

ANNUAL REPORT

THE BRAGANZA GROUP 2018



BRAGANZA GROUP 2018

DIRECTORS' REPORT BRAGANZA GROUP

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BRAGANZA AB

The board and the managing director of Braganza AB hereby submit the annual report and consolidated group accounts for the financial year 2018.

Braganza AB is a private investment company owned by Per G. Braathen and his children. Braganza has its office in Stockholm. The Group consists primarily of direct investments within the aviation industry and travel related industries, managed through active ownership. A minor part of the Group assets are classified as financial investments.

Braganza as a group has a long history (1938) and was an active owner of the Norwegian airline company Braathens (SAFE) for more than 50 years, before SAS acquired Braathens in 2001. The current activities of Braganza began with a demerger in 2002 when the equity base was some MSEK 600 equivalent. During the following years the Group has increased the equity base to approximately 1,7 billion SEK, focusing on industrial investments in the form of wholly- or majority owned subsidiaries, developed through active and long-term ownership. Having been a Norwegian based company since 1938, Braganza became a Swedish holding company through a cross border merger in 2013.



THE GROUP

By year-end 2018 the Group consists of the holding companies Braganza AB and Braganza II AB which in turn own the main operating holding companies BRA (Braathens

Aviation AB), Dyreparken Utvikling AS, Ticket Leisure Travel AB and Escape Travel Group AS. All group companies are listed in note 24 to the Financial Statements.

FINANCIAL OVERVIEW OF THE MAIN OPERATING COMPANIES 2018 (2017)

BRA	TURNOVER	2 743 MSEK	(2 699 MSEK)
	EBITDA	- 11 MSEK	(155 MSEK)
	FTE	873	(842)
TICKET	TURNOVER	6 500 MSEK	(6 932 MSEK)
	EBITDA	54 MSEK	(93 MSEK)
	FTE	355	(353)
DYREPARKEN	TURNOVER	468 MSEK	(445 MSEK)
	EBITDA	66 MSEK	(92 MSEK)
	FTE	312	(309)
ESCAPE TRAVEL GROUP	TURNOVER	664 MSEK	(481 MSEK)
	EBITDA	18 MSEK	(13 MSEK)
	FTE	85	(64)

BRA (Braathens Aviation AB) is the holding company for the airline operations. A series of external events had a significant negative impact on the 2018 financials. Currency losses, increased fuel cost, introduction of an aviation tax and increased cost of emission rights, have all contributed to a loss making 2018. In a falling domestic market, BRA has maintained its overall market share and increased average revenue per passenger. Capacity has increased with 2,3 % compared to 2017, however, number of passengers have dropped 2,6% in the same period. The weak domestic market is a result of multiple factors. Introduction of the aviation tax has had a negative effect on the market, especially in the most price sensitive segments. The SEK has been weak against USD, EUR and GBP during 2018, partly due to negative central bank interest, and partly due to political uncertainty following the national election in Sweden in September 2018. Negative currency effects stem from revenue in SEK and costs nominated in USD, EUR and GBP. A severe winter in Scandinavia lead to operational issues in the first quarter. Regularity and production have developed as planned for the remainder of the year. A cost-cutting program was introduced in 2018, which is expected to have a positive effect in the years to come. No decision has been taken on the jet fleet replacement for BRA. BRA has its office in Stockholm and is today the second largest operator in the Swedish domestic market. Using Stockholm

Bromma as a hub, passengers enjoy a broad domestic network, coordinated timetables allowing for efficient transfers and frequent flights.

Ticket includes Ticket Privatresor AB and Ticket Feriereiser AS. Ticket is the largest travel agency chain in Sweden and Norway focusing on the leisure market. The head office is in Stockholm. The company sells leisure travel services from leading tour operators, cruise companies, airlines and hotels. Sales are carried out through some 70 Ticket shops, by phone, and online through ticket.se and ticket.no. More than half the sales are now online, and this channel is growing. Ticket has an online presence in Denmark and Finland through ticket.dk and ticket.fi. In Germany and Austria Ticket is selling online through airngo.de. Airngo is also present in Sweden, Norway, Denmark and Finland as an online only offer. The summer of 2018 was the warmest on record in all of Scandinavia, and for the first time since 2008 Ticket saw decreasing sales and a fall in profitability.

Dyreparken Utvikling AS is the holding company for Dyreparken located in Kristiansand. Over many years, Dyreparken has maintained its position as the largest and most visited family attraction in Norway. With its combination of zoo and amusement park, water park, evening shows and themed accommodation, Dyreparken has become a

full-scale destination with around one million visitors each year. With a strong focus on innovation and unique themes, based on Norway's best known children stories, Dyreparken appeals to people of all ages. Dyreparken plays an important role for animal protection and conservancy worldwide, working closely with WAZA (World Association of Zoos and Aquariums) and EAZA (European Association of Zoos and Aquaria), to help save animals under threat of extinction. Focus on excellent operations and customer experiences lead to a minor reorganization of Dyreparken in 2018. Two property companies were sold to a Braganza subsidiary, with long term leases back to Dyreparken. 2018 was a good year for Dyreparken with satisfied guests and the third highest ever profit.

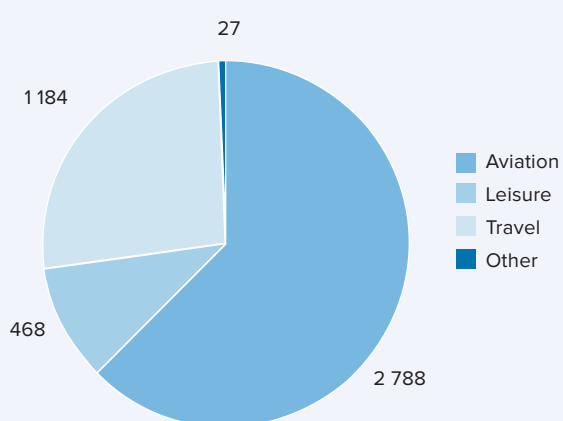
The tour operation in Braganza is organized through **Escape Travel Group AS**, which runs operations in Norway, Sweden, and Denmark. Escape Travel is the fourth largest tour operator in the Norwegian market after Ving, TUI and Apollo. Carpe Diem, a brand under Escape Travel AS, is

market leader in Norway in the niche for individual holiday-makers who want to travel as a group. Escape offers quality tours and cruises throughout the world based on scheduled flights. The company has a strong product range, both for group and individual holidays, backed by travel experts at our locations. In January 2018, Escape Travel AS acquired 100 % of Cruise.no, the leading distributor of cruises in the Norwegian market. The Danish Escape Travel A/S acquired 100% of Signatours Travel Holding A/S in June 2018. Signatours products trades online with the brands in-italia.dk/se/no/de and hideaways.dk/se. Hideaways.no will be launched early 2019. In December 2018, Signatours acquired 100% of the Siglinde Fischer – a brand with 33 years of operation in the German market.

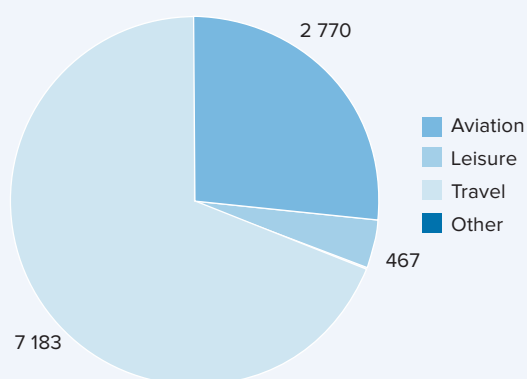
Escape enjoyed a strong winter, spring and fall operation in 2018, with satisfying financial results. In-Italia, Hideaways and Siglinde Fischer all had a more challenging year with their bulk of departure in the warmer than normal summer season.

ALLOCATION OF REVENUE BY OPERATING SEGMENTS

NET REVENUES - OPERATING SEGMENTS



GROSS REVENUES - OPERATING SEGMENTS



GOING CONCERN

In accordance with the Swedish Accounting Act, the board of directors confirms that the financial statement has been prepared under the assumption of a going concern.

Further information about the Group is available on the company's website: www.braganza.com.

RISK FACTORS

Political unrest and natural disasters such as earthquakes, floods and ash clouds, are typical operational risk factors for the tourism industry. An economic downturn in Scandinavia would also pose a significant risk.

Primarily, financial risk in the Group relates to foreign currency and fuel prices, and particularly exposure to US dollar and EUR through BRA. Management of such risk is through ongoing currency and fuel price hedging, securing approximately 50% of the next 12 months' estimated requirements of BRA, using forward contracts for jet fuel, while US dollar exposure being managed through forward contracts in

dollars against the Swedish krona. Debt related to finance leases of six ATR 72-600 aircraft is secured long term with support of the Italian and French export finance institutions. Loans are denominated in EUR, which historically correlates with SEK, and all EUR loans at year-end are at fixed interest rates.

The Group is also exposed to currency risk through Escape Travel. Major suppliers are typically paying in Euros, while income is mainly in NOK or SEK. This type of exposure is generally for less than six months. Escape Travel partially hedges such exposure in EUR or USD, not defined as ad-hoc/short term, through forward contracts.

Credit and liquidity risk is low, as the customer prepays most products sold by Group companies.

Braganza strengthened the equity capital base of BRA with 120 MSEK before year-end. BRA is undergoing a turnaround and downsizing which may require more capital from Braganza in 2019.

