



First fintech  
investment  
of 0.5 MEUR  
in Bahamta

Sheypoor closed  
7 MEUR fundrasing,  
all KPIs improving  
considerably.



# Financial Report Q4 2017

for the period of January 1, 2017 – December 31, 2017



Pomegranate Investment

# Important Information

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# Highlights of the Reporting Period

- Net result for the period was EUR -3.8 million (mln) (January 1, 2016– December 31, 2016: EUR 35.2 mln). Earnings per share were EUR -0.7 (9.8).
- Net result for the quarter was EUR -3.7 million (EUR 35.4 mln).
- The net asset value of the Company was EUR 156.8 mln on December 31, 2017, (December 31, 2016: 132.6), corresponding to EUR 29.0 per share, (December 31, 2016: 31.9).
- The Company's net asset value per share in EUR decreased by 9% over the period January 1, 2017– December 31, 2017. The Company's net asset value per share in EUR decreased by 2% over the period October 1, 2017– December 31, 2017. The change is mainly foreign exchange related.
- In Q4 2017, Sheypoor successfully closed a funding round of EUR 7 million led by Pomegranate, which invested another EUR 3.7 million, including conversion of the previously extended short-term loan facility of EUR 2.0 million, as well as new cash contribution of EUR 1.7 million, which was transferred after the end of the reporting period. Pre-money valuation was EUR 42.3 million. Post transaction, Pomegranate's shareholding in Sheypoor increased to 44.6% with a post-money valuation of EUR 49.3 million.
- In November 2017, Pomegranate transferred the second tranche of EUR 0.4 million to Carvanro as part of the February 2017 funding agreement.
- In Q4 2017, Pomegranate concluded the agreement for an investment of EUR 500 thousand into the Iranian fintech start-up Bahamta, active in the field of mobile based peer-to-peer monetary transfers. The investment is payable in two tranches for a total shareholding of 14.3% upon completion. The first tranche was transferred in January 2018.
- In Q4 2017, Pomegranate increased its indirect see-through economic interest in Café Bazaar group, from 3% to 4.5%, following a fundraising deal in Q4 2017. The deal included EUR 38 million for a 10 per cent

increase in shareholding in Café Bazaar group for investors, with a corresponding 1.5% increase in indirect shareholding for Pomegranate.

- In Q4 2017, the largest online travel business in Iran - Alibaba Travel and Zoraq, merged to form the largest Online Travel Agency ("OTA") in the country. The merged entities will be consolidated under a holding company called "Tusha". The valuation of Tusha online travel holding is approximately EUR 82 million after investment of EUR 18.5 million into the holding. Pomegranate will be holding an indirect see-through stake of 3.3% in this business post the merger.
- The merger between Alibaba Travel and Zoraq was facilitated by Griffon Capital, another of Pomegranate's portfolio companies, which had an exclusive fundraising mandate with the online travel booking site Alibaba.
- Changes in the values of Pomegranate's investments in the period October 1, 2017 – December 31, 2017 mainly represent FX-driven downward revision of the Digikala model valuation and hence Sarava value as further explained on page 27 of this report.
- Cash and cash equivalents amounted to EUR 35.6 million as per December 31, 2017 (December 31, 2016: 29.0).
- The number of outstanding shares at the end of the period was 5,404,601.

As a reminder, 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. Consequently, the next interim report will cover the 4-month period January 1, 2018 – April 30 which as per the Company's financial calendar will be released on June 19, 2018. The next annual report of Pomegranate will be for the 16-month period Jan 2017 – Apr 2018 which as per the Company's financial calendar will be released on 14 August 2018.

In Q4 2017, Sheypoor successfully closed a funding round of EUR 7 million led by Pomegranate, who was joined in the funding round by two prominent external investors, including one Iranian listed VC.

First fintech investment of 0.5 MEUR, in Bahamta.

Valuations affected by Iranian Rial currency weakness in Q4 2017, which depreciated by 8% against the EUR in Q4 2017.

# Letter from the Managing Director

## Dear fellow share owners,

First things first.

Q4 2017 was a key period for Pomegranate as we continued to report on a number of investments and significant developments to underpin our presence in Iran's most exciting tech growth sectors. To round up the year, we solidified our strategy of exposure to market leadership, directly as well as indirectly, across the E-Commerce, Classified/Mobile, Sharing Economy, Digital Content & Marketing as well as Payment/Financial Services sectors.

We are particularly pleased with the increased indirect exposure to Café Bazaar, Iran's largest app store, which we firmly believe is going to be a significant value driver as many international competitors cannot operate in Iran.

Café Bazaar, as well as Divar, continue to develop their well-known online services. The deal was made in order to raise capital for expansion into new areas such as micro payments, new urban services as well as strengthening of their current businesses. This investment will spur economic growth, employment as well as increased transfer of know-how to help scale-up these businesses.

The new investment was announced in connection with the visit to Café Bazaar headquarters by Dr. Sattari, Iranian Vice President for Science and Technology. Further in Q4 2017, the merger of the largest online travel business in Iran, Alibaba Travel, with one of the pioneers in that space, Zoraq, to form the largest Online Travel Agency (OTA) in the country is a first significant consolidation in Iran's tech space. The consolidated valuation of some EUR 83 million goes to show how large online travel has become in Iran in a relatively short period of time. We believe there is still a lot of room for further growth while starting to become profitable. On a side-note, we ourselves love travelling within Iran and use the platform frequently.

In our view the deal will further strengthen the travel and tourism industry in Iran, create new jobs and extraordinary value, a win-win all around. We are also very pleased that one of our other portfolio holdings, Griffon Capital, was involved in the facilitation of this deal, which demonstrates the strength of our network.

The deal was announced at a ceremony held during the first Technology Investment Meeting organised by the D-8 Organization for Economic Development at the Pardis Technology Park in Tehran, which is a very important and respectable platform.

All this was complimented by continued strong growth across the rest of the portfolio, two successful follow-on investments and our first direct fin-tech investment which is a very important step into this completely new field.

As reported a couple of times in the past, we decided to adjust our fiscal reporting to the Persian calendar in order to prepare for the IPO. Accordingly, this is not the usual year-end report, which will instead be published on June 19, 2018. In any event, I would still like to make some reflections on the 2017 calendar year.

The geopolitical headwinds remained largely unchanged during the period with regional complexities becoming even more evident in the second half of the year. The US stance aside, all 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, China and Russia have been at the forefront in regards to business and investments.

Therefore, the JCPOA remains the modus operandi.

On the macroeconomic front prudent reform is being implemented. Some of these, adjustments of subsidies and banking reform to mention a few, are by their nature somewhat disruptive. As witnessed in other developed and emerging economies, external and internal pressures tend to be reflected in the exchange rate along with increased currency volatility - in this regard Iran is no different than other countries.

We are confident that the volatility will subside over time, however, on a quarter on quarter basis the weaker local currency towards the latter part of the year is reflected in our NAV which decreased by 2% in hard currency terms.

At this stage we would like to re-iterate the strong underlying growth potential within the Iranian e-commerce sector. At less than 0.5%, internet retail penetration, as percentage of total retail, is still in its infancy in Iran compared to 3% to 10% South Africa, Turkey and Russia.

To put it differently: online e-commerce has a factor of 10x-25x growth potential ahead when comparing to some average standards across emerging and developed markets. Further out in time that growth potential jumps to 60x if we look at outliers such as the UK and China.

## THE COMPANY

We continue steadfast to look beyond the headline noise and remain a focused and grounded pioneer investor in Iran with unique exposure to its consumer tech sector. Along those lines we have further strengthened our local partnerships and our own brand in 2017.

