

Financial Report 2016
Interim Report 2nd quarter



Second quarter 2016 in summary

- The number of subscriptions sold during the period increased by 28% and amounted to 341,358 (Q1: 265,839)
- Net sales for the quarter increased to SEK 4,7 million (Q1: 4,5) of which SEK 2,2 million (Q1: 2,4) attributable to the consolidation of Ambient Media. Sales from the media platform continued to grow during the second quarter and amounted in the quarter SEK 2,5 million (Q1: 2,0 m). The largest volume of subscriptions consisted of continued daily passes sold in the UAE through an application programming interface (API) with the two major Telco's *Du* and *Etisalat* where the subscribers use their mobile as a payment device. This daily subscription strategy has shown to be a price competitive, seamless and user-friendly way to access the Mavshack media platform.
- A total of 17,947 new registered subscribers (Q1: 47,152) of which 61% (69%) were paying
- Sales units from API integration (mainly daily subscription passes) in Bahrain were introduced during the quarter through Viva Bahrain, one of the bigger mobile operators in Bahrain.
- Net profit amounted to SEK -3,5 million (-6,0). Adjusted for non-recurring effects and Ambient Media the profit reported amounted to SEK -3,3 million during the quarter, an improvement in comparable earnings from SEK -4,4 million for the previous quarter.
- Significant new content was licensed and made available to Mavshack subscribers during the quarter.

Key Figures Group

Variable SEK 000's omitted	Q2 2016	Q2 2015	Q1 2016	FY 2015	FY 2014
Revenues	4 742	511	4 651	11 212*	54 801
Net Income	-3 533	-11 878	-5 971	-59 225	-32 078
Balance sheet total	72 994	72 828	72 633	78 746	64 842
Equity	57 865	37 541	59 587	66 191	23 507
Solidity (%)	79	52	82	84	36
Net Income per share (SEK) before dilution	-0,03	-0,25	-0,05	-0,79	-1,04
Net Income per share (SEK) after dilution	-0,02	-0,20	-0,04	-0,60	-1,01

*) Includes a one-time effect of renegotiated content agreements of 3,0 million reported as other income.

About Mavshack AB Mavshack operates a global Internet TV services with Asian entertainment. The service, which is available through Internet connected devices, is genuinely global with users in over 80 countries. With the largest library of Filipino and Indian titles, as well as agreements with Asia's leading content providers, Mavshack is the obvious choice for Asian entertainment around the world. The company operates its business on a proprietary technology platform

Mavshack AB (publ) is a traded company listed on Nasdaq First North under the ticker MAV. Certified adviser is Erik Penser Limited. More information about the company is available at www.mavshack.se

CEO Letter

Fellow Shareholders:

Mavshack's performance from April to June 2016 centered its thrust in three (3) fronts: (i) fortifying content build up; (ii) entering new markets; and (iii) increasing sales; where each facet fortifies the efforts in the others.

For content build up, Mavshack was able to introduce almost a thousand additional hours of content in its library which included notable titles in the form of the Wattpad Presents episodes, new television series, and news and current affairs programming which is viewable live and as VOD. Corollary to content build up, we also finished integration with Viva Bahrain in May 2016, which allowed us entry in the Bahrain market. The entry in this new market expanded the possible subscribers to the Mavshack service with the combined population of almost half million Filipinos and Indians in Bahrain.

The aforementioned new content offerings along with the new market that has been opened resulted in a significant growth in our subscription and sales for the subject period totaling to 341,358 subscription as compared to Q1's 265,289. This represents a sales growth of 28% for the second quarter. This growth is notable considering Mavshack's limited marketing activities in the Middle East for the whole June in observance of the holy month of Ramadan,

The above strategy will be carried through in the third quarter of 2016 where our content build up continues through live sports and new titles, entry into new markets like Kuwait and Saudi Arabia which hosts millions of Filipinos and Indians, and renewed marketing efforts for the build of subscription and sales. It should also be noted that our more technically refined and robust backend system is expected to be finished by the third quarter of 2016 with the aim that this new platform will further contribute to the realization of the targeted growth for Mavshack.

