



NAV
increased
by 1.4 percent
in Q2 2017
vs Q1 2017

Net result for
the quarter was
EUR 2.2 million
(EUR 0.9 million).

First report
in accordance
with IFRS



Financial Report Q2 2017

for the period of January 1, 2017 – June 30, 2017



Pomegranate Investment

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Highlight of the Reporting Period

- Net asset value per share as per end of Q2 2017 amounted to EUR 29.8, an increase of 28 percent compared with same period in 2016.
- As part of the preparations for an IPO, on April 7, 2017 Pomegranate officially became a group through the addition of a Swedish subsidiary to Pomegranate Investment AB. Therefore, as of Q2 2017 the Company reports group consolidated numbers in accordance with IFRS accounting principles, while Swedish RFR2 accounting principles applies to parent company reporting. The Company's reporting currency continues to be EUR.
- The Company has issued a EUR 131 thousand short term loan facility to a content streaming start-up.
- Net result for the second quarter was EUR 2.2 million (EUR 0.9 million).
- Net result for the period was EUR 0.5 million (January 1, 2016 – June 30, 2016: EUR 0.2 million). Earnings per share were EUR 0.10 (0.06).
- The total net asset value of the Company was EUR 161.0 million on June 30, 2017, (December 31, 2016: 132.6), corresponding to EUR 29.8 per share, (December 31, 2016: 31.92).
- The Company's net asset value per share in EUR decreased by 7 percent over the period January 1, 2017 – June 30, 2017 due to the increased share count following the recent new share issue in March 2017. The Company's net asset value per share in EUR increased by 1 percent over the period April 1, 2017 – June 30, 2017.

- The increase of the group's net asset value per share in EUR is mainly driven from the revaluation of its investment in Sheypoor.
- Cash and cash equivalents amounted to EUR 40.9 million at June 30, 2017 (December 31, 2016: 29.0), excluding liquidity management investments in GIF Fund and PMA.
- The number of outstanding shares at the end of the period was 5,404,601, following registration of the 1,250,000 new shares issued in the EUR 30 million capital raise in March 2017.
- At the Company's AGM on May 15, 2017 the shareholders approved to change Pomegranate's financial year to 1 May – 30 April, to be more synchronized with the reporting of portfolio companies. The change has also been approved by Swedish Tax Authorities and it will take effect from May 1, 2018.

Events after the end of the reporting period

- In August 2017, Pomegranate placed another EUR 1 million in liquidity management in its PMA with Griffon Capital.
- In August 2017, Igor Gorin resigned as board member due to new commitments within the banking industry which don't allow him any board positions in public companies. His awarded warrants have been relinquished.

In April 2017 Pomegranate became a group. As of Q2 2017 Pomegranate reports group numbers in accordance with IFRS as a step in preparation towards IPO.

Net result for the quarter was EUR 2.2 million (EUR 0.9 million).

NAV increased by 1.4 percent in Q2 2017 vs Q1 2017

Letter from the Managing Director

Dear fellow share owner,

With a +28 percent year-on-year increase in our NAV per share we continue confidently to roll out our strategy. While I described Q1 as “technical preparation for the next phase of competition, Q2 has been exactly that. Implementation of IFRS, the number and increasing size of deals in the market are evidence of that.

Total NAV and NAV per share increased by 1.4 percent in Q2 2017, to EUR 161.0 million and EUR 29.80 respectively. The increase in NAV is mainly driven by the revaluation of Sheypoor with a corresponding increase in the value of Pomegranate’s stake in the company of EUR 3.9 million. Furthermore, the value of the Company’s stake in Sarava has been revised upwards by EUR 490 thousand as a result of a more detailed sum of the parts valuation of all the companies in the portfolio, using either their last transaction or model based approach, since the last transaction in Sarava is more than 12 months old. Lastly, the revaluation of Pomegranate’s stake in Griffon Capital had a negative impact of EUR 1.4 million on NAV. The remainder of the portfolio is unchanged, we continued to shift some liquidity into the short dated local bond market where the average yield to maturity is ~20 percent, as we have substantial excess liquidity.

The geopolitical headwinds remain largely unchanged with regional complexities becoming more evident in Q2. The US stance aside, the other signatories remain firmly committed to the Joint Comprehensive Plan of Action (JCPOA). Iran’s compliance has repeatedly been verified by the International Atomic Energy Agency while the EU and China have been at the forefront in regards to business and investments as showcased by France’s Total and China’s CNPC South Pars (SP11) gas joint venture together with Iran’s Petropars, a subsidiary of the National Iranian Oil Company (NIOC). This deal is significant, not simply due to its size and nature but also because it marks the first Iranian Petroleum Contract (IPC) that has been signed. The bottom line is I feel increasingly optimistic about the future in regards to foreign direct investment (FDI).

Given continued geopolitically influenced media headlines around Iran, it remained largely unnoticed internationally that during the Iranian calendar year ending March 2017 the country’s GDP grew by around 12.5 percent, its current account surplus rose to around 6 percent of GDP

while inflation remained anchored around 10 percent from highs around 45 percent back in 2013. In my view this serves as another reminder of the vast perception-reality gap.

We are working hard to complete the targeted 3-5 new Investments for this year. Sheypoor’s follow on investment is in the making and one of the consumer deals if not both are on track to start this year.

First things first. Existing Investments

Sarava remains very busy and focused to execute its strategy. PPG continues to consolidate its acquisitions and new top management has been put in place. Cafe Bazaar has had another outstanding year.

Digikala. The company continues to grow strongly. The transition to the new fulfillment center (60k sqm!) is completed, it’s world class and truly impressive. The key initiative of growing the assortment through marketplace strategy is now scaling faster than anticipated. I’m very proud of what the founding brothers and the team have accomplished. Digikala is also in the process of broadening the team with a couple of strategic important hires to cement the trajectory for the next growth phase these coming years. International top tier executives have already been recruited to the positions of CFO and CMO in Digikala.

Sheypoor. The company have many milestone successes to report over the last few months/weeks and continues to perform very strong. Having celebrated 5 years of existence the hurdles of 50k new listings per day, 1 mn daily sessions and being almost at par in Tehran with Divar have been reached. Last but not least we are very happy to report that Christoffer Norman (former Avito COO & Head of Verticals) joined the board of directors while Per Brilioth (Chairman of Pomegranate) and Gustav Wetterling (Pomegranate CFO) changed seats. For all the right reasons we remain very confident and are contemplating a follow on investment to fuel the very positive growth momentum further. Given the strong performance

“ We are working hard to complete the targeted 3-5 new Investments for this year.

and growth, a new model supported valuation of EUR 44 million (up from EUR 34 million in Q1 2017) is also reflected in our Q2 NAV as the deemed current fair value.

Carvanro. The team has worked veraciously to get numbers scaling and after changing quite a few parameters in the engine room the company is showing desired effects with having reached a few very important milestones.

Griffon

Currently Griffon is the largest cross border M&A adviser in terms of number and value of mandates. Assets Under Management (“AUM”) has increased and Griffon’s GIF Fund has continued to outperform its competitors (other offshore funds) as well as the market index. However, FDI and substantially growing the AUM takes more time. We have shifted to a discounted free cash flow model, as the latest transaction in Griffon Capital is more than 12 months old which resulted in a small negative impact on NAV. We continue to believe strongly in the potential of Griffon as a natural intersection between local assets and foreign capital, as has proven very successful in other emerging markets.

New Investments

HDI (Hard Discount Iran). Pomegranate and some of its shareholders have contributed very strongly to advance this project. Full funding of the project has not been reached yet which may leave us to revise the approach and treat the investment as a start-up venture and complete funding in stages as opposed to full funding commitments from start.

