

Press release
May 12, 2015

Mavshack: Cancels share issue after guarantors' not fulfilling their commitments - presents a financial package

Summary

The guarantee consortium established in connection with Mavshack's preferential rights issue defaulted when the consortium announced that it would not fulfill its obligations. The announcement came after the sharp decline in Mavshack's share price after the publication of the company's report for the first quarter of 2015. Based on a commercial assessment, Mavshack's Board of Directors decided to take the following measures and introduce a financial package:

- A direct new share issue of SEK 12.9 million which the guarantors sign in order to meet their respective guarantee obligations.
- A directed new share issue of SEK 11.2 million to parties who have both signed for shares without preferential rights in the rights issue and have also paid and been awarded those shares.
- A repair issue of SEK 12.2 million in order for the existing shareholders to restore their pre share issues level.
- Gratuitous " compensation options " corresponding to SEK 3.5 million to those who have signed for shares with subscription rights in the preferential rights issue

Background

Mavshack AB (publ) (further referred to as " Mavshack " or the " Company ") has during the period March 31, 2015 to April 17, 2015 conducted a preferential rights issue offering (" Rights Issue"), through which the shareholders were offered to subscribe for one (1) new share for five (5) old shares at an issue price of SEK 4.50 per new share. Rights Issue could before transaction costs raise a maximum of SEK 31.9 million

An agreement with a guarantee consortium (the " Guarantors ") was entered into in February 2015, according to which the Guarantors undertook to guarantee, in exchange for compensation, to subscribe for shares in the Rights Issue amounting to a total of SEK 27 million.

Of the Rights Issue, SEK 4.6 million was subscribed through subscription rights, SEK 12.6 million were subscribed without subscription rights and the remainder went to the Guarantors in accordance with the obligation undertaken by them in their agreement with the Company.

All shares that were subscribed for with subscription rights were registered with the Swedish Companies Registration Office on April 30, 2015, which led to Mavshack raising SEK 4.6 million. The number of shares increased by 1,025,687 to 36,484 232 as a result of the Rights Issue. The Board of Directors subsequently decided to cancel the Rights Issue and not to register any additional shares of this issuance.

The shares that were subscribed for without subscription rights in the Rights Issue, subscribed for by 33 people, of whom 23 had outstanding receivables amounting to a total SEK 14.1 million on the Company

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with the intension of settling these outstanding receivables into shares. Of these 23 people, 17 were subscription guarantors who sought to offset its guarantee compensation for shares and related parties with its claims against the Company that would settle the outstanding receivables for shares.

The Company's share price has after the subscription in the Rights Issue, but before the shares subscribed for without preferential rights have been registered with the Companies Registration Office, declined by more than 70 percent. The decline occurred after the publication of the company's interim report for the first quarter of 2015. The decline prompted the Guarantors to announce that they did not intend to fulfill their obligated commitments. In light of the Company's financial situation, the Board of Directors decided to cancel the subscription of shares made in the Rights Issue that had not been registered with the Companies Registration Office, and replace it with the package of financial measures as described below.

Two new direct share issues will be carried out

Direct share issue 1:

The Company and the Guarantors have agreed that the Guarantors will instead fulfill their guarantee obligations by subscribing for shares through a new share issue at a price of SEK 1.00 per share, which will provide the Company with approximately SEK 12.9 million in new capital. The subscription of all these shares has taken place and will be registered as soon as the trading of the Company's share is resumed. Some of the original Guarantors have declined to subscribe and have been replaced by other parties. This new share issue means that the number of shares will increase by 12,875,000 to 49,359,232 and the share capital increases by SEK 6,437,500 to SEK 24 679 616.255. Under the agreement, the Guarantors will forfeit their compensation for their guarantee under the previous agreement.

The reasons for a deviation from the shareholders' Rights Issue is due to the share subscription is in accordance of a guarantee agreement which the Company has entered into with the subscribers.