During the year we have strengthened the team with a CFO and General Counsel. I am pleased to report the cohesive team we now have in place is well balanced in terms of relevant knowledge and experience. As a result we now have

” We remain focused and very excited about the opportunities ... throughout our network

more bandwidth to look at new deals as well as being even better placed to assist our existing portfolio companies, manage all the specificities of investing in Iran as well as being ready and able to become a listed company.

In regards to the latter we have implemented several important preparatory steps throughout the year. As touched upon earlier, we have shifted our financial year to be synchronised with the reporting periods of our portfolio companies to enable further improved and timely reporting on their progress. From Q2 2017 we became a group and implemented reporting in accordance with IFRS as is required to be listed on a regulated market, and importantly we also submitted a formal application for listing of the Company's shares on the NGM Equity stock exchange in Stockholm - in short, we are ready.

## PORTFOLIO

### **Sarava**

Sarava has continued to increase its reach in the Iranian internet ecosystem, with important new initiatives such as creating an innovation factory, new sector investments and launching a VC fund together with some of the most prominent local financial players. The latter is also important since Sarava recognises that some of its previous start-up companies are now big companies and need a different kind of support to continue to grow, and the managerial focus of the Sarava team should not be diluted on seed and early stage when it has 3-5 potential unicorns already of considerable size. They are also preparing for the next step in the corporate evolution of these companies, which is essentially becoming listed companies, locally to start with, down the line. Currently Sarava has a portfolio of some 45 companies across many sectors and of varying size, and hence a significant "blue sky" platform, however, in the short term the below companies are the most important.

### ***Digikala (Sarava holding)***

Digikala has continued to grow as a company, but also evolved substantially as an organisation. As reported, the company successfully grew GMV to about EUR 347 million including VAT in the Iranian year 1395, which constitutes about 81% growth in local currency terms. Since then the team has been strengthened by top-tier international C-level managers which are already contributing to develop Digikala further. Several of the recent strategic decisions, such as new fulfilment centre and market place launch have been very successful and sets the stage for Digikala truly becoming the Amazon of Iran while maintaining a 90% market share and ~70% growth rates. Unprecedented.

### ***Café Bazaar (Sarava holding)***

As outlined previously, the Company increased its indirect see-through economic interest in the Café Bazaar group, Iran's largest app store and multi-brand platform, which includes Divar, Iran's largest online classifieds platform, from 3%

to 4.5%. The deal included EUR 38 million for a 10 per cent increase in shareholding in Café Bazaar group for investors, with a corresponding 1.5% increase in indirect shareholding for Pomegranate. A key asset for Sarava and therefore expected to be one of the key NAV drivers over the next 2-3 years with plenty of new developments in the bag: micro-payments, instant messaging and map service to mention a few. With its very gifted leader Café Bazaar could become another world class asset - think "Tencent" within an Iranian context.

### ***OTA Alibaba/Zoraq (Sarava holding)***

As mentioned above, the merger of OTA's Alibaba and Zoraq, and the resulting holding in the joint company Tusha, will be one of the most interesting companies to follow with the increased online behaviour for travel bookings in Iran and Tusha being the clear No1.

### **Sheypoor**

Returning to our directly held portfolio, Sheypoor has grown significantly during 2017 and the total number of Unique Monthly Users in 2017 was 122% above 2016. The number of page views in December 2017 stood at about 704 million and total page views in 2017 was 205% above 2016. The total number for monthly new listings in 2017 was 138% higher than in 2016. All key performance indicators (KPI) further improved considerably in January 2018.

For Sheypoor, 2017 culminated in a successful funding round of EUR 7 million led by Pomegranate, in which we invested another EUR 3.7 million, including conversion of the previously extended short-term loan facility of EUR 2 million. Pomegranate was also joined in the funding round by two prominent external investors, including one Iranian listed VC. Pre-money valuation was EUR 42.3 million. Following the transaction Pomegranate's shareholding in Sheypoor amounts to 44.6% with a post-money valuation of EUR 49.3 million.

### **Griffon Capital**

Griffon Capital continues to establish its brand both domestically and internationally. 2017 saw the firm receive several new mandates for M&A advisory and private placements, most notably in the recent merger-investment transaction between OTA's Alibaba and Zoraq where Griffon had an exclusive fundraising mandate with Alibaba. While assets under management have increased, they remain below previous expectations chiefly due to continued complexities for large parts of the international community in regards to investments into Iran. In 2017 Griffon successfully strengthened its local asset management offering, catering to the available pools of money in Iran, which are less susceptible to international headlines. This change in strategy is a mirror of the growing regulated/organised liquidity pools in Iran, which we are very excited about.



### **Carvanro**

On February 20, 2017, Pomegranate committed to make a follow-on investment of EUR 768,300 in the BlaBlaCar-inspired ride-sharing start-up Carvanro. In that round, a new local investor joined Pomegranate as a shareholder in the company. The first instalment of EUR 383,500 was paid in February 2017 while the final tranche was disbursed, following Carvanro successfully achieving certain agreed KPI's, in November 2017.

### **Navaar**

In 2017 we invested into two new and promising companies, one of them being Navaar - Iran's leading digital audio book platform. The investment of EUR 830,000 gave Pomegranate a 29% stake, and we have been happy to follow how Navaar has been continuously improving its offering of available titles and growing the number of users and installations of their app since the investment.

### **Bahamta**

Last but not least we concluded the agreement for an investment of EUR 500,000 into the Iranian fin-tech start-up Bahamta, active in the field of mobile based peer-to-peer monetary transfers. The investment gives us a 14.3% stake in the company and although very early days, we are excited to have completed our first investment into the fin-tech space in Iran, joining the talented Bahamta team.

### **Safi (Pipeline)**

While we did not close the transaction by year-end as we had hoped, the talks continue, with important improvements having been made to the deal structure which have yet to find their way into the documentation. As a result, closing is still a moving target, however, we continue to be heavily engaged and cautiously optimistic in regards to a constructive outcome over the next few months.

In summary we solidified, expanded and invested in most of our core strategies over the course of 2017. To achieve that, one of our biggest accomplishments was to secure funding early on in the year, something we are now reaping the benefits of as the relative value of our available EUR 36 million cash balance has certainly

increased over the past 12 months. Not only in real terms but also in terms of availability to call if necessary. To put things in perspective our cash is roughly EUR 7 per share currently on a EUR 29/share NAV. Therefore we are very well equipped to capture liquidity constraints within the current environment. Strategically, conceptually and historically, one of our key strengths.

2017 saw completion of the team build-out, which is great news. In combination with all the “thousands” of adjustments necessary for a listing, we are in a prime position for 2018 when it comes to capturing the next level of growth, to be in line with our guided ca 30% IRR as well as technically prepared for a listing. But of course the “OTC” market is impatient.

We delivered the promised the 3-5 investments i.e. Navar, Bahamta, Sheypoor and Carvanro. We concluded the year with a successful shareholder trip in December and we continue to work towards increased market activities, improved communication flow with our shareholders as evident by the increased level of portfolio company KPI disclosure in our reports.

Next to continued focus on building our strong portfolio and core strategies, is concluding Sarava's rights issue in Q1/Q2 2018 (which will probably happen at current NAV, maybe a touch lower), as well as Safi, our key priority for 2018 is going to be to broaden and deepen our shareholder base while addressing the discount to NAV.

