

Financial Report 2017

Interim Report 2nd quarter



N.B. The English text is an in-house translation. For any difference in the translation the Swedish version will prevail.

Second quarter 2017 in summary

- In total, 619 638 subscriptions were sold during Q2, an increase of 82% compared with the second quarter of 2016 (Q2 2016: 341 358).
- Since January first, Ambientmedia is reported as an associated company and is not included in the consolidated financial statements in the same way as previous quarters, which has affected the groups turnover negative. The development of Ambient Media is reported as income from associated companies in the income statement. Net profit of SEK -0.2 million consists of Mavshack's share of Ambientmedia's earnings of SEK 0.3 million and depreciation of Goodwill of SEK 0.5 million.
- Net sales for the quarter were MSEK 3.4 (Q2 2016: 4.7, whereas MSEK 2.2 was related to Ambientmedia). The major part of sales came from daily subscriptions from TelCo-partners.
- 24htech signed an agreement of IT-services to an external partner of the value of MSEK 1.2.
- During second quarter Mavshack expanded it's videostreaming service, movies, tv-series and Live-Sports in Kuwait, Oman and Bahrain with the Ooredoo Group.
- Profit after tax amounted to MSEK -2.5 (Q2 2016: -3.6). Cash flow from operating activities amounted to MSEK -2.4 for the period (Q2 2016: -2.0 MSEK).

Key Figures Group

Variable SEK 000's omitted	Q. 2 2017	Q.2 2016	Q. 1 2017	Y 2016	Y 2015
Revenues	3362	4742	5188	24 022	11 212*
Net Income	-2 483	-3 533	-2468	-23 092**	-59 225
Balance sheet total	33 180	72 994	34 173	34 660	78 746
Equity	22 823	57 865	25 308	23 842	66 191
Solidity (%)	69	79	74	69	84
Net Income per share (SEK) before dilution	-0,02	-0,03	-0,02	-0,18	-0,79
Net Income per share (SEK) after dilution	-0,02	-0,02	-0,01	-0,12	-0,60

***) Includes a one-time effect of renegotiated content agreements of 3,0 million reported as other income.**

*****) Includes a one-time effect of of -7,6 million from sales of Ambient media shares including a reclassification from shares in a subsidiary to shares in an associated company. The loss is reported as depreciation of 5,3 million and other operational expenses of 2,3 million.**

About Mavshack AB

Mavshack operates a global Internet TV services with Asian entertainment. The service, which is available through Internet connected devices, is genuinely global with users in over 80 countries. With the largest library of Filipino and Indian titles, as well as agreements with Asia's leading content providers, Mavshack is the obvious choice for Asian entertainment around the world. The company operates its business on a proprietary technology platform

Mavshack AB (publ) is a traded company listed on Nasdaq First North under the ticker MAV. Certified adviser is Erik Penser Bank. More information about the company is available at www.mavshack.se

CEO Letter

Dear shareholder,

The month of August is coming to a close and I would like to start with wishing you pleasant start for the autumn. It has now been four months since I accepted the position as CEO of Mavshack AB. This has been far more inspiring and educating than I could have predicted.

As CEO it is my objective to ensure this groups ability to generate a steady revenue stream – both in short and long perspective. Based on an initial mapping of the history and assets of this company there will be several changes taking place during autumn. The purpose of which is to create a sustainable ground for us to be able to make strategic decisions regarding the business of our company.

We are continuously evaluating the costs for our technical platform and for 24hTech we have made two decisions that will affect our cost in a positive way.

Firstly, we will move our storage from Akamai to Google and secondly exchange the Akamai SDK in our Android App for an open source version. Our mission is still to deliver the best possible quality, but we will continue to challenge our cost base, to perform better in the future.

During spring, we have finished the re-integration of our existing Telco-partners and bringing in Ooredoo in Kuwait, Bahrain and Oman as a new one.

