

Interim Report 1st quarter - 2015



Summary of first quarter, 2015

Significant events

- Temporary stop of bulk sales in conjunction with revision of company sales process.
- Halved operating costs as a result streamlining organization.
- New business strategy in the works.
- New partner for the Filipino market.
- Successful completion of new share issue.
- Net sales for the period amounted to SEK 0.1 million (SEK 5.2 million)
- Operating profit for the period amounted to SEK - 10.9 million (-13.1 million)
- Profit after tax amounted to SEK – 12.6 million (-13.1 million)
- Earnings per share amounted to SEK - 0.35 (-0.42)

Events after the first quarter

- New share sale issue fully covered
- Agreement to obtain IPR for original content production

Key figures

	Q1 2015	Q1 2014	FY 2014	FY 2013
Net sales (KSEK)	52	5 167	50 871	5 081
Net result (KSEK)	-12 583	-13 115	-32 078	-14 022
Total assets (KSEK)	61 149	34 357	64 842	15 393
Solidity (%)	37	16	36	77
Net earnings per share (SEK)	-0,35	-0,42	-0,90	-0,53
Number of shares outstanding (share register)	35 458 545	31 111 323	35 458 545	26 383 864

About Mavshack

Mavshack is a global internet-TV service provider bringing Asian entertainment to viewers around the world. The service is available via subscription and prepaid cards used in offline sales, campaigns and promotions. Mavshack's viewers can use our service on all online devices such as tablets, smartphones and computers. In the near future Mavshack will also be integrated with Smart TVs, game consoles and digital TV boxes.

Mavshack offers a wide variety of Asian entertainment including high quality movies, concerts and music videos. Currently a vast amount of our content is from India and the Philippines but we are continuously adding content from other Asian countries. With global licensing agreements we offer a truly global service.

CEO's comments

The results for the first quarter has highlighted weaknesses in the company's operational business structure. We have identified necessary actions and are implementing these, alongside a new and revised strategy.

The slump in revenues is mainly due to our key partner in the Philippines and its retailers have not followed through on their commitments. In January, the partner was replaced by Ambientmedia, a part of a conglomerate with a proven track record of productivity. Our new partner also took over unsold inventory. Together we have devised an action plan to decrease the inventory. A decrease in inventory at our new partner will have a positive impact on Mavshack's cash flow, but no effect on sales.

Another challenge we are addressing is the net loss of recurring subscribers. Our analysis shows that higher relevance and frequency of content library updates would make the service more attractive. As previously announced, Mavshack has begun working on acquiring relevant content that attracts and maintains paying subscribers. Improving user experience on all our platforms is also an important factor to attract more recurring customers.

Our priority going forward is to establish stable and reliable revenue streams. We have pinpointed two specific areas to increase revenues.

Firstly, the company's sales strategy needs to focus on Indian and Filipino populations outside of their home countries.

Secondly, Mavshack will add new revenue streams from proprietary content. By producing proprietary TV series or films, Mavshack can sell content to other platforms while making it available on the global Mavshack service.

Mavshack has the ingredients to create sustainable revenue streams that will generate a positive cash flow. All this will not be done by tomorrow but we are on our way.

Summing up, Mavshack is a contender in a competitive and fast growing industry. Through stable revenue streams from subscription sales and content rights, Mavshack is positioned to become a successful player within Asian entertainment for a global audience.

Stockholm April 28, 2015

Jonas Litborn
President & CEO

Operations

- Mavshack entered into agreement with 1Mainstream which will make the service available on devices such as Microsoft Xbox, Samsung Smart TV:s and several leading digital TV-boxes.
- Launched a design overhaul for both the website and the Mavshack Android and iOS apps.
- Raised the price of the service from 4.99 USD/month to 6.99 USD/month.

Significant events after the period

- Successful completion of new share issue of MSEK 32.
- Launched Mavshack in the Middle East.
- Agreement to obtain IPR for original content production.

Turnover and results

Sales in Quarter 1, 2015 became MSEK 0.3 (MSEK 5.4). The primary driver for the low sales was that no "off-line" sales (sales through local partner/distributors) were booked during the period. The company has initiated a review of its current sales process based on the experience from 2nd half 2014 and the exposure of risk when selling large volumes to individual partners. During the period the company have changed its partner in Philippines and the new partner has agreed to overtake all commitments from the old partner.

