

Active management has yielded results

SEK 2.6 billion
IN NEWLY SECURED
CONTRACT VALUE

104

COVID-19 TESTING
STATIONS SET UP
BY SAMTRANS

The corona pandemic continues to affect Nobina's markets with lower travel volumes as a result, although a continued recovery has been noted. As previously announced Nobina was able to improve earnings during the second quarter compared with the same period last year through increased cost controls, efficiencies, rapid adjustment and also retroactive revenues of SEK 27 million. The retroactive revenues are driven by the company reaching agreement with a number of PTA's on the effects of the pandemic on incentive revenue contracts. In addition, the subsidiary Samtrans Omsorgsresor has adjusted its operating model to be able to meet societies need for mobile test stations for Covid-19. Finally, positive effects from contract migration in Norway and Finland also contributed to the overall improvement in earnings.

The second quarter

- Net sales amounted to **SEK 2,564 million** (2,528), an increase of **1.4 percent** compared to the prior-year quarter, of which +3.4 percent was organic growth offset by –2.0 percent of currency effects.
- EBITA amounted to **SEK 190 million** (162).
- EBIT amounted to **SEK 175 million** (156).
- Profit after tax amounted to **SEK 114 million** (81), and earnings per share totalled **SEK 1.29** (0.92) before dilution.
- Cash flow from operations was **SEK 483 million** (472).

The first half of the year

- Net sales amounted to **SEK 5,073 million** (5,277), a decrease of **3.9 percent**, of which –2.6 percent was organic growth and –1.3 percent derived from currency effects.
- EBITA amounted to **SEK 279 million** (330).
- EBIT amounted to **SEK 245 million** (308).
- Profit before tax amounted to **SEK 169 million** (198).
- Profit after tax amounted to **SEK 135 million** (157), and earnings per share totalled **SEK 1.53** (1.78) before dilution.
- Cash flow from operations was **SEK 1,051 million** (803).

Significant events during the second quarter

- In the quarter, Nobina started new traffic with a total of 268 buses in Linköping, Sjuhärad, Halland and Vejle due to the contacts secured in spring 2019.
- Nobina secured a new contract, valued at appr. EUR 127 million, from HSL to operate and develop city transport services in Helsinki and Vantaa. The contract extends for a total of seven years with an option to extend for three additional years and involves a total of 68 scheduled buses, of which 58 will operate solely on electricity. Services are scheduled to start in August 2021.
- Nobina has been awarded³⁾ a contract by Östgötatrafiken to operate and develop express and regional transport services in Linköping. The contract entails extended collaboration with Östgötatrafiken and is valued at approximately SEK 1.1 billion over 11 years. The services will be launched in December 2021 and involve a total of 49 buses, of which 30 are new double-deckers.
- In August, Nobina was awarded its third contract in a short period of time in Region Norrbotten, when Länstrafiken i Norrbotten entrusted Nobina with developing local transport in Piteå Municipality as well as local coach hire for schools. The contract involves 13 scheduled buses and has a total value of SEK 150 million over the contract period of ten years.

Significant events after the end of the quarter

- The City of Turku has awarded a new contract to Nobina to operate and develop city transport services in the Turku region. The contract is worth more than EUR 71 million over eight years, with an option for two additional years and includes 42 fully electric buses. Traffic is scheduled to start in July 2021.

Key metrics

(SEK million, except as otherwise indicated)	Quarter		Period		Full year	Rolling 12 months	
	Jun–Aug 2020	Jun–Aug 2019	Mar–Aug 2020	Mar–Aug 2019	Mar 2019–Feb 2020	Sep 2019–Aug 2020	
Net sales	2,564	2,528	5,073	5,277	10,645	10,441	
EBITDA	481	438	847	869	1,764	1,742	
EBITA	190	162	279	330	662	611	
EBIT	175	156	245	308	597	534	
EBT	138	101	169	198	399	370	
Adjusted EBT ¹⁾	153	107	203	220	464	447	
Adjusted EBT margin	6.0%	4.2%	4.0%	4.2%	4.4%	4.3%	
Profit after tax	114	81	135	157	305	283	
Cash flow for the period ²⁾	86	–536	491	–606	–753	344	
					31 Aug 2020	31 Aug 2019	29 Feb 2020
Net debt/EBITDA					3.2x	3.1x	3.1x
Net debt/EBITDA, excluding bus financing					0.2x	0.3x	0.5x
Equity/assets ratio, %					14.9	13.6	14.7

A complete table of key metrics, including definitions, can be found on pages 24–25.

1) Adjusted for income, costs and amortisations related to acquisition accounting effects.

2) Cash flow for the quarter was positively impacted by the non-payment of a dividend and less bus investments compared with the corresponding period previous year.

3) The award is under appeal and pending decision.

Statement from the CEO



The second quarter of the fiscal year was again clearly marked by the coronavirus pandemic. The authorities kept recommending people to avoid travel by public transport as much as possible, while expecting traffic volumes to remain at least at previous levels: people who must travel should be able to do so as safely as possible from a contagion perspective. This situation naturally impacts revenue for public transport authorities, and state subsidies offered to mitigate the financial impact still differ significantly between the Nordic countries. Nobina is adjusting to the current, exceptional circumstances while continuing its long-term planning and investment in an expanding, fossil-free critical public transport market.

Strong commitment

Despite the pandemic, we noted a positive financial development in our operations during the second quarter. Year-on-year, sales rose marginally and adjusted profit before tax rose to SEK 153 million (107). The renegotiation of incentive agreements mainly contributed to the improved profitability, but contributions also came from increased cost control, efficiencies, contract migration in Norway and Finland and finally from the effects of the adjustment of operations that our subsidiary Samtrans was able to implement.

I am particularly proud of the strong commitment within the organisation to solve the challenges in the wake of the pandemic, and this enabled us to deliver 99.97 percent of our traffic services. The use of steering groups at various levels and decisions based on real-time analysis of passenger flows were some key success factors. Through close dialogue with clients and authorities, we were able to modify timetables, expand traffic whenever necessary and create an understanding among the general public and the business community of the measures needed, for example, to avoid crowding. Moreover, we are happy that our employees currently are as healthy as before the pandemic, in all parts of the company. The fact that we are always ready to do our job enhances our efficiency, and thereby profitability.

“Nobina should be an appealing choice when there is an urgent need for a provider of creative mobile infrastructure solutions”

Important redeployment

Let me return to the important role played by Samtrans during the pandemic. Our subsidiary within special needs transportation in the Stockholm region currently runs 104 mobile test stations throughout the country. At the peak of the crisis last spring, Samtrans also acted as an extra transport resource when transferring infected patients between the home and hospital. Samtrans' swift redeployment of parts of its operations demonstrates the flexibility of our organisation, and was widely appreciated by the community. This infrastructure will help society gain control of the spread of the virus and allows people to get tested in an easy and accessible manner. We believe the use of mobile units for a range of public services may increase in the future. With the Nordic region's largest bus fleet and operations in many regions, Nobina should be an appealing choice when there is an urgent need for a provider of creative mobile infrastructure solutions.

Properly equipped

Travel in society has begun to recover, partly due to the return to school and as more people choose to return to their workplaces. But we are still far from the situation before Covid-19, and we expect a return to normality will take some time, based on the restrictions and recommendations that the authorities still have in place.

The pandemic also meant that several tenders were postponed, including contracts in Stockholm and Skåne, where allocation decisions are now expected this autumn. During the second quarter, we secured new contracts in Sweden and Finland with a total contract value of SEK 2.6 billion. I am pleased to note our new progress in Finland, in Helsinki where we are already market leader but also in Turku, a new region for us with excellent growth opportunities. The two contracts awarded in the country will also help us advance our position in electric power and have made us the largest electric bus operator in the Finnish market. No new contracts were won in Denmark or Norway, though the positive performance in Norway has continued, resulting in a sharp improvement in earnings. This was an effect of continuous improvements and a more favourable contract mix.

The pandemic will continue to make its presence felt in our markets and in our business during the coming quarters, but in recent months we have shown that we are properly equipped to emerge successfully from this situation. The swift transition of our operations, with a clear governance structure in all areas, enabled us to offer our passengers efficient and safe services when it was most needed. We have developed new services and business models that demonstrate that, as a large public transport company possessing a high degree of flexibility and adaptability, we can serve as a critical resource in challenging times.