Safi. Very good overall progress with the FMCG JV during summer, commercially as well as legally while the latter still needs some ironing out. There are no shortcuts when investing in Iran that’s for sure given we are negotiating this JV since Feb 2016 effectively. We remain persistent and my expectation is for the project to become live in Q4, still with an anticipated investment of EUR 10-15 million.

IPO of Pomegranate. We are on very good track to have completed organizational and administrative hurdles, hence the company has very good chance to be able to decide on timing very soon. This first published results in accordance with IFRS is another stepping stone in that direction. We have a significant amount of high profile deals in our pipeline which will shape the equity story very well during Q3 and Q4 and prepare us strongly for the anticipated IPO.

Igor Gorin resigned as board member due to new commitments within the banking industry which don’t allow him any board positions in public companies. His awarded warrants have been relinquished. We thank him very much for his contribution and wish him well in his new endeavor. The management teams remains unchanged with one key position vacant – a full time in house legal council.

We are very excited about the number of deals in our pipeline, the execution of which is on track to be delivered in 2017.

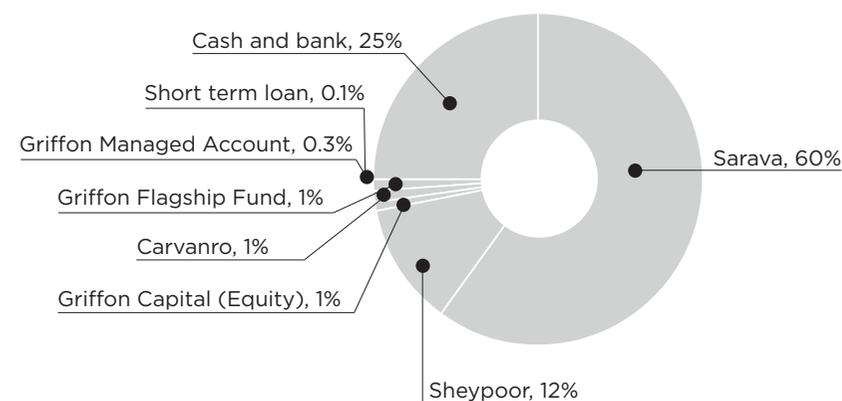
Greetings from Stockholm,

Florian

Investment Portfolio

Portfolio Overview, EUR

	Fair Value, June 30, 2017	Percentage weight	Fair Value, December 31, 2016	Valuation change per share year to date
Companies				
Sarava	96,535,183	59.8%	97,414,031	-1%*
Sheypoor	18,998,555	11.8%	15,105,074	26%*
Griffon Capital (Equity)	1,329,014	0.8%	2,772,647	-52%*
Carvanro	1,044,446	0.6%	650,000	1%*
Total portfolio companies	117,907,198	73.0%	115,941,752	
Other financial assets				
Griffon Flagship Fund	2,050,640	1.3%	2,021,786	1%*
Griffon Managed Account	472,886	0.3%	n/a	5%*
Short term loan	131,145	0.1%	n/a	-
Total other financial assets	2,654,671	1.6%	2,021,786	
Cash and bank	40,939,140	25%	29,009,273	22%
Total investment portfolio	161,501,009	100%	146,972,811	
Other net liabilities	-459,323		-14,355,877	
Total Net Asset value	161,041,687		132,616,934	
NAV per share, EUR	29.80		31.92	



*This investment is shown in the Balance sheet as financial assets as fair value through profit or loss.



Sarava provides various stage funding to promising Iranian entrepreneurs who are creating value.

» Read more on page 7.



Sheypoor is Iran's second largest online classifieds company, offering a platform for users to buy and sell their products quickly and easily free of charge.

» Read more on page 9.



Griffon is the largest cross border M&A adviser in terms of number and value of mandates, as well as provider of Iran-focused Asset Management services.

» Read more on page 10.



Carvanro is Iran's leading ride sharing site connecting passengers and verified drivers.

» Read more on page 11.

Sarava



Sarava is a technology investment company and a pioneer in Internet and e-commerce investments in Iran. The Company has established a unique track record in supporting local entrepreneurs to build some of the most successful consumer technology companies in the country and region.

Sarava's investment focus is on companies operating in the universe of internet, mobile, e-commerce, games, cloud computing and software as a service ("SaaS"). The company is one of the very few technology investment companies in the region and particularly the only one of its size in Iran. Sarava currently has invested in more than 30 companies, among other – Iran's leading E-commerce company Digikala, the largest Persian Android marketplace Café Bazaar, including the online classifieds company Divar, the first digital marketing holding in Iran – PPG (which includes A-Network,

ADRO, and ADAD) and technology accelerator Avatech and many more.

Sarava is an active owner in its portfolio companies and a significant part of Sarava's operations is focused on providing support and knowledge-sharing within the company's network.

As the latest transaction in Sarava is more than 12 months old, Pomegranate values its stake in Sarava based on a combination of last transaction and peer multiple valuations for the companies in the Sarava investment portfolio. Digikala, Sarava's largest asset, continues to be valued on the basis of a EV/Sales multiple valuation model, using forward-looking expected gross sales.

digikala **Digikala** is a general e-commerce company with an estimated market share of more than 90 percent. It is also Iran's largest internet company.

Today, Digikala ranks as the third and fourth most visited website in Iran according to Alexa and SimilarWeb, respectively.

Digikala has a fully vertically integrated, wholly-owned logistics setup. Digikala's delivery time is four hours in Tehran and the company also provides next day delivery guarantee in all main cities across Iran.

In 2016 Digikala initiated several new growth initiatives including a new larger fulfillment center, an online fashion store and a marketplace strategy. Especially the new market place platform has shown very strong results in terms of client acceptability with a growing selection of products.

Digikala's new fulfillment center is now fully operational and all warehousing and fulfillment has moved to the new location. This was a necessity for Digikala in order to continue to grow the retail business. Market place is performing very well and continues to add resellers and SKUs at a rapid speed.

» For more information, please visit the company's website: www.digikala.com

Key Investment Data

Sector	Internet & E-commerce
Company founded	2011
First investment	2014
Board representation	1 out of 7
Investment Board representation	1 out of 5

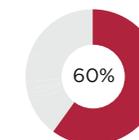
96.5 mEUR

Fair value in portfolio, June 30, 2017

15 %

Pomegranate's ownership

% of investment portfolio



-1 %

Change in fair value, January - June, 2017

+1 %

Change in fair value, Q2 2017

» For more information, please visit the company's website: www.saravapars.com/en

Sarava Holdings

DIGISTYLE In the fall of 2016 Digikala launched **Digistyle**, an online fashion store. Digistyle is offering a large variety of international and local brands and has exclusive partnerships with a number of large global brands. Digikala's fulfillment centre is providing for storing, packaging and shipping Digistyle orders.

Digistyle continues to add brands to its product portfolio, and has managed to get several exclusive partnerships with well known international brands.

» For more information, please visit the company's website: www.digistyle.com



Café Bazaar is a leading consumer internet company in Iran that runs the largest local Android application marketplace for Persian speaking countries. It also has a 35 percent stake in the Adad mobile advertising network and owns 100 percent of Iran's largest online classifieds company, Divar.

Café Bazaar was established in 2010/2011 and was the first company to enter the mobile application distribution business in Iran. The Company's service is now installed on more than 33 million Android phones and has over 25 million monthly active users. Café Bazaar has started monetizing its appstore and the company maintains its market share at about 85 percent. According to Café Bazaar's latest annual report at the end of Iranian year 1395 they had 19.6 million registered users, 29 percent of which made at least one purchase. Out of those 58 percent made two purchases or more. At the end of 1395 the company had more than 50,000 published apps available.

In the last month of 1395 the average monthly spend per paying user was about USD 4.74, which is about 80 percent compared with the last month of 1394.