Direct share issue 2:

Even parties that have not been Guarantors and subscribed for shares in the Rights Issue without preferential rights will be offered to subscribe for shares at a subscription price of SEK 1.00 per share. This will be done through a new share issue of a maximum of 11,160,462 shares which adds approximately SEK 11.2 million in new capital to the Company. The final subscription date of this new issue will be May 12, 2015. Directed share issue 2 means an increase of the share capital of a maximum of SEK 5,580,231. The number of shares would then increase to 60,590,694 and the share capital to SEK 30,259,847.255.

The reasons for a deviation from the shareholders' Rights Issue is due to the share subscription is done to compensate subscribers without preferential rights in the Rights Issue.

The Board of Directors has decided on the two above directed share issues with authorization from the Company's Annual General Meeting on April 29, 2015. Through these two directed share issues adds a total of SEK 24.0 million in new capital to the Company. The number of shares will increase by a maximum of 24,035,462 to 60,519,694 and the share capital by a maximum of SEK 12,017,731 to SEK 30,259,847.

A repair issue

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In order to achieve fairness for all existing shareholders, the Board Directors proposes a so-called repair issue. The Extraordinary General Meeting is also proposed to decide on a Share Issue in which existing shareholders are offered for every three (3) shares to subscribe for one (1) new share at a subscription price of SEK 1.00.

The notice period to call for an extra ordinary general meeting is two weeks. The implementation of repair issue is scheduled to take place as soon as possible.

The Guarantors have agreed not to subscribe to shares, or alternatively transfer their subscription rights, in this repair issue.

Through this repair issue, the Company may gain a maximum total of SEK 12.2 million in new capital. The number of shares will increase by a maximum of 12,161,411 to a maximum of 72,681,105 and the share capital by a maximum of SEK 6,080,705 to a maximum of SEK 36,340,552.

Compensation to parties who signed with preferential rights

To compensate the parties who have subscribed for shares with preferential rights in the Share Issue at a price of SEK 4.50 per share, and have been registered at the Companies Registration Office and thus can not be cancelled, it is suggested that the company issues gratuitous rights issues so that even these parties can reach an average subscription price of SEK 1.00 per share for their newly issued shares. A total of seven (7) rights issues per subscribed share is proposed for those with preferential rights in the Share Issue, each of which entitles the holder to subscribe for one (1) share at a price of SEK 0.50. The Rights Issues are proposed to have a duration of six (6) months. The reason for the proposed compensation to be implemented through rights issues and not shares is to enable a gratuitous compensation.

In order to take the necessary decisions proposed above, the Board of Directors soon intends to call for an Extraordinary General Meeting. The notice period to call for an extra ordinary general meeting is 2 weeks. Thereafter, the issuance of the rights issue is scheduled to take place as soon as possible.

In total a maximum of 7,179,809 rights issues can be issued. The rights issues, if fully subscribed, will increase the total number of shares by a maximum of 7,179,809 to 79,860,914 and the share capital by a maximum of SEK 3,589,904.50 to more than 39,930,457.

Overall, and at full subscription and full issuance of the rights issue, the Company may add a total of SEK 39.6 million in new capital.

As communicated in the prospectus for the New Share Issue, the Company's existing working capital is currently not sufficient for its current needs. The shares already registered in the New Share Issue has added SEK 4.6 million in capital. The two directed Share Issues will supply Mavshack with a total of SEK 24.0 million in new capital. These amounts (totaling SEK 28.6 million) is together equivalent of what the Rights Issue would have brought in net of issue costs. Furthermore, an additional maximum total of SEK 15.7 million can be added to the Company through a fully subscribed repair issue and by the gratuitous compensation options, if they are fully subscribed. Overall, the capital supplied (i.e. SEK 28.6 million) to the Company in May 2015 exceeds the current working capital needs, and is expected to cover the Company's working capital requirements over the next twelve months.

For more information please contact

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