



# Financial Report

for the period of May 1, 2018 – July 31, 2018



Pomegranate Investment

# Important Information

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This report contains forward-looking statements. All statements other than statements of historical facts included in this presentation, including without limitation, those regarding the Company's financial position, business strategy, plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these statements are forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties and other factors which are or may be beyond the Company's control, which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Some numerical figures included in this Presentation have been subject to rounding adjustments. Accordingly numerical figures shown as totals in certain graphs or tables may not be an exact arithmetic aggregation of the figures that preceded them.

# Highlights of the Reporting Period

- Net result for the period Maj 1 – July 31, 2018 was EUR -17.6 million (mln) (May 1, 2017 - July 31, 2017: EUR 2.4 mln). Earnings per share were EUR -3.3 (0.4).
- The net asset value of the Company was EUR 113.8 mln on July 31, 2018, (April 30, 2018: 131.4), corresponding to EUR 21.1 per share, (April 30, 2018: 24.3).
- The Company's net asset value per share in EUR decreased by 13.4% over the period May 1, 2018– July 31, 2018. Based on an updated risk adjustment component for the EUR translation of underlying unchanged IRR values of recent transaction valuations in portfolio companies.
- In July 2018, Pomegranate received EUR 92 thousand from the discontinued Carvanro project, as recovered value following closure.
- Cash and cash equivalents amounted to EUR 23.1 million as per July 31, 2018 (April 30, 2018: 23.4). Additionally, the Company had short term investments with Griffon Capital at a value of ca EUR 2.2 million as per July 31, 2018. Which means a total sum of cash and short term investments of EUR 25.3 million.

## Events after the end of the reporting period

- The final tranche of EUR 3.8 million related to Sarava's February 2018 fundraising was transferred in August 2018.
- At the Company's AGM on September 6, 2018, the shareholders resolved on introduction of new long-term incentive program for management as well as Board of Directors. About half of the warrants granted under the previous system will expire shortly and the proposed LTIP 2018 is therefore a necessary step in order to keep the current management and Board of Pomegranate Investment AB (publ) motivated and to deliver on the long-term strategy of the company, more information can be found in Note 4.

# Letter from the Managing Director

## Dear fellow share owners,

When currencies depreciate two things tend to happen: real GDP falls substantially and the current account balance goes into surplus. This was the case in nine instances since 1980 when real exchange rates weakened by 30% or more: Mexico in 1995, Indonesia and Russia in 1998, Brazil in 1999, Argentina and Uruguay in 2002, Egypt in 2003 and 2016, and Ukraine in 2014.

This should be particularly true for Iran with an export driven economy, however, being subject to renewed US sanctions, it can not export adjust quickly enough to make up for a GDP contraction. This is a painful process that sees the benefits of the currency depreciation reduced and only coming into effect with a time lag while the stabilisation of the economy takes longer given the restricted economic repair mechanisms.

We sympathise with efforts - domestically as well as internationally - to try and ease the effects of renewed sanctions, not the least to find interim adjustments to Iran's hard currency needs via several avenues as swiftly as possible, however, given the severe ramifications of renewed sanctions it is an enormously challenging catch-up game.

Historically Iran has had a number of different exchange rate mechanism ranging from pegs against the British pound, the US dollar, the IMF's Special Drawing Rights as well as multilayer exchange rates. We are currently in a periods of change and it is difficult at this point in time to predict how the exchange rate mechanism will look in the future. Whatever comes must be approved by the Central Bank of Iran and endorsed by the Organisation for Investment Economic and Technical Assistance of Iran (OIETAI) which administers foreign investment licenses (FIPPA). At this point in time there are several different exchange rates applicable to different sectors of the economy.

## NAV calculation

Since most our investments are FIPPA protected, we must wait for confirmation of an official rate of conversion before deciding which exchange rate is applicable to us. Next to the macro economic impact from the currency depreciation, the conversion rate is above all directly relevant for our NAV reporting. Our local currency based valuations continue to thrive (Sarava and Digikala for example) but we have to translate the bottom up valuations into our reporting currency euro.

<sup>1</sup> Data from the Institute of International Finance.

As a result of these challenges, and with the above in mind, we believe the most appropriate solution is to apply a risk adjustment factor to the central bank's official exchange rate which we have increased from 30% to 50% in this quarter. We believe this is a reasonable approach and one that I as CEO and share owner feel comfortable with.

Griffon Capital is spearheading work with the OIETAI to determine which exchange rate to use for their investment fund. This transition phase is likely to continue for the next few quarters before the economic parameters will find a 'new normal' and begin to recover. A lot is also riding on the levels of actual oil and gas export, with a lot of focus on net purchases between Europe, China and India.

## Organisational update

We have consolidated our portfolio positions and reduced our organisational costs (OPEX) by going from 5 employees to 3 full time employees and 1 employee at 25%. We have closed our London office and tightened our belts across the board. We have transitioned to a predominantly cash preservation mode while simultaneously supporting and interacting with our portfolio companies closer than ever. We look for opportunities to consolidate and potentially merge some of our assets, finding smart ways to grow but also remain innovative and be on the outlook for investment opportunities. As a company, we have the distinct advantage of a complete absence of foreign competition and lack of external capital, two factors which will fuel reinvention and innovation in the technology space. Our balance sheet remains healthy with EUR 23m in cash at the end of the reporting period.

## Online business

Local businesses have already moved and adjusted throughout the eco system. Landlords find it increasingly difficult to fix rents in hard currencies in the fast moving tech space. To this effect, I spent half a day at the Innovation Factory, in which Sarava is a share owner, admiring how this once small project has grown into the vision of a modern technology innovation factory our trusted partner Said Rahmani, CEO and founder of Sarava, had at the outset. It is worth exploring further to see if we could take a direct stake in this opportunity.

Without exception, we continue to observe a strong shift to online business across all of our portfolio companies both directly and indirectly. 

The data evidence is straightforward: case in point Digikala's that has seen 100% growth in net orders. Where traditional retail businesses are struggling, online retail comes in handy in terms of product availability and automatic repricing – it becomes a 'relative' game though and not even Digikala is entirely immune to supply side disruptions.

Our portfolio companies continue to navigate the volatile environment with great focus and skill. Inevitably adjustments have been necessary: Digikala, with a very balanced business model, where either retail or market place outperforms depending on the backdrop, is on track to deliver 60% GMV growth with improving margins. This has not been possible without an essential cost saving exercise (employee cuts as per Digikala's communication) to keep cash burn in balance while building Iran's largest online retailer. They are persistently adding value to their business model having recently launched FMCG, Fresh Food and Marketing. It is worth noting Alibaba is the largest digital ad company in China while Amazon aims to more than double their market share between 2017-2022. Digikala has similar plans very much shaped by those data points. These additional disciplines, in combination with efficiency gains, should put the company in a good position to reach their budget for this year and remain on track to become profitable next year. A big advantage of the online businesses is their transparency and also their openness, particularly in a challenging environment. Digikala remains a substantial domestic employer and are transparent about what they are doing earning them widespread support to continue growing and provide best in class, transparent pricing policy throughout the country.

Our other strategies are equally adopted to the changing landscape. Within classifieds, jobs advertisements for example offers a great tool to find the next employment opportunity. Notable that in this space Divar and Sheypoor provide the vast majority of employment services targeted to the mass population. Online travel is performing astonishingly well with 'staycation' offerings the number one goal, and the industry is experiencing

the same shift to online as seen across the retail space. Online coupon discount models are booming and so forth.

