

Pomegranate Investment



Annual Report 2015

for the period 1 January 2015—31 December 2015

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This report is a translation from the Swedish original. In case of any discrepancies, the Swedish version shall prevail.

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Address

Pomegranate Investment AB (publ)

Hovslagargatan 5

SE-111 48 Stockholm

Sweden

Tel. +46-8 545 015 50

info@pomegranateinvestment.com

www.pomegranateinvestment.com

Letter from the Managing director

Dear fellow Shareowner,

This letter marks an important milestone in that it is not just the first time I address you as CEO in Pomegranate's annual report, but also the first time such a letter is produced since the company came into existence in 2014. In essence it concludes a year of intensely focused execution of our business plan, and I am very humbled by the transformative journey we have shared together.

Having been a shareowner in the company since 2014, and having gotten to know many of you personally, I have come to realise that Pomegranate needs to communicate more clearly externally what the company is about and what it does.

We are entrepreneurs, a significant proportion of our investors are entrepreneurs themselves and we believe in investing in entrepreneurs. Together with our Iranian partners we will continue to support local entrepreneurs to develop their businesses and create jobs that are accretive to Iranian economy by remaining focused on the new expanding segments of the economy.

The opportunity of the vast and re-emerging Iranian economy, with more than 80 million people, many of whom are urbanised and highly educated, remains enormous but will take time to evolve.

2015 has been transformational for Iran as well as Pomegranate on so many fronts. Since starting as CEO of Pomegranate in October, fully committed and without break between jobs, there literally has not been a quiet day, which is great. Key milestones during the year include;

- ✳ The historic signing the JCPOA in July 2015, which cleared the way for Implementation Day in January 2016
- ✳ Closing of our second capital raise in the autumn of 2015
- ✳ Management, hired
- ✳ Developing the organisational structure of the company
- ✳ Signing an Investment Memorandum with Sarava to increase our exposure
- ✳ Signing term sheet with Carvanro
- ✳ Identifying further investment opportunities
- ✳ Preparing for Pre-IPO capital raise of EUR 50–60 million.

Sarava, our anchor holding which we are very excited about, gives us a broad exposure to Iran's Internet/Tech eco system, which is valued at fraction of that of India, Russia, South Korea or China. On a GDP basis this space ranges from 0.3% in India to 2.2% in China while the Iranian tech sector is valued at roughly 0.04% of GDP.

Sheypoor has gone through a re-organisation process and started a complete update of its technical platform with heavy emphasis on its mobile product. We expect this, in combination with an altered media strategy, to generate visible results in the near term.

Griffon Capital is performing according to plan and we are confident they are going to establish themselves as a key player now that European sanctions are lifted, which was key impediment to raise funds. We also remain very enthusiastic over the company's capacity to get involved in large amounts of capital raisings as well as M&A transactions.

Carvanro will be the first online ride-sharing service in Iran, a business model that has been very successful in many other markets. Carvanro is run by an experienced Iranian team with a strong track record.

Pomegranate, with its entrepreneurial background, is committed to transfer of know-how to its partners and will be working closely with its investee companies to help them scale and tackle the challenges of fast growth in coming years.

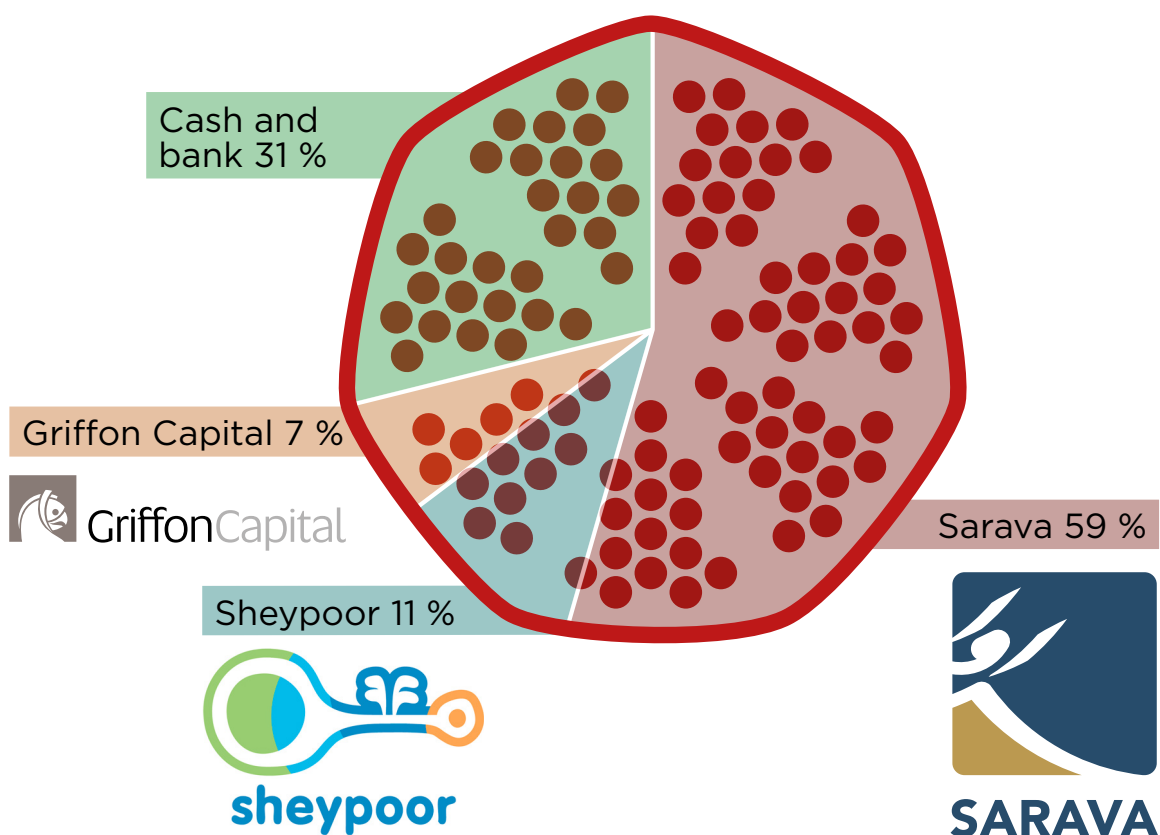
I would like to close off my comments by thanking the Board of Directors and the team at Pomegranate for all their input and efforts through this transformational period and for positioning us very much on the front foot for 2016 and the road ahead.