We have prolonged the license agreement with Philipinas Global Network (TV5) and just recently we came to an agreement with Elitfotboll Dam to get live coverage of the Sweden's highest woman football league in the Middle East and North Africa. The news about our contract with Elitfotboll Dam gave us a lot of press from all over Sweden but also from other parts of the world, which felt great.

The reason for us to broaden the woman live sport offering is based on many things.

Of course, we stand for equal rights to perform and consume sport activities for both Women and Men. Mavshack is also one of few platforms where women live sport already is available in the Middle East. We will continue to get more sports content on our platform because our customers appreciate it.

Ambientmedia have been working with video production for local and international corporations in the Philippines. The audio studio works mainly with dubbing international material into Filipino and regarding of animation there are a couple of international projects that have been done. Focus going forward will be to coordinate Ambientmedia's competence and experience within AR and video production with the other units of Mavshack to offer this to the European market in an attractive way.

I'm glad that we have all the business opportunities that is ahead of us. The experience we collected during the 10 years of being in business have given us an invaluable asset. We will keep on being well adjusted to the market need, but at the same time, try to focus harder on the different kind of synergies that we have within the Mavshack Group. Me, my board of directors and my employees are looking forward to lead one of the worlds greatest company within digital distribution technology together with you.

Tommy Carlstedt
CEO, Mavshack

Operations

Users

The users of Mavshacks are mainly from the Middle East and consumes primarily Live-Sports and TV-series. Sales are mostly day passes sold via our TelCo-partners network.

Sales and earnings (compared with previous quarter)

Sales during Q2 2017 (Apr-Jun) amounted to 3.4 MSEK (4.7), of which 2.2 MSEK is attributable to Ambient Media consolidated from July 2015 to December 2016. Sales from the media platform was 3.4 MSEK (4.7) during the quarter. The largest volume is subscription plans sold in Kuwait and United Arab Emirates (UAE) through a technical integration (API) with large Telecom companies, where subscribers use their mobile as a means of payment. This has proven to be a cost-effective, easy and user-friendly way to use Mavshack's media platform for customers in these countries.

Operating profit for the quarter amounted to MSEK -2.5 (-3.6). A strong cost control is still a priority until Mavshack's financial position allows for another priority.

Financial position

Cash and cash equivalents amounted to MSEK 0.6 (1.3). At the end of the period, equity amounted to SEK 22.8 million (57.9) in the Group, which gives a solidity of 69% (79%).

The parent company reports equity at the end of the period of MSEK 35.7 (41.4), which gives a solidity of 87% (73%).

Looking forward

The company will continue its expansion in 2017, with integrating to other TelCo's based on experience of the success the company has had with Etisalat, Du, Viva and Ooredoo in the United Arab Emirates, Bahrain, Kuwait and Oman.

Report of the Board and CEO

Board and CEO certify that this report gives a true and fair view of Mavshacks financial position and results and describes significant risks and uncertain factors that Mavshack faces.

Auditor's examination

The interim report has not been subject to auditor review.

Accounting and valuation principles

From 1 January 2014, the Group / Company BFNAR 2012 1. The interim report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012: 1 Annual report and consolidated (K3).

Risks and uncertainties

Mavshacks significant risks and uncertainties are described in the prospectus prepared in connection with the rights issue carried out during the first half of 2015. The prospectus is available at the Company's website. No new significant risks or uncertainties are judged to have occurred.

Next report

Interim Report 3 for the financial year 2017 will be published on October 28th 2017.

Stockholm August 30, 2017

Mavshack AB (publ)

Board of Directors

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All reports are available on the company's website www.mavshack.se.