» For more information, please visit the company's website: www.cafebazaar.ir/en

PPG® **Pulse and Pixel Group ("PPG")** is a media holding company, that has consolidated several online advertising brands.

PPG now comprises more than 15 prominent Iranian digital businesses, including A-Network, ADRO, ADAD, DMC, RASANEX, and a host of other successful content, technology, data, mobile and digital consultancy businesses.

WPP, the world's leading and largest communications services group, signed an affiliation agreement with PPG at the end of 2016, providing the latter with access to valuable knowledge and connections in marketing communications.

All the different companies in the PPG Holding have now moved to a new single office location, which will help to coordinate and synergise the broad media offering that PPG has.

» For more information, please visit the company's website: www.pulseandpixel.com



Avatech is Iran's most successful start-up accelerator program. Mentorship, entrepreneurial training, seed funding, a creative workspace, and investor demo days are a few of the services provided by Avatech.

Avatech's network is one of the main channels for sourcing early stage startups in Iran for Sarava VC fund. As the start-ups mature, Sarava might do follow-on investments in the companies. Over the last two years, more than 50 startups have graduated from Avatech.

» For more information, please visit the company's website: www.avatech.ir

Sheypoor



Sheypoor is the number two online classifieds marketplace in Iran. Sheypoor offers a general classifieds platform, but is also developing auto and real estate verticals as part of the Sheypoor general brand.

Sheypoor is still in a pre-revenue phase. The company intends to start monetizing through selling value added services to private listers as well as subscription packages for professional listers once liquidity and Sheypoor's market position allows it. Sheypoor's near term focus will remain on traffic growth and increasing liquidity on the platform.

Sheypoor and Divar, a Café Bazar asset and the biggest online classifieds company in Iran, have a combined market share of approximately 90 percent in the country. Other main competitors include local offline players such as Hamshari, a newspaper that dominates the print classifieds market, and Bama.ir, which is an auto vertical. There are no large international competitors firmly established in Iran.

Sheypoor's last funding round was done in December 2016, with a post-money valuation of EUR 34 million. In the first six months of 2017, all Key Performance Indicators (KPIs), monthly unique users, pages views and sessions have developed very well, the development has accelerated in the second quarter and continued the trajectory in July-August. In Q2 2017 the average monthly number of sessions increased by 66 percent compared with Q4 2016, average monthly unique users increased by 53 percent for Q2 2017 and number of weekly page views with 86 percent, compared with Q4 2016. According to recent independent survey, Sheypoor beats Divar in terms of quality of its platform, user experience, quality of ads, and has been successfully closing the gap in terms of the number of listings and traffic in certain regions.

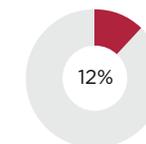
As per June 30, 2017, Pomegranate values its investment into Sheypoor on the basis of KPI performance of Sheypoor relative to the KPI performance of listed peers and known private transactions in the online classifieds space, with reservation for being in pre-monetisation phase. The model generates a valuation of EUR 19.0 mln for Pomegranate's stake in the company. This is 26 percent higher than Pomegranate's previous valuation, and mainly driven by strong performance of Sheypoor in all key KPI's such as user base, page views, number of listings etc.

Key Investment Data

Sector	Online classifieds
Company founded	2012
First investment	2014
Board representation	2 out of 5

19.0 mEUR **43%**
 Fair value in portfolio, June 30, 2017
 Pomegranate's ownership

% of investment portfolio



26%
 Change in fair value, January - June, 2017

26%
 Change in fair value, Q2 2017

➤ For more information, please visit the company's website: www.sheypoor.com

Griffon Capital



Griffon Capital (“Griffon”) is an Iran-focused group providing Asset Management (Capital Markets & Private Equity) as well as Investment Banking Advisory. Among Griffon’s primary objectives is to enable institutional investors the ability to seamlessly access and maximise opportunities in Iran through purpose-built vehicles and investment products spanning traditional and alternative assets. The Group’s strength is rooted in a robust operating platform developed with the expressed aim of serving institutional investors. Griffon’s platform consists of a high calibre

team with deep local market expertise and international financial pedigree blended at the board, management and execution levels. Griffon is also distinguished by unmatched local research and primary thinking and a governance culture defined by global best practices in risk management, compliance and reporting

Griffon Capital continues to establish its brand both locally and internationally and in the first six months of 2017 have received several new mandates for M&A advisory and private placements, while more still are in the pipeline. Currently Griffon is the largest cross border M&A adviser in terms of number and value of mandates.

In Asset Management Griffon’s GIF Fund has continued to outperform its competitors (other offshore funds) as well as the market index. Since its inception the fund has currently generated an alpha of ca 14 percent over the Tehran Stock Exchange total return Index. Assets Under Management has increased but remains below previous expectations, due to continued complexities for parts of the international community to invest into Iran. However, two new vehicles are being launched for investment in private companies, giving exposure to the attractive consumer sector.

As per June 30, 2017, Pomegranate values its investment into Griffon Capital on the basis of discounted free cash flow model as the latest transaction is more than 12 months old. The model generates a valuation of EUR 1.3 mln for Pomegranate’s stake in the company. This is 52 percent lower than Pomegranate’s previous valuation, and mainly driven by assets under management not having developed as expected after the lifting of sanctions, especially the inflow of foreign capital to manage.

Griffon Iran Flagship Fund

Sector	Open ended fund
Company founded	Launched 2016
First investment	2016
Return as per June 30, 2017	3%

The GIF Fund launched in April 2016 and aims to unlock value from Iran’s public equity market. It is a Cayman domiciled open ended fund, primarily investing in the equity securities of companies listed on the TSE and the IFB. The GIF fund has outperformed local peers since its inception.

Q2 2017 saw a somewhat volatile equity market movements, with a strengthening in April and May, while falling in June, in local currency terms. Coupled with a weakening of Iranian currency the overall performance in EUR terms was negative for the quarter.

As per June 30, 2017 the investment in the GIF Fund is valued at the Fund’s NAV as per the end June 30, 2017.

The Portfolio Managed Account (“PMA”) is a local currency denominated managed account, which invests in Iran’s Capital Markets.

This portfolio management service provides bespoke investment strategies and services as per the client’s needs. Currently the high real interest rate environment provides a compelling risk/reward opportunity in the fixed income space, which Pomegranates managed account is focused on.

The construct of a PMA is a set and standard frameworks devised by the domestic regulator (SEO) and depositary (CSDI).”

Q2 2017 saw a somewhat volatile equity market movements, with a strengthening in April and May, while falling in June, in local currency terms. Coupled with a weakening of Iranian currency the overall performance in EUR terms was negative for the quarter.

As per June 30, 2017 the investment is valued at the accounts’s NAV as per the end June 30, 2017.

Griffon PMA account

Sector	Managed fixed income account
First investment	February 2017
Return as per June 30, 2017	5%
Average yield-to-maturity of instruments	20%

Key Investment Data

Sector	Asset management & advisory
Company founded	2014
First investment	2014
Board representation	1 out of 5

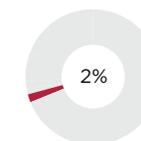
1.3 mEUR

Fair value in portfolio, June 30, 2017

15%

Pomegranate’s ownership

% of investment portfolio



-52%

Change in fair value, January - June, 2017

-52%

Change in fair value, Q2 2017

➤ For more information, please visit the company’s website: www.griffoncapital.com

Carvanro



The Iranian market is an attractive opportunity for a ridesharing platform since Iran has a strong and well maintained technical infrastructure and underserved market of approx. 80 million people with regards to online services and applications. Transportation is a large vertical globally and Carvanro has an important first-mover advantage in the ride-sharing segment in Iran.

Carvanro's platform is light and easy to use and offers simple search and research functionalities.