To our fellow shareowners, we appreciate your ongoing support and remain committed to delivering you value through a focused approach on increasing the NAV per share, coupled with a healthy level of company transparency and investor communication.

Tehran in May, 2016
Florian Hellmich

Investment portfolio

As at 31 December 2015



'000 000 euro

Company	Fair value	Percentage of net asset value
Sarava	23,3	59%
Sheypoor	4,2	11%
Griffon Capital	2,8	7%
Total portfolio companies	30,2	
Cash and bank balances	12,3	31%
Total assets	42,6	
Other net liabilities	-3,0	
Total net asset value	39,5	100%

Administration report

Business activities

Pomegranate Investment AB (publ), corporate ID number 556967-7247, ("Pomegranate" or "the Company") is an investment company whose main business concept is direct or indirect investment in movable and immovable assets and the management of those assets. The Company has a stated ambition of investing in the fast-growing, consumer-related internet sector focusing, in geographical terms, on the Middle East in general and Iran in particular. This Annual Report relates to the 2015 financial year, which corresponds to the period from 1 January 2015 to 31 December 2015.

Important events during the year

Capital raisings and investments

In January 2015, the capital issue decided upon at a meeting of the Board of Directors on 31 July 2014 was completed through a new issue of a further 175,850 shares. Within the framework of the capital issue, the Company was provided with a total of approximately EUR 12.5 million through a new issue of a total of 1,253,050 shares at the subscription price of EUR 10 per share.

In autumn 2015, the Company carried out a further capital issue in accordance with a decision by the Board of Directors of 7 July 2015, by way of which the Company was provided with an additional EUR 7.75 million through a new issue of a total of 387,551 shares at the subscription price of EUR 20 per share. Approximately 65% (EUR 5 million) of the shares were subscribed for by existing shareholders and the remainder were subscribed for by new investors.

Sarava

The Company has continued to make investments in accordance with the original investment agreement of 2014 during the year, thereby increasing its holding in the venture capital company Sarava. As at 31 December 2015, the Company's total invested capital in Sarava amounted to EUR 9.08 million, which corresponded to 9.6% of the share capital.

On 24 December 2015, Pomegranate confirmed its participation in a new round of financing in Sarava whereby the company would be provided with a total of EUR 169 million in new capital. Pomegranate's share of the issue is EUR 41 million and Pomegranate's equity interest in the company will rise to 15 per cent as a result. The transaction values Sarava at EUR 243 million, which is higher than in the previous financing round, resulting in a revaluation of the existing holding to EUR 14.2 million as at 31 December 2015. Pomegranate's share of EUR 41

million in the new transaction is payable by a total of four instalments in 2016.

Sheypoor

In January 2015, Pomegranate received the Swedish sanctions authority ISP's authorisation to pay the remaining EUR 0.8 million outstanding for shares in the online classified advertisement company Sheypoor, in accordance with the share purchase agreement entered into in November 2014. After the transaction, the Company owns the equivalent of 26.6% of the company, on a fully diluted basis.

Griffon Capital

During the year, the investment bank Griffon Capital has continued to carry on activities relating to raising capital and marketing its services. No payments were made to Griffon Capital during the year. The second and final instalment of approximately EUR 0.5 million, equivalent to 40% of the Company's total investment of approximately EUR 1.3 million, was paid in May 2016.