The recent stable and successful development of the business has, of course, further strengthened the company's financial position. This gives us even better space to quickly and flexibly be able to act in a market where the good long-term growth conditions remain – not least important from a sustainability perspective – and thus be able to continue to create value for all our stakeholders.

Magnus Rosén,
President and CEO

Nobina's financial performance

Second quarter (1 June–31 August 2020) and first half of the year (1 March–31 August 2020)

Net sales

The second quarter

Nobina's second-quarter net sales amounted to SEK 2,564 million (2,528), up 1.4 percent compared with the prior year period. Adjusted for currency effects, net sales increased 3.4 percent. The net sales development was largely due to the strong performance of Samtrans and retroactive¹⁾ compensation in incentive revenue linked to Covid-19.

The first half of the year

Nobina's net sales for the first half of the year amounted to SEK 5,073 million (5,277), a decrease of 3.9 percent compared with the prior year period. Adjusted for currency effects, the decrease was 2.6 percent. The decrease is primarily because of negative contract migration and lower revenue resulting from the decline in travel due to Covid-19.

Results

The second quarter

EBITA for the second quarter amounted to SEK 190 million (162), an increase of 17.3 percent, largely attributable to the performance of Samtrans, improved cost control and retroactive negotiated revenue. Contract migration had a negative impact on the quarter. EBIT for the

second quarter amounted to SEK 175 million (156), an increase of 12.2 percent. Profit before tax amounted to SEK 138 million (101). Adjusted profit before tax totalled SEK 153 million (107).

The first half of the year

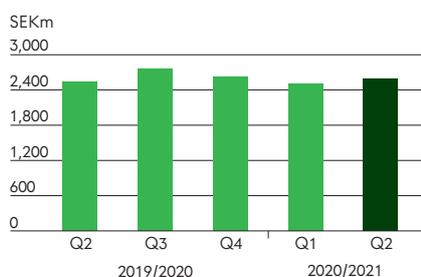
EBITA for the first half of the year amounted to SEK 279 million (330), a decrease of 15.5 percent. The decrease is a result of the decline in travel linked to Covid-19, and negative contract migration. EBIT for the first half of the year amounted to SEK 245 million (308), a decrease of 20.4 percent. Profit before tax amounted to SEK 169 million (198). Adjusted profit before tax totalled SEK 203 million (220).

Income tax

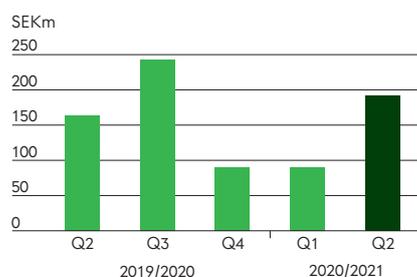
Nobina's income tax in the income statement for the second quarter comprised current tax of SEK –1 million (–1) and the change in estimated deferred tax of SEK –23 million (–19). The effective rate of tax was 17.4 percent (19.8). Tax paid in the second quarter amounted to SEK 0 million (2). Nobina's income tax for the first half of the year comprised current tax of SEK –4 million (–2) and a change in estimated deferred tax of SEK –30 million (–39). The effective rate of tax was 20.1 percent (20.7). Tax paid in the first half of the year amounted to SEK 4 million (2).

¹⁾ Nobina usually accounts for incentive contracts, even in the pandemic, based on the provisions of the contract in force at the time and will only accrue revenue based upon passengers recorded as travelling. When PTA's come to an agreement on alternative measures for the contracts this is normally retroactive and Nobina will identify where possible the retroactive element of revenue.

Net sales



EBITA



Adjustments and adaptation during a pandemic

Even in the midst of a pandemic, public transport has a central role in keeping society functioning. To address these challenges in the best possible manner, Nobina set up a task force back in February comprising experts from different parts of the company. This group has monitored developments on a daily basis in the macro environment and advice from expert bodies, with the aim of drawing up clear guidelines for operations. Nobina's Head of Security Peter Boström chairs the task force and summarises work to date.

"We continued to provide a critical service during the time when large parts of society stayed at home, and helped those people who had to travel to do so safely and sustainably. We provided a very high delivery volume and were also prepared to quickly make any changes needed to traffic and other services.

One key factor in successfully achieving this was Nobina's technology to monitor travel in real time,

which enabled us to analyse various travel patterns and then use the information to adapt and change bus services. Bram Lauwers, who is responsible for the company's operational steering group, has seen the direct result of the analyses.

"We found normality in an abnormal situation, reorganised and adapted. During the pandemic, we have noted that peak occur at completely new times during the day from what we are used to. To avoid crowding, we have changed the timetable, put extra buses into service at short notice, and also offered advice, for example, in relation to changes to the return to school or other modifications to external activities.

Work by the task force, the real-time analyses and other initiatives by Nobina during this exceptional time have made the company an even more relevant partner for clients and authorities. Peter Boström:



"By working together to stay informed, we can make proper decisions based on facts. We have demonstrated that we are alert and innovative, systematic and dynamic. We have also continued to build on new operations, such as the logistics resource for mobile testing stations initiated by our subsidiary Samtrans in Stockholm and that we are now expanding to other regions.

Financial position

Cash and cash equivalents amounted to SEK 786 million (460) at the end of the period. Nobina has an available bank credit facility of SEK 300 million (300) as of 31 August 2020. Nobina's interest-bearing liabilities amounted to SEK 6,302 million (5,835), mainly divided between right-of-use liabilities of SEK 2,975 million (3,198) and other external liabilities, mainly loans for bus financing, of SEK 3,327 million (2,637). The bus financing includes also Nobina's green bond of SEK 500 million (500), which was launched in February 2019. Nobina's liabilities are primarily attributable to the financing of investments in buses and equipment used in operations, but also include certain strategic debt in the form of two loans related to acquisition financing amounting to SEK 428 million (283), which replaced a previous bridge loan, see Note 1. Nobina has pledged shares in Samtrans Omsorgsresor AB and Nobina Danmark Holding AS as collateral for the two acquisition loans, see Note 2. Net debt totalled SEK 5,516 million (5,375) at the end of the period, and net debt/EBITDA was 3.2x (3.1x). Shareholders' equity totalled SEK 1,491 million (1,303). The equity/assets ratio at the end of the period was 14.9 percent (13.6).

Investments and divestments**The second quarter**

Bus investments in the second quarter amounted to SEK 313 million (1,164) and other investments were SEK 19 million (-). Nobina signed right-of-use agreements of SEK -27 million (-525) and new loans of SEK -253 million (-224). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK 52 million (415). Nobina sold buses and other PPE for a value of SEK 2 million (16).

The first half of the year

Bus investments in the first half of the year amounted to SEK 956 million (1,815) and other investments were SEK 38 million (9). Nobina signed finance leases of SEK -27 million (-528) and new loans of SEK -825 million (-813). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK 142 million (483) and consisted primarily of investments in loan-financed buses. Nobina sold buses and other PPE for a value of SEK 7 million (20). The sale generated a capital loss of SEK -1 million (0).

Cash flow**The second quarter**

Cash flow from operations before changes in working capital amounted to SEK 485 million (421). The change in working capital amounted to SEK -2 million (53) and was primarily related to various timing effects.

Cash flow from investing activities amounted to SEK -350 million (-623) and included an additional consideration of SEK -47 million related to the Samtrans acquisition and investments in buses and equipment, which were financed by loans amounting to SEK 253 million (224). The previous year's cash flow from investing activities for the second quarter was weighed down by bus investments of SEK -300 million financed by the green bond which had been issued in the fourth quarter of 2018-2019.

Cash flow from financing activities amounted to SEK -47 million (-385), which was impacted by the decision not to pay a dividend, which amounted to SEK -331 million in the preceding year. Total cash flow for the quarter was SEK 86 million (-536).

The first half of the year

Cash flow from operations before changes in working capital amounted to SEK 848 million (855). Working capital changes amounted to SEK 207 million (-50) and reflected the impact of postponed final settlements pertaining to incentive contracts due to Covid-19 and increased accounts payables in the fleet organization due to new financing method.