ACCOUNTS – 2018

2018 GROUP	2017 GROUP	2018 PARENT COMPANY	2017 PARENT COMPANY
Net revenue 4 446 MSEK	Net revenue 4 232 MSEK	Net revenue 11 MSEK	Net revenue 11 MSEK
EBITDA 151 MSEK	EBITDA 337 MSEK	EBITDA -22 MSEK	EBITDA -18 MSEK
Operating profit -74 MSEK	Operating profit 169 MSEK	Operating profit -22 MSEK	Operating profit -18 MSEK
Net financial 27 MSEK	Net financial -26 MSEK	Net financial 29 MSEK	Net financial 67 MSEK
EBT -47 MSEK	EBT 143 MSEK	Profit/(loss) 12 MSEK	Profit/(loss) 58 MSEK

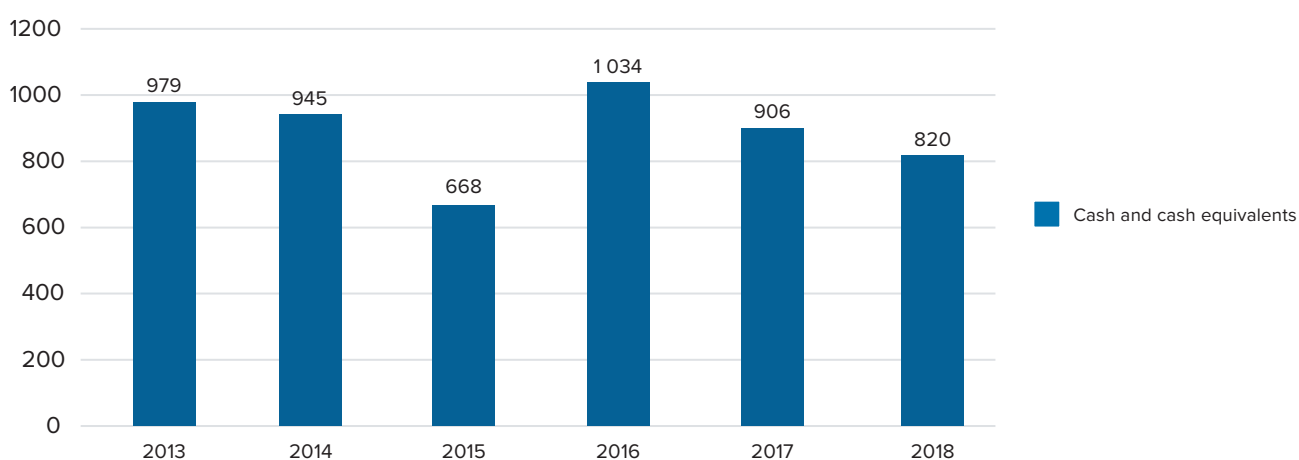
The consolidated financial statement for 2018 shows a profit before depreciation and financial items (EBITDA) of MSEK 151, compared to MSEK 337 for 2017. The parent company's result before tax for 2018 was MSEK 12.

At 31 December 2018, the Group had an equity base of MSEK 1 642. The parent company's equity was MSEK 1 243 as of 31 December 2018. The parent company has distributable reserves of MSEK 1 197. The Board confirms that the going concern assumption is valid and that the accounts have been prepared on a going concern basis.

Dyreparken Eiendom, Badelandet Eiendom and BRA are the only companies within the Group with interest bearing debt at year-end 2018. The Group's cash position at 31 December 2018 was MSEK 820. The parent company's cash position at 31 December 2018 was MSEK 447. The development in the Group's cash position over the last six years, is shown below in MSEK.

CASH AND CASH EQUIVALENTS – GROUP

(MSEK)



WORKING CONDITIONS AND ENVIRONMENT

The working environment is satisfactory. There have been no reported serious injuries or serious accidents in the Group in 2018. There have been no reported cases of discrimination. The Group had a total of 1 664 FTEs in 2018. Historically, companies in the Group have had a majority of female employees, and equality are sought in areas where this is deemed relevant. The parent company had four employees on a part time basis by year-end.

The Group has significant airline operations through BRA. The business contributes to greenhouse gas emissions. However, focus is on reducing emissions through efficient utilization of the fleet and the use of modern technology. Renewal of the aircraft fleet is an important step in the Group's environmental commitment. CO2 quotas are required for 100 % of BRA's emissions.

OUTLOOK FOR 2019

In the coming years, the Group will continue to develop its investment activities, focusing on industrial investments and active ownership. The business model of the airline

is under evaluation in order to turn a loss making operation into a long-term profitable company. All other Group companies enter 2019 with a strong balance sheet and businesses positioned for future growth. Expectation is that the intensive competitive environment will prevail for a majority of the businesses also in 2019

EVENTS AFTER BALANCE SHEET DATE

Escape Travel AS acquired 100 % of the shares in Prima Travel AB in March 2019. Braganza AB completed the acquisition of 100% of Dyreparken Parkering AS in March 2019. In February 2019, BRABank ASA and Monobank ASA announced a merger of the two banks with Monobank as the takeover unit. The annual general meeting of both banks, as well as FSA has approved the transaction, and the merger is planned to take effect on 28 June 2019. The merged entity will be named BRABank. Following the announcement, Braganza will invest up to 100 MNOK in new equity in the merged entity. In April 2019, Braathens Aviation AB has decided to phase out its jet aircraft in 2019 and 2020, and to initiate negotiations related to termination of personnel as a result of redundancy.

PROPOSED APPROPRIATION OF 2018 PROFIT

The board of directors propose the following appropriation of the available profit	1 197 259 TSEK
Proposed dividend	13 000 TSEK
To be carried forward	1 184 259 TSEK

The board of directors proposes that the ordinary General Meeting in 2019 distribute a dividend of MSEK 13, which is justifiable taking into account the nature and risk of the business as well as the equity and cash position.

Please refer to the income statements, balance sheets, cash flow statements and supplementary disclosures regarding the Group's and the parent company's profits and financial position in other respects.





BRAGANZA AB CONSOLIDATED INCOME STATEMENT 1.1 – 31.12

Amounts in TSEK	Notes	2018	2017
Gross revenue		10 446 924	10 557 617
Net revenue		4 422 923	4 159 835
Other operating income	3	23 022	72 021
Total revenue		4 445 945	4 231 856
Cost of goods sold		-553 529	-472 909
Employee benefits expense	4, 5	-1 315 329	-1 241 096
Other operating expenses	3, 4	-2 425 891	-2 180 984
Total operating expenses		-4 294 749	-3 894 989
EBITDA		151 196	336 867
Depreciation and amortisation expenses	6, 7	-224 774	-199 796
Income/Loss from divestment of operations		-123	31 475
Operating profit / (loss)		-73 701	168 546
Income from investments in associates	9	-7 030	-464
Other interest income		16 762	13 480
Other financial income	8, 10	58 210	41 518
Impairment of financial assets	13	-	-19 253
Other interest expense		-17 439	-21 542
Other financial expenses	10	-23 926	-39 381
Net financial income / (loss)		26 577	-25 642
Profit / (loss) before income tax		-47 124	142 904
Income tax expense	11	-28 283	-35 065
Net profit / (loss)		-75 407	107 839
Attributable to:			
Braganza shareholders		-78 163	103 490
Non-controlling interests		2 756	4 349

BRAGANZA AB CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER

Amounts in TSEK	Notes	2018	2017
Brands and other intangible assets		298 845	308 774
Goodwill		59 670	32 043
Total intangible assets	6	358 515	340 817
Properties and land		594 641	583 625
Aircraft, engines and similar		1 311 670	1 334 009
Equipment		114 612	114 498
Total tangible assets	7, 12	2 020 923	2 032 133
Deferred tax asset	11	6 476	23 901
Investments in associates	9	11 157	38 820
Long term investments	13	187 209	74 912
Long term receivables	14	199 771	186 649
Total financial assets		404 612	324 282
Total non current assets		2 784 050	2 697 232
Finished goods		58 592	53 774
Accounts receivable		106 451	109 514
Other receivables		186 157	224 696
Prepayments and accrued income	16	218 140	192 199
Total receivables		510 748	526 409
Cash and cash equivalents	17	820 341	905 705
Total current assets		1 389 681	1 485 888
Total assets		4 173 731	4 183 119

BRAGANZA AB CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER

Amounts in TSEK	Notes	2018	2017
Share capital	18	46 086	46 086
Additional paid in capital		-	-
Total restricted equity		46 086	46 086
Free reserves		1 648 280	1 544 149
Profit for the year		-78 163	103 490
Total accumulated profits		1 570 117	1 647 639
Non-controlling interests		26 026	23 988
Total equity		1 642 229	1 717 713
Pension obligations	5	4 497	4 497
Deferred tax liability	11	23 000	29 565
Total provisions		27 497	34 062
Liabilities to financial institutions	19	972 013	1 031 947
Other long term liabilities	20	12 700	1 935
Total other non current liabilities		984 713	1 033 882
Liabilities to financial institutions	19	99 516	94 599
Accounts payable		372 330	380 990
Income tax payable	11	14 823	3 529
Public duties payable		79 030	61 315
Other short term liabilities		75 211	42 456
Accrued expenses and deferred income	20	878 380	814 572
Total current liabilities		1 519 291	1 397 462
Total Liabilities		2 531 501	2 465 406
Total equity and liabilities		4 173 731	4 183 119