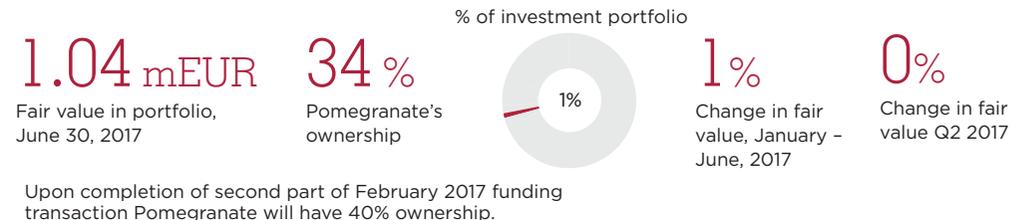
The company deploys the agent business model to mitigate fraud and payment risks.

The latest funding round was closed on February 20, 2017. In this round, a new local investor joined Pomegranate as shareholder in the company.

Pomegranate first invested in Carvanro in January 2016 and has also committed in February 2017 to make a follow-on investment of EUR 768,300 in Carvanro, payable in two instalments. The first instalment of EUR 383,500 was paid in February 2017, the second instalment and share subscription is dependent on the company achieving certain agreed KPIs. As per June 30, 2017, Pomegranate's investment in Carvanro is valued on the basis of the first completed part of the February funding round.

Key Investment Data

Sector	Ride sharing
Company founded	2016
First investment	2016
Board representation	2 out of 4



» For more information, please visit the company's website: www.carvanro.com

Income statements

Group

(Expressed in EUR thousands)	January 1 2017- June 30 2017	January 1 2016- June 30 2016	April 1 2017- June 30 2017	April 1 2016- June 30 2016
Result from financial assets at fair value through profit or loss ¹	1,634	1,330	2,907	1,330
Total operating income	1,634	1,330	2,907	1,330
Operating expenses	-1,166	-1,053	-681	-389
Operating result	467	277	2,226	941
Financial income and expenses				
Exchange gains/losses, net	-12	-90	-5	-85
Interest income	-	5	-	3
Interest expense	-1	-	-1	-
Net financial items	-13	-86	-6	-82
Result before tax	454	192	2,220	859
Income tax	-	-	-	-
Net result for the financial period	454	192	2,220	859
Earnings per share (in EUR)	0.10	0.06	0.42	0.21
Diluted earnings per share (in EUR)	0.09	0.06	0.41	0.20

Statement of comprehensive income

(Expressed in EUR thousands)	January 1 2017- June 30 2017	January 1 2016- June 30 2016	April 1 2017- June 30 2017	April 1 2016- June 30 2016
Net result for the financial period	454	192	2,220	859
Other comprehensive income for the period:				
Items that may be classified subsequently to profit or loss:				
Currency translation differences	-	-	-	-
Disposals	-	-	-	-
Total other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	454	192	2,220	859

Total comprehensive income for the periods above is entirely attributable to the equity holders of the parent company.

Balance sheets

Group

(Expressed in EUR thousands)	June 30 2017	December 31 2016
NON CURRENT ASSETS		
<i>Financial non current assets</i>		
Financial assets at fair value through profit or loss	120,431	117,964
Total financial non current assets	120,431	117,964
CURRENT ASSETS		
Cash and cash equivalents	40,939	29,009
Loan receivables	131	-
Tax receivables	38	84
Other current receivables	125	36
Total current assets	41,233	29,129
TOTAL ASSETS	161,663	147,093
SHAREHOLDERS' EQUITY		
(including net result for the financial period)	161,042	132,617
CURRENT LIABILITIES		
<i>Non-interest bearing current liabilities</i>		
Trade payables	80	22
Other current liabilities	54	13,860
Accrued expenses	488	543
Tax liability	-	51
Total current liabilities	622	14,476
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	161,663	147,093

Statement of changes in equity

Group

(Expressed in EUR thousands)	Attributable to the equity holders of the parent			
	Share capital	Other paid in capital	Retained earnings	Total
Balance at Jan 1, 2016	1,655	18,729	19,137	39,521
Net result for the period	-	-	192	192
Jan 1, 2016 to Jun 30, 2016				
<i>Other comprehensive income for the period</i>				
Currency translation differences	-	-	-	-
Total comprehensive income for the period	-	-	192	192
Jan 1, 2016 to June 30, 2016				
<i>Transaction with owners</i>				
Proceeds from rights issue	2,500	57,500		60,000
Transaction costs		-2,937		-2,937
Share based compensation	-		-	190
Balance at June 30, 2016	4,155	73,292	19,519	96,966

(Expressed in EUR thousands)	Attributable to the equity holders of the parent			
	Share capital	Other paid in capital	Retained earnings	Total
Balance at January 1, 2017	4,155	73,292	55,170	132,617
Net result for the period	-	-	454	454
Jan 1, 2017 to Jun 30, 2017				
<i>Other comprehensive income for the period</i>				
Currency translation differences	-	-	-	-
Total comprehensive income for the period	-	-	454	454
Jan 1, 2017 to June 30, 2017				
<i>Transaction with owners</i>				
Proceeds from rights issue	1,250	28,750		30,000
Transactions costs rights issue	-	-2,033	-	-2,033
Employee stock option program		-	4	4
Balance at June 30, 2017	5,405	100,009	55,628	161,042

Cash flow statement

Group

(Expressed in EUR thousands)	2017-01-01 – 2017-06-30	2016-01-01 – 2016-06-30
Operating activities		
Result before tax	454	192
<i>Adjustment for non-cash items</i>		
<i>Interest income and expense, net</i>	0.9	0.3
Currency exchange gains/-losses	12	85
Warrants	4	190
Result from financial assets at fair value through profit or loss	-1,634	-1,330
Change in operating receivables	-10	-61
Change in operating liabilities	-328	-83
Net cash used in operating activities	-1,501	-1,006
Investment activities		
Investment in financial assets	-14,528	-19,925
Investment in subsidiaries	6	-
Interest received	-	5
Cash flow from investing activities	-14,523	-19,920
Financing activities		
Proceeds from rights issue, net of transaction costs	27,967	57,063
Cash flow from financing activities	27,967	57,063
Cash flow during the period	11,943	36,137
Cash and cash equivalents at beginning of the period	29,009	12,317
Exchange losses/gains on cash and cash equivalents	-13	-91
Cash and cash equivalents at end of the period	40,939	48,364

Alternative performance measures

Group

As of July 3, 2016 new guidelines on APMs (Alternative Performance Measures) are issued by ESMA (the European Securities and Markets Authority). APMs are financial measures other than financial measures defined or specified by International Financial Reporting Standards (IFRS).

Pomegranate Investment AB (publ) regularly uses alternative performance measures to enhance comparability from period to period and to give deeper information and provide meaningful supplemental information to analysts, investors and other parties.

It is important to know that not all companies calculate alternative performance measures identically, therefore these measurements have limitations and should not be used as a substitute for measures of performance in accordance with IFRS.

Below you find our presentation of the APMs and how we calculate these measures.

	6 m 2017	6 m 2016
Equity ratio, % ¹	99.6%	77.1%
Shareholders' equity/share, EUR ²	29.8	23.3
Earnings/share, EUR ³	0.10	0.06
Diluted earnings/share, EUR ⁴	0.09	0.06
Net asset value/share, EUR ⁵	29.8	23.3
Net asset value EUR	161,041,687	96,966,261
Weighted average number of shares for the financial period	4,704,052	3,000,755
Weighted average number of shares for the financial period (fully diluted)	4,901,552	3,085,755
Number of shares at balance sheet date	5,404,601	4,154,601

1. Equity ratio is defined as shareholders' equity in relation to total assets.

2. Shareholders' equity/share is defined as shareholders' equity divided by total number of shares.

3. Earnings/share is defined as result for the period divided by average weighted number of shares for the period.

4. Diluted earnings/share is defined as result for the period divided by average weighted number of shares for the period calculated on a fully diluted basis.

