

Interim Report

Period: April – June 2014



mavshack
LOCAL CONTENT ONLINE

Summary of second quarter, 2014

- Net sales for the period amounted to SEK 9.2 million (0.9 million)
- Operating profit for the period amounted to SEK -14.9 million (-3.9 million)
- Profit after tax amounted to SEK -14.9 million (-3.9 million)
- Earnings per share amounted to SEK -0.47 (-0.18)

Key figures

	Q2 2014	Q2 2013	FY 2013	FY 2012
Total liabilities (KSEK)	31 366	13 135	23 285	15 458
Solvency (%)	26	71	77	16
Earnings per share before dilution (SEK)	-0,48	-0,18	-0,53	-0,45
Earnings per share after dilution (SEK)	-0,44	-0,16	-0,44	-0,42
Number of shares before dilution	31 458 545	21 151 284	26 383 864	17 402 460
Number of shares after dilution	33 958 545	23 651 284	31 383 864	18 902 460

About Mavshack AB

Mavshack runs one of the world's fastest growing Internet TV service with Asian movies in HD, music videos and TV shows without commercials. The service is accessible from any Internet-connected device at a low monthly fee and based on streaming technology. Already today Mavshack has the largest library of Filipino and Indian titles and has signed an agreement with Asia's leading content providers. Mavshack is a Swedish company listed on OMX Nasdaq First North under the ticker MAV. Certified Adviser is Erik Penser AB. More information about the company is available at www.mavshack.se.

CEO's Comment

The quarter has gone by in a rapid pace with hard work and a favourable development for Mavshack. We have increased the number of titles, especially from Bollywood, increased the number of registered users and additionally increased revenue per user from 10 to 13 SEK. Meanwhile, we have done a number of very important recruitments and since June 16 listed we are on NASDAQ OMX First North.

We end the quarter with over 780,000 registered users and abide by the previously announced goal of reaching 2 million registered users by year-end. An equally important goal is to increase profitability per user and the prospect for this looks very good, as mentioned above, from 10 to 13 SEK per user.

A prerequisite for achieving our goal is to continue to develop the service and increase the content with new titles, which is an on-going work. Our strategic partnerships have proven very successful for customer acquisition, especially the collaboration with INOX, India's second largest cinema chain and Mineski, one of the largest Filipino gaming sites.

The development of Mavshacks technology platforms continues at an unabated pace. The focus during the past quarter has been the new mobile app that was recently launched. The work on a new website is in full swing and the launch will take place shortly.

We are catching up with the recruitment and have successfully recruited a number of key persons both in India, China and Sweden, especially in sales, marketing and development. We are pleased to have recruited a director of our China operations, a person who will play a key role in Mavshack. In doing so, we are establishing an office in Beijing and thereby intensifying the company's China investment. Additionally, we have recruited a person who will lead our new development office in Växjö, Sweden where parts of future technical developments will occur.

Thanks to our new employees, we expect to get into further knowledge of our respective markets that will benefit Mavshack. Each market is unique and has its particular challenges, cultures, paying methods and digital habits. Our strength is precisely our ability to embrace the unique, adapt to and take maximum advantage of the opportunities that the local conditions implies.

The move from AktieTorget to Nasdaq OMX First North was an important step for Mavshacks opportunities to access capital and thereby finance our expansion, particularly in the Chinese market.

Overall, we are very pleased with this past quarter's work and look forward to a busy autumn.

Stockholm July 18, 2014

Jonas Litborn
CEO, Mavshack AB

Revenue and earnings from April to June

During the period April - June the revenue amounted to SEK 9.5 million, an increase of 955 percent compared to 0.9 million for the corresponding period last year. Revenues consist of a mix of online sales, voucher codes to end users, and direct sales of prepaid voucher codes to distributors and companies.

Operating profit amounted to SEK -15.0 million compared to – 3.9 million for the corresponding period last year. Operating income includes depreciation of SEK 606 thousand. Wage costs amounted to SEK 2.1 million, which was 200 percent higher than the same period last year. Wage costs include costs for subcontractors.

The Parent Company conducts group management and administration and finance for the Group. Sales for the period April - June amounted to SEK 24 thousand and profit before tax amounted to SEK -5.0 million.