Warrants

A resolution to issue up to 50,000 warrants was adopted at the Extraordinary General Meeting of 10 December 2015, as a result of which the Company's share capital may increase by up to EUR 50,000. The warrants confer the right to subscribe for new shares in the Company through a cash payment no later than 31 December 2018.

Net result

The net result after tax amounted to EUR 18.9 million, including currency exchange gains of EUR 0.87 million.

Cash and cash equivalents

The Company's cash and cash equivalents amounted to EUR 12.3 million on the balance sheet date.

Equity/Net Asset Value

The Company's equity amounted to EUR 39.5 million as at the balance sheet date, which was equivalent to EUR 24 per share. The number of shares on the balance sheet date amounted to 1,654,601.

Board of Directors and management

The Company's Board of Directors consisted of Per Brilioth (Chairman), Anders F. Börjesson (ordinary Board Member) and Jesper Schönbeck (deputy Board Member). An external Chief Executive Officer, Florian Hellmich, was appointed in October 2015.

Corporate governance

Board of Directors and management

The Company's Board of Directors during the year consisted of Per Brilioth (Chairman) and Anders F. Börjesson (ordinary Board Member), with Jesper Schönbeck (deputy Board Member).

The Board of Directors meet whenever required and make decisions that are recorded in minutes on all significant matters relating to the Company's investments and current activities. The Board of Directors met and made decisions on a total of 10 occasions in 2015, with both Board Members attending. The Board of Directors drew no remuneration in 2015, but was awarded warrants at the Extraordinary General Meeting of 10 December 2015 (see below).

At the meeting of the Board of Directors of 29 September, a decision was made to engage an external Chief Executive Officer, Florian Hellmich, as the Company prepares for a listing process that is intended to begin in 2016.

General Meetings

The Company held two General Meetings in 2015.

The Company's first annual report for the year ending 31 December 2014 was adopted at the Annual General Meeting of 30 June 2015.

At an Extraordinary General Meeting on 10 December 2015, a resolution was adopted to issue a total of 50,000 warrants, 25,000 of which were issued to the CEO, Florian Hellmich, 12,500 to the Chairperson of the Board of Directors, Per Brilioth, 5,000 to the Board Member, Anders F. Börjesson and a total of 7,500 to another two persons who contributed to the Company's operations without remuneration. Each warrant entitles the holder to subscribe for one share in Pomegranate at a subscription price of EUR 20 up to 31 December 2018.

Compliance matters

All the Company's portfolio companies have links to Iran, which is subject to extensive international sanctions, in particular through the UN, the USA and the EU. On 26 June 2014, the Board of Directors adopted a Sanctions Compliance Strategy that has guided all the Company's investments from the start. The Board of Directors follows up compliance with the strategy on an annual basis, which was last done on 30 June 2015 (Sanctions Compliance Review).

In accordance with the Sanctions Compliance Strategy, the Company has taken steps to ensure that all investments are made in accordance with applicable sanctions regulations. This includes, among other things, verifying

that owners and key persons in target companies do not appear on sanctions lists and applying for authorisation from the relevant authorities in connection with money transfers. In 2015, the Company applied for and obtained authorisation from the Inspectorate of Strategic Products (ISP) to transfer the acquisition price for the Company's investments in Sheypoor and Sarava.

After the balance sheet date, on 22 February 2016, the Company adopted an extensive new Trade Controls Policy, which replaces and supplements the original Sanctions Compliance Strategy, in connection with the latest capital raising. The new policy outlines the Board of Directors' and the employees' roles and responsibilities in terms of compliance and contains provisions on transaction analysis and due diligence, continuous monitoring, compliance work at the Company's portfolio companies, documentation, reporting, penalties for non-compliance and training.

Risks and uncertainty factors

Commercial risks

At the time of the preparation of this annual report, the Company's total portfolio consisted of four investments, one of which (Carvanro) is at the early start-up stage and one (Griffon) received the necessary licenses and permits for the performance of its activities from the relevant authorities in Iran during the year. Overall, this means that the Company has a large individual exposure to each of the portfolio companies. Furthermore, it means that changes in individual portfolio companies could have a major impact on the Company's results.

Financial risks and risks associated with changes in value

The value of the portfolio companies is dependent on a number of underlying, external factors and can both increase and decrease. Factors that may be considered likely to have a decisive influence on the value of the portfolio companies include but are not limited to the operational management's ability to develop and grow the companies within their respective business areas, interest in investment in the sectors in which the companies operate, market demand for the portfolio companies' products and services, macro factors such as underlying economic growth in the geographical markets in which the portfolio companies operate and fluctuations in exchange rates.

Valuation and transaction risk

Pomegranate carries out valuations of its portfolio companies on a continuous basis, as described in more detail in note 2. In the case of external transactions, there is thus

always a risk that the Company's valuation of the portfolio companies may differ from the external value at the time of the transactions.

