly gaining ground even outside the major cities.

Nobina's Finnish operations are primarily in the capital region, which is the largest market for city and regional transport in Finland. The following municipalities are part of the Helsinki region: Esbo, Grankulla, Helsinki and Vanda. In total, they have more than one million residents. Nobina Finland provides transport services to each of these municipalities, all of which are the responsibility of one PTA - Helsingfors Regionens Trafik (HRT). It also holds the largest market share, at 33 %. In total, Nobina has 23 ongoing traffic contracts. Unlike in the other Nordic countries, publicly tendered contracts in Finland are typically awarded for each specific route, rather than for a regional or local network. The size of the bus fleet is currently 384 buses and Nobina has 4 depot stations at 4 locations close to the Helsinki region. The Finnish market is behind the other Nordic countries in terms of the transition to incentive-controlled contracts. The existing pricing environment requires an extremely high level of efficiency in order to be profitable, but the situation is expected to gradually improve.

Performance

The Finnish operations had sales of SEK 802 (801) million, which is essentially the same level as last year. Operating profit improved significantly also and was SEK 45 (32) million for the

2012/2013 financial year. Factors behind this positive trend are primarily higher operating results due to more efficient operations. We also managed to lower the costs associated with maintenance and damages.

Important events during the year

- Full-year earnings improved considerably as did several important key figures for the business such as maintenance, damages and lower sick leave.
- Several contracts were extended, which secures Nobina Finland's market position.
- Nobina won one tender for 31 buses in Helsinki with planned start of services at the beginning of 2014 and 2015. The contract runs until 2020, with an option to extend for another three years. The contract makes Nobina the third largest operator in the Helsinki area.
- Start-up of services at the new depot at Herttoniemi went smoothly.
- The specifications for tendering processes outside the Helsinki region contained far too many risky contract terms making it a disappointment, rather than the opportunity that Nobina had been looking forward to.
- Many activities were conducted to develop the skills of our employees and improve job satisfaction at Nobina. Examples include coaching of dispatchers and traffic supervisors, interactive theme days for employees within all traffic areas and training of all drivers in workplace safety.
- Initiatives aimed at reducing sick leave were implemented. Employees with orthopaedic or stress-related problems received coaching with a personal trainer.

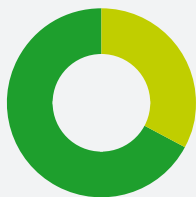
Start of services in Finland:

Planned start of services in the next 12 months for:

- HSL in Helsinki

For more information, see the table on page 59.

TENDERING SITUATION IN FINLAND
(NUMBER OF BUSES)



Submitted 211
Won 69
Lost 142

3 QUESTIONS

to Tom Ward, Managing Director of Nobina Finland

In what way does your business area create added value for customers?

We do this by offering customers the opportunity to travel with the capital city region's most modern and environmentally friendly bus fleet. We also prioritize the way we interact with customers and we train our employees continually to improve those interaction skills and the overall impression of Nobina. Another way that we have been able to improve the customer's experience is by training our drivers in eco-driving so that customers enjoy a smooth ride and have a pleasant travel experience. By improving our maintenance process we see an opportunity to minimize the number of cancelled runs and thus delays, as well as even improving the reliability of the bus fleet.

What are Nobina Finland's strengths?

We include innovative solution proposals in our tenders and we have proven that we are able to start up services successfully. We run a cost-effective organization and have a good structure for our depots. Employee satisfaction and well-

being improves via various types of activities, so it is important that we continue to focus on this important area. Our organization has extensive knowledge of the industry and that, combined with our value-guided leadership enables us to develop our business and the contract portfolio.



Which areas do you want to develop in the coming year?

We will work diligently and focused on winning a significant share of the publicly tendered traffic contracts. In every contract, regardless of whether it is existing or new, our focus is on profitability. Effort will also be put into impacting the tender conditions such that operators are given the opportunity to balance risks in accordance with the pricing conditions. Since 2012, Finland has been a member of the Finnish bus association, which strives to improve the contract terms, among other things. We would also like to prioritize other activities in order to decrease the amount of sick leave among our employees.



Nobina is the largest traffic operator in the Helsinki area.



SUCCESSFUL START-UP OF SERVICES CREATES BUSINESS VALUE AND A STRONGER BRAND

Starting up a new traffic area or taking over a traffic area must go like clockwork. At the same time, it should be noticeable that it's now Nobina that's sitting behind the wheel. It's a balancing act, which requires well-functioning and efficient process, where every step has been carefully planned. Intensive preparations were required, because this was a year with more start-ups of new services in a single year than Nobina had ever encountered.

Once the tender has been won and the contract with the PTA has been signed, the preparations for starting up service can begin. This is a process that normally spans a period of nine to twelve months and it is much the same regardless of the country.

Intensive dialogue with stakeholders provides the foundation for continued success

Nobina is surrounded by a variety of stakeholders, all of whom, in different ways, impact and are impacted by how public transportation is run. In order to

understand the expectations and requirements on future public transportation systems, it is necessary to build a good relationship/engage in an ongoing dialogue with the PTA, municipality and current operator. Another aim of such dialogue is for it to increase awareness about Nobina and the extent to which we are able to influence and run public transport services.

If, as a new operator, you are taking over properties and most of the previous operator's buses, it probably also means that you will be taking over permanent employees as well, all in accordance with

EU regulations on the takeover of operations. For bus drivers, it is more often the rule than the exception to change employer every seven or eight years. Dialogue with the new employees is a crucial puzzle piece for a successful start-up of services. The majority of these are bus drivers, who will be main representatives of Nobina to the public. Major resources are thus invested in having individual meetings with these new employees, to discuss and gain their support for our values and working methods, as well as communicating our expectations about their future efforts.

TWO SHORT QUESTIONS TO LEIF ENEBRINK



Head of the operations resource team, which is responsible for project management of the traffic start-ups.

What is critical for a successful start-up of services?

It is necessary to allocate resources so that we can have individual discussions with all new personnel, along with ongoing information on progress up until and during the start of services. But equally important is involving other stakeholders early in the process by holding review meetings and engaging them in a close dialogue. For example, we've invited representatives from the unions that are involved to participate and have a say in how services are planned, as well as allowing them to give feedback on the functionality of our buses. It provides a good, positive platform for future cooperation. Critical to a traffic start-up is of course also that the buses have been through a final inspection and are thus fit for driving.

What do you consider to be your team's most important contribution?

Nobina is a process-driven organization and the team's responsibility is to ensure that routines and processes actually have been put into practice. A traffic start-up is an excellent opportunity for setting the framework for how we will work, so that we get it right from the very start. The need for support varies somewhat from country to country, depending on how much experience they have. Here, our team has an important task of being good listeners and being able to go in and support the local project leader. We can also support the steering committee by collecting valuable tips and experiences, as well as participating in the important decisions that are made in order to run the project successfully towards our established goals.

Many practical details need to be in place

A central component of the planning phase is ensuring that the right number of buses are ready when it is time to start up services. If new buses are being manufactured, this is done according to specifications and designs that are specified in the contract. If buses are being taken over, a first inspection is carried out at an early stage and that is followed up by a final inspection, typically just days before the start-up of services. Additionally, there are many other practical items that must be checked off. Examples are ensuring that all drivers have uniforms that are the right size, that vacation planning is on track and that contracts are in place for everything from coffee machines to cleaning services for the buses. Regardless of whether new depots are being built or old ones taken over, the critical IT systems for traffic controlling must be installed and tested prior to starting up services.

New day, new operator

On the last day of the contract, when the prior operator parks the buses for the night, the new operator is waiting, ready to take over and start up services the next morning. It's a changeover that literally takes place overnight. As the buses arrive from their last run, the night is devoted to changing the logos and signs on the insides and outsides of the buses, as well as resetting the ticketing system, if necessary. During the first 24 hours, many staff resources are devoted to the start-up of services, with group managers, dispatchers and head office personnel all on

FACTS ON START OF TRAFFIC SERVICES

- 2013 Nobina started up traffic services in a total of 3 locations – including Helsingborg and Helsinki.
- In 2014 a total of 8 traffic start-ups are planned, including Copenhagen, Malmö and Helsinki.

location to provide coaching and assistance in order to ensure a successful start-up and public transportation services that continue to run smoothly.



SUSTAINABLE TRAVEL...

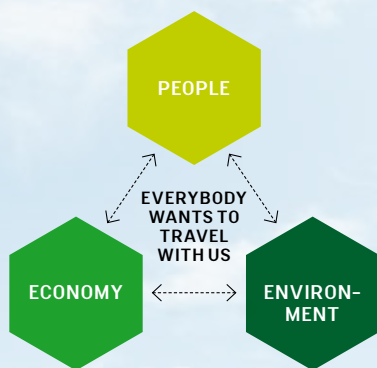
There are only winners when public transportation functions smoothly such that more people choose it when travelling. Mobility in society increases, it promotes growth, it is good for the environment and it encourages geographic and social balance.

Nobina's sustainability efforts are an integral part of the organization and they are based on creating economic, environmental and social value. We believe that a responsible consumption of resources and ethical behaviour are incontrovertible. We are committed and care about each other, our passengers and our community. By using our resources efficiently, we continually strive to reduce our both our carbon footprint as well as our costs.

Nobina's impact and responsibility

Our vision is for everyone to want to travel with us. That is why we strive each day to simplify daily travel by offering public transport bus services that increases mobility in society. This is how we make our main contribution to a sustainable society.

As the market leader for public transport by bus in the Nordic region, Nobina impacts society in a number of ways. Since we run operations that are, to a large extent, publicly financed, it is obvious to us that we must take responsibility. We are a company that operates according to a set of values. We regard our business from three viewpoints: people, the environment and the economy. Our perspective covers several dimensions: from the family budget, the PTA's resources and climate issues, to responsibility for safety, employees and passengers.



DIALOGUE WITH STAKEHOLDERS

Nobina is surrounded by a variety of stakeholders, all of whom, in different ways, impact and are impacted by our operations. Engaging in a continuous, close dialogue with them is necessary in order to know what expectations and requirements they have on how we run our operations. Another aim of such dialogue is for it to increase awareness about Nobina and the extent to which we are able to influence and run transport services.

Nobina's Corporate Social Responsibility (CSR) counsel has studied Nobina's organization and identified the following key

stakeholders: PTAs, customers, employees, politicians, suppliers and owners.

Of those, the principal stakeholders are PTAs. They are the ones who actively place demands and requirements in the tenders and on daily operations. Additionally, they have a number of sustainability-related requirements on our deliveries.

Below is an overview of the dialogue with Nobina's key stakeholders and the issues we've identified as most important in 2013.

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

MEMBERSHIPS AND INVOLVEMENT

Nobina is a member of several associations, organizations and networks where issues relevant to the Group's operations and stakeholders are discussed. These include:

- The Transport Group (Sveriges Bussföretag)
- Samtrafiken AB

- The Confederation of Swedish Enterprise (Svenskt Näringsliv)
- Swedish Association of Local Authorities and Regions, Committee for Tendering Processes
- X2AB
- NHO Transport
- Norwegian Industrial Policy Committee

- Forhandlingsutvalget (a Norwegian negotiations association)
- The Finnish Bus and Coach Association (LAL)
- The Finnish Employers' Federation of Road Transport (ALT)
- The Employers' Association for Public Transportation
- Dansk Bussvognmaend

Let your voice be heard about the future of public transport!



At the end of 2013, Nobina launched the independent online forum, Nordic Future. The purpose is to stimulate discussion on public transport, such that it engages more people, generates new ideas and opinions and spreads the issue to a wider audience.

The Nordic Future forum is open to everyone who is in any way affected by or interested in public transport. You'll find debates, news and culture about and for public transport, with everything from tips on the best travel tunes, to creating public opinion on how to get more people to choose public transport. The person in charge of the initiative is Maryam Yazdanfar, Head of Public Affairs and Communications at Nobina.

Tell us about why you started up Nordic Future?

Above all, we wanted to explain and discuss public transport's complexity and importance to society in a concrete and dynamic way. It's a long-term initiative with the fundamental aim of providing a forum for new ideas and solutions that can contribute to better decisions. But there is also an educational purpose of spreading knowledge about the enormous logistical and planning challenges required to put each and every bus on the road. The forum provides us with an opportunity to explain how public transport is an important part of society's "bloodstream", particularly the people sitting behind the wheel.

Who participates in the forum's activities?

Thus far, it's been industry people and political decision makers, along with a growing number of PTAs. A natural next step would be to invite ordinary passengers to participate in order to give them the opportunity to make their voices heard on the topic of public transport.

Most important of all is that everyone should feel welcome to participate in or listen to the debate. We regard ourselves as the ones who simply book the room and provide the coffee. We extend the invitation to anyone who would like to join us for a cup and the opportunity to discuss or listen to the issues on the agenda.

Could you give an example of issues that have sparked debate?

When an issue is raised, we like to turn the focus to possible solutions rather than just talking about the problem itself. For example, interesting perspectives were brought up in the debate on how it is possible to work with different rates in order to increase travel during times of the day when many buses are running without passengers. What is the most it can cost and when you should be charged to use public transport are always important questions, which are even more in the spotlight when it is election time.

Learn more about Nordic Future at www.nordicfuture.com



NOBINA'S MOST IMPORTANT ASPECTS OF SUSTAINABILITY

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

We have identified the most important aspects for Nobina's operations by studying and analysing our own work, as well as through dialogue with our stakeholders. The following important aspects have been identified:

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

Our concrete opportunities: taking responsibility and making an impact

We can describe our situation about taking responsibility and making an impact from two perspectives.

The first has to do with our contribution to sustainable development, i.e. that a growing number of people should be able to use the public transport services that we provide. The second means that we should have the best possible conditions for running the business with consideration for the economy, the environment and people: With the aim of making a long-term impact on the contract terms, we are using the experience from our current assignments to influence the design of future contracts. Through dialogue and discussion with both politicians and PTAs, we strive to develop and improve the terms and conditions of contracts over the long term.

Trying to change the design of contracts is particularly important to us because it determines the extent to which we are able to develop competitive products and, during operations, pursue our other prioritized sustainability issues in our own business.

NOBINA'S RESPONSIBILITY ON TWO LEVELS



In reality, opportunities to influence the industry and PTAs exist before tenders have been formulated and contracts signed. We are then responsible for complying with the terms of our contracts.

Joint effort that leads to results

As the Nordic region's leading public transport company, Nobina plays an important role in the effort to influence the trend of contract terms in our industry. The goal is to make tendering of transport services simpler, which benefits everyone involved.

In 2013, a new, revised version of the model contracts and general terms was published aimed at facilitating the public transport tendering process for all parties involved. Partners in the collaboration for doubled public transport is the organization behind this effort and Nobina is actively involved.

"The overall goal is of course to create contracts and terms that make public transport tendering processes easier. But other

positive outcomes should be a better use of our joint community resources and, not least, that we end up with a more enticing public transport system that encourages more people to use it," says Henrik Birath, Deputy Managing Director and Head of Planning at Nobina Sverige AB.

Model contracts should contain sections that consider the risks and responsibilities of everyone involved and risk allocation needs to consider who is best suited for managing the risk. For example, if changes to the infrastructure need to be made, this should be done by the PTA, while employee issues are the responsibility of the operator. The bus operator's uncertainty about future costs, can, to a certain extent, be dealt with by limiting the length of the contract to around 8–10 years. When considering environmental aspects, it's recommended to use emission values as the point of departure, rather than specifying requirements on the type of fuel. That gives the operator greater flexibility in designing the bus fleet so that it complies with the emission limits.

Model contracts are gradually gaining ground, but much remains to be done in order to increase their use.

"With help from the combined experience of our industry and good examples, I think we've done a good job in designing the model agreements. We're convinced that they will lead to more efficient tendering processes, with better public transport services as a result. The next step will be efforts to encourage the use of these contracts. We are solution-oriented and want to know the reasons why a PTA chooses other alternatives. By doing so, we hope to refine the contracts further and generate examples of what the model contracts have contributed to in terms of better public transport services. We all know what overall goals we are striving to achieve – by 2020, double the number of passengers. There are no shortcuts to reaching that goal and it is imperative that we invest our resources wisely. Model contracts are an important tool in helping us get there.



SUSTAINABLE GOVERNANCE

"Green Guiding Light" is our point of departure for governance. This is how we summarize Nobina's values and role in society. It also serves as an important tool in daily operations. It has been implemented throughout Nobina's entire organization and is used in all important employee processes, such as recruiting and introductions and as an instrument of evaluation during employee performance appraisals and in employee surveys.

The organization's goals are derived from the "Green Guiding Light" and each year, when the business plan is updated, so are all of the goals (read more on page 6). The short-term goals are adapted based on the long-term Group goals. Subsidiaries and their transport areas then incorporate the goals into their own business plans and run their businesses in accordance with them. The goals are followed up in monthly performance meetings at the Group, company and traffic area levels. The CEO is also a member of each subsidiary's Board of Directors, which helps ensure that there is a good flow of information throughout the Group. As part of the business planning process, support is gained for the Group's strategies by presenting them at the European Work Council once per year, which the company's employee representatives attend.

In 2010, Nobina set up a CSR advisory board to monitor global sustainability issues and set an agenda for our own efforts. In 2013, the CSR advisory board was integrated into the leadership process, which is represented by the CEO, MD of Nobina Sverige AB, MD of Swebus, CFO at Nobina AB, Director of HR at Nobina AB, the Head of Business Development and a Traffic Manager.

The seven main process teams at Nobina are responsible for developing Group-wide working methods. This effort is led by process owners, who have been appointed by the Group management team and are followed up quarterly in Process Performance Reviews. Read more about our efforts to continually improve the business on the next page. More information about governance is also provided in the Corporate Governance Statement on pages 47–52.

Governance in practice

In Norway and Finland, Nobina has held ISO 9001 quality certification and ISO 14001 environmental certification for several years. Since 2009, efforts have been underway in Sweden to obtain ISO certification for all traffic areas. At the end of the 2013/2014 financial year, eight transport areas had become ISO-certified. In Denmark, all four transport areas became certified in 2013 in accordance with the ISO 14001.

ISO-CERTIFIED TRANSPORT AREAS IN THE GROUP

	13/14	12/13	11/12
Sweden	8	8	7
Denmark	4	0	0
Norway	6	7	5
Finland	3	3	3

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

Nobina has a Nordic council (in Swedish, the KAMS council) comprised of the quality and environmental managers of the company. The council meets four times per year and is responsible for formulating, communicating and gaining support for the goals and working methods for quality, working environment, environmental and safety issues so that they reflect the ambitions in that area. The environmental work carried out in the organization is evaluated in regular in-house checks and internal audits.

For each transport area, there is a safety organization with several safety representatives that periodically carry out both general and specific safety inspections. They are also called in to conduct own investigations as necessary, or whenever there is an accident or incident. In addition, the head safety representative is responsible for initiating and participating in risk analyses of the work environment, as well as participating in the safety days that are held each year. The local safety organizations remain in close contact with Nobina's central safety and work environment organization.

Since 2012, Nobina has been affiliated with the newly established employee-ombudsman channel, MOM, which serves as whistle-blower protection. MOM provides employees with a safe channel for bringing any issues to light about inappropriate activities or situations regarding such things as safety, the environment, work environment, financial matters or leadership. MOM has now been set up in Norway, Finland and Sweden.

Risks and opportunities

When more people choose public transport, Nobina's growth opportunities also improve. At the same time, every opportunity involves a risk, e.g. not being able to meet the requirements stated in the tender and thus not being able to provide the desired services. When an operator is required to take on more responsibility for quality, the share of incentives in the contract increases. On the one hand, this provides an opportunity to provide a clear link between performance and compensation. On the other hand, if the goals in the contract are not fulfilled, the operator could be forced to pay fines. For Nobina, this primarily has to do with the ability to adjust working methods, as well as developing the right expertise and relationships for the best possible management of risks.

Follow up

The results of sustainability efforts are measured in a brand survey that was initiated in 2011. Nobina's intention is to carry out the survey every three years. It is based on an overall evaluation of customer satisfaction, employee motivation, and PTAs' satisfaction based on in-depth interviews. The first survey in 2013 showed that 86 % of our passengers agree that it is easy to travel with us, 82 % agree that we provide friendly service and 72 % feel that our services are affordable. The fact that it is easy, friendly and affordable to travel with us is also reflected in the survey finding that 75 % of our employees feel that we apply our values in our daily activities.

NOBINA'S IMPROVEMENT INITIATIVES

Process teams develop work instructions for the entire Group

Process teams are development groups that consist of employees from various parts of the organization. They develop the Group-wide working methods.

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

Frequency of meetings:	Each team meets four times per year.
Goals:	Continually improve the working methods of the Group. Better performance of the companies.
Follow up:	Four times per year by the Group management team. The application of instructions is followed up when each company conducts its audit and this is reported back to local management and Group management.

Auditors evaluate the outcome of the instructions

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

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

Frequency of audits:	Once per year for each traffic area.
Goals:	Continually improve operations.
Follow up:	The KAMS council (quality and environmental managers), locally and centrally.

Improvement groups carry out local development projects

At Nobina, each employee is able to participate in the organization's development. This is because the company's own employees are the ones who are best at deciding which measures are required to improve operations. Local improvement efforts also means that our managers should develop in their roles. Accordingly, the aim is for each manager to lead at least one improvement group with his or her staff represented.

At the end of the 2013/2014 financial year, improvement efforts were being carried out at twelve transport areas and at the head office of the Group. In 2014, we will start up two additional transport areas.

Frequency of meetings:	Each group meets for one hour every other week. A coach participates in every other meeting.
Goals:	High participation in the traffic area. Better financial performance.
Follow up:	The KAMS council (quality and environmental managers) and Company Business Review, centrally.

Improvement coaches assist managers and groups with their improvement efforts

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

At the end of the 2013/2014 financial year, there were ten certified coaches: seven in Sweden, two in Norway and one in Finland and one in Denmark. In 2014, six more people will be trained as head coaches and another twelve as meeting coaches.

Frequency of meetings:	The improvement coaches attend every other meeting for the six-month period required to establish sustainable improvement efforts.
Goals:	Improvement efforts are stable and lead to results.
Follow up:	The Group's head coach forum, once per year. The improvement coaches conduct performance follow-up seminars biannually for their traffic area.

NOBINA'S GROUP-WIDE POLICIES:

- Communications policy
- Safety policy
- Employee policy
- Purchasing policy
- Environmental policy
- IT policy
- Finance policy

ENVIRONMENT: MORE THAN COMPETITIVENESS

For Nobina, working in close cooperation with our PTAs to carry out systematic, meaningful environment work is a matter of course. We prioritize a responsible consumption of resources and reduced emissions in order to lower the daily impact of operations.

A cornerstone of the efforts to increase our competitiveness and lower the environmental impact is to utilize resource as efficiently as possible in all areas of our operations. One important tool is knowledge and a priority is therefore increasing overall environmental competency throughout the Group. Drivers receive this knowledge via their UKB training, which includes everything from eco-driving to information on how energy, water, detergent and chemicals should be used in conjunction with service. Service personnel in the traffic areas also receive half-day training on quality, work environment, environment and safety. The training also includes information on environmental legislation and how to conduct efficient environmental efforts. In addition, there is a central competence forum that is responsible for such things as ensuring that the organization is prepared for complying with new rules and legislation.