Summary per quarter and financial period – Group

(Ksek)	Three Months Ending					Six Months Ending	
	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Jun 30, 2017	Jun 30, 2016
Revenues	3 362	5 188	8 303	6 326	4 742	8 550	9 393
Operating expenses	- 5 601	- 7 357	- 18 202	- 9 693	- 8 156	- 12 958	- 18 764
Operating result	- 2 239	- 2 169	- 9 899	- 3 367	- 3 414	- 4 408	- 9 371
Financials, net	- 244	- 299	- 260	102	- 119	- 543	- 158
Net result	- 2 483	- 2 468	- 10 159	- 3 265	- 3 533	- 4 951	- 9 529
Fixed assets	29 152	29 233	29 681	66 380	67 804	29 152	67 804
Working capital	4 028	4 940	4 979	7 556	5 190	4 028	5 190
Equity	22 823	25 308	23 842	62 536	57 865	22 823	57 865
Long term liabilities	-	-	-	1 002	1 085	-	1 085
Current liabilities	10 357	8 865	10 818	10 399	14 044	10 357	14 044
Balance sheet total	33 180	34 173	34 660	73 937	72 994	33 180	72 994
Cash flow							
-operating activities	- 2 401	- 2 020	- 3 867	- 1 071	- 1 992	- 4 421	- 5 782
-working capital	3 003	- 2 227	3 890	- 6 078	1 222	776	2 629
-investments	-	-	1 169	-	-	-	-
-financing	- 2	3 934	-	7 292	-	3 932	1 733
Cash flow for the period	600	- 313	- 1 146	143	- 770	287	- 1 420
Cash beginning of period	18	331	1 477	1 334	2 104	331	2 754
Cash end of period	618	18	331	1 477	1 334	618	1 334
Solidity	69%	74%	69%	85%	79%	69%	79%

Net Income per share

<i>(Instrument registered at the Swedish Company Register)</i>	Three months end of period		Six months end of period	
	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>2017</u>	<u>2016</u>
Before dilution				
Number of shares	167 676 943	117 106 943	167 676 943	117 106 943
Weigthed number of shares	157 391 943	117 106 943	157 391 943	115 323 845
	-			
Net Income	- 2 483 343	- 3 589 591	- 4 951 205	- 9 560 584
Weigthed number of shares	157 391 943	117 106 943	157 391 943	115 323 845
Net Income per share before dilution	- 0,016	- 0,031	- 0,031	- 0,083
After dilution				
Subscribed shares under registration	-	-	-	-
Not used mandate for board of directors to issue new shares	14 430 000	80 000 000	14 430 000	80 000 000
Stockoptions, equivalent number of shares	15 000 000	10 000 000	15 000 000	10 000 000
Weigthed number of shares after dilution	186 821 943	207 106 943	186 821 943	205 323 845
Net Income	- 2 483 343	- 3 589 591	- 4 951 205	- 9 560 584
Weigthed number of shares	186 821 943	207 106 943	186 821 943	205 323 845
Net Income per share after dilution	- 0,013	- 0,017	- 0,027	- 0,047

Income Statement – Group

	3 months	3 months	6 months	6 months
	1 apr - 30 jun 2017	1 apr - 30 jun 2016	1 jan - 30 jun 2017	1 jan - 30 jun 2016
Revenues				
Net Revenue	3 233 119	4 664 983	8 295 428	9 137 332
Other Income	129 097	77 465	255 070	255 659
Total Revenues	3 362 216	4 742 448	8 550 498	9 392 991
Operating Expenses				
Direct cost of goods sold	- 2 126 005	- 2 127 639	- 5 557 973	- 4 911 101
Other External costs	- 1 423 546	- 2 656 227	- 3 434 757	- 5 720 536
Personnel costs	- 1 605 882	- 1 756 065	- 3 138 445	- 4 085 638
Depreciation	- 296 465	- 1 572 569	- 561 047	- 3 778 022
Other operating expenses	- 149 692	- 43 420	- 266 733	- 268 514
Total operating expenses	- 5 601 590	- 8 155 920	- 12 958 955	- 18 763 811
Operating profit/loss (-)	- 2 239 374	- 3 413 472	- 4 408 457	- 9 370 820
Financials				
Write down of long term assets	-	-	-	-
Result from associated companies	- 241 285	-	- 539 376	-
Other interest income and similar profit/loss	- 70	- 241	- 26	949
Other interest expenses and similar profit/loss	- 2 614	- 119 060	- 3 346	- 158 732
Financials, net	- 243 969	- 119 301	- 542 748	- 157 783
Profit/Loss (-) after financials	- 2 483 343	- 3 532 773	- 4 951 205	- 9 528 603
Taxes	-	56 818	-	31 981
Net Income for the period	- 2 483 343	- 3 589 591	- 4 951 205	- 9 560 584
Related to:				
Parent Company Shareholders	- 2 483 343	- 3 267 595	- 4 951 205	- 8 491 201
Minority interest	-	- 321 996	-	- 1 069 383