On a more general note during my current trip, there was noticeably less traffic on the roads, be it from very elevated levels, with local prices being incredible cheap. A 10-15 minute taxi ride will cost you roughly the equivalent of EUR 1. A meal in the hotel restaurant equivalent of EUR 2.4. The stock market is trading at a forward multiple of around 4-6x P/E despite being one of the best performing markets globally in local currency terms. To put things in perspective, depending on which exchange rate mechanism you use, Iran's stock market capitalisation is approximately EUR 50-60bn or around 5% of Apple's market capitalisation. At first this does not seem correct, however, it reflects the current environment and capital flows. Taking a step back emerging markets are broadly facing headwinds, the US the opposite with Europe somewhere in between. Sanctioned nation states like Russia, Turkey and Iran are all under particular pressure. Sberbank, Russia's most profitable bank, is down to the tune of 50% during the same period while Turkey is adjusting in face of its particular pressures.

#### **Concluding remarks**

Unavoidably the environment outlined above affects our EUR NAV, yet we continue to focus on what we can influence, like smart growth without being diluted, supporting our portfolio companies with know how and capital. In the coming twelve months, we will consolidate and look to merge some assets. The external environment will evolve over time and the economy will recover eventually. Only then it will be more widely noticed how strong our companies have been growing and gaining market share.

Greetings from Tehran,  
Florian

# Pomegranate portfolio and valuation

As per July 31, 2018, the majority of the portfolio companies have “recent arm’s length funding transactions” which are not older than 12 months and the bulk between 5-7 months. Using recent transactions as basis for valuation, which hence constitutes observable price/input for the assets, is generally accepted in accordance with IFRS 9 and commonly used. The underlying businesses of the portfolio companies are also performing well, at the same time IFRS stipulates that in the case of significant changes in market conditions, these should be reflected in the valuation. The events in recent months, with the US withdrawing from the JCPOA, which resulted in macroeconomic volatility prompting the implementation of a fixed, unified exchange rate set by the Central Bank of Iran, naturally does present a certain challenge as to how to properly reflect the true and fair value of portfolio companies as per July 31, 2018. In recent months inflation has picked up locally, reported to be at level of 11.5% as per the latest report from Central Bank of Iran. A rising oil price can also be viewed as an indicator about increased uncertainty around Iran.

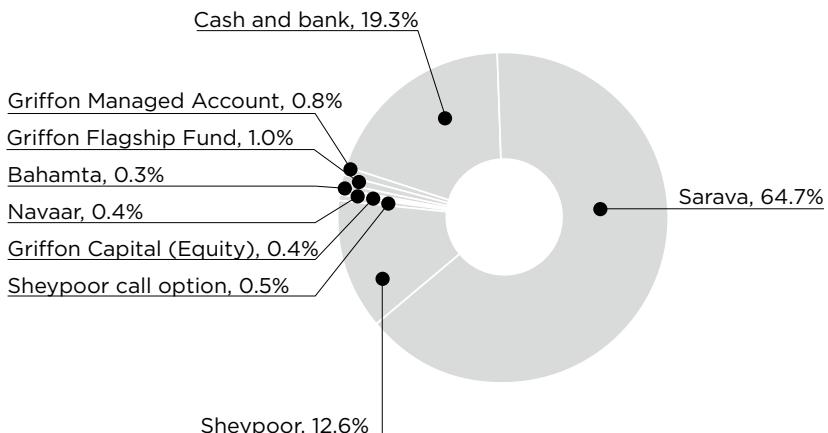
In August 2018 the new automated foreign exchange trading platform locally known as NIMA started to operate, and is meant to act as a central bank sponsored market place for exporters, importers, banks and other exchange vendors. A foreign investor such as Pomegranate Investment with Foreign Investment Protection Act (“FIPPA”) license, shall have access to a rate guaranteed by the government, currently it is still being worked out whether that would be NIMA or CBI rate or somethings else.

While waiting for clarity on appropriate FX regime for FIPPA licensed companies, as per July 31, 2018, Pomegranate has therefore chosen to perform a broad risk adjusted EUR value update of all recent transaction valuations in portfolio companies, starting with establishing the underlying/ implied local currency valuations in recent transactions and then retranslated into EUR on the updated EUR/IRR exchange rate set by the Central Bank of Iran (“CBI”) on July 31, 2018 at 51,596, with an added risk adjustment of 50% to the CBI rate. This is a technical adjustment and we will of course monitor the situation closely and not be afraid to adjust upward again when the companies and markets warrants to do so. In connection with our latest interim report per April 30, 2018 Sarava performed a thorough review of its portfolio and updated among other things the largest holding Digikala to a new updated valuation in IRR, other recent transactions in Sarava portfolio have been re-established at the underlying IRR value at the time of transaction. Pomegranate extensively examined the updated Sarava NAV at the time and considers the approach and models robust and fair. This is a great bottom up alignment with our major portfolio company. Sarava’s updated IRR NAV is also translated into EUR based on the same updated EUR/IRR exchange rate set by the Central Bank of Iran (“CBI”) on July 31, 2018 with an added risk adjustment of 50% to the CBI rate.

# Investment Portfolio

## Portfolio Overview, EUR

	Fair Value, July 31, 2018	Percentage weight	Fair Value, April 30, 2018	Change in value in EUR since April 30, 2018
<b>Companies</b>				
Sarava	77,189,378	64.7%	90,229,346	-14.5%
Sheypoor	15,011,686	12.6%	17,547,681	-14.5%
Sheypoor call option	580,789	0.5%	804,723	-27.8%
Griffon Capital (Equity)	464,254	0.4%	542,682	-14.5%
Navaar	502,367	0.4%	587,235	-14.5%
Bahamta	323,022	0.3%	377,592	-14.5%
<b>Total portfolio companies</b>	<b>94,071,497</b>	<b>78.8%</b>	<b>110,089,259</b>	
<b>Other financial assets</b>				
Griffon Flagship Fund	1,220,269	1.0%	1,426,415	-14.5%
Griffon Managed Account	1,008,625	0.8%	1,153,701	-12.6%
<b>Total other financial assets</b>	<b>2,228,894</b>	<b>1.9%</b>	<b>2,580,116</b>	
Cash and bank	23,054,139	19.0%	23,419,334	
<b>Total investment portfolio</b>	<b>119,354,530</b>	<b>100%</b>	<b>136,088,709</b>	
Other net liabilities	-5,506,502		-4,693,879	
<b>Total Net Asset value</b>	<b>113,848,028</b>		<b>131,394,830</b>	
<b>NAV per share, EUR</b>	<b>21.1</b>		<b>24.3</b>	<b>-13.4%</b>



Sarava is technology investment company and a pioneer in Internet and E-commerce investments in Iran.  
[» Read more on page 8.](#)



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 12.](#)



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 13.](#)



Navaar is Iran's leading digital audio book production and distribution platform.  
[» Read more on page 15.](#)



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 16.](#)

# Sarava



**SARAVA**

**Sarava** is a consumer 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 35 companies, among others – Iran's leading E-commerce company Digikala, the largest Persian Android marketplace Café Bazaar, including the online classifieds company Divar, the first digital advertising holding in Iran – Pejvak group (which includes Adtech companies such as A-Network, ADRO, and ADAD and marketing communication and advertising Agencies), Online Travel Agency ("OTA") Alibaba and technology accelerators such as Avatech and many more.

Sarava is an active investor 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 February 2018 Sarava initiated a funding round in which Pomegranate committed to invest EUR 12.7 million, out of the total investment sum EUR 8.9 million had been transferred before the end of the reporting period and the last tranche of EUR 3.8 was transferred in August 2018. Following the latest fundraising Pomegranate's stake in Sarava amounts to 15.7% as per July 31, 2018.

Following the conclusion of annual performance of portfolio companies in the Iranian financial year 1396 which ended 20 March 2018, Sarava performed updated NAV review of its portfolio. All the model valuations and last transactions were determined in local currency – Iranian rial and total end of 1396 NAV was established at IRR 38,063 billion. The main component and driver of value in Sarava is its holding in Digikala Group.