NME – support for better travel

In parallel with continual training, systematic improvement efforts of daily operations are underway, with careful follow up of the effects of environmental efforts. Nobina Mobile Extension (NME) is the IT solution that supports these efforts. It is the

IT environment used in our buses. NME links together the buses technical systems with Nobina's central system and it provides a variety of functions that facilitate everything from travel to the driver's efforts to reduce environment impact. For example, our concept, "The Green Journey", actively helps drivers with eco-driving and a safe, comfortable way of driving. The effects are shown in such ways a lower fuel consumption, which can continually be followed up at the level of each individual driver.

New contracts lead to lower emissions

The challenges associated with tougher tender requirements in Sweden persist, particularly regarding vehicle types and emissions. There are requirements on biogas primarily in southern Sweden, but in Norway as well, it is becoming increasingly common to see biogas fuel requirement for the bus fleet in tenders. For the other Nordic countries, the use of electric buses is still in its infancy. However, Nobina is a pioneer when it comes to the customized electric bus, Hybricon Arctic Whisper, which is used on the route between Umeå and Umeå airport.

Of course, particulate and carbon dioxide emissions and fuel consumption are prioritized environmental issues. For Nobina, it is important that we comply with our existing contracts and make plans to adapt the bus fleet to new requirements. We are happy to report that a continuous reduction of carbon dioxide emissions occurs at the rate that older contracts are replaced with new ones, which, to a great extent, also steers the bus fleet in the direction of buses that run on renewable fuels.



Hybricon Arctic Whisper is the name of the fast-charging electric bus that Nobina runs between central Umeå and Umeå Airport. The bus has been specially designed for our Nordic climate.

NOBINA'S MOST IMPORTANT ENVIRONMENTAL GOALS

In order to better guide our work and prioritize efforts concerning the global climate goals for lower greenhouse gas emissions, Nobina has identified its most important environmental goals. These are areas where we can impact and make progress in our operations here and now.

1. FROM CAR TO BUS

More people sharing resources means fewer cars on the roads and that lowers greenhouse gas emissions

The more people that choose to travel with us, the better it is for the environment, our economy and society. Increasing public transport is the nature of our business and we work with that mission on many levels. For example, revenue models that incorporate incentives enable us to impact the number of passengers. We also cooperate with the PTA and municipality within the scope of each individual traffic agreement. Creating as much value as possible for customers is also key, as is making it easy for people to choose public transport. Additionally, it is important to communicate the positive effects of increased travel by bus.

Much of this reasoning is reflected in the Norrtälje contract, which Nobina started up in 2011. In this contract, remuneration for the commuter routes is based on the number of boarding passengers. Several initiatives and measures have been implemented to increase capacity, improve bus transport and raise the number of passengers. For example, we've improved customer service by adding host/hostesses and there are now new, more comfortable buses in tourist class on the route between Norrtälje and Stockholm. The results were soon visible. After one year, travel had increased by slightly more than 16 % and the percentage of satisfied customers was 90 % (December 2013).

2. LOWER THE SHARE OF EMPTY BUSES IN TRAFFIC

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

Lowering the percentage of empty buses in traffic is an important concept and it is necessary in order to achieve smart traffic planning. The goal is to satisfy customers by running buses as frequently as possible, but filling the buses with passengers is also critical to our ability to lower emissions and conserve our finite resources. One important aspect is optimizing schedules to minimize idle time and avoid having empty buses in traffic. Another is working out the lowest possible distance between the bus parking lot and the first stop. It is advantageous to do this work in close dialogue with the PTA because it increases the likelihood of designing public transport as optimally as possible for passengers, while also minimizing the environmental impact.

3. LOWER FUEL CONSUMPTION

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

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

Fuel consumption	2013/14	2012/13	2011/12
Diesel, litre	68,719,300	76,304,778	83,734,672
RME, litre	9,815,636	7,965,841	5,761,449
Biogas, nm ³	14,784,970	7,688,885	5,148,780
Natural gas, nm ³	9,169,545	10,911,042	8,816,054
Ethanol, litre	5,861,463	6,467,078	7,638,040

4. HIGHER SHARE OF RENEWABLE FUEL

With less fossil energy per passenger kilometre, i.e. a higher percentage of vehicles that run on biofuel or electricity, greenhouse gas emissions become lower.

It is a Swedish political goal to have 90 % of the buses in traffic running on renewable fuel by 2020. To reach that goal, traffic companies must adapt their bus fleets and increase the share of buses that run on renewable fuel. In the tender documentation from PTAs, it is standard that fuel types and emission levels are specified. However, there is wide variation in the other requirements specified by PTAs. Nobina estimates that its bus fleet currently consists of at least 30 % that run on renewable fuel. We also feel that it is entirely possible to achieve the 2020 goal, since we are replacing old contracts with new ones and it is becoming increasingly common to see renewable fuel as a general requirement in tendering processes.

Emissions in relation to km driven	2013/14	2012/13	2011/12
Fossil carbon dioxide (CO ₂), g/km	0.82	0.92	0.87
Nitrogen oxides (Nox), g/km	3.70	4.05	4.26
Hydrocarbons (HC), g/km	0.17	0.14	0.05
Particles (PM), g/km	0.02	0.02	0.02

PEOPLE: COMMITTED EMPLOYEES WITH A CUSTOMER FOCUS

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

Nobina's employees play a key role in the actual customer experience via our customer-focused company culture. Their job is to deliver simple, friendly, everyday travel and our job as employer is to make sure that we provide the right environment and conditions so that they can do just that. For Nobina, it is crucial that our employees feel motivated, happy and involved.

It starts and ends with good leadership

With the goal of being the most attractive employer in our industry, we continually strive to develop and motivate our employees. We feel that the local leadership teams play an important role in helping employees become acquainted with the traffic area's goals and feel involved in the effort to reach them. Some support functions exist locally and others are centrally located, such as HR resources in different areas working on the development of systems, processes, leadership, working methods and employee skills. In addition, the Group management team is responsible for developing the content of "The Green Guiding Light" towards a management style that, in every way, represents a customer-oriented company culture.

We strive to achieve a courageous and pragmatic leadership style that is equally intent on pointing out when values have been broken as it is on commending achievements that have in various ways helped us make progress in our daily operations and bringing Nobina's vision and values to life.

Customer-oriented teamwork

A prerequisite to our overall success and profitability is that our employees know what is expected of them. Nobina works with target management so that every employee is able to act in accordance with the criteria upon which they will be assessed. For this reason, every employee has individual goals and a performance appraisal with his or her manager once per year (total of 4,415, 63 %). This applies to permanent employees as well as hourly-paid employees who work for the company frequently, which is rather unique in this industry. In addition, feedback discussions are held monthly (total of 28,171) and the focus here is on the employee's work situation and job satisfaction, among others. Skill development should be ongoing. Once each traffic area has identified its training needs, specific training plans are created. As of the 2013/2014 financial year, all central trainings

will occur within the scope of Nobina Academy and the topics are categorized as follows:

1. DRIVER TRAINING

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

2. LEADERSHIP TRAINING

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

3. ROLE-SPECIFIC TRAINING

This includes training on work environment and business acumen.

Employee involvement is essential to our ability to reach our goals, so it's very important that continual improvement efforts are done in a pragmatic, down-to-earth way. At daily operations meetings, we discuss and analyse deviations and problems so that measures can be put in place, improvements implemented and results followed up.

How well we succeed in these efforts is reflected in Pulsen, Nobina's employee survey, which is carried out three times per year. In total during the year, we asked 16 questions aimed at measuring employee motivation and promoting improvement efforts by having each traffic area keep working with one particular question after each survey was conducted.

In 2012, Nobina Sverige AB set up an external employee-ombudsman channel (MOM) in order to streamline our efforts to ensure that we are working in the right way. This is where employees can turn to report any incidents of inappropriate activities and they can do so anonymously, if they so choose. MOM was also set up during the year in Finland and Norway. In 2014, it will be set up in Denmark as well.

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

Nobina competes in a fluctuating, labour-intensive industry, where the skill level of our employees is fundamental to our success. It is important that Nobina is perceived as an attractive employer, particularly when recruiting new bus drivers and other staff, as well as in tenderings. Nobina would benefit from making the bus profession more attractive and in order to meet

future needs, some of our efforts are focused on such things as influencing vocational schools and cooperating with the Swedish Public Employment Service to proactively market the profession.

Of course, an important part of this effort is also taking care of the employees that we already have. Nobina tries to retain its leadership talent by using a systematic approach, such as working effectively with rotation of duties among traffic assignments. For drivers, we try to create flexible schedules that take individual needs and preferences into consideration, since this is important to them. For example, we set up a scheduling scheme whereby we schedule for longer periods of time, which improves predictability for our employees. Nobina has also centralized staff planning so that it can become better at optimizing personnel resources and also provide more standardized service to the traffic areas.

Focusing on employee health is not only good for individuals, it also reduces personnel costs. Preventive health care efforts and identifying unhealthy behaviour are thus very important. Offering a safe work environment is also fundamental. But, if an accident or incident occurs, each traffic area has a trained staff member whose job is to take care of and support the employee who has been affected.

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

Future focus

Maintaining and even increasing our appeal as an employer is an ongoing effort. An important component of this is continually improving our leadership skills at all levels. Other issues that we will be focusing on during the coming year are how we can reach and attract more target groups, such as students and healthcare workers.

The Group, %	2013/14	2012/13	2011/12
Short-term absence due to illness	1.29	1.23	1.10
Long-term healthy	31.90	32.80	35.78
Staff turnover	6.40	5.99	6.07

Launch of the Malmö Super Bus concept

In summer 2014, Malmö will be adding something new and exciting to its public transport offering. This is when 15 super buses, each of which is 24 metres long, will start running in central Malmö on the Stenkällan–Centralen–Västra hamnen route. The MalmöExpressen Super Bus concept offers buses that are twice as long as Malmö's ordinary buses. They are also bi-articulated so that they can more easily navigate and turn on the city streets. The buses are equipped with gas engines and ultracapacitors that store their braking energy. To minimize downtime at each stop, the buses four wide doors can be used for both embarking and disembarking. Because of the length of the buses, it has also been necessary to adapt the city's infrastructure by building special bus lanes and new 25 metre long bus station platforms.

MalmöExpressen is a cooperative effort between Skånetrafiken, the City

of Malmö and Nobina. The Super Bus investment is the first of its kind in Sweden and the goal behind it is to make progress in the area of public transport in order to reach the goal of doubling its market share by 2020.



QUALITY, WORK ENVIRONMENT, ENVIRONMENT AND SAFETY

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

With a sense of responsibility and customer focus, Nobina should be able to guarantee that customers will have a safe and secure journey and that employees have a safe work environment. The foundation for safe operations is a continual effort to strengthen the safety culture. We do this through proactive, systematic work involving risk assessments of traffic environments and situations in order to then take appropriate preventive measures. First and foremost, risks should be eliminated. Otherwise, they should be minimized. It is equally important to maintain the skill level of our employees and ensure that they have the right attitude.

Nobina should serve as a role model and this is also stated in our safety policy. We follow up on all traffic incidents, as well as any threats or violence against our customers or employees. During the year, Nobina Sweden conducted 66 accident investigations and incident analyses aimed at identifying patterns in the root cause or technical problems. We've realized the importance of getting to the bottom of every accident and incident that has occurred, which has increased the number of investigations. In addition, they give us a better basis for taking the right measures that can prevent a recurrence.

To make even more progress on preventive measures, a holistic approach has been taken on the issues of quality, work environment, environment and safety. This has to do with clarifying the issues and to a greater extent, making them more relevant and real to the daily operations in the traffic areas. Actual issues are followed up monthly by all companies and traffic areas within the Group via the KAMS council (quality and environmental managers).

Risk management and crisis preparedness

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

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

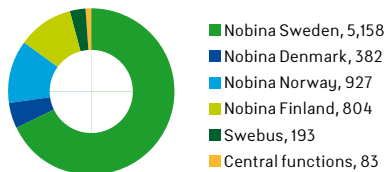
Key figure	2013/14	2012/13	2011/12
Number of incidents	5,097	4,967	5,038
Total cost of damages, SEK million	61.6	54.3	61.7
Serious incidents*	181	175	149

	Threats & Fire	violence	Robbery	Environ-ment	Traffic accidents
2012/13	27	55	1	2	90
2013/14	38	65	1	1	76

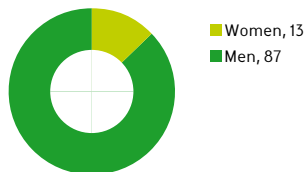
* Serious incidents can be defined as accidents or incidents in a traffic area that are deviations reported further along in the organization.

The figures above are only related to Sweden.

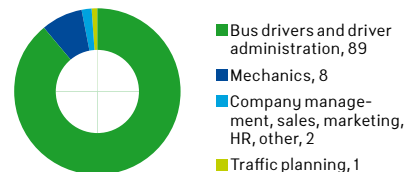
NUMBER OF EMPLOYEES PER COMPANY



EMPLOYEES BY GENDER, %



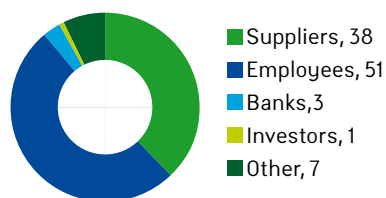
EXPERTISE, %



ECONOMY: CREATING AND DELIVERING ECONOMIC VALUE

Nobina measures its financial success through a number of long-term and short-term financial goals. These are reported on page 6. At the same time, our organization creates economic value for a variety of stakeholders. The information provided below shows the value that the Group generated and distributed during the last financial year. For more information about how we create economic value, please see pages 58–66 and 79.

ALLOCATION OF REVENUE TO STAKEHOLDERS, %



	Stakeholder	2013/14	2012/13	2011/12
VALUE GENERATED, SEK MILLION				
Revenue – net sales	PTAs/Customers	7,269	7,212	7,050
VALUE DISTRIBUTED, SEK MILLION				
Operating expenses	Suppliers	-3,251	-3,360	-3,485
Salaries and remuneration to employees	Employees	-3,692	-3,606	-3,528
Payments to financiers	Banks	-240	-270	-275
Payments to the public sector – taxes	Government	0	-1	0
RETAINED ECONOMIC VALUE, SEK MILLION		56	60	-230

AWARDS

"COMPANY OF THE YEAR": Nobina Denmark was awarded third prize by Fagligt Fælles Forbund (3F), Denmark's largest trade union.

"JOB GUARANTEE PRIZE": Nobina Denmark was awarded this prize by TUC DK for its efforts to return unemployed to the workforce.

SUSTAINABLE BRAND INSIGHTS RANKING for 2013, Swebus ranked 39 on the list of the most sustainable brands in Sweden.

SERVICSCORE 2013: For its excellent customer service, Swebus was nominated for the Service-Score prize.

About Nobina's GRI reporting

For the second year in a row, Nobina is reporting its sustainability efforts in accordance with the international reporting standard, Global Reporting Initiative (GRI). The sustainability report essentially corresponds to version G3 at the C level. The selected performance indicators are reported in the GRI on pages 45-46.

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

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

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

Standard disclosure		Page reference	Comments
1	Strategy and analysis		
1,1	Statement from the CEO and the importance of sustainability to the organization and its strategies	Pages 4–5	
2	Organizational profile		
2,1	Name of the organization	Page 1, 56	
2,2	Primary brands, products and services	Page 1, 56	
2,3	Operational structure of the organization	Page 1, 56	
2,4	Location of the organization's headquarters	Back page, inside of the cover	
2,5	Countries where the organization operates	Page 1, 56	
2,6	Nature of ownership and legal form	Pages 47, 56–57	
2,7	Markets served	Pages 1, 56–57	
2,8	Scale of the reporting organization	Pages 1–3	
2,9	Significant changes during the reporting period regarding size, structure or ownership		None
2,10	Awards and prizes that were received during the reporting period	Page 44	
3	Report parameters		
3,1	Reporting period	Page 45	
3,2	Date of most recent previous report		May 2013
3,3	Reporting cycle	Page 45	
3,4	Contact points for questions regarding the report	Page 45	
3,5	Process for defining reporting content	Pages 32–33, 35	
3,6	Boundary of the report	Page 45	
3,7	Any specific limitations on the scope or boundary of the report	Page 45	
3,8	Basis for reporting on joint ventures, subsidiaries, or other entities that can significantly affect comparability from period to period and/or between organizations	Pages 75–76	
3,10	Explanation of the effect of any re-statements of information provided in earlier reports	–	None
3,11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	–	None
3,12	Table of contents in accordance with GRI	Pages 45–46	

Standard disclosure		Page reference	Comments
4	Governance, commitments and engagement		
4,1	Governance structure	Pages 37–38, 47–49	
4,2	Indicate whether the Chair of the highest governance body is also an executive officer	Pages 54–55	
4,3	The number of members of the highest governance body that are independent and/or non-executive members	Pages 54–55	
4,4	Mechanisms for shareholders and employees to provide recommendations or direction to the Board of Directors and company management	Pages 33–34, 38, 47	
4,14	The organization's stakeholders	Page 33	
4,15	Basis for identification and selection of stakeholders	Pages 33, 35	
Economic performance indicators			Comments
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Page 44	
Environmental performance			
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Pages 39–40	
EN16	Total direct and indirect greenhouse gas emissions by weight	Page 40	
EN20	NO _x , SO ₂ and other significant air emissions by type and weight.	Page 40	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Pages 39–40	Partially reported.
EN30	Total environmental protection expenditures and investments by type	Pages 39–40	Partially reported.
Social performance			
LA1	Total workforce by employment type, employment contract, and region	Page 43	
LA2	Total number and rate of employee turnover by age group, gender, and region	Pages 42–43	
LA4	Percentage of employees covered by collective bargaining agreements		100%
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	Pages 47–49	Partially reported.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Pages 42–43	Partially reported.
LA10	Average hours of training per year per employee by employee category.	Page 41	Partially reported.
LA12	Percentage of employees receiving regular performance and career development reviews	Page 41	Partially reported.

CORPORATE GOVERNANCE REPORT

This report describes corporate governance, management and administration, as well as the manner in which the Board of Directors ensures the quality of the financial statements and its cooperation with the company's independent auditors. The report for the 2013/2014 fiscal year includes the Board's report on internal controls for financial reporting. Nobina is not required to prepare a corporate governance report in accordance with the Swedish Annual Accounts Act. However, it has decided to voluntarily comply with the Swedish Corporate Governance Code (the Code) in certain respects and in the future, intends to fully comply with The Code.

CORPORATE GOVERNANCE AT NOBINA

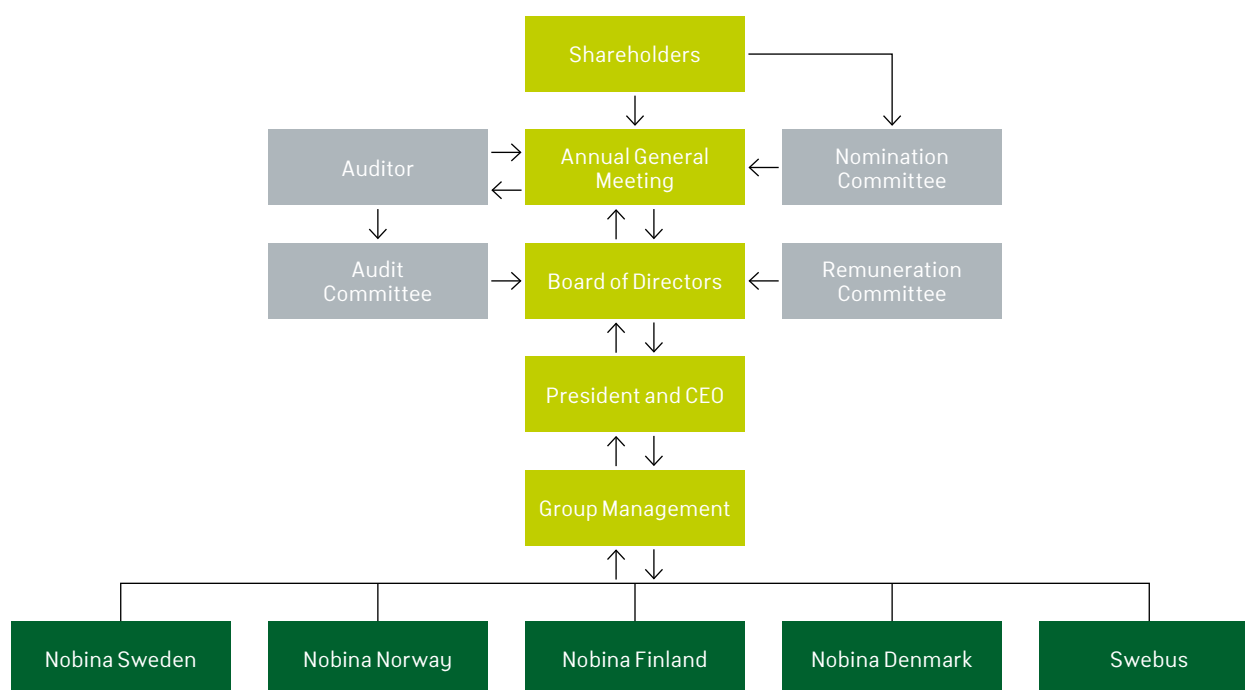
Corporate governance at Nobina is aimed at ensuring cooperation and allocation of responsibility between the Board and company management concerning internal control and financial reporting.

Articles of association

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

Annual General Meeting and shareholders

The Annual General Meeting is the company's highest governing body. Shareholders exercise their decision rights at the Annual General Meeting in such matters as the composition of the Board of Directors and election of auditors. Major shareholders – or the Nomination Committee, if the company implements a distribution of ownership – propose candidates for Board members, Chairman of the Board and auditors. Supplementary voting regulations may be found in shareholder



agreements between certain shareholders. Resolutions at the Annual General Meeting are normally taken by simple majority. In certain cases, however, the Swedish Companies Act stipulates a certain level of attendance to reach a quorum or a special voting majority. At the Annual General Meeting, shareholders are able to pose questions about the company and its results for the preceding year. Representatives of the Board of Directors, executive management and the auditors are normally present to answer these questions.

Nomination committee

The Nomination Committee shall prepare and submit proposals to the Annual General Meeting for the following items: Chairman of the Meeting, Board members, Chairman of the Board, Board fees to each of the Board members and the Chairman, and any remuneration for committee work, fees to the company's auditors and, when applicable, for the election of auditors. The Nomination Committee shall also prepare and submit proposals to the Annual General Meeting concerning guidelines for the composition of the Nomination Committee.

Principles for appointment of the Nomination Committee

Nobina shall have a Nomination Committee comprising one representative of each of the three largest shareholders, based on the number of votes held, together with the Chairman of the Board. The names of the members of the Nomination Committee and the names of the shareholders they represent shall be made public not later than six months before the Annual General Meeting and be based on shareholder statistics provided by Euroclear Sweden AB as of the last banking day in October before the AGM. Provided the members of the Nomination Committee do not decide otherwise, the member representing the largest shareholder, based on the number of votes held, 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, based on the number of votes held, the appointed member shall resign and be replaced by a new member in accordance with the above procedure. The appointment of a Nomination Committee pursuant to this proposal is conditional upon the number of shareholders in the Company, based on the shareholder information kept by Euroclear Sweden AB, amounting to at least 100 shareholders. The company deviates from the Code of Corporate Governance since the number of shareholders is currently fewer than 100, which is why a nomination committee does not currently exist.