Cash flow from investing activities amounted to SEK -1,007 million (-1,282) and was impacted by an additional consideration of SEK -47 million related to the Samtrans acquisition and investments in buses and equipment of SEK -967 million (-1,296), which were financed by loans amounting to SEK 1,025 million (813) which also included the proceeds of SEK 200 million from the financing of previous acquisitions. The cash flow from investing activities during the first half of 2019 was impacted by the refinancing, with loans, of buses which were previously lease-financed, corresponding to SEK 753 million in both investments and new loans. No similar refinancing has been carried out during the first half of 2020. Cash flow during the first half of last year was also affected by bus investments of SEK -338 million financed by proceeds from the green bond which had been issued in the fourth quarter of 2018-2019.

Cash flow from financing activities amounted to SEK 447 million (-127) which was affected by the decision not to pay a dividend, which amounted to SEK -331 million in the preceding year. Total cash flow for the first half of the year was SEK 491 million (-606).

Cash flow effect relating to Investments

	Quarter		Period		Full year
	Jun-Aug 2020	Jun-Aug 2019	Mar-Aug 2020	Mar-Aug 2019	Mar 2019-Feb 2020
Investments in new buses	-313	-1,164	-956	-1,815	-2,353
Other investments	-19	-	-38	-9	-79
Total investments	-332	-1,164	-994	-1,824	-2,432
Lease-financed investments	27	525	27	528	905
Non-lease-financed investments	-305	-639	-967	-1,296	-1,527
Of which loan-financed investments	253	224	825	813	860
Total cash investments¹⁾	-52	-415	-142	-483	-667

1) The investment table includes investments in buses and other equipment but excludes acquisition financing.

Results analysis, year to date

Management's assessment of explanatory items regarding net sales and adjusted EBT.

(SEK million)	Net sales	Adj. EBT	Comments on the outcome
Period March–August 2019	5,277	220	
Price and Volume	–92	–46	The estimated effects of price and volume were negative in terms of net sales and adjusted EBT. The decrease in travel volume resulting from the Covid-19 pandemic had a negative impact on revenue. Samtrans had a positive impact on both revenue and earnings.
Contract migration	–128	–31	Contract migrations were extensive and impacted the results negatively, primarily in Sweden. Positive impact of migration in Norway and Finland.
Indexation and operational efficiency	16	36	Operational efficiency improved year-on-year, partly due to lower fuel and damage costs as well as overtime.
Other		–10	This item includes other cost deviations, primarily within central functions, and includes results from the fleet operations.
Net financial items		34	Profit for the year was positively affected by currency effects.
Period March–August 2020	5,073	203	

Result analysis for net sales and earnings

The results analysis above explains accumulated results from the preceding year to the current year, related to net sales and adjusted EBT.

Price and volume show the effects of changes in existing traffic contracts relating to prices of performed transport as well as changed transport volumes. This explanatory item includes all active traffic contracts carried out by Nobina during both the preceding and current period.

Contract migration shows the effect of changes in the contract portfolio. A started traffic contract entails increased sales, and often an initial adverse impact on earnings due to start-up costs and lower initial efficiency. A concluded traffic contract results in lower sales and loss of the contract's contribution to earnings.

Indexation shows the impact of indexation on net sales compared with underlying cost inflation as regards pay, fuel, consumables, etc., in existing contracts. This item can also include effects of ex post adjustment of index revenues, with different lag times depending on the structure of the traffic contracts.

Operational efficiency shows the effect on earnings of changes in efficiency in the operations in the form of personnel expenses, maintenance, damage, etc.

Other includes property expenses, marketing and sales costs, other administrative expenses as well as results from fleet operations which includes the effect of sales of buses on earnings.

Net financial items include the effect on earnings of interest payments, exchange rates and other financial items.

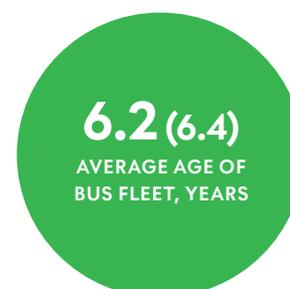
Age structure second quarter



The duration of contracts varies between countries, and was on average (weighted by the number of buses) 7.6 years.



The average age of contracts (weighted by the number of buses) was 4.7 years.



Nobina's bus fleet had an average age of 6.2 years.

Segments

Net sales by segment (SEK million)	Quarter		Period		Full year	Rolling 12 months
	Jun–Aug 2020	Jun–Aug 2019	Mar–Aug 2020	Mar–Aug 2019	Mar 2019–Feb 2020	Sep 2019–Aug 2020
Nobina Sweden	1,729	1,638	3,414	3,591	7,275	7,098
Production contracts	1,164	1,108	2,284	2,424	4,821	
Incentive contracts	495	491	988	1,107	2,343	
Other revenue	70	39	142	60	111	
Nobina Denmark	224	243	465	474	974	965
Production contracts	219	243	446	459	876	
Incentive contracts	2	–	4	1	3	
Other revenue	3	–	15	14	95	
Nobina Norway	320	354	583	602	1,178	1,159
Production contracts	246	315	498	558	1,120	
Incentive contracts	–	1	1	2	2	
Other revenue	74	38	84	42	56	
Nobina Finland	292	299	619	621	1,249	1,247
Production contracts	304	290	608	605	1,219	
Incentive contracts	5	5	8	10	19	
Other revenue	–17	4	3	6	11	
Group	2,565	2,534	5,081	5,288	10,676	10,469
Production contracts	1,933	1,956	3,836	4,046	8,036	
Incentive contracts	502	497	1,001	1,120	2,367	
Other revenue	130	81	244	122	273	
Central functions and other items	–	1	–	2	–16	–18
Elimination of sales within the Group	–1	–7	–8	–13	–15	–10
Total net sales	2,564	2,528	5,073	5,277	10,645	10,441

EBITA per segment (SEK million)	Quarter		Period		Full year	Rolling 12 months
	Jun–Aug 2020	Jun–Aug 2019	Mar–Aug 2020	Mar–Aug 2019	Mar 2019–Feb 2020	Sep 2019–Aug 2020
Nobina Sweden	150	121	224	300	635	559
Nobina Denmark	–4	21	6	30	54	30
Nobina Norway	40	23	53	14	43	82
Nobina Finland	24	15	45	27	48	66
Central functions and other items	–20	–18	–49	–41	–118	–126
Total EBITA	190	162	279	330	662	611

Summary

Nobina's second quarter reported higher sales and higher operating profit compared with the prior year period. Sales were positively impacted by the strong performance of Samtrans. The negative impact of Covid-19 led to a decrease in incentive revenue, which was offset by retroactive negotiated revenue for the quarter. Excluding adjustment for currency effects, sales increased 3.4 percent. EBITA increased year-on-year, which is attributable to the performance of Samtrans and greater efficiency and cost control. Profit was adversely impacted by contract migration. The negative impact of Covid-19, with the decline in travel and thereby lower incentive revenue, was offset during the quarter by retroactive remuneration linked to Covid-19. Negotiations with a limited number of clients concerning ways to adapt the incentive contracts in light of the drop in travel are proceeding in the third quarter. Positive effects from contract migration in Norway and Finland contributed to the overall improvement in earnings in the quarter.

Sweden

Nobina Sweden's net sales for the second quarter of the year increased compared with the prior year period primarily due to the positive performance of Samtrans. The negative impact of Covid-19 resulted in a decrease in incentive revenue, which was offset by retroactive negotiated revenue. EBITA increased for the quarter, mainly driven by the positive performance of Samtrans and greater cost control, while contract migration had an adverse effect on earnings. The negative earnings impact linked to the decline in travel due to Covid-19 was offset for the quarter by a retroactive negotiated payment. Negotiations are still ongoing with a few of the PTA's concerning how incentive contracts can be modified in view of the lower passenger volumes.

Denmark

Nobina Denmark's net sales for the second quarter decreased year-on-year driven by the adverse impact of contract migration and the lack of extra traffic during the summer months due to Covid-19. EBITA was lower than the prior year period, driven by contract migration and less extra traffic.

Norway

Nobina Norway's sales for the second quarter were lower than in the prior year period, which was attributable to negative currency effects. EBITA was higher year-on-year and was attributable to the positive contract migration, and greater efficiency and cost control.