For our operations in Southeast Asia, Ambient media has played a crucial role in facilitating required support activities on the licensing deals secured for the Mavshack library. There was a very slight decrease in topline sales for Ambient media but the bottom line numbers showed an improvement in the margins due to the employment of cost saving strategies. Additionally, projects for internal development, such as but not limited to similar children's content as published in the fall 2015, are currently being evaluated for potential execution in subsequent quarters.

It is aimed that this growth will be the theme for the remainder of the year and, with your continued support, I am positive that this will be achieved.

Rainier David,
CEO, Mavshack

Operations

Users

Mavshacks main target market is made up of the Filipino and Indian diaspora. There are also consumers in the domestic markets even though the company's marketing activities primarily focus on the diaspora from the Philippines and India. Consumers amongst the Filipino diaspora in the Middle East mainly subscribe to requiring daily subscriptions via their mobile phone plan.

Sales and earnings (compared with previous quarter)

Sales in Q2 2016 (Apr-Jun) amounted to SEK 4,7 million (4,7 million), of which SEK 2,2 million (2,4 million) is attributable to the Ambient Media, which was consolidated from July 2015. Sales of media platform continued to increase and amounted in the quarter SEK 2,5 million (2,0 m). The largest volume of subscriptions consisted of continued daily passes sold in the United Arab Emirates (UAE) and Bahrain. Sales are made through application programming interface (API) with big mobile operators where the subscribers use their mobile as a payment device. This has shown to be a price competitive, easy and user-friendly way to access the Mavshack media platform for the Filipino's in UAE and Bahrain.

Operating profit for the quarter amounted to SEK -3,4 million (-6,0 million). The improvement is a result of a slight increase in sales and a reduction of operating expenses. A tight cost control will have priority until the company financial position will allow any other priority.

Financial position

Liquid assets amounted to SEK 1,3 million (2,1 million) at the end of the period. At the end of the period, equity amounted to SEK 57,9 million (59,6 million) in the Group, of which 32,3 million (31,6 million) is attributable to minority interests.

The parent company reported a shareholders' equity at the end of the period of SEK 41,4 million (42,5 million).

Looking forward

The company will continue its expansion in 2016, primarily in the Middle East. The next launch is aimed to take place in Kuwait and Saudi Arabia, a country with even more Filipino workers than in the United Arab Emirates where Mavshack launched in the second half of 2015. The objective is to repeat the success the company has had with Etisalat and Du in the United Arab Emirates.

Report of the Board and CEO

Board and CEO certify that this report gives a true and fair view of Mavshacks financial position and results and describes significant risks and uncertain factors that Mavshack faces.

Auditor's examination

The interim report has not been subject to auditor review.

Accounting and valuation principles

From 1 January 2014, the Group / Company BFNAR 2012 1. The interim report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012: 1 Annual report and consolidated (K3).

Risks and uncertainties

Mavshacks significant risks and uncertainties are described in the prospectus prepared in connection with the rights issue carried out during the first half of 2015. The prospectus is available at the Company's website. No new significant risks or uncertainties are judged to have occurred.

Next report

Interim Report 3 for the financial year 2016 will be published on October 28th 2016.

Stockholm August 26, 2016

Mavshack AB (publ)
Board of Directors

For more information contact:

CEO Rainier David Phone: +46 8 124 517 90 or

CFO Per-Olov Östberg, Phone: +46 8 124 517 90,

e-mail: ir@mavshack.com

All reports are available on the company's website www.mavshack.se.