Board of Directors

The Board of Directors' assignment is to contribute to sound business development and control of the Group's operations.

The Board's responsibility

Nobina's Board is responsible for the organization and administration of the company's affairs. The Board of Directors, in its entirety, is also assigned to act as an Audit Committee and a Remuneration Committee. One of the Board's most important assignments is to ensure a long-term strategy, management, follow-up and control of the Group's daily operations with the objective of creating value for shareholders, customers, employees and other stakeholders. The Board appoints the President, who is also the Chief Executive Officer (CEO).

Composition of the Board of Directors

The Board shall consist of at least three and at most ten Board members. The Board shall, within itself, have an appointed Chairman, who according to Swedish law may not, at the same time, serve as the company's President. According to the Swedish Code of Corporate Governance, the Chairman shall be elected by the Annual General Meeting.

Board work

The Board has adopted formal procedures for its work that describe how work shall be divided between the Board and its committees and the President. The formal work procedures are established each year by the Board and they apply to the Board members. Directives for the President and for financial reporting are described in appendices to the formal work procedures. The prevailing formal work procedures were adopted on 26 June 2013.

Remuneration Committee

Nobina has not had a separate Remuneration Committee since the entire Board considers matters related to remuneration in conjunction with an annual evaluation of Board work. Remuneration of the Board, including the Chairman, is resolved by the Annual General Meeting. Remuneration of the President and other senior executives shall be on market terms and consist of fixed and variable compensation plus other benefits and pension. Read more about the principles for the remuneration of the Board and senior executives in the sections "Board of Directors" and "President and Group management." Nobina intends to appoint a Remuneration Committee with clear directives regarding work assignments, composition and decision-making authority in accordance with the Swedish Code of Corporate Governance.

Audit committee

Currently, the entire Board comprises the Group's Audit Committee. The Board's task is to quality-assure financial reporting in collaboration with company management. The Board shall ensure that company management identifies the risks in operations. Furthermore, the Board of Directors shall remain

informed of the structure and prioritization of the external and internal auditing work in the Group to ensure that it maintains a high professional standard and is characterized by impartiality and integrity. The Board monitors issues that emerge from auditing work, including individual cases where auditing measures are considered warranted. The Board meets with the external auditors at least once a year.

President and Group management

The President is appointed by the Board and is responsible for ensuring that daily operations are conducted in accordance with the Board's guidelines and directives. Nobina's Group management team consists of the President and CFO. Group management normally meets once per week and works in line with all of the company's policies and applicable directives. All decisions are made by the President following consultation with Group management. Nobina also has a Group advisory team, which, in addition to Group management, consists of the Managing Directors of the subsidiaries, Director of Human Resources, Senior Legal Counsel and Head of Processes. The Advisory Council meets every second month. The Managing Director of each subsidiary reports directly to the CEO and in turn, is responsible for compliance with directives and guidelines.

Auditors

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

The 2013 AGM reelected Ernst & Young as Nobina's auditors for the coming year. Ernst & Young AB has served as the company's auditor since 2005. The person in charge of the audit is Authorized Public Accountant Erik Åström, Ernst & Young AB. Erik Åström is a member of FAR (the Swedish accountants' professional organization).

The external auditors' are responsible for auditing the company's annual report, consolidated accounts and financial records, as well as the administration of the Board and President. The auditor regularly reports to the Group management team and local management teams. The auditor may only be engaged for consulting services that have been decided and approved in advance by the Board. The auditor informs the Board of the annual audit planning, its scope and contents, and presents the conclusions. Also, the Board is informed regarding assignments that were performed in addition to auditing services, compensation for such assignments and other circumstances of importance for assessing the auditors' independence.

WORK PERFORMED DURING THE YEAR

Work done by the Board

During the 2013/2014 financial year, the Board was comprised of five members. Birgitta Kantola, Richard Cazenove, Gunnar Reitan and Jan Sjöqvist were re-elected at the AGM and Jan Sjöqvist was elected as Chairman. Rolf Lydahl resigned from the Board and was replaced by John Allkins, who joined the Board in conjunction with the AGM. Richard Cazenove resigned from the Board on 8 November 2013 and the Board had four members until 4 March 2014 when Graham Oldroyd joined the Board after being elected at an extraordinary general meeting, where it was also decided to increase the remuneration to Board members. The Board met eight times during the fiscal year. For more information about the Board in its entirety, see page 54. The Board evaluates their work once per year.

Ragnar Norbäck, born 1955, has been the President and CEO of Nobina AB since 2004. He holds 2,567,258 shares in the company.

The Board's work during the year – the Board met 8 times during the financial year:

Date	Type	Matters considered
5 March	Ordinary	Operations, Budget
25 April	Ordinary	Ordinary
26 June	Ordinary	Operations, Norway, Bus financing, Organization, Formal work plan
29 August	Extra by telephone	Multi-year plan
25 September	Extra by telephone	Profit/loss, Multi-year plan
2 October	Ordinary	Operations, Financing, Bus financing, Business plan
19 December	Ordinary	Operations, Business plan, Bus financing, Risk analysis, Multi-year plan
30 January	Extra by telephone	Financing

Annual General Meeting 2013

At the Annual General Meeting on 30 May 2013, 68.7 % of the shares and the voting rights were represented. Representatives of Nobina's Board of Directors and Group management were present.

The following resolutions were passed:

Birgitta Kantola, Richard Cazenove, Gunnar Reitan and Jan Sjöqvist, were reelected as Board members, and Jan Sjöqvist was also reelected as Chairman of the Board. Rolf Lydahl did not put his name forth for reelection. John Allkins was elected as a new Board member. All were elected for the period of time until

the next AGM. Ernst & Young was reelected as the company's auditor. Board fees of SEK 1,325,000 were approved for distribution in accordance with the proposal presented to the meeting. Fees to the auditors shall be paid against invoices approved by the Board.

The Parent Company income statement and balance sheet and the consolidated income statement and balance sheet were adopted for the 2012/2013 fiscal year and the Board members and President were discharged from liability.

In accordance with the proposal by the Board and the President, it was resolved that the profit for the year in the amount of SEK 63,590,812, disposable earnings from previous years totaling SEK 1,650,338,989 and the share premium reserve of SEK 611,632,153 would be disposed of such that SEK 2,325,552,954 is carried forward. The meeting resolved that no dividend would be paid for the preceding fiscal year.

It was further resolved that the Board would have the authority to decide on the issuance of new shares against payment in cash, by set-off or in some other way with specified conditions. It was resolved that the authority to make such a decision would remain in place no longer than until the next AGM and that the Board could make such a decision on one or more occasions, and with or without preferential rights for shareholders.

Guidelines for the remuneration of senior executives and the appointment of the Nomination Committee were approved.

The AGM also resolved on an amendment to the Articles of Association concerning publication of the notice to attend the Annual General Meeting, in line with the amendment to the Swedish Companies Act.

2014 Extraordinary General Meeting

At the Annual General Meeting on 4 March 2014, 70.4 % of the shares and the voting rights were represented. Representatives of Nobina's Board of Directors were present. Graham Oldroyd was elected as a new Board member for the period of time until the next AGM. Remuneration to Board members was adjusted as follows: remuneration in the amount of SEK 900,000 paid to the Chairman of the Board and SEK 450,000 paid to each of the following John Allkins, Birgitta Kantola, Gunnar Reitan and Graham Oldroyd. Board fees can be paid out as salary, or, under certain conditions, invoiced from the Board member's consulting firm in accordance with the AGM decision of 30 May 2013.

Annual General Meeting 2014

The date of the 2014 AGM is 28 May 2014. See page 104. Information on time and place, how registration of participation shall take place and how shareholders can submit a matter for consideration at the AGM is provided in the meeting notification in the customary manner. Information is also available on the company's website.

Nobina's nomination committee prior to 2014 AGM

Member	Representing	Shareholding/votes
Jan Sjöqvist	Chairman of the Board of	0.3%
Ralph Herrgott	Sothic Capital	42.0%
Nuno Caetano	Invesco	14.3%

REMUNERATION TO MANAGEMENT AND BOARD OF DIRECTORS

Guidelines for remuneration of senior executives

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

The fixed salary is reassessed as a general rule once a year and shall take into consideration the individual's responsibilities and performance. The fixed salary shall be competitive. Variable remuneration shall be based on the individual's performance and the company's performance in relation to predetermined and established goals. Evaluation of these goals shall take place annually. Variable remuneration shall also include a cash bonus as determined by the Board and, for the President, equity-based remuneration equal to a maximum of 140 % of the President's fixed annual salary, to be paid out over three years. Share-based compensation shall be conditional upon the AGM making the required decisions for delivery of shares according to established procedure on share-based compensation.

In the event of termination of employment, senior executives in the Nobina Group are entitled to not more than 12 months' compensation. As a basic principle, a six-month mutual termination period applies between the company and the executive. In addition, a maximum of six months of remuneration is payable should employment be terminated by the company. Senior executives comprise the Parent Company's President, CFO, Director of Human Resources and the Managing Directors of the subsidiaries.

Pension and terms for the President

The retirement age for the president is 62 years in the Parent Company. Pension payments for the company are reduced to 90 % of salary when retirement takes place at the age of 62–63, 80 % of salary when retirement takes place at the age of 63–64 and 70 % of salary when retirement takes place at the age of 64–65. Nobina's commitment to the President ends at retirement, at the age of 65. Pension expenses comprise defined-contribution pensions, for which the premium is equal to 30 % of pensionable salary. Pensionable salary refers to basic salary as long as the President remains employed by the company. Termination salary is pensionable.

The President has the right to 30 vacation days each year. The President is insured for 90% of salary during a maximum of 365 days per calendar year without a qualifying period. In addition to the taxable benefits described above, benefits include health insurance and holdings of shares in Nobina AB.

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

Incentive programs

Nobina AB has previously issued three share option programs: Program 1, issued on 24 June 2005, consisted of 1,052,000 warrants; Program 2, issued on 8 November 2005, consisted of 304,569 warrants and Program 3, issued on 19 January 2009, consisted of 1,640,925 share options. Nobina AB bought back all warrants issued by the company. Consideration for the redemption of warrants issued in 2005 was comprised of a cash payment, in accordance with an independent market valuation of the company's ordinary shares. Consideration for the redemption of the warrants issued in 2009 was comprised of a cash payment in accordance with the face value of the share options. At the redemption date, holders of the issued warrants have also undertaken to reinvest part of the proceeds in shares in Nobina AB. Currently, there are no employee share-option programmes in place. Certain Board members, senior executives and employees own shares in the Company.

Remuneration of the Board of Directors

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

Board fees paid during the year totalled SEK 1.2 (2.5) million. Fees of SEK 0.2 (0.0) million for one Board member remain to be paid out. During the year, Nobina AB paid pension remuneration to certain former Board members of Nobina Europe AB amounting to SEK 0.1 (0.1) million. These former Board members are entitled to lifelong remuneration from the company. Payments have been made according to the table below, also Note 7 on page 83.

Remuneration of auditors

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

INTERNAL CONTROLS FOR FINANCIAL REPORTING

The President and senior management shall manage work to prepare reliable financial accounts for external publication in an efficient manner. Reliable financial reporting for Nobina means that:

- Accounting policies are appropriate and comply with International Financial Reporting Standards (IFRS) and the Swedish Annual Accounts Act (ÅRL),
- Performance reporting is informative and sufficiently detailed,
- It reflects underlying transactions and events in a correct manner and the company's actual earnings, financial position and cash flow with reasonable assurance.

Control environment

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

Risk assessment

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

Member elected by AGM	Year elected	Born	Remuneration	Number of shares/votes	Independent*	Attendance at Board meetings
Jan Sjöqvist	2005	1948	650,000	1,659,583	Yes	8 of 8
Rolf Lydahl	2005	1945	56,250	373,135	Yes	2 of 2
Birgitta Kantola	2009	1948	225,000	–	Yes	7 of 8
Richard Cazenove	2012	1974	–	–	No	6 of 6
Gunnar Reitan	2012	1954	225,000	–	Yes	6 of 8
John Allkins	2013	1949	225,000	–	Yes	5 of 6

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

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

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

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

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

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

Control activities

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

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

Decision channels, authorities and responsibilities at various levels of the organizations are defined in accordance with current policies and instructions, which include an authorization manual. No special IT controls are performed, and no outside parties have been involved.

Information and communication

The communication plan ensures that the communication of control points reaches the appropriate target group. Information in the control point shows how the company acts at the control point and how deviations are reported and monitored. The process owner is responsible for ensuring that information about Group-wide methods reaches the entire organization. The line organization holds regular meetings on a function or area basis. New policies and directives are always presented at these meetings as part of their introduction. Written communication is primarily made available via intranet. This is where all news updates are published, along with information about the management system, Group policy documents and instructions.

Follow-up and monitoring

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

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

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

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE REPORT

To the annual meeting of the shareholders of Nobina AB.
Corporate identity number 556576-4569

It is the Board of Directors who is responsible for the corporate governance report for the financial year 2013-03-01–2014-02-28 presented on pages 47–52. As stated in the corporate governance report, the report has been prepared voluntarily.

We have read the corporate governance report and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This

means that our statutory examination of the corporate governance report 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.

The corporate governance report has been prepared and my opinion is that it is consistent with the annual report and the consolidated financial statements.

Stockholm, 29 April 2014

Ernst & Young AB

Erik Åström
Authorized Public Accountant

BOARD OF DIRECTORS



JAN SJÖQVIST

Board Chairman since 2005.

Year of birth: 1948

Previous assignments: President and CEO of NCC.

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

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

Shareholding: 1,659,583 shares



BIRGITTA KANTOLA

Board Member since December 2009.

Year of birth: 1948

Other assignments: Managing Partner at Birka Consulting AB and Board Member of Stora Enso Oyj, Helsinki and Skandinaviska Enskilda Banken AB, Stockholm.

Previous assignments: Board Member of NASDAQ OMX, New York, Vice President and CFO of International Finance Corporation (World Bank Group), Washington D.C. Executive Vice President of Nordic Investment Bank.

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

Education: Master of Laws from University of Helsinki.

Shareholding: –



GUNNAR REITAN

Board member since 2012.

Year of birth: 1954

Other assignments: Chairman of the Board of Strata Marine & Offshore AS.

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

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

Education: MSc. Economics, Trondheim Business School.

Shareholding: –



JOHN ALLKINS

Board Member since May 2013.

Year of birth: 1949

Previous assignments: CFO at MyTravel Group 2003–2007, CFO at Equant NV 1995–2003. Previously held several executive positions in finance at British Telecom.

Education: Bachelor of Arts

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

Shareholding: –



GRAHAM OLDROYD

Board Member since 2014.

Year of birth: 1961

Other assignments: Active through a variety of board assignments.

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

Education: MSc. Engineering, UK Institution of Mechanical Engineers, MBA from INSEAD Business School.

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

Shareholding: –



RAGNAR NORBÄCK
 CEO and President of Nobina AB since 2004.
Year of birth: 1955
Other assignments: Board Member of Nilson Group AB, Member of K2 Research Institute. Chairman of the Board at RALT AB.
Previous assignments: Examples include CEO at American Express Corporate Travel Nordic, Volvo Aero Engine Services, Linjebuss Trafik AB, GLAB (Adidas) and TNT Ipec Sweden.
Education: MSc. Engineering
Shareholding: 2,567,258



JAN BOSAEUS
 MD at Nobina Sverige AB since 2002, VP of Nobina AB since 2009.
Year of birth: 1960
Other assignments: Chairman of the Board at The Transport Group and BuA. Board Member at Svenskt Näringsliv and Alecta's Council of Administration.
Previous assignments: Board Member of Svenska Bussbranschens Riksförbunds Service AB. Kalmar LMV Sverige AB.
Education: Business Administration graduate
Shareholding: 660,146



PETER HAGERT
 Director of Human Resources at Nobina AB since 2011.
Year of birth: 1960
Previous assignments: Director of Human Resources at Bank of Canada, Director of Human Resources at American Express Nordic, Russia and CEE and VP Sheraton Hotel & Towers Stockholm.
Education: MSc. Business and Economics.
Shareholding: –



JOAKIM PALMKVIST
 Head of the Interregional Traffic since 2010 and MD of Swebus Express AB since 2006.
Year of birth: 1963
Other assignments: Board member of Samtrafiken i Sverige AB. Deputy member of The Swedish Bus and Coach Federation.
Previous assignments: CEO Elgiganten AB, Ticket Resebyråer AB, Synoptik and Head of Purchasing, ONOFF AB.
Education: Business Administration graduate
Shareholding: 211,602



PER SKÄRGÅRD
 CFO at Nobina AB since 2004, Vice President of Nobina AB since 2009.
Year of birth: 1957
Previous assignments: CFO at DHL Nordic AB, Danzas-ASG AB, NETnet International, Helene Curtis Scandinavia, Warner Lambert Scandinavia. Group Controller AB Pripps Bryggerier. Economic Planner at Länsförsäkringsbolagen.
Education: MSc. Business and Economics.
Shareholding: 907,574



ANNIKA KOLMERT
 Head of Processes since 2008.
Year of birth: 1973
Previous assignments: Process manager, accounting and controlling DHL Express, Financial Controller Skandia Liv.
Education: MSc.
Shareholding: 1,667



MARTIN PAGROTSKY
 Senior Legal Counsel since 2006.
Year of birth: 1974
Previous assignments: Member of the Swedish Bar Association, Senior Associate at Vinge Law Firm, Law Clerk at Karlstad Administrative Court.
Education: Master of Laws degree.
Shareholding: 42,326



PHILIPP ENGEDAHL
 MD at Nobina Norge AS since 2012.
Year of birth: 1972
Other assignments: Board Member at NHO Transport.
Previous assignments: Chief Supply Chain Officer Dooria AS, Adm. Dir./CEO Transportsentralen Oslo AS and Supply Chain Director ICA AB.
Education: MBA
Shareholding: –



TOM WARD
 MD at Nobina Finland since 2004.
Year of birth: 1956
Other assignments: Board Member at Nobina Finland. Board Member of Arbetsgivareförbundet (employer association) and Bussförbundet (coach federation).
Previous assignments: Employed at Huolintakeskus Oy, Scansped Oy, MPS Management Consulting, and head of the profit center for Oy Scan-Auto Ab.
Education: Business and Finance
Shareholding: 209,470



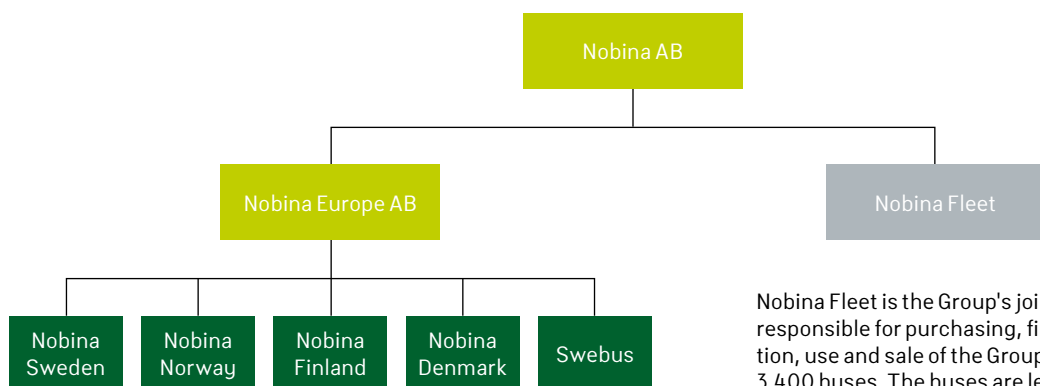
NIELS PETER NIELSEN
 MD at Nobina Danmark A/S since 2011.
Year of birth: 1965
Other assignments: Board Member at Nobina Danmark A/S and Federation of Road Transport.
Previous assignments: Operations Manager Nobina Danmark A/S and Arriva A/S, Duty Manager Arriva A/S, Head of Operations (Railfreight) DSB (Danish railways).
Education: Business Diploma
Shareholding: –

GROUP'S STRUCTURE

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

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

Nobina AB is the Group's parent company and its shares are registered via Euroclear Sweden. The share is not listed, but OTC trading is conducted. This annual report presents Nobina AB's financial statements and key figures.



Nobina Fleet is the Group's joint company that is responsible for purchasing, financing, administration, use and sale of the Group's approximately 3,400 buses. The buses are leased from financing companies which, in turn lease the buses to Nobina's operating subsidiaries. You can read more about Nobina Fleet on page 14.

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

For more information see www.nobina.com/sv/Nobina/Investor-Relations-sv/Finansiella-rapporter/

THE NOBINA SHARE AND BOND

During the time since Nobina refinanced in 2005, the bonds and shares have primarily been owned by the same investors, mainly international investment funds. During the financial year, joint ownership between bonds and stocks has decreased substantially due to trading of Nobina Europe AB's issued corporate bond and OTC trading of Nobina AB shares. As a result, approximately 60 % of the bonds have been purchased by Norwegian investors. In addition, a number of new, major shareholders have acquired holdings. As of year-end, it is estimated that only 30 % of the shareholdings also represents bond holdings.

In Nobina AB there are a total of 632,611,285 ordinary shares each with a quotient value of SEK 0.35. Share capital thus amounts to SEK 227,740,062. Share capital must equal at least SEK 100,000,000 and at most SEK 400,000,000. The number of shares in the company must be at least 250,000,000 and at most 1,000,000,000. The company's shares must be registered in a CSD register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479). Share capital is described in Notes 7, 20 and 21. Nobina's shares are registered with Euroclear and most of the approximately 50 shareholders hold their shares through the trust departments of various banks. Nobina AB's shares are not listed on any exchange, but OTC-based share trading is conducted in London.

International investment funds are the primary shareholders in Nobina AB with a combined holding of about 98 %. During the financial year, Bluebay Asset Management sold all shares

and the largest owners of ordinary shares, with holdings over 10 % in Nobina, are funds managed by Sothic Capital, Invesco and Anchorage Capital.

In October 2012, Nobina Europe AB refinanced a bond loan that had matured, resulting in a current bond loans with a nominal value of SEK 519 million and EUR 3.7 million and maturity date of 31 October 2017. The bond loans have a coupon rate of 11 %, are listed on Nasdaq OMX and can be redeemed freely before the maturity date.

The bond has been frequently traded during the second half of the financial year and the price has risen to a premium of around 101.5 % of the face value. Approximately 60 % of the bond holdings have thus been moved from foreign to Nordic investors.

ADMINISTRATION REPORT

The Board of Directors and President of Nobina AB (publ), corporate identity number 556576-4569, domiciled in Stockholm, hereby present the annual report and consolidated financial statements for the financial year 1 March 2013 through 28 February 2014.