Finland

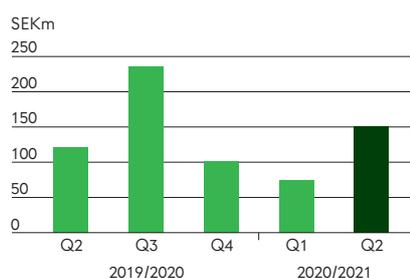
Nobina Finland's net sales for the second quarter were slightly lower than the prior year period, driven by less traffic due to Covid-19. EBITA for the quarter was higher than in the prior year period, and was mainly impacted by the positive contract migration and efficiency improvements.

Central functions and other items

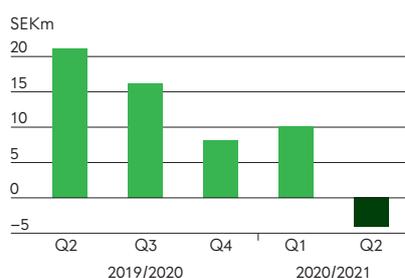
Central functions impact were in line with the preceding year. The figures reported under this heading relate primarily to central head office functions and include results from the fleet operations.

EBITA per segment

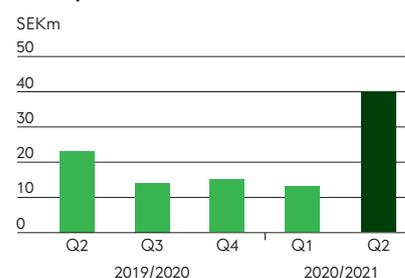
Sweden



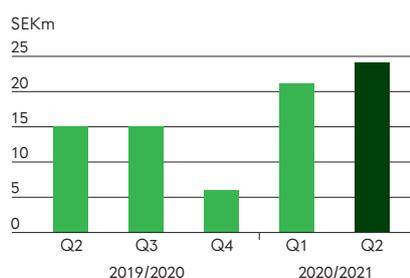
Denmark



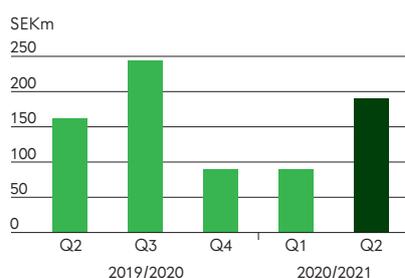
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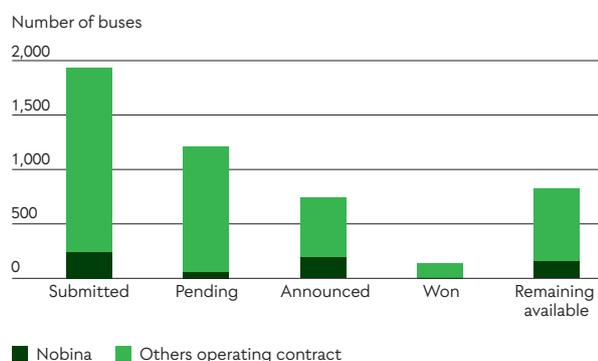


Nobina



Tender and contract changes

Tender volume, current year, March–August 2020



Definitions:

Submitted – Number of buses in tenders submitted by Nobina

Pending – Number of buses in submitted tenders less announced tenders

Announced – Submitted tenders, results are announced

Won – Nobina's wins out of announced tenders

Available – Number of buses available in tenders to be announced this fiscal year

Tender outcome comment

During the second quarter, no contracts operated by Nobina have been tendered. Out of the total market volume of 732 buses tendered during the year, Nobina has won 136 buses. This represents a renewal rate of 72 percent for the first half of the year.

Contract changes, to date this year

The table shows the change of the number of buses in service as a result of started and completed contracts. During the year, Nobina initiated contracts for 268 buses and terminated contracts for 101 buses.

Mar 2020–Aug 2020	Traffic changes during the period (No. of buses)	
	Started	Expired
Sweden	250	58
Norway	0	0
Finland	0	20
Denmark	18	23
Total	268	101

Tender volume, to date this year

The table shows the results of the tendering processes in which Nobina has participated. Tenders that Nobina participated in year to date have been announced for 732 buses and Nobina won tenders for 136 buses. Contracts for 288 buses are under appeal and pending decision.

Mar 2020–Aug 2020	Tenders during the period (No. of buses)	
	Announced	Won
Sweden	393	64 ²⁾
Norway	47	0
Finland	259	68
Denmark	33	4
Total	732	136

Traffic starts and terminations during the coming 12 months, September 2020–August 2021

During the coming 12-month period, Nobina will start traffic involving 275 buses. Of these, 190 buses are expected to be newly acquired. During the same period, Nobina will terminate traffic involving 369 buses.

Traffic start-ups

Clients	No. of years	Start of service	No. of buses	New buses
Skånetrafiken, Sweden	6	June 2021	101	72
HSL, Finland	7	August 2021	68	58
Västtrafik, Sweden	10.5	December 2020	35	35
Movia, Denmark	4.5	December 2020	34	0
Norrbottnen, Sweden	10	December 2020	13	13
Piteå Municipality, Sweden	10	July 2021	12	12
Norrbottnen, Sweden	10	June 2021	12	0
Total buses			275	190¹⁾

Expired traffic

Clients	End of service	No. of buses
HSL, Finland	August 2021	101
SL, Sweden	June 2021	91 ³⁾
Skånetrafiken, Sweden	June 2021	82
Movia, Denmark	December 2020	34
Västtrafik, Sweden	June 2021	33
Skånetrafiken, Sweden	June 2021	13
Västtrafik, Sweden	June 2021	8
HSL, Finland	December 2020	7
Total buses		369

1) Of which, 142 are new, electric buses.

2) Of which, contracts awarded for 49 buses are under appeal and pending decision.

3) The contract is under appeal and pending decision.

The Nobina share

The Nobina share (ticker: Nobina) is listed on Nasdaq Stockholm and belongs to the Mid Cap and Industry sector segment. As of 31 August 2020, there was a total of 88,355,682 shares in Nobina, carrying one vote each. The number of shareholders at the close of the period was 31,779. Nobina has 2,208,321 treasury shares on the balance-sheet date.

Share saving scheme

Nobina AB currently has four share saving schemes encompassing a total of not more than 2,153,897 shares, as of 31 August 2020, directed to senior executives and key employees of the Nobina Group. All share saving schemes are based on own investments. For more information regarding LTIP 2017, LTIP 2018 and LTIP 2019, refer to the corresponding section in Nobina AB's Annual Report 2019/2020 and regarding LTIP 2020, refer to the minutes of the 2020 Annual General Meeting at www.nobina.com.

Nobina's financial targets

	Target	2019/20	Rolling 12 months	Definition
Percentage YoY growth in net sales	5%	9.4%	-1.9%	Nobina's target is 5 percent accumulated annual average net sales growth with 18/19 as the base year.
Adjusted EBT margin ¹⁾	5%	4.4%	4.3%	Nobina's target is to achieve an EBT margin of 5 percent at an average contract age of 50 percent of the average contract length.
Net debt/ EBITDA ²⁾	3.0x-4.0x	3.1x	3.2x	Under normal circumstances, Nobina aims to maintain a net leverage ratio of between 3.0x and 4.0x EBITDA, including strategic debt financing.
Dividend policy ³⁾	75 percent of earnings after tax paid	n/a ⁴⁾	n/a	Under normal circumstances, Nobina expects to pay a dividend of at least 75 percent of earnings after tax paid.

1) Adjusted EBT is defined as profit before tax after adjustment for costs and depreciation/amortisation related to acquisition accounting effects.

2) Profit/loss for the period before net financial items, taxes, depreciation/amortisation and impairment of intangible and tangible non-current assets, and capital gains/losses on the sale of non-current assets. EBITDA for the past twelve months. Debts can temporarily exceed this range on the start-up of new contracts or acquisitions.

3) Taking into consideration Nobina's cash flow, investment needs and general operating conditions.

4) The AGM resolved not to pay a dividend for the 2019/2020 fiscal year.