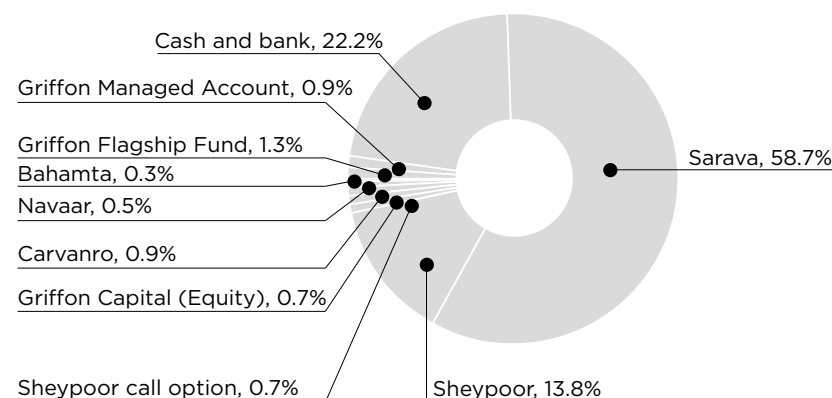
As always, I would like to close off my comments by thanking my supportive board of directors and the team at Pomegranate for all their input and efforts over the period. To fellow shareholders, we appreciate your on-going support. We remain committed to delivering shareholder value through a focused approach on increasing the NAV, coupled with healthy level of company transparency and investor communication as we go. A lot has been done to address improved transparency and KPI's this year, and we continue steadfast on that journey. We take a long-term view on our company, investments and indeed life, which is a necessary perspective when investing in the space that we do.

Greetings from Stockholm  
Florian Hellmich, CEO

# Investment Portfolio

## Portfolio Overview, EUR

	Fair Value, December 31, 2017	Percentage weight	Fair Value, December 31, 2016	Valuation change per share year to date
<b>Companies</b>				
Sarava	94,020,806	58.7%	97,414,031	-3.5%
Sheypoor	22,024,918	13.8%	15,105,074	17.3%
Sheypoor call option	1,125,167	0.7%	n/a	-
Griffon Capital (Equity)	1,100,925	0.7%	2,772,647	-60.3%
Carvanro	1,418,300	0.9%	650,000	0.0%
Navaar	826,887	0.5%	n/a	-
Bahamta	500,000	0.3%	n/a	-
<b>Total portfolio companies</b>	<b>121,017,003</b>	<b>75.6%</b>	<b>115,941,752</b>	
<b>Other financial assets</b>				
Griffon Flagship Fund	2,110,598	1.3%	2,021,786	4.4%
Griffon Managed Account	1,457,911	0.9%	n/a	-2.7%
<b>Total other financial assets</b>	<b>3,568,509</b>	<b>2.2%</b>	<b>2,021,786</b>	
Cash and bank	35,550,265	22.0%	29,009,273	
<b>Total investment portfolio</b>	<b>160,135,776</b>	<b>100.0%</b>	<b>146,972,811</b>	
Other net liabilities	-3,308,283		-14,355,877	
<b>Total Net Asset value</b>	<b>156,827,493</b>		<b>132,616,934</b>	
<b>NAV per share, EUR</b>	<b>29.0</b>		<b>31.9</b>	<b>-9.0%</b>



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



Sarava is technology investment company and a pioneer in Internet and E-commerce investments in Iran.  
» 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 10.



GriffonCapital

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 11.



Navaar is Iran's leading digital audio book production and distribution platform.  
» Read more on page 12.



Bahamta offers mobile based peer-to-peer monetary transfers, as a better alternative to traditional card-to-card or account-to-account transfers.  
» Read more on page 13.

carvanro

Carvanro is a ride sharing site connecting passengers and verified drivers.  
» Read more on page 14.

# 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 45 companies, among them – 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), Online Travel Agency ("OTA") Alibaba, 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. In Q4 2017 Sarava was involved in two larger transactions connected to Café Bazaar and OTA Alibaba and Zoraq.

As per December 31, 2017 Pomegranate's holding in Sarava is valued based on the NAV of its portfolio, which in turn is valued based on a combination of fair value models and last transaction values.

» For more information, please visit the company's website: [www.saravapars.com/en](http://www.saravapars.com/en)

## Key Investment Data

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

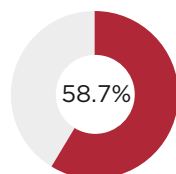
**94.0 mEUR**

Fair value in portfolio,  
December 31, 2017

**15 %**

Pomegranate's  
ownership

% of investment portfolio



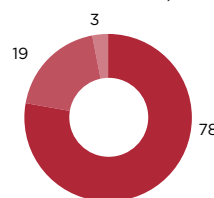
**-3.5 %**

Change in fair value,  
January – December, 2017

**-1.8 %**

Change in fair value,  
Q4 2017

Valuation basis, %

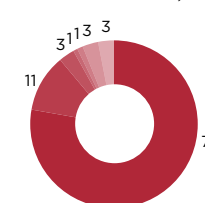


■ Model based  
■ Last transaction  
■ Cash

No. portfolio companies



Sector allocation, %



■ E-commerce  
■ Classifieds & mobile  
■ Digital advertisement & media  
■ Online logistics  
■ Online property  
■ Cash  
■ Other



# Sarava Holdings

**digikala**

## SECTOR: E-COMMERCE

**Digikala** is a general e-commerce company with an estimated market share of more than 90%. 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 average delivery time is four hours in Tehran and the company also provides next day delivery guarantee in twenty main cities across Iran.

In 2016 Digikala initiated several new growth initiatives including a new larger fulfilment 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, and now represents about 20% of GMV, with about 1,200 active sellers and more than 110,000 stock keeping units (SKUs) offered on marketplace.

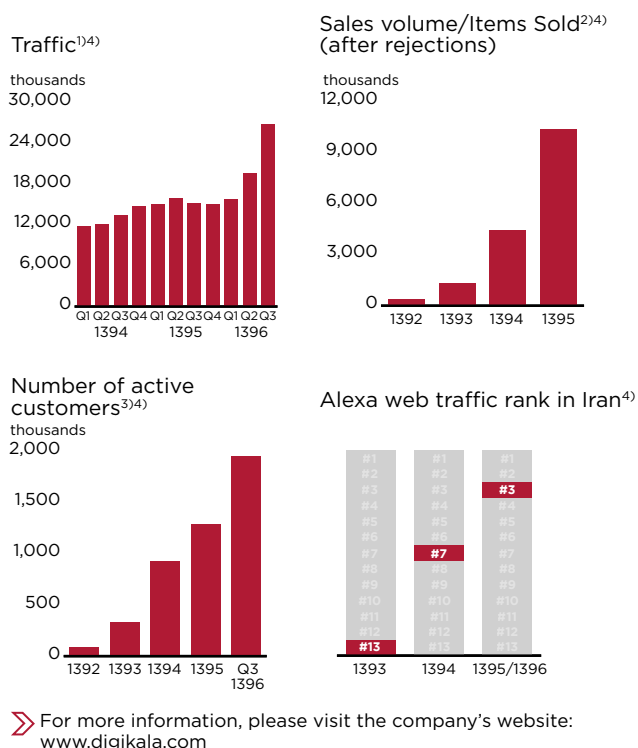
Digikala's new fulfilment center is fully operational and all warehousing and fulfilment has moved to the new location. This was a necessity for Digikala in order to continue to grow the retail business, and current warehousing capacity stands at 8 million items with a fulfilment capacity of 500k items and 150k daily orders.