Summary per quarter and financial period – Group

(Ksek)	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Dec 31, 2015	Dec 31, 2014
Revenues	4 742	4 651	6 878	3 500	511	11 212	54 801
Operating expenses	- 8 156	- 10 608	- 12 396	- 32 580	- 10 949	- 67 125	- 85 472
Operating result	- 3 414	- 5 957	- 5 518	- 29 080	- 10 438	- 55 913	- 30 671
Financials, net	- 119	- 39	- 312	146	- 1 440	- 3 312	- 1 407
Net result	- 3 533	- 5 996	- 5 830	- 28 934	- 11 878	- 59 225	- 32 078
Fixed assets	67 804	67 395	71 985	86 595	17 256	71 985	21 931
Working capital	5 190	5 239	6 761	5 530	55 572	6 761	42 749
Equity	57 865	59 587	66 191	62 105	37 541	66 191	23 507
Long term liabilities	1 085	1 394	1 583	4 704	4 749	1 583	7 124
Current liabilities	14 044	11 652	10 972	25 315	30 538	10 972	34 049
Balance sheet total	72 994	72 633	78 746	92 124	72 828	78 746	64 680
Cash flow							
-operating activities	- 1 992	- 3 790	- 4 134	- 24 493	- 9 393	- 48 390	- 23 959
-working capital	1 222	1 407	14 239	27 429	- 22 153	28 718	- 6 584
-investments	-	-	52	-	52	- 52	- 24 516
-financing	-	1 733	- 8 964	- 1 350	29 342	18 195	55 784
Cash flow for the period	- 770	- 650	1 089	1 586	- 2 152	- 1 529	725
Cash beginning of period	2 104	2 754	1 665	79	2 231	4 283	3 558
Cash end of period	1 334	2 104	2 754	1 665	79	2 754	4 283
Solidity	79%	82%	84%	67%	52%	84%	36%

Net Income per share

	3 months end of period		6 months end of period	
	Jun 30, 2016	Jun 30, 2015	2016	2015
Before dilution				
Number of shares	117 106 943	59 964 701	117 106 943	59 964 701
Weighted number of shares	117 106 943	47 711 623	115 323 845	47 711 623
Net Income	- 3 589 591	- 11 877 649	- 9 560 584	- 24 460 954
Weighted number of shares	117 106 943	47 711 623	115 323 845	47 711 623
Net Income per share before dilution	- 0,031	- 0,249	- 0,083	- 0,513
After dilution				
Subscribed shares under registration	-	500 175	-	500 175
Not used mandate for board of directors to issue new shares	80 000 000	-	80 000 000	-
Stockoptions, equivalent number of shares	10 000 000	11 779 809	10 000 000	11 779 809
Weighted number of shares after dilution	207 106 943	59 991 607	205 323 845	59 991 607
Net Income	- 3 589 591	- 11 877 649	- 9 560 584	- 24 460 954
Weighted number of shares	207 106 943	59 991 607	205 323 845	59 991 607
Net Income per share after dilution	- 0,017	- 0,198	- 0,047	- 0,408

Income Statement – Group

	3 months 1 apr - 30 jun 2016	3 months 1 apr - 30 jun 2015	6 months 1 jan - 30 jun 2016	6 months 1 jan - 30 jun 2015
Revenues				
Net Revenue	4 664 983	135 821	9 137 332	188 118
Other Income	77 465	375 055	255 659	645 681
Total Revenues	4 742 448	510 876	9 392 991	833 799
Operating Expenses				
Direct cost of goods sold	- 2 127 639	- 1 690 426	- 4 911 101	- 3 389 296
Other External costs	- 2 656 227	- 4 946 871	- 5 720 536	- 8 969 148
Personnel costs	- 1 756 065	- 1 780 477	- 4 085 638	- 4 522 808
Depreciation	- 1 572 569	- 2 513 472	- 3 778 022	- 4 726 506
Other operating expenses	- 43 420	- 17 254	- 268 514	- 540 974
Total operating expenses	- 8 155 920	- 10 948 500	- 18 763 811	- 22 148 732
Operating profit/loss (-)	- 3 413 472	- 10 437 624	- 9 370 820	- 21 314 933
Financials				
Write down of long term assets	-	-		
Other interest income and similar profit/loss	- 241	7	949	72
Other interest expenses and similar profit/loss	- 1 19 060	- 1 440 032	- 158 732	- 3 146 093
Financials, net	- 1 19 301	- 1 440 025	- 157 783	- 3 146 021
Profit/Loss (-) after financials	- 3 532 773	- 11 877 649	- 9 528 603	- 24 460 954
Taxes	- 56 818	-	- 31 981	-
Net Income for the period	- 3 589 591	- 11 877 649	- 9 560 584	- 24 460 954
Related to:				
Parent Company Shareholders	- 3 267 595	- 11 877 649	- 8 491 201	- 24 460 954
Minority interest	- 321 996	-	- 1 069 383	-