Other information

Personnel

Nobina had an average of 10,601 (10,698) employees (FTEs). The change in the number of employees is mainly a result of contract migration. Nobina applies collective agreements and has well-established principles and traditions as to the manner in which working hours, remuneration conditions, information and cooperation are negotiated.

Parent Company

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

The Parent Company's net sales, which were comprised entirely of internal services, amounted to SEK 17 million (14) during the second quarter. Loss before tax for the second quarter amounted to SEK -1 million (-23). Net sales for the period and profit before tax for the first half of the year totalled SEK 34 million (27) and SEK 109 million (1) respectively. The Parent Company's profit for the first half of the year was impacted by a dividend of SEK 117 million received from Nobina Oy. The first half of the preceding year was impacted by a dividend of SEK 29 million received from Nobina Sverige 3 AB. Cash and cash equivalents amounted to SEK 775 million (444) at the end of the period. Investments in PPE and intangible assets amounted to SEK 0 million (0). On 31 August 2020, the Parent Company's shareholders' equity was SEK 2,224 million (2,221). The equity/assets ratio was 38 percent (39).

Transactions with closely related parties

No transactions with closely-related parties have taken place during the fiscal year.

Seasonal variations

Sales, earnings and cash flow trends vary between quarters where the third quarter is the strongest due to higher traffic volumes, a larger number of working days, and high levels of travel activity for the general public, while the second and fourth quarters are weaker due to lower traffic volumes during vacation and public holiday periods and higher costs during the winter. The breakdown of sales and earnings by quarter is shown in the key metrics table on page 24.

Risks and uncertainty factors

Nobina is exposed to risks associated with situations where authorities recommend the public to avoid public transport, such as in connection with terrorist threats or pandemics where, due to the increased risk of infection, passengers may be temporarily recommended to avoid public transport. The need to reconfigure buses and operational practice for safe travel in a pandemic situation may mean that passenger tickets may not be able to be validated and therefore actual passenger numbers may be understated. Such a situation mainly affects the incentive contracts where the revenue is variable and based on the number of passengers boarding. The decline in travel and reduced revenues may also mean that the public transport authorities (PTAs) temporarily want to reduce traffic production. This can result in reduced revenue for the operator while the cost base does not decrease to the same extent. A third risk related to pandemics is that Nobina, due to material or driver shortages, is forced to cancel services, which can then result in no compensation and fines from the PTAs. All of the above risks are handled through contract management and in dialogue with the relevant PTAs in order to ensure a functioning public transport with a stable financial framework even during a pandemic.

Nobina is exposed to interest rate risks since the Company's financial and operational leases primarily carry variable interest. The interest rate risk is largely offset by revenue indexation in traffic contracts. During the quarter, Nobina had no interest-rate hedging.

Nobina is exposed to currency risks in conjunction with translation of the balance sheets and income statements of subsidiaries and acquisition financing in a currency other than SEK. Nobina also has indirect exposure to USD/SEK and EUR/SEK since biodiesel (HVO) is purchased in USD and biodiesel (RME) is purchased in EUR in the international commodities markets. Nobina's finance policy provides that, if the need exists, currency risks may be hedged through currency derivatives. Nobina had no currency hedging during the quarter.

Nobina is exposed to changes in the price of fuel in its purchases of fuel. The commodity price accounts for less than one-half of the total biodiesel price, with the remainder comprising taxes, transportation and processing. Within the contract operations, compensation for changes in the fuel price is obtained through revenue indexation in traffic contracts. The index baskets in the traffic contracts are relatively well matched against the cost breakdown, but compensation takes place with a time lag of one to six months, which results in a negative impact on earnings during a period of increasing prices. An imbalance may also arise between costs incurred in a contract and index-based compensation if the index fails to reflect the actual cost structure. This may, for example, occur if an index is based on the price of biodiesel, while the contract in question requires buses to be run on biogas. This risk is limited through careful risk evaluation in the tender process. Most contracts now have an index which matches the type of fuel. Nobina may be affected by the result of appeals regarding the tender outcome. However, the impact is limited as no vehicle is on order and no other investments will be made before a traffic contract is signed.

Nobina is exposed to risks associated with acquisitions where any acquisition process gives rise to new risks. The starting points for the valuation of acquired companies are based, among other things, on documented data on the target companies' financial positions and historical results, but above all on assessments and assumptions about future market developments, Nobina's ability to develop the companies, the companies' ability to win new traffic contracts and future earnings. Risks can arise if assumptions and judgments deviate from the expectations that existed at the time of acquisition, which may affect the view of the acquired values.

For more information regarding risks and uncertainty factors, refer to the corresponding section in Nobina AB's Annual Report 2019/2020.

Disputes

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

Financing

Nobina has as its primary strategy the financing of the purchase of vehicles with finance leases or hire purchase loans with a term of ten years at a residual value of 10 percent. Lease liabilities are recognised as finance leases and are, like loans, visible in the balance sheet. In addition, some financing is raised in the green bond market for which Nobina has pledged collateral. Nobina's liabilities are primarily attributable to the financing of investments in buses and equipment used in operations, but also include strategic debt financing.

Nobina has an available bank credit facility of SEK 300 million (300) as of 31 August 2020.

Financial targets and Dividend policy

In connection with the company's Capital Markets Day on 9 October 2018, Nobina's Board of Directors adopted new financial targets and a new dividend policy, which replaced the targets and policy adopted ahead of the IPO in 2015 (see page 9).

Accounting policies

Nobina applies International Financial Reporting Standards (IFRS) as adopted by the EU and applies RFR 1 "Supplementary accounting rules for groups." Nobina applies the same accounting policies and calculation methods as in the 2019/2020 Annual Report. The financial statements for the Parent Company, Nobina AB, and the Group were prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities, as well as opinions issued by the Swedish Financial Reporting Board. This interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act and covers pages 1–25, and the interim period information on pages 1–11 thus constitutes an integral part of this financial report. There are no new IFRS standards or IFRIC statements adopted by the EU that are applicable to Nobina, or have a material impact on the Group's profit and financial position in 2020/2021. Reclassification has taken place according to the previous year's full-year figures, where the additional purchase consideration paid, –40 million, was reported under cash flow from financial activities to now be reported under the heading cash flow from investing activities.

Assurance

The CEO and Board of Directors hereby provide an assurance that the interim report provides a true and fair view of the operations, financial position and earnings of the company and the Group and describes the significant risks and uncertainty factors facing the Company and companies within the Group.

Stockholm, 30 September 2020

Johan Bygge
Chairman of the Board

John Allkins
Director

Liselott Kilaas
Director

Graham Oldroyd
Director

Bertil Persson
Director

Magnus Rosén
President and CEO

Financial calendar

Interim report 1 September–30 November 2020	22 December 2020
Year-end Report 2020/2021	9 April 2021
Annual General Meeting 2020/2021	31 May 2021
Interim report 1 March–30 June 2021	2 July 2021
Interim report 1 June–31 August 2021	30 September 2021

Telephone conference

Nobina will present the interim report and answer questions during a telephone conference at 10.00 a.m. CEST on Wednesday, 30 September 2020. The presentation will be available on the website in connection with the telephone conference. Telephone numbers and web link for participants are available on www.nobina.com.