BRAGANZA AB CONSOLIDATED CASH FLOW STATEMENT 1.1 – 31.12

Amount in TSEK	Notes	2018	2017
Cash flow from operating activities			
Operating profit / (loss)		-73 701	168 546
Interest received		5 660	13 480
Interest paid		-17 439	-21 542
Other financial income net		34 284	2 137
Income tax payable		-4 694	-1 022
Gain (-) / loss from disposal of non current assets		-12 911	-42 690
Gain (-) / loss from disposal of operations		123	-31 475
Depreciation and amortisation expenses	6, 7	224 775	197 192
Impairment of non current assets	6	-	2 441
Changes in finished goods		-4 817	3 960
Changes in accounts receivable		9 219	-11 049
Changes in accounts payable		-13 339	35 561
Difference between recognized pension cost and actual payments		-	-289
Changes in other accruals		68 729	-25 831
Net cash flow from operating activities		215 889	289 418
Cash flow from investing activities			
Proceeds from disposal of tangible non current assets		26 814	45 008
Proceeds from disposal of operations		-123	-
Purchase of tangible non current assets	7	-142 334	-302 032
Purchase of intangible assets	6	-	-17 632
Purchase of shares		-95 854	-44 264
Proceeds from disposal of intangible assets		468	10 806
Net proceeds from disposal of shares		11 699	16 594
Aquisition of subsidiary, net of cash acquired	22	5 869	-9 297
Change in long term receivables		3 774	-18 640
Net cash flow from investing activities		-189 686	-319 457
Cash flow from financing activities			
Net proceeds from recent borrowings/down payments		-46 141	-53 307
Changes in bank overdraft		4 917	-8 577
Equity proceeds / Repayment		-3 667	-3 213
Dividends		-16 958	-41 754
Net cash flow from financing activities		-61 849	-106 850
Net change in cash and cash equivalents		-35 646	-136 890
Effect of exchange rate differences on cash and cash equivalents		-49 717	8 573
Cash and cash equivalents at 01 01	17	905 705	1 034 022
Cash and cash equivalents at 31 12	17	820 341	905 705

BRAGANZA AB CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 31 DECEMBER

	Share capital	Additional paid in capital	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at 1 January, 2017	46 086	3 771	1 597 889	1 647 746	26 450	1 674 196
Profit for the year		-3 771	107 261	103 490	4 349	107 839
Change in carrying amount for assets and liabilities						
Translation differences			-17 941	-17 941	-1 414	-19 355
Total change in carrying amount	-	-	-17 941	-17 941	-1 414	-19 355
Transactions with owners:						
Purchase from (-)/ Sales to (+) non-controlling interests			727	727	-3 940	-3 213
Payment of dividends			-40 297	-40 297	-1 457	-41 754
Total transactions with owners	-	-	-39 570	-39 570	-5 397	-44 967
Equity at December 31, 2017	46 086	-	1 647 639	1 693 725	23 988	1 717 713
Equity at 1 January, 2018	46 086	-	1 647 639	1 693 725	23 988	1 717 713
Profit for the year		-	-78 163	-78 163	2 756	-75 407
Change in carrying amount for assets and liabilities						
Translation differences			20 248	20 248	484	20 732
Total change in carrying amount	-	-	20 248	20 248	484	20 732
Transactions with owners:						
Purchase from (-)/ Sales to (+) non-controlling interests			-6 422	-6 422	2 755	-3 667
Payment of dividends			-13 000	-13 000	-3 958	-16 958
Total transactions with owners	-	-	-19 422	-19 422	-1 203	-20 625
Equity at December 31, 2018	46 086	-	1 570 302	1 616 388	26 025	1 642 414

NOTE 1. ABOUT THE BRAGANZA GROUP

Braganza is a privately held investment company based in Stockholm. Braganza is owned by Per G. Braathen and his immediate family. For many years, Braganza owned the airline Braathens (SAFE). Investments in the airline industry, tourism, leisure and distribution of tourism products account for the majority of the investment portfolio. Braathens Aviation, Kristiansand Dyrepark, Ticket, and Escape Travel Group are the company's largest single investments. A greater proportion of the industrial business is located in Sweden.

Braganza's wholly owned aviation business in Sweden is organised through Braathens Aviation Group AB. The airline is trading under the brand BRA, short for Braathens Regional Airlines and consists of the previous brands Malmö Aviation and Sverigeflyg (including various sub-brands).

BRA is a regional airline that operates from Stockholm's city-airport, Bromma. The airline operates both jet aircraft and turbo-props. BRA transports some two million passen-

gers annually and has been named Sweden's best domestic airline for several successive years.

Kristiansand Dyrepark (Zoo and Amusement Park) was established more than 50 years ago, and has evolved into the largest and foremost leisure park in Norway, including a water park and accommodation. Dyreparken is a full service holiday resort including the pirate themed accommodation Abra Havn, which have a capacity of accommodating 1000 guests.

Ticket is among the largest leisure travel agencies in the Nordic region, with some 70 stores. The company sells leisure travel from all leading tour operators, in addition to cruises, airline tickets and hotel accommodation. Ticket assists and advise the customer through easy access to a wide range of travel products.

Escape Travel Group is a tour operator focusing on the Nordic region, with Escape Travel as common brand. In Norway Escape Travel is the fourth largest tour operator.

NOTE 2 ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Swedish Accounting Act (1995:1554) and generally accepted accounting principles in Sweden by the Accounting Committee BFNAR 2012:1 ("K3").

PRESENTATION

The income statement is presented by nature. The group distinguishes between gross and net revenue in the income statement. Gross revenue in the travel segment represents the gross purchase value (paid by the ultimate customer) of travels arranged on behalf of customers. Net revenue represents the fee expected to be received from customers based on the arrangements made. There are no significant differences between gross and net revenue in other segments of the Group.

The cash-flow statement is based on the indirect method. Cash includes cash in hand and bank-deposits.

BASIS FOR CONSOLIDATION

The Group's consolidated financial statements comprise Braganza AB and companies in which Braganza AB has a controlling interest. A controlling interest is normally obtained when the Group owns more than 20-50% of the shares in the company and can exercise control over the company. Non-controlling interest are included in the Group's equity. Transactions between group companies have been eliminated in the consolidated financial statement. Identical accounting principles have been applied for both parent and subsidiaries.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

An associate is an entity in which the Group has a significant influence but does not exercise control of the management of its finances and operations, normally when the Group owns 20%-50% of the company. The consolidated financial statements include the Group's share of the profits/losses from associates, accounted for using the equity method, from the date when a significant influence is achieved and until the date when such influence ceases.

When the Group's share of a loss exceeds the Group's investment in an associate, the amount carried in the Group's balance sheet is reduced to zero and further losses are not recognized unless the Group has an obligation to cover any such loss.

USE OF ESTIMATES

Management has used estimates and assumptions that have affected assets, liabilities, income, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Sweden. The most critical judgments and sources of potential uncertainty related to the preparation of the consolidated financial statements are detailed below.

Operational leases include certain clauses regarding return conditions on aircraft, and compensations to the lessor depending on where the aircraft is in its maintenance cycle at the time of redelivery. Such costs will be estimated at the end of the leasing period. Currently, no provisions have been made as no reliable estimates can be made at an early stage of the lease contract.

The group recognizes deferred tax assets to the extent it is probable that taxable profit will be generated. Judgement by management is required to determine which deferred tax assets can be recognized, based on the expected timing, level of future taxable profits and future tax planning strategies.

At each reporting date, the group considers if there are indications of reduced values of tangible and intangible assets. A value is considered reduced when the recoverable amount is less than book value. The recoverable amounts of cash generating units are determined based on value-in-use calculations. These calculations require use of estimates.

A customer loyalty program has been established. Bonus points can be used as payment for future ticket purchases etc. A current liability is recognized at the time of sale of tickets. The previous year's utilization of bonus points has been used to calculate the liability of the customer loyalty program and is in the balance sheet recognized at fair value

FOREIGN CURRENCY TRANSLATION

Presentation of subsidiaries in foreign currency

The Group's reporting currency is SEK. This is also the parent company's functional currency. The balance sheet figures of subsidiaries with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period while the income statement figures are translated at the transaction exchange rate. The yearly average exchange rates are used as an approximation of the transaction exchange rate. Exchange differences are recognized in equity. When investments in foreign subsidiaries are sold, the accumulated translation differences relating to the subsidiary are recognized in the income statement.

Translation of foreign currency transactions and balances

Transactions in foreign currency are translated at the rate applicable on the transaction date.

Presentation in the income statement

Profit and loss effects arising from translation of balance sheet items related to operating activities, such as accounts receivables and accounts payable, are presented as operating activities. Translation of balance sheet items related to the financing of the group, such as long-term loan and bank accounts, are presented as finance cost/income. Gains and losses from financial instruments, including hedge accounting, are recognized in the income statement when due. Until the due date, these instruments are kept off balance sheet. Financial instruments used for hedging purposes, but not regarded as a hedge accounting relationship, are presented at fair value. All changes in fair value of financial instruments, except those kept off balance sheet, are recognized as financial cost/income in the income statement. The use of financial instruments is explained in more detail in the notes to the consolidated financial statements.

SEGMENT REPORTING

For management and reporting purposes, the Group has identified four reporting segments. These segments consist of Aviation, Travel, Leisure and Other and comprise the basis for the primary segment reporting. Segment figures are presented in accordance with Swedish GAAP. Please see separate note.

REVENUE RECOGNITION

Revenues from the sale of goods are recognized in the income statement once delivery has taken place and most of the risk and return has been transferred. Revenues from the sale of services are recognized when the service has been provided and the group has obtained a right to receive the payment.

AVIATION*Passenger revenue*

Passenger revenue is recognized as revenue when the transport has been carried out. The value of valid tickets sold but not used at the reporting date is reported as short-term liability in the balance sheet. This liability is reduced either when transportation is carried out or when the passenger requests a refund.

Other revenue

Other revenue comprises sales of ticket-related products and services, such as baggage fees and freight revenues. Some of these products and services are considered earned when the transport is carried out and accordingly recognized in the same manner as passenger revenue. Other products and services are immediately recognized upon a sale in the income statement.

Customer loyalty program

A customer loyalty program has been established. Within the program the passengers acquire bonus points based on their bought flights. Bonus points can be used as payments for future travels or used for purchases with partners in the program. A short-term liability is recognized when a sale is made. Last year's use of loyalty points is then used as the basis for calculating a liability related to the customer loyalty program, which is accounted for at market value.

TRAVEL*Income from distributed sale*

Revenues from mediated sales are recognized in the income statement at the time the work attributable to the transaction has been performed. Revenues are recognized at the fair value of the consideration received or expected to be received, less any discounts. Ticket sales are partly distributed by the Group acting as a sales agent where the Group performs a reservation service for the customer, and partly sales in the Group's own name acting as an organizer of the actual journey being sold, also known as "package tours".