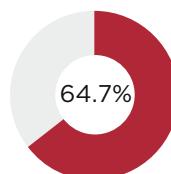
As per July 31, 2018 Pomegranate's holding in Sarava is valued based on the local currency/IRR NAV of Sarava, which in turn is established based on a combination of valuation models and last transaction of its portfolio companies. Lastly Pomegranate

translates the IRR NAV of Sarava into EUR based on the Central Bank of Iran EUR/IRR spot rate of 51,596 on July 31, 2018, Pomegranate also applies 50% risk adjustment to the CBI rate for valuation.

## 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

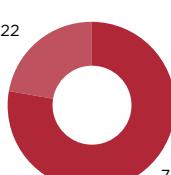
% of investment portfolio



**-14.5 %**

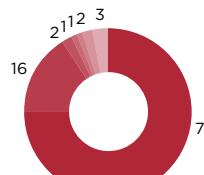
Change in company fair value,  
May – July, 2018

Valuation breakdown, %



■ Valuation model  
■ Last transaction

Sector breakdown, %



■ E-commerce  
■ Mobile apps & classifieds  
■ Online travel  
■ Online logistics  
■ Digital/online media  
■ Accelerator, innovation factory  
■ Other

	Reported NAV per March 20, 2018		Sensitivity analysis – EUR value at different risk premium adjustments (millions)				
	IRR bn	CBI spot + 30%	CBI spot + 40%	CBI spot + 50%	CBI spot + 60%	CBI spot + 70%	
<b>Sarava NAV</b>	38.063	567.5	526.9	491.8	461.1	434.0	
<b>Pomegranate stake</b>	5.974	89.1	82.7	77.2	72.4	68.1	

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

# Sarava Holdings



SECTOR: E-COMMERCE

**Digikala** is a general e-commerce company with an estimated market share of over 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.

Digikala's growth strategy is inspired by the likes of Amazon and Alibaba in China, adjusted to an Iranian context as driven by its dynamic local founders. It continues its focus on utilizing the experience and expertise of c-level management with international experience, marketplace expansion which is now already at 43% of NMV of last 4 month with encouraging upward trend, category expansion such as FMCG and food delivery products with a mix of organic and acquisitive growth which together with marketplace has led to the increase in the number of SKUs in excess of 300 thousand and 70% of transactions are now conducted on mobile. In the current environment working capital, imports and inventory management are of special importance to manage but technology as well as Digikala's scale enables them to manage this quite well.

## Market place

Especially the new market place platform has shown very strong results in terms of both merchant and customer acceptability with a growing selection of products, and now represents about 43% of NMV of last 4 month, with about 4,400 active sellers and more than 296 thousand SKUs offered on marketplace. The amount of monthly items sold on marketplace has grown from a marginal number in beginning of 1396 to more than 1,307 thousand in the last month of 1396.

## Digistyle

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

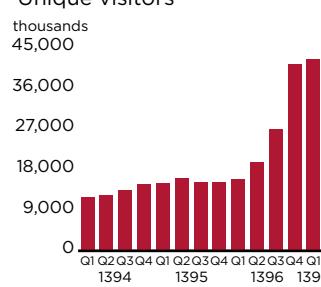
## Digikala Group Performance

GMV is defined as value of gross sales made in a given period after cancellations, including VAT but prior to discounts and rejections with returns from customer having been recognised (with measurement on invoice issue/ shipped date). NMV is after exclusion of VAT, discounts and refunds/returns.

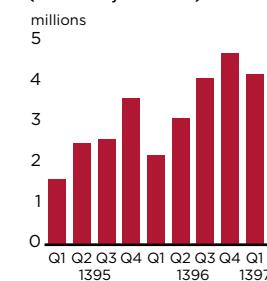
The traffic to Digikala.com and number of customers have increased continuously and in the first quarter of the year 1397, the number of unique visitors amounted to 42.4 million, compared with 41.2 million in last quarter of 1396, and 26.8 million in the end of the third quarter 1396. The number of active customers in the last twelve months as per end of first five months of 1397 amounted to 2.7 million, compared with 2.2 million at the end of Iranian year 1396 in March 2018. GMV grew with just below 60% in local currency in 1396.

The valuation of Digikala in local currency IRR in the NAV of Sarava is based on an average of a combination of valuation methods, publicly listed peers, private transactions of peer companies, DCF and exit valuation. Public and private peer group multiples have been applied to both Last Twelve Months (1396) and

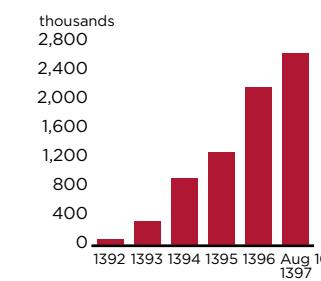
### Unique visitors<sup>1)4)</sup>



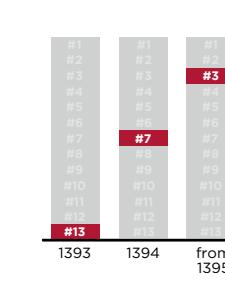
### Sales volume/Items Sold<sup>2)4)</sup> (after rejections)



### Number of active customers<sup>3)4)</sup>



### Alexa web traffic rank in Iran<sup>4)</sup>



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

1) 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.

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
1397	mar 2018	mar 2019

# 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 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 37 million Android phones and has over 30 million monthly active users. Café Bazaar is monetizing its appstore and the company maintains its market share at about 85 percent, with 190 K published apps and over 77 K monetising apps. Café Bazaar is also focusing on several growth strategies including micro-payments and Instant messaging and they are in the process of building a "WeChat" type of ecosystem. Pomegranate has increased its indirect see-through economic interest in Café Bazaar group, from 3% to 4.5%, following the 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. 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. Café Bazaar and Divar continue to develop their well-known online services. Divar, for the first time has also started to invest more seriously in Marketing which is educating the overall market.

The valuation of Café Bazaar in local currency IRR in the NAV of Sarava is based on underlying IRR valuation in 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

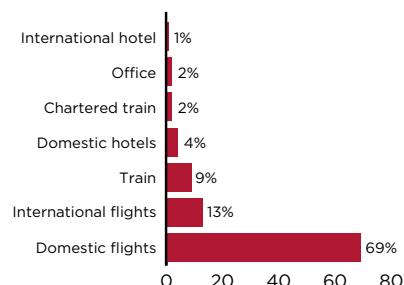
In the 4th quarter of 2017, the largest online travel business in Iran (Alibaba Travel) and one of the pioneers in that space (Zoraq) merged to form the largest Online Travel Agency ("OTA") in the country, held under the new holding company Tousha. The merged company has about 45% and growing market share of online travel in Iran, with a dominant position in online domestic travel.

Alibaba GMV grew by 158% in Iranian year 1396 compared with 1395 and triple digit growth is expected in 1397 as well. 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.

Alibaba held the leading position in online domestic travel sales while Zoraq was focused on international travel, the two companies have complemented each other well after the merger. Despite the current economic environment domestic flights grew 21% (month 4 vs month 1 in 1397) and International hotels and flights sales doubled (month 4 vs month 1 in 1397) and now produce almost as much gross margin as domestic flights.

The valuation of Alibaba/Tousha in local currency IRR in the NAV of Sarava is based on underlying IRR valuation in last transaction from Dec 2017.

### Sector breakdown of sales, %



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

# Sarava Holdings



## SECTOR: ONLINE LOGISTICS

### Alopeyk

Iran's leading online courier and motorbike taxi, targeting to execute the GoJek model in Iran.

Having launched about a year ago with just motor bike couriers, it has already grown to over 50k filled orders per day and expanded its fleet from motorbikes only into vans and motorbike taxis as well. The valuation of Alopeyk in local currency IRR in the NAV of Sarava is based on underlying IRR valuation in the last transaction from Dec 2017.

➤ For more information, please visit the company's website:  
<https://alopeyk.com>



## SECTOR: DIGITAL ADVERTISEMENT & MEDIA

### Pejvak (former PPG)

Pishgaman Pejvak Pardis group (PPG) is a digital advertisement and media holding company, that has consolidated several prominent Iranian Adtech companies, including ADRO, A-Network, and ADAD and a host of other successful content and digital brand agencies including Final Target.