Contact persons

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Nobina AB

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www.nobina.com
 Reg. no. 556576-4569

Auditor's report

Nobina AB (publ). reg. no. 556576-4569

Introduction

We have reviewed the condensed interim financial information (interim report) of Nobina AB (publ) as of 31 August 2020 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other

generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 30 September 2020

PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant

Condensed consolidated income statement

SEK million	Quarter		Period		Full year
	Jun–Aug 2020	Jun–Aug 2019	Mar–Aug 2020	Mar–Aug 2019	Mar 2019–Feb 2020
Net sales	2,564	2,528	5,073	5,277	10,645
Operating expenses					
Fuel, tyres and other consumables	–398	–436	–807	–913	–1,816
Other external expenses	–392	–349	–744	–765	–1,545
Personnel expenses	–1,293	–1,305	–2,675	–2,730	–5,520
Total EBITDA	481	438	847	869	1,764
Capital gains/losses from the disposal of non-current assets	–	–	–1	–	2
Depreciation/impairment of PPE	–291	–276	–567	–539	–1,104
Total EBITA	190	162	279	330	662
Acquisition-related income and costs	1	8	–2	6	–2
Amortisation/impairment of intangible assets	–16	–14	–32	–28	–63
Operating profit (EBIT)	175	156	245	308	597
Profit from net financial items					
Financial income	–	–	–	–	–
Financial expenses, Note 1	–37	–55	–76	–110	–198
Net financial items	–37	–55	–76	–110	–198
Profit before tax (EBT)	138	101	169	198	399
Income tax	–24	–20	–34	–41	–94
PROFIT FOR THE PERIOD	114	81	135	157	305
Profit for the period attributable to Parent Company shareholders	114	81	135	157	305
Earnings per share before dilution (SEK), attributable to Parent Company shareholders	1.29	0.92	1.53	1.78	3.47
Earnings per share after dilution (SEK), attributable to Parent Company shareholders	1.28	0.91	1.52	1.77	3.43
Average number of shares before dilution (000s)	88,356	88,356	88,356	88,356	88,356
Average number of shares after dilution (000s)	89,405	88,870	89,405	88,870	89,356
Number of shares outstanding at end of period (000s)	86,147	87,109	86,147	87,109	86,147

Statement of consolidated comprehensive income

SEK million	Quarter		Period		Full year
	Jun–Aug 2020	Jun–Aug 2019	Mar–Aug 2020	Mar–Aug 2019	Mar 2019–Feb 2020
Profit for the period	114	81	135	157	305
Other comprehensive income	114	81	135	157	305
Items not to be reclassified to profit or loss for the period					
Revaluation of defined-benefit pension plan	–	–	–	–	–
Tax on items that will not be reclassified to profit or loss for the period	–	–	–	–	–
Items that can later be reclassified to profit or loss for the period					
Exchange-rate differences in foreign operations	–11	12	–32	22	1
Other comprehensive income for the period, net after tax	–11	12	–32	22	1
Comprehensive income for the period	103	93	103	179	306
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	103	93	103	179	306

Condensed consolidated balance sheet

SEK million	31 Aug 2020	31 Aug 2019	Full year 29 Feb 2020
ASSETS			
Non-current assets			
Goodwill	771	787	780
Other intangible assets	436	474	456
Real estate and costs for leasehold improvements	756	743	814
Equipment, tools, fixtures and fittings	166	193	113
Vehicles	5,979	5,595	5,628
Deferred tax assets	54	140	93
Assets for pension commitments	15	17	15
Other non-current receivables	5	4	5
Total non-current assets	8,182	7,953	7,904
Current assets			
Inventories	58	54	63
Trade receivables	689	666	705
Other current receivables	22	110	64
Deferred expenses and accrued income	273	323	344
Cash and cash equivalents	786	460	307
Total current assets	1,828	1,613	1,483
TOTAL ASSETS	10,010	9,566	9,387
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	1,491	1,303	1,380
Non-current liabilities			
Borrowing, Note 1	5,378	4,729	4,913
Deferred tax liabilities	261	249	275
Provision for pensions and similar commitments	29	41	27
Other provisions	37	48	47
Total non-current liabilities	5,705	5,067	5,262
Current liabilities			
Accounts payable	544	554	561
Borrowing, Note 1	899	1,065	901
Other current liabilities	261	437	206
Accrued expenses and deferred income	1,110	1,140	1,077
Total current liabilities	2,814	3,196	2,745
Total liabilities	8,519	8,263	8,007
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	10,010	9,566	9,387

Condensed consolidated statement of changes in equity

SEK million	Share capital	Other contributed capital	Translation differences	Profit/loss brought forward	Total equity attributable to Parent Company shareholders
Opening equity, 1 March 2019	318	3,212	62	-2,141	1,451
Reclassification of exchange-rate differences	-	-	5	-5	-
Profit for the period	-	-	-	305	305
Other comprehensive income	-	-	1	-	1
Transactions with owners					
Repurchase of treasury shares	-	-	-	-60	-60
Share-based remuneration	-	-	-	14	14
Dividend	-	-	-	-331	-331
Closing equity, 29 February 2020	318	3,212	68	-2,218	1,380
Opening equity, 1 March 2019	318	3,212	62	-2,141	1,451
Reclassification of exchange-rate differences	-	-	5	-5	-
Profit for the period	-	-	-	157	157
Other comprehensive income	-	-	22	-	22
Transactions with owners					
Dividend	-	-	-	-331	-331
Share-based remuneration	-	-	-	4	4
Closing equity, 31 August 2019	318	3,212	89	-2,316	1,303
Opening equity, 1 March 2020	318	3,212	68	-2,218	1,380
Profit for the period	-	-	-	135	135
Other comprehensive income	-	-	-32	-	-32
Transactions with owners					
Share-based remuneration	-	-	-	8	8
Closing equity, 31 August 2020	318	3,212	36	-2,075	1,491

There are no non-controlling interests.

Condensed consolidated cash-flow statement

SEK million	Quarter		Period		Full year
	Jun–Aug 2020	Jun–Aug 2019	Mar–Aug 2020	Mar–Aug 2019	Mar 2019–Feb 2020
Cash flow from operating activities					
Profit after financial items	138	101	169	198	399
Adjustment for non-cash items	347	320	679	657	1,340
Cash flow from operations before changes in working capital	485	421	848	855	1,739
Cash flow from changes in working capital					
Change in inventories	-2	1	4	-2	-12
Changes in operating receivables	73	49	100	140	118
Changes in operating liabilities	-73	3	103	-188	-302
Total change in working capital	-2	53	207	-50	-196
Received interest income	-	-	-	-	-
Tax paid	-	-2	-4	-2	-
Cash flow from operating activities	483	472	1,051	803	1,543
Cash flow from investing activities					
Investments in PPE and intangible assets	-305	-639	-967	-1,296	-1,527
Acquisitions	-47	-	-47	-6	-47
Divestment of PPE and intangible assets	2	16	7	20	53
Cash flow from investing activities	-350	-623	-1,007	-1,282	-1,521
Cash flow from financing activities					
Amortisation of right-of-use liabilities	-151	-166	-303	-328	-666
Amortisation of other external loans	-107	-64	-190	-180	-386
New borrowing, other external loans	253	224	1,025	813	860
Repurchase of shares	-	-	-	-	-60
Financing costs	-	-	-1	-	-
Interest paid	-42	-48	-84	-101	-192
Dividend	-	-331	-	-331	-331
Cash flow from financing activities	-47	-385	447	-127	-775
Cash flow for the period	86	-536	491	-606	-753
Cash and cash equivalents at beginning of period	704	992	307	1,058	1,058
Cash flow for the period	86	-536	491	-606	-753
Exchange-rate difference	-4	4	-12	8	2
Cash and cash equivalents at end of period	786	460	786	460	307

Condensed income statement – Parent Company

SEK million	Quarter		Period		Full year
	Jun–Aug 2020	Jun–Aug 2019	Mar–Aug 2020	Mar–Aug 2019	Mar 2019–Feb 2020
Net sales	17	14	34	27	54
Operating expenses					
Other external expenses	–16	–8	–18	–10	–27
Personnel expenses	–20	–19	–38	–33	–60
Operating profit/loss (EBIT)	–19	–13	–22	–16	–33
Profit/loss from participations in Group companies	–	–	117	29	–119
Financial income	23	3	30	9	22
Financial expenses	–5	–13	–16	–21	–22
Net financial items	18	–10	131	17	–119
Profit/loss before tax (EBT)	–1	–23	109	1	–152
Income tax	–	–	–	–	89
PROFIT/LOSS FOR THE PERIOD	–1	–23	109	1	–63

Since there are no items attributable to other comprehensive income, other comprehensive income is not recognised.