Currency risk

A significant portion of Pomegranate's investments and payments to suppliers are carried out in foreign currency, which in itself entails a currency risk. This risk affects the company's balance sheet and income statement.

Credit risk

The Company is exposed to credit risk through cash and cash equivalents and deposits at banks and credit institutions. The company monitors the credit situation on a continuous basis.

Liquidity risk

Liquidity risk is the risk that an entity has problems paying its financial liabilities. Pomegranate's liquidity risk is limited as a significant proportion of the Company's assets comprise cash and cash equivalents.

Regulatory and legal risks

Pomegranate invests mainly in relatively young companies operating in markets that cannot yet be regarded as mature. These markets are often characterised by rapid changes in legislation and regulations. In general, the portfolio companies are active in the online segment, which entails an increased vulnerability to potential regulations or other restrictions on use of the internet and/or other communications channels that are of key importance for operations at Pomegranate's portfolio companies.

Political risks

Pomegranate's portfolio companies operate mainly in markets that cannot yet be regarded as mature and in which the State may have interests in commerce and industry in a manner that may not be obvious. Even though the Company does not consider that there is a risk of the government taking an interest in the sectors in which the Company has invested, the possibility of this occurring in the future cannot be disregarded.

Sanction risks

The portfolio companies' areas of activity include countries subject to international economic sanctions. The Company's main geographical focus is the Middle East in general and Iran in particular. The UN, EU, USA and other jurisdictions impose a number of different sanctions against countries in which the Company operates

through its portfolio companies. These sanctions include extensive embargoes against a series of different countries and regions as well as more targeted sanctions against specific individuals and organisations, which are listed in the OFAC's SDN (Specially Designated Nationals) list of persons on whom sanctions are imposed. Iran, in particular, has been subject to international sanctions for many years, imposed mainly by the USA, but also by the UN, the EU and other countries. In January 2016, the IAEA announced that Iran had complied with its nuclear obligations in relation to the JCPOA (Joint Comprehensive Plan of Action), which meant that the sanctions imposed by the UN, the USA and the EU relating to Iran's nuclear programme were largely lifted. Overall, the easing of sanctions was extremely important for non-American citizens and organisations, so-called US persons, since they had also previously been covered by the sanctions. The changes for US persons were marginal, which entails a risk that must be managed by the Company in relation to shareholders and investments. Despite the fact that the EU now accepts most types of business transactions with Iran and the fact that there is no longer any formal obligation to inform the EU of payments to and from Iran, the risk of so-called "snap-back provisions", which mean that sanctions that have now been lifted could be reinstated if Iran fails to continue to meet its commitments under the JCPOA, cannot be ruled out. The ability to transfer money to and from Iranian portfolio companies could then be severely restricted.

Uncertainty factors

The most prominent uncertainty factors affecting business activities which, at the same time, introduce an element of uncertainty into assessments of future progress, consist mainly of how the currency and price situation for unlisted companies and the various industries in which the portfolio companies operate actually progresses.

Significant events after the balance sheet date

A resolution to issue up to 35,000 warrants was adopted at the Extraordinary General Meeting of 18 February 2016, as a result of which the Company's share capital may increase by up to EUR 35,000. The warrants confer the right to subscribe for new shares in the Company through a payment to be made no later than 31 December 2018. Mohsen Enayatollah was elected as a new Board Member at the same Extraordinary General Meeting, whereupon Jesper Schönbeck resigned as deputy Board Member.

At an Extraordinary General Meeting of 23 February 2016, the Company adopted a resolution to carry out

a third capital issue in the form of a private placement, whereby the Company was provided with EUR 60 million before issue costs through a new issue of a total of 2,500,000 shares at the subscription price of EUR 24 per share. At the same General Meeting, new by-laws were adopted whereby the Company was changed from private to public and certain restrictive provisions regarding the election of Board Members were removed. At the same time, the Board adopted a new Trade Controls Policy that replaces the previous Sanctions Compliance Strategy.

Proposal (and reasons for) the appropriation of profits

The following profits are at the disposal of the Annual General Meeting (amounts in EUR):

Profit brought forward	135,501
Profit for the year	18,856,794
Warrants	145,000
Share premium reserve	18,670,919
	37,866,714

The Board of Directors proposes that the profit of EUR 18,856,794 for the year be brought forward.