PPG has undergone substantial restructuring and is now run by high profile marketeers and is re-focusing on their core client business. We are following with high interest how Alibaba and now also Amazon have become substantial online-ad businesses and with the technology of PPG within the Sarava network there is in our point of view an opportunity here. Looking at the highly successfull revenue streams of online marketing by global incumbent online retail platforms (Alibaba, Amazon) plans are being considered to work even closer with Digikala.

The valuation of PPG in local currency IRR in the NAV of Sarava is based on underlying IRR valuation in last transaction from May 2018.

➤ For more information, please visit the company's website:  
<http://ppg.media>



## SECTOR: DIGITAL ADVERTISEMENT & MEDIA

### Hamava Group

Hamava Group (former Ashena) is being formed as a consolidation of the following companies into a group;

**Avatech** – 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.

**Avagames** – is a start up incubator focused on mobiles game development. It recently published a game that is No3 Game on Cafe Bazar.

Also included in Hamava Group is **Shezan** – a NBIC accelerator, **Nouava** – which performs consultancy services to the start-up community and **Hamava** – which operates the new innovation factory.

The valuation of Hamava Group in local currency IRR in the NAV of Sarava is based on model valuation of the groups entities.

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

# Sheypoor



**Sheypoor** offers a general classifieds platform, with a focus on certain key classifieds verticals. Monetization testing through selling value added services have started with encouraging results and naturally an extra emphasis on cost reductions with the new environment are now under way, while the near term focus will remain on traffic growth and increasing liquidity on the platform. Sheypoor already show great progress in efficiency gains of great growth with less cost. For the broad population the services remain free of charge, a particular important feature in these economic times.

Sheypoor is developing its product and manage its operations on the basis on the vast and deep experience from successful international peers that sit in the network of Pomegranate and its shareholders.

In Q4 2017, Sheypoor successfully closed a funding round of EUR 7 million led by Pomegranate, which invested another EUR 3.7 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%.

In the last Iranian year 1396, which ended in March 2018, the average monthly unique visitors increased by 114%, the average number of monthly page views in 1396 was 177% higher than in 1396. Sheypoor has continued to grow in Iranian year 1397 and average monthly unique users in the first five months of 1397 was 34% higher than the same period in 1396, and average amount of monthly page views increased 38% in first five months of 1397 compared with same period in 1396.

The average of monthly new listings in the first 5 months of 1397 was about 1.5 million.

As per July 31, 2018 the valuation of Pomegranate's holding in Sheypoor is based on the post-money valuation of the company following the funding transaction on December 31, 2017. The EUR based transaction value from December 2017 is first restated to underlying IRR valuation at the time of the transaction, subsequently Pomegranate translates the IRR transaction value back into EUR based on the updated Central Bank of Iran EUR/IRR spot rate of 51,596 as per July 31, 2018, with an added risk adjustment of 50%. This results in an implied EUR value of Sheypoor as per July 31, 2018 of EUR 33.6 million. Below follows a sensitivity analysis based on different risk premium additions to arrive at an updated implied EUR valuation as per July 31, 2018.

## Key Investment Data

**Sector**  
**Company founded**  
**First investment**  
**Board representation**

Online classifieds  
2012  
2014  
2 out of 4

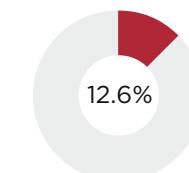
15 mEUR

Fair value in portfolio,  
July 31, 2018

45.0 %

Pomegranate's  
ownership

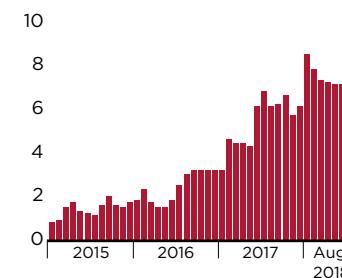
% of investment portfolio



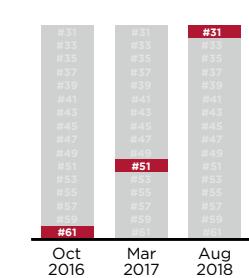
-14.5 %

Change in company fair value,  
May – July, 2018

Monthly Unique Users (millions)



Alexa web traffic rank in Iran



Source: Alexa.

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

# Griffon Capital



**Griffon Capital** ("Griffon") is an Iran-focused group providing Asset Management (Capital Markets & Private Equity) as well as Investment Banking Advisory. Among Griffon's primary objectives is to enable institutional investors the ability to seamlessly access and maximise opportunities in Iran through purpose-built vehicles and investment products spanning traditional and alternative assets. The Group's strength is rooted in a robust operating platform developed with the expressed aim of serving institutional investors. Griffon's platform consists of a high calibre team with deep local market expertise and international financial pedigree blended at the board, management and execution levels. Griffon is also distinguished by unmatched local research and primary thinking and a governance culture defined by global best practices in risk management, compliance and reporting. During the recent months of increased uncertainty and volatility in local markets in Iran, Griffon has proven to be an especially effective and useful partner for analysis and information for Pomegranate.

Griffon has been the largest cross border M&A adviser in terms of number and value of mandates.

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.

While cross border M&A activities has reduced in the current environment, post US withdrawal from the JCPOA, the strategy for the last year or so to focus more on local asset management and transactions has proven to be the right decision. In 2018, Griffon will be launching various local commodity funds and ETF's to cater to local clients.

In February 2018, there was a transaction among shareholders in Griffon whereby a shareholder owning 5% increased its ownership to 14.5% through a combination of new subscription, secondary and treasury share purchase at a valuation of the company of USD 5 million.

While given the current climate we are taking a conservative approach on valuation, it is likely that growth in local asset management business will make up for the shortfall in cross border activity and the valuations could be revised upwards before end of the year. Also further certainty with regards to macro economic environment would allow us to move on to a DCF model again for future valuations.

As per July 31, 2018, Pomegranate values its investment into Griffon Capital on the basis of the transaction in February 2018, first restated to underlying IRR valuation at the time of the transaction, subsequently Pomegranate translates the IRR transaction value back into EUR based on the updated Central Bank of Iran EUR/IRR spot rate of 51,596 as per July 31, 2018, with an added risk adjustment of 50%. This results in an implied EUR value of Griffon Capital as per July 31, 2018 of EUR 3.1 million, and the value of Pomegranate's stake at EUR 464 thousand.

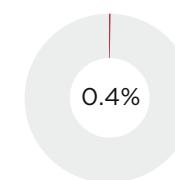
## Key Investment Data

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

**0.5 mEUR**  
Fair value in portfolio,  
July 31, 2018

**15.0 %**  
Pomegranate's  
ownership

% of investment portfolio



**-14.5 %**  
Change in company fair  
value, May – July, 2018

## GIF Fund & PMA

**2.2 mEUR, 1.9 %**  
of investment portfolio

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

Last transaction valuation (Feb 2018)		Sensitivity analysis – EUR value at different risk premium adjustments (million)						
		EUR million	IRR bn	CBI spot + 30%	CBI spot + 40%	CBI spot + 50%	CBI spot + 60%	CBI spot + 70%
<b>Griffon Capital</b>		4.1	236.7	3.5	3.3	3.1	2.9	2.7
<b>Pomegranate stake</b>		0.6	35.9	0.5	0.5	0.5	0.4	0.4

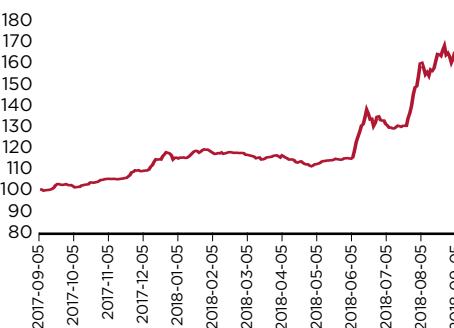
## GIF FUND

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

The period May 1 – July 31, 2018 has been a strong period for the local stock market and Fund in terms of local currency returns, with the TEDPIX reaching consistently new all time highs, which is not surprising due to high concentration of exporters and commodity based companies in the index, which have rallied post CBI currency devaluation on April 10, 2018, albeit with a lag. Since May 1st, 2018 the TEDPIX has rallied from ca 93k to 121k as of the the end of the reporting period and further to 137k as per end of August. However, given the recent weakness of the rial especially against the EUR, the Fund's euro-denominated Initial Series NAV has decreased somewhat despite the local rally. The last reported fund EUR NAV is from March 31, 2018. As per notification to shareholders of the fund in May 2018, EUR NAV determination, redemption and subscription have been temporarily suspended due to uncertainty about the exchange rate mechanism applicable to the fund. However, given the strong local stock market we anticipate that above NAV calculations will be revised upwards in future reports.