Balance sheet – Group

ASSETS	2016-06-30	2015-06-30	2015-12-31
Fixed assets			
<i>Intangible fixed assets</i>			
Balanced expenses for research and development	1 324 816	2 631 401	1 973 324
Concessions, patents, licenses, trademarks and similar rights	0	13 740 693	0
Goodwill	51 792 324	0	54 489 172
Total intangible fixed assets	53 117 140	16 372 094	56 462 496
<i>Tangible fixed assets</i>			
Inventories	14 386 729	284 024	15 222 964
Total tangible fixed assets	14 386 729	284 024	15 222 964
<i>Financial fixed assets</i>			
Other long term interests	300 000	600 000	300 000
Total financial fixed assets	67 803 869	17 256 118	71 985 460
<i>Current Assets</i>			
Current receivables			
Trade receivables	2 241 205	37 097 500	859 996
Tax receivables	10 812	10 812	6 996
Other receivables	658 190	17 745 271	2 462 502
Prepaid cost and accrued income	946 028	639 939	676 896
Total current receivables	3 856 235	55 493 522	4 006 390
Cash and bank balances	1 333 941	78 916	2 754 266
Total current assets	5 190 176	55 572 438	6 760 656
TOTAL ASSETS	72 994 045	72 828 556	78 746 116

Balance sheet – Group

EQUITY AND LIABILITIES	2016-06-30	2015-06-30	2015-12-31
<i>Fixed Equity</i>			
<i>Issued and paid-up-share capital</i>	11 710 761	29 982 351	56 770 374
Ongoing rights issue	0	7 603 955	0
Sum fixed equity	11 710 761	37 586 306	56 770 374
<i>Unrestricted equity</i>			
Share premium reserve	158 956 199	102 975 712	111 994 149
Free reserves	-135 538 924	-78 559 859	-76 916 470
Net profit/loss of the period	-9 560 584	-24 460 954	-59 225 310
Minority interest	32 297 222	0	33 568 535
Sum unrestricted equity	46 153 913	-45 101	9 420 904
Total equity	57 864 674	37 541 205	66 191 278
<i>Non-current liabilities</i>			
<i>Other non-current liabilities</i>	1 085 057	4 749 514	1 583 384
Total non-current liabilities	1 085 057	4 749 514	1 583 384
<i>Current liabilities</i>			
<i>Liabilities to credit institutions</i>	0	4 965 136	0
Trade creditors	6 890 781	10 636 850	7 047 065
Other current liabilities	5 470 408	10 417 737	2 269 994
Accrued expenses and deferred income	1 683 125	4 518 114	1 654 395
Total current liabilities	14 044 314	30 537 837	10 971 454
TOTAL EQUITY AND LIABILITIES	72 994 045	72 828 556	78 746 116

Changes in Equity - Group

Group	6 months jan-jun 2016	6 months jan-jun 2015	12 months jan-dec 2015	12 months jan-dec 2014
Total equity at the beginning of the period	66 191 278	23 506 691	23 506 691	11 775 359
Change in share issues	-45 059 613	19 857 033	39 041 101	3 803 557
Change in share premium reserve	46 962 050	23 433 526	34 943 411	42 319 643
Cost of new issues	-50 070	-4 795 091	-4 958 050	-2 313 420
Acc translation difference	-618 387		-685 100	
Profit or loss for the period	-9 560 584	-24 460 954	-59 225 310	-32 078 448
Minority interest	32 297 222		33 568 535	
Total equity at the end of the period	57 864 674	37 541 205	66 191 278	23 506 691