Based on an average IRR/EUR FX rate of 39,800 for Iranian year 1395 ending March 2017, Digikala retail & market place generated a GMV of EUR 347 including VAT. In local currency, the GMV growth was 81% between year 1395 and 1394 and about 109% between 1394 and 1393. GMV here is defined as value of gross sales made in a given period after cancellations, prior to discounts and rejections with returns from customer having been recognised (with measurement on invoice issue/ shipped date).

The traffic to Digikala.com and number of customers have increased continuously and in the third quarter of the ongoing Iranian year 1396, spanning from March 2017 – March 2018, the number of unique visitors amounted to 26.8 million, compared with 19.6 million in the second quarter and by mid-January 2018 the number of active customers in the last twelve months amounted to

1.8 million, compared with 1.6 million in the second quarter.

The EUR-valuation of Digikala in the NAV of Sarava is based on a multiple to expected 1396 Iranian year GMV model and has been negatively affected by the 8% depreciation of Iranian currency versus EUR in Q4 2017.



- 1) Unique visitors: Standard definition – unique customers identified in the reporting period (Unique visitors refers to the number of distinct individuals requesting pages from the website during a given period, regardless of how often they visit).  
 2) Sales volume: Items dispatched to customers (non-GAAP sales) after rejections made.  
 3) Number of active customers: Total customers having recorded a purchase in the TT12M.  
 4)

**DIGISTYLE**

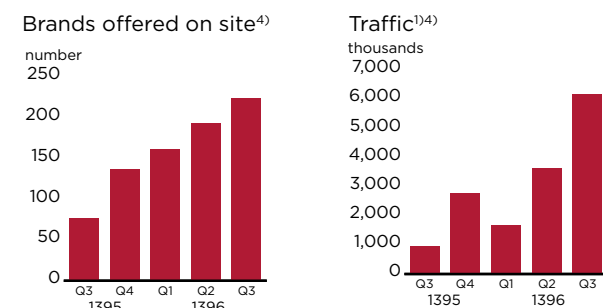
## SECTOR: E-COMMERCE

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

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

Digistyle has in a relatively short time managed to create an offering of more than 220 different brands on its site.

The EUR-valuation of Digistyle in the NAV of Sarava is included in the model valuation of Digikala



» For more information, please visit the company's website: [www.digistyle.com](http://www.digistyle.com)

Iranian year	Starts	Ends
1392	mar 2013	mar 2014
1393	mar 2014	mar 2015
1394	mar 2015	mar 2016
1395	mar 2016	mar 2017
1396	mar 2017	mar 2018

# Sarava Holdings



## SECTOR: CLASSIFIEDS & MOBILE

**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 35 million Android phones and has over 26 million monthly active users. Café Bazaar has started monetizing its appstore and the company maintains its market share of more than 85 percent, with 143 K published apps and 77K monetising apps.

Pomegranate has increased its indirect see-through economic interest in Café Bazaar group, from 3% to 4.5%, following a fundraising deal in Q4 2017. The deal included EUR 38 million for a 10 per cent increase in shareholding in Café Bazaar group for investors, with a corresponding 1.5% increase in indirect shareholding for Pomegranate.

Café Bazaar and Divar continue to develop their well-known online services. The deal was made in order to raise capital for expansion into new areas such as micro payments and new urban services as well as strengthening of their current businesses.

The EUR-valuation of Café Bazaar in the NAV of Sarava is based on the last transaction from Dec 2017.

» For more information, please visit the company's website: [www.cafebazaar.ir/en](http://www.cafebazaar.ir/en)



## SECTOR: ONLINE TRAVEL

In the 4th quarter of 2017, the largest online travel business in Iran

(Alibaba Travel) and one of the pioneers in that space (Zoraq) merged to form the largest Online Travel Agency ("OTA") in the country.

This merger between the leaders of Iran's online travel, "Alibaba" and "Zoraq", and integration with Alibaba's other businesses such as "Jabama", a hotel booking website, will further lead to growth and expansion in the field of online travel booking in the Country. The merged entities will be consolidated under a holding company called "Tusha". The valuation of Tusha online travel holding is approximately EUR 82 million after investment of EUR 18.5 million into the holding. The deal is now in final implementation stage. Pomegranate will be holding an indirect see-through stake of 3.3% in this business post the merger.

The merger between Alibaba Travel and Zoraq was facilitated by Griffon Capital, another of Pomegranate's portfolio companies, which had exclusive fundraising mandate with the online travel booking site Alibaba.

The EUR-valuation of Alibaba/Tusha in the NAV of Sarava is based on the last transaction from Dec 2017.

» For more information, please visit the company's website: [www.alibaba.ir](http://www.alibaba.ir)



## SECTOR: DIGITAL ADVERTISEMENT & MEDIA

**Pulse and Pixel Group ("PPG Holding")** is a Digital Content and

Marketing Company that has consolidated several online advertising brands. PPG now comprises several 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.

### Recent Developments

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.

The EUR-valuation of PPG in the NAV of Sarava is mainly based on a model valuation.

» For more information, please visit the company's website: [www.pulseandpixel.com](http://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 start-ups 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 start-ups have graduated from Avatech.

» For more information, please visit the company's website: [www.avatech.ir](http://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.

In Q4 2017, Sheypoor successfully closed a funding round of EUR 7 million led by Pomegranate, which invested another EUR 3.7 million, including conversion of the previously extended short-term loan facility of EUR 2.0 million. Pomegranate was also joined in the funding round by two prominent external investors, including one Iranian listed VC. Pre-money valuation was EUR 42.3 million. After the transaction Pomegranate's shareholding in Sheypoor amounts to 44.6% with a post-money valuation of EUR 49.3 million.

Sheypoor has grown significantly during 2017 and the total number of Unique Monthly Users in 2017 was 122% above 2016. The number of page views in December 2017 stood at about 704 million and total amount of page views in 2017 was 205% above 2016. The total number for monthly new listings in 2017 was 138% higher than in 2016. All KPIs further improved considerably in January 2018, and Unique Monthly Users reached 8.5 million.

As per December 31, 2017 Pomegranate's holding in Sheypoor is valued based on post-money valuation of the company following the funding investment. The pre-money valuation in the funding round in Q4 2017 was slightly lower than model generated valuation of Sheypoor in Q3 2017, however, the successful closing of the funding round with prominent new investors demonstrates the attractiveness of the company and Pomegranate increased its stake. Since the closing of the funding round, key performance metrics have grown considerably in January 2018.

## Key Investment Data

<b>Sector</b>	Online classifieds
<b>Company founded</b>	2012
<b>First investment</b>	2014
<b>Board representation</b>	2 out of 4

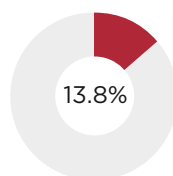
### 22 mEUR

Fair value in portfolio,  
December 31, 2017

### 45 %

Pomegranate's  
ownership

% of investment portfolio



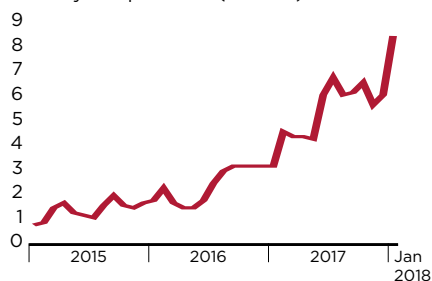
### 17.3 %

Change in fair value,  
January – December, 2017

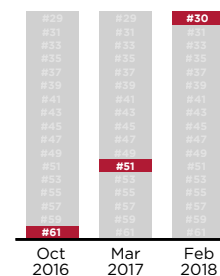
### -3.6 %

Change in fair value,  
Q4 2017

Monthly Unique Users (millions)



Alexa web traffic rank in Iran



# 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 2017 have received several new mandates for M&A advisory and private placements, most notably in the recent merger-investment transaction between online travel sites Alibaba and Zoraq where Griffon had exclusive fundraising mandate with the online travel booking site Alibaba. 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. Assets Under Management have increased but remain below previous expectations, due to continued complexities for parts of the international community to invest into Iran. In 2017 Griffon has successfully been strengthening its local asset management offering, catering to the available pools of money in Iran, which are less susceptible to international headlines.