As per July 31, 2018 the investment in the GIF Fund is valued at the Fund's last reported EUR NAV as per March 31, 2018 also adjusted for the updated risk adjusted CBI EUR/IRR spot rate as per July 31, 2018.

TEDPIX (1 year rebased)

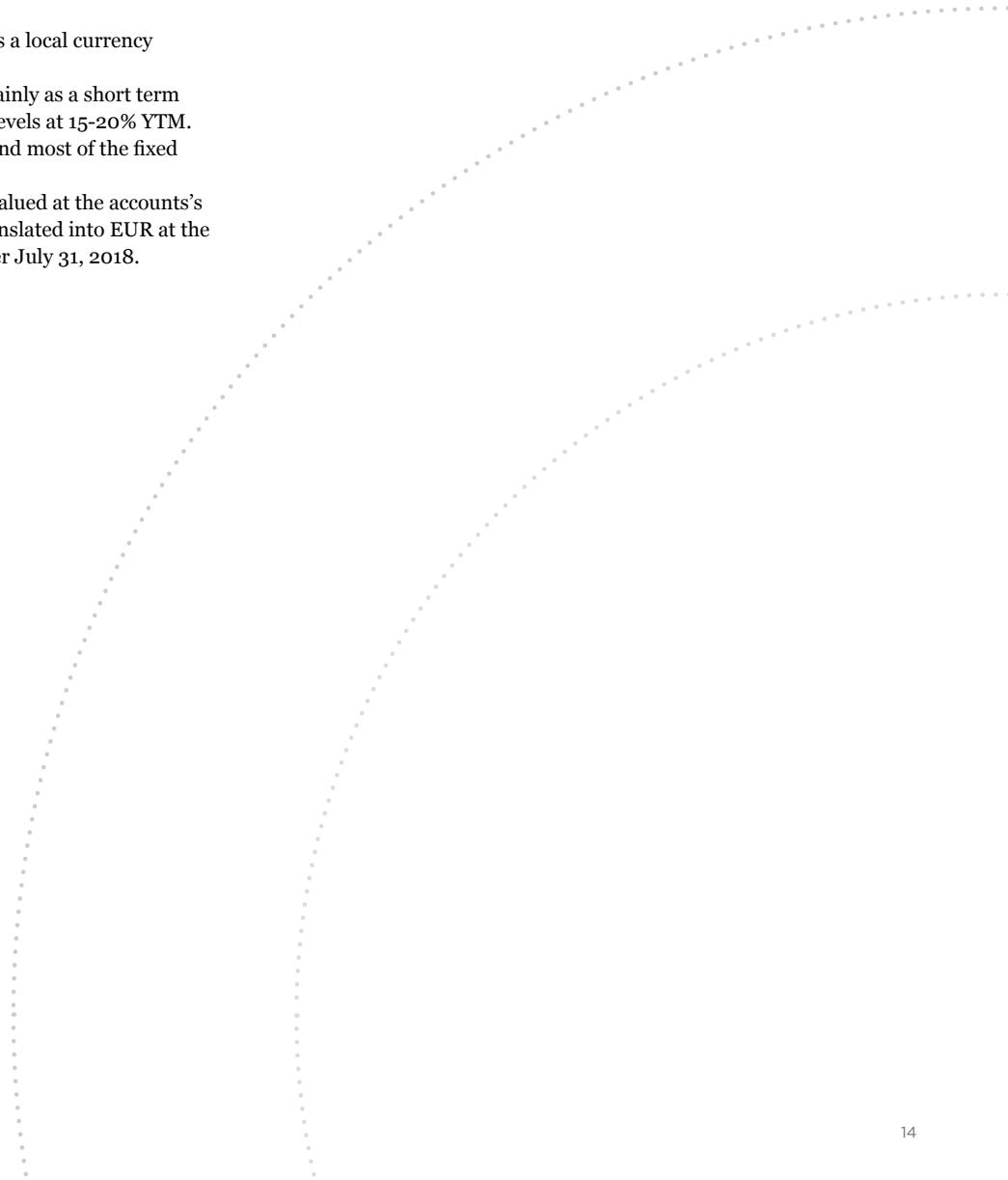


## GRIFFON PMA

The Portfolio Managed Account ("PMA") is a local currency denominated managed account.

The placing of funds in the PMA was mainly as a short term investment in the attractive Iranian yield levels at 15-20% YTM. Pomegranate has recently decided to unwind most of the fixed income positions.

As per July 31, 2018 the investment is valued at the accounts's reported IRR NAV as per July 31, 2018 translated into EUR at the risk adjusted CBI EUR/IRR spot rate as per July 31, 2018.



# 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 in the pre-launch phase of a Storytel/Netflix type subscription based revenue model.

It has now been almost a year since September 24, 2017 when Pomegranate concluded agreements for an investment of EUR 830,000 EUR in Navaar and secured a stake of 29.09% in the company. All the committed funds were transferred in October 2017. Pomegranate's

investment was aimed to help Navaar to grow the number of available titles, hire additional talent and continue product development.

Navaar has been growing steadily and in the Iranian year 1396 which ended in March 2018, Navaar's gross sales\* increased by 216% compared with 1395, and in the first four months of 1397 gross sales growth was 125% higher than same period in 1396.

As per the end of 1396 the number of available titles stood at 1046, compared with 691 titles at the end of 1395. In the first four months of 1397, the Company has further increased its portfolio of available titles to more than 1,500. The Company now has more than 680 thousand registered users.

As per July 31, 2018 the valuation of Pomegranate's holding in Navaar is based on the post-money valuation of the company following the investment agreements concluded on September 24, 2017. The EUR based transaction value from September 2017 is first restated to underlying IRR valuation at the time of the transaction, subsequently Pomegranate translates the IRR transaction value back into EUR based on the updated Central Bank of Iran EUR/IRR spot rate of 51,596 as per July 31, 2018, with an added risk adjustment of 50%. This results in an implied EUR value of Navaar as per July 31, 2018 of EUR 1.7 million, with a value of Pomegranate's stake of EUR 502 thousand.

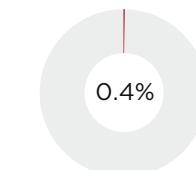
\*Gross sales = sales before publishers fee, app store fees and discounts.

## 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

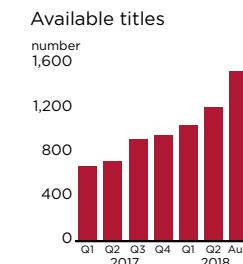
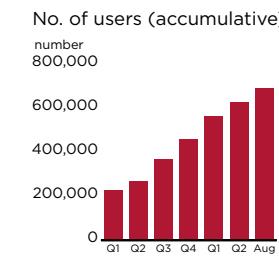
**0.5 mEUR**  
Fair value in portfolio,  
July 31, 2018

% of investment portfolio



**29.0 %**  
Pomegranate's  
ownership

**-14.5 %**  
Change in company fair  
value, May – July, 2018



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

	Last transaction valuation (Sep 2017)		Sensitivity analysis – EUR value at different risk premium adjustments (million)				
	EUR million	IRR bn	CBI spot + 30%	CBI spot + 40%	CBI spot + 50%	CBI spot + 60%	CBI spot + 70%
<b>Navaar</b>	2.8	133.6	2.0	1.9	1.7	1.6	1.5
<b>Pomegranate stake</b>	0.8	38.9	0.6	0.5	0.5	0.5	0.4

# 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 simpler and safer alternative to traditional card-to-card or account-to-account P2P transfers through user friendly mobile based solution.