Cash Flow Statement – Group

GROUP CONSOLIDATED STATEMENT OF CASH FLOW (SEK)	3 months 1 apr - 30 jun 2016	3 months 1 apr - 30 jun 2015	6 months 1 jan - 30 jun 2016	6 months 1 jan - 30 jun 2015
<i>Operating activities</i>				
Net Income	- 3 532 773	- 11 877 649	- 9 528 603	- 24 460 954
Adjustments to reconcile net income to cash	1 540 588	2 484 596	3 746 041	4 697 629
Adjusted Income	- 1 992 185	- 9 393 053	- 5 782 562	- 19 763 325
Cash flow from current operations before changes in working capital	- 1 992 185	- 9 393 053	- 5 782 562	- 19 763 325
<i>Cash flow from changes in working capital</i>				
Increase(-)/Decrease(+) in operating receivables	- 69 128	- 13 678 053	149 778	- 10 470 472
Increase(-)/Decrease(+) in operating liabilities	1 291 635	- 8 474 877	2 479 431	- 2 478 989
Cash flows from operating activities	- 769 678	- 31 545 983	- 3 153 353	- 32 712 786
<i>Investing activities</i>				
Acquisition of subsidiary	-	-	-	-
Investments in intangible assets	-	51 869	-	-
Investments in tangible assets	-	-	-	-
Cash flow from investing activities	-	51 869	-	-
<i>Financing activities</i>				
Share issue	-	43 303 970	1 783 098	43 303 970
Cost of new issues	-	4 364 091	50 070	4 795 091
Borrowings	-	9 597 940	-	10 000 000
Cash flow from financing activities	-	29 341 939	1 733 028	28 508 879
Cash flow for the period	- 769 678	- 2 152 175	- 1 420 325	- 4 203 907
Cash and cash equivalents, beginning of period	2 103 619	2 231 091	2 754 266	4 282 823
Cash and cash equivalents, end of period	1 333 941	78 916	1 333 941	78 916

Income Statement – Parent Company

	3 months 1 apr - 30 jun 2016	3 months 1 apr - 30 jun 2015	6 months 1 jan - 30 jun 2016	6 months 1 jan - 30 jun 2015
Revenues				
Net Revenue	11 551	11 547	423 101	23 096
Other Income	174	4 836	174	3 994
Total Revenues	11 725	16 383	423 275	19 102
Operating Expenses				
Direct cost of goods sold	12 202	436 374	7 064	1 052 691
Other External costs	612 270	3 741 713	1 251 564	5 977 040
Personnel costs	29 456	20 088	58 912	24 525
Depreciation	332 374	333 403	664 748	666 806
Other operating expenses	196	476	1 695	7 583
Total operating expenses	962 094	4 490 926	1 969 855	7 679 595
Operating profit/loss (-)	950 369	4 474 543	1 546 580	7 660 493
Financials				
Write down of long term assets	-	-	-	-
Other interest income and similar profit/loss	243	29	112	33
Other interest expenses and similar profit/loss	118 655	1 387 556	157 694	3 038 041
Financials, net	118 898	1 387 585	157 806	3 038 008
Profit/Loss (-) after financials	1 069 267	5 862 128	1 704 386	10 698 501
Taxes	-	-	-	-
Net Income for the period	1 069 267	5 862 128	1 704 386	10 698 501

Balance sheet – Parent Company

ASSETS	2016-06-30	2015-06-30	2015-12-31
<i>Fixed Assets</i>			
<i>Intangible fixed assets</i>			
Balance expenses for research and development	1 274 257	2 544 260	1 909 259
Total intangible fixed assets	1 274 257	2 544 260	1 909 259
<i>Tangible fixed assets</i>			
Inventories	112 736	174 286	142 482
Total tangible fixed assets	112 736	174 286	142 482
<i>Financial fixed assets</i>			
Subsidiary shares	48 000 000	35 710 539	48 000 000
Other long term assets	300 000	600 000	300 000
Total financial fixed assets	48 300 000	36 310 539	48 300 000
Total fixed assets	49 686 993	39 029 085	50 351 741
<i>Current Assets</i>			
<i>Current receivables</i>			
Trade receivables	14 438	-	14 438
Receivables from group companies	6 162 240	22 644 048	1 293 750
Other receivables	165 722	16 977 400	1 691 827
Prepaid cost and accrued income	673 040	411 940	422 400
Total current receivables	7 015 440	40 033 388	3 422 415
Cash and bank balances	13 537	61 545	773 658
Total current assets	7 028 977	40 094 933	4 196 073
TOTAL ASSETS	56 715 970	79 124 018	54 547 814