Income statement

Amounts in EUR	Note	01/01/2015— 31/12/2015	07/04/2014— 31/12/2014
Result from financial assets at fair value through profit or loss	2	18,578,666	-
Operating expenses	4, 5	-346,403	-77,768
Other operating expenses		-	-6,084
Currency exchange gains	6	875,049	307,811
Interest income		24,980	21
Interest expense		-58,615	-12
Tax allocation reserve		-130,608	-52,773
Result before tax		18,943,069	171,195
Tax	8	-86,275	-35,694
Net result for the year		18,856,794	135,501

Balance sheet

Amounts in EUR	Note	31/12/2015	31/12/2014
Financial assets held for trading	2, 3	30,248,008	2,020,999
Other current assets		1,932	-
Cash and bank	3	12,317,402	9,675,762
Total assets		42,567,343	11,696,761
Shareholders' equity	9	39,521,315	11,100,001
Untaxed reserves		183,381	52,773
Current liabilities		2,862,648	543,987
Total shareholders' equity and liabilities		42,567,343	11,696,761

Changes in equity

07/04/2014—31/12/2014

Amounts in EUR	Note	Restricted equity		Non-restricted equity			Total
		Share capital	Paid-up, unregistered share capital	Share premium reserve	Shareholders' contribution	Retained earnings	
Opening balance 07/04/2014		-	-	-	-	-	-
<i>Transactions with owners:</i>							
Company formation		6,500	-	-	-	-	6,500
New share issue 1		7,500	-	30,000	-	-	37,500
New share issue 2		1,077,200	9,000	9,775,800	-	-	10,862,000
Shareholders' contribution received		-	-	-	58,500	-	58,500
Net result for the year		-	-	-	-	135,501	135,501
Closing balance 31/12/2014		1,091,200	9,000	9,805,800	58,500	135,501	11,100,001

01/01/2015—31/12/2015

Amounts in EUR	Note	Restricted equity		Non-restricted equity			Total
		Share capital	Paid-up, unregistered share capital	Share premium reserve	Shareholders' contribution	Retained earnings	
Opening balance 01/01/2015		1,091,200	9,000	9,805,800	58,500	135,501	11,100,001
<i>Transactions with owners:</i>							
New share issue 2	9	175,850	-9,000	1,501,650	-	-	1,668,500
New share issue 3	9	387,551	-	7,363,469	-	-	7,751,020
Warrants	7	-	-	-	-	145,000	145,000
Net result for the year		-	-	-	-	18,856,794	18,856,794
Closing balance 31/12/2015		1,654,601	0	18,670,919	58,500	19,137,295	39,521,315

Cash Flow Statement

Amounts in EUR	Not	01/01/2015— 31/12/2015	07/04/2014— 31/12/2014
Operating activities			
Operating result		19,107,312	223,959
<i>Adjustment for non-cash transactions</i>			
Unrealised currency exchange gains		-338,839	-307,811
Warrants	7	145,000	-
Result from financial assets at fair value		-18,578,666	-
		334,807	-83,852
<i>Investment activities</i>			
Interest paid		24,980	21
Interest received		-7	-12
Change in operating liabilities		87,292	15,726
Acquisition of financial assets	2	-7,505,182	-1,528,432
Cash flow from investing activities		-7,392,917	-1,512,697
Cash flow used in operating activities		-7,058,113	-1,596,549
<i>Financing activities</i>			
New share issues	9	9,419,520	10,906,000
Shareholder's contribution received		-	58,500
Cash flow from financing activities		9,419,520	10,964,500
Change in cash and cash equivalents		2,361,410	9,367,951
Cash and cash equivalents at beginning of the period		9,675,762	0
Exchange gains/losses on cash and cash equivalents		280,230	307,811
Cash and cash equivalents at end of period		12,317,402	9,675,762

Accounting principles and notes to the financial statements

Not 1, Accounting Principles

Basis for accounting

The Company's financial statements have been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general recommendation BFNAR 2012:1 Annual report and consolidated accounts (K3).

Preparing reports in accordance with K3 requires use of a number of important estimates for accounting purposes. It also requires the Board of Directors to make certain assessments in application of the company's accounting principles.

Financial year

The financial year encompasses the period 1 January to 31 December. The first financial year encompasses the period April 7, 2014 to December 31, 2014.

Functional currency

The functional currency is the Euro (EUR). All amounts are presented in EUR unless indicated otherwise.

Foreign currency

Transactions in foreign currency are converted to the functional currency at the exchange rate on the date of the transaction. Receivables and liabilities in foreign currency are converted to the functional currency at the exchange rate on the balance sheet date. Exchange rate differences that arise in connection with conversions are recognised in the income statement.

Financial assets

The Company classifies its financial assets in the following categories: financial assets held for trade and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Financial assets are derecognised from the balance sheet when the rights to receive cash flow from the financial assets have expired or been transferred and the company has substantially transferred all risks and rewards of ownership.

Financial assets held for trading

This category has three sub-categories. Financial assets which:

- were acquired or incurred for the purpose of selling or repurchasing in the near term,
- on initial recognition were part of a portfolio with financial assets that were managed together and for which there is evidence of a recent pattern of short-term profit-taking, or
- are derivative instruments and which have not been identified as hedging instruments and are included in hedge accounting.

The Company classifies all its financial assets in the sub-category of financial assets that were acquired or incurred for the purpose of selling or repurchasing in the near term. Assets in this category are classified as current assets if they are expected to be realised within 12 months, otherwise they are classified as non-current financial assets at fair value through profit and loss.