The company has three products live targeted at different segments of the market, taking a small fixed fee per transaction. The company plans to launch two additional products during this year where both will be monetised through a percentage fee of the total transaction.

As per July 31, 2018 the valuation of Pomegranate's holding in Bahamta is based on the post-money valuation of the company following the investment agreements concluded on December 18, 2017. The EUR based transaction value from December 2017 is first restated to underlying IRR valuation at the time of the transaction, subsequently Pomegranate translates the IRR transaction value back into EUR based on the updated Central Bank of Iran EUR/IRR spot rate of 51,596 as per July 31, 2018, with an added risk adjustment of 50%. This results in an implied EUR value of Bahamta as per July 31, 2018 of EUR 2.3 million, with a value of Pomegranate's stake of EUR 323 thousand.

## 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

**0.3 mEUR**  
Fair value in portfolio, July 31, 2018

% of investment portfolio



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

	Last transaction valuation (Dec 2017)							Sensitivity analysis – EUR value at different risk premium adjustments (million)						
	EUR million	IRR bn	CBI spot + 30%	CBI spot + 40%	CBI spot + 50%	CBI spot + 60%	CBI spot + 70%	EUR million	IRR bn	CBI spot + 30%	CBI spot + 40%	CBI spot + 50%	CBI spot + 60%	CBI spot + 70%
<b>Bahamta</b>	3.5	175.0	2.6	2.4	2.3	2.1	2.0							
<b>Pomegranate stake</b>	0.5	25.0	0.4	0.3	0.3	0.3	0.3							

# Income statements

## Group

(Expressed in EUR thousands)	May 1, 2018- July 31, 2018	May 1, 2017- July 31, 2017
Result from financial assets at fair value through profit or loss <sup>1</sup>	-16,277	2,907
<b>Total operating income</b>	<b>-16,277</b>	<b>2,907</b>
Operating expenses	-1,311	-530
<b>Operating result</b>	<b>-17,588</b>	<b>2,377</b>
<b>Financial income and expenses</b>		
Exchange gains/losses, net	6	-5
Interest income	-	0
Interest expense	0	-0.9
<b>Net financial items</b>	<b>6</b>	<b>-6</b>
<b>Result before tax</b>	<b>-17,581</b>	<b>2,371</b>
Income tax	-	-
<b>Net result for the financial period</b>	<b>-17,581</b>	<b>2,371</b>
Earnings per share (in EUR)	-3.3	0.4
Diluted earnings per share (in EUR)	-3.3	0.4

### Statement of comprehensive income

(Expressed in EUR thousands)	May 1, 2018- July 31, 2018	May 1, 2017- July 31, 2017
<b>Net result for the financial period</b>	<b>-17,581</b>	<b>2,371</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>-17,581</b>	<b>2,371</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)	July 31, 2018	April 30, 2018
<b>NON CURRENT ASSETS</b>		
<i>Tangible fixed assets</i>		
Office equipment and Furniture & Fittings	29	31
<b>Total tangible fixed assets</b>	<b>29</b>	<b>31</b>
<i>Financial non current assets</i>		
Financial assets at fair value through profit or loss	95,720	111,865
<b>Total financial non current assets</b>	<b>95,720</b>	<b>111,865</b>
<b>Total non current assets</b>	<b>95,749</b>	<b>111,896</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	23,054	23,421
Derivative Financial instrument	581	805
Tax receivables	104	83
Other current receivables	89	92
<b>Total current assets</b>	<b>23,827</b>	<b>24,401</b>
<b>TOTAL ASSETS</b>	<b>119,576</b>	<b>136,297</b>
<b>SHAREHOLDERS' EQUITY</b>		
(including net result for the financial period)	<b>113,848</b>	<b>131,429</b>
<b>CURRENT LIABILITIES</b>		
<i>Non-interest bearing current liabilities</i>		
Trade payables	1,015	22
Other current liabilities	4,126	4,110
Accrued expenses	587	735
<b>Total current liabilities</b>	<b>5,728</b>	<b>4,867</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>119,576</b>	<b>136,297</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 April 30, 2017</b>	<b>5,405</b>	<b>100,009</b>	<b>795</b>	<b>52,345</b>	<b>158,554</b>
Net result for the period	-	-	-	2,371	2,371
May 1, 2017 to July 31, 2017					
<i>Other comprehensive income for the period</i>					
Currency translation differences	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,371	2,371
May 1, 2017 to July 31, 2017					
<i>Transaction with owners</i>					
Proceeds from rights issue	-	-	-	-	-
Transaction costs	-	-	-	-	-
Share based compensation	-	-	-	-	-
<b>Balance at July 31, 2017</b>	<b>5,405</b>	<b>100,009</b>	<b>795</b>	<b>54,716</b>	<b>160,925</b>

(Expressed in EUR thousands)	Share capital	Other paid in capital	Other reserves	Retained earnings	Total
<b>Balance at April 30, 2018</b>	<b>5,405</b>	<b>100,007</b>	<b>795</b>	<b>25,223</b>	<b>131,429</b>
Net result for the period	-	-	-	-17,581	-17,581
May 1, 2018 to July 31, 2018					
<i>Other comprehensive income for the period</i>					
Currency translation differences	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-17,581	-17,581
May 1, 2018 to July 31, 2018					
<i>Transaction with owners</i>					
Proceeds from rights issue	-	-	-	-	-
Transactions costs rights issue	-	-	-	-	-
Employee stock option program	-	-	-	-	-
<b>Balance at July 31, 2018</b>	<b>5,405</b>	<b>100,007</b>	<b>795</b>	<b>7,642</b>	<b>113,848</b>

# Cash flow statement

## Group

(Expressed in EUR thousands)	May 1, 2018- July 31, 2018	May 1, 2017- July 31, 2017
<b>Operating activities</b>		
Result before tax	-17,581	2,371
<i>Adjustment for non-cash items</i>		
Depreciation	2	-
Interest income and expense, net	0	-
Currency exchange gains/-losses	-6	-6
Result from financial assets at fair value through profit or loss	16,277	-2,907
Change in operating receivables	4	26
Change in operating liabilities	841	-546
<b>Net cash used in operating activities</b>	<b>-465</b>	<b>-1,062</b>
<b>Investment activities</b>		
Investment in financial assets	92	-81
Investment in subsidiaries	-	6
Interest paid	-0	-1
<b>Cash flow from investing activities</b>	<b>92</b>	<b>-77</b>
<b>Financing activities</b>		
Transaction costs related to share issue	-	-1,547
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-1,547</b>
<b>Cash flow during the period</b>	<b>-373</b>	<b>-2,685</b>
Cash and cash equivalents at beginning of the period	23,421	43,491
Exchange losses/gains on cash and cash equivalents	6	5
<b>Cash and cash equivalents at the end of period</b>	<b>23,054</b>	<b>40,811</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.

