

Quarterly report 1

Mavshack AB (publ)

Company code: 556721-5388

Period: 2014-01-01 – 2014-03-31



Quarterly report for 2014-01-01 – 2014-03-31

The Board and the President & CEO of Mavshack AB (publ) hereby submit the following quarterly report for 2014-01-01 - 2014-03-31.

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All amounts, unless otherwise are stated in SEK.

GENERAL COMMENTS

| Result for the company group (TSEK) | 2014-03-31 | 2013-03-31 |
|--|-------------------|-------------------|
| Operating revenues | 5 358 | 1 117 |
| Operating result | -13 091 | -1 438 |
| Profit after financial items | -13 115 | -1 438 |
| Total assets | 34 357 | 9 686 |

Number of shares: 622 226 465

Result per share amounts to -0,02 SEK

Significant events during the first quarter 2014:

- Contract signed with Indiacast
- Contract signed with Rajshri Digital
- Contract signed with Gold Mine Telefilms
- Contract signed with Wings Media (Shanghai Media Group)
- Private placement amounting to SEK 5,6 m to a group of Finnish investors
- Private placement amounting to SEK 18 m to US-based institutional investors

Significant events after the first quarter:

- The Annual General Meeting elects three new Directors of the Board; Johan Gorecki, Christer Enqvist och Jonas Litborn
- The Annual General Meeting decides to carry out a reversed split, whereby 20 old shares gives one new.

Upcoming report dates

The half year report will be published on July 18 2014

Quarterly report three will be published on October 17 2014

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CEO comments

The first quarter started in the same expansionary pace as 2013 ended. Mavshack's goal for the first quarter was 500 000 registered users and the goal was achieved by far; the number of registered users landed on over 515 000 as of March 31. This means that we had a growth of over 150 percent for the first quarter.

Sales for the first quarter reached SEK 5.4 m, which is an increase of about 170 percent compared to the previous quarter. This means that the average income has gone up from SEK 10 to SEK 11 per user and quarter, compared to the previous quarter. Our efforts to bring up the numbers of users will of course continue, but work will also be done to increase the average revenue per user for the next quarter. In order to achieve that, we will intensify our marketing campaigns in the coming spring/summer of 2014.

In the first quarter, we invested over SEK 10 m in Mavshack's brand through different marketing campaigns, particularly in our key markets India, the Philippines, the U.S. and Britain. Mavshack will continue to build a strong global brand, and in order to do this, the company will continue its ambitious marketing investments. The main strategy is to focus on targeted marketing campaigns where you reach end users directly.

With the marketing efforts up till now, Mavshack have managed to consolidate its position as a major player in the Internet television field, which has been a necessity in order to close all the major content agreements that we have, especially on the Indian market. We are therefore now not only the world's largest subscriptions-based Internet television service for Filipinos but also on Indian content and we will have over 9,400 Indian titles on mavshack.com shortly. This compared to our closest competitor with their approximately 3000 titles.

Furthermore, our increased presence on these markets opened up for new potential partners which means that we will be able to present several exciting cooperation agreements within short.

The interest in Mavshack remains high among investors, especially from abroad, and therefore we have been able to make two private placements, both towards U.S funds and to other foreign investors. For this reason, the Board of Directors has decided that the listing should be transferred to the NASDAQ OMX First North and we will also begin the process towards a listing on SGX (Singapore Stock Exchange). The first step will start immediately, provided that Mavshack's application is approved, we expect the listing to be moved to NASDAQ OMX First North, by the last week of May.

Mavshack will adapt its communication for the upcoming list changes, therefore we will not communicate the number of registered users per month, but instead offer faster quarterly reporting.

For 2014, our goal is to reach 2,000,000 registered users. We will put an even greater focus on driving revenue per registered user and see great opportunities to increase it from its current level.

I and the rest of the Mavshack team look forward to a busy next quarter.

Jonas Litborn
President and CEO

| Group income statement | 2014-01-01 | 2013-01-01 | 2013-01-01 |
|---|--------------------|--------------------|--------------------|
| SEK | -2014-03-31 | -2013-03-31 | -2013-12-31 |
| Net revenues | 5 167 147 | 1 113 912 | 5 081 117 |
| Other income | 190 600 | 3 619 | 351 348 |
| <i>Total revenues</i> | 5 357 747 | 1 117 531 | 5 432 465 |
| Direct cost of goods sold | -2 787 156 | -582 195 | -4 251 532 |
| Other external costs | -12 990 670 | -411 837 | -8 460 159 |
| Personnel costs | -1 691 402 | -704 596 | -3 466 892 |
| Depreciation | -721 131 | -668 450 | -2 730 705 |
| Other operating expenses | -258 123 | -23 480 | -367 225 |
| <i>Operating expenses</i> | -18 448 482 | -2 390 558 | -19 276 513 |
| Operating profit/ loss | -13 090 735 | -1 273 027 | -13 844 048 |
| <i>Result from financial investments</i> | | | |
| Other interest income and similar profit/loss items | 34 | 1 | 17 603 |
| Other interest expenses and similar profit/loss items | -24 549 | -165 031 | -195 084 |
| <i>Result from financial investments</i> | -24 515 | -165 030 | -177 481 |
| Profit/ loss after financial investments | -13 115 250 | -1 438 057 | -14 021 529 |
| Tax on result from ordinary activities | 0 | 0 | 0 |
| NET PROFIT/ LOSS FOR THE YEAR | -13 115 250 | -1 438 057 | -14 021 529 |

Group consolidated balance sheet

SEK

2014-03-31

2013-03-31

2013-12-31

ASSETS

Fixed assets

Intangible fixed assets

 Balanced expenses for reasearch
 and development

3 551 064

3 709 112

3 221 822

Patent

13 919

32 474

18 557

Goodwill

471 781

2 103 036

879 594

Total intangible fixed assets
4 036 764
5 844 621
4 119 973

Tangible fixed assets

Inventories

338 825

177 562

308 085

Total tangible fixed assets
338 825
177 562
308 085

Financial fixed assets

Other longterm interests

600 000

600 000

600 000

Total financial fixed assets
4 975 589
6 622 183
5 028 058

Current receivables

Trade receivables

7 423 289

1 395 884

4 019 505

Other receivables

995 774

625 806

1 952 786

Prepaid cost and accrued income

3 865 327

941 414

834 573

12 284 390
2 963 104
6 806 864

Cash and bank balances

17 096 807

101 064

3 558 230

Total current assets
29 381 197
3 064 168
10 365 094
Total assets
34 356 786
9 686 351
15 393 152

Group consolidated balance sheet

SEK

2014-03-31

2013-03-31

2013-12-31

EQUITY AND LIABILITIES
Equity
Fixed Equity

| | | | |
|---|-------------------|-------------------|-------------------|
| Issued and paid-up-share capital (527 677 277 shares) | 15 555 661 | 9 701 230 | 13 191 932 |
| On going rights issue | 0 | 874 412 | 733 784 |
| Sum fixed equity | 15 555 661 | 10 575 642 | 13 925 716 |

Unrestricted equity

| | | | |
|--------------------------------|------------------|-------------------|-------------------|
| Legal reserve | 58 101 084 | 17 182 647 | 36 107 830 |
| Retained earnings | -39 538 646 | -23 003 342 | -24 236 658 |
| Net profit/loss current year | -13 115 250 | -1 438 057 | -14 021 529 |
| Sum unrestricted equity | 5 447 188 | -7 258 752 | -2 150 357 |

| | | | |
|---------------------|-------------------|------------------|-------------------|
| Total equity | 21 002 849 | 3 316 890 | 11 775 359 |
|---------------------|-------------------|------------------|-------------------|

Long-term liabilities

| | | | |
|------------------------------------|----------|----------------|----------|
| Other long-term liabilities | 0 | 122 832 | 0 |
| Total long-term liabilities | 0 | 122 832 | 0 |

Current liabilities

| | | | |
|--------------------------------------|-------------------|------------------|------------------|
| Trade creditors | 11 039 502 | 1 487 179 | 1 624 571 |
| Other current liabilities | 1 165 885 | 3 932 451 | 478 970 |
| Accrued expenses and deferred income | 1 148 550 | 826 999 | 1 514 252 |
| Total current liabilities | 13 353 937 | 6 246 629 | 3 617 793 |

| | | | |
|-------------------------------------|-------------------|------------------|-------------------|
| TOTAL EQUITY AND LIABILITIES | 34 356 786 | 9 686 351 | 15 393 152 |
|-------------------------------------|-------------------|------------------|-------------------|

ITEMS

| | | | |
|-------------|-----|-----|-----|
| Pledges | Non | Non | Non |
| Liabilities | Non | Non | Non |

| Parent income statement | | 2014-01-01 | 2013-03-01 | 2013-01-01 |
|---|-----|--------------------|-------------------|--------------------|
| SEK | Not | -2014-03-31 | 2013-03-31 | 2013-12-31 |
| Net revenues | | 3 191 | 2 387 | 566 191 |
| Other income | | 78 894 | 176 807 | 82 438 |
| <i>Total revenues</i> | | 82 085 | 179 194 | 648 629 |
| Direct cost of goods sold | | -402 055 | -210 339 | -783 656 |
| Other external costs | | -1 440 868 | -366 002 | -3 618 238 |
| Personnel costs | | -1 540 889 | -579 405 | -3 055 203 |
| Depreciation | | -291 718 | -249 869 | -1 035 892 |
| Other operating expenses | | -4 637 | -2 334 | -7 822 |
| <i>Operating expenses</i> | | -3 680 166 | -1 407 949 | -8 500 811 |
| Operating profit/ loss | | -3 598 081 | -1 228 754 | -7 852 182 |
| <i>Result from financial investments</i> | | | | |
| Deprecation of subsidiary shares | | 0 | 0 | -4 850 000 |
| Other interest income and similar profit/loss items | | 31 | 1 | 17 454 |
| Other interest expenses and similar profit/loss items | | -24 474 | -86 106 | -64 803 |
| <i>Result from financial investments</i> | | -24 443 | -86 105 | -4 897 349 |
| Profit/ loss after financial investments | | -3 622 524 | -1 314 859 | -12 749 530 |
| Tax on result from ordinary activities | | 0 | 1 | 53 126 |
| NET PROFIT/ LOSS FOR THE YEAR | | -3 622 524 | -1 314 858 | -12 696 404 |

Parent company balance sheet

SEK

2014-03-31
2013-03-31
2013-12-31
ASSETS
Fixed assets
Intangible fixed assets

 Balanced expenses for research
 and development

3 406 233

3 656 477

3 465 453

Total intangible fixed assets
3 406 233
3 656 477
3 465 453
Tangible fixed assets

Inventories

174 902

89 898

186 979

Total tangible fixed assets
174 902
89 898
186 979
Financial fixed assets

Subsidiary shares

8 723 944

8 723 944

8 723 944

Other long term assets

600 000

600 000

600 000

Total financial fixed assets
9 323 944
9 323 944
9 323 944
Total fixed assets
12 905 079
13 070 319
12 976 376
Current receivables

Trade receivables

73 750

0

62 500

Receivables from group companies

13 540 218

1 681 667

5 436 894

Other receivables

728 329

271 451

1 015 637

Prepaid cost and accrued income

322 024

250 923

333 059

14 664 321
2 204 041
6 848 090
Cash and bank balances

16 316 401

100 406

3 491 491

Total current assets
30 980 722
2 304 447
10 339 581
Total assets
43 885 801
15 374 766
23 315 957

Parent company balance sheet

SEK

2014-03-31
2013-03-31
2013-12-31
EQUITY AND LIABILITIES
Equity
Fixed Equity

| | | | |
|---|-------------------|-------------------|-------------------|
| Issued and paid-up-share capital (622 226 465 shares) | 15 555 661 | 9 701 230 | 13 191 932 |
| On going rights issue | 0 | 874 412 | 733 784 |
| <i>Sum fixed equity</i> | 15 555 661 | 10 575 642 | 13 925 716 |

Unrestricted equity

| | | | |
|---------------------------------------|-------------------|----------------|------------------|
| Legal reserve | 58 101 084 | 17 182 647 | 36 107 830 |
| Retained earnings | -30 610 771 | -15 747 469 | -16 580 785 |
| Net profit/loss current year | -3 622 524 | -1 314 859 | -12 749 530 |
| <i>Sum unrestricted equity</i> | 23 867 789 | 120 319 | 6 777 515 |

Total equity
39 423 450
10 695 961
20 703 231
Long-term liabilities

| | | | |
|---|----------|----------------|----------|
| Other long-term liabilities | 0 | 122 832 | 0 |
| <i>Total long-term liabilities</i> | 0 | 122 832 | 0 |

Current liabilities

| | | | |
|---|------------------|------------------|------------------|
| Trade creditors | 2 015 559 | 1 297 059 | 762 388 |
| Liabilities to group companies | 389 815 | 71 570 | 561 040 |
| Other current liabilities | 1 026 884 | 2 623 733 | 252 744 |
| Accrued expenses and deferred income | 1 030 093 | 563 611 | 1 036 554 |
| <i>Total current liabilities</i> | 4 462 351 | 4 555 973 | 2 612 726 |

TOTAL EQUITY AND LIABILITIES
43 885 801
15 374 766
23 315 957
ITEMS

| | | | |
|-------------|-----|--|-----|
| Pledges | Non | | Non |
| Liabilities | Non | | Non |

Accounting and valuation principles

General

The same accounting principles have been used in this report as in the latest annual report. The financial report has been prepared in accordance with the Swedish Annual Accounts Act and Accounting Standards Board.

Group relations

Information on subsidiaries

The Company is the parent company to Tradix AB (556476-5740), Mavshack Movies AB (556705-2211), and 24h Technologies Manila, Inc. (CS201019134).

Consolidated accounting

Scope

The consolidated financial statements include the parent company and the subsidiaries in which the Parent Company directly or indirectly owns more than 50% of the votes, and associates in which the parent company owns shares representing at least 20% but less than 50 % of votes.

Accounting Method

The consolidated financial statements have been prepared using the purchase method. This means that a subsidiary's assets and liabilities are included at market value, which formed the basis for determining the purchase price of the shares. The difference between the purchase price and the acquired company's equity is recorded as goodwill. Consolidated shareholders ' equity includes the parent company Equity and the portion of the subsidiary equity arising after the acquisition of these companies.

Fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses.

Intangible and tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses. Linear depreciation is provided on the depreciable amount (cost less estimated residual value) over their estimated useful lives as follows:

| | |
|--|-----------|
| Capitalized research and development work and similar work | 3-5 years |
| Goodwill | 5 years |
| Equipment, tools and installations | 5 years |

The auditors have not reviewed this quarterly report.

Stockholm April 16, 2014

Fredric Forsman
Chairman of the Board

Christer Enqvist

Johan Gorecki

Per Hellberg

Ulf Nilsson

Jonas Litborn
President and CEO