Revenue and earnings from January to June

Turnover for the Group during the period January - June amounted to SEK 14.9 million (2.0 million), an increase of 645 percent from the same period last year.

Operating profit was SEK -28.3 million compared to SEK -5.3 for the corresponding period last year. Operating income includes amortization of SEK 1.3 million.

The Parent Company conducts group management and administration and finance for the Group. During the period April to June amounted to 106 dollars and the profit before tax was SEK -8.3 million.

Cash flow and financing

During the period January - June, the Group's cash flow from operating activities was SEK -27.4 million (-3.9) million. Mavshacks liquid assets at the end of the period was SEK 5.3 million, representing an increase of SEK 3.3 million compared to the same period last year.

Number of shares

Numbers of shares at period end amounted to 31,458,545.

Earnings per share

Earnings per share for January - June 2014 amounted to SEK -0.90 (-0.25).

Employees

The average number of employees in Mavshack during the period amounted to 12 (5).

Significant events during the period

- Mavshack signs cooperation agreement with Rebtel, one of the world's leading mobile VoIP providers
- Mavshack signs an affiliate agreement with INOX, India's second largest cinema chain
- Mavshack Philippines enters partnership agreement with large eGaming operator, Mineski
- Mavshack listed at NASDAQ OMX First North
- Mavshack implements a reverse stock split, where 20 shares was merged into one new share

Outlook

Mavshack continues to see excellent opportunities to strengthen the company's position as a leading provider of Internet TV in the Asian market. This will be achieved by strengthening the brand, providing the very best range of Asian films and TV series as well as to intensify marketing and sales activities.

The auditor's examination

This interim report has not been subject to auditor review.

Accounting and valuation principles

The Company applies Accounting Standards Board's pronouncements. If general counsel from Accounting Standards Board is missing, guidance has been obtained from the Accounting Council's recommendations. Accounting and valuation principles are consistent with those applied in the Annual Report for 2013.

Risks and uncertainties

Mavshack's significant risks and uncertainties have been described in the company description drawn up in conjunction with the company's listing on Nasdaq OMX First North in June 2014. No new material risks or uncertainties are considered to have arisen.

Next report

Third quarter interim report will be published on 17 October 2014.

Report from the Board and CEO

The Board and CEO certify that this report gives a true and fair view of Mavshack's financial position and results, and describes the significant risks and safety factors that Mavshack face.

Stockholm 18 July 2014

Mavshack AB
Board of Directors

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After publication, all reports are available on the Company's website: www.mavshack.se

Group income statement (SEK)

	6 months	6 months	3 months	3 months	Full year
	2014-01-01	2013-01-01	2014-04-01	2013-04-01	2013-01-01
Not	-2014-06-30	-2013-06-30	-2014-06-30	-2013-06-30	-2013-12-31
<i>Revenues</i>					
Net revenues	14 374 797	2 036 377	9 207 650	922 465	5 081 117
Other income	533 411	8 762	340 654	5 143	351 348
Total revenues	14 908 208	2 045 139	9 548 304	927 608	5 432 465
<i>Operating expenses</i>					
Direct cost of goods sold	-6 832 820	-1 628 372	-4 228 442	-1 046 177	-4 251 532
Other external costs	-30 582 577	-2 685 794	-17 327 974	-2 273 957	-8 460 159
Personnel costs	-3 825 635	-1 425 037	-2 139 120	-720 441	-3 466 892
Depreciation	-1 327 598	-1 349 261	-606 467	-680 811	-2 730 705
Other operating expenses	-637 389	-47 657	-218 560	-24 177	-367 225
Total operating expenses	-43 206 019	-7 136 121	-24 520 563	-4 745 563	-19 276 513
Operating profit/loss	-28 297 811	-5 090 982	-14 972 259	-3 817 955	-13 844 048
<i>Result som financial investments</i>					
Other interest income and similar profit/loss	11	22	-23	22	17 603
Other interest expenses and similar profit/loss	-24 815	-237 180	-266	-72 149	-195 084
Result from financial investments	-24 804	-237 158	-289	-72 127	-177 481
Profit/loss after financial investments	-28 322 615	-5 328 140	-14 972 548	-3 890 082	-14 021 529