	May 1, 2018 – Jul 31, 2018	May 1, 2017 – Jul 31, 2017
Equity ratio, % <sup>1</sup>	95.2%	99.7%
Net asset value, EUR	113,848,028	160,925,217
Net asset value/share, EUR <sup>2</sup>	21.1	29.8
Earnings/share, EUR <sup>3</sup>	-3.3	0.4
Diluted earnings/share, EUR <sup>4</sup>	-3.3	0.4
Weighted average number of shares for the financial period	5,404,601	5,404,601
Weighted average number of shares for the financial period (fully diluted)	5,597,101	5,597,101
Number of shares at balance sheet date	5,404,601	5,404,601

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

2. Net asset value/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.

# Income statements

## Parent Company

(Expressed in EUR thousands)	May 1, 2018- July 31, 2018	May 1, 2017- July 31, 2017
Result from financial assets at fair value through profit or loss	-16,277	2,907
Operating expenses	-1,311	-530
<b>Operating result</b>	<b>-17,588</b>	<b>2,377</b>
<b>Financial income and expenses</b>		
Exchange gains/losses, net	6	-5
Interest income	-	-
Interest expense	0	-0.9
<b>Net financial items</b>	<b>6</b>	<b>-6</b>
<b>Result before tax</b>	<b>-17,581</b>	<b>2,371</b>
Income tax	-	-
<b>Net result for the financial period</b>	<b>-17,581</b>	<b>2,371</b>

## Statement of comprehensive income

(Expressed in EUR thousands)	May 1, 2018- July 31, 2018	May 1, 2017- July 31, 2017
<b>Net result for the financial period</b>	<b>-17,581</b>	<b>2,371</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>-17,581</b>	<b>2,371</b>

# Balance sheets

## Parent Company

(Expressed in EUR thousands)	July 31, 2018	April 30, 2018
<b>NON CURRENT ASSETS</b>		
<i>Tangible fixed assets</i>		
Office equipment and Furniture & Fittings	29	31
<b>Total tangible fixed assets</b>	<b>29</b>	<b>31</b>
<i>Financial non current assets</i>		
Shares in subsidiaries	6	6
Financial assets at fair value through profit or loss	95,720	111,865
<b>Total financial non current assets</b>	<b>95,725</b>	<b>111,870</b>
<b>Total non current assets</b>	<b>95,754</b>	<b>111,901</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	23,049	23,415
Derivative financial instrument	581	805
Loan receivables	0	0
Tax receivables	104	83
Other current receivables	89	92
<b>Total current assets</b>	<b>23,822</b>	<b>24,396</b>
<b>TOTAL ASSETS</b>	<b>119,576</b>	<b>136,297</b>
<b>SHAREHOLDERS' EQUITY</b>		
(including net result for the financial period)	<b>113,848</b>	<b>131,429</b>
<b>CURRENT LIABILITIES</b>		
<i>Non-interest bearing current liabilities</i>		
Trade payables	1,015	22
Other current liabilities	4,126	4,110
Accrued expenses	587	735
<b>Total current liabilities</b>	<b>5,728</b>	<b>4,867</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>119,576</b>	<b>136,297</b>

# Statement of changes in equity

## Parent Company

### Parent Company May 1, 2017 – July 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>5,405</b>	<b>100,009</b>	<b>53,141</b>	<b>153,150</b>	<b>158,554</b>	
Net result for the period	–	–	2,371	2,371	2,371	2,371
Total comprehensive income for the period	–	–	2,371	2,371	2,371	2,371
Proceeds from rights issue	–	–	–	–	–	–
Transaction costs	–	–	–	–	–	–
Share based compensation	–	–	–	–	–	–
<b>Balance at July 31, 2017</b>	<b>5,405</b>	<b>100,009</b>	<b>55,512</b>	<b>155,521</b>	<b>160,925</b>	

### Parent Company May 1, 2018 – July 31, 2018

(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>5,405</b>	<b>100,007</b>	<b>26,018</b>	<b>126,025</b>	<b>131,429</b>	
Net result for the period	–	–	-17,581	-17,581	-17,581	-17,581
Total comprehensive income for the period	–	–	-17,581	-17,581	-17,581	-17,581
Proceeds from rights issue	–	–	–	–	–	–
Transactions costs rights issue	–	–	–	–	–	–
Employee stock option program	–	–	–	–	–	–
<b>Balance at July 31, 2018</b>	<b>5,405</b>	<b>100,007</b>	<b>8,437</b>	<b>108,443</b>	<b>113,848</b>	

# Accounting Principles and Notes to the Financial Statements

## Note 1 – Accounting principles

This consolidated interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculations have been applied for the Group as for the preparations of the consolidated accounts for the Company for the period 1 January 2017 – 30 April 2018. The Company's annual report for the period 1 January 2017 – 30 April 2018 is available at the Company's website: [www.pomegranateinvestments.com](http://www.pomegranateinvestments.com)

IFRS 9, Financial instruments, is effective from January 1, 2018. The Company has analysed the replacement from IAS 39 to IFRS 9 and have concluded that there is no significant impact on the financial statements of the Company other than additional disclosure requirements.

Following the implementation of new financial year of May 1 – April 30, starting from May 1, 2018 corresponding quarterly periods in 2017 have been established for comparable purposes. The established 2017 comparable periods have not been subject to review by the companies auditors.

## Note 2 – Related party transactions

During the period Pomegranate has recognised the following related party transactions:

EUR thousand	Operating expenses		Receivables	
	May 1, 2018 – Jul 31, 2018	May 1, 2017 – Jul 31, 2017	May 1, 2018 – Jul 31, 2018	May 1, 2017 – Jul 31, 2017
Key management and board of directors <sup>1</sup>	203	208	8	6

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

## Note 3 – Fair value estimation

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 numbers below are based on the same accounting and valuation policies as used in the Company's most recent Annual Report.

### 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).

### The company's assets measured at fair value as at July 31, 2018:

2018-07-31	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
<b>Total assets</b>	-	<b>2,229</b>	<b>94,071</b>	<b>96,300</b>
2018-04-30				
Financial assets at fair value through profit or loss				
<b>Total assets (EUR thousand)</b>	-	<b>2,580</b>	<b>110,089</b>	<b>112,669</b>

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

EUR thousands	Level 3
Opening Balance May 1, 2018	110,089
Transfers to level 3	-
Change in fair value during the year	-16,018
<b>Closing balance July 31, 2018</b>	<b>94,071</b>

During the period May 1, 2018 – July 31, 2018 there were no transfers in or out of level 3.

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

The validity of valuations based on previous transactions may unavoidably be eroded over time because the price when the investment was made reflects the prevailing conditions on the transaction date. On each reporting date, an assessment is carried out as to whether changes or events after the relevant transaction would mean any change in the fair value of the investment and, if such is the case, the valuation is adjusted accordingly. Transaction-based valua-

tions 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 eight investments as at July 31, 2018 of which two are classified as belonging to level 2, six investments in level 3. The Company values the total of investment holdings at EUR 96,300 thousand as at July 31, 2018.

### Sarava

Pomegranate's total investment in Sarava as at July 31, 2018 amounts to EUR 62.5 million. In February 2018 Sarava initiated a funding round in which Pomegranate committed to invest EUR 12.7 million, out of which EUR 8.9 million had already been transferred as per July 31, 2018 and the final tranche of EUR 3.8 was transferred in August 2018. Pomegranate's stake in Sarava amounts to 15.7% as per July 31, 2018. In June 2018, Sarava performed an updated underlying local currency NAV for its portfolio based on Iranian year 1396 financial performance of portfolio companies and recent transactions in portfolio companies, with March 20, 2018 as the measurement date. As per July 31, 2018 the valuation of Sarava in the portfolio of Pomegranate is based on the recently established updated IRR based NAV, translated into EUR using the risk adjusted CBI rate as per July 31, 2018. The Company's holding in Sarava is classified as level 3.

### Digikala

Digikala, Sarava's largest asset, is valued using a combination of different approaches (peer multiples, DCF, exit valuation etc) and the resulting valuation in local currency IRR for example implies a forward looking (1397 year) multiple in local currency GMV of 1.28, which is quite reasonable given the past and expected growth as well as market dominance. The peer group used to value Digikala includes both listed listed E-commerce and online fashion peers including Amazon, Zalando, JD.com, Koogan, Yoox and Asos. The private peer group includes multiples based on transactions in Flipkart, Lazada and Souq. The average multiple of the public peer group for is 1.9x and the median multiple is 2.1x. The peer choice also accounts for the Digistyle online fashion business.