All items are expressed in SEK million unless otherwise stated. The fiscal year covered by this annual report ended on 28 February 2014 and is referred to as 2013/2014. The results of the year's operations for the Group and Parent Company are presented in the following income statements and balance sheets, cash-flow statements, statements of changes in shareholders' equity and notes.

Operations

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

The operating companies are commercial enterprises and wholly owned subsidiaries via a subordinate holding company, Nobina Europe Holding AB, which in turn owns the subsidiaries' operating parent company, Nobina Europe AB (publ). Nobina AB also has two wholly owned subsidiaries for management of the bus fleet, Nobina Fleet AB and Nobina Busco AB, which leases buses to the operating companies.

Market

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

Nobina is the largest company to offer public transport bus services in the Nordic region and one of the ten largest public transport companies in Europe. All activities require operating permits for passenger transport. All subsidiaries hold the required permits.

Important events during the year

The 2013/2014 financial year was, on the whole, a good year for Nobina and the highlights are as follows:

- Cash flow improved considerably during the last quarter, primarily because the change in working capital was turned around, such that it was positive for the full year. That, plus the growth in cash from operating activities, meant that there was a strong positive cash flow for the full year.
- The earnings trend was stable for the entire financial year, which resulted in the highest operating profit to date for a full year.
- Nobina won 53 % of all the tendering processes where it had submitted a bid. As a result, the renewal rate for the contract portfolio was 93 %, even though the largest contract volume to date also expires during the same year.

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

Tenders and traffic changes by country (Number of buses)	Tenders during the period			Traffic during the period	
	Submitted	Won	Lost	Started	Completed
Sweden	1,068	664	404	115	102
Norway	106	0	106	0	0
Finland	211	69	142	132	88
Denmark	177	100	77	0	0
Total regional traffic	1,562	833	729	247	190

- Nobina also won a high volume of contracts in Denmark, without sacrificing profitability or quality.
- The contract in Dalarna was not extended during the appeal process, which results in overcapacity of buses.
- The large volume of contracts that has been won requires intensive preparations for the extensive contract changeovers that will occur during the coming year.
- Increased confidence in Nobina's future prospects has been noticed in the increased trading of both Nobina's shares and bonds. Share trading has resulted in a change of ownership equivalent to more than half of the shares. Previously, the bonds were 100 % owned by international investment funds and through trade in the bond market, more than 60 % of the bonds are now owned by Nordic investors.

Revenue and earnings

The company's revenue increased by SEK 57 million, or 0.8 %, from SEK 7,212 million for the fiscal year that ended on 28 February 2013, to SEK 7,269 million for 2013/2014, which ended on 28 February 2014.

The company's operating profit increased by SEK 80 million, or 32.5 %, from SEK 246 million for the financial year ending 28 February 2013, to SEK 326 million for the financial year ending 28 February 2014.

Personnel costs

Personnel costs increased by SEK 86 million, or 2.3 %, from SEK 3,606 million for the financial year ending 28 February 2013, to SEK 3,692 million for the financial year ending 28 February 2014. This was primarily due to increased salaries and payroll overhead in conjunction with traffic production in new regional traffic contracts and contractual salary increases.

Fuel, tyres and other consumables

The costs for fuel, tyres and other consumables declined by SEK 58 million, or 3.4 %, from SEK 1,702 million for the financial year ending 28 February 2013, to SEK 1,644 million for the financial year ending 28 February 2014.

Other expenses

Other external expenses mainly comprise operational leasing costs and rents, and costs for contracted consultants, auditing, financial and legal services and advertising. Other external expenses declined by SEK 78 million, or 6.6 %, from SEK 1,179 million for the financial year ending 28 February 2013, to SEK 1,109 million for the financial year ending 28 February 2014.

Depreciation/amortization and impairments

Depreciation/amortization and impairments largely comprise depreciation of buses and other vehicles but also relate to depreciation of equipment, tools, inventories and fittings, fixtures and buildings. Depreciation/amortization and impairments increase by SEK 27 million, or 5.8 %, from SEK 464 million for the financial year ending 28 February 2013, to SEK 491 million for the financial year ending 28 February 2014.

Profit from financial investments

Interest income and similar profit/loss items amounted to SEK 9 (9) million for the financial year ending 28 February 2014. Interest expense and similar profit/loss items decreased by SEK 16 million from SEK 264 million for the financial year ending 28 February 2013, to SEK 248 million for the financial year ending 28 February 2014. The decline is primarily explained by the net effect of lower interest on leases equal to SEK 15 million and lower interest on the Group's bond loans equal to SEK 11 million.

PLANNED TRAFFIC STARTS DURING THE NEXT 12 MONTHS

Traffic start-ups, March 2014–February 2015

	PTA	Type of contract	No. years	Start of service	Number of buses	Value (SEK M)
Sweden	LT Västernorrland	City/Region	8	May 2014	76	1,370
	LT Västernorrland	City/Region	8	June 2014	15	260
	Skånetrafiken	City	10	June 2014	96	2,440
	Skånetrafiken	City	5	June 2014	13	260
	Västtrafik	City	8	June 2014	185	2,740
	Skånetrafiken	City	10	August 2014	16	450
	Skånetrafiken	Region	8	December 2014	22	640
	Värmlandstrafiken	City/Region	10	December 2014	149	3,120
Finland	HSL	City	7	January 2015	20	430
Denmark	Movia	City	6	December 2014	100	1,670
Total					692	10,940

SEK million, unless otherwise stated	13/14	12/13	Analysis of the change
Sales	7,269	7,212	Growth in the regional traffic in Sweden and Norway
Operating profit/loss	326	246	Improvements in regional traffic in all countries
Profit/Loss after net financial income/expense	87	-9	Improved operating profit and lower interest expenses
Profit/Loss after tax	56	60	Notional tax compensates for earnings improvement
Cash flow	173	33	Improved cash flow from operations and reduced working capital
Cash and cash equivalents incl. restricted funds	465	312	Increased liquidity from improvement in cash flow
Of which restricted funds	156	175	Reduced deposits for guarantees
Equity/assets ratio, %	3.8	3.1	Somewhat improved by profit for the year
Shareholders' equity	224	187	Increase due to profit for the year
Number of buses	3,359	3,455	Lower market share in Sweden
Average number of employees	7,547	7,868	Effect of lower production
Sales/bus	2.16	2.09	Effect of improved contract

Sales and operating profit/loss by operating segment Revenue trend

The company's revenue increased by SEK 57 million, or 0.8 %, from SEK 7,212 million for the fiscal year that ended on 28 February 2013, to SEK 7,269 million for 2013/2014, which ended on 28 February 2014.

Operating profit/loss trend

The company's operating profit increased by SEK 80 million, or 32.5 %, from SEK 246 million for the financial year ending 28 February 2013, to SEK 326 million for the financial year ending 28 February 2014. Operating profit improved by SEK 72 million for regional traffic and by worsened SEK -2 million for inter-regional traffic. Estimated costs for extreme winter conditions in the fourth quarter in the form of fuel consumption, damage,

maintenance and cancelled departures were marginal for the financial year ending 28 February 2014.

Regional traffic – Sweden

Revenue from regional bus traffic in Sweden increased by SEK 45 million, or 0.9 %, from SEK 4,808 million for the financial year ending 28 February 2013, to SEK 4,853 million for the financial year ending 28 February 2014. The decrease was primarily due to expiration of some old traffic agreements that were not fully replaced by new ones during the year. Volume growth of existing contracts had a positive impact on the sales trend.

Operating profit increased by SEK 25 million, or 8.3 %, from SEK 303 million for the financial year ending 28 February 2013, to SEK 328 million for the financial year ending 28 February 2014. This was primarily due to repayment of funds from Fora equal to SEK 25 million during the fourth quarter.

Regional traffic – Denmark

Revenue from regional bus traffic in Denmark increased by SEK 5 million, or 1.5 %, from SEK 341 million for the financial year ending 28 February 2013, to SEK 346 million for the financial year ending 28 February 2014. The increase results from the net effect of indexation and a certain decrease in volume from expiration of an existing contract.

The negative operating profit declined by SEK 12 million, or 46.2 %, from SEK 26 million for the financial year ending 28 February 2013, to SEK 14 million for the financial year ending 28 February 2014. This was primarily due to lower operating deficit in the first traffic contract that started up in October 2008.

Regional traffic – Norway

Revenue from regional bus traffic in Norway increased by SEK 49 million, or 5.2 %, from SEK 946 million for the financial year ending 28 February 2013, to SEK 995 million for the financial year ending 28 February 2014. The increase is explained by the full-year effect during 2013/2014 of a large number of traffic contracts starting up during the 2011/2012 financial year, Oslo Vest in September 2012.

Operating profit increased by SEK 22 million from SEK -25 million for the financial year ending 28 February 2013, to SEK -3 million for the financial year ending 28 February 2014. The earnings improvement was primarily the result of improvements in operations in most of the traffic areas. Operating profit was also burdened with a charge of SEK 13 million related to settlement with Skyss on a dispute for SEK 31 million in compensation for the contracts for Sunnhordaland and Nordhordaland.

Regional traffic – Finland

Revenue from regional bus traffic in Finland increased by SEK 1 million from SEK 801 million for the financial year ending

28 February 2013, to SEK 802 million for the financial year ending 28 February 2014. The increase was primarily due to indexation and more contracts.

Operating profit increased by SEK 13 million from SEK 32 million for the financial year ending 28 February 2013, to SEK 45 million for the financial year ending 28 February 2014. The improvement is explained by improved operating profit due to streamlining operations, new contracts and the absence of extraordinary winter expenses during the fourth quarter.

Interregional traffic – Sweden

Revenue from interregional bus traffic declined by SEK 39 million, or 11.0 %, from SEK 355 million for the financial year ending 28 February 2013, to SEK 316 million for the financial year ending 28 February 2014. The decline was primarily due to fewer passengers because of lower demand, as well as an increase in price competition.

Operating profit declined by SEK 2 million from SEK 5 million for the financial year ending 28 February 2013, to SEK 3 million for the financial year ending 28 February 2014. The decline was offset by the discontinuation of the airport shuttle bus service to Arlanda and streamlining in the organization, which partly offset the negative effect of fewer passengers due to lower demand and increased price competition.

Central functions and other items

Central functions and other items include expenses related to the head office. Operating profit for central functions and other items decreased by SEK 10 million from SEK 43 million for the financial year ending 28 February 2013, to SEK 34 million for the financial year ending 28 February 2014.

SEK million	Sales		Operating profit/loss	
	2013/2014	2012/2013	2013/2014	2012/2013
Regional	6,953	6,857	356	284
Sweden	4,853	4,808	328	303
Denmark	346	341	-14	-26
Norway	995	946	-3	-25
Finland	802	801	45	32
Interregional	316	355	3	5
Total	7,269	7,212	326	246

Tax

The Group's tax expenses were SEK -31 million (35.6 %) for the financial year ending 28 February 2014 and SEK 69 for the financial year ending 28 February 2013. Group management decided during the last financial year to report a portion of the Group's loss carryforward. Deferred tax has been calculated using tax rates that have been enacted, or are expected to apply when the

related deferred tax asset is realized or the tax liability is settled. The deferred tax asset that pertains to deductible temporary differences and unused tax losses has been reported to the extent that it is expected to be utilised in the foreseeable future, and doing so is deemed probable. Current tax for the Nobina Group amounted to SEK 0 (-1) million, and retroactively calculated deferred tax assets and deferred tax liabilities, have impacted profit for the year by SEK +7 (70) million.

Investments and depreciation

The Group's investments during the year consisted primarily of bus acquisitions. During the year, 81 (426) buses were acquired through finance leases, while 55 (58) other buses were financed in cash. In total, the Group acquired 277 (501) buses during the year. Cash-financed investments amounted to SEK 39 (127) million. Through its subsidiary, Nobina Fleet AB, the Group entered into finance leases amounting to SEK 252 (1,129) million. These are classified as non-current assets in the balance sheet. The lease commitment was recognized as a liability in the balance sheet. Depreciation and interest expenses are recognized in the income statement. During the year, the Group divested 373 (483) buses valued at SEK 14 (35) million. This resulted in a capital loss of SEK -15 (-15) million.

Financing and liquidity

The Group's financial expenses decreased during the year by SEK 16 (7) million. The Group's exchange loss/gain amounted to SEK -8 (6) million. That amount is primarily a prior unrealized exchange gain on Nobina Europe AB's bond loan that used to be EUR 85 million, but was replaced in October 2012 with a bond loan of SEK 551 million, at which point it became realized.

Nobina AB's sole assets are shares in Nobina Europe Holding AB and Nobina Fleet AB. In turn, Nobina Europe Holding AB holds Nobina Europe AB, which is the Parent Company for all of the Group's operating companies.

The Nobina Group has historically accumulated significant losses. The maturity date for Nobina Europe AB's bond loan is 31 October 2017. Nobina Europe has the option of repaying the corporate bond before that date, without incurring any additional charges. Nobina Europe AB is dependent on obtaining new financing in order to complete full repayment.

Financial management and goals

Because traffic contracts primarily contain given, fixed revenue, the offer price becomes critical to profitability in the cases where Nobina wins traffic contracts. Nobina sets a yield requirement of capital employed for all of its bids on traffic contracts. When placing a bid, Nobina simultaneously negotiates binding offers with bus suppliers, including financing, in order to ensure the company's ability to start up services if Nobina wins the tender. A traffic start ties up quite a lot of capital, which is why Nobina

evens out cash flow during the contract period via financial leasing. In order to deliver a return that meets the yield requirement, management uses several key figures to measure efficiency and these are compared to the assumptions in the tender calculations. Efficiency is typically lowest in a newly started traffic agreement and it improves over time, while the value of the invested capital for buses declines over time at the rate that the buses age.

Employees

During the period, the average number of employees was 10,152 (8,162) and the number of employees recalculated as FTEs (full-time equivalents) was 7,547 (7,868). In all countries where Nobina AB has operations, collective agreements are applied in accordance with the trade union that represents employees in the industry where each company is active. Between the employee representatives and the company, there are well-established practices in place for the way in which working hours, compensatory terms, information and cooperation are negotiated and applied. The Nobina Group uses programmes focusing on values and employee relations in order to boost the employees' motivation at work and thus improve the quality of services to customers.

Environmental performance

New buses are equipped with engines of the latest emissions class that produce lower emissions during combustion. They are equipped with filters for exhaust emission control and thus comply with future emissions standards long before they gain legal force. In the Group's non-current assets, the Group invests in environmental improvements such as new and improved cleaning equipment in the bus washing facilities. Total emissions are minimized by upgrading engine classes and controlling tyre pressure and wheel alignment, as well as transitioning to renewable fuel. The Group is working to reduce fuel consumption and new and improved fuel products are continuously evaluated. The Group is required to report some of its activities, such as washing buses at depots and proprietary workshops, in accordance with the Swedish Environmental Code (SFS 1998:808). These activities impact the environment primarily through the discharge of water from bus-washing facilities. In conjunction with the establishment and discontinuation of depots, these depots undergo environmental inspections to determine the company's environmental responsibility and impact. The operating companies perform minor decontamination measures as required. To date, no significant decontamination liability in relation to the Group's own operations has been established.

Seasonality

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

For interregional traffic, seasonality has a different pattern. Traffic volume is adjusted according to demand and the demand for long-distance travel is greatest during major holidays and vacation periods.

Remuneration principles for senior executives

Remuneration to senior executives is comprised in part of fixed salary, which, as a rule is reviewed once per year and should take into consideration the individual's responsibility and performance. The fixed salary shall be competitive. Variable remuneration shall be based on the individual's performance and the company's performance in relation to predetermined and established goals. Evaluation of these goals shall take place annually. Variable remuneration shall also include a cash bonus as determined by the Board and, for the President, equity-based remuneration equal to a maximum of 140 % of the President's fixed annual salary, to be paid out over three years. Share-based compensation shall be conditional upon the AGM making the required decisions for delivery of shares according to established procedure on share-based compensation.

In the event of termination of employment, senior executives in the Nobina Group are entitled to not more than 12 months' compensation. As a basic principle, a six-month mutual termination period applies between the company and the executive. In addition, a maximum of six months of remuneration is payable should employment be terminated by the company.

Disputes

During the year, Nobina Norge AS had two ongoing disputes with Skyss regarding the Sunnhordaland and Nordhordaland contracts for NOK 31 million. The parties settled the dispute, whereby Nobina Norge AS received NOK 18 million in compensation along with assigning a judgment on the remainder of the dispute to court.

Nobina's share and ownership structure

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

The share is not listed on any exchange or any other public trading forum but it is traded OTC via some banks. This trade is not sanctioned by the company. Rather, it is done on the banks' own initiative.

Significant agreements between the company and the Board and the President

Remuneration to the Board is established at the AGM or at an extraordinary general meeting. No special remuneration is paid if the assignment as Board member is terminated prematurely. In the event of termination of employment from the part of the company, the CEO is entitled to 12 months termination notice during which time salary will be paid. With regard to other information on fees to the Board of Directors, salaries and remuneration to senior executives, refer to Note 7.

Suppliers

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

Significant risks, uncertainties and risk management

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

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

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

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

The Group's future success is dependent on its ability to secure new traffic contracts and extend existing contracts with public transport authorities

During the fiscal year ending 28 February 2014, the Group's contracts with public transport authorities accounted for 96 % of total sales. Opportunities to secure new contracts are largely dependent on the Group's ability to tender with competitive pricing. Pricing is largely dependent on the Group's ability to increase operational efficiency and realize potential economies of scale. Consequently, competitiveness is closely aligned with efficient management of the bus fleet and existing contracts. A decline in the Group's competitiveness would affect the ability to secure new contracts with public transport authorities, which in turn could have a considerable negative impact on the Group's operations, financial position and operating profit.

Assumptions and risks associated with tender pricing in the contract tender process

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

Levels of appropriation to public transport authorities

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

Access to bus drivers

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

Price-adjustment index in Nobina's traffic contracts

A contract with a public transport authority compensates the Group for providing bus services along the routes, and according to the timetables, described in the contract. The size of the compensation is adjusted on a regular basis based on a basket of indexes aimed at offsetting changes in the Group's costs during the term of the specific contract. The price-adjustment indexes that are used take into consideration the costs for labour, fuel, changes in the consumer price index and other factors. The index weighting in the Group's contract portfolio may differ from the Group's actual cost structure, and the index-based price adjustments may not fully offset the Group's costs. Depending on the specifications in each contract, the index is adjusted on a monthly, quarterly, biannual or annual basis and, in certain cases, applied to future contract periods and not retroactively for the preceding contract period. This may mean that the Group does not receive higher compensation to offset actual costs during a previous contract period. In addition, compensation adjustments are not intended to keep traffic companies free from damage, but to adjust the compensation to be paid in the future. This may mean that the price-adjustment indexes do not provide full compensation at the right time for actual cost increases.

Fluctuations in fuel supply and price

Major changes in fuel supply and price could have a significant impact on the Group's operations, financial position and operating profit. Fuel supply and cost are affected by a variety of factors over which the Group has little or no control, such as environmental legislation or global, financial and political events. In the event of a fuel shortage due to a disruption in oil imports, reduced production or another reason, the Group could be affected by higher fuel prices or cutbacks in contracted fuel deliveries. The Group's fuel costs are also influenced by annual increases in fuel tax, which is partly offset by the price-adjustment index. The Group also guards itself from fuel-price increases by purchasing commodity options for the portion of the diesel cost not covered by the price-adjustment index. The Group has not applied hedge accounting for the 2013/2014 or 2012/2013 fiscal years.

Exchange-rate fluctuations

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

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

Nobina's operations are subject to both national and EU laws and directives. The Group is also subject to national environmental laws and directives. Additional laws and directives, or new interpretations of existing laws and directives, that affect the Group may be proposed periodically, which could imply additional costs, demands or restrictions for the Group's operations. The adoption of such new laws, or new interpretations of existing laws and directives, could have a considerable negative impact on the Group's operations, financial position or operating profit/loss.

Interest risk

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

Liquidity risk

Liquidity risk is defined as the risk that cash and cash equivalents are not available or that financing cannot be obtained. The Group has an accounts receivable purchase facility of SEK 100 million and an overdraft facility of SEK 50 million. For other financial risks and risk management, refer to Note 28.

Parent Company

The Parent Company has 83 (67) employees who are involved in the overall management of the Group, financial administration, IT, HR and payroll functions, control and analysis. The Parent Company's sales, which were comprised entirely of invoicing services, amounted to SEK 183 (160) million. The Parent Company's profit before tax was SEK 52 (64) million and cash equivalents at year end were SEK 53 (104) million, of which SEK 52 (56) million was restricted bank accounts. Investments in intangible assets and property, plant and equipment amounted to SEK 6 (22) million. The Parent Company reported equity of SEK 2,604 (2,553) million.

Prospects for 2014/2015

For the 2014/2015 financial year, a positive impact on earnings is expected when three loss contracts are wound up: Dalarna in June, Vestfold in July and Copenhagen in December. Nevertheless, there will be a negative impact on earnings due to the unprecedented number of new contract start-ups, involving 833 buses in traffic. Tied-up capital will also increase through new investments in approximately 440 buses.

Significant events after the end of the fiscal year

Graham Oldroyd was elected as a new Board member of Nobina on 4 March 2014 at an extraordinary general meeting, where it was also decided to increase the remuneration to Board members.

Profit for the year

The company reports profit after tax of SEK 56 (60) million for the financial year ended 28 February 2014.

Proposed dividend

The Board of Directors proposes that no dividend be paid.

Proposed allocation of profits

Allocation of profits (SEK)

Funds available for allocation by the Annual General Meeting:	
Share premium reserve	611,623,153
Profit brought forward	1,712,675,801
Profit for the year	51,592,971
Total	2,375,891,925
<hr/>	
To be carried forward	
Total	2,375,891,925

IFRS and the company's accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). During the financial year, the Nobina Group's reporting of pension liabilities has been adapted to IFRS (IAS 19), where the most significant change is the abolition of the corridor method. Because of this, historical cumulative actuarial gains and losses has increased the reported amount of pension liability and decreased equity, see Note 22. Future recalculations (including actuarial gains and losses) will not be accrued. Instead, they will have an immediate effect on equity via other comprehensive income. The Parent Company applies the same accounting policies as the Group except where stated in the section "The Parent Company's accounting policies." The differences that exist are due to the limitations on applying IFRS in the Parent Company because of the Swedish Annual Accounts Act (ÅRL) and, in certain cases, for taxation reasons. The company's accounting policies are stated in Note 1.