Due to the change in "off-line" sales during the period and its impact on revenues a tighter cost control has been implemented. Marketing campaigns has been paused and investments in IPR's has been stalled. This will continue while the review of current sales process is ongoing and has been improved. Despite that the revenue dropped the reduction of spendings resulted in an improved operation result compared to the same quarter last year. Operating result for the first quarter became MSEK -10.9 (MSEK -13.1).

Net financials was MSEK -1.7 for the quarter due to interest on short term loans needed to compensate for the lack of payments from the outstanding receivables.

For more details, please see the financial tables below.

Outlook

Mavshacks new business strategy will opens new revenue channels. Mavshack will evolve into both a B2B and B2C company. The new strategy will position the company in a market where consumer demand is expected to continue to increase. By providing IPRs to regional Asian operators, Mavshack will secure a stabile revenue model while improving consumer sales. By shifting the consumer sales focus back to the Indian and Filipino diaspora will lay the ground for improved recurring subscription sales. North America, for example, is home to both Mavshacks key demographics and also a market where demand for multiple streaming services are steadily increasing. There is a significant vacuum in the market for Asian entertainment abroad for Mavshack to fill.

Through licensing intellectual property in Asia, Mavshack will secure a stable revenue stream while the consumer division improves the level of recurring subscribers.

By shifting the sales focus to regions such as North American, Mavshack will be able to tap into its key demographic in areas where online streaming of multiple services is becoming the norm. There is a significant gap to be filled by Mavshack in the market for viewers looking for Asian entertainment abroad.

Risk and uncertainties

Mavshack's significant risks and uncertainties have been described in the prospect issued in conjunction to the new share issue which the Extra General Meeting approved on March 2, 2015.

Outlook

Mavshack still sees great potential to strengthen its position to become a leading Internet TV service for Asian entertainment for a global audience. Asian communities residing outside their home countries are still the company's main target market, but even domestic consumer sales have shown great growth. Future growth will come from strengthening brand recognition amongst our target market, providing the best possible content of Asian entertainment and through effective strategic marketing and sales online.

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.

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 First North in June 2014. No new material risks or uncertainties are considered to have arisen.

Next report

Second quarter interim report will be published on 28 August.

Stockholm April 28th 2015

Mavshack AB (publ)
The Board

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All reports are available after publication on Mavshack's corporate website www.mavshack.se.

Quarterly and Annual Summary - Group

	Three months ending					Twelve months ending	
(KSEK)	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2014	Dec 31, 2013
Revenues	323	18,181	21,712	9,549	5,359	54,801	5,432
Operating expenses	- 11,200	- 22,903	- 19,599	- 24,521	- 18,449	- 85,472	- 19,276
Operating result	- 10,877	- 4,722	2,113	- 14,972	- 13,090	- 30,671	- 13,844
Financials, net	- 1,706	436	- 1,582	- 236	- 25	- 1,407	- 177
Net result	- 12,583	- 4,286	531	- 15,208	- 13,115	- 32,078	- 14,021
Fixed assets	19,770	21,931	4,361	4,781	4,976	21,931	5,524
Working capital	41,380	42,749	41,753	26,586	29,381	42,749	9,869
Equity	10,492	23,507	27,805	8,075	21,003	23,507	11,775
Long term liabilities	6,531	7,124	-	-	-	7,124	-
Current liabilities	44,126	34,049	18,309	23,292	13,354	34,049	3,618
Balance sheet total	61,149	64,680	46,114	31,367	34,357	64,680	15,393
Cash flow							
-operating activities	- 10,370	- 6,159	1,076	- 6,662	- 12,214	- 23,959	- 8,681
-working capital	9,203	11,396	- 23,211	987	4,244	- 6,584	- 8,688
-investments	- 52	- 17,154	- 123	- 5,745	- 1,494	- 24,516	- 3,478
-financing	- 833	12,127	19,197	1,458	23,002	55,784	24,404
Cash flow for the period	- 2,052	210	- 3,061	- 9,962	13,538	725	3,557
Cash beginning of period	4,283	4,073	7,134	17,096	3,558	3,558	1
Cash end of period	2,231	4,283	4,073	7,134	17,096	4,283	3,558
Number of shares	35,458,545	35,458,545	35,068,545	31,458,545	31,111,323	35,458,545	26,383,864
Net result per share	- 0.35	- 0.12	0.02	- 0.48	- 0.42	- 0.90	- 0.53
Solidity	17%	36%	60%	26%	61%	36%	76%