### Café Bazaar

Among Sarava's other portfolio companies, most notably Café Bazaar, the company is valued based on post-money valuation following a binding investment term sheet signed in Q4 2017.

### Sheypoor

In December 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 and post-money

## Note 3 – cont'd

49.3. As per December 31, 2017, Pomegranate is the largest minority shareholder in the company with 44.6 percent of the outstanding shares. As per July 31, 2018, Pomegranate values its ownership in Sheypoor at EUR 15.0 million, Pomegranate values its investment into Sheypoor on the basis of the risk and currency adjusted post-money valuation of the company million following the latest fundraising in December 2017. The Company's holding in Sheypoor is classified as level 3.

### 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. Pomegranate has given notice of exercise of the first series of options, however, as per July 31, 2018 the options had not been converted into ordinary shares yet. As per July 31, 2018 the value of the options is based on exercise value of the options based on the valuation of Sheypoor of EUR 33.6 million as of July 31, 2018 corresponding to the risk and currency adjusted post-money valuation in the fundraising in December 2017. The Company's holding in Sheypoor options is classified as level 3.

### Griffon Capital

As per December 31, 2017 Pomegranate owns 15.2 percent of the outstanding shares Griffon Capital. The valuation of Griffon Capital is based on the risk and currency adjusted transaction value in the February 2018 transaction, which translates into EUR 3.1 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 July 31, 2018 the fund investment is valued at the fund's NAV as per March 31, 2018. The last reported NAV, but also risk and currency adjusted as

Change in financial assets at fair value through profit and loss, EUR	Opening balance 2018-05-01	Investments/ (disposals), net EUR	Change in fair value	Closing balance 2018-07-31	Percentage of portfolio, %
Sarava	90,229,346	-	-13,039,967	77,189,378	80.2%
Sheypoor	17,547,681	-	-2,535,995	15,011,686	15.6%
Sheypoor option	804,723	-	-223,934	580,789	0.6%
Griffon Capital	542,682	-	-78,429	464,254	0.5%
Griffon Iran Flagship Fund	1,426,415	-	-206,146	1,220,269	1.3%
Griffon Managed Account	1,153,701	-	-145,076	1,008,625	1.0%
Navaar	587,235	-	-84,867	502,367	0.5%
Bahamta	377,592	-	-54,570	323,022	0.3%
<b>Total financial assets held for trading</b>	<b>112,669,375</b>	-	<b>-16,368,984</b>	<b>96,300,391</b>	<b>100%</b>

per July 31, 2018. The holding in Griffon Iran Flagship Fund is classified as level 2.

### Griffon Portfolio Managed Account

As per July 31, 2018 the investment is valued at the account's reported IRR based NAV as per July 31, 2018 translated into EUR at the risk adjusted CBI EUR/IRR rate as per July 31, 2018. The holding in Griffon Portfolio Managed Account is 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 July 31, 2018 Pomegranate's investment in Navaar is valued based on risk and currency adjusted post-money valuation of the company following the fundraising in September 2017. The holding in Navaar is classified as level 3.

### 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 July 31, 2018 Pomegranate's holding in Bahamta is valued based on risk and currency adjusted post-money valuation of the company following the investment. The holding in Bahamta is classified as level 3.



## Note 3 – cont'd

Reported NAV per March 20, 2018		Sensitivity analysis – EUR value at different risk premium adjustments (millions)					
	IRR bn	CBI spot + 30%	CBI spot + 40%	CBI spot + 50%	CBI spot + 60%	CBI spot + 70%	
<b>Sarava NAV</b>	38.063	567.5	526.9	491.8	461.1	434.0	
<b>Pomegranate stake</b>	5.974	89.1	82.7	77.2	72.4	68.1	

Last transaction valuation (Dec 2017)		Sensitivity analysis – EUR value at different risk premium adjustments (million)					
	EUR million	IRR bn	CBI spot + 30%	CBI spot + 40%	CBI spot + 50%	CBI spot + 60%	CBI spot + 70%
<b>Sheypoor valuation</b>	49.3	2.603	38.8	36.0	33.6	31.5	29.7
<b>Pomegranate stake</b>	22.0	1.162	17.3	16.1	15.0	14.1	13.2

Last transaction valuation (Feb 2018)		Sensitivity analysis – EUR value at different risk premium adjustments (million)					
	EUR million	IRR bn	CBI spot + 30%	CBI spot + 40%	CBI spot + 50%	CBI spot + 60%	CBI spot + 70%
<b>Griffon Capital</b>	4.1	236.7	3.5	3.3	3.1	2.9	2.7
<b>Pomegranate stake</b>	0.6	35.9	0.5	0.5	0.5	0.4	0.4

Last transaction valuation (Sep 2017)		Sensitivity analysis – EUR value at different risk premium adjustments (million)					
	EUR million	IRR bn	CBI spot + 30%	CBI spot + 40%	CBI spot + 50%	CBI spot + 60%	CBI spot + 70%
<b>Navaar</b>	2.8	133.6	2.0	1.9	1.7	1.6	1.5
<b>Pomegranate stake</b>	0.8	38.9	0.6	0.5	0.5	0.5	0.4

Last transaction valuation (Dec 2017)		Sensitivity analysis – EUR value at different risk premium adjustments (million)					
	EUR million	IRR bn	CBI spot + 30%	CBI spot + 40%	CBI spot + 50%	CBI spot + 60%	CBI spot + 70%
<b>Bahamta</b>	3.5	175.0	2.6	2.4	2.3	2.1	2.0
<b>Pomegranate stake</b>	0.5	25.0	0.4	0.3	0.3	0.3	0.3

**Loan receivables**

The Company has no outstanding loan receivables as per July 31, 2018.

**Current liabilities**

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

## Note 4 – Long term incentive Program

### LTIP 2018

After the end of the reporting period, at the 2018 annual general meeting held on September 6, 2018, it was resolved to implement a share-based long-term incentive program for management and Board of Directors of Pomegranate Investment. The program runs from January 1, 2018 through April 30, 2021, and encompasses a maximum of 140,520 shares, corresponding to a dilution of 2.53% of the total number of shares outstanding. Program participants purchase shares in the company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfilment of a performance condition set on the basis of the Company's NAV. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement during the period September 6, 2018 through April 30, 2021.

## Note 5 – Employee share option program

Outstanding warrants	July 31, 2018
Beginning of period	192,500
End of period	192,500

### Warrant series

No warrants	Exercise price (EUR)	Expiration date
85,000	20	2018-12-31
107,500	24	2019-12-31

See note 9 in Annual Report for period 1 January 2017 - 30 April 218 for more details.

## Note 6 – Risk and uncertainty factors

The Company's risks and uncertainty factors are described in detail in the Company's Annual Report for the period 1 January 2017 - 30 April 2018, on page 19 - 20.

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

**Stockholm, September 20, 2018**

Per Brilioth  
Chairman

Nadja Borisova

Anders F. Börjesson

Mohsen Enayatollah

Vladimir Glushkov

## Note 7 – Events after the balance sheet date

The final tranche of EUR 3.8 million related to Sarava's February 2018 fundraising was transferred in August 2018.

At the Company's AGM on September 6, 2018, the shareholders resolved on introduction of new long-term incentive program for management as well as Board of Directors. About half of the warrants granted under the previous system will expire shortly and the proposed LTIP 2018 is therefore a necessary step in order to keep the current management and Board of Pomegranate Investment AB (publ) motivated and to deliver on the long-term strategy of the company, more information can be found in Note 4.

# Information and Contact

## Financial information

Interim report Aug – Oct 2018  
Interim report Nov 2018 – Jan 2019  
Interim report Feb – Apr 2019

December 18, 2018  
March 22, 2019  
June 19, 2019

## 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.



Pomegranate Investment