CONSOLIDATED INCOME STATEMENT

SEK M	Note	2013-03-01 -2014-02-28	2012-03-01 -2013-02-28
Net sales	1, 2, 3	7,110	7,055
Other operating income	2,3	159	157
Total revenue		7,269	7,212
Operating expenses			
Fuel, tires and other consumables	4	-1,644	-1,702
Other external expenses	4, 5, 6	-1,101	-1,179
Personnel costs	4, 7	-3,692	-3,606
Capital losses from the disposal of non-current assets		-15	-15
Depreciation/amortization and impairment of PPE and intangible assets	8	-491	-464
Operating profit/loss	1, 2	326	246
Profit from net financial items			
Financial income	9	9	9
Financial expense	10	-248	-264
Net financial items		-239	-255
Profit/loss before tax		87	-9
Tax	11	-31	69
PROFIT/LOSS FOR THE YEAR		56	60
Profit/loss for the period attributable to Parent Company shareholders		56	60
Average number of shares before dilution (000s)	20	632,611	238,033
Earnings per share attributable to Parent Company shareholders, before dilution (SEK)	21	0.09	0.25
Earnings per share attributable to Parent Company shareholders, after dilution (SEK)	21	0.09	0.25

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

SEK M	Note	2013-03-01 -2014-02-28	2012-03-01 -2013-02-28
Profit for the year		56	60
OTHER COMPREHENSIVE INCOME			
Items that cannot be recycled to profit for the period			
Revaluation of defined-benefit pension plan	22	-11	6
Tax on items that cannot be recycled to profit for the period		-	-
Items that can be recycled to profit for the period			
Exchange-rate differences in foreign operations		-8	-5
Other comprehensive income for the year, net after tax		-19	1
Comprehensive income for the year		37	61
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		37	61

CONSOLIDATED BALANCE SHEET

SEK M	Note	2014-02-28	2013-02-28
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	12	585	591
Other intangible assets	12	19	21
<i>Total intangible assets</i>		604	612
Property, plant and equipment			
Costs for improvements on third-party properties	13	17	21
Equipment, tools, fixtures and fittings	13	32	56
Vehicles	13	3,950	4,168
<i>Total property, plant and equipment</i>		3,999	4,245
Financial assets			
Non-current receivables		–	1
Deferred tax assets	11	113	126
Pension assets	22	5	12
<i>Total financial assets</i>		118	139
Total non-current assets		4,721	4,996
Current assets			
Inventories	16	53	44
Trade receivables	17	375	369
Other current receivables		74	81
Deferred expenses and accrued income	18	235	240
Restricted bank accounts	19	156	175
Cash and cash equivalents	19	309	137
Total current assets		1,202	1,046
TOTAL ASSETS	1, 2	5,923	6,042
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	20	224	187
Non-current liabilities			
Borrowing	24	3,483	3,800
Deferred tax liabilities	11	65	47
Provisions for pensions and similar commitments	22	28	30
Other provisions	23	38	45
Total non-current liabilities		3,614	3,922
Current liabilities			
Accounts payable		470	465
Borrowing	24	565	496
Other current liabilities	25	155	153
Accrued expenses and deferred income	26	895	819
Total current liabilities		2,085	1,933
Total liabilities		5,699	5,855
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1, 2	5,923	6,042
PLEGGED ASSETS AND CONTINGENT LIABILITIES	27		

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEKM	Share capital	Share capital	Translation differences	Losses carried forward	Total equity attributable to parent company's shareholders before translation of IAS 19	Translation/result from IAS 19	Total equity after translation of IAS 19
Opening shareholders' equity 28 February 2012	224	2,271	35	-2,573	-43	-14	-57
Comprehensive income	-	-	-5	60	55	6	61
Transactions with owners							
Reduction of share capital	-217	217	-	-	-	-	-
New issue of shares (bond holders)	181	-	-	-	181	-	181
New issue of shares to senior executives	2	-	-	-	2	-	2
Bond issue	38	-	-	-38	-	-	-
Issue expenses	0	-	-	-	0	-	0
Total transactions with owners	4	217	-	-38	183	-	183
Closing shareholders' equity 28 February 2013	228	2,488	30	-2,551	195	-8	187
Comprehensive income for the year	-	-	-8	56	48	-11	37
Closing shareholders' equity 28 February 2014	228	2,488	22	-2,495	243	-19	224

There are no non-controlling interests.

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Note	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Cash flow from operating activities			
Profit/loss after financial items		87	–9
<i>Adjustments for non-cash items</i>			
– Depreciation/amortization and impairments	8	491	464
– Capital gain/loss from the disposal of non-current assets		15	15
– Unrealized foreign-exchange gains/losses		2	–10
– Financial income	9	–9	–9
– Financial expenses	10	235	259
– Changes in provisions, pensions, etc.		–9	–8
– Other items		5	15
Cash flow from operating activities before changes in working capital		817	717
Cash flow from changes in working capital			
Changes in inventories		–9	7
Changes in operating receivables		3	20
Changes in operating liabilities		84	119
Total changes in working capital		78	146
Received interest income	9	4	5
Tax paid	11	–	–2
Cash flow from operating activities		899	866
Cash flow from investing activities			
Changes in restricted bank accounts	19	14	–26
Investments in PPE and intangible assets excl. financial leasing	6, 12, 13	–39	–127
Divestment of buildings and land, vehicles, equipment, tools, fixtures and fittings	12, 13	14	35
Cash flow from investing activities		–11	–118
Cash flow from financing activities			
Amortization of financial lease liability	24	–486	–437
Amortization of loans	24	–	–733
New borrowing	24	–	551
Borrowing expenses		–	–34
New issue of shares (to bond holders)	20	–	181
New share issue	20	–	2
Interest paid	10	–229	–245
Cash flow from financing activities		–715	–715
Cash flow for the year		173	33
Cash and cash equivalents at the beginning of the year			
Cash flow for the year		173	33
Exchange-rate difference		–1	–3
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19	309	137

PARENT COMPANY INCOME STATEMENT

SEK M	Note	2013-03-01 -2014-02-28	2012-03-01 -2013-02-28
Other operating income		183	160
Total revenue	1, 3	183	160
Operating expenses			
Other external expenses	4, 5	-76	-75
Personnel costs	4, 7	-91	-71
Capital losses from the disposal of non-current assets		-2	-1
Depreciation/amortization and impairment of PPE and intangible assets	8	-14	-17
Operating profit/loss	1, 2	0	-4
Profit from participations in Group companies	14	8	8
Financial income	9	61	68
Financial expense	10	-17	-8
Net financial items		52	68
Profit/loss before tax		52	64
Tax	11	-	-
PROFIT/LOSS FOR THE YEAR		52	64

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2013-03-01 -2014-02-28	2012-03-01 -2013-02-28
Profit for the year		52	64
Other comprehensive income			
Revaluation of defined-benefit pension plan	22	-1	-1
Other comprehensive income for the year, net after tax		-1	-1
Comprehensive income for the year		51	63

PARENT COMPANY BALANCE SHEET

SEK M	Note	2014-02-28	2013-02-28
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Other intangible assets	12	18	20
<i>Total intangible assets</i>		18	20
Property, plant and equipment			
Equipment, tools, fixtures and fittings	13	4	26
<i>Total property, plant and equipment</i>		4	26
Financial assets			
Participations in Group companies	14	1,974	1,953
Receivables from Group companies	15	434	444
<i>Total financial assets</i>		2,408	2,397
Total non-current assets		2,430	2,443
Current assets			
Receivables from Group companies		182	139
Other current receivables		–	2
Deferred expenses and accrued income	18	12	11
Restricted bank accounts	19	52	56
Cash and cash equivalents	19	1	48
Total current assets		247	256
TOTAL ASSETS	1	2,677	2,699
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
20			
Share capital		228	228
Statutory reserve		1	1
Total restricted shareholders' equity		229	229
Non-restricted shareholders' equity			
20			
Share premium reserve		612	612
Profit brought forward		1,712	1,649
Profit for the year		51	63
Total non-restricted shareholders' equity		2,375	2,324
Total shareholders' equity		2,604	2,553
Non-current liabilities			
Provisions for pensions and similar commitments	22	5	4
Total non-current liabilities		5	4
Current liabilities			
Accounts payable		16	14
Liabilities to Group companies		28	109
Other current liabilities	25	5	3
Accrued expenses and deferred income	26	19	16
Total current liabilities		68	142
Total liabilities		73	146
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1	2,677	2,699
PLEGGED ASSETS AND CONTINGENT LIABILITIES			
27			
Pledged assets		147	121
Contingent liabilities		3,791	4,219
Total pledged assets and contingent liabilities		3,938	4,340

PARENT COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK M	Share capital	Statutory reserve	Share premium reserve	Profit/loss brought forward	Profit/loss for the year	Total equity before translation of IAS 19	Translation/result from IAS 19	Total equity after translation of IAS 19
Opening shareholders' equity 28 February 2012	224	–	612	1,471	0	2,307	–	2,307
Comprehensive income for the year	–	–	–	–	64	64	–1	63
Transactions with owners								
Reduction of share capital	–217	–	–	217	–	–	–	–
New issue of shares (bond holders)	181	–	–	–	–	181	–	181
New issue of shares to senior executives	2	–	–	–	–	2	–	2
Bond issue	38	–	–	–38	–	–	–	–
Provision to statutory reserve	–	1	–	–1	–	–	–	–
Issue expenses	0	–	–	–	–	0	–	–
Total transactions with owners	4	1	–	178	–	183	–	183
Closing shareholders' equity 28 February 2013	228	1	612	1,649	64	2,554	–1	2,553
Comprehensive income for the year	–	–	–	–	52	52	–1	51
Transactions with owners								
Transfer of the preceding year's profit/loss	–	–	–	64	–64	–	–	–
Total transactions with owners	–	–	–	64	–64	–	–	–
Closing shareholders' equity 28 February 2014	228	1	612	1,713	52	2,606	–2	2,604

PARENT COMPANY CASH FLOW STATEMENT

SEK M	Note	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Cash flow from operating activities			
Profit/loss after financial items		52	64
<i>Adjustments for non-cash items</i>			
– Depreciation/amortization	8	14	17
– Capital gain/loss from the disposal of non-current assets		2	1
– Financial income and dividends	9	–79	–75
– Financial expenses	10	28	8
– Unrealized exchange gain/losses		–1	2
– Other items		6	–
Cash flow from operating activities before changes in working capital		22	17
Cash flow from changes in working capital			
Changes in operating receivables		–2	–51
Changes in operating liabilities		7	13
Total changes in working capital		5	–38
Received interest income	9	9	33
Cash flow from operating activities		36	12
Cash flow from investing activities			
Changes in restricted bank accounts	19	4	–
Investments in PPE and intangible assets	12, 13	–6	–22
Divestment of PPE and intangible assets		14	–
Cash flow from investing activities		12	–22
Cash flow from financing activities			
Shareholder contribution made to Group Companies	14	–21	–
Received Group contribution from Group Companies		8	–
Repayment of loan to Group companies		–81	–
Interest paid	10	–1	–7
Cash flow from financing activities		–95	–7
Cash flow for the year		–47	–17
Cash and cash equivalents at the beginning of the year		48	65
Cash flow for the year		–47	–17
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19	1	48

NOTES

NOTE 01 Company information and accounting policies

COMPANY INFORMATION

Nobina AB is a public limited liability company (Corporate Registration Number 556576-4569, domiciled in Stockholm) that is owned by a dozen major shareholders and is the ultimate Parent Company of the Nobina Group (Nobina). The address of the head office is Armégatan 38, SE-17171 Solna, Sweden.

Nobina AB's operations, which are conducted through subsidiaries, consist of the provision of scheduled bus services under contract to public transport authorities in Sweden, Norway, Denmark and Finland. In addition to contract bus services, Nobina also offers extensive express bus services throughout most parts of Sweden.

Nobina AB is a holding company whose primary asset comprises the investment in Nobina Europe Holding AB (with subsidiaries). The income statement and balance sheet of the Parent Company and the consolidated income statement and balance sheet were approved for publication according to a Board decision on 24 April 2014.

The income statement and balance sheet of the Parent Company and the consolidated income statement and balance sheet will be subject to adoption by the Annual General Meeting on 28 May 2014, in Stockholm.

APPLICABLE REGULATIONS

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and the application of RFR 1 "Supplementary Accounting Rules for Groups," associated interpretations issued by the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. The annual report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 "Accounting for Legal Entities", as well as statements issued by the Swedish Financial Reporting Board. The Parent Company applies the same accounting policies as the Group except for in those cases specified below under "Accounting policies of the Parent Company."

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

BASIS FOR VALUATION IN THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

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

TRANSACTIONS TO BE ELIMINATED ON CONSOLIDATION

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

TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currencies are translated to the functional currency at the rate of exchange in effect on the transaction date. The functional currency is the currency of the primary economic environments in which the Group conducts its operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing day rate. Exchange gains/losses arising on translation are recognized in profit and loss.

For the financial statements of subsidiaries with a functional currency other than SEK, all balance sheet items are translated at the closing day rate of exchange. Income statement items are translated at the average rate during the year.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

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

ASSESSMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS

When preparing the financial statements, company management and the Board of Directors must make assessments that affect the recognized amounts of assets, liabilities and income and expenses and thus associated information about contingent items. These assessments are based on historical experience and the various assumptions that management and the Board deem reasonable under the circumstances at hand.

Thus, drawn conclusions form the basis for decisions regarding the carrying amounts of assets and liabilities, in cases where these cannot be determined with certainty based on information from other sources. The actual outcome may differ from these assessments if other assumptions are made or other circumstances are at hand, with a significant impact on Nobina's earnings and financial position.

Certain assumptions about the future and certain estimates and assessments on the balance-sheet date are particularly significant for the measurement of assets and liabilities in the

balance sheet. The risk of changes in carrying amounts during the coming year due to a possible need for changes in assumptions and estimates is considered to lie primarily in the following areas:

Impairment of goodwill

The carrying amount of goodwill is tested for impairment annually and otherwise, whenever circumstances or events indicate that the carrying amount of an asset may not be recoverable. In determining the recoverable value of cash-generating units for assessment of whether goodwill is impaired, several assumptions about future conditions and estimates of variables have been made. Forecasts for future cash flow are based on the best possible assessments of future income and operating expenses, which in turn are based on historical trends, general market conditions and other available information. The forecasts are prepared for each operating unit and are based on each company's profit/loss before amortization/depreciation, including leasing costs. The present value of cash flow forecasts is calculated by applying a reasonable discount rate for the capital plus a reasonable risk premium at the valuation date, refer to Note 12.

Excess vehicles (buses)

In assessing whether to measure excess vehicles, not used in traffic, at fair value, a number of assumptions were made about future conditions and alternatives for relocation and estimates about future resale values. Vehicles deemed as excess by management were impaired to fair value, refer to Note 13.

Useful life for vehicles (buses)

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

Tax assets

In assessing whether to measure previously accumulated loss carryforwards, refer to Note 11, Group management has decided to report a portion of the Group's current loss carryforwards. The assessment is that the risks, which previously affected valuation, in the form of exchange rate fluctuations on the Group's bond loan, as well as the Group's financial positions, are now lower because refinancing of the bond loan is in SEK. The refinancing solution from the 2012/13 financial year reduces the liabilities by approximately SEK 181 million via conversion to shares in

Nobina AB. This gave the Nobina Group an improved capital structure and a higher equity/assets ratio. The remaining portion of the bond loan, approximately SEK 551 million, has been issued as a new five-year bond. Deferred tax has been calculated using tax rates that have been enacted, or are expected to apply when the related deferred tax asset is realized or the tax liability is settled. Most of the loss carryforwards are attributable to countries with a long or indefinite useful life. The deferred tax asset that pertains to deductible temporary differences and unused tax losses has been reported to the extent that it is expected to be utilised in the foreseeable future, and doing so is deemed probable.

Provisions for onerous contracts

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

Provisions for pensions and similar commitments

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

The discount rate reflects the interest rate at which the pension commitments could be paid in full. The interest rate used to discount pension commitments is to be determined by referring to the market-based return on first-class mortgage bonds at the end of the reporting period. The expected annual return on plan assets reflects the expected annual return on existing investments. The plan assets comprise mainly interest-bearing securities and shares. The expected rate of salary increases reflects expected future salary increases as a composite effect of inflation and seniority. The assessment is based on historical information concerning salary increases and on the expected future rate of inflation. The future rate of pension increases is assessed on the basis of the current age distribution of employees and expected personnel turnover.

Refinancing

Nobina Europe AB refinanced its EUR 85 million bond loan in October 2012. The refinancing solution reduces the liabilities by approximately SEK 181 million via conversion to shares in Nobina AB. This significantly improved the Nobina Group's capital structure and the equity/assets ratio is now higher as well. The remaining portion of the bond loan, approximately SEK 551 million, has been issued as a new five-year bond denominated in SEK and listed on Nasdaq OMX.

NEW ACCOUNTING POLICIES

New and revised standards 2013/14

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

- IAS 1 Presentation of other comprehensive income. The revision means that the grouping of transactions recognized in other comprehensive

income is different. The proposal has not altered the actual content in other comprehensive income, only the presentation format.

- IAS 12 Income Taxes. Deferred tax on assets in accordance with the revaluation method are to be calculated on the basis of the tax consequences resulting from the sale of the property if there are no indications from the business model that the investment property will be recovered by other means.

- IAS 19 Employee benefits. The amendments involve significant changes regarding the recognition of defined benefit pension plans, for example, the option of accruing actuarial gains and losses as part of the "corridor". Sensitivity analyses must be prepared regarding the likely changes in all assumptions, etc. Consequently, historical cumulative actuarial gains and losses have increased the reported amount of pension liability and decreased equity. Future recalculations (including actuarial gains and losses) will not be accrued. Instead, they will have an immediate effect on equity via other comprehensive income.

- IAS 32 Financial Instruments: Classification - offsetting financial assets and liabilities may only occur in the balance sheet if there is a legally enforceable right to offset the amounts and the intention is to either settle on a net basis or simultaneously sell the asset and settle the liability.

- IAS 36 Impairment of Assets - Recoverable amount. For non-financial assets, disclosure of the recoverable amount is required only when there is impairment of assets. The company decided on early adoption of revised IAS 36 for the financial year.

- IFRS 12 Disclosures of interest in other entities. IFRS 12 includes disclosure requirements for all forms of holdings in other entities, including joint arrangements, associates, SPEs and other off balance sheet activities.

- IFRS 13 Fair value measurement. IFRS 13 does not describe when a fair value is to be used but rather how it should be determined when it must, or may be used in accordance with each IFRS standard.

- IFRS 7 requires new disclosures to provide investors and other users with a better understanding of potential effects that could occur when financial assets and liabilities offset.

NEW STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

Standards and interpretations not yet in force have not been applied for 2013/14 as follows. New standards and interpretations that have not yet come into force, could have an impact on the company in the future, but at the time of introduction, they are not expected to have any effect on the consolidated financial statements.

- IAS 39 Novation of derivatives and continuation of hedge accounting, means that hedge accounting does not need to be discontinued if certain conditions are met. This amendment has not yet

been approved by the EU. Preliminary 1 January 2018.

- IFRS 9 Financial instruments. This standard is one part of a complete revision to the current standard, IAS 39. The standard reduces the number of valuation categories for financial assets. As a result the main categories are reported at cost (amortized cost) or fair value through profit or loss. This first part of the standard will be expanded with new requirements for impairment of financial assets measured at amortized cost, hedge accounting and offsetting in the balance sheet. IFRS 9 is to be applied to fiscal years beginning on or after 1 January 2015.

- IFRS 10 Consolidated financial statements and amended IAS 27. IFRS 10 replaces the section in IAS 27 that deals with the preparation of consolidated financial statements. What remains in IAS 27 continues to relate to the treatment of subsidiaries, joint ventures and associated companies in separate financial statements. To be applied to fiscal years beginning on or after 1 January 2014.

SIGNIFICANT ACCOUNTING POLICIES CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise all companies in which Nobina AB directly or indirectly has more than 50 % of the votes or otherwise has a controlling influence.

The consolidated financial statements are prepared in accordance with the acquisition method. This means that acquired subsidiaries' assets and liabilities are recognized at fair values according to an acquisition analysis, prepared on acquisition date. If the cost for shares in the subsidiary and any holdings without a controlling influence (non-controlling interest) exceeds the fair value of the company's identifiable net assets according to the acquisition analysis, the difference will represent consolidated goodwill, which will be tested for impairment. For every acquisition, it is determined whether holdings with a non-controlling interest will be valued at fair value or the proportional share of the acquired operation's net assets. All acquisition-related costs are expensed. Only income arising after the acquisition date is included in the consolidated shareholders' equity. Income from the company that was acquired during the year is included in the consolidated financial statements from the date of acquisition. Companies divested during the year are included in the consolidated income statement with income and expenses for the period up to the date of divestment.

SEGMENT REPORTING

Nobina conducts regional and interregional traffic between selected cities (Express traffic).

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

Interregional traffic is conducted by Swebus Express (Swebus), which operates certain prede-

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terminated routes throughout Sweden. Revenue is generated by the sale of tickets to passengers.

Some of the companies also conduct chartered traffic, mainly by using vehicles and personnel during periods when these are not occupied in regular traffic operations.

The Group's operations are governed and reported as operating segments. More information is available in Note 2. The accounting policies for the reporting segments are the same as those used in the consolidated financial statements. Nobina evaluates operations in each operating segment based on the operating profit for each reporting operating segment, and normally recognizes sales and transfers between operating segments on a third-party basis, meaning at market prices.

Group-wide functions

Costs for group-wide support functions such as IT, systems administration and legal services, etc., are allocated to the operating segments and countries according to their degree of utilization. General administrative expenses, costs for the head office and other costs that arise at central level and are attributable to the entire company are not included in the earnings of the operating segments. The operating assets included in each operating segment include all operating assets that are used in the business activities, primarily intangible assets, PPE, inventories and accounts receivables. Most of these assets are directly attributable to the respective operating segment. The operating liabilities included in each operating segment include all operating liabilities that are used, accrued expenses and deferred income. Most of these liabilities are directly attributable to the respective operating segment. Estimated deferred tax and external and internal loans are not included in the operating segments' capital employed.

INCOME RECOGNITION

Most of Nobina's income is attributable to contracts with public transport authorities that run for a term of five to ten years, with an extension option. The public transport authorities' contracts are generally designed so that Nobina receives a fixed fee in return for services rendered. Ticket revenues do not accrue to Nobina, but are forwarded to the public transport authorities. Most of the contracts are of the gross cost-contract type, in which compensation is based exclusively on the number of kilometers or hours driven and is entirely unrelated to the number of passengers. Under certain contracts, Nobina receives compensation based on the services performed, while other contracts provide Nobina with remuneration in advance. Regardless of the payment flows in the contractual operations, Nobina primarily recognizes the revenue when the services are rendered. 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. Some of Nobina's contracts with public transport authorities are designed so that all or part of the compensation is

based on the number of passengers, so-called net cost contracts. Revenue from these contracts is recognized on the date that the passenger travels with Nobina.

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

Income also includes income from rents, fuel sales and maintenance services.

Income from these activities is recognized when the goods are delivered and the services performed or, in cases where income is obtained through operating leases, it is distributed evenly over the term of the lease.

All income is recognized excluding value added tax.

COSTS

The Group's operating expenses pertain primarily to fuel, tires, operational leasing costs for vehicles, personnel costs, which include salaries, social security costs, pensions, costs for bus drivers, and depreciation costs for financially leased vehicles and owned vehicles.