Revenues from services for group and conference business are recognized in the income statement when the outcome of the services provided can be measured reliably. This is normally the day of departure. If there is significant uncertainty regarding the payment, associated costs or the acceptance of the service provided no revenue is recognized. Revenues are recognized at the fair value of the consideration received or expected to be received, less any discounts.

HEDGE ACCOUNTING

The Group seeks to reduce the risk related to fluctuations in fuel prices and currency rates. The Group uses financial instruments such as foreign exchange forward contracts. Financial instruments used as a part of a hedge accounting are kept off balance sheet until the due date of the instrument. The due date of the instrument is set to match the secured transaction

INCOME TAX

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities, with the exception of:

- temporary differences related to goodwill that are not tax deductible
- temporary differences related to investments in subsidiaries, associates or joint ventures that the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognized when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. The companies recognise previously unrecognized deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognized at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Current and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

BALANCE SHEET CLASSIFICATION

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are capitalized and depreciated linearly over the estimated useful life. Assets recognized in the balance sheet based on a financial lease agreement are depreciated over the expected leasing period. All significant assets are disaggregated to the extent necessary to ensure correct depreciation costs.

Depreciation is calculated using the straight-line method over the estimated useful life, as further specified in the notes to the consolidated financial statements.

The depreciation period and method are assessed each year. A residual value is estimated at each year-end, and changes to the estimated residual value are recognized as a change in an estimate.

The Group capitalizes prepayments on purchase of aircraft. The prepayments are classified as tangible assets in the balance sheet. When the aircraft are delivered, prepayments are included in acquisition cost of the aircraft and reclassified as aircraft in the balance sheet.

If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is impaired to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are used.

Assets considered as finance lease are accounted for in the balance sheet at the lower of their fair value and the present value of the minimum lease payments. Debt related to the finance lease is accounted as long term debt to credit institutions, where next twelve months payments are accounted as short term debt. Lease payments are split between amortizations and interest, where interests are distributed over the duration of the lease contract and each period is charged with an amount equal to a fixed interest related to the remaining debt. Interest are accounted as an expense if not directly linked to asset under construction. Lease costs related to operational leases are expensed linearly over the lease contract.

Aircraft are regularly on heavy maintenance. Maintenance with short intervals are expensed as they are incurred, whilst maintenance which is not considered to be short intervals are capitalized in the balance sheet and depreciated until next scheduled maintenance.

LEASING

Finance leases

Finance leases are leases under which the Group assumes most of the risk and return associated with the ownership of the asset. At the inception of the lease, finance leases are recognized at the lower of their fair value and the present value of the minimum lease payments, minus accumulated depreciation and impairment losses. When calculating the lease's present value, the implicit interest rate in the lease is used if it is possible to calculate this. If this cannot be calculated, the company's marginal borrowing rate is used. Direct costs linked to establishing the lease are included in the asset's cost price.

The depreciation period will normally follow the underlying contract. If it is not reasonably certain that the company will assume ownership when the term of the lease expires, the asset is depreciated over the term of the lease or the asset's economic life, whichever is the shorter.

Operating leases

Leases for which most of the risk and return associated with the ownership of the asset have not been transferred to the Group are classified as operating leases. Lease payments are classified as operating costs and recognized in the income statement in a straight line during the contract period.

Deposits made at the inception of operating leases are carried at amortized cost. The difference between the nominal value of a deposit paid, carried at less than market interest and its fair value, is considered as additional rent, payable to the lessor and is expensed on a straight-line basis over the lease term.

INTANGIBLE ASSETS

Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through a business combination are recognized at their fair value. Capitalized intangible assets are recognized at cost less any amortisation and impairment losses.

Intangible assets, which have a defined economic life, are amortised over their economic life and tested for impairment if there are any indications of reduced value. The amortisation method and period are assessed at least once a year. Changes to the amortisation method and/or period are accounted for as a change in estimate. Intangible assets without any defined economic life are not depreciated, but are instead tested for impairment at least once a year.

Development costs

Development costs related to IT/software are capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalized development costs are amortized over its useful life.

Goodwill

The difference between the cost of an acquisition and the fair value of net identifiable assets on the acquisition date is recognized as goodwill. For investment in associates, goodwill is included in the investment's carrying amount.

Goodwill is recognized at cost in the balance sheet, minus any accumulated impairment losses, and amortised. Goodwill is amortised over five years unless otherwise specified.

Assets and liabilities acquired in a business combination are carried at their fair value in the Group's balance sheet. The non-controlling interest is calculated on the basis of the minority's share of these assets and liabilities.

The allocation of costs in a business combination is changed if new information on the fair value becomes available and is applicable on the date when control is assumed. The allocation may be altered until the annual accounts are presented or prior to the expiry of a 12-month period.

If the fair value of the equity exceeds the acquisition cost in a business combination, the difference ("negative goodwill") is recognized as income immediately on the acquisition date.

At each reporting date, the group considers if there are indications of reduced value of the goodwill. Goodwill is evaluated as a part of a cash generating unit. A value is considered reduced if the recoverable amount of the assets of the cash generating unit is less than book value. The recoverable amounts of cash generating units are determined based on value-in-use calculations.

Patents and licences

Amounts paid for patents and licences are capitalized and amortised on a straight line basis over the expected useful life.

Software

Expenses related to the purchase of new software are capitalized as an intangible asset provided these expenses do not form part of the hardware acquisition costs. Software is normally depreciated over the expected useful life. Costs

incurred as a result of maintaining or upholding the future utility of software is expensed unless the changes in the software increase the future economic benefits from the software.

Brands

Brands are either capitalized as part of an acquisition, or separate purchases of brands. Brands are not depreciated. The value of brands which are capitalized as part of an acquisition is determined by comparing renting cost for brands for similar businesses, using international databases as a basis. A discount for maintaining the brand is applied, and a DCF analysis gives the value of the brand, less any impairment losses. Purchased brands are capitalized at cost, less any impairment losses.

At each reporting date, the group considers if there are indications of reduced values of the brands. Brands are evaluated as a part of a cash generating unit. A value is considered reduced if the recoverable amount of the assets of the cash generating unit is less than book value. The recoverable amounts of cash generating units are determined based on value-in-use calculations.

SUBSIDIARIES AND INVESTMENT IN ASSOCIATES

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued at cost, less any impairment losses. Impairment loss is recognized if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as they are recognized in the financial statement of the provider. If dividends / group contribution exceeds withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company

INVENTORIES

Inventories are recognized at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is calculated by using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Accounts receivable and other current receivables are recognized in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

SHORT TERM INVESTMENTS

Short term investments (securities traded at an open market) are valued at market value. Dividends and other distributions are recognized as other financial income.

EMPLOYEE BENEFITS

Employee benefits in the form of salaries, bonuses, paid holiday, paid sick leave etc. and pensions are recognized as they are vested. Pensions and other post-employment benefits are classified as defined contribution or defined benefit plans.

Defined contribution plans

For defined contribution plans, the Group pays set contributions to a separate independent legal entity and does not have any obligation to pay further contributions. Expenses are charged against group earnings as the benefits are vested, which normally coincides with the time when premiums are paid.

Defined benefit plans

The Group's net obligation concerning defined benefit plans is calculated by estimating the future benefit the employees have earned through their employment in both current and previous periods; this benefit is discounted to a present value and the fair value of any assets under management is deducted. Changes in the pension obligations due to changes in pension plans are recognized over the estimated average remaining service period.

GOVERNMENT GRANTS

Grant income is recognized when there is 1) entitlement to the grant, 2) virtual certainty that it will be received and 3) sufficient measurability of the amount. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate. Government grants relating to purchases of non-current assets are deducted from the cost of the respective asset. The amount of depreciation and amortization is based on the cost of purchase after deduction of such grants.

CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are recognized in the annual accounts if the probability that the cost will be incurred is more than 50 % and the liability can be estimated reliably. The liability is recognized based on the best estimate of the future settlement. If the probability is regarded less than 50 % information about the contingent liability is disclosed.

Contingent assets are not recognized in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Group.

EVENTS AFTER THE REPORTING PERIOD

New information on the company's financial position at the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position at the end of the reporting period but which will affect the company's financial position in the future are disclosed if material.

PARENT COMPANY – ACCOUNTING PRINCIPLES

The differences between the group's and the parent company's accounting principles are explained below.

Subsidiaries

Interests in subsidiaries are recognized at cost. Dividends from subsidiaries are recognized as income when the right to receive dividend is deemed to be certain and can be calculated in a reliable manner.

Group contribution

Group contributions received and paid are recognized as appropriations in the income statement.

Taxes

Untaxed reserves, including deferred tax liability, are recognized in the parent company. In the consolidated financial statements, on the other hand, untaxed reserves are divided into deferred tax liability and shareholders' equity.