5. Net asset value/share is defined as shareholders' equity divided by total number of shares.

Income statements

Parent Company

(Expressed in EUR thousands)	January 1 2017- June 30 2017	January 1 2016- June 30 2016	April 1 2017- June 30 2017	April 1 2016- June 30 2016
Result from financial assets at fair value through profit or loss	1,634	1,330	2,907	1,330
Operating expenses	-1,166	-1,053	-681	-389
Operating result	467	277	2,226	941
Financial income and expenses				
Exchange gains/losses, net	-12	-90	-5	-85
Interest income	-	5	-	3
Interest expense	-1	-	-1	-
Net financial items	-13	-86	-6	-82
Result before tax	454	192	2,220	859
Income tax	-	-	-	-
Net result for the financial period	454	192	2,220	859

Statement of comprehensive income

(Expressed in EUR thousands)	January 1 2017- June 30 2017	January 1 2016- June 30 2016	April 1 2017- June 30 2017	April 1 2016- June 30 2016
Net result for the financial period	454	192	2,220	859
Other comprehensive income for the period:				
Items that may be classified subsequently to profit or loss:				
Currency translation differences	-	-	-	-
Disposals	-	-	-	-
Total other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	454	192	2,220	859

In the Parent Company there are no items recognized as items in other comprehensive income, consequently the net result for the period is equal to total comprehensive income for the period.

Balance sheets

Parent Company

(Expressed in EUR thousands)	June 30 2017	December 31 2016
NON CURRENT ASSETS		
<i>Financial non current assets</i>		
Shares in subsidiaries	6	-
Financial assets at fair value through profit or loss	120,431	117,964
Total financial non current assets	120,436	117,964
CURRENT ASSETS		
Cash and cash equivalents	40,934	29,009
Loan receivables	131	-
Tax receivables	38	84
Other current receivables	125	36
Total current assets	41,227	29,129
TOTAL ASSETS	161,663	147,093
SHAREHOLDERS' EQUITY (including net result for the financial period)	161,042	132,617
CURRENT LIABILITIES		
<i>Non-interest bearing current liabilities</i>		
Trade payables	80	22
Other current liabilities	54	13,860
Accrued expenses	488	543
Tax liability	-	51
Total current liabilities	622	14,476
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	161,663	147,093

Statement of changes in equity

Parent Company

Parent Company 1 Jan 2016 - 30 Jun 2016

(Expressed in EUR thousands)	Restricted equity	Non-restricted equity			Total
	Share capital	Other paid in capital	Retained earnings	Total non-restricted equity	
Opening shareholder's equity	1,655	18,729	19,137	37,867	39,521
Net result for the period	-	-	192	192	192
Total comprehensive income for the period	-	-	192	192	192
Proceeds from rights issue	2,500	57,500		57,500	60,000
Transaction costs		-2,937		-2,937	-2,937
Share based compensation	-		190	190	190
Balance at June 30, 2016	4,155	73,292	19,519	92,812	96,966

Parent Company 1 Jan 2017 - 30 Jun 2017

(Expressed in EUR thousands)	Restricted equity	Non-restricted equity			Total
	Share capital	Other paid in capital	Retained earnings	Total non-restricted equity	
Opening shareholder's equity	4,155	73,292	55,170	128,462	132,617
Net result for the period	-	-	454	454	454
Total comprehensive income for the period	-	-	454	454	454
<i>Proceeds from rights issue</i>	1,250	28,750		28,750	30,000
Transactions costs rights issue	-	-2,033	-	-2,033	-2,033
Employee stock option program		-	4	4	4
Balance at June 30, 2017	5,405	100,009	55,628	155,637	161,042

Accounting Principles and Notes to the Financial Statements

Note 1 – General information

Pomegranate Investment AB (publ) (Pomegranate) is an investment company as defined in IFRS 10 p.27, where the participations in the portfolio companies are recorded at fair value in the Financial Reports.

Pomegranate's business is to own and manage shares and participations in portfolio companies.

Pomegranate is a limited liability company registered in Sweden and based in Stockholm. The address of the company's office is Hovslagargatan 5, 3tr 111 48 Stockholm.

Pomegranate's interim report for the period January - June 2017 has been approved for publication by decision of the Board on the day of August 20, 2017.

Unless otherwise specified, all amounts are reported in thousands of EUR.

Note 2 – Summary of important accounting principles

The most important accounting principles applied when preparing this consolidated financial statements are set out below. These principles have been applied consistently for all years presented, unless otherwise stated.

2.1 Accounting basis

This interim report contains Pomegranate Investment AB's first published consolidated financial statements and the chosen accounting principles for establishing this is International Financial Reporting Standards (IFRS). The consolidated accounts have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups and IFRS and Interpretations Committee Interpretations Committee (IFRS IC) as adopted by the EU. It has been prepared in accordance with the acquisition method, except for valuation of financial assets valued at fair value through profit or loss. The Group has chosen to apply IFRS also for comparative periods from April 7, 2014.

The preparation of reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, management requires certain assessments when applying the Group's accounting policies. The areas that include a high degree of assessment, which are complex or areas where assumptions and estimates are essential for the consolidated accounts are stated in Note. The Parent Company applies RFR 2 Accounting for Legal Entities and

the Annual Accounts Act. The application of RFR 2 means that the parent company in the interim report for the legal entity applies all of the IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Insurance Act and with regard to the relationship between accounting and taxation. When the consolidated accounts have been prepared in accordance with IFRS, the parent company has transferred to RFR 2 Accounting for Legal Entities. Effects of the transition April 7, 2014 from previously applied accounting principles to RFR 2 have been specified in note 3.

According to IFRS 1, the Group will show a reconciliation of equity and total comprehensive income reported in accordance with previous accounting policies for previous periods with corresponding items in accordance with IFRS. This is the first time Pomegranate Investment AB publishes a consolidated financial statement, as there is no previously published annual report or interim report containing a consolidated financial statement according to previously applied principles to counteract. No reconciliation between previously applied principles and IFRS is thus presented to the Group.

Choices made in connection with the preparation of the opening balance for IFRS accounting

The first time IFRS is applied in a consolidated financial statement, accounts shall be prepared in accordance with IFRS 1, First time IFRS is applied. The main rule is that all applicable IFRS and IAS standards, which came into force and approved by the EU, shall be applied with retroactive effect. However, IFRS 1 contains transitional provisions that give companies a certain choice. Pomegranate Investment AB has not applied any of IFRS allowed exceptions from full retroactive application when setting up the opening balance.

2.1.1 New standards and interpretations not yet applied by the Group

A number of new standards and interpretations will come into force for fiscal years beginning January 1, 2018 or later, and have not been applied in the preparation of this financial report. Below is a preliminary assessment of effects from the standards deemed to be relevant to the Group:

IFRS 9 "Financial Instruments" deals with the classification, valuation and accounting of financial assets and liabilities. It replaces those parts of IAS 39 that deal with the classification and valuation of financial instruments. IFRS 9 retains a mixed valuation approach, but simplifies this approach in some respects. There will be three valuation categories for financial assets, accrued acquisition value, fair value through other comprehensive income and fair value through profit or loss. How an instrument is to be classified depends

on the company's business model and the instrument's characteristics. Investments in equity instruments shall be reported at fair value through profit or loss but there is also an opportunity to report the instrument at fair value through comprehensive income at the first reporting date. No reclassification to the income statement will then occur upon disposal of the instrument. For financial liabilities, the classification and valuation are not changed except in cases where a liability is recognized at fair value through profit or loss based on the fair value option. The standard is to be applied for fiscal years beginning January 1, 2018. Prior application is allowed. The Group has not yet evaluated the effects of the introduction of IFRS 9. No other IFRS or IFRIC interpretations that have not yet entered into force are expected to have a significant impact on the Group.