INCOME STATEMENT – GROUP

(SEK)	3 months Jan 1 - Mar 31 2015	3 months Jan 1 - Mar 31 2014	12 months Jan 1 - Dec 31 2014	12 months Jan 1 - Dec 31 2013
Revenues				
Net revenues	52 297	5 167 147	50 871 244	5 081 117
Other income	270 626	190 600	3 929 724	351 348
Total revenues	322 923	5 357 747	54 800 968	5 432 465
Operating expenses				
Direct cost of goods sold	-1 698 870	-698 576	-4 096 796	-1 641 465
Other external costs	-4 022 277	-12 990 670	-63 173 036	-8 460 159
Personnel costs	-2 742 331	-1 691 402	-8 223 405	-3 466 892
Depreciation	-2 213 034	-2 809 711	-8 119 143	-5 340 772
Other operating expenses	-523 720	-258 123	-1 859 144	-367 225
Total operating expenses	-11 200 232	-18 448 482	-85 471 524	-19 276 513
Operating profit/loss	-10 877 309	-13 090 735	-30 670 556	-13 844 048
Result som financial investments				
Other interest income and similar profit/loss	65	34	69	17 603
Other interest expenses and similar profit/loss	-1 706 061	-24 549	-1 407 961	-195 084
Result from financial investments	-1 705 996	-24 515	-1 407 892	-177 481
Profit/loss after financial investments	-12 583 305	-13 115 250	-32 078 448	-14 021 529
Tax on the results of the period	-	-	-	-
Results of the period	-12 583 305	-13 115 250	-32 078 448	-14 021 529

BALANCE SHEET – GROUP

ASSETS (SEK)	2015/03/31	2014/03/31	2014/12/31	2013/12/31
<i>Fixed assets</i>				
<i>Intangible fixed assets</i>				
Balanced expenses for research and development	2 960 440	3 551 064	3 237 610	3 221 822
Concessions, patents, licenses, trademarks and similar rights	15 901 040	13 919	17 760 949	514 317
Goodwill	-	471 781	-	879 594
Total intangible fixed assets	18 861 480	4 036 764	20 998 559	4 615 733
<i>Tangible fixed assets</i>				
Inventories	308 110	338 825	332 196	308 085
Total tangible fixed assets	308 110	338 825	332 196	308 085
<i>Financial fixed assets</i>				
Other long term interests	600 000	600 000	600 000	600 000
Total financial fixed assets	19 769 590	4 975 589	21 930 755	5 523 818
<i>Current receivables</i>				
Trade receivables	37 360 933	7 423 289	37 404 123	4 019 505
Tax receivables	8 904	6 994	6 996	6 994
Other receivables	1 192 620	988 780	687 969	1 945 792
Prepaid cost and accrued income	585 964	3 865 327	367 127	338 813
Total current receivables	39 148 421	12 284 390	38 466 215	6 311 104
Cash and bank balances	2 231 092	17 096 807	4 282 823	3 558 230
Total current assets	41 379 513	29 381 197	42 749 038	9 869 334
TOTAL ASSETS	61 149 103	34 356 786	64 679 793	15 393 152