Group consolidated balance sheet (SEK)

	Not	2014-06-30	2013-06-30	2013-12-31
ASSETS				
<i>Fixed assets</i>				
<i>Intangible fixed assets</i>				
Balanced expenses for research and development		3 579 046	3 722 664	3 221 822
Patent		9 281	27 835	18 557
Goodwill		199 730	1 695 222	879 594
Total intangible fixed assets		3 788 057	5 445 721	4 119 973
<i>Tangible fixed assets</i>				
Inventories		392 588	170 421	308 085
Total tangible fixed assets		392 588	170 421	308 085
<i>Financial fixed assets</i>				
Other long term interests		600 000	600 000	600 000
Total financial fixed assets		4 780 645	6 216 142	5 028 058
<i>Current receivables</i>				
Trade receivables		11 408 280	2 681 770	4 019 505
Other receivables		1 435 124	1 657 241	1 952 786
Prepaid cost and accrued income		8 405 718	555 299	834 573
Total current receivables		21 249 122	4 894 310	6 806 864
<i>Cash and bank balances</i>				
		5 336 603	2 024 219	3 558 230
Total current assets		26 585 725	6 918 529	10 365 094
TOTAL ASSETS		31 366 370	13 134 671	15 393 152

Group consolidated balance sheet

(SEK)	Not	2014-06-30	2013-06-30	2013-12-31
EQUITY AND LIABILITIES				
<i>Equity</i>				
<i>Fixed Equity</i>				
Issued and paid-up-share capital		15 729 273	10 575 642	13 191 932
Ongoing rights issue		0	2 128 790	733 784
Sum fixed equity		15 729 273	12 704 432	13 925 716
<i>Unrestricted equity</i>				
Share premium reserve		58 101 084	24 975 179	36 107 830
Free reserves		-37 433 108	-23 003 342	-24 236 658
Net profit/loss of the period		-28 322 615	-5 328 140	-14 021 529
Sum unrestricted equity		-7 654 639	-3 356 303	-2 150 357
Total equity		8 074 634	9 348 129	11 775 359
<i>Current liabilities</i>				
Trade creditors		14 632 461	1 895 892	1 624 571
Other current liabilities		5 409 503	939 983	478 970
Accrued expenses and deferred income		3 249 772	950 667	1 514 252
Total current liabilities		23 291 736	3 786 542	3 617 793
TOTAL EQUITY AND LIABILITIES		31 366 370	13 134 671	15 393 152
ITEMS				
Pledges		Non	Non	Non
Liabilities		Non	Non	Non

**Group consolidated statement
of cash flow
(SEK)**

Not	2014-01-01 - 2014-06-30	2013-01-01 - 2013-06-30	2013-01-01 - 2013-12-31
Operating activities			
Result from financial investments	-28 322 615	-5 328 140	-14 021 529
Adjustments to reconcile net income to cash	927 598	1 349 261	2 730 705
	-27 395 017	-3 978 879	-11 290 824
Tax paid	-14 558	0	0
Cash flow from current operations before changes in working capital	-27 409 575	-3 978 879	-11 290 824
Cash flow from changes in working capital			
Changes in working capital	5 246 243	-6 606 454	-8 687 757
Cash flows from operating activities	-22 163 332	-10 585 333	-19 978 581
Investing activities			
Investments in intangible assets	-557 185	-674 770	-702 160
Investments in tangible assets	-123 000	0	-165 970
Cash flow som investing activities	-680 185	-674 770	-868 130
Financing activities			
Share issue	24 621 890	13 283 772	24 404 391
Cash flow from financing activities	24 621 890	13 283 772	24 404 391
Cash flow for the period	1 778 373	2 023 669	3 557 680
Cash and cash equivalents, beginning of period	3 558 230	550	550
Cash and cash equivalents, end of period	5 336 603	2 024 219	3 558 230

Group consolidated statement of changes in equity (SEK)

	Not	Share capital	Free reserves	Net profit/loss of the period
Balance as per 2014-01-01		13 191 932	12 604 956	-14 021 529
Retained earnings			-14 021 529	14 021 529
Share issue		2 537 341	22 084 549	
Net profit/loss of the period				-28 322 615
Balance as per 2014-06-30		15 729 273	20 667 976	-28 322 615