Financial assets are holdings in listed and unlisted companies. Financial assets held for trading are recognised after the date of acquisition at fair value. Thereafter they are subsequently carried at fair value. Gains or losses arising from change in the fair value are recognised in the period in which they arise and are included in the income statement within "Results from financial assets at fair value through profit or loss."

The fair values for quoted investments are based on current bid prices. If the market for the financial asset is not active (and for unlisted securities), the company establishes the fair value by using valuation techniques, e.g. the use of recent arm's length transactions, reference to other investments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

The Company also applies the international guidelines and recommendations for Venture Capital and Private Equity Companies which are set out in the "IPEV Guidelines" (International Private Equity and Venture Capital Guidelines).

Cash and bank balances

Cash and bank balances refers to bank deposits.

Share capital

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to issues of new shares or options are recognised, net after tax, in equity as a deduction from the proceeds. When the company repurchases its own shares, the transaction is recognised, after the shares have been cancelled, as a reduction in the share capital by the nominal value of the shares bought back and as a reduction in additional paid in capital or the retained earnings with the amount paid after reduction of transaction costs in excess of the nominal value.

Current and deferred tax

The current tax expense is calculated on the basis of the tax laws that have been enacted or substantively enacted on the balance sheet in the countries where the company operates and which generate taxable income. The board of directors periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

At present the Company has no temporary differences and has no deferred income tax recognised.

Note 2 Financial assets held for trading and estimates of fair value**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 31 December 2015:

2015-12-31	Level 1	Level 2	Level 3	Total
Sheypoor	-	-	4,162,107	4,162,107
Griffon Capital	-	2,785,321	-	2,785,321
Sarava	-	23,300,580	-	23,300,580
Total financial assets held for trading	-	26,085,901	4,162,107	30,248,008

The company's assets measured at fair value as at 31 December 2014:

2014-12-31	Level 1	Level 2	Level 3	Total
Sheypoor	-	518,000	-	518,000
Griffon Capital	-	1,213,762	-	1,213,762
Sarava	-	289,237	-	289,237
Total financial assets held for trading	-	2,020,999	-	2,020,999

The following table shows changes in the Company's assets at level 3:

	Level 3
Opening balance 1 January 2015	-
Transfers to level 3	1,318,000
Change in fair value and other	2,844,107
Closing balance 31 December 2015	4,162,107

Different valuation techniques are used to establish the fair value of financial instruments that are not traded in an active market. As far as possible, market information is used in this respect when it is available, while company-specific infor-

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

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

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

The Company has three investments as at 31 December 2015, of which two are classified as belonging to level two. This is because the value is based on the latest price paid per share at each company. One holding, Sheypoor, is classified as level 3 because the valuation is determined by using a valuation model that is based on revenue multiples for similar listed companies. The Company values the total holdings at EUR 30,248,008 as at 31 December 2015.

Griffon Capital

Pomegranate's invested capital in Griffon amounted to a total of EUR 1.3 million at the end of the year, which corresponded to an equity interest of 15.2% of the share capital. In the second half of 2015, Griffon Capital negotiated and agreed the sale of 5% of the outstanding shares to a new investor. Griffon Capital was valued at EUR 18.3 million at the time of the transaction. The transaction was completed in its entirety in the first quarter of 2016. Since the investment was carried out relatively close to the end of 2015, the valuation in the latest transaction is considered to represent a good fair value estimate for the holding. As at 31 December 2015, the Company's holding in Griffon Capital is valued at EUR 2.8 million and currently corresponds to 7% of the Company's net asset value. The holding in Griffon Capital is classified as level 2.

Sheypoor

In January 2015, Pomegranate paid the remaining EUR 800 thousand for shares in Sheypoor in accordance with the main share purchase agreement signed in 2014. Pomegranate has invested a total of EUR 1.3 million in Sheypoor and, after the transaction, owns a total of 26.6% of the company, taking into account the full dilution effect. The Company's investment in Sheypoor is valued at EUR 4.2 million as at 31 December 2015 and represents 11% of the Company's net asset value. Since Sheypoor has not carried out any transactions during the year, Pomegranate has used the multiple valuation method based on a peer group of listed online classifieds companies. Since the company is at an early stage, the average revenue multiple of the peer group is used as the basis for the valuation. The multiple valuation is considered to be a good fair value estimate for the Sheypoor holding and is classified as level 3.