As per December 31, 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 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

GIF Fund	
Sector	Open ended fund
Company founded	Launched 2016
First investment	2016
Return in EUR as per Dec 31, 2017	4.4%

and the IFB. The GIF fund has outperformed local peers since its inception.

Q4 2017 was generally a strong period for the Fund in terms of local currency returns with the TEDPIX reaching consistently new all time highs in November and December 2017, however, given the recent weakness of the rial especially against the EUR, the Fund’s euro-denominated Initial Series NAV grew with 2.41% in the quarter, while still outperforming the benchmark TEDPIX index.

As per December 31, 2017 the investment in the GIF Fund is valued at the Fund’s NAV as per December 31, 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 Pomegranate’s managed account is focused on.

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

Interest levels have come down somewhat in second half of 2017 due to government measures to improve banking sector and bring interest levels down. The yield levels are still attractive at 15-20% YTM. However, coupled with a weakening of the rial versus the EUR, the return of the PMA in Q4 2017 measured in EUR was slightly negative.

As per December 31, 2017 the investment is valued at the accounts’s NAV as per the end December 31, 2017.

Griffon PMA account	
Sector	Managed fixed income account
First investment	February 2017
Return in EUR as per June 30, 2017	-2.7%
Average IRR yield-to-maturity of instruments	15-20%

## Key Investment Data

<b>Sector</b>	Asset management & advisory
<b>Company founded</b>	2014
<b>First investment</b>	2014
<b>Board representation</b>	1 out of 6

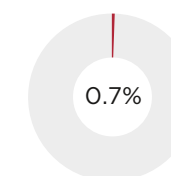
**1.1 mEUR**

Fair value in portfolio,  
December 31, 2017

**15 %**

Pomegranate’s  
ownership

% of investment portfolio



**-60.3 %**

Change in fair value,  
January – December, 2017

**-13.2 %**

Change in fair value,  
Q4 2017

### GIF Fund & PMA

**3.6 mEUR, 2.2 %**

of investment portfolio

➤ For more information, please visit the company’s website: [www.griffoncapital.com](http://www.griffoncapital.com)

# Navaar



**Navaar** is Iran's leading digital audio book production and distribution platform. Their web and mobile apps offer audio books (for both adults and kids) in an easy-to-navigate catalog, the biggest of its kind in Iran. Navaar is also preparing for Storytel/Netflix type subscription based revenue model.

In Q3-Q4 2017 Pomegranate concluded an investment of EUR 830,000 EUR in Navaar and holds a stake of 29.09% in the company. All the committed funds were transferred in October 2017.

Pomegranate's investment will help Navaar to grow the number of available titles, hire additional talent and continue product development. As per December 31, 2017 Pomegranate's holding in Navaar is valued based on post-money valuation of the company following the funding investment.

➤ For more information, please visit the company's website: [www.navaar.ir](http://www.navaar.ir)

## Key Investment Data

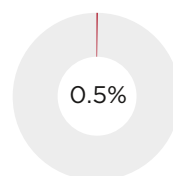
<b>Sector</b>	Audiobooks
<b>Company founded</b>	2014
<b>First investment</b>	2017
<b>Board representation</b>	1 out of 5

**0.83 mEUR** **29 %**

Fair value in portfolio,  
December 31, 2017

Pomegranate's  
ownership

% of investment portfolio



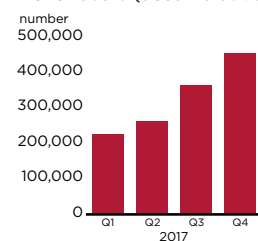
**0 %**

Change in fair value,  
January – December, 2017

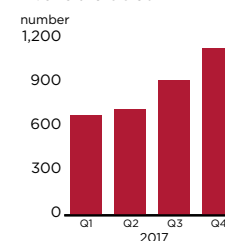
**0 %**

Change in fair value,  
Q4 2017

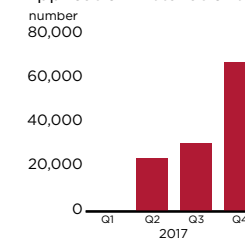
No. of users (accumulative)



Available titles



Application installations



# Bahamta



In Q4 2017, Pomegranate concluded the agreement for an investment of EUR 500 thousand into the Iranian fintech start-up – **Bahamta**, active in the field of mobile based peer-to-peer monetary transfers. The investment is payable in two tranches for a total shareholding of 14.3% upon completion. The investment will help Bahamta to recruit more talent and grow as a company and continue to develop its offering in the now emerging fintech industry in Iran. Bahamta has previously received funding from one of the most successful local VC companies.

Bahamta offers a better alternative to traditional card-to-card or account-to-account P2P transfers through user friendly mobile based solution.

As per December 31, 2017 Pomegranate's holding in Bahamta is valued based on post-money valuation of the company following the investment.

## Key Investment Data

<b>Sector</b>	Fintech
<b>Company founded</b>	2015
<b>First investment</b>	2017
<b>Board representation</b>	1 out of 5

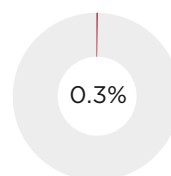
0.5 mEUR

Fair value in portfolio,  
December 31, 2017

14.3 %

Pomegranate's  
ownership

% of investment portfolio



0 %

Change in fair value,  
January – December, 2017

0 %

Change in fair value,  
Q4 2017

» For more information, please visit the company's website: [www.bahamta.com](http://www.bahamta.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.

Pomegranate first invested in Carvanro in January 2016. The latest funding round was closed on February 20, 2017 in which Pomegranate committed to make a follow-on investment of EUR 768,300 in Carvanro, payable in two instalments. In this round, a new local investor joined Pomegranate as shareholder in the company. The first instalment of EUR 383,500 was paid in February, 2017 the final part of February 2017 fundraising was completed in November 2017. The second instalment and share subscription was dependent on the company achieving certain agreed KPIs, such as 3000 completed rides in a month, which the Company managed to achieve in August 2017.

As per December 31, 2017 Pomegranate's holding in Carvanro is valued based on post-money valuation of the company following completion of the second instalment from the Feb 2017 funding round.