Leasing

In the consolidated financial statements, leasing is classified as either financial leasing or operating leasing. Most of Nobina's leasing is classified as financial leasing, see Note 6. In financial leasing, the main financial risks and benefits are transferred to the lessee. If this is not the case, the agreement is considered to be an operational lease. Financial leases are recognized as non-current assets in the balance sheet and the corresponding leasing commitment is recognized as a liability. Assets and liabilities at the beginning of a leasing agreement are measured at the lower of fair value and the present value of future lease payments. Assets held under financial leases are depreciated on a straight-line basis over their estimated useful lives in accordance with the principles used for similar asset groups. The useful life periods do not follow the payment periods in the lease contracts, since the company considers that the benefits from the leased vehicles extend longer than the related financial obligation. The financial lease payments are apportioned between the finance charge and repayment of outstanding liability to produce an average rate of interest on the recognized liability. In the income statement, the leasing expenses are recognized as depreciation and interest expense. For operating leases, no assets or liabilities are recognized in the balance sheet. In the income statement, leasing expenses are recognized on a straight-line basis over the term of the lease.

Depreciation/amortization

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

Applied useful lives

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

FINANCIAL INCOME AND EXPENSES

Financial income and expenses consist of interest income on bank funds, funded pension assets and receivables, interest expense on loans, interest expense on financially leased vehicles, the interest portion of pension liability, plus realized and unrealized gains and losses attributable to financing. Interest income and expense are recognized in the period in which they arise.

INCOME TAXES

The Group's income taxes consist of current tax and deferred tax. Income taxes are reported in the income statement, unless the underlying transaction is reported directly in equity or other comprehensive income. In such cases, the associated tax effect is also reported directly in equity or other comprehensive income. Current tax is calculated on the taxable profit for the year. Deferred tax is calculated based on the temporary differences between the carrying amount and taxable values of assets and liabilities, as well as tax on the consolidated tax loss carryforwards. Deferred tax is calculated according to the applicable tax rate in each country. Deferred tax assets are recognized only to the extent that it is probable that these can be utilized against future taxable profits.

Tax laws in Sweden and Finland permit provisions to special reserves and funds which constitute temporary differences. Within specified limits, this enables companies to retain profits in the company without immediate taxation of these profits. The untaxed reserves are not subject to taxation until they are dissolved. However, during years when the operations make a loss, the untaxed reserves can be utilized to cover losses without giving rise to any taxation. In the consolidated balance sheet, untaxed reserves for the individual companies are allocated between shareholders' equity and deferred tax liabilities.

In the profit and loss, deferred tax is recognized as tax attributable to the change in untaxed reserves for the year.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (PPE)

Goodwill

After initial recognition, goodwill is measured at cost, less deductions for any accumulated impairments. Goodwill is not amortized, but is tested annually and more often if there are indications of a decrease in value. Impairment losses are never reversed. For the purpose of testing impairment requirements, goodwill is allocated to the Group's cash-generating units, which are the

same as those used in the segment accounting. Recoverable amounts are determined based on calculations of the value in use. The recoverable amount is the highest of value in use and net realizable value. These calculations are based on an internal assessment of the next five years with various growth rates per segment area. Anticipated future cash flows in accordance with these assessments constitute the grounds for the calculation. Working capital changes and investment requirements have hereby been taken into account. If such an analysis indicates that the carrying amount is higher than the recoverable amount, which is the highest of fair value and value in use, the difference between the carrying amount of goodwill and the recoverable amount will be recorded as an impairment loss. The value in use is measured as the anticipated future discounted cash flow generated by the asset.

Other intangible assets and property, plant and equipment

Other intangible assets and items of property, plant and equipment are recognized at historical cost less amortization/depreciation and any impairment losses. Cost consists of the purchase price as well as costs directly attributable to bringing and installing the asset to working condition for its intended use. Any discounts or bonuses are deducted from the cost amount. Other intangible assets consist primarily of externally capitalized development costs, which are mostly software.

An item of property, plant and equipment is recognized as an asset when the cost can be calculated in a reliable manner and when, based on available information, it is probable that the future financial benefits connected with ownership will accrue to the company. An item of property, plant and equipment is recognized at the time of delivery, as stated on the invoice or packing slip. The carrying amounts of non-current assets are regularly tested for impairment. If, on the date of the year-end report, there is an indication that a non-current asset has declined in value, a calculation is made of the asset's net realizable value and value in use. The net realizable value consists of the price that is estimated to be received in the event of disposal of the asset less selling expenses.

An write-down requirement is considered to exist when the present value of the future cash flow from these assets falls below their carrying amount. The impairment amount consists of the difference between the higher of the value in use or net realizable value and the carrying amount. For non-current assets that will be divested, the potential impairment amount is calculated as the difference between the estimated sales revenue less associated costs and the asset's carrying amount.

INVENTORIES

Inventories are stated at the lower of cost and fair value, on a first in, first out basis. The necessary provisions are made for obsolescence, partly on a case-by-case basis and partly through collective assessment.

FINANCIAL ASSETS AND LIABILITIES AND OTHER FINANCIAL INSTRUMENTS

Financial instruments are initially recognized at cost, corresponding to fair value including transaction costs for all financial instruments aside from those in the category of financial assets and liabilities measured at fair value through profit or loss, i.e. according to the estimated value based on quoted market prices. Subsequent to initial recognition, the accounting treatment of financial liabilities depends on how they are classified, as described below.

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

A financial asset is derecognized from the balance sheet when the company's rights under the agreement are realized, expire or the company has relinquished control of the asset. The same applies to a part of a financial asset. A financial liability is derecognized from the balance sheet when the obligation specified in the agreement is discharged or otherwise extinguished. The same applies to a part of a financial liability.

On each reporting date, the Group assesses whether there is objective evidence of impairment for a financial asset or group of financial assets.

The Group has not applied hedge accounting for the 2013/2014 or 2012/2013 fiscal years.

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

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

Loan and accounts receivable

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

Restricted bank accounts

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

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits at banks.

Other financial liabilities

Liabilities are classed as other financial liabilities, which means that they are initially recognized at the amount received less transaction costs. After the acquisition date, liabilities are measured at amortized cost using the effective interest method. Accounts payable are classified as other financial liabilities. Accounts payable have a short expected maturity and are measured at nominal value without discounting.

Impairment of financial assets

Any impairment requirements of financial assets in the categories of held-to-maturity investments and loans and receivables measured at amortized cost are calculated as the present value of future cash flows discounted at the effective rate in force on initial recognition of the asset. Assets with a time to maturity of less than one year are not discounted.

Impairment of held-to-maturity investments and loans and receivables recognized at amortized cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event occurring after the date of the impairment loss.

OTHER PROVISIONS AND PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

A provision is recognized in the balance sheet when the Group has a current legal or informal obligation that has arisen as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. When the timing effect of payment is significant, provisions are measured at discounted present value using a pretax discount rate that reflects current market assessments of the time value of money.

Termination remuneration

A provision is only recognized if the company is demonstrably committed to terminate an employee or group of employees before the normal retirement date. In the event of termination, the company draws up a detailed plan that, at a minimum, states the place of work, as well as the amount of compensation for each employee and the time of the plan's implementation.

Onerous contracts

A large share of the revenues is attributable to contracts with public transport authorities where the contracts extend for between five and eight years. The contractual terms commonly stipulate that the revenues shall be adjusted upwards in accordance with set indexes, either consumer price indexes or various producer price indexes. Due to changed conditions and because the costs increase more than the revenues, the contracts can become loss or onerous contracts, which is when the remaining contracted revenues are not enough to cover the costs attributable to the contracts to fulfill the contractual commitment. A provision for future losses is then made in the period that management identifies the contract as an onerous contract. The loss is estimated by

including direct and indirect costs attributable to the contract, including depreciation of buses used to fulfill the commitment. The provision is made at the public transport authority level if there is a natural connection between the various contracts. In a tender process, tenders can be submitted for multiple contracts, where some are profitable and others entail a loss, but the transaction as such provides a surplus.

Third-party obligations

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

Environmental obligations

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

Employee remuneration

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

Pensions

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

Pension obligations for most of the Swedish operations are covered by a multi-employer, defined-benefit pension plan. The plan is insured in the mutual insurance company Alecta. The Group has not had access to sufficient information to report its proportional share of the defined-benefit obligation and of the plan assets and expenses. The plan is therefore recognized as a defined-contribution plan, which means that premiums paid are recognized as an expense. In the Swedish operations, there is also a defined-benefit pension plan that is funded. Alecta's consolidation ratio is in accordance with the FARS model. Alecta's consolidation ratio as of 31 December 2013 was 148 (129) %. The Group's obligations pertaining to other defined-benefit plans are determined separately for each plan according to the Projected Unit Credit Method. This means that the obligation is calculated as the present value of expected future pension payments. The obligation calculated accordingly is compared with the fair value of the plan assets that secure the obligation. The difference is recognized as a liability/asset with respect to accrued actuarial gains/losses. The calculation of the future payments is based on actuarial assumptions for life expectancy, future salary increases, employee turnover and other factors that influence the choice of discount rate.

As of the 2013/2014 financial year, Nobina Group will be adapting its reporting to IFRS (IAS 19), which abolishes use of the corridor method for defined-benefit pension plans. Consequently, historical actuarial earnings have increased both prior reported pension obligations and equity. Future recalculations (including actuarial earnings) will not be accrued, but will be recognized directly in equity through Other comprehensive income. The new accounting policies have also affected recalculation of the opening balance, as of 1 March 2012. 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.

Share-based compensation to the CEO

Share-based compensation is share-based remuneration that may comprise up to 140 % of the CEO's fixed annual salary and which is paid out over a period of three years. Share-based compensation shall be conditional upon the AGM making the required decisions for delivery of shares according to established procedure on share-based compensation. As per IFRS, a company must report the value of the allotted shares during the vesting period. Social security contributions have been reported as personnel costs in the income statement, along with a provision in the balance sheet.

EARNINGS PER SHARE

Earnings per share before dilution are calculated by taking the net profit attributable to Parent Company shareholders and dividing it by the average number of outstanding shares. Earnings per share after dilution is calculated by dividing the net profit attributable to the Parent Company's shareholders by an adjusted average number of outstanding shares, if potential ordinary shares may give rise to dilution.

CASH FLOW

The cash flow statement has been prepared based on profit and loss and other changes between the opening and closing balances in the balance sheet, taking into account translation differences. The cash flow was prepared according to the indirect method. The recognized cash flow consists of transactions that generate deposits and payments. Cash and cash equivalents in the cash flow statement include cash in hand, driver cash and bank funds excluding restricted bank accounts. Items that do not affect the cash flow include provisions, depreciation/amortization and unrealized exchange-rate differences, since they are not cash-based items. Realized profits and losses in connection with the divestment of assets are eliminated since the cash effect of divesting non-current assets is recognized separately under cash flow from investing activities.

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 the RFR 2 "Accounting for Legal Entities"

recommendation. Any deviations that arise between the Parent Company and the Group's policies are due to limitations in the ability to apply IFRS in the Parent Company due to the Swedish Annual Account Act and in some cases, tax purposes.

Group contribution for legal entities

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

Shares in subsidiaries

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

Pensions

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

NOTE 02 *Nobina's operating segments*

2013/2014	<i>Nobina Sweden</i>	<i>Nobina Denmark</i>	<i>Nobina Norway</i>	<i>Nobina Finland</i>	<i>Elimi- nation*)</i>	<i>Total Regional traffic</i>	<i>Swe- bus **)</i>	<i>Total Inter- regional traffic</i>	<i>Central func- tions and other items</i>	<i>Elimi- nation</i>	<i>Total</i>
Revenue	4,853	346	995	802	-43	6,953	316	316	183	-183	7,269
Operating profit/loss	328	-14	-3	45	-	356	3	3	-33	-	326
EBIT (%)	6.7	-4.0	-0.3	5.6	-	5.1	0.9	0.9	-	-	4.5
Of which operational leasing expenses	101	28	3	9	-	141	-	-	-	-	141
Amortization and impairments	314	13	82	49	-	458	18	18	15	-	491
Of which depreciation of assets held under finance leases	274	9	67	42	-	392	14	14	-	-	406
EBITDAR (%)	15.3	7.8	8.2	12.8	-	13.7	6.6	6.6	-	-	13.4
Total assets	3,486	151	1,002	590	-	5,229	135	135	559	-	5,923
Of which intangible assets, goodwill	383	-	128	29	-	540	45	45	-	-	585
Of which assets held under finance leases	2,510	105	685	438	-	3,738	73	73	-	-	3,811
Investments in PPE and financial assets for the year	226	6	5	45	-	282	1	1	8	-	291
Total liabilities	3,312	154	867	571	-	4,904	114	114	681	-	5,699
Of which finance lease liabilities	2,320	99	641	395	-	3,455	68	68	-	-	3,523
Average number of employees	6,843	501	1,270	1,056	-	9,670	399	399	83	-	10,152
Number of employees translated to FTEs	5,158	382	927	804	-	7,271	193	193	83	-	7,547
2012/2013	<i>Nobina Sweden</i>	<i>Nobina Denmark</i>	<i>Nobina Norway</i>	<i>Nobina Finland</i>	<i>Elimi- natio *)</i>	<i>Total Regional traffic</i>	<i>Swe- bus **)</i>	<i>Total Inter- regional traffic</i>	<i>Central func- tions and other items</i>	<i>Elimi- nation</i>	<i>Total</i>
Revenue	4,808	341	946	801	-39	6,857	355	355	160	-160	7,212
Operating profit/loss	303	-26	-25	32	-	284	5	5	-43	-	246
EBIT (%)	6.3	-7.6	-2.6	4.0	-	4.1	1.4	1.4	-	-	3.4
Of which operational leasing expenses	151	30	5	15	-	201	1	1	-	-	202
Amortization and impairments	294	12	77	45	-	428	18	18	18	-	464
Of which depreciation of assets held under finance leases	246	8	61	35	-	350	18	18	-	-	368
EBITDAR (%)	15.6	4.6	6.0	11.4	-	13.3	6.7	6.7	-	-	12.8
Total assets	3,486	144	1,324	598	-	5,552	169	169	321	-	6,042
Of which intangible assets, goodwill	383	-	134	29	-	546	45	45	-	-	591
Of which assets held under finance leases	2,569	102	789	427	-	3,887	102	102	-	-	3,989
Investments in PPE and financial assets for the year	738	34	277	185	-	1,234	-	-	22	-	1,256
Total liabilities	3,265	154	1,032	543	-	4,994	148	148	713	-	5,855
Of which finance lease liabilities	2,432	99	756	394	-	3,681	97	97	-	-	3,778
Average number of employees	5,093	409	1,019	1,093	-	7,614	481	481	67	-	8,162
Number of employees translated to FTEs	5,097	355	1,192	949	-	7,593	214	214	61	-	7,868

*) Elimination between different segments.

**) The majority of Swebus' business is attributable to Sweden.

NOTES

NOTE 03 Net sales

Net sales includes other operating income, which primarily consists of revenue from leasing, the sale of fuel and diesel and also revenue from workshop services to external customers. Sales to two (one) major customer in the Nobina Sweden segment represent 25 (16) % of the Group's sales and in the Nobina Finland segment, 11 (11) % of the Group's sales.

	Group		Parent Company	
	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Distribution of revenue, SEK M				
Revenue Regional and Interregional traffic	7,101	7,045	–	–
Leasing, workshop services and sale of diesel	9	10	–	–
Other revenue	159	157	–	–
Sales to Group companies	–	–	183	160
Total revenue	7,269	7,212	183	160

NOTE 04 Operating expenses

	Group		Parent Company	
	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
SEK M				
Fuel	1,124	1,169	–	–
Tires and other consumables	520	533	–	–
Total fuel and other consumables	1,644	1,702	–	–
Leasing expenses	141	202	–	–
Other external expenses	960	977	76	75
Total other expenses	1,101	1,179	76	75
Salary expenses	2,783	2,725	58	45
Employer's contributions	639	599	18	14
Pension expenses	210	215	12	10
Other personnel costs	60	67	3	2
Total personnel costs	3,692	3,606	91	71

NOTE 05 Fees and remuneration to auditors

	Group		Parent Company	
	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Fees and compensation to auditors, SEK thousand				
Ernst & Young				
Audit assignment	3,879	3,966	505	935
Associated audit services in addition to audit assignment	–	–	–	–
Tax advisory services	–	–	–	–
Other services	2,290	720	2,119	371
Total	6,169	4,686	2,624	1,306

NOTE 06 Leasing**FINANCE LEASE AGREEMENTS, VEHICLES**

	Group	
	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Assets held under finance leases, SEK million		
Cost		
Opening balance	5,287	4,247
New contracts signed during the year	252	1,129
Sales for the year	–35	–22
Exchange-rate difference	–9	–67
Closing cost	5,495	5,287
Accumulated amortization		
Opening accumulated amortization	–1,298	–952
Amortization for the year	–406	–368
Sales for the year	19	10
Exchange-rate difference	1	12
Closing accumulated amortization	–1,684	–1,298
Residual value according to plan	3,811	3,989

During the year, the Group entered into finance lease agreements for SEK 252 (1,129) million via the subsidiary Nobina Fleet AB. Assets held under finance leases are depreciated in accordance with the same depreciation principles as owned assets. The grounds for how the company's fees are established are based on the lease terms. The leasing expenses are normally based on either straight-line amortization or an annuity payment with variable amortization over time. The proportion of straight-line amortization amounts to 50 %. The Nobina Group's standard contracts have a duration of more than 10 years at 10% residual value. Interest expense is calculated as the contract interest rate on the outstanding liability at all times. The contract interest rate normally comprises a variable base interest rate such as STIBOR with the addition of a fixed margin. The Nobina Group is liable for the remaining residual value at the end of the agreement. No substantial secondary leasing of leased buses took place during the fiscal year.

Assets held under finance leases per segment, SEK million	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Nobina Sweden	2,510	2,569
Nobina Denmark	105	102
Nobina Norway	685	789
Nobina Finland	438	427
Total Regional traffic	3,738	3,887
Swebus	73	102
Total Interregional traffic	73	102
Total assets held under finance leases	3,811	3,989

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

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

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

Expected maturity 2013-03-01 and later	Q1	Q2	Q3	Q4	2014/15	2015/16	2016/17	Later	Total
Future minimum leasing fees	161	277	153	154	662	719	731	1,528	4,385
Present value of future minimum leasing fees	159	272	148	148	620	643	626	1,162	3,778

Finance lease liabilities per segment, SEK million	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Nobina Sweden	2,320	2,432
Nobina Denmark	99	99
Nobina Norway	641	756
Nobina Finland	395	394
Total Regional traffic	3,455	3,681
Swebus	68	97
Total Interregional traffic	68	97
Total Financial leasing liabilities	3,523	3,778

Leasing fees for finance leases per segment, SEK million	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Nobina Sweden	426	404
Nobina Denmark	15	13
Nobina Norway	117	113
Nobina Finland	66	54
Total Regional traffic	624	584
Swebus	18	23
Total Interregional traffic	18	23
Total Financial leasing fees	642	607

Depreciation of assets held under finance leases per segment, SEK million	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Nobina Sweden	274	246
Nobina Denmark	9	8
Nobina Norway	67	61
Nobina Finland	42	35
Total Regional traffic	392	350
Swebus	14	18
Total Interregional traffic	14	18
Total Depreciation of assets held under finance leases	406	368

Interest expenses for finance leasing liabilities per segment, SEK million	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Nobina Sweden	100	112
Nobina Denmark	4	4
Nobina Norway	35	38
Nobina Finland	13	11
Total Regional traffic	152	165
Swebus	3	5
Total Interregional traffic	3	5
Total Interest expenses for financial leasing liabilities	155	170

NOTES

NOTE 06 cont.

<i>Future minimum leasing fees for finance lease liabilities and their present value, SEK million</i>	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Total future minimum leasing fees	4,064	4,385
Less interest charge	-541	-607
Present value of future minimum leasing fees	3,523	3,778

OPERATING LEASES, VEHICLES

<i>Operating leases, vehicles, SEK million</i>	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Fees for operating leases for the year	141	202
Number of operating leases	764	857

<i>Future minimum leasing fees for non-cancellable operating leases, SEK million</i>	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Total future minimum leasing fees	267	405
Less interest charge	-17	-28
Present value of future minimum leasing fees	250	377

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

<i>Operating lease expenses per segment, SEK million</i>	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Nobina Sweden	101	151
Nobina Denmark	28	30
Nobina Norway	3	5
Nobina Finland	9	15
Total Regional traffic	141	201
Swebus	0	1
Total Interregional traffic	0	1
Total Operational leasing expenses	141	202

<i>Nominal value of future minimum leasing fees per segment, SEK million</i>	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Nobina Sweden	241	350
Nobina Denmark	11	25
Nobina Norway	1	4
Nobina Finland	14	26
Total Regional trafik	267	405
Swebus	0	0
Total Interregional traffic	0	0
Total Nominal value of future minimum leasing fees	267	405

<i>Present value of future minimum leasing fees for operating leases per segment, SEK million</i>	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Nobina Sweden	225	322
Nobina Denmark	11	26
Nobina Norway	1	4
Nobina Finland	13	25
Total Regional traffic	250	377
Swebus	0	0
Total Interregional traffic	0	0
Total Present value of future minimum leasing fees for operating leases	250	377

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

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

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

<i>Expected maturity 2013-03-01 and later</i>	Q1	Q2	Q3	Q4	2014/15	2015/16	2016/17	Later	Total
Future minimum leasing fees	36	34	30	29	85	45	37	109	405
Present value of future minimum leasing fees	36	34	30	28	82	42	34	91	377

Other operating leases

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

<i>SEK M</i>	2013-03-01 –2014-02-28	2014/15	2015/16	2016/17	2017 and later
Property rents	165	180	145	147	564
Leases for vehicles excluding buses	9	8	6	4	4
Other operating leases	–	25	–	–	–
Total nominal value of other operating leases	174	213	151	151	568

NOTE 07 Personnel

	Group		Parent Company	
	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
<i>Average number of employees</i>	10,152	8,162	83	67
of whom men	8,734	7,003	58	48
of whom women	1,418	1,159	25	19
Number of employees translated to FTEs	7,547	7,868	83	61
<i>Sweden</i>	7,325	5,641	83	61
of whom men	6,121	4,684	58	42
of whom women	1,204	957	25	19
Number of employees translated to FTEs	5,434	5,372	83	61
<i>Denmark</i>	501	409	–	–
of whom men	445	346	–	–
of whom women	56	63	–	–
Number of employees translated to FTEs	382	355	–	–
<i>Norway</i>	1,270	1,019	–	–
of whom men	1,165	938	–	–
of whom women	105	81	–	–
Number of employees translated to FTEs	927	1,192	–	–
<i>Finland</i>	1,056	1,093	–	–
of whom men	1,003	1,035	–	–
of whom women	53	58	–	–
Number of employees translated to FTEs	804	949	–	–

	2013-03-01–2014-02-28			2012-03-01–2013-02-28		
	<i>Salaries and other remuneration</i>	<i>Payroll overheads</i>	<i>Of which pension costs</i>	<i>Salaries and other remuneration</i>	<i>Payroll overheads</i>	<i>Of which pension costs</i>
<i>Parent Company</i>	58	30	12	45	24	10
<i>Subsidiaries in Sweden</i>	1,716	612	89	1,689	592	101
Total Sweden	1,774	642	101	1,734	616	111
<i>Foreign subsidiaries</i>						
Denmark	183	30	17	182	28	17
Norway	447	89	23	432	85	24
Finland	379	88	69	377	85	63
Total foreign subsidiaries	1,009	207	109	991	198	104
Total Group	2,783	849	210	2,725	814	215

NOTE 07 cont.