	Sensitivity in a model-based Sheypoor valuation as at 31 December 2015				
	-20%	-10%		+10%	+20%
Valuation of Pomegranate's investment in Sheypoor, 000' EUR	3,330	3,746	4,162	4,578	4,994
Income multiples used in the valuation model	6.3x	7.1x	7.9x	8.7x	9.5x

Sarava

Pomegranate's total investment in Sarava as at 31 December 2015 amounted to EUR 9.08 million, which corresponds to 9.6% of the shares. In December 2015, Sarava carried out a round of financing in which it obtained a further total of EUR 169 million in new capital. In this transaction, Sarava was valued at a total of EUR 243 million, which represents a higher valuation than in the last round of financing. Since the round of financing was carried out in December 2015, the valuation in this transaction is considered to be a good fair value estimate for Pomegranate's holding in Sarava. In that respect, the new valuation contributed to the fact that the Company's equity interest of 9.6% in Sarava was valued at EUR 14.2 million more than in the previous financial statement. The holding in Sarava was valued, as at 31 December 2015, at a total of EUR 23.3 million and represents 59% of the Company's net asset value. The Company's holding in Sarava is classified as level 2.

Long-term financial assets held for trading

	2015	2014
Beginning of the year	2,020,999	-
Acquisitions	9,592,330	2,020,999
Reclassifications	-	-
Disposals	-	-
Change in fair value during the year	18,634,679	-
End of the year	30,248,008	2,020,999

Security/company name	Fair value (EUR) 31/12/2015	Equity share, % of outstanding shares	Fair value (EUR) 31/12/2014	Equity share, % of outstanding shares
Company				
Sheypoor	4,162,107	26.7%	518,000	12.7%
Griffon Capital	2,785,321	15.2%	1,213,762	15.2%
Sarava	23,300,580	9.6%	289,237	0.36%
Total long-term financial assets held for trading	30,248,008		2,020,999	

Change in financial assets at fair value through profit and loss

Company	Opening balance 01-Jan-15	Investments/ (disposals), net, EUR	Change in fair value	Closing balance 31-Dec-15	Percentage of portfolio, %
Sarava	289,237	8,792,330	14,219,013	23,300,580	59%
Sheypoor	518,000	800,000	2,844,107	4,162,107	11%
Griffon Capital	1,213,762	-	1,571,559	2,785,321	7%
Total	2,020,999	9,592,330	18,634,679	30,248,008	

Note 3 Financial instruments by category

The accounting principles for financial instruments have been applied for the items below::

31/12/2015

Assets in the balance sheet, 31/12/2015	Loans and receivables	Assets held for trading	Total
Financial assets held for trading	-	30,242,008	30,242,008
Cash and bank balances	12,317,402	-	12,317,402
Total	12,317,402	30,242,008	42,559,410

31/12/2014

Assets in the balance sheet, 31/12/2014	Loans and receivables	Assets held for trading	Total
Financial assets held for trading	-	2,020,999	2,020,999
Cash and bank balances	9,675,762	-	9,675,762
Total	9,675,762	2,020,999	11,696,761

Note 4 Operating expenses

	01/01/2015— 31/12/2015	07/04/2014— 31/12/2014
Operating expenses	346,403	77,768

Operating expenses refers to salary costs, administrative costs such as accountancy services, legal, travel, notarial and bank costs as well as miscellaneous costs. Operating expenses also includes accrued payments to the auditors.

Note 5 Salaries, other remuneration and social insurance costs

The Company CEO, Florian Hellmich, took up his post on 20 October 2015. The CEO has an agreed annual remuneration equivalent to GBP 158,000, plus market-based pension allowance. That remuneration rises to GBP 316,000 per annum when the Company's market value exceeds USD 50 million. In addition, the CEO was allocated 25,000 warrants in the Company in 2015 and a further 5,000 warrants in 2016, with an exercise price of EUR 20 for each newly-subscribed share. In accordance with the agreement, the CEO is entitled to a further allocation of 10,000 warrants at the moment when the Company is listed on the stock exchange. The CEO and the Company have a mutual notice period of 6 months under the agreement. No remuneration has been paid to Board Members or the Chairman during the year. The Company had one employee at the end of the accounting period.

Salaries and other remuneration	2015	2014
Salaries, CEO	43,770	-
Social insurance costs	38,825	-
Total costs	82,595	-

Note 6 Currency exchange gains

	01/01/2015— 31/12/2015	07/04/2014— 31/12/2014
Currency exchange gains	875,079	307,811

Most of the currency exchange gains relate to unrealised exchange gains in the Company's bank accounts.

Note 7 Warrants

A resolution to issue up to 50,000 warrants was adopted at an Extraordinary General Meeting held on 10 December 2015, as a result of which the Company's share capital may be increased by up to EUR 50,000. All warrants were allocated to the Company CEO and Board Members and other key persons.

The warrants confer the right to subscribe for new shares in the Company in accordance with the following conditions:

- The warrants are issued free of charge.
- The warrants shall be exercised through subscription of shares with payment no later than 31 December 2018. Nevertheless, the Board of Directors has a right to extend the subscription period.
- The subscription price shall be EUR 20 per share and each warrant confers on its holder the right to subscribe for one (1) share.

The fair value of the warrants has been established using the Black & Scholes warrant pricing model at EUR 2.90 per warrant.