NOTE 3. OTHER OPERATING INCOME AND EXPENSES

(Amounts in SEK 1000)

Other operating income consists of:

	2018	2017
Gain on sale of fixed assets	1 757	28 768
Currency translation gain on operational receivables and payables	-	19 279
Compensation insurance	21 265	23 974
Total	23 022	72 021

Other income consists of market contribution and release of liability for tickets, bonus points, agent commission and other accruals

Other operating expenses consists of:

	2018	2017
Aviation related costs	1 464 601	1 428 159
Cost of leases	184 913	162 127
Marketing costs	185 085	187 383
IT costs	104 306	92 395
External consultants, advisors etc	27 204	23 160
Cost of travel	5 597	3 683
Hotel accomodation	17 405	18 576
Other	436 628	265 500
Total	2 425 737	2 180 984

NOTE 4. SALARY AND PERSONNEL COSTS, NUMBER OF EMPLOYEES, LOANS TO EMPLOYEES AND AUDITOR'S FEE

(Amounts in SEK 1000)

	Total for all employees	
Salary and personnel costs:	2018	2017
Salaries	890 605	847 072
Payroll tax	260 044	244 569
Pension costs	98 176	94 960
Other benefits	68 012	55 835
Capitalized wage expenses	(1 508)	(1 340)
Total	1 315 329	1 241 096

Average number of employees by gender and country

	2018	2018	2018	2017	2017	2017
	Female	Male	Total	Female	Male	Total
Sweden	676	488	1 164	674	465	1 139
Norway	321	141	461	312	126	438
Spain	3	3	6	3	3	6
Denmark	6	8	15	0	1	1
Total	1 006	640	1 646	989	595	1 584
	61 %	39 %		62 %	38 %	

Management and board remuneration

	2018	2017
Salary and bonus	12 647	11 212
Other benefits	199	184
Total	12 846	11 396
There is no severance pay agreement.		
Split senior management	2018	2017
Women:		
Members of board	0	0
Other senior management incl MD	1	1
Men:		
Members of board	3	6
Other senior management incl MD	3	4
Total	7	11

Auditor

Specification of auditor's fees 2018 ex VAT

Group	Statutory audit fee	Other assurance services	Tax advisory fee	Other non-audit services	Total 2017
Deloitte	(2 474)	(105)	(652)	(181)	(3 412)
Other auditors	(138)	(9)	0	(57)	(204)
Total	(2 611)	(115)	(652)	(238)	(3 616)

Specification of auditor's fee 2017 ex VAT

Group	Statutory audit fee	Other assurance services	Tax advisory fee	Other non-audit services	Total 2016
Deloitte	(2 685)	(277)	(119)	(401)	(3 481)
Other auditors	0	0	0	0	0
Total	(2 685)	(277)	(119)	(401)	(3 481)

NOTE 5. PENSIONS

(Amounts in SEK 1000)

	2018	2017
Service cost	1 969	2 100
Interest cost	-	-
Return on pension plan assets	-	-
Social security tax	269	280
Net pension costs, defined pension plans	2 239	2 380
Pension cost defined contribution plans	95 937	92 579
Total net pension cost	98 176	94 960

	2018	2017
Accrued pension obligations at 31 12	14 254	13 772
Estimated effect of future salary increase	-	-
Estimated pension obligations at 31 12	14 254	13 772
Pension plan assets at market value) at 31 12	7 092	6 156
Unrecognised effects of actuarial gains/ losses	(3 613)	(3 189)
Social security tax	-	-
Currency adjustments	228	466
Net benefit obligations	3 778	3 960
Hereof recognized as Other long term receivables	719	537
Hereof recognized as Pension obligations	4 497	4 497
Actuarial assumptions:		
Discount rate	2,6 %	2,4 - 3%
Salary increase	2,75 %	2,50 %
Return on plan assets	4,30 %	4,10 %
Average turnover	0 %	0 %

The actuarial assumptions are based on assumptions of demographical factors normally used within the insurance industry. The main pension schemes in the group are defined contribution plans, or similar schemes, and such pension costs are current accounted for in the income statement.

NOTE 6. INTANGIBLE ASSETS

(Amounts in SEK 1000)

	Brands and other intangible assets	Goodwill	Total
1 January – 31 December 2018			
Balance as of 1 January 2018	308.774	32.043	340.817
Additions	26.808	-	26.808
Additions from purchase of companies	3.335	41.285	44.620
Disposals	(2.787)	-	(2.787)
Disposals from sale of companies	-	-	-
Amortisation	(38.007)	(14.630)	(52.637)
Impairment loss	-	-	-
Currency translation differences	722	972	1.695
Balance as of 31 december 2018	298.845	59.670	358.515

As of 31 December 2018			
Cost of acquisition	418.052	182.747	600.799
Accumulated amortisation and impairment losses	(119.207)	(123 077)	(242 284)
Balance as of 31 December 2018	298 845	59 670	358 515

	Brands and other intangible assets	Goodwill	Total
1 January - 31 December 2017			
Balance as of 1 January 2017	332 387	32 071	364 459
Additions	17 632	-	17 632
Additions from purchase of companies	45	9 724	9 770
Disposals	(5 000)	-	(5 000)
Disposals from sale of companies	-	-	-
Amortisation	(32 905)	(9 010)	(41 915)
Impairment loss	(2 557)	-	(2 557)
Currency translation differences	(830)	(743)	(1 573)
Balance as of 31 december 2017	308 774	32 043	340 817

As of 31 December 2017			
Cost of acquisition	393 878	139 766	533 644
Accumulated amortisation and impairment losses	(85 104)	(107 723)	(192 827)
Balance as of 31 December 2017	308 774	32 043	340 817

Depreciation of intangible assets:

Brands are tested for impairment on a yearly basis. Other intangible assets are depreciated according to their estimated economic useful life.

Goodwill for each acquisition	Carrying amount 31 December	Useful economic life
Dyreparken/Kaptein Sabeltann	12 262	20 years
Signatours	19 594	5 years
Cruise no	15 533	5 years
Eurotravel Sports	6 969	5 years
Dyreparken Hotell AS	4 613	5 years
Two Travel AS	699	5 years
Total	59 670	

NOTE 7. TANGIBLE ASSETS

	Properties and land	Aircraft, engines and similar ¹	Pre-payments	Equipment	Total
1 January – 31 December 2018					
Balance as of 1 January 2018	583 625	1 334 009	-	114 498	2 032 131
Additions	38 439	33 975	-	43 112	115 526
Additions from purchase of companies	-	-	-	258	258
Disposals	(10 135)	(718)	-	(11 730)	(22 584)
Disposals from sale of companies	-	-	-	-	-
Amortisation	(32 406)	(106 793)	-	(32 938)	(172 137)
Impairment loss	-	-	-	-	-
Currency translation differences	(15 118)	51 197	-	(1 413)	67 728
Balance as of 31 December 2018	594 641	1 311 671	-	114 612	2 020 923

As of 31 December 2018

Cost of acquisition	1 032 065	1 750 260	-	332 771	3 115 097
Accumulated amortisation and impairment losses	(437 424)	(438 590)	-	(218 160)	(1 094 174)
Balance as of 31 December 2018	594 641	1 311 671	-	114 612	2 020 923

	Properties and land	Aircraft, engines and similar ¹	Pre-payments	Equipment	Total
1 January – 31 December 2017					
Balance as of 1 January 2017	617 675	1 186 923	-	99 882	1 904 480
Additions	29 494	229 978	-	42 560	302 032
Additions from purchase of companies	-	-	-	1 915	1 915
Disposals	(3 587)	(19 672)	-	(403)	(23 662)
Disposals from sale of companies	-	-	-	-	-
Amortisation	(33 712)	(93 774)	-	(27 837)	(155 323)
Impairment loss	-	-	-	-	-
Currency translation differences	(26 245)	30 554	-	(1 619)	2 690
Balance as of 31 December 2017	583 625	1 334 009	-	114 498	2 032 132

As of 31 December 2017

Cost of acquisition	980 654	1 700 254	-	299 072	2 979 980
Accumulated amortisation and impairment losses	(397 029)	(366 245)	-	(184 574)	(947 848)
Balance as of 31 December 2017	583 625	1 334 009	-	114 498	2 032 132

¹ The balance sheet item includes leasing assets held under finance leases with carrying amounts amounting to 1 060 830. See note 12 for more information.

Depreciation of intangible assets:

	Properties and land	Aircraft, engines and similar ¹	Pre-payments	Equipment
Depreciation method	Straight line	Straight line	NA	Straight line
Expected useful economic life	25-50 years	5-20 years	NA	3-10 years

NOTE 8. SIGNIFICANT TRANSACTIONS AND EVENTS

(Amounts in SEK 1000)

January 2018, Escape Travel AS purchased 100 % of Cruise.no AS. Cruise.no AS is the leading distributor of cruises in Norway. In June 2018, Escape Travel A/S purchased the remaining shares in Signatours Travel Holding A/S and owns now 100%.

In June 2018, Braganza AB signed a purchase contract regarding a parking lot nearby Dyreparken. Closing of the transaction took place 1 March 2019.

Braganza received in 2018 an escrow payment of approximately 11 MSEK related to its previous holding in Jetscape Inc.

Braganza invested in 2017 in BRABank ASA, a new consumer bank focusing on credit card, consumer loan and check-out financing. In 2018, the Norwegian Financial Supervisory Authority granted Braganza permission to own 20 % of BRABank. Following a public share issue in BRABank in March 2018, Braganza became owner of nearly 20 % of the bank. In February 2019, BRABank ASA and Monobank ASA announced a merger of the two banks with Monobank as the takeover unit. The transaction is subject to approval in both banks General Meetings and the FSA's approval. Following the announcement, Braganza will invest up to 100 MNOK in new equity in Monobank.

NOTE 9. INVESTMENTS IN ASSOCIATED COMPANIES

(Amounts in SEK 1000)

A specification of investments in associated companies follow below:

	2018	2017
Book value as of 1.1.	38 820	7 993
Reclassification ¹⁾	(20 710)	
Additions from purchase of companies	-	(249)
Additions	-	30 910
Disposals	(468)	-
Profit/(loss)	(7 030)	(464)
Currency and other adjustments	545	629
Book value as of 31.12.	11 157	38 820

Specification of profit/(loss)

	2018	2017
Share of profit/(loss) from associates	(7 030)	(464)
Elimination of internal gains/losses	-	-
Net profit/(loss) from associates	(7 030)	(464)

	Location	Owner- ship 1)	Equity as of 31.12.	Profit/(loss) 2017
Peer Gynt AS, org nr 965 407 375	Nord-Fron	50,0 %	11 605	954
Qondor AS	Trondheim	33,0 %	3 214	(4 231)
Eurotravel Sports Golf & Event AB	Gothenburg	50,0 %	(2 878)	(3 019)

2) Ownership equalling the percentage of voting shares

	Acquisition cost	Acquisition date	Equity at acquisition date	Book value 2018	Book value 2017
Peer Gynt AS	5 270	2008	10 000	5 802	5 439
BRABank ASA ¹⁾	16 146	Dec 2017	7 946	-	16 146
Signatours A/S	9 687	Jun 2016	2 392	-	9 116
Eurotravel Sports Golf & Event AB	100	Aug 2017	100	-	69
Qondor AS	8 041	Dec 2017	7 096	5 355	8 049
Sum				11 157	38 820

1) BRABank ASA classified as a long term investment and Signatours A/S is fully consolidated as of 2018.