2.2 Consolidated accounts

2.2.1 Basic accounting principles

Investment Companies

Pomegranate is an investment company as defined in IFRS 10 p. 27 Consolidated Financial Statements. An investment company shall neither consolidate its subsidiaries nor apply IFRS 3 Business Combinations when it receives a controlling influence over another company. Instead, the investment company shall value holdings in a subsidiary at its fair value through profit or loss in accordance with IFRS 39 Financial Instruments: Accounting and Valuation. Pomegranate has a subsidiary that is not itself an investment company or is part of the portfolio companies, and therefore the subsidiary is consolidated according to the acquisition method. Acquisition-related costs are expensed when incurred.

Subsidiary

Subsidiaries are all companies over which the Group has controlling influence. The Group controls a company when it is exposed to or is entitled to variable returns from its holding in the company and is able to influence the return through its influence in the company. Subsidiaries are included in the Financial reports as of the date when the controlling influence is transferred to the Group. They are excluded from the Financial Reports from the date on which the controlling influence ceases.

Associated

An associated company is a company over which the investment firm exercises a significant influence through the opportunity to participate in decisions relating to the business's economic and operational strategies. This relationship usually prevails in cases where the Investment Company holds, directly or indirectly, shares representing 20-50 percent of the votes, or by agreement having a significant influence. When Pomegranate is an Investment Company, holdings

in associated companies are also reported at fair value with changes in value through profit or loss in accordance with IAS 39 Financial Instruments: Accounting and Valuation. The accounting principle for financial assets valued at fair value through profit or loss is described in the section below for financial instruments.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting submitted to the highest executive decision maker. The board of directors of an investment company is by necessity deeply involved in investment decisions and monitoring portfolio companies' performance. The Board has therefore been identified as the highest executive decision maker of the Company for purposes of internal reporting. In the internal reporting of the Company, there is only one operating segment.

2.4 Translation of foreign currency

Functional currency and reporting currency

All companies in the Group have euro (EUR) as functional currency, since the currency has been defined as the currency used in the primary economic environment in which the companies operate. Euro (EUR) is used in the financial statements as the Group's presentation currency.

Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency at the exchange rates prevailing on the transaction date. Exchange gains and losses arising from the payment of such transactions and the translation of monetary assets and liabilities in foreign currencies at the closing date are recognized in the operating profit in the income statement.

Exchange rate gains and losses relating to loans and cash equivalents are reported in the income statement as financial income or expenses. All other exchange gains and losses are reported in the item "Other operating expenses" and "Other operating income" in the income statement.

2.5 Income statement

2.5.3 Interest income

Interest income is recognized as income using the effective interest rate method.

2.5.4 Dividend income

Dividend income is recognized when the right to receive payment has been determined.

2.6 Leasing

Leases where a significant part of the risks and benefits of ownership are retained by the lessor is classified as operational leasing. Payments made during the lease term (after deduction of any incentives from the lessor) are charged to the profit and loss account on a straight-line basis over the lease period.

2.7 Employee benefits

2.7.1 Short-term benefits

Liabilities and salaries, including non-monetary benefits and paid

absence, which are expected to be settled within 12 months after the end of the financial year, are reported as current liabilities to the undiscounted amount that is expected to be paid when the liabilities are settled. The cost is reported as the services are performed by the employees. The liability is reported as a liability for employee benefits in the balance sheet.

2.7.2 Compensation after termination of employment

The Group companies have only defined contribution pension plans. A defined contribution plan is a pension plan according to which the group pays fixed fees to a separate legal entity. The Group has no legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all employee benefits related to the employment of employees during current or previous periods. The fees are reported as staff costs when they expire.

2.7.3 Share-based payments

The company has issued employee stock options programs to employees and the board. The program enables them to acquire shares in the company. The fair value of the warrants as well as all applicable taxes is reported as a personnel expense and expensed on the date of allocation. A corresponding increase in equity of the fair value of the options is recorded. Fair value is determined at the time of issue by a third party financial advisor using the Black & Scholes valuation model.

Acquired emission allowances, net of directly attributable transaction costs, increase the share capital corresponding to the nominal value and the higher part increases the share premium when the warrants are exercised.

2.8 Current and deferred income tax

The tax expense for the period comprises current and deferred taxes. Tax is reported in the income statement, except when the tax refers to items recognized in other comprehensive income or directly in equity. In such cases, tax is also reported in other comprehensive income and equity.

Current tax is calculated on the taxable income for the period according to the applicable tax rate. The current tax expense is calculated on the basis of the tax rules that were decided on, or applied in practice in the countries where the parent company and its subsidiaries are active and generate taxable income. The Board regularly evaluates the claims made in self-declarations regarding situations where applicable tax rules are subject to interpretation. It, when deemed appropriate, makes provisions for amounts likely to be paid to the tax authorities.

Deferred tax is recognized on all temporary differences that arise between the taxable value of assets and liabilities and their reported values in the Financial Reports. Deferred tax liability, however, is not recognized if it arises as a result of the initial recognition of goodwill. Deferred tax is also not recognized if it arises as a result of a transaction that constitutes the first recognition of an asset or liability that is not a business combination and which, at the time of the transaction, does not affect reported or taxable income. Deferred income taxes

are calculated using tax rates (and laws) that have been decided or announced at the balance sheet date and are expected to apply when the relevant Deferred tax assets are realized or the deferred tax liability is settled.

Deferred tax assets are reported to the extent that future tax surpluses will be available, against which the temporary differences can be utilized.

Deferred tax assets and liabilities are settled when there is a legal right to settle for current tax assets and liabilities and when deferred tax assets and tax liabilities relate to taxes debited by a single tax authority and concern either the same taxpayer or different taxpayer, where there is an intention to settle Balances through net payments.

2.9 Financial instruments - generally

Financial instruments are available in many different balance sheet items and are described below.

2.9.1 Classification

The Group classifies its financial assets and liabilities in the following categories: financial assets measured at fair value through profit or loss, loan receivables and accounts receivable, as well as other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired mainly for the purpose of being sold within a short term. Derivatives are classified as held for trading unless they are identified as hedges. Portfolio companies, whether they are subsidiaries, associated companies or financial investments, are valued at fair value via the income statement as above. Assets in this category are classified as current assets if they are expected to be regulated within twelve months, otherwise they are classified as non-current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted on an active market. They are included in current assets with the exception of expiration dates more than 12 months after the balance sheet date, which are classified as non-current assets. The Group's "loan receivables and accounts receivable" consist of other short-term receivables, accrued income and liquid funds.

Other financial liabilities

Trade payables, as well as other short-term liabilities and accrued expenses, are financial instruments classified as other financial liabilities.

2.9.2 Reporting and valuation

Financial instruments are initially recognized at fair value plus transaction costs, which applies to all financial assets not recognized at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value, while

Note 2 – cont'd

attributable transaction costs are reported in the income statement. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or transferred and the Group has transferred virtually all risks and benefits associated with ownership. Financial liabilities are derecognised when the obligation in the agreement has been completed or otherwise extinguished. Financial assets valued at fair value through profit or loss are recognized after the acquisition date at fair value. Loans and accounts receivable and other financial liabilities are reported after acquisition at amortized cost using the effective interest rate method.

Gains and losses resulting from changes in fair value relating to the category of financial assets valued at fair value through profit or loss, are reported in the period in which they arise and are included in the income statement item Other gains / losses - net. Dividend income from securities in the category of financial assets valued at fair value through profit or loss is reported in the income statement as part of Other income when the Group's right to receive payment has been determined.

2.0.3 Settlement of financial instruments

Financial assets and liabilities are offset and reported with a net amount in the balance sheet only when there is a legal right to settle the reported amounts and an intention to settle them with a net amount or to simultaneously realize the asset and settle the liability.