Changes in the number of outstanding warrants and their weighted average exercise prices are shown in the below table.

Changes in the number of outstanding warrants	2015	
	Average exercise price per warrant	Number of warrants
Opening balance		-
Allocated	20	50,000
Forfeited		-
Exercised		-
Fallen due		-
Closing balance		50,000

Note 8 Tax on the year's result

	01/01/2015– 31/12/2015	07/04/2014– 31/12/2014
Current tax	86,275	35,694
Total tax reported	86,275	35,694
Average effective tax rate	0.5%	20.8%
Reconciliation of effective tax rate		
Profit/loss reported before tax	18,943,069	171,495
Tax on profit/loss reported according to applicable tax rate (22 %)	4,167,475	37,663
Tax effect of:		
Fair value assessment	-4,087,307	-
Other, non-deductible costs	37,206	-
Standard income tax allocation reserve	715	-
Translation differences	-31,814	-1,969
Tax reported	86,276	35,694
Effective tax rate	0.5%	20.8%

Note 9 Equity

Within the framework of the new issue that was resolved on by the Board in July 2014, the Company was provided with a further EUR 1,758,500 through two allocations in January 2015.

On 7 July 2015, the Company resolved on a further new share issue whereby the Company was provided with an additional total of EUR 7,751,020 through two allocations carried out in October and November 2015.

After these issues, the Company's registered share capital as at 31 December 2015 amounted to EUR 1,654,601.

07/04/2014–31/12/2015

Date	Event	Capital provided	Cumulative	Of which share capital	Cumulative
	Opening balance		10,874,500		1,091,200
15/01/2015	New subscription	1,690,000	12,564,500	169,000	1,260,200
29/01/2015	New subscription	68,500	12,633,000	6,850	1,267,050
28/10/2015	New subscription	7,245,020	19,878,020	362,251	1,629,301
25/11/2015	New subscription	506,000	20,384,020	25,300	1,654,601
10/12/2015*	Warrants	-	-	-	-

* The warrants were registered by the Swedish Companies Registration Office on 14 December 2015. See details in note 7 Warrants.

Note 10 Related-party transactions

See Note 5 Salaries, other remuneration and social insurance costs.

Note 11 Events after the balance sheet date

During the first quarter of 2016, the Company carried out a private placement, whereupon the Company was provided with a further EUR 60 million. The issue costs associated with the capital issue are estimated at approximately EUR 3 million.

Date	Event	Capital provided	Cumulative	Of which share capital	Cumulative
	Opening balance		20,384,020		1,654,601
24/03/2016	New subscription	60,000,000	80,384,020	2,500,000	4,154,601

A resolution to issue up to 30,000 warrants was adopted at an Extraordinary General Meeting held on 18 February 2016, as a result of which the Company's share capital may be increased by up to EUR 30,000. All the warrants were allocated to the Company CEO and other key persons.

	2016	
Changes in the number of outstanding warrants	Average exercise price per warrant	Number of warrants
Opening balance		50,000
Allocated	20	30,000
Forfeited		-
Exercised		-
Fallen due		-
Closing balance		80,000

Sarava

In December 2015, the Company signed a letter of intent with Sarava to participate with EUR 41 million in the round of financing of a total of EUR 169 million that was agreed in January 2016. Pomegranate's equity interest will thereby rise from 9.6 to 15 per cent. In January 2016, the Company paid its first instalment of EUR 7 million and in April 2016 it paid the second instalment of EUR 6.5 million. The remaining amount of EUR 27.5 million falls due in 2016. The transaction values Sarava as a whole at EUR 243 million prior to the transaction.

Carvanro

In January 2016, Pomegranate acquired the equivalent of 25 per cent of the shares in the newly started-up Iranian online-based car and ride sharing company Carvanro. The total investment amounted to EUR 458,551.

Sheypoor

In the first quarter of 2016, Pomegranate lent EUR 200,000 to Sheypoor. The loan is subject to interest of 10% per annum and runs until 30 June 2016.

Griffon Capital

In May 2016 the second and final instalment of approximately EUR 0.5 million, equivalent to 40% of the total investment of approximately EUR 1.3 million, was paid out.

Stockholm, 30 May 2016

Per Brilioth
Chairman

Anders F. Börjesson

Mohsen Enayatollah

Florian Hellmich
CEO

Our auditor's report was submitted on 30 May 2016

PricewaterhouseCoopers AB

Nicklas Kullberg
Certified public accountant

Auditor's report Translated

TO THE ANNUAL MEETING OF THE SHAREHOLDERS OF POMEGRANATE INVESTMENT AB (PUBL), CORPORATE IDENTITY NUMBER 556967-7247

Report on the annual accounts

We have audited the annual accounts of Pomegranate Investment AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts

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

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts.

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

Opinions

accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Pomegranate Investment AB (publ) as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annu-

al Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Pomegranate Investment AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

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

Stockholm May 30 2016
PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