## Key Investment Data

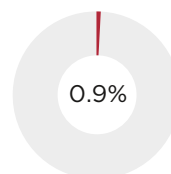
<b>Sector</b>	Ride sharing
<b>Company founded</b>	2016
<b>First investment</b>	2016
<b>Board representation</b>	1 out of 4

1.42 mEUR 40 %

Fair value in portfolio,  
December 31, 2017

Pomegranate's  
ownership

% of investment portfolio



0 %

Change in fair value,  
January – December, 2017

-0.8 %

Change in fair value,  
Q4 2017

» For more information, please visit the company's website: [www.carvanro.com](http://www.carvanro.com)

# Income statements

## Group

(Expressed in EUR thousands)	January 1, 2017- December 31, 2017	January 1, 2016- December 31, 2016
Result from financial assets at fair value through profit or loss <sup>1</sup>	-645	38,221
<b>Total operating income</b>	<b>-645</b>	<b>38,221</b>
Operating expenses	-3,106	-2,893
<b>Operating result</b>	<b>-3,751</b>	<b>35,328</b>
<b>Financial income and expenses</b>		
Exchange gains/losses, net	-8	-133
Interest income	-	8
Interest expense	-1	-
<b>Net financial items</b>	<b>-9</b>	<b>-125</b>
<b>Result before tax</b>	<b>-3,760</b>	<b>35,203</b>
Income tax	-	40
<b>Net result for the financial period</b>	<b>-3,760</b>	<b>35,244</b>
Earnings per share (in EUR)	-0.74	9.84
Diluted earnings per share (in EUR)	-0.72	9.61

### Statement of comprehensive income

(Expressed in EUR thousands)	January 1, 2017- December 31, 2017	January 1, 2016- December 31, 2016
<b>Net result for the financial period</b>	<b>-3,760</b>	<b>35,244</b>
<b>Other comprehensive income for the period:</b>		
Items that may be classified subsequently to profit or loss:	-	-
Currency translation differences	-	-
Disposals	-	-
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>-3,760</b>	<b>35,244</b>

	October 1, 2017- December 31, 2017	October 1, 2016- December 31, 2016
	-2,723	36,891
	<b>-2,723</b>	<b>36,891</b>
	-963	-1,516
	<b>-3,686</b>	<b>35,375</b>
	-6	-2
	-	8
	-	-
	<b>-6</b>	<b>6</b>
	<b>-3,692</b>	<b>35,381</b>
	-	40
	<b>-3,692</b>	<b>35,422</b>
	-0.68	8.53
	-0.68	8.35

	October 1, 2017- December 31, 2017	October 1, 2016- December 31, 2016
	<b>-3,692</b>	<b>35,422</b>
	-	-
	-	-
	-	-
	-	-
	<b>-3,692</b>	<b>35,422</b>

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)	December 31, 2017	December 31, 2016
<b>NON CURRENT ASSETS</b>		
<i>Financial non current assets</i>		
Financial assets at fair value through profit or loss	123,460	117,964
<b>Total financial non current assets</b>	<b>123,460</b>	<b>117,964</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	35,550	29,009
Derivative Financial instrument	1 125	-
Tax receivables	62	84
Other current receivables	54	36
<b>Total current assets</b>	<b>36,791</b>	<b>29,129</b>
<b>TOTAL ASSETS</b>	<b>160,251</b>	<b>147,093</b>
<b>SHAREHOLDERS' EQUITY</b>		
(including net result for the financial period)	<b>156,827</b>	<b>132,617</b>
<b>CURRENT LIABILITIES</b>		
<i>Non-interest bearing current liabilities</i>		
Trade payables	149	22
Other current liabilities	2,224	13,860
Accrued expenses	1,051	543
Tax liability	-	51
<b>Total current liabilities</b>	<b>3,424</b>	<b>14,476</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>160,251</b>	<b>147,093</b>

# Statement of changes in equity

## Group

(Expressed in EUR thousands)	Share capital	Other paid in capital	Other reserves	Retained earnings	Total
<b>Balance at January 1, 2016</b>	<b>1,655</b>	<b>18,729</b>	<b>145</b>	<b>19,135</b>	<b>39,664</b>
Net result for the period	-	-	-	35,244	35,244
January 1, 2016 to December 31, 2016					
<i>Other comprehensive income for the period</i>					
Currency translation differences	-	-	-	-	-
Total comprehensive income for the period	-	-	-	35,244	35,244
January 1, 2016 to December 31, 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	-	-	646	-	190
<b>Balance at December 31, 2016</b>	<b>4,155</b>	<b>73,292</b>	<b>791</b>	<b>54,379</b>	<b>132,617</b>

(Expressed in EUR thousands)	Share capital	Other paid in capital	Other reserves	Retained earnings	Total
<b>Balance at January 1, 2017</b>	<b>4,155</b>	<b>73,292</b>	<b>791</b>	<b>54,379</b>	<b>132,617</b>
Net result for the period	-	-	-	-3,760	-3,760
January 1, 2017 to December 31, 2017					
<i>Other comprehensive income for the period</i>					
Currency translation differences	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-3,760	-3,760
January 1, 2017 to December 31, 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
<b>Balance at December 31, 2017</b>	<b>5,405</b>	<b>100,009</b>	<b>795</b>	<b>50,619</b>	<b>156,827</b>

# Cash flow statement

## Group

(Expressed in EUR thousands)	January 1, 2017- December 31, 2017	January 1, 2016- December 31, 2016	October 1, 2017- December 31, 2017	October 1, 2016- December 31, 2016
<b>Operating activities</b>				
Result before tax	-3,760	35,200	-3,692	35,378
<i>Adjustment for non-cash items</i>				
Interest income and expense, net	1	-	-	-
Currency exchange gains/-losses	8	128	6	-3
Warrants	4	646	-	456
Result from financial assets at fair value through profit or loss	645	-38,221	2,723	-36,891
Change in operating receivables	86	-	56	52
Change in operating liabilities	254	567	-616	606
<b>Net cash used in operating activities</b>	<b>-2,762</b>	<b>-1,680</b>	<b>-1,523</b>	<b>-403</b>
<b>Investment activities</b>				
Investment in financial assets	-18,660	-38,558	-385	-3,747
Investment in subsidiaries	6	-	-	-
Interest received	-	-	-	-5
Interest paid	-1	-	-	-
<b>Cash flow from investing activities</b>	<b>-18,656</b>	<b>-38,558</b>	<b>-385</b>	<b>-3,752</b>
<b>Financing activities</b>				
Proceeds from rights issue, net of transaction costs	27,967	57,063	-	-
<b>Cash flow from financing activities</b>	<b>27,967</b>	<b>57,063</b>	<b>-</b>	<b>-</b>
<b>Cash flow during the period</b>	<b>6,549</b>	<b>16,825</b>	<b>-1,908</b>	<b>-4,155</b>
Cash and cash equivalents at beginning of the period	29,009	12,317	37,464	33,162
Exchange losses/gains on cash and cash equivalents	-8	-133	-6	3
<b>Cash and cash equivalents at the end of period</b>	<b>35,550</b>	<b>29,009</b>	<b>35,550</b>	<b>29,009</b>

# 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.

	12 m 2017	12 m 2016
Equity ratio, % <sup>1</sup>	97.9%	90.2%
Shareholders' equity/share, EUR <sup>2</sup>	29.0	31.9
Earnings/share, EUR <sup>3</sup>	-0.74	9.84
Diluted earnings/share, EUR <sup>4</sup>	-0.72	9.61
Net asset value/share, EUR <sup>5</sup>	29.0	31.9
Net asset value, EUR	156,827,495	132,616,934
Weighted average number of shares for the financial period	5,055,286	3,580,831
Weighted average number of shares for the financial period (fully diluted)	5,247,786	3,665,831
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- December 31, 2017	January 1, 2016- December 31, 2016
Result from financial assets at fair value through profit or loss	-645	38,221
Operating expenses	-3,106	-2,893
<b>Operating result</b>	<b>-3,751</b>	<b>35,328</b>
<b>Financial income and expenses</b>		
Exchange gains/losses, net	-8	-133
Interest income	-	8
Interest expense	-1	-
<b>Net financial items</b>	<b>-9</b>	<b>-125</b>
<b>Result before tax</b>	<b>-3,760</b>	<b>35,203</b>
Income tax	-	-
<b>Net result for the financial period</b>	<b>-3,760</b>	<b>35,203</b>