2.9.4 Impairment of financial instruments

Assets recognized at amortized cost

The Group assesses at the end of each reporting period if there is objective proof that there is a need for impairment for a financial asset or group of financial assets. A financial asset or group of financial assets has a write-down requirement and is written down only if there is objective evidence of a write-down requirement, due to one or more events occurring after the asset has been recognized for the first time and that this event has an effect on the estimated future cash flows. For the financial asset or group of financial assets that can be estimated reliably.

The write-down is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted to that Financial asset's original effective interest rate.

The carrying amount of the asset is written down and the write-down amount is reported in the consolidated income statement under the item Other external costs. If the impairment loss decreases in a subsequent period and the decrease can be objectively attributable to an event that occurred after the impairment loss was recognized, the reversal of the previously reported impairment loss is recognized in the consolidated income statement under the item Other external expenses.

2.10 Cash and cash equivalents

Cash and cash equivalents include bank balances in both the balance sheet and the cash flow statement.

2.11 Share capital

Ordinary shares are classified as equity.

Transaction costs directly attributable to the issue of new common

shares are reported, net of tax, in equity as a deduction from the emission allowance.

When any group company buys the parent company's shares (repurchase of own shares), the paid purchase price, including any directly attributable transaction costs (net after tax), reduces equity until the shares are canceled or disposed of. If these ordinary shares are subsequently divested, the amounts received (net of any directly attributable transaction costs and tax effects) are reported in equity.

2.12 Dividends

Dividends to the parent company's shareholders are reported as liabilities in the Group's financial statements during the period when the dividend is approved by the parent company's shareholders.

2.13 Earnings per share

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

- Profit attributable to the parent company's shareholders, excluding dividends attributable to preference shares
- with a weighted average number of outstanding ordinary shares during the period, adjusted for the bonus issue element in ordinary shares issued during the year and excluding repurchased shares held as own shares of the Parent Company

Earnings per share after dilution

For the calculation of earnings per share after dilution, the amounts used to calculate earnings per share before dilution are adjusted by taking into account:

- the effect, after tax, of dividends and interest expenses on potential common shares, and
- the weighted average of the additional common shares that would have been outstanding in the conversion of all potential common shares.

2.18 Trade payables

Trade payables are financial instruments and relate to obligations to pay for goods and services acquired in the ongoing operations of suppliers. Trade payables are classified as current liabilities if they expire within one year. If not, they are reported as long-term liabilities.

2.19 Cash flow statement

The cash flow statement is prepared according to indirect method. The reported cash flow includes only transactions that have resulted in payments or payments.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

Accounting basis of reports

The annual report of the Parent Company, Pomegranate Investment AB (publ) has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 indicates that, in its annual report, the Parent Company shall apply International Financial Reporting Standards (IFRS) as adopted by the EU, as far as this is possible within the framework of the Annual Accounts Act,

and with regard to the relationship between accounting and taxation. The recommendation specifies the exceptions and additions required in relation to IFRS.

The parent company therefore applies the principles presented in Note 2 of the Financial reports, with the exceptions set out below.

In connection with the transition to IFRS financial reporting, the Parent Company has transferred to RFR 2 Accounting for Legal Entities. The transition from previously applied accounting principles to RFR 2 has not had any effect on the income statement, balance sheet, equity or cash flow other than the previously recorded other financial asset and provision of EUR 384 thousand being reclassified as a derivative, with an attributed value of 0.

Formats

The income statement and balance sheet are in accordance with the Swedish Annual Accounts Act. The statement of changes in equity also follows the Group's form of presentation but shall contain the columns listed in ÅRL. Furthermore, there are differences in terms, compared to the Financial reports, primarily regarding financial income and expenses and equity.

Shares in subsidiaries

Shares in subsidiaries are reported at cost less any impairment losses. Acquisition-related costs are included in the acquisition value.

When there is an indication that participations in subsidiaries decrease in value, an estimate of the recoverable amount is calculated. If this is lower than the carrying amount, an impairment loss is made. Impairment losses are reported in the item "Profit from participations in Group companies".

Note 3 – Effects on Parent Company income statement and balance sheet of the transition to RFR2.

Pomegranate has already under previous Swedish accounting principles of K3 been recording financial assets at fair value through profit or loss. As such the change to RFR2 does not represent a significant change in the treatment of the Company's main financial assets, business or financial result, and only a difference in presentation of the same. However, for 2017 the previously recorded "Other financial asset" and "Provision" of EUR 385 thousand related to the KPI conditioned follow-on investment into Carvanro has been reclassified as a derivative with a current fair value of 0. The transition from previously applied accounting principles to RFR 2 has in addition not had any effect on the income statement, balance sheet, equity or cash flow. »

Note 4 – Related party transactions

During the period Pomegranate has recognised the following related party transactions

EUR thousand	Operating expenses		Liabilities	
	6 m 2017	6 m 2016	6 m 2017	6 m 2016
Key management and board of directors ¹	432	456	5	-

1. Compensation paid or payable includes salary and bonuses to the management and key employees as well as remuneration to the Board members.

In operating expenses in first six months of 2017 EUR 9,907 relates to share based compensation in connection with issue of warrants to CFO.

In operating expenses in first six months of 2016 a total of EUR 190,400 of share based compensation was recognised in operating expenses in connection with issue of warrants to CEO and senior advisors.

Note 5 – Critical accounting estimates and assumptions

The management of Pomegranate has to make estimates and judgements when preparing the Financial Statements of the Group. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Group's result. The most important estimates and judgements in relation thereto are:

Fair value of unlisted financial assets

The estimates and judgements when assessing the fair value of unlisted financial assets at fair value through profit or loss are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates of fair value

The table below shows securities that are reported at fair value, categorised as per the valuation method. The different levels are defined as follows:

Level 1:

Unadjusted, quoted prices on active markets for identical assets or liabilities.

Level 2:

Observable data for the asset or liability other than quoted prices included in level 1. Either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices).

Level 3:

Data for the asset or liability that is not based on observable market data (i.e. non-observable data).

Different valuation techniques are used to establish the fair value of financial instruments that are not traded in an active market. Where it

is available, market information is used in this respect as far as possible, while company-specific information is used as little as possible. If all essential data required to establish the fair value of an instrument is observable, the instrument is placed at level 2. In cases where one or more items of essential input data are not based on observable market information, the instrument concerned is placed at level 3.

Fair value of financial investments that are not traded in an active market is established through the price of recently conducted market transactions or using various valuation techniques depending on the characteristics of the company and the nature of and risks associated with the investment. These valuation techniques include valuation of discounted cash flows (DCF), valuation based on a disposal multiple (also called LBO valuation), asset-based valuation and valuation according to future-oriented multiples based on comparable listed companies. Transaction-based valuations are normally used over a period of 12 months, provided that no significant reason for revaluation has arisen. After 12 months, one of the models described above is normally used to value unlisted holdings.

The validity of valuations based on previous transactions may unavoidably be eroded over time because the price when the investment was made reflects the prevailing conditions on the transaction date. On each reporting date, an assessment is carried out as to whether changes or events after the relevant transaction would mean any change in the fair value of the investment and, if such is the case, the valuation is adjusted accordingly. Transaction-based valuations of unlisted holdings are continuously assessed against company-specific data and external factors that could affect the fair value of the holding.

The Company has six investments as at June 30, 2017, of which three are classified as belonging to level 3, three investments in level 2. The Company values the total of investment holdings at EUR 120,430,725 as at June 30, 2017.