Board members and the Group's senior executives	2014-02-28		2013-02-28	
	Number	Of whom men	Number	Of whom men
Board of Directors	5	80 %	5	80%
President and senior executives	10	90 %	16	94%

Remuneration and other benefits to the Board during the year, SEK million	Group	
	2013-03-01 -2014-02-28	2012-03-01 -2013-02-28
Board Chairman		
Jan Sjöqvist	0.7	1.6
Board members		
Graham Oldroyd	–	–
John Allkins	–	–
Birgitta Kantola	0.2	0.2
Gunnar Reitan	0.2	0.3
Rolf Lydahl	0.1	0.4
Total	1.2	2.5

Remuneration to the chairman of the board and other board members

Remuneration to the Chairman and other members of the Board is paid according to the decision of the Annual General Meeting. No remuneration is paid to the Board beyond that approved by the Annual General Meeting. The President receives no Board fees. During the year, Nobina AB paid pension benefits to former Board members in an amount of SEK 0.1(0.1) million, where the Board members are entitled to lifelong remuneration from the company. Two previous members from Group management are entitled to lifelong remuneration from the company, which is secured through endowment insurance, SEK 12 (13) million.

Distribution of salaries and other remuneration by country and between the Group's senior executives and other employees	2013-03-01-2014-02-28			2012-03-01-2013-02-28		
	Group's Senior Executives	Of which bonus payments and similar remuneration	Other employees	Group's Senior Executives	Of which bonus payments and similar remuneration	Other employees
Parent Company	14	3	44	15	4	30
Subsidiaries in Sweden	6	1	1,710	10	2	1,679
Total Sweden	20	4	1,754	25	6	1,709
Foreign subsidiaries						
Denmark	2	–	181	2	–	180
Norway	2	–	445	3	–	429
Finland	3	1	376	2	1	375
Total foreign subsidiaries	7	1	1,002	7	1	984
Total Group	27	5	2,756	32	7	2,693

NOTE 07 cont.

Remuneration to the President and CEO of Nobina AB, SEK million	Group	
	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Fixed fee	4.7	4.6
Variable remuneration*)	2.1	2.7
Pension expenses	1.3	1.3
Social security contributions and taxes	2.5	2.8
Total	10.6	11.4

*) In addition to the stated remuneration to the President, there is also an accrued share-based payment of SEK 2.4 (0.9) million, which has not yet been paid.

NUMBER OF SHARES TO THE BOARD AND SENIOR EXECUTIVES

Number of shares	2014-02-28	2013-02-28
Board Chairman		
Jan Sjöqvist	1,659,583	1,659,583
Board members		
Graham Oldroyd	–	–
Birgitta Kantola	–	–
Gunnar Reitan	–	–
John Allkins	–	–
Senior executives		
Ragnar Norbäck	2,567,258	2,567,258
Per Skärgård	907,574	907,574
Jan Bosaeus	660,146	660,146
Joakim Palmqvist	211,602	211,602
Tom Ward	209,470	209,470
Philipp Engedal	–	–
Niels Peder Nielsen	–	–
Martin Pagrotsky	42,326	42,326
Annika Kolmert	1,667	1,667
Peter Hagert	–	–
Other senior executives	618,387	1,058,042
Total number of shares*	6,878,013	7,317,668

REMUNERATION TO THE PRESIDENT AND SENIOR EXECUTIVES

Senior executives in the Nobina Group include the President, CFO, presidents of subsidiaries, positions reporting directly to the President and the Group's functions responsible for processes. The total remuneration to the President and CEO and other senior executives includes fixed salaries, short and long-term variable remuneration, pensions and other benefits. In the event of termination of employment, senior executives in the Nobina Group are entitled to a maximum of 12 monthly salaries. As a basic principle, a six month mutual termination period applies between the company and the executive. In addition, a maximum of six months of remuneration is payable should employment be terminated by the company. For the President and CEO and certain other senior executives employed in Sweden, a supplemental pension plan is applied in addition to the ITP plan.

Variable remuneration to the President

In addition to fixed remuneration, the President is entitled to a special bonus. Variable remuneration shall be based on the individual's performance and the company's performance in relation to predetermined and established goals. Evaluation of these goals shall take place annually. Variable compensation shall also include a cash bonus as determined by the Board of Directors and, for the President, share-based payment of which compensation in shares could amount to a maximum of 140 % of the President's fixed annual salary, to be paid out over a period of three years. Share-based compensation shall be conditional upon the AGM making the required decisions for delivery of shares according to established procedure on share-based compensation.

Pension terms for the President

The retirement age for the president is 62 years in the Parent Company. Pension expenses for the company are reduced to 90 % of salary on retirement at the age of 62–63, 80 % of salary on retirement at the age of 63–64 and 70 % of salary on retirement at the age of 64–65. Nobina's commitment to the President ends at retirement, at the age of 65. Pension expenses comprise defined-contribution pensions, for which the premium is equal to 30 % of pensionable salary. Defined contribution pension expenses to the president amounted to SEK 1.3 (1.3) million. Pensionable salary comprises basic salary as long as the President remains in the company's employment. Termination salary is pensionable.

Sick pay for the President

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

Other employment benefits of the President

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

Vacation for the President and other senior executives

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

PRESIDENT AND CEO AND VICE PRESIDENT

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

Pension terms for other members of Group management

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

Parent Company	2014-02-28		2013-02-28	
	Num-ber	Of whom men	Number	Of whom men
Board of Directors	5	80 %	5	80 %
President and senior executives	7	71 %	5	100 %

NOTES

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

SEK M	Group		Parent Company	
	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Goodwill	–	–	–	–
Other intangible assets	7	7	6	7
Costs for improvements on third-party properties	5	4	–	–
Equipment, tools, fixtures and fittings	20	23	8	10
Vehicles	459	430	–	–
Total	491	464	14	17

Impairment losses for the year on available-for-sale buses belong to these segments: Nobina Sweden SEK 5(3) million, Nobina Finland SEK 2(2) million, Nobina Denmark SEK 1(0) million and Nobina Norway SEK 3(4) million.

NOTE 09 Interest income and similar profit/loss items

SEK M	Group		Parent Company	
	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Financial income	4	5	–	–
Interest income	5	4	2	2
Interest income from Group companies	–	–	59	66
Total	9	9	61	68

The Group earns interest on its bank deposits according to an interest rate based on the bank's daily investment interest rates. Of the above interest income and similar profit/loss items, SEK 4(5) million was paid during the year.

NOTE 10 Interest expenses and similar profit/loss items

SEK M	Group		Parent Company	
	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Interest expense, finance leases	–155	–170	–	–
Interest expense, bond loans	–69	–80	–	–
Other financial expenses	–16	–20	–	–
Interest expenses to Group companies	–	–	–18	–4
Realized and unrealized exchange gains/losses, net	–8	6	1	–4
Total	–248	–264	–17	–8

Paid interest expenses amount to SEK 229(–245) million. The interest expenses pertain to liabilities that have been recognized at amortized cost.

NOTE 11 Taxes

	Group		Parent Company	
	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Current tax, SEK million				
Current tax on profit for the year	0	0	0	0
Adjustments to previous years' tax	0	-1	0	0
Total current tax	0	-1	0	0
Deferred tax				
Recognition of prior, unrecognized deferred taxes	7	70	0	0
Change in result for the period	-38	0	0	0
Total deferred tax	-31	70	0	0
Total income tax	-31	69	0	0

The corporate tax rate in Norway is 27 %, Denmark 25 %, Finland 20.0 % and Sweden 22 %. The Group's tax expense amounted to SEK 31 million (35.6 %). Current tax was SEK 0 (-1) million.

Group	2014-02-28	2013-02-28
Tax assets and tax liabilities		
Deferred tax assets, gross		
Postponed depreciation/amortization, impairment and adjustments to fair value, other PPE	1	1
Postponed expenses for provisions	7	6
Doubtful debts	1	3
Other deferred tax assets attributable to pensions	2	-
Tax loss carryforwards	476	464
Total	487	474
Deduction for tax loss carryforwards not recognized	-374	-350
Total deferred tax assets	113	124
<i>Deferred tax assets, net</i>		
Opening carrying amount	124	7
The period's change in the result of prior unrecognized deferred taxes	7	117
Change in result for the period	-20	-
Reserved offset of tax liabilities/assets, other reclassification	2	-
Closing carrying amount, net	113	124
<i>Deferred tax liabilities, gross</i>		
Faster rate of depreciation/amortization and adjustments to fair value, other PPE	-65	-47
Total deferred tax liabilities	-65	-47
<i>Deferred tax liabilities, net</i>		
Opening carrying amount	-47	-
Change in result for the period	-18	-47
Reserved offset of tax liabilities/assets, other reclassification	-	-
Closing carrying amount, net	-65	-47
Total net tax assets and tax liabilities	48	77
Net increase (+)/net decrease (-) of tax assets/liabilities	-31	70

NOTES

NOTE 11 cont.

Non-recognized, deferred tax assets, SEK M	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2012-02-29
Opening non-recognized amount	350	533	70	112
Utilization/addition of previously non-capitalized loss carryforwards	28	5	-7	-12
Group contributions	-	-	-4	-2
Non-taxable revenue and non-deductible expenses	-	-	-	-
Other temporary differences	-	-	-	-
Reclassifications from previous years	20	-18	-1	-13
Change in applicable tax rates	-5	-56	-	-15
Change for the period, recognized in the income statement	-7	-107	-	-
Exchange-rate differences	-12	-7	-	-
Total deferred non-recognized tax assets	374	350	58	70
Offset of deferred tax liabilities	-	-	-	-
Total deferred non-recognized tax assets	374	350	58	70

Expected maturity of both recognized and unrecognized tax deficit deductions, SEK million	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
2014/15	-	12	-	-
2015/16	7	18	-	-
2016/17	17	16	-	-
2017/18	17	16	-	-
2018/19	9	-	-	-
2019/20	10	-	-	-
2020/2021	13	-	-	-
Unlimited	1,995	1,993	265	318
Total	2,068	2,055	265	318

Deferred, net, tax recognized deficit deductions by country, SEK million	Group	
	2014-02-28	2013-02-28
Sweden	95	114
Denmark	-	-
Norway	-	-
Finland	7	-
Total deferred tax recognized deficit deductions	102	114

NOTE 12 Intangible assets

<i>Distribution of goodwill per segment, SEK million</i>	<i>Group</i>	
	<i>2014-02-28</i>	<i>2013-02-28</i>
Nobina Sweden	383	383
Nobina Denmark	–	–
Nobina Norway	128	134
Nobina Finland	29	29
Total Regional traffic	540	546
Swibus	45	45
Total Interregional traffic	45	45
Total Group goodwill	585	591

Group management has carried out the usual test of goodwill for impairment. In the assessment of cash-generating units' recoverable amount (used for the assessment of any impairment requirement of goodwill), several assumptions of future conditions and estimates of variables were made in order to forecast future cash flows. Forecasts for future cash flows are based on the best possible assessments of future income and operating expenses, which in turn are based on the company's business plans, historical trends, general market conditions and other available information. The discounted cash-flow value, given an explicit five-year forecast period and the derived terminal value, are based on each company's income before amortization, which affects the units' existing and future market shares. The growth rate was calculated separately for each business area over a five-year period. Thereafter, the rate of growth was estimated at zero percent. The cash flow forecasts are calculated at present value with a yield requirement, WACC, of 7.5 (9.8) % before tax. The discount rate fell after the bond loan was refinanced in autumn 2012, when the size and cost of the loan were substantially reduced. There is an adequate margin between the value-in-use and carrying amount. For other cash-generating units, management assesses that potential changes to the variables would not have such major effects that the recoverable amount is reduced to a value that is lower than the carrying amount.

	<i>2014-02-28</i>				<i>2013-02-28</i>			
	<i>Nobina Sweden</i>	<i>Nobina Norway</i>	<i>Nobina Finland</i>	<i>Swibus</i>	<i>Nobina Sweden</i>	<i>Nobina Norway</i>	<i>Nobina Finland</i>	<i>Swibus</i>
Forecasted operational profit margin	5%	1.3%	5%	8%	5%	2%	5%	6%
Growth in sales during the 5-year period	2.4%	2.7%	3.0%	4.3%	4%	6%	2%	8%
Discount rate before tax with present value calculation of the estimated future cash flows	7.5%	7.5%	7.5%	7.5%	9.8%	9.8%	9.8%	9.8%

<i>Other intangible assets, SEK M</i>	<i>Group</i>		<i>Parent Company</i>	
	<i>2014-02-28</i>	<i>2013-02-28</i>	<i>2014-02-28</i>	<i>2013-02-28</i>
Cost				
Opening cost	49	35	48	34
Procurement	5	14	4	13
Reclassification	–	–	–	1
Closing cost	54	49	52	48
Accumulated amortization				
Opening accumulated amortization	–28	–21	–28	–21
Amortization for the year	–7	–7	–6	–7
Reclassification	–	–	–	–
Closing accumulated amortization	–35	–28	–34	–28
Residual value according to plan	19	21	18	20

Other intangible assets pertain primarily to internal software development.

NOTES

NOTE 13 Property, plant and equipment

	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Cost for improvements on third-party properties, SEK M				
Cost				
Opening cost	36	22	–	–
Procurement	1	17	–	–
Sales/disposals	–	–2	–	–
Translation difference	0	–1	–	–
Closing cost	37	36	–	–
Accumulated amortization				
Opening accumulated amortization	–15	–13	–	–
Amortization for the year	–5	–4	–	–
Sales/disposals	–	2	–	–
Reclassification	–	–	–	–
Closing accumulated amortization	–20	–15	–	–
Residual value according to plan	17	21	–	–
	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Equipment, tools, fixtures and fittings, SEK M				
Cost				
Opening cost	183	188	73	69
Procurement	11	19	2	9
Sales/disposals	–13	–23	–35	–5
Reclassification	–21	–	–	–
Translation difference	0	–1	–	–
Closing cost	160	183	40	73
Accumulated amortization				
Opening accumulated amortization	–127	–124	–47	–39
Sales/disposals	13	19	19	2
Amortization for the year	–20	–23	–8	–10
Reclassification	6	–	–	–
Translation difference	0	1	–	–
Closing accumulated amortization	–128	–127	–36	–47
Residual value according to plan	32	56	4	26
	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Vehicles, SEK M				
Cost				
Opening cost	5,791	4,926	–	–
Procurement	274	1,206	–	–
Sales/disposals	–149	–265	–	–
Reclassification	15	–	–	–
Translation difference	–13	–76	–	–
Closing cost	5,918	5,791	–	–
Accumulated amortization				
Opening accumulated amortization	–1,609	–1,403	–	–
Sales/disposals	107	199	–	–
Amortization for the year	–448	–422	–	–
Translation difference	1	17	–	–
Closing accumulated amortization	–1,949	–1,609	–	–
Accumulated impairment				
Opening accumulated impairment	–14	–17	–	–
Sales/disposals	6	11	–	–
Impairment for the year	–11	–8	–	–
Closing accumulated impairment	–19	–14	–	–
Residual value according to plan	3,950	4,168	–	–

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

NOTE 14 Participations in Group companies (Parent Company)

SEK M	Parent Company		SEK M	Parent Company	
	2014-02-28	2013-02-28		2014-02-28	2013-02-28
Cost			Accumulated impairment		
Opening balance	2,357	2,176	Opening balance	404	404
Capital infusion	31	181	Impairment for the year	10	–
Closing balance	2,388	2,357	Closing balance	414	404
			Carrying amount	1,974	1,953

SEK M	Corporate registration number	Shareholders' equity	Number of shares	Profit/loss for the year	Value of ownership share (%)	Share capital	Carrying amount 28 Feb 2014
Nobina Fleet AB (Stockholm)	556031-1812	14	70,000	–1	100	7	37
<i>Subsidiaries of Nobina Fleet AB:</i>							
Nobina Fleet Danmark ApS (Glostrup)	31586429	0	1,250	–2	100	0	
Nobina Europe Holding AB (Stockholm)	556028-1122	329	300	–178	100	0	1,937
<i>Subsidiaries of Nobina Europe Holding AB:</i>							
Swedish commercial companies							
Nobina Europe AB (Stockholm)	556031-8569	291	160,000	102	100	16	
<i>Subsidiaries of Nobina Europe AB:</i>							
Nobina Busco AB (Stockholm)	556583-0527	5	1,000	6	100	0	
Swebus Express AB (Stockholm)	556358-3276	9	5,000	–3	100	5	
Nobina Sverige AB (Stockholm)	556057-0128	570	3,000	143	100	0	
<i>Subsidiaries of Nobina Sverige AB:</i>							
Nobina Spår AB (Stockholm)	556416-2419	1	1,000	0	100	0	
Foreign commercial subsidiaries							
Nobina Finland Oy Ab (Helsinki)	0505988-8	97	2,000	24	100	30	
<i>Subsidiaries of Nobina Finland Oy Ab:</i>							
Nobina Finland West Oy Ab (Helsinki)	2175179-4	3	2,600	0	100	0	
Nobina Finland South Oy Ab (Helsinki)	2175178-6	3	2,600	1	100	0	
Nobina Finland East Oy Ab (Helsinki)	2175186-6	0	2,600	0	100	0	
Nobina Norge AS (Oslo)	915768237	20	3,318	–53	100	36	
<i>Subsidiaries of Nobina Norge AS:</i>							
Nobina (Norway) AS (Oslo)	992097353	5	100	–21	100	0	
Nobina Danmark A/S (Copenhagen)	29513376	11	10,001	–20	100	1	
Dormant companies							
Karlstadsbuss AB (Stockholm)	556051-2039	31	3,000	0	100	3	
Saltsjöbuss AB (Stockholm)	556210-1500	1	2,500	0	100	0	
Total							1,974

Profit (loss) from participations in Group companies, SEK million	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Nobina Fleet AB Group contribution	18	8
Write-down of shareholder contribution made to Nobina Fleet AB	–10	–
Total	8	8

NOTES

NOTE 15 Receivables from Group companies

SEK M	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Cost				
Opening cost	–	–	444	400
Change for the year	–	–	–10	44
Closing cost	–	–	434	444

NOTE 16 Inventories

SEK M	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Spare parts	28	23	–	–
Fuel	25	21	–	–
Total	53	44	–	–

NOTE 17 Accounts receivable

SEK M	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Trade receivables	384	381	–	–
Provision for doubtful debts	–9	–12	–	–
Total	375	369	–	–

Accounts receivable aging analysis, SEK million	Accounts receivable 2014-02-28	Not due during reporting period	Fall due within <30 days after the due date	Fall due within 31–60 days after the due date	Fall due within 61–90 days after the due date	Fall due within 91–120 days after the due date	Fall due more than 120 days after the due date
Trade receivables	384	343	27	2	5	0	7

Accounts receivable aging analysis, SEK million	Accounts receivable 2013-02-28	Not due during reporting period	Fall due within <30 days after the due date	Fall due within 31–60 days after the due date	Fall due within 61–90 days after the due date	Fall due within 91–120 days after the due date	Fall due more than 120 days after the due date
Trade receivables	381	266	84	3	11	3	14

Provision for doubtful debts, SEK million	Group	
	2014-02-28	2013-02-28
Opening balance	–12	–6
Reversals for the year	8	–1
Loan losses	0	1
Provisions for the year	–5	–6
Total	–9	–12

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

NOTE 18 Prepaid expenses and accrued income

SEK M	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Accrued transport income	114	147	–	–
Other prepaid expenses	121	93	12	11
Total	235	240	12	11

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

NOTE 19 Cash and cash equivalents and restricted bank accounts

SEK M	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Cash and cash equivalents	309	137	1	48
Restricted bank accounts	156	175	52	56

The item cash and cash equivalents recognizes holdings in the company's checking accounts tied to the Group account, in which Nobina Europe AB is the account principal. Restricted bank accounts comprise deposits for bank guarantees and leasing contracts. Bank guarantees have been issued for such purposes as guarantees for Nobina Norge AS and Nobina Danmark's commitments pertaining to traffic contracts in Norway and Denmark, Nobina Sverige AB's and Swebus Express' commitments under the Swedish Transport Guarantee Act and Nobina Sverige AB's undertakings concerning electricity procurement. Nobina Norway also has restricted bank accounts for tax payments. Nobina AB's restricted bank accounts is deposits for leases.

NOTE 20 Changes in equity**SHARE CAPITAL**

According to the Articles of Association for Nobina AB, share capital must be at least SEK 100,000,000 and at most SEK 400,000,000. According to the Articles of Association, the number of shares in the company must be at least 250,000,000 and at most 1,000,000,000. The company's shares consists of ordinary shares, which entitle the holder to one vote per share. On 24 October 2012, the Board decided the following:

- To decrease the company's share capital by SEK 216,874,809.30 without cancellation of shares. The reduction amount will be used for allocation to a fund. The purpose of the decrease is to decrease the shares' quotient value.
- To carry out a new share issue, financed with non-cash consideration of SEK 180,203,414.40, which corresponds to 600,678,048 shares. The right to subscribe for shares was granted to the holders of the bond, which was issued by the subsidiary, Nobina Europe AB (publ).
- To carry out a private placement of SEK 2,101,529.40 (7,005,098 shares) granted to certain individuals who are employees or Board members of the Group and who are also shareholders.
- To increase the company's share capital by SEK 37,956,677.10 via a bond issue in order to restore share capital. The issue amount was added to share capital from the company's unrestricted equity. No new shares were given out in conjunction with the increase to share capital.

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

Reconciliation of number of shares 2013-02-28	Ordinary shares
Opening balance	24,928,139
Subscription for new shares via a non-cash issue	600,678,048
Subscription for new shares	7,005,098
Redemption of shares	–
Closing balance	632,611,285

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.

Profit/loss brought forward

Profit/loss brought forward, including profit/loss for the year, includes profits earned in the Parent Company and its subsidiaries.

Dividend

Dividends are proposed by the Board in accordance with the stipulations of the Swedish Companies Act and adopted by the Annual General Meeting. Dividends are recognized in the Parent Company as a reduction of non-restricted shareholders' equity until the date on which a payment is made to shareholders.

Revaluation of pensions/actuarial gains and losses

As of the 2013/2014 financial year, the Nobina Group has adapted its reporting to IFRS (IAS 19), such that the corridor method for defined-benefit pension plans has been abolished. Consequently, historical actuarial earnings have increased both prior reported pension obligations and equity.