NOTE 10. OTHER FINANCIAL INCOME AND EXPENSES

(Amounts in SEK 1000)

Other financial income

	2018	2017
Gain from sale of shares	11 699	15 538
Gain on foreign exchange	44 384	20 369
Other financial income	2 128	5 612
Total other finance income	58 210	41 518

Other financial expenses

	2018	2017
Loss /changes in value of equity investments	(164)	-
Loss on foreign exchange	(19 009)	(37 991)
Other financial expenses	(4 753)	(1 390)
Total other finance expenses	(23 926)	(39 381)

NOTE 11. TAXES

(Amounts in SEK 1000)

	2018	2017
Income tax expense		
Tax payable	14 823	3 529
Changes in deferred tax	13 433	31 540
Adjustments for prior years	27	(3)
Total income tax expense (+) / tax income (-)	28 283	35 065
Changes in deferred tax		
Changes recognized in profit and loss	13 433	31 540
Changes due to business combinations	(1 935)	(118)
Other	2 215	1 612
Currency adjustments	8	(493)
Total changes in deferred tax	13 721	32 540
Profit before tax	47 124	(142 904)
Tax rate 22%	(10 367)	31 439
Effect of unrecognized timing differences and tax loss	33 525	5 740
Revaluation of unrecognized timing differences and tax loss prior years	(1 391)	869
Adjustments for prior years	35	-
Permanent differences	11 008	(5 004)
Share of net profit from associates	15	-
Effect of change in tax rate	396	(1 447)
Effect of different tax rates	730	862
Other	(5 668)	2 607
Income tax expense (+) / tax income (-)	28 283	35 065
Temporary differences		
Deferred tax assets		
Pensions	-	-
Inventory	415	317
Intangible assets	-	-
Tangible assets	13 152	8 149
Accounts receivables and other receivables	45	511
Provisions and short term debt	1	5
Gains and losses	80	102
Tax loss carried forward	83 490	53 180
Other differences assets	1 717	1 710
Deferred tax assets	98 900	63 975
Deferred tax liabilities		
Intangible assets	27 931	16 446
Tangible assets	42 653	41 155
Accounts receivables	-	284
Gains and losses	3 088	3 873
Untaxed reserves	-	-
Other differences	570	193
Deferred tax liabilities	74 242	61 951
Net deferred tax assets (-liability)	24 658	2 025
Hereof not recognized in the balance sheet	41 182	7 688
Net deferred tax assets (-liability)	(16 524)	(5 664)
Hereof recognized as deferred tax asset	6 476	23 901
Hereof recognized as deferred tax liability	23 000	29 565

NOTE 12. LEASES

(Amounts in SEK 1000)

Finance leases

	2018	2017
Aircraft, engines, property, plant and similar	1 060 830	1 067 758
Balance as of 31 December	1 060 830	1 067 758

Minimum finance lease payments

	2018	2017
Next year	99 516	94 405
Between year 1 and 5	408 623	387 627
After year 5	304 711	391 555
Total minimum finance lease payments	812 850	873 587

Present value of minimum finance lease payments

- Whereof short-term debt	99 516	94 405
- Whereof long-term debt	713 333	779 182

Operating leases

	Lease payments		Durability
	2018	2017	
Aircraft, engines, property, plant and similar	158 595	154 157	1-4 years
Equipment	2 985	2 673	1-3 years
Other	2 163	2 935	
Lease expenses	163 742	159 765	

Operating leases

	2018	2017
Next year, operating leases	145 778	143 882
Between year 1 and 5, operating leases	369 693	355 137
After year 5, operating leases	196 546	254 941
Total minimum operating lease payments	712 017	753 960

NOTE 13. LONG TERM INVESTMENTS

(Amounts in SEK 1000)

Long term investments

Company	Book value	Share
Musti Group	61 250	5,0 %
BRA Bank ASA	64 672	19,4 %
Scandic Hotel Group	36 283	0,4 %
Topcamp AS	17 167	11,0 %
Other	7 837	
Total	187 209	

Individual valuation is made for each investment. All investments market value exceeds book value.

Changes during the year

	2018	2017
Book value 1 January	74 911	81 751
Additions	95 854	13 354
Reclassification ¹⁾	16 146	-
Disposals	-	(1 056)
Impairment loss	-	(19 136)
Currency translation differences	298	(1)
Book value as of 31 December	187 209	74 912

¹⁾ BRABank ASA classified as a long term investment as of 2018.

NOTE 14. LONG TERM RECEIVABLES

(Amounts in SEK 1000)

Long term receivables consist of:

	2018	2017
Loan to Musti ja Mirri Group	99 074	87 972
Deposits	54 464	53 964
Pre-delivery payment	30 501	27 989
Other	15 731	16 724
Other	16 724	10 308
Total	199 770	186 649

NOTE 15. TRANSACTIONS WITH RELATED PARTIES

Loan from shareholders are disclosed in note 20.

Four ATR 72-600 is on an operating lease, three from the Bramora Group and one from ATR 72 MSN 1341 AS, to Braathens Regional Airways AB. Terms and conditions related to the leases are on market terms.

NOTE 16. PREPAYMENTS AND ACCRUED INCOME

(Amounts in SEK 1000)

Prepayments and accrued income consist of:

	2018	2017
Prepaid expenses	40 129	64 411
Accrued income	95 249	88 416
Tax receivable	17 871	-
Other short term receivables	64 891	39 372
Total	218 140	192 199

Hereof:

Due within 1 year	218 140	192 199
Due above 1 year	-	-

NOTE 17. CASH AND CASH EQUIVALENTS

(Amounts in SEK 1000)

Cash and cash equivalents consists of:

	2018	2017
Bank deposits	522 735	676 065
Excess cash invested in Alfred Berg	297 606	229 640
Total	820 341	905 705
Whereof restricted	9 866	29 689

Specification of excess cash invested in Alfred Berg Kapitalforvaltning:

Company	Book value	Market value
Alfred Berg Likviditet Pluss	106 410	106 410
Alfred Berg Income	47	47
Alfred Berg Nordic investment Grade	136 769	136 769
Alfred Berg Nordisk Likviditet Pluss	54 380	54 380
Total	297 606	297 606

NOTE 18. SHARE CAPITAL

(Amounts in SEK 1000)

Shareholders as of 31 December

	Number of shares	In percent
Per G. Braathen	238 876	52 %
Eline B. Braathen	73 998	16 %
Ida P. Braathen	73 998	16 %
Peer G. Braathen	73 998	16 %
Total	460 870	100 %

The shares have a face value of 100,-

NOTE 19. INTEREST BEARING DEBT

(Amounts in SEK 1000)

The Group's interest bearing debt has the following characteristics:

	<i>Short-term</i>		<i>Long-term</i>	
	2018	2017	2018	2017
Interest bearing debt by type loan				
Loan from financial institutions	-	194	258 680	252 765
Finance leases, note 12	99 516	94 405	713 333	779 182
Total	99 516	94 599	972 013	1 031 947
Time to maturity				
Due between year 1 and 5			408 623	387 627
Due after year 5			563 391	644 320
Total			972 013	1 031 947

Type of security

Aircraft, engines and similar	-	-
Property and plant	496 763	419 369
Inventory	22 341	21 693
Other	7 590	-
Total book value of security	526 694	441 062

There are no financial covenants related to the long-term debt related to financial lease of ATR 72-600. However, there are "Trigger events" related to certain financial ratios.

NOTE 20. OTHER LONG TERM LIABILITIES AND ACCRUED EXPENSES AND DEFERRED INCOME

(Amounts in SEK 1000)

Other long-term liabilities consist of:

	2018	2017
Loans from Shareholders	12 700	1 479
Deposits	-	-
Other	-	456
Total other long-term liabilities	12 700	1 935
Time to maturity		
Due between year 1 and 5	12 700	1 935
Due after year 5	-	-
Total	12 700	1 935

Accrued expenses and deferred income consist of:

	2018	2017
Tickets sold not used	250 249	267 446
Salaries and other employee benefits	200 492	201 188
Other prepayments from customers	269 666	245 994
Other	157 972	99 944
Total accrued expenses and deferred income	878 380	814 572

NOTE 21. GUARANTEE LIABILITIES AND PLEDGED ASSETS

(Amounts in SEK 1000)

The pledged assets for the group consist of:

	2018	2017
Aircraft	1 060 830	1 067 758
Chattel mortgages	50 000	50 700
Deposits	54 464	105 425
Restricted cash	8 077	28 221
Property and plant	496 763	419 369
Inventory	22 341	21 693
Other	37 360	9 294
Total	1 729 835	1 702 460

Other pledged assets, see note 20.

In the ordinary course of business the Group has given the following guarantees:

	2018	2017
Travel insurance	181 363	150 869
Rental guarantees	5 659	6 610
Bank Guarantees	8 768	9 566
Total	195 790	167 045

Braathens Aviation AB (publ) is an guarantor of the operating leases between Braathens Regional Airways AB (lessee), subsidiaries of Bramora LTD (lessor) and ATR 72 MSN 1341 AS (lessor) regarding the four ATR 72-600s.

NOTE 22. ACQUISITIONS AND DISPOSALS OF BUSINESSES

(Amounts in SEK 1000)

Disposal of business

No significant disposals during 2018 and 2017.