Condensed balance sheet – Parent Company

SEK million	31 Aug 2020	31 Aug 2019	Full year 29 Feb 2020
ASSETS			
Non-current assets			
Participations in Group companies	4,181	4,547	4,181
Non-current receivables in Group companies	500	500	500
Deferred tax assets	14	–	14
Total non-current assets	4,695	5,047	4,695
Current assets			
Receivables from Group companies	339	234	455
Other current receivables	8	20	6
Deferred expenses and accrued income	–	–	3
Cash and cash equivalents	775	444	292
Total current assets	1,122	698	756
TOTAL ASSETS	5,817	5,745	5,451
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	2,224	2,221	2,107
Non-current liabilities			
Borrowing	823	846	692
Provision for pensions and similar commitments	1	4	2
Deferred tax liabilities	–	89	–
Total non-current liabilities	824	939	694
Current liabilities			
Accounts payable	2	3	5
Borrowing	143	55	137
Liabilities to Group companies	2,592	2,508	2,484
Other current liabilities	4	1	5
Accrued expenses and deferred income	28	18	19
Total current liabilities	2,769	2,585	2,650
Total liabilities	3,593	3,524	3,344
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,817	5,745	5,451

Condensed Parent Company statement of changes in equity

SEK million	Share capital	Statutory reserve	Share premium reserve	Profit/loss brought forward	Profit for the period	Total equity
Opening equity, 1 March 2019	318	1	1,336	657	235	2,547
Transfer of the preceding year's profit/loss	–	–	–	235	–235	–
Profit/loss for the period	–	–	–	–	–63	–63
Repurchase of treasury shares	–	–	–	–60	–	–60
Share-based remuneration	–	–	–	14	–	14
Dividend	–	–	–	–331	–	–331
Closing equity, 29 February 2020	318	1	1,336	515	–63	2,107
Opening equity, 1 March 2019	318	1	1,336	657	235	2,547
Transfer of the preceding year's profit/loss	–	–	–	235	–235	–
Profit for the period	–	–	–	–	1	1
Dividend	–	–	–	–331	–	–331
Share-based remuneration	–	–	–	4	–	4
Closing equity, 31 August 2019	318	1	1,336	565	1	2,221
Opening equity, 1 March 2020	318	1	1,336	515	–63	2,107
Transfer of the preceding year's profit/loss	–	–	–	–63	63	–
Profit for the period	–	–	–	–	109	109
Share-based remuneration	–	–	–	8	–	8
Closing equity, 31 August 2020	318	1	1,336	460	109	2,224

There are no non-controlling interests.

Notes

NOTE 1 FINANCING

SEK million, except as otherwise indicated	Quarter		Period		Full year
	Jun–Aug 2020	Jun–Aug 2019	Mar–Aug 2020	Mar–Aug 2019	Mar 2019–Feb 2020
Borrowing					
Loans for acquisition financing	–	–	428	283	246
Bond loans	–	–	500	500	500
Capitalised financing expenses	–	–	–6	–6	–6
Loans for bus financing	–	–	2,336	1,694	1,699
Right-of-use liabilities	–	–	2,975	3,198	3,287
Contingent consideration not paid	–	–	44	125	88
Total	–	–	6,277	5,794	5,814
Of which short-term repayment by instalment of portion of the Group's borrowings	–	–	899	1,065	901
Of which long-term portion of the Group's borrowings	–	–	5,378	4,729	4,913
Total liabilities	–	–	6,277	5,794	5,814
Interest expenses and similar loss items					
Interest expenses for right-of-use liabilities	–25	–27	–53	–63	–129
Interest expense, other loans	–17	–16	–32	–30	–58
Other financial expenses	–2	–3	–3	–4	–6
Realised and unrealised exchange gains/losses, net	7	–9	12	–13	–5
Total	–37	–55	–76	–110	–198

NOTE 2 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK million, except as otherwise indicated	Group		Parent Company	
	31 Aug 2020	31 Aug 2019	31 Aug 2020	31 Aug 2019
Pledged assets				
Pledged assets pertaining to shares/net assets in subsidiaries	1,411	–	906	–
Chattel mortgages	150	150	–	–
Other pledged assets	–	–	326	135
Contingent liabilities				
Guarantee of lease obligations and other obligations	4,729	5,856	5,207	5,835
Total pledged assets and contingent liabilities	6,290	6,006	6,439	5,970

Information on performance measures

Definitions

Alternative performance measures

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

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

Key metrics	Description
Rolling 12 months	Total for the most recent four quarters.
EBITDA	Operating profit before net financial items, tax, depreciation, amortisation, earnings from sale of non-current assets.
EBITDA margin	EBITDA in relation to net sales.
EBITA	Earnings before interest, tax and amortisation of intangible assets and adjusted for fair value of conditional acquisition not paid and acquisition-related income and costs.
EBITA margin	EBITA in relation to net sales.
EBIT	Operating profit before net financial items and taxes.
EBIT margin	EBIT in relation to net sales.
EBT	Operating profit before tax.
EBT margin	EBT in relation to net sales.
EBT adjusted	Earnings before taxes adjusted for amortisation of intangible assets, fair value of conditional acquisition not paid and acquisition-related income and costs.
Acquisition-related income and costs	Adjustments of fair value of contingent considerations not paid and acquisitions-related costs. Acquisitions-related costs includes costs attributable to ongoing, completed and continuing acquisitions.
Acquisition growth	Growth achieved by the acquisition/divestment of companies owned by Nobina only for part of two comparative periods.
Items affecting comparability	Items affecting comparability include events and transactions, the effect of which on earnings is important to report when profit for the period is compared with previous periods.
Interest-bearing liabilities	Interest-bearing non-current and current liabilities (external loans, pension liabilities and operating and finance lease liabilities).
Net debt	Interest-bearing non-current and current liabilities (external loans, pension liabilities, operating and finance lease liabilities) after deducting cash and cash equivalents.
Net debt/EBITDA	Interest-bearing non-current and current liabilities (external loans, pension liabilities, operating and finance lease liabilities) after deducting cash and cash equivalents in relation to EBITDA during four sequential quarters.
Net debt excluding bus financing/EBITDA	Interest-bearing non-current and current liabilities (external loans, pension liabilities, operating and finance lease liabilities) after deducting cash and cash equivalents and bus financing.
Renewal rate	All won tenders/All own announced tenders.
Retention rate	Defended tenders/Own announced tenders.
Average number of employees (FTEs)	The number of hours paid divided by normal working hours for a full-time employee.
Cash investments	Cost of investments in non-current assets less loan-financed investments.
Reallocation rate	Number of buses allocated to a new contract during the year/Total number of buses.
Earnings per share	Profit for the period divided by average number of shares.
Earnings per share after full dilution	Profit for the period divided by average number of shares after full dilution.
Shareholders' equity per ordinary share	Shareholders' equity per ordinary share as per the balance-sheet date.
Dividend yield	Dividend in relation to the company's share price as per the balance-sheet date.
Equity/assets ratio	Equity in relation to total assets at the end of the period.
Yield	Revenue per driven kilometre.
Contract length	A publicly tendered contract concluded for the provision of transport services between a client and a public transport company. The duration of the contract is typically five to eight years, with the option of extending for an additional one or two years. It is based on either a production or an incentive contract.
Production hours	Number of hours produced as part of a contract.
Production kilometres	Total number of kilometres produced as part of a contract.
Number of buses	The number of buses that are owned, right-of-use agreements (finance and operating leases) and rented on a short-term basis at the end of the period.