CAPITAL MANAGEMENT

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

NOTES

NOTE 21 Earnings per share

	Group	
	2013-03-01 –2014-02-28	2012-03-01 –2013-02-28
Average number of ordinary shares during the period (000s)	632,611	238,033
Recognized profit/loss (SEK M)	56	60
Adjusted earnings (SEK M)	56	60
Earnings loss per share (SEK) after full dilution	0.09	0.25

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

NOTE 22 Provisions for pensions and similar commitments

	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Commitments and pension expenses				
Present value of pension commitments	147	157	5	4
Fair value of plan assets	-124	-138	-	-
Pension commitments after deductions for plan assets	23	19	-	-
Capitalized actuarial profits (+)/losses (-)	-	-1	-	-
Net provisions (+)/assets (-) for pension commitments	23	18	5	4
Of which recognized as provisions	28	30	5	4
Of which recognized as assets	5	12	-	-

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

SEK M	Group	
	2014-02-28	2013-02-28
Cost pertaining to services rendered during the current period	1	1
Interest expense	5	4
Expected return on plan assets	-6	-5
Actuarial losses (gains), net	11	-6
Social security contributions	-	2
Pension expenses, net	11	-4

Significant actuarial assumptions

The actuarial calculation of pension commitments and pension expenses is based on the following significant assumptions, stated as the weighted mean values for the various pension plans. As of the 2013/2014 financial year, the Nobina Group has adapted its reporting to IFRS (IAS 19), such that the corridor method for defined-benefit pension plans has been abolished. Consequently, historical actuarial earnings have increased both prior reported pension obligations and equity. The new accounting policies have also affected the restatement of opening balances as of 1 March 2012 by SEK 16 million.

For each country, the discount rate is based on the estimated discount rate on the yield of mortgage bonds. Sensitivity analysis: change in the discount rate +1%, impact on pension obligation is SEK -11 million; change in the discount rate -1%, impact on pension obligation SEK 13 million.

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

The expected average remaining term of service is estimated based on the employees' current age distribution and the expected employee turnover rate. Change in the average commitment of service by 1 year affects the

pension obligation by SEK 2 million and for a change of -1 year, the corresponding amount is SEK -2 million.

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

The Nobina Group's pension expenses amounted to SEK 210 (215) million, of which SEK 1 (3) million pertains to defined-benefit plans.

The key actuarial assumptions used in calculation of the pension liability were as follows:

	2014-02-28		2013-02-28	
	Sweden	Norway	Sweden	Norway
Discount rate	2.8 %	3.9 %	2.8 %	3.9 %
Expected rate of salary increases	3.0 %	3.5 %	3.0 %	3.5 %
Future rate of pension increases	1.5 %	3.3 %	1.2 %	3.2 %

Present value of pension commitments:

SEK M	Group	
	2014-02-28	2013-02-28
Opening balance	157	187
Benefits earned during the year	1	2
Interest expenses	5	4
Benefits paid	-18	-20
Actuarial gains (-)/losses (+)	9	-11
Exchange-rate differences	-7	-5
Total at year-end	147	157

NOTE 22 cont.

<i>Fair value of plan assets:</i> SEK M	Group	
	2014-02-28	2013-02-28
Opening balance	138	157
Expected return on plan assets	6	6
Funds contributed by employer	3	1
Funds paid	-14	-16
Actuarial gains(+)/losses(-)	-2	-5
Exchange-rate differences	-7	-5
Total at year-end	124	138

<i>Net assets/provisions for pension commitments</i> SEK M	Group	
	2014-02-28	2013-02-28
Opening balance	19	30
Benefits paid	-18	-20
Funds contributed by employer	-4	-
Funds paid	14	16
Actuarial losses/gains (net)	12	-7
Exchange-rate differences	-	-
Closing balance, net assets (-)/provisions (+) for pension commitments	23	19

<i>Actuarial net gains/losses:</i> SEK M	Group	
	2014-02-28	2013-02-28
Opening balance actuarial gains(+)/losses(-)	-1	-1
Actuarial gains(+)/losses(-), pension commitments	1	5
Actuarial gains(+)/losses(-), plan assets	-	-5
Opening balance actuarial gains(+)/losses(-)	0	-1

ALLOCATION OF PLAN ASSETS*Actual market value of plan assets on the balance sheet date:*

SEK M	Group			
	2014-02-28	%	2013-02-28	%
Interest-bearing securities, cash and cash equivalents	111	89	75	54
Shares and other investments	13	11	63	46
Total	124	100	138	100

<i>ALLOCATION OF PLAN ASSETS per segment, SEK million</i>	Group	
	2014-02-28	2013-02-28
Nobina Sweden	13	18
Nobina Denmark	-	-
Nobina Norway	111	120
Nobina Finland	-	-
Total plan assets	124	138

Future payments

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

<i>Future payments, SEK million</i>	Group				
	2014/15	2015/16	2016/17	2017/18	2018/19
Expected paid benefits	12	10	10	12	11

NOTES

NOTE 23 Other provisions

	Group	
	2014-02-28	2013-02-28
Other provisions, SEK M		
Provision for onerous contracts	1	8
Provision for damage to vehicles and third-parties	27	27
Provision for environmental commitments	10	10
Total	38	45

	Group	
	2014-02-28	2013-02-28
Provision for onerous contracts, SEK million		
Opening balance	8	29
Reversals for the year	-7	-21
Provisions for the year	-	-
Closing balance	1	8

	Group	
	2014-02-28	2013-02-28
Provision for damage to vehicles and third parties, SEK million		
Opening balance	27	22
Reversals for the year	-	-
Provisions for the year	-	5
Exchange difference	-	-
Closing balance	27	27

	Group	
	2014-02-28	2013-02-28
Provision for environmental commitments for leased land and facilities, SEK million		
Opening balance	10	10
Reversals for the year	-	-
Provisions for the year	-	-
Closing balance	10	10

NOTE 24 Borrowing – bond loans and other liabilities

	2014-02-28		2013-02-28	
	Bond loans	Financial leasing liabilities	Bond loans	Financial leasing liabilities
Maturity				
2013/14	-	-	-	727
2014/15	-	696	-	620
2015/16	-	721	-	643
2017/18	552	698	551	626
2018/19	-	378	-	-
Later	-	1,030	-	1,162
	552	3,523	551	3,778
Accrual of financial expenses	-27	-	-33	-
Total liability	525	3,523	518	3,778
Of which short-term amortized portion of the Group's financial leasing obligation	-	565	-	496
Of which long-term portion	525	2,958	518	3,282

Interest rate and currency composition of borrowings

Loan currency	Nominal amount	Amount in SEK million	Interest, weighted average
Corporated bonds, SEK		552	12.6
Financial lease liabilities, SEK	-	2,388	4.2
Financial lease liabilities, EUR	44	395	3.2
Financial lease liabilities, NOK	595	640	5.1
Financial lease liabilities, DKK	83	100	3.7
Total loan liability		4,075	5.3

Non-current liabilities consist of corporate bonds in Nobina Europe AB for nominal amounts of SEK 519 million and EUR 3.7 million, issued on 31 October 2012 in conjunction with refinancing a prior bond. The corporate bonds have

a fixed interest rate of 11.00 %, paid semi-annually (1 May and 1 November) and full payment of the liability is due on 31 October 2017. Nobina Europe has the option of repaying the corporate bond before that date, without incurring any additional charges. As of 28 February 2014, the total amount of outstanding corporate bonds in SEK was 551 million. Having issued these corporate bonds, Nobina Europe AB and its subsidiaries are obligated to fulfil a number of financial covenants. For example, because of these covenants, Nobina Europe AB and its subsidiaries have restrictions on their options to raise additional loans, enter into finance lease agreements or sale-and-leaseback agreements, make certain types of investments and divest assets. In addition, Nobina Europe AB and its subsidiaries have certain restrictions on issuing dividends. All of these covenants were fulfilled at 28 February 2014 and during the fiscal year. Costs associated with the raising of loan are expensed over the term of a loan, unless the loan is redeemed prematurely, in which case the capitalized cost is expensed in its entirety.

NOTE 25 Other non-current liabilities

SEK M	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Employee withholding taxes	88	66	2	1
Other current liabilities	67	87	3	2
Total	155	153	5	3

NOTE 26 Accrued expenses and deferred income

SEK M	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Deferred income	218	168	–	–
Accrued salaries	326	302	8	5
Other accrued personnel costs	146	163	8	7
Accrued interest expense	20	20	–	–
Other accrued expenses	185	166	3	4
Total	895	819	19	16

NOTE 27 Pledged assets and contingent liabilities

SEK M	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
<i>Pledged assets for bond loans</i>				
Pledged assets pertaining to shares/net assets in subsidiaries	1,078	784	–	–
Other pledged assets	378	518	–	–
Chattel mortgage	357	358	–	–
<i>Other pledged assets</i>				
Other pledged assets	–	–	147	121
<i>Contingent liabilities</i>				
Guarantee of lease obligations and other obligations	–	35	3,791	4,219
Total			3,938	4,340

In addition to pledged leasing guarantees, Nobina AB has also pledged a Parent Company guarantee for the purchase of diesel for Nobina Norge AS through UnoX, NOK 7 million, and for the fulfilment guarantees of NOK 140 million issued by Atradius for Norwegian and Danish public transport authorities. Nobina Sverige AB has pledged a loan against movable property of SEK 50 million as security for an overdraft facility at Danske Bank.

As security for Nobina Europe AB's issued bonds, Nobina Sverige AB, Nobina Finland Oy, Nobina Busco AB, Nobina Norge AS, Swebus Express AB, Nobina Danmark A/S and Nobina Spår AB have provided guarantees. In addition, the following assets have been pledged as security for the bonds.

- All shares in Nobina Sverige AB, Nobina Finland Oy, Nobina Busco AB, Nobina Norge AS, Swebus Express AB, Nobina Danmark A/S, Nobina Spår AB.
- Lien on assets in Nobina Sverige AB for an amount of SEK 100,000,000.
- Chattel mortgages in Nobina Finland Oy for a total amount of EUR 5,230,645 plus interest.
- Buses owned by Nobina Busco AB for a total value of SEK 7 million.
- Chattel mortgages in Nobina Busco AB branch office in Finland for a total amount of EUR 17,561,687 plus interest.
- Assets in Nobina Busco Norge (Norwegian branch office of Nobina Busco AB) for a total maximum amount of EUR 76,500,000.
- Assets in Nobina Norge AS for a total maximum amount of EUR 76,500,000.

NOTE 27 *cont.*

<i>In conjunction with issuing the corporate bond the following shares in subsidiaries have been pledged:</i>	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Shares in Nobina Sverige AB	570	528	–	–
Shares in Swebus Express AB	9	9	–	–
Shares in Nobina Finland Oy Ab	65	37	–	–
Shares in Nobina Busco AB	5	1	–	–
Shares in Nobina Norge AS	141	40	–	–
Shares in Nobina Danmark A/S	11	9	–	–
Shares in Nobina Spår AB	1	1	–	–
Shares in Nobina Europe AB	276	159	–	–
Total	1,078	784	–	–

NOTE 28 *Financial risks and risk management*

All risk management is handled centrally in accordance with a finance policy established by the Board of Directors. The Nobina Group uses derivative instruments as part of its financial risk management to limit currency, interest-rate and diesel-price exposure. At 28 February 2014, the company had outstanding derivative instruments through Nordpool. During the year, the company had outstanding derivative instruments in the form of price caps for electricity derivatives, but no diesel, interest rate or currency derivatives.

The Nobina Group is mainly exposed to the following financial risks:

- Liquidity risk
- Refinancing risk
- Currency risk
- Indexation
- Interest rate risk
- Credit and counterparty risk
- Raw materials 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. The Group is able to obtain accounts receivable financing of SEK 100 million and it also has an overdraft facility of SEK 50 million.

HEDGING POLICY

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

INTEREST RISK

Interest rate risk refers to the risk that fluctuations in market interest rates will negatively affect the Group's net interest income. The rate at which interest rate fluctuations affect net interest income depends on the fixed interest period of the loans. The Group is primarily exposed to interest rate risk through the company's financial and operating leases since the leasing fees are based on a variable market rate of interest. An increase in the variable interest rate by 1 percentage point would increase the Group's interest expense by approximately SEK 41 million before the effect of compensation through revenue indexation in the traffic contracts. Interest rate risk is, however, partially compensated by the inflation component of revenue indexation in the traffic contracts, and there is also an interest component in the index basket of some traffic contracts. The Group's bond loan runs with fixed coupon interest and thereby entails no interest rate risk.

Refinancing risk

The Group is exposed to refinancing risk, since Nobina Europe's existing bond loan of SEK 551 million falls due on 1 November 2017.

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 customer base with high credit ratings, primarily comprising municipal and county council-owned public transport authorities. Provisions have been made for accounts receivable deemed to be doubtful and this has had an impact on operating profit/loss.

CURRENCY RISK

Currency exposure arises in connection with payment flows in foreign currency (transaction exposure) and with the translation of foreign subsidiaries' income statements and balance sheets to SEK (translation exposure). The Group's finance policy states that currency exposures can be hedged.

Transaction exposure – After the bond was refinanced on 31 October 2012 the remainder of the bond loan was EUR 3.7 million, which carries with it a limited currency risk. A weakening of the SEK by 10 % against EUR would increase the Group's interest expense by SEK 375,000 million per year. It would also affect income because the nominal amount in SEK would increase by almost SEK 4 million, which would be recognized as an unrealized foreign exchange loss until actual repayment of the euro tranche occurs.

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

Translation exposure – Nobina AB's and Nobina Europe AB's currency exposure on translation of foreign subsidiaries is normally not hedged.

RAW MATERIAL RISK

The Group is exposed to fluctuations in the prices of raw materials through its purchases of diesel. The raw material price accounts for barely half of the total diesel price and the remainder pertains to taxes, transports and refinement. Through revenue indices in its contracts with public transport authorities in regional traffic, the Group is partly compensated for fluctuations in diesel prices. According to internal calculations, this index compensation reduces exposure to diesel price fluctuations by 92 %. The company had no outstanding diesel derivatives as of 28 February 2014.

INDEXATION RISK

Since the contractual agreements require cost compensation in accordance with agreed indexes (including inflation) that do not quite follow cost trends in the industry, full compensation for cost increases is not received, since the industry's costs are rising faster than the compensation received via indexation from public transport authorities.

NOTE 29 Financial instruments

Group Financial assets, SEK million	Carrying amount	
	2014-02-28	2013-02-28
Loan and accounts receivable		
Non-current receivables	–	1
Trade receivables	375	369
Other receivables	74	81
Restricted cash and cash equivalents	156	175
Cash and cash equivalents	309	137
<i>Financial assets measured at fair value through profit and loss</i>	–	–
Total Group	914	763

Group Financial liabilities, SEK million	Carrying amount	
	2014-02-28	2013-02-28
<i>Other financial liabilities</i>		
Interest-bearing liabilities, loans	4,074	4,329
Accounts payable	470	465
Other liabilities	155	153
<i>Financial liabilities measured at fair value through profit and loss</i>	–	–
Total Group	4,699	4,947

Parent Company Financial assets, SEK million	Carrying amount	
	2014-02-28	2013-02-28
Loan and accounts receivable		
Receivables from Group companies, interest-bearing	616	583
Other receivables	–	2
Restricted cash and cash equivalents	52	56
Cash and cash equivalents	1	48
<i>Financial assets measured at fair value through profit and loss</i>	–	–
Total Group	669	689

Parent Company Financial liabilities, SEK million	Carrying amount	
	2014-02-28	2013-02-28
<i>Other financial liabilities</i>		
Liabilities to Group companies, interest-bearing	28	109
Accounts payable	16	14
Other liabilities	5	3
<i>Financial liabilities measured at fair value through profit and loss</i>	–	–
Total Group	49	126

FAIR VALUE

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

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

Nobina Europe AB has bond loans for nominal amounts of SEK 519 million and EUR 3.7 million, which are listed on Nasdaq OMX. The fair value is estima-

ted to be the same as the nominal value of the bonds. The bond has been frequently traded during the second half of the year and the price has risen to around 101.5 % of the face value. Premium refers to investors' valuation of the bond given an interest coupon of 11 %. However, it does not affect Nobina Europe's obligations to repay the nominal amount. Interest on the financial leasing liability is calculated on variable interest rates with an unchanged credit margin, which means that the recognized value of the liability corresponds to the fair value.

NOTE 30 *Related party transactions*

Funds managed by Bluebay Asset Management, Avenue Capital, Sothic Capital and Invesco, participated along with other investors in the refinancing of Nobina Europe's bond loan during the 2012/2013 financial year, which resulted in new bonds in Nobina Europe AB for nominal amounts of SEK 519 million and EUR 3.7 million. In conjunction with that, the new bond investors took over ownership of 95 % of the shares in Nobina AB in exchange for old bonds for a nominal value of SEK 180 million.

During the financial year, Bluebay Asset Management sold all shares and the largest shareholders after that are Sothic Capital, Invesco, Anchorage Capital, Avenue Capital and Blue Mountain Capital. Bonds have also been sold widely and consequently, joint ownership between bonds and stocks has decreased to an estimated 30 %.

The Board member appointed by Bluebay has resigned from the Board. A member of Nobina AB's Board was nominated by Sothic Capital and a member nominated by Anchorage Capital was elected to the Board at an extraordinary general meeting on 4 March 2014, i.e. after the end of the financial year.

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 the basis of cost price plus profit supplement, with a 3–5 % margin.

	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Related party transactions				
Sales of services to intra-Group companies	–	–	183	160
Purchase of services from intra-Group companies	–	–	–7	–2
Personnel costs				
Board of Directors	–1	–3	–1	–3
Senior executives	–32	–32	–17	–15
Pension expenses	–6	–8	–3	–3
Social security contributions	–10	–11	–5	–5
Total related party transaction	–49	–54	–26	–26
Profit from participations in intra-Group companies	–	–	18	8
Interest income from intra-Group companies	–	–	59	66
Interest expenses to intra-Group companies	–	–	–28	–4
Interest expenses to bond-holders	–69	–80	–	–

	Group		Parent Company	
	2014-02-28	2013-02-28	2014-02-28	2013-02-28
Related party transactions				
Receivables from intra-Group companies	–	–	616	583
Liabilities to intra-Group companies	–	–	–28	–109
Pension provision CEO	–5	–4	–5	–4
Bond loans	–552	–551	–	–

NOTE 31 *Exchange rates*

	Genomsnitt		Balansdag	
	2013-02-29 –2014-02-28	2012-02-29 –2013-02-28	2014-02-28	2013-02-28
Exchange rates				
EUR	8.698	8.666	8.901	8.455
NOK	1.093	1.164	1.076	1.129
DKK	1.166	1.164	1.193	1.135

NOTE 32 *Subsequent events*

At an extraordinary general meeting on 4 March 2014 a new member nominated by Anchorage Capital was elected to the Board.

STOCKHOLM, 24 APRIL 2014

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

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

The Annual General Meeting on 28 May 2014 will resolve on the adoption of the Parent Company's and the Group's income statements and balance sheets.

Jan Sjöqvist
Chairman of the Board

John Allkins
Board member

Birgitta Kantola
Board member

Graham Oldroyd
Board member

Gunnar Reitan
Board member

Ragnar Norbäck
President

Our auditors' report was issued on 29 April 2014.

Ernst & Young AB

Erik Åström
Authorized Public Accountant

AUDITOR'S REPORT

To the annual meeting of the shareholders of Nobina AB, corporate identity number 556576-4569.

Report on the annual report and consolidated financial statements

We have audited the annual accounts and consolidated accounts of Nobina AB for the financial year 2013-03-01–2014-02-28 on pages 58–101.

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

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 28 February 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 28 February 2014 and of their financial performance and cash flows for the year then ended in accordance with

International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Nobina AB for the financial year 2013-03-01–2014-02-28.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

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

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

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

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

Opinions

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

Stockholm 29 April 2014

Ernst & Young AB

Erik Åström
Authorized Public Accountant

GLOSSARY

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

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

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 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 gross cost 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 weigh-

ted and predetermined indexes intended to represent important cost elements for the traffic companies, such as salaries, fuel and maintenance, and which occurs at predetermined intervals.

Interregional traffic – Nobina's definition of transport services conducted completely on the initiative of a traffic company without restrictions or subsidies from authorities.

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

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

Customers – Passengers that use Nobina's services regardless of whether they pay for the trip themselves or via a public transport authority.

Local transport – Transport in connection with densely populated areas.

Net contract – A contract in which the client compensates the traffic company on the basis of ticket revenues and subsidies from a given production volume determined in advance. Compensation to the traffic company is thus based on demand, while the client controls the offering.

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

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

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

City transport – Transport in a densely populated area.

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

Public transport authority reform – In conjunction with the public transport authority reform in the 1980s, the government took over the right to allocate conces-

sions 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 contracts are tendered in accordance with the Public Tendering 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 gross, incentive or net agreement, or an agreement that renders payment per passenger.

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.

DEFINITIONS

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

EBIT – Operating profit before net financial items and taxes.

EBITDA – Operating profit before depreciation and amortization.

EBITDAR – Operating profit before net financial items, tax, deprecia-

tion and amortization, earnings from sale of fixed assets and operating leasing expenses for buses.

EBT – Income before tax.

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

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

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

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

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

Yield – Revenue per driven kilometre.

ANNUAL GENERAL MEETING OF NOBINA AB

The shareholders of Nobina AB are hereby invited to the annual general meeting Wednesday 28 May 2014, 2 p.m. at the company's offices at Armégatan 38, Solna, Sweden.

Entitlement to participate in the annual general meeting

Shareholders who wish to participate in the Annual General Meeting must be registered in the shareholders' register maintained by Euroclear Sweden AB on Thursday 22 May 2014.

Shareholders are also asked to notify Nobina of their intention to attend:

By email to: martin.pagrotsky@nobina.com,

or by regular mail to: Nobina AB, Armégatan 38, 171 71 Solna Sweden

no later than 22 May 2014, before 4 p.m.

When registering, please provide the shareholder's name, address, telephone number (daytime), personal ID or corporate registration number, number of shares held and any attending agents or assistants.

Financial information 2014/2015

Annual general meeting 28 May 2014

Interim report, Quarter 1 (1 March – 31 May) 26 June 2014

Interim report, Quarter 2 (1 June – 31 Aug) 30 Sept 2014

Interim report, Quarter 3 (1 Sept – 30 Nov) 23 Dec 2014

Year-end report 2014/2015 24 April 2015

Investor relations

Ingrid Håkanson, Investor Relations Manager

Tel: +46 701 87 10 72

ingrid.hakanson@nobina.com

Per Skärgård, CFO

Tel: +46 8 410 650 56

per.skargard@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/sv/nobina/investor-relations.





Our role is to:

HELP MAKE SOCIETY MORE MOBILE

Our offering to customers:

SIMPLIFY EVERYDAY TRAVEL

We deliver that by:

BEING FRIENDLY, CREATING SIMPLE SOLUTIONS, BEING AFFORDABLE

ADDRESSES

Nobina AB
Armégatan 38
SE-171 71 SOLNA

Nobina Europe Holding AB
Armégatan 38
SE-171 71 SOLNA

Nobina Europe AB
Armégatan 38
SE-171 71 SOLNA

Nobina Sverige AB
Armégatan 38
SE-171 71 SOLNA

Nobina Danmark A/S
Malervangen 9
DK-2600 GLOSTRUP

Nobina Norge AS
Schweigaardsgate 14
N-0185 OSLO

Nobina Finland Oy Ab
Klovinpellontie 5
FIN-02180 ESPOO

Swebus Express AB
Armégatan 38
SE-171 71 SOLNA

Nobina Fleet AB
Armégatan 38
SE-171 71 SOLNA