	October 1, 2017- December 31, 2017	October 1, 2016- December 31, 2016
	-2,723	36,891
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	<b>-3,686</b>	<b>35,375</b>
	-6	-2
	-	8
	-	-
	<b>-6</b>	<b>6</b>
	<b>-3,692</b>	<b>35,381</b>
	-	-
	<b>-3,692</b>	<b>35,381</b>

## Statement of comprehensive income

(Expressed in EUR thousands)	January 1, 2017- December 31, 2017	January 1, 2016- December 31, 2016
<b>Net result for the financial period</b>	<b>-3,760</b>	<b>35,203</b>
<b>Other comprehensive income for the period:</b>		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	-	-
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>-3,760</b>	<b>35,203</b>

	October 1, 2017- December 31, 2017	October 1, 2016- December 31, 2016
	<b>-3,692</b>	<b>35,381</b>
	-	-
	-	-
	<b>-3,692</b>	<b>35,381</b>

# Balance sheets

## Parent Company

(Expressed in EUR thousands)	December 31, 2017	December 31, 2016
<b>NON CURRENT ASSETS</b>		
<i>Financial non current assets</i>		
Shares in subsidiaries	6	-
Financial assets at fair value through profit or loss	123,460	117,964
<b>Total financial non current assets</b>	<b>123,466</b>	<b>117,964</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	35,545	29,009
Derivative financial instrument	1,125	-
Tax receivables	62	-
Other current receivables	54	120
<b>Total current assets</b>	<b>36,786</b>	<b>29,129</b>
<b>TOTAL ASSETS</b>	<b>160,251</b>	<b>147,093</b>
<b>SHAREHOLDERS' EQUITY</b>		
(including net result for the financial period)	<b>156,827</b>	<b>132,617</b>
<b>CURRENT LIABILITIES</b>		
<i>Non-interest bearing current liabilities</i>		
Trade payables	149	22
Other current liabilities	2,224	13,860
Accrued expenses	1,051	543
Tax liability	-	51
<b>Total current liabilities</b>	<b>3,424</b>	<b>14,476</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>160,251</b>	<b>147,093</b>

# Statement of changes in equity

## Parent Company

### Parent Company January 1, 2016 – December 31, 2016

(Expressed in EUR thousands)	Restricted equity	Non-restricted equity			Total
	Share capital	Other paid in capital	Retained earnings	Total non-restricted equity	
<b>Opening shareholder's equity</b>	<b>1,655</b>	<b>18,729</b>	<b>19,280</b>	<b>38,010</b>	<b>39,664</b>
Net result for the period	-	-	35,244	35,244	35,244
Total comprehensive income for the period	-	-	35,244	35,244	35,244
Proceeds from rights issue	2,500	57,500	-	57,500	60,000
Transaction costs	-	-2,937	-	-2,937	-2,937
Share based compensation	-	-	646	646	646
<b>Balance at December 31, 2016</b>	<b>4,155</b>	<b>73,292</b>	<b>55,170</b>	<b>128,462</b>	<b>132,617</b>

### Parent Company January 1, 2017 – December 31, 2017

(Expressed in EUR thousands)	Restricted equity	Non-restricted equity			Total
	Share capital	Other paid in capital	Retained earnings	Total non-restricted equity	
<b>Opening shareholder's equity</b>	<b>4,155</b>	<b>73,292</b>	<b>55,170</b>	<b>128,462</b>	<b>132,617</b>
Net result for the period	-	-	-3,760	-3,760	-3,760
Total comprehensive income for the period	-	-	-3,760	-3,760	-3,760
<i>Proceeds from rights issue</i>	<i>1,250</i>	<i>28,750</i>	-	<i>28,750</i>	<i>30,000</i>
Transactions costs rights issue	-	-2,033	-	-2,033	-2,033
Employee stock option program	-	-	4	4	4
<b>Balance at December 31, 2017</b>	<b>5,405</b>	<b>100,009</b>	<b>51,414</b>	<b>151,423</b>	<b>156,827</b>

# 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 - December 2017 has been approved for publication by decision of the Board on the day of February 23, 2018.

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

Financial reports for Pomegranate Investment AB (publ) have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. It has been prepared in accordance with the acquisition method, except for financial assets measured at fair value through profit or loss.

This consolidated financial statement is Pomegranate's first one, which is prepared in accordance with IFRS. Historical financial information has been recalculated from 7 April 2014, which is the date of transition to IFRS accounting. Explanations of the transition from previously applied accounting principles to IFRS and the effects of the transition on the income statement and shareholders' equity are disclosed in Note 3.

Items included in the financial statements of the various entities in the Group are valued in the currency used in the economic environment in which each company is primarily active (functional currency). The financial reports use euro (EUR), which is the Group's presentation currency.

The preparation of reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, the management is required to make certain assessments when applying the Group's accounting policies. The areas include a high degree of assessment, which are complex or such Areas where assumptions and estimates are of fundamental importance to the Financial Reports are set out in Note 4.

### 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 IFRS10 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 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.

### 2.9.3 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

## Note 2 – cont'd

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 related to Carvanro 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 income statement and balance sheet of the transition to IFRS and 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 IFRS for the Group reporting and RFR2 for parent company 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 2016 comparable period the previously recorded "Tax allocation reserve" of EUR 183 thousand is not recognised under IFRS and as such the Comparable group result for Q4 2016 and full year 2016 have been restated to reflect this change in the Income statement, Balance Sheet and Equity of the 2016 comparable periods.



## Note 4 – Related party transactions

During the period Pomegranate has recognised the following related party transactions

EUR thousand	Operating expenses		Receivables	
	12 m 2017	12 m 2016	12 m 2017	12 m 2016
Key management and board of directors <sup>1</sup>	982	1,546	3	1

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 for full year 2017 EUR 10 thousand relates to share-based compensation in connection with issue of warrants to CFO. Operating expenses for 2017 also included bonus in the amount of EUR 199 thousand to CEO and other management of the company.

In operating expenses for full year 2016 a total of EUR 979 thousand of share-based compensation was recognised in operating expenses in connection with issue of warrants to CEO, other senior management 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.

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

EUR thousand	Level 3
Opening Balance January 1, 2017	97,414
Transfers into level 3	17,878
Transfers out of level 3	-15,105
Change in fair value during the year	-5,065
<b>Closing balance December 31, 2017</b>	<b>95,122</b>

During the period January 1 – December 31, 2017 two transfers between level 2 and 3 have initially been done, Sheypoor and Griffon Capital, which were both transferred in Q2 2017, however, in Q4 2017 Sheypoor successfully completed a new financing round and was transferred back to level 2. So as per December 31, 2017 one transfer between 2 and 3; of Griffon Capital, has effectively been done.

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 nine investments as at December 31, 2017, of which two are classified as belonging to level 3, seven investments in level 2. The Company values the total of investment holdings at EUR 124,585,474 as at December 31, 2017.