Balance sheet – Group

ASSETS	2017-06-30	2016-06-30	2016-12-31
Fixed assets			
<i>Intangible fixed assets</i>			
Balanced expenses for research and development	840 824	1 324 816	787 616
Concessions, patents, licenses, trademarks and	0	0	0
Goodwill	0	51 792 324	0
Total intangible fixed assets	840 824	53 117 140	787 616
<i>Tangible fixed assets</i>			
Inventories	100 514	14 386 729	143 624
Total tangible fixed assets	100 514	14 386 729	143 624
<i>Financial fixed assets</i>			
Shares in associated companies	28 210 624	0	28 750 000
Other long term interests	0	300 000	0
Total financial fixed assets	29 151 962	67 803 869	29 681 240
<i>Current Assets</i>			
Trade receivables	0	2 241 205	3 487 507
Tax receivables	32 902	10 812	14 628
Other receivables	780 895	658 190	795 378
Prepaid cost and accrued income	2 596 819	946 028	349 820
Total current receivables	3 410 616	3 856 235	4 647 333
Cash and bank balances	617 817	1 333 941	331 477
Total current assets	4 028 433	5 190 176	4 978 810
TOTAL ASSETS	33 180 395	72 994 045	34 660 050

Balance sheet – Group

EQUITY AND LIABILITIES	2017-06-30	2016-06-30	2016-12-31
<i>Fixed Equity</i>			
Issued and paid-up-share capital	16 767 695	11 710 761	14 710 695
Ongoing rights issue	0	0	0
Sum fixed equity	16 767 695	11 710 761	14 710 695
<i>Unrestricted equity</i>			
Share premium reserve	165 792 313	158 956 199	163 867 355
Free reserves	-154 786 154	-135 538 924	-131 644 817
Net profit/loss of the period	-4 951 205	-9 560 584	-23 091 608
Minority interest	0	32 297 222	0
Sum unrestricted equity	6 054 954	46 153 913	9 130 930
Total equity	22 822 649	57 864 674	23 841 625
<i>Non-current liabilities</i>			
Other non-current liabilities	0	1 085 057	0
Total non-current liabilities	0	1 085 057	0
<i>Current liabilities</i>			
Liabilities to credit institutions	0	0	0
Trade creditors	6 487 269	6 890 781	6 408 695
Other current liabilities	2 309 193	5 470 408	2 353 051
Accrued expenses and deferred income	1 561 284	1 683 125	2 056 679
Total current liabilities	10 357 746	14 044 314	10 818 425
TOTAL EQUITY AND LIABILITIES	33 180 395	72 994 045	34 660 050

Changes in Equity - Group

Group	6 months	6 months	12 months	12 months
	jan-jun 2017	jan-jun 2016	jan-dec 2016	jan-dec 2015
Total equity at the beginning of the period	23 841 625	66 191 278	66 191 278	23 506 691
Change in share issues	2 057 000	-45 059 613	-42 059 679	39 041 101
Change in share premium reserve	1 924 957	46 962 050	22 904 548	34 943 411
Cost of new issues	-49 728	-50 070	-102 914	-4 958 050
Acc translation difference	0	-618 387		-685 100
Profit or loss for the period	-4 951 205	-9 560 584	-23 091 608	-59 225 310
Minority interest	0	32 297 222	0	33 568 535
Total equity at the end of the period	22 822 649	57 864 674	23 841 625	66 191 278