	Acquisitions		Divestments	
	2018	2017	2018	2017
Other intangible assets	44 620	9 770	-	-
Tangible assets	258	1 666	-	-
Financial assets	10 987	(0)	-	-
Current assets	85 222	7 422	-	-
Total assets	141 087	18 857	-	-
Non-current liabilities	-	118	-	-
Current liabilities	87 033	7 979	-	-
Total liabilities	87 033	8 097	-	-

The Group has acquired two businesses during 2018, Signatours A/S (1 July 2018) and Cruise.no AS (1 January 2018). Due to prepayments from customers, cash and cash equivalents received exceeded the purchase price with MSEK 5,8.

NOTE 23. OPERATING SEGMENTS

(Amounts in SEK 1000)

The group has four reportable segments, which are the strategic business units of the group.

All transactions between the segments are, according to the groups transfer pricing guidelines, based on the arm length principle.

Allocation between segments in 2018	Aviation	Travel	Leisure	Other	Total
External gross revenue	2 769 761	7 182 735	467 257	27 171	10 446 924
Net revenue	2 746 837	1 182 370	467 257	26 458	4 422 923
Other operating income	22 264	46	-	713	23 023
Total external revenues	2 769 101	1 182 416	467 257	27 171	4 445 945
Internal revenues	18 556	1 172	855	70 029	90 612
Total revenues	2 787 657	1 183 588	468 112	97 200	4 536 557
Cost of goods sold	-	(552 558)	(53 445)	(7 088)	(613 090)
Employee benefits expense	(798 064)	(300 656)	(185 074)	(31 535)	(1 315 329)
Other operating expenses	(1 988 859)	(258 974)	(163 829)	(45 280)	(2 456 942)
EBITDA	735	71 401	65 764	13 297	151 196

Geographical areas	Norway	Sweden	Other	Total
Gross revenue	2 376 966	7 980 566	89 392	10 446 924
Net revenue	731 191	3 603 055	88 677	4 422 923
Other operating income	49	22 264	710	23 023
Total external revenues	731 240	3 625 319	89 387	4 445 945
Internal revenues	79 091	11 485	36	90 612
Total revenues	810 331	3 636 804	89 422	4 536 557

Allocation between segments in 2017	Aviation	Travel	Leisure	Other	Total
External gross revenue	2 651 732	7 422 975	444 692	38 218	10 557 617
Net revenue	2 651 732	1 025 193	444 692	38 218	4 159 835
Other operating income	64 834	6 363	-	824	72 021
Total external revenues	2 716 566	1 031 556	444 692	39 041	4 231 856
Internal revenues	240	2 795	-	32 119	35 154
Total revenues	2 716 806	1 034 352	444 692	71 160	4 267 010
Cost of goods sold	-	(401 691)	(52 750)	(18 468)	(472 909)
Employee benefits expense	(746 379)	(278 481)	(173 119)	(43 118)	(1 241 096)
Other operating expenses	(1 799 210)	(247 055)	(126 790)	(43 083)	(2 216 138)
EBITDA	171 217	107 125	92 033	(33 508)	336 867

Geographical areas	Norway	Sweden	Other	Total
Gross revenue	2 755 771	7 800 671	1 174	10 557 617
Net revenue	1 054 735	3 103 925	1 174	4 159 835
Other operating income	20 995	50 288	739	72 021
Total external revenues	1 075 730	3 154 213	1 913	4 231 857
Internal revenues	20 977	11 402	2 775	35 154
Total revenues	1 096 708	3 165 615	4 688	4 267 011

NOTE 24. SUBSIDIARIES

Subsidiaries directly or indirectly controlled as of 31 December

Company	Acquisition/ incorporation date	Company no.	Location	Country	Share ownership 2018	Share ownership 2017
Braganza AS	2013	912 414 353	Oslo	Norway	100 %	100 %
Braathens Travel Group AB1)	2010	556445-4170	Stockholm	Sweden	100 %	100 %
Ticket Leisure Travel AB1)	2010	556428-9592	Stockholm	Sweden	96 %	96 %
Dyreparken Utvikling AS1)	2001	990 903 700	Kristiansand	Norway	97 %	97 %
Kristiansand Hotell AS	2016	980.406.563	Kristiansand	Norway	100 %	100 %
Badeland Eiendom AS	2018	894 542 012	Kristiansand	Norway	100 %	100 %
Dyreparken Eiendom AS	2018	990 690 480	Kristiansand	Norway	100 %	100 %
Wayday Travel AS1)	2007	991 353 305	Oslo	Norway	93 %	96 %
Braganza II AB	1999	556575-4438	Stockholm	Sweden	100 %	100 %
Braathens Group AB	2007	556727-6224	Stockholm	Sweden	100 %	100 %
Braathens Aviation AS	1989	955 309 847	Oslo	Norway	100 %	100 %
Formentera AS	1997	978 666 259	Oslo	Norway	100 %	100 %
Bramora AS	2005	988 030 635	Oslo	Norway	100 %	100 %
Breibukt Holding AS1)	2006	989 332 619	Oslo	Norway	100 %	100 %
Braathens Aviation AB1)	2007	556747-6592	Malmö	Sweden	100 %	100 %
Braathens IT AS	2002	884 729 432	Lysaker	Norway	100 %	100 %
LG Braathens Rederi AS	2004	887 434 972	Oslo	Norway	51 %	51 %
Braconda AS	2003	986 007 423	Oslo	Norway	100 %	100 %
Braathens Travel Group AS	2002	984 686 625	Oslo	Norway	100 %	95 %
Bralanta AS	2008	992 958 650	Oslo	Norway	100 %	100 %
Escape Travel Group AS1)	2018	921 380 496	Oslo	Norway	95 %	0 %
Stay AS	2008	986 572 155	Oslo	Norway	100 %	100 %
Ticket Commercial Ltd	2012	7110286	London	UK	100 %	100 %
Braathens Domains Ltd	2012	7110139	London	UK	100 %	100 %
Braganza Group 2 AB	2013	556938-7524	Stockholm	Sweden	100 %	100 %
Bramora AB	2013	556938-7367	Stockholm	Sweden	100 %	100 %
Bralanta AB	2013	556938-7375	Stockholm	Sweden	100 %	100 %
Braconda AB	2013	556938-7516	Stockholm	Sweden	100 %	100 %
Ludv. G. Braathens Rederi AB	2013	556938-7508	Stockholm	Sweden	100 %	100 %
Bradana AS	2014	945 736 755	Oslo	Norway	100 %	100 %
BraDana Danmark A/S	2014	15706295	Rønde	Denmark	100 %	100 %
ATR 72 MSN 1341 AS	2017	919 407 360	Oslo	Norge	100 %	100 %

1) Including subsidiaries not listed in this note.

NOTE 25. EVENTS AFTER THE REPORTING PERIOD

Escape Travel Group AS, a wholly owned indirect subsidiary of Braganza AB, entered into in March 2019 a purchase agreement for all shares in Prima Travel AB, a Swedish tour operator focusing on groups who search for an active vacation.

In February 2019, BRABank ASA and Monobank ASA announced a merger of the two banks with Monobank as the takeover unit. The annual general meeting of both banks, as well as FSA has approved the transaction, and the merger is planned to take effect on 28 June 2019. The merged entity will be named BRABank. Following the announcement, Braganza will invest up to 100 MNOK in new equity in the merged entity.

Braganza AB completed the acquisition of 100% of Dyreparken Parkering AS in March 2019.

In April 2019, Braathens Aviation AB has decided to phase out its jet aircraft in 2019 and 2020, and to initiate negotiations related to termination of personnel as a result of redundancy.

BRAGANZA AB – PARENT COMPANY

The board and managing director of Braganza AB hereby submit the annual report for the financial year 1 January 2018 - 31 December 2018.

ADMINISTRATION REPORT

Accounting principles

The Annual Report is prepared in accordance with BFNAR 2012: 1 Annual Report ("K3").

Proposal for the appropriation of profits

The following profits are available for appropriation at the annual general meeting:

Profit brought forward	1 184 838 195
Profit for the year	12 421 084
Sum	1 197 259 279

The board and managing director proposes that:

Proposed dividend	13 000 000
To be carried forward	1 184 259 279
Sum	1 197 259 279

The board of directors proposes that the ordinary General Meeting in 2019 distribute a dividend of MSEK 13, which is deemed to be justifiable taking into account the nature and risk of the business as well as the equity and cash position.

Please refer to the following income statement, balance sheet, cash flow statement and additional information regarding the company's profits and financial position in general. All amounts are in thousand Swedish kronor unless otherwise indicated.