BALANCE SHEET – GROUP

EQUITY AND LIABILITIES (SEK)	2015/03/31	2014/03/31	2014/12/31	2013/12/31
<i>Equity</i>				
<i>Fixed Equity</i>				
Issued and paid-up-share capital	17 729 273	15 555 661	17 729 273	13 191 932
Ongoing rights issue	-	-	-	733 784
Sum fixed equity	17 729 273	15 555 661	17 729 273	13 925 716
<i>Unrestricted equity</i>				
Share premium reserve	79 528 774	58 101 084	79 528 774	36 107 830
Free reserves	-74 182 356	-39 538 646	-41 672 908	-24 236 658
Net profit/loss of the period	-12 583 305	-13 115 250	-32 078 448	-14 021 529
Sum unrestricted equity	-7 236 887	5 447 188	5 777 418	-2 150 357
Total equity	10 492 386	21 002 849	23 506 691	11 775 359
<i>Non-current liabilities</i>				
Other non-current liabilities	6 530 581	-	7 124 270	-
Total non-current liabilities	6 530 581	-	7 124 270	-
<i>Current liabilities</i>				
Liabilities to credit institutions	5 029 578	-	4 837 949	-
Trade creditors	7 493 749	11 039 502	5 500 356	1 624 571
Other current liabilities	26 450 236	1 165 885	18 449 817	478 970
Accrued expenses and deferred income	5 152 573	1 148 550	5 260 710	1 514 252
Total current liabilities	44 126 136	13 353 937	34 048 832	3 617 793
TOTAL EQUITY AND LIABILITIES	61 149 103	34 356 786	64 679 793	15 393 152

**CHANGES IN EQUITY
(SEK)**
Group

	Q1 2015	Q1 2014	FY 2014
Total equity at the beginning of the period	23 506 691	11 775 359	11 775 359
Change in share issues	-	1 629 945	3 803 557
Change in share premium reserve	-	21 993 250	42 319 643
Cost of new issues	-431 000	-1 280 456	-2 313 420
Profit or loss for the period	-12 583 305	-13 115 250	-32 078 448
Total equity at the end of the period	10 492 386	21 002 849	23 506 691

	3 months	3 months	12 months	12 months
GROUP CONSOLIDATED STATEMENT OF CASH FLOW (SEK)	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013
Operating activities				
Result from financial investments	-12 583 305	-13 115 250	-32 078 448	-14 021 529
Adjustments to reconcile net income to cash	2 213 033	721 131	8 119 143	5 340 772
Cash flow from current operations before				
Changes in working capital	-10 370 272	-12 394 119	-23 959 305	-8 680 757
Cash flow from changes in working capital				
Increase(-)/Decrease(+) in operating receivables	3 207 581	-5 205 400	-31 727 882	-9 059 602
Increase(-)/Decrease(+) in operating liabilities	5 995 888	9 736 144	25 143 664	371 764
Cash flows from operating activities	-1 166 803	-7 863 375	-30 543 523	-17 368 595
Investing activities				
Acquisition of subsidiary	-	-	-12 010	-
Investments in intangible assets	-51 869	-345 880	-24 579 184	-3 312 227
Investments in tangible assets	-	-48 240	75 300	-165 970
Cash flow som investing activities	-51 869	-394 120	-24 515 894	-3 478 197
Financing activities				
Share issue	-	23 076 528	46 135 210	25 237 705
Cost of new issues	-431 000	-1 280 456	-2 313 419	-833 314
Borrowings	-402 060	-	11 962 219	-
Cash flow from financing activities	-833 060	21 796 072	55 784 010	24 404 391
Cash flow for the period	-2 051 732	13 538 577	724 593	3 557 599
Cash and cash equivalents, beginning of period	4 282 823	3 558 230	3 558 230	631
Cash and cash equivalents, end of period	2 231 091	17 096 807	4 282 823	3 558 230

INCOME STATEMENT – PARENT COMPANY

(SEK)	3 months Jan 1 - Mar 31 2015	3 months Jan 1 - Mar 31 2014	12 months Jan 1 - Dec 31 2014	12 months Jan 1 - Dec 31 2013
Revenues				
Net revenues	11,549	3,191	52,065	566,191
Other income	-8,830	78,894	339,503	82,438
Total revenues	2,719	82,085	391,568	648,629
Operating expenses				
Direct cost of goods sold	-616,317	-402,055	-2,028,167	-529,218
Other external costs	-2,235,327	-1,440,868	-9,061,883	-3,872,677
Personnel costs	4,437	-1,540,888	-6,384,952	-3,055,203
Depreciation	-333,403	-291,718	-1,245,673	-1,035,892
Other operating expenses	-8,059	-4,637	-58,018	-7,822
Total operating revenues	-3,188,669	-3,680,166	-18,778,693	-8,500,812
Operating profit/loss	-3,185,950	-3,598,081	-18,387,125	-7,852,183
Result from financial investments				
Depreciation of shares in group companies	-	-	-1,315,542	-4,850,000
Other interest income and similar profit/loss items	62	31	-5	33
Other interest expenses and similar profit/loss items	-1,650,485	-24,474	-1,245,058	-47,381
Result from financial investments	-1,650,423	-24,443	-2,560,605	-4,897,348
Profit/loss after financial investments	-4,836,373	-3,622,524	-20,947,730	-12,749,531
Tax on the results of the period	-	-	-	-
Results of the period	-4,836,373	-3,622,524	-20,947,730	-12,749,531