Key metrics

SEK million, except as otherwise indicated	2019/2020			2020/2021		Full year
	Q2	Q3	Q4	Q1	Q2	Mar 2019–Feb 2020
Net sales for the period	2,528	2,763	2,605	2,509	2,564	10,645
EBITDA	438	538	357	366	481	1,764
EBITDA margin	17.3%	19.5%	13.7%	14.6%	18.8%	16.6%
EBITA	162	243	89	89	190	662
EBITA margin	6.4%	8.8%	3.4%	3.5%	7.4%	6.2%
EBIT	156	225	64	70	175	597
EBIT margin	6.2%	8.1%	2.5%	2.8%	6.8%	5.6%
EBT	101	191	10	31	138	399
EBT margin	4.0%	6.9%	0.4%	1.2%	5.4%	3.7%
EBT adjusted	107	209	35	50	153	464
EBT margin – adjusted	4.2%	7.5%	1.3%	2.0%	6.0%	4.4%
Profit for the period	81	148	0	21	114	305
Cash flow for the period	–536	–261	114	405	86	–753
Cash and cash equivalents	460	192	307	704	786	307
Equity/assets ratio, %	13.6%	14.9%	14.7%	13.8%	14.9%	14.7%
Shareholders' equity	1,303	1,388	1,380	1,384	1,491	1,380
Shareholders' equity/ordinary share, SEK	14.7	15.7	15.6	15.7	16.9	15.6
Number of buses (on balance-sheet date)	3,897	3,822	3,733	3,853	3,954	3,733
Estimated FTEs	10,698	10,630	10,512	10,431	10,601	10,512
Production hours	2,964	2,868	2,766	2,255	2,304	11,526
Production kilometres	78,356	71,337	71,904	67,644	68,921	295,943

Calculation of alternative performance measures for continuing operations

SEK million, except as otherwise indicated	2019/2020			2020/2021		Full year
	Q2	Q3	Q4	Q1	Q2	Mar 2019–Feb 2020
Interest-bearing liabilities:						
Non-current borrowing	4,729	4,736	4,913	5,375	5,378	4,913
Pension liability	41	30	27	26	25	27
Current borrowing	1,065	1,127	901	920	899	901
Total interest-bearing liabilities	5,835	5,893	5,841	6,321	6,302	5,841
Cash	–460	–192	–307	–704	–786	–307
Total net debt	5,375	5,701	5,534	5,617	5,516	5,534
Total net debt excluding bus financing	555	766	814	617	390	814
EBITDA Q1	431	431	431	366	366	431
EBITDA Q2	438	438	438	438	481	438
EBITDA Q3	499	538	538	538	538	538
EBITDA Q4	363	363	357	357	357	357
Total EBITDA full year	1,731	1,770	1,764	1,699	1,742	1,764
Net debt/EBITDA	3.1 x	3.2 x	3.1 x	3.3 x	3.2 x	3.1 x
Net debt excluding bus financing/EBITDA	0.3 x	0.4 x	0.5 x	0.4 x	0.2 x	0.5 x

Nobina in brief

We are the Nordic region's largest public transport operator, with about 12,000 employees across four countries. Every day, all year round, one million people choose to travel more sustainably with us. From north to south, in urban and in rural areas. To the next bus stop, or all the way home. Together with our passengers and clients, we are big enough to make a real difference. From a welcoming greeting to a safe, comfortable journey on board the bus. From new, smart technology to clear information and more fossil-free travel. A unique opportunity to bring about change. Together, we keep society moving every day.

Our strategic focus areas

To achieve our goals and enable the sustainable development of society, we concentrate on four strategic areas. These encompass the development of new bus solutions that add growth to the current offering, efficient and innovative contract management, optimisation of the company's resources and traffic planning, and development of employee skills with diversity and equality as fundamental elements. This is supplemented with further growth through acquisitions.

Smart transport solutions

We will develop public transport solutions that meet the need for sustainable modes of transportation both today and tomorrow, and that drive our growth and competitiveness.

Proactive partner

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

Resource efficiency

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

People in focus

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

Our sustainability agenda

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

Bus solutions for a sustainable society

We strive to make more people view public transport as a safe and attractive mode of transport, and to choose to travel by bus rather than by car. This reduces traffic and congestion, emissions and stress.

Long-term resource use

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

Responsible employer and societal stakeholder

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

Our market

Sales in the Nordic public transport market for buses are estimated at SEK 50 billion, of which Sweden accounts for almost half of this value. In all of the different markets, an average of half of the cost of regional travel is financed through the budgets of regional public administrations and the remainder through ticket revenue. Virtually the entire market is today exposed to competition. Regional tendered public transport has shown favourable growth in recent years and is expected to continue to grow moving forward, in line with a political will to increase the use of public transport and as more people choose to travel by bus. There is also a trend in all countries to include more quality criteria as part of the tender process, and towards better compensation models where incentives are based on the number of passengers and the quality experienced by the customers.

Nobina is market leader in the Nordic region with a market share of approximately 15 percent (company assessment 2019/2020). In Sweden, our leading market position is a result of high efficiency and successful work in the management and refinement of the contract portfolio. In Finland, in the role as market leader in the Helsinki region, Nobina is well positioned to increase its market share in a growing market. In the Norwegian and Danish markets, Nobina is in a challenger position, while these markets are also growing in terms of volume and the number of contracts. As the Nordic region's largest and most experienced public transport company, the conditions remain favourable for profitable growth.

Contributions to the global goals

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



Goal 11: Sustainable cities and communities

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



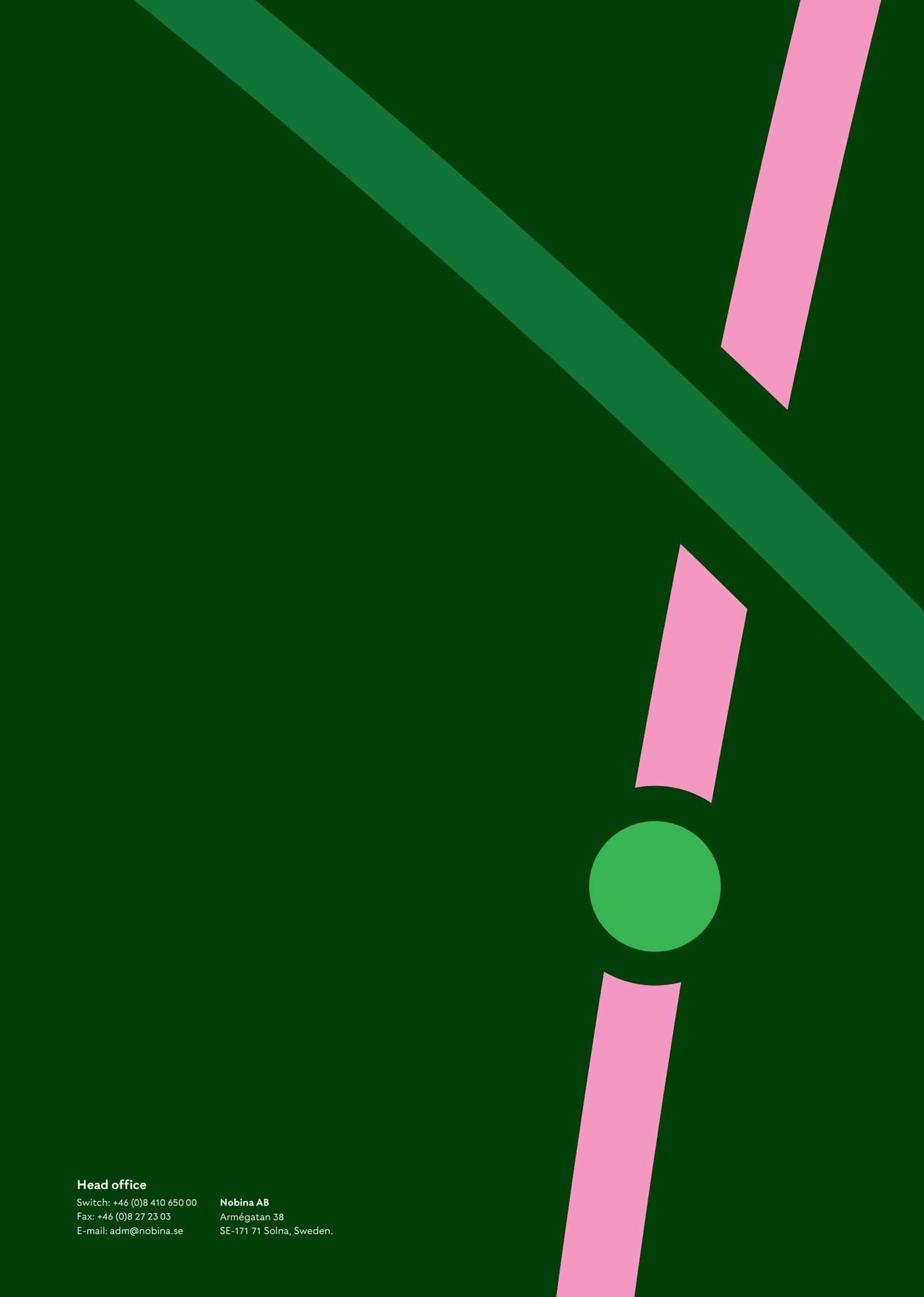
Goal 12: Responsible consumption and production

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



Goal 8: Decent work and economic growth

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



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