Balance sheet – Parent Company

Equity and Liabilities	2016-06-30	2015-06-30	2015-12-31
Equity			
<i>Fixed Equity</i>			
Issued and paid-up-share capital (1 17 106 943 shares)	11 710 695	29 982 351	56 770 374
Ongoing rights issue	0	7 603 955	0
Sum fixed equity	11 710 695	37 586 306	56 770 374
<i>Unrestricted equity</i>			
Share premium reserve	159 522 026	102 975 712	112 679 249
Retained earnings	-128 108 767	-58 487 857	-58 650 816
Net profit/loss of the period	-1 704 386	-10 698 501	-69 407 881
Sum unrestricted equity	29 708 873	33 789 354	-15 379 448
Total equity	41 419 568	71 375 660	41 390 926
<i>Current liabilities</i>			
Trade creditors	804 446	4 374 411	932 825
Liabilities to group companies	9 382 231	0	11 473 933
Other current liabilities	4 420 487	4 799	89 972
Accrued expenses and deferred income	689 238	3 369 148	660 158
Total current liabilities	15 296 402	7 748 358	13 156 888
TOTAL EQUITY AND LIABILITIES	56 715 970	79 124 018	54 547 814

Changes in Equity – Parent Company

Parent	6 months jan-jun 2016	6 months jan-jun 2015	12 months jan-dec 2015	12 months jan-dec 2014
Total equity at the beginning of the period	41 390 926	43 565 281	43 565 281	20 703 231
Change in share issues	-45 059 613	19 857 033	39 041 101	3 803 557
Change in share premium reserve	46 842 711	23 446 938	33 150 475	42 317 158
Cost of new issues	-50 070	-4 795 091	-4 958 050	-2 313 420
Profit or loss for the period	-1 704 386	-10 698 501	-69 407 881	-20 947 730
Total equity at the end of the period	41 419 568	71 375 660	41 390 926	43 565 281

Cash Flow Statement – Parent Company

CASH FLOW STATEMENT, PARENT COMPANY (SEK)	3 months 1 apr - 30 jun 2016	3 months 1 apr - 30 jun 2015	6 months 1 jan - 30 jun 2016	6 months 1 jan - 30 jun 2015
<i>Operating activities</i>				
Net Income	- 1 069 267	- 5 862 128	- 1 704 386	- 10 698 501
Adjustments to reconcile net income to cash	332 374	333 404	664 748	666 807
Adjusted Income	- 736 893	- 5 528 724	- 1 039 638	- 10 031 694
Cash flow from current operations before changes in working capital	- 736 893	- 5 528 724	- 1 039 638	- 10 031 694
<i>Cash flow from changes in working capital</i>				
Increase(-)/Decrease(+) in operating receivables	- 4 750 749	- 14 569 088	- 3 593 025	- 8 167 383
Increase(-)/Decrease(+) in operating liabilities	5 074 973	- 14 837 553	2 139 514	- 7 550 895
Cash flows from operating activities	- 412 669	- 34 935 365	- 2 493 149	- 25 749 972
<i>Investing activities</i>				
Shareholders contributions paid	-	- 6 000 139	-	- 15 000 139
Acquisition of subsidiary	-	-	-	-
Acquisition of intangible assets	-	-	-	51 869
Acquisition of tangible assets	-	-	-	-
Cash flow som investing activities	-	- 6 000 139	-	- 15 052 008
<i>Financing activities</i>				
Share issue	-	43 303 970	1 783 098	43 303 970
Cost of new issues	-	- 4 364 091	- 50 070	- 4 795 091
Cash flow from financing activities	-	38 939 879	1 733 028	38 508 879
Cash flow for the period	- 412 669	- 1 995 625	- 760 121	- 2 293 101
Cash and cash equivalents, beginning of period	426 206	2 057 170	773 658	2 354 646
Cash and cash equivalents, end of period	13 537	61 545	13 537	61 545