2017-06-30	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Total assets	-	3,568	116,863	120,431

2016-12-31	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Total assets	-	20,550	97,414	117,964

Note 5 – cont'd

Change in financial assets at fair value through profit and loss	Opening balance 2017-01-01	Investments/ (disposals), net EUR	Change in fair value	Closing balance 2017-06-30	Percentage of portfolio, %
Sarava	97,414,031	-	-878,848	96,535,183	59.8%
Sheypoor	15,105,074	-	3,893,481	18,998,555	11.8%
Griffon Capital	2,772,647	-	-1,443,633	1,329,014	0.8%
Griffon Iran Flagship Fund	2,021,786	-	28,854	2,050,640	1.3%
Griffon Managed Account	-	450,050	22,836	472,886	0.3%
Carvanro	650,000	383,500	10,946	1,044,446	0.6%
Total financial assets held for trading	117,963,538	833,550	1,633,636	120,430,725	

Sarava

Pomegranate's total investment in Sarava as at June 30, 2017 amounted to EUR 49.8 million, which corresponds to 15.0 percent of the shares. During the first quarter of 2016, Sarava closed its last funding round in which they raised a total of EUR 169 million in primary capital. In this transaction, Sarava was valued at a total of EUR 426.6 million post-money. As the latest transaction in Sarava is more than 12 months old, Pomegranate values its stake in Sarava based on a combination of last transaction and peer multiple valuations for the companies in the Sarava investment portfolio. Digikala, Sarava's largest asset, continues to be valued on the basis of a EV/Sales multiple valuation model, using forward-looking expected gross sales. The 15 percent stake in Sarava is as per June 30, 2017 valued at a total of EUR 96.5 million. This is 1 percent lower compared with the transaction-and-model based valuation as per January 1, 2017. The peer group used to value Digikala includes 7 listed E-commerce and online fashion peers including Amazon, Zalando, JD.com, Rakuten and Asos. The average multiple of the peer group is 2.1x and the median multiple is 1.9x. The peer choice also accounts for the Digistyle online fashion business. Pomegranate applies an Iran country risk discount and use a multiple of 1.5x. The Company's holding in Sarava is classified as level 3.

Sheypoor

In 2016, Pomegranate invested an EUR 6.4 million in connection with two capital raisings by the company. As per June 30, 2017, Pomegranate is the largest minority shareholder in the company with 43.4 percent of the outstanding shares. As per June 30, 2017, Pomegranate values its ownership in Sheypoor at EUR 18.9 million or EUR 43.8 million for the entire company. Pomegranate values its investment into Sheypoor on the basis of KPI performance of Sheypoor relative to the KPI performance in known private transactions in the online classifieds space, with a 50 percent discount for Iran and being in pre-monetisation phase. Resulting EUR/Page view value multiple used

Sensitivity analysis EV/Revenue multiple in Digikala valuation	-20%	-10%	10%	20%
Value of Pomegranate's investment in Sarava in EUR millions	82.3	89.4	96.5	103.7

Sensitivity analysis PV/Revenue valuation multiple	-20%	-10%	10%	20%
Value of Pomegranate's investment in Sheypoor in EUR millions	15.2	17.1	19.0	20.9

Sensitivity analysis Terminal Value growth rate	-20%	-10%	10%	20%
Value of Pomegranate's investment in Griffon Capital in EUR millions	1.1	1.2	1.3	1.4

is 0.09 Similar results are obtained using a forecast 2018 Revenue multiple valuation based on listed peers and using a 50 percent Iran/premonetisation discount. The peer group used to value Sheypoor includes private online classified peers such as Avito, Saltside and Opensooq as well as listed peers such as 58.com, carsales.com, REA group, 51 jobs and SEEK. The Company's holding in Sheypoor is classified as level 3.

Griffon Capital

Pomegranate invested EUR 1.3 million in Griffon Capital during 2015. As per June 30, 2017 Pomegranate owns 15,2 percent of the outstan-

ding shares in the company. During the first quarter 2016, a new investor acquired 5 percent of the shares in the company at a valuation of EUR 18.3 million. As the latest transaction in Griffon Capital is more than 12 months old, Pomegranate values its stake in Griffon Capital on the basis of discounted free cash flow model, using a WACC of 15 percent and terminal value growth rate of 6.5 percent, which corresponds to a valuation of EUR 1.3 million for Pomegranate's stake in the company, or EUR 8.7 million for the whole company and is deemed the best fair value estimate of the holding. The holding in Griffon Capital is classified as level 3.



Note 5 – cont'd

Griffon Iran Flagship Fund

Pomegranate invested EUR 2 million into Griffon Capital's flagship fund during 2016 as part of the company's liquidity management operations. As per June 30, 2017 the fund investment is valued at the fund's NAV as per the end of the year. The holding in Griffon Iran Flagship Fund is classified as level 2.

Griffon Managed Account

In February 2017, Pomegranate placed EUR 0.5 million into a discretionary managed account with Griffon Capital as part of the company's liquidity management operations. The account is focused on Iran's high interest fixed income environment. As per June 30, 2017 the investment is valued at the accounts' NAV as per the end June 30, 2017. The holding in Griffon Portfolio Managed Account is classified as level 2.

Carvanro & Carvanro subscription right

In January 2016, Pomegranate acquired 25 percent of the shares in the newly established Iranian online-based car and ridesharing company Carvanro. The total investment amounted to EUR 458,551. Another transaction closed on February 20, 2017 at a EUR 2.6 million pre-money valuation where Pomegranate and a new investor agreed to invest an additional EUR 945,100 in the company. Pomegranate's commitment in the February 2017 transaction amounts to EUR 768,300 payable in two instalments. The first instalment of EUR 383,500 was paid in February, the second instalment and share subscription is dependent on the company achieving certain agreed KPIs. As per June 30, 2017, the Company's investment in Carvanro is valued post-money after completion of the first instalment of the February 2017 funding round classified as level 2. Since the second part of EUR 383,400 is dependent on Carvanro achieving certain agreed KPIs that may or may not be achieved the second part is treated as a derivative according to IFRS and valued at 0 as per June 30, 2017.

Loan receivables

The value of short term loan receivable is deemed to correspond to the fair value and Pomegranate expects recovering the value in full.

Current liabilities

The book value for interest-bearing loans, accounts payable and other financial liabilities are deemed to correspond to the fair values.

The following table presents the group's changes of financial assets in level 3.

	Level 3
Opening Balance January 1, 2017	97,414
Transfers to level 3	17,878
Change in fair value during the year	1,571
Closing balance June 30, 2017	116,863

During the second quarter of 2017 two transfers between level 2 and 3 have been done, Sheypoor and Griffon Capital.

Note 6 – Risk and uncertainty factors

The Company's risks and uncertainty factors are described in detail in the Company's 2016 Annual Report, on page 19 - 20.

Note 7 – Events after the balance sheet date

In August 2017, Pomegranate placed another EUR 1 million in liquidity management in its PMA with Griffon Capital.

In August 2017, Igor Gorin had to resign as board member due to new commitments within the banking industry which doesn't allow him any board positions in listed or pre-listing companies. His awarded warrants have been relinquished.

This report has not been subject to review by the Company's auditors.

Stockholm, August 20, 2017

Per Brilioth
Chairman

Nadja Borisova

Anders F. Börjesson

Mohsen Enayatollah

Information and Contact

Financial information

Interim report Jan – Sep 2017

November 27, 2017

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The pomegranate, botanical name Punica granatum, is a fruit-bearing deciduous shrub or small tree in the family Lythraceae that grows between 5 and 8 metres tall. As intact arils or juice, pomegranates are used in baking, cooking, juice blends and meal garnishes. The pomegranate originated in the region of modern-day Iran, and has been cultivated since ancient times throughout the Mediterranean region and northern India.

It was after an initial visit to Iran that the investment team summarised impressions from the trip at the airport. The friendly people, the opportunities, the culture and food. Pomegranate in various forms had been omnipresent during the stay, hence the name - Pomegranate Investment.