BALANCE SHEET – PARENT COMPANY

ASSETS (SEK)	2015/03/31	2014/03/31	2014/12/31	2013/12/31
<i>Fixed assets</i>				
<i>Intangible fixed assets</i>				
Balance expenses for research and development	2 861 761	3 406 233	3 127 393	3 465 453
Total intangible fixed assets	2 861 761	3 406 233	3 127 393	3 465 453
<i>Tangible fixed assets</i>				
Inventories	190 188	174 902	206 090	186 979
Total tangible fixed assets	190 188	174 902	206 090	186 979
<i>Financial fixed assets</i>				
Subsidiary shares	29 710 400	8 723 944	20 710 400	8 723 944
Other long term assets	600 000	600 000	600 000	600 000
Total financial fixed assets	30 310 400	9 323 944	21 310 400	9 323 944
Total fixed assets	33 362 349	12 905 079	24 643 883	12 976 376
<i>Current receivables</i>				
Trade receivables	5 009	73 750	41 009	62 500
Receivables from group companies	24 829 583	13 540 218	30 928 164	5 436 894
Other receivables	273 436	728 329	614 996	1 015 637
Prepaid cost and accrued income	386 880	322 024	312 443	333 059
Total current receivables	25 494 908	14 664 321	31 896 612	6 848 090
Cash and bank balances	2 057 170	16 316 401	2 354 646	3 491 491
Total current assets	27 552 078	30 980 722	34 251 258	10 339 581
TOTAL ASSETS	60 914 427	43 885 801	58 895 141	23 315 957

BALANCE SHEET – PARENT COMPANY

EQUITY AND LIABILITIES (SEK)	2015/03/31	2014/03/31	2014/12/31	2013/12/31
<i>Equity</i>				
<i>Fixed Equity</i>				
Issued and paid-up-share capital (31.458.545 aktier)	17 729 273	15 555 661	17 729 273	13 191 932
Ongoing rights issue	-	-	-	733 784
<i>Sum fixed equity</i>	17 729 273	15 555 661	17 729 273	13 925 716
<i>Unrestricted equity</i>				
Share premium reserve	79 528 774	58 101 084	79 528 774	37 209 131
Retained earnings	-54 123 766	-30 610 771	-32 745 036	-17 682 085
Net profit/loss of the period	-4 836 373	-3 622 524	-20 947 730	-12 749 531
<i>Sum unrestricted equity</i>	20 568 635	23 867 789	25 836 008	6 777 515
Total equity	38 297 908	39 423 450	43 565 281	20 703 231
<i>Current liabilities</i>				
Trade creditors	1 470 613	2 015 559	1 513 054	762 388
Liabilities to group companies	-	389 815	293 498	561 040
Other current liabilities	17 843 474	1 026 884	11 179 501	252 744
Accrued expenses and deferred income	3 302 432	1 030 093	2 343 807	1 036 554
<i>Total current liabilities</i>	22 616 519	4 462 351	15 329 860	2 612 726
TOTAL EQUITY AND LIABILITIES	60 914 427	43 885 801	58 895 141	23 315 957

CHANGES IN EQUITY**(SEK)**

Parent

	Q1 2015	Q1 2014	FY 2014
Total equity at the beginning of the period	43 565 281	20 703 231	20 703 231
Change in share issues	-	1 629 945	3 803 557
Change in share premium reserve	-	21 993 253	42 319 643
Cost of new issues	-431 000	-1 280 456	-2 313 420
Profit or loss for the period	-4 836 373	-3 622 524	-20 947 730
Total equity at the end of the period	38 297 908	39 423 450	43 565 281