Parent income statement (SEK)

	6 months 2014-01-01 2014-06-30	6 months 2013-01-01 2013-06-30	3 months 2014-04-01 2014-06-30	3 months 2013-04-01 2013-06-30	Full year 2013-01-01 2013-12-31
Not					
<i>Revenues</i>					
Net revenues	4 463	325 576	1 272	150 001	566 191
Other income	102 488	8 762	23 594	5 143	82 438
Total revenues	106 951	334 338	24 866	155 144	648 629
<i>Operating expenses</i>					
Direct cost of goods sold	-774 645	-369 008	-430 753	-158 669	-783 656
Other external costs	-3 636 884	-2 180 416	-2 471 113	-1 812 080	-3 618 238
Personnel costs	-3 357 817	-1 166 193	-1 821 815	-586 788	-3 055 203
Depreciation	-603 837	-507 488	-312 119	-257 619	-1 035 892
Other operating expenses	-13 662	0	-9 025	0	-7 822
Total operating revenues	-8 386 845	-4 223 105	-5 044 826	-2 815 156	-8 500 811
Operating profit/loss	-8 279 894	-3 888 767	-5 019 960	-2 660 012	-7 852 182
<i>Result from financial investments</i>					
Depreciation of shares in group companies	0	0	0	0	-4 850 000
Other interest income and similar profit/loss items	0	9	-31	8	17 454
Other interest expenses and similar profit/loss items	-24 736	-107 236	-262	-21 130	-64 803
Result from financial investments	-24 736	-107 227	-293	-21 122	-4 897 349
Profit/loss after financial investments	-8 304 630	-3 995 994	-5 020 253	-2 681 134	-12 749 530

Parent company balance sheet (SEK)

	2014-06-30	2013-06-30	2013-12-31
ASSETS			
<i>Fixed assets</i>			
<i>Intangible fixed assets</i>			
Balance expenses for research and development	3 445 753	3 587 186	3 465 453
Total intangible fixed assets	3 445 753	3 587 186	3 465 453
<i>Tangible fixed assets</i>			
Inventories	216 006	84 070	186 979
Total tangible fixed assets	216 006	84 070	186 979
<i>Financial fixed assets</i>			
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	12 985 703	12 995 200	12 976 376
<i>Current receivables</i>			
Trade receivables	73 750	0	62 500
Receivables from group companies	25 837 814	4 034 851	5 436 894
Other receivables	859 539	1 372 135	1 015 637
Prepaid cost and accrued income	274 041	251 837	333 059
Total current receivables	27 045 144	5 658 823	6 848 090
<i>Cash and bank balances</i>	5 252 786	1 935 734	3 491 491
Total current assets	32 297 930	7 594 557	10 339 581
TOTAL ASSETS	45 283 633	20 589 757	23 315 957

Parent company balance sheet (SEK)

Not	2014-06-30	2013-06-30	2013-12-31
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Fixed Equity</i>			
Issued and paid-up-share capital (31.458.545 shares)	15 729 273	10 575 642	13 191 932
Ongoing rights issue	0	2 128 790	733 784
Sum fixed equity	15 729 273	12 704 432	13 925 716
<i>Unrestricted equity</i>			
Share premium reserve	58 101 084	24 975 179	36 107 830
Retained earnings	-28 505 233	-15 747 469	-16 580 785
Net profit/loss of the period	-8 304 630	-3 995 994	-12 749 530
Sum unrestricted equity	21 291 221	5 231 716	6 777 515
Total equity	37 020 494	17 936 148	20 703 231
<i>Current liabilities</i>			
Trade creditors	1 839 326	1 287 645	762 388
Liabilities to group companies	2 480	0	561 040
Other current liabilities	5 208 159	679 858	252 744
Accrued expenses and deferred income	1 213 174	686 106	1 036 554
Total current liabilities	8 263 139	2 653 609	2 612 726
TOTAL EQUITY AND LIABILITIES	45 283 633	20 589 757	23 315 957
ITEMS			
Pledges	Non	Non	Non
Liabilities	Non	Non	Non