2017-12-31	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
<b>Total assets (EUR thousand)</b>	<b>-</b>	<b>29,464</b>	<b>95,122</b>	<b>124,585</b>

2016-12-31	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
<b>Total assets (EUR thousand)</b>	<b>-</b>	<b>20,550</b>	<b>97,414</b>	<b>117,964</b>

## Note 5 – cont'd

Change in financial assets at fair value through profit and loss, EUR	Opening balance 2017-01-01	Investments/ (disposals), net EUR	Change in fair value	Closing balance 2017-12-31	Percentage of portfolio, %
Sarava	97,414,031	-	-3,393,225	94,020,806	75.5%
Sheypoor	15,105,074	3,670,828	3,249,015	22,024,918	17.7%
Sheypoor option	-	-	1,125,167	1,125,167	0.9%
Griffon Capital	2,772,647	-	-1,671,722	1,100,925	0.9%
Griffon Iran Flagship Fund	2,021,786	-	88,812	2,110,598	1.7%
Griffon Managed Account	-	1,497,954	-40,043	1,457,911	1.2%
Carvanro	650,000	768,300	-	1,418,300	1.1%
Navaar	-	830,000	-3,113	826,887	0.7%
Bahamta	-	500,000	-	500,000	0.4%
<b>Total financial assets held for trading</b>	<b>117,963,538</b>	<b>7,267,082</b>	<b>-645,109</b>	<b>124 585 511</b>	<b>100%</b>

### Sarava

Pomegranate's total investment in Sarava as at December 31, 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, as a detailed sum of the parts valuation.

### Digikala

Digikala, Sarava's largest asset, continues to be valued on the basis of a EV/GMV multiple valuation model, using forward-looking expected GMV excluding VAT for the Iranian year 1396 ending in March 2018. The 15 percent stake in Sarava is as per December 31, 2017 valued at a total of EUR 94.0 million. This is 3.5% lower compared with the transaction-and-model based valuation as per December 31, 2016, and 1.8% lower than September 30, 2017. The lower valuation is mainly due to a weakening of the local Iranian currency in 2017 which affects the expected GMV measured in EUR. Pomegranate uses Digikala's own Iranian Rial based rolling forecast as base for 1396 GMV, for the model valuation. A trailing average of EUR/IRR rate is then applied to arrive at EUR based GMV. As per December 31, 2017 the free market rate of the Iranian Rial had lost about 20% in value to the EUR, compared with December 31, 2016. Since a rolling average is applied to arrive at EUR GMV the effect on Digikala valuation is less than end of period currency movements stated above, however, there is a negative pure FX effect in valuation of Digikala of about -8% or EUR -63 million as per December 31, 2017 compared with December 31, 2016. The peer group used to value Digikala includes 7 listed E-commerce and online fashion peers including Amazon, Zalando, JD.com, Rakuten, Boohoo.com and Asos. The average multiple of the peer group is 1.9x and the median multiple is 2.1x. 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. Pome-

Sensitivity analysis EV/GMV multiple in Digikala valuation	-20%	-10%	10%	20%	
Value of Pomegranate's investment in <b>Sarava</b> in EUR millions	80.1	87.1	94.0	101.0	107.9

Sensitivity analysis IRR/EUR FX rate in Digikala valuation	-10%	-5%	5%	10%	
Value of Pomegranate's investment in <b>Sarava</b> in EUR millions	87.7	90.7	94.0	97.7	101.8

Sensitivity analysis Terminal Value growth rate	-20%	-10%	10%	20%	
Value of Pomegranate's investment in <b>Griffon Capital</b> in EUR millions	1.0	1.0	1.1	1.2	1.3

granate considers the multiple to be conservative given that Digikala has much higher growth rate than peer group companies.

### Sarava other portfolio

Among Sarava's other portfolio companies, most notably its 20% stake in Café Bazaar has been positively impacted by a revaluation of the company following a binding investment term sheet signed in Q4 2017. The Company's holding in Sarava is classified as level 3.

### Sheypoor

In 2016, Pomegranate invested EUR 6.4 million in connection with two capital raisings by the company, in 2017 Pomegranate invested another EUR 3.7 million into the company in a capital raise which valued the company pre-money at EUR 42.3 million. As per December 31, 2017, Pomegranate owns 44.6 percent of the outstanding shares. As per December 31, 2017, Pomegranate values its ownership in Sheypoor at EUR 22.0 million, Pomegranate values its investment into Sheypoor on the basis of the post-money valuation of the company of EUR 49.3 million following the latest fundraising in December 2017. The Company's holding in Sheypoor is classified as level 2.

### Sheypoor option

On August 7, 2017 Pomegranate finalised a call option agreement with the other shareholders in Sheypoor to reflect Pomegranate's past and present firm funding commitment to Sheypoor's development. The options in the agreement are divided into two series, the first series representing 77% of the options has a strike price valuation for Sheypoor of EUR 17,636,684 and are exercisable from the date of the agreement and until May 2018 and the other series representing 23% of the options has a strike price valuation for Sheypoor of EUR 26,455,026.55 and are exercisable from the date of the agreement and until May 2019. As per December 31, 2017 the value of the options is based on exercise value of the options based on the valuation of Sheypoor of EUR 49.3 million as of December 31, 2017 following the latest fundraising in December 2017. The Company's holding in Sheypoor options is classified as level 2.

### Griffon Capital

Pomegranate invested EUR 1.3 million in Griffon Capital during 2015. As per December 31, 2017 Pomegranate owns 15.2 percent of the outstanding shares in the company. During the first quarter 2016,

## Note 5 – cont'd

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% and terminal value growth rate of 6.5%, which corresponds to a valuation of EUR 1.1 million for Pomegranate's stake in the company, or EUR 7.3 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.

### 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 December 31, 2017 the fund investment is valued at the fund's NAV as per December 31, 2017. The holding in Griffon Iran Flagship Fund is classified as level 2.

### Griffon Portfolio 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, with YTM levels of 15-20%. In August 2017 Pomegranate placed another EUR 1.0 million in discretionary management with Griffon Capital. As per December 31, 2017 the investment is valued at the account's NAV as per the December 31, 2017. The holding in Griffon Portfolio Managed Account is classified as level 2.

### Carvanro

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. Pomegranates 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 2017, the second instalment and share subscription was dependent on the company achieving certain agreed KPIs and was completed in November 2017. As per December 31, 2017, the Company's investment in Carvanro is valued post-money after completion of both instalments of the February 2017 funding round classified as level 2.

### Navaar

In August and September 2017 Pomegranate concluded agreements for an investment of EUR 830 thousand in Navaar, including a secondary and primary part as well as conversion of the previously extended loan of EUR 131 thousand into equity and holds a stake of 29.09% in the company. As per December 31, 2017 Pomegranate's investment in Navaar is valued based on post-money valuation of the company following the fundraising in September 2017. The holding in Navaar is classified as level 2.

### Bahamta

In Q4 2017, Pomegranate concluded the agreement for an investment of EUR 500 thousand into the Iranian fintech start-up – Bahamta, active in the field of mobile based peer-to-peer monetary transfers. The investment is payable in two tranches for a total shareholding of 14.3% upon completion. The first tranche was transferred in January 2018. As per December 31, 2017 Pomegranate's holding in Bahamta is valued based on post-money valuation of the company following the investment. The holding in Bahamta is classified as level 2.

### Loan receivables

The Company has no outstanding loan receivables as per December 31, 2017.

### Current liabilities

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

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

**Stockholm, February 23, 2017**

Per Brilioth  
*Chairman*

## 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.

Nadja Borisova

Anders F. Börjesson

## Note 7 – Events after the balance sheet date

Mohsen Enayatollah

# Information and Contact

## Financial information

Interim report Jan – Apr 2018

Annual report Jan 2017 – Apr 2018

Annual General Meeting 2018

Interim report May – Jul 2018

June 19, 2018

August 14, 2018

September 6, 2018

September 20, 2018

## Investor relations

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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.