Cash Flow Statement – Group

	3 months	3 months	6 months	6 months
GROUP CONSOLIDATED STATEMENT OF CASH FLOW (SEK)	1 apr - 30 jun 2017	1 apr - 30 jun 2016	1 jan - 30 jun 2017	1 jan - 30 jun 2016
<i>Operating activities</i>				
Net Income	- 2 483 343	- 3 532 773	- 4 951 205	- 9 528 603
Adjustments to reconcile net income to cash	81 525	1 540 588	529 278	3 746 041
Adjusted Income	- 2 401 818	- 1 992 185	- 4 421 927	- 5 782 562
Cash flow from current operations before changes in working capital	- 2 401 818	- 1 992 185	- 4 421 927	- 5 782 562
<i>Cash flow from changes in working capital</i>				
Increase(-)/Decrease(+) in operating receivables	2 158 326	- 69 128	8 775 411	149 778
Increase(-)/Decrease(+) in operating liabilities	844 745	1 291 635	- 7 999 373	2 479 431
Cash flows from operating activities	601 253	- 769 678	- 3 645 889	- 3 153 353
<i>Investing activities</i>				
Acquisition of subsidiary	-	-	-	-
Investments in intangible assets	-	-	-	-
Investments in tangible assets	-	-	-	-
Cash flow from investing activities	-	-	-	-
<i>Financing activities</i>				
Share issue	-	-	3 981 958	1 783 098
Cost of new issues	- 1 971	-	- 49 728	- 50 070
Borrowings	-	-	-	-
Cash flow from financing activities	- 1 971	-	3 932 230	1 733 028
Cash flow for the period	599 282	- 769 678	286 341	- 1 420 325
Cash and cash equivalents, beginning of period	18 536	2 103 619	331 477	2 754 266
Cash and cash equivalents, end of period	617 818	1 333 941	617 818	1 333 941

Income Statement – Parent Company

	3 months	3 months	6 months	6 months
	1 apr - 30 jun 2017	1 apr - 30 jun 2016	1 jan - 30 jun 2017	1 jan - 30 jun 2016
Revenues				
Net Revenue	325 834	11 551	785 917	423 101
Other Income	-	174	-	174
Total Revenues	325 834	11 725	785 917	423 275
Operating Expenses				
Direct cost of goods sold	- 5 137	12 202	- 10 275	7 064
Other External costs	- 426 507	- 612 270	- 1 089 302	- 1 251 564
Personnel costs	- 44 511	- 29 456	- 20 946	- 58 912
Depreciation	- 106 103	- 332 374	- 240 828	- 664 748
Other operating expenses	-	196	-	1 695
Total operating expenses	- 582 258	- 962 094	- 1 361 351	- 1 969 855
Operating profit/loss (-)	- 256 424	- 950 369	- 575 434	- 1 546 580
Financials				
Write down of long term assets	-	-	-	-
Result from associated companies	- 241 285	-	- 539 376	
Other interest income and similar profit/loss	-	243	29	112
Other interest expenses and similar profit/loss	-	118 655	437	157 694
Financials, net	- 241 285	- 118 898	- 539 784	- 157 806
Profit/Loss (-) after financials	- 497 709	- 1 069 267	- 1 115 218	- 1 704 386
Taxes				
Net Income for the period	- 497 709	- 1 069 267	- 1 115 218	- 1 704 386

Balance sheet – Parent Company

ASSETS	2017-06-30	2016-06-30	2016-12-31
<i>Fixed Assets</i>			
<i>Intangible fixed assets</i>			
Balance expenses for research and development	536 477	1 274 257	750 563
Total intangible fixed assets	536 477	1 274 257	750 563
<i>Tangible fixed assets</i>			
Inventories	56 248	112 736	82 990
Total tangible fixed assets	56 248	112 736	82 990
<i>Financial fixed assets</i