BRAGANZA AB – PARENT COMPANY

(Amount in TSEK)

INCOME STATEMENT	Note	2018	2017
Net sales		10 734	11 162
Revenue		10 734	11 162
Other external costs	1	-29 163	- 24 855
Personnel costs	2	-3 428	- 4 767
Operating expenses		-32 591	- 29 622
Operating profit		-21 857	-18 460
<i>Result from financial investments</i>			
Result from participations in group companies	3	-150	42 610
Result from long-term securities	4	-2 570	37 219
Other interest income and similar items	5	48 658	30 039
Interest expense and similar items	6	-17 231	- 42 783
Financial items		28 708	67 085
Profit/ after financial items		6 851	48 625
Change in tax allocation reserve	7	-	2 374
Received group contribution		5 570	7 188
Tax on profit for the year	8	-	-
		-	9 562
NET PROFIT FOR THE YEAR		12 421	58 187

BALANCE SHEET

(Amount in TSEK)

ASSETS	Note	2018	2017
Fixed assets			
<i>Intangible assets</i>			
Intellectual property rights, brands and other intangible assets	10	3 438	-
Total intangible assets		3 438	-
<i>Financial assets</i>			
Shares in group companies	3	920 475	915 410
Receivables from group companies		251 550	288 052
Shares in associated companies	9	5 270	5 270
Other long-term securities	4	161 205	77 396
Other long-term receivables		91 207	80 931
Total financial assets		1 429 707	1 367 059
Total fixed assets		1 433 145	1 367 059
Current assets			
<i>Current receivables</i>			
Receivables from group companies		38 584	3 465
Other receivables		53	-
Total current receivables		38 637	3 465
Cash and bank balances		447 183	540 471
Total current assets		485 820	524 295
TOTAL ASSETS		1 918 964	1 891 353

BALANCE SHEET

(Amount in TSEK)

EQUITY AND LIABILITIES	Note	2018	2017
Equity			
Restricted equity			
Share capital		46 086	46 086
Total restricted equity		46 086	46 086
Non-restricted equity			
Profit brought forward		1 184 838	1 139 651
Profit for the year		12 421	58 187
Total non-restricted equity		1 197 259	1 197 838
Total equity		1 243 346	1 243 925
Untaxed reserves	7	-	-
Liabilities			
Long-term liabilities			
Liabilities to group companies		241 372	299 583
Other long-term liabilities		12 700	1 479
Total long-term liabilities		254 072	301 062
Current liabilities			
Accounts payable – trade		524	406
Liabilities to group companies		420 216	343 931
Other short-term debt		344	420
Accrued expenses and deferred income		462	1 609
Total current liabilities		421 546	346 366
TOTAL EQUITY AND LIABILITIES		1 918 964	1 891 353

CHANGE IN EQUITY

(Amount in TSEK)

	Restricted equity	Non-restricted equity		Total equity
	Share capital	Retained earnings	Profit for the period	
Equity at January 1, 2017	46 086	1 078 446	101 205	1 225 737
Profit brought forward		101 205	-101 205	-
Dividend		-40 000		-40 000
Net profit for the year			58 187	58 187
Equity at December 31, 2017	46 086	1 139 651	58 187	1 243 925

	Share capital	Retained earnings	Profit for the period	Total equity
	Equity at January 1, 2018	46 086	1 139 651	58 187
Profit brought forward		58 187	-58 187	-
Dividend		58 187	-58 187	-
Net profit for the year			12 421	12 421
Equity at December 31, 2018	46 087	1 184 838	12 421	1 243 346

CASH FLOW STATEMENT 1.1 – 31.12

(Amount in TSEK)

	2018	2017
<i>Cash flows from operating activities</i>		
Profit/loss after financial items	6 851	48 625
<i>Adjustment for non-cash items</i>		
Capital gain/loss assignable to the investing activities	-	7 904
Capital gains	150	486
Unrealized change in value	3 657	-
Income tax paid	-	-
Cash flows from operating activities before changes in working capital	10 658	57 015
<i>Changes in working capital</i>		
Changes in current receivables	- 35 172	56 262
Changes in current liabilities	75 180	44 789
Cash flows from operating activities	50 666	158 066
<i>Cash flows from investing activities</i>		
Paid shareholder contribution	- 5 248	-
Acquisition of intangible assets	- 3 438	-
Acquisition of shares in associated companies	-	- 5 270
Disposal of shares in associated companies	33	-
Acquisition of shares in subsidiaries	-	- 41 964
Disposal of shares in subsidiaries	-183	-
Acquisition of other long-term securities	- 83 809	- 26 132
Cash flow after investing activities	-92 462	-73 365
<i>Cash flows from financing activities</i>		
Group contribution received / paid	5 570	7 188
Paid dividend	- 13 000	- 40 000
Changes in non-current receivables	26 226	- 116 612
Changes in non-current liabilities	- 46 990	45 082
Cash flow from financing activities	-28 194	-104 342
<i>Cash flow of the year</i>	-73 647	-19 641
Cash & cash equivalents at beginning of period	520 830	540 471
Change in value in cash & cash equivalents	-3 657	-
CASH & CASH EQUIVALENTS AT END OF YEAR	447 183	520 830

NOTES

(Amount in TSEK)

NOTE 1. DISCLOSURE OF AUDIT FEE AND COST REIMBURSEMENTS

	2018	2017
Deloitte AB		
Statutory audit fee	270	265
Other assurance services	-	-
Tax advisory fee	-	-
Other non-audit services	-	-
Total	270	265

NOTE 2. PERSONNEL

Average number of employees, distribution between men and woman	2018	2017
Women	-	-
Men	1	1
Total	1	1

Distribution senior management	2018	2017
Women:		
- The board of directors	-	-
- Senior management and managing director	0	1
Men:		
- The board of directors	6	6
- Senior management and managing director	3	4
Total	9	11

Salaries and remunerations	2018	2017
The board and managing director	1 267	2 655
Other employees	2 489	1 393
Total salaries and remunerations	3 755	4 048
Social security charges according to law and union contract	749	695
Pension costs	-	-
Total salaries, remunerations, social security charges and pension costs	4 504	4 743

NOTE 3. SHARES IN GROUP COMPANIES

	2018	2017
Acquisition value brought forward	915 410	804 869
Investments in Dyreparken Utvikling AS	-	5 906
Impairment of shares in Bradana AS	-	- 7 904
Increase of share capital through conversion of receivables, Bradana AS	-	76 967
New share issue Formentera AS	-	36 058
Shareholder contributions Breibukt Holding AS	5 248	-
Disposal shares Wayday Travel AS	-	183
Other	-	486
Residual value carried forward	920 475	915 410

Directly controlled	Corporate identity number	Location	Number of shares	Share ownership	Book value
Braganza AS	912414353	Oslo	101 410	100 %	15 183
Braathens Aviation AS	955308847	Oslo	1 400 000	100 %	98 627
Wayday Travel AS	991353305	Oslo	9 300	93 %	5 659
Braganza II AB	556575-4438	Stockholm	2 000	100 %	357 626
Bramora AS	988030635	Oslo	10 000	100 %	28 191
Breibukt Holding AS	989332619	Oslo	937 800	100 %	16 669
Braathens Travel Group AB	556445-4170	Stockholm	33 518 360	100 %	208 978
Dyreparken Utvikling AS	990903700	Kristiansand	960 000	96 %	95 698
Formentera AS	978668259	Oslo	10 000	100 %	57 002
Bradana AS	945736755	Oslo	5 000	100 %	36 842
Sum					920 476

<i>Result from participations in group companies</i>	2018	2017
Impairment of shares in Bradana AS	-	-7 904
Gain from sale of shares	-150	-486
Dividend	-	51 000
Total	-150	42 610

NOTE 4. OTHER LONG-TERM SECURITIES

	2018	2017
Book value brought forward	77 396	51 264
Acquisitions	83 809	26 131
Total	161 205	77 396

<i>Result from other long-term securities</i>	2018	2017
Capital gains	-	31 960
Divided	1 088	-
Unrealized change in value	-3 657	5 259
Sum	-2 570	37 219

NOTE 5. OTHER INTEREST INCOME AND SIMILAR ITEMS

	2018	2017
Interest income	14 104	10 127
Interest income, subsidiaries	9 212	5 525
Dividends	-	38
Exchange differences	25 342	14 349
Total	48 658	30 039

NOTE 6. INTEREST EXPENSE AND SIMILAR ITEMS

	2018	2017
Interest expense	-359	- 416
Interest expense, subsidiaries	-10 695	-10 706
Exchange differences	-6 177	- 31 661
Total	- 17 231	- 42 783

NOTE 7. UNTAXED RESERVES

	2018	2017
Tax allocation reserve 2013	-	-
Total	-	-

NOTE 8. TAX

	2018	2017
Current tax	-	-
Total	-	-
Profit before tax	12 421	58 187
Tax rate 22 %	-2 733	- 12 801
Tax effect of:		
Non-deductible expenses	- 1 190	-1 848
Non-taxable income	352	19 417
Deficit for which deferred tax has not been accounted for	3 571	-4 768
Total	-	-

NOTE 9. SHARES IN ASSOCIATED COMPANIES

	2018	2017
Book value brought forward	5 270	-
Acquisition of shares in Peer Gynt AS	-	5 270
Total	5 270	5 270

Company	Corporate identity number	Location	Number of shares	Share ownership %	Book value
Peer Gynt AS	965 407 375	Oslo	5 000 000	50 %	5 270
Total					5 270

NOTE 10. INTANGIBLE ASSETS

	2018
Acquisition value brought forward	
Investment of the year	3 438
Accumulated acquisition value carried forward	3 438
Depreciation value brought forward	-
Depreciations	-
Accumulated depreciation carried forward	-
Total	3 438

NOTE 11. PROPOSAL FOR THE APPROPRIATIONS OF PROFITS

The following profits are available for appropriation at the annual general meeting:

Profit brought forward	1 184 838
Profit for the year	12 421
Sum	1 197 259

The board and managing director proposes that:

Proposed dividend	13 000
To be carried forward	1 184 259
Sum	1 197 259

The board of directors proposes that the ordinary General Meeting in 2019 distribute a dividend of MSEK 13, which is deemed to be justifiable taking into account the nature and risk of the business as well as the equity and cash position

NOTE 12. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	2018	2017
Pledged assets	None	None
Contingent liabilities	None	None

NOTE 13. SUBSEQUENT EVENTS

Nothing to report.

Stockholm 2018

Per G. Braathen
Managing Director

Nils Björn Allan Fröling

Gunnar Grosvold

Geir Stormorken

Stephan Lange Jervell

Vagn O. Sørensen

Our audit report was submitted on 2019

Deloitte AB

Richard Peters
Authorized public accountant



AUDITOR'S REPORT

**To the general meeting of the shareholders of Braganza AB
corporate identity number 556930-1541**

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Braganza AB for the financial year 2018-01-01 - 2018-12-31.

In our opinion, the annual accounts and consolidated 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 and the group as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to

cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated



accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Braganza AB for the financial year 2018-01-01 - 2018-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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



As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Malmö / 2019

Deloitte AB

Signature on Swedish original

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Authorized Public Accountant

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