

Press release  
12 May, 2015

### **Additional information regarding Mavshacks sales and revenue accounting**

*Mavshack AB (publ) (further referred to as "Mavshack" or the "Company") published on April 29, 2015 its Interim Report for the first quarter of 2015. The Company's objective with this press release is to provide additional information regarding the Company's sales and revenue accounting.*

For the first quarter of 2015, Mavshack reported sales of SEK 0.3 million, which compares with SEK 5.4 million in the first quarter of 2014 and SEK 50.9 million for the full year 2014. The majority of sales are made through the sale of PrePaid cards to distributors, while a smaller proportion is done through direct online sales. The PrePaid cards are resold by distributors to end consumers which in turn uses the codes on the cards to access the Mavshack streaming service for a pre-determined time period. The decline in sales in the first quarter of 2015 is mainly due to non-existing sales of larger quantities of such PrePaid cards.

The Year-end report for 2014 stated that sales during the year were 95 percent done through distributors and 5 percent through online subscriptions. Sales to distributors were made through a total of seven major orders. It can be noted that the actual credit periods for almost all of these orders significantly exceeded the agreements. Despite this, the Company has not established any credit losses, but the outstanding receivables that have been adjusted have been adjusted at a later date. To this date the Company still has outstanding receivables, which have not been settled

The largest of the major sales orders of PrePaid cards that were made in 2014 amounted to SEK 21 million, and occurred during the third quarter of 2014 to a distributor in the Philippines. These PrePaid cards were intended for a major campaign around the Pope's visit to the Philippines in January 2015. The campaign's outcome was substantially worse than what the Filipino company estimated which is why Mavshack during the first quarter of 2015 took the initiative to carry over the unused PrePaid cards and commitments to another Filipino partner. A payment plan which extends to the third quarter of 2015 was established with this new partner. A first installment under the plan was received in April. The plan includes a total of six periodic installments, one of which has been carried out and five remaining. The amount of the remaining installment payments is reflective of the timetable for the planned sale of the PrePaid cards to end consumers. Mavshack has concluded that there is no need to write down this outstanding receivable.

Another significant outstanding receivable from major order in 2014 is an Indian company, which bought a large volume of PrePaid subscriptions (known as "vouchers"). This outstanding receivable, which amounts to SEK 16.8 million, is being negotiated at the same time as a number of sales and marketing plans are implemented. During the second quarter of 2015, the sale of these vouchers has begun to consumers in the Middle East. Mavshacks subscriptions sold in this case, primarily through the bundle sales in which subscriptions are bundled with other products, such as mobile phones, tablets, TVs, set-top boxes and computers. In light of the distributor's activities and the dialogue on the framework surrounding the payment plan, Mavshack assessment is that there is no need to write down the outstanding receivable.

The other five major orders obtained in 2014 have been settled in full.

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### **About Mavshack AB**

Mavshack runs one of the world's fastest growing Internet TV services, providing Asian entertainment to audiences worldwide. The service is accessible via internet-connected device and currently have users in more than 80 countries. Through agreements with Asia's leading content providers, and currently offering the largest media library of Filipino and Indian titles, Mavshack is the obvious place for Asian entertainment in local languages.

Mavshack is a Swedish company listed on NASDAQ First North under the ticker MAV. Certified Adviser is Erik Penser Bankaktiebolag. More information about the company is available at [www.mavshack.se](http://www.mavshack.se).

Mavshack has learned the lesson of how these types of outstanding receivables occur and have therefore decided to try a different sales model for sales in which Mavshack provides a stock of PrePaid cards to each distributor, and the distributor are in turn charged when this stock is sold. In practice this means that Mavshack invoice the distributor for subscriptions purchased by the end consumers on a monthly bases.

This new way of selling subscriptions via PrePaid cards and vouchers means lower revenue for Mavshack at each invoice date. The large sales of PrePaid card that were made in 2014 means that there are still large stocks of cards at distributors which have yet to be transferred to final consumers. This is estimated to have a negative impact on sales during 2015. Mavshack does however conclude that the prospects are good that payment for the outstanding receivables relating to these orders will be paid during the year, which in that case will have a positive effect on the Company's cash flow and reduce outstanding receivables.

The decline in share price that followed the interim report's publication 29 April 2015 resulted in that Mavshack was forced to change the funding that the Share Issue was intended to deal with, which also led to a trading halt of the share. The financing solution now being proposed is presented in a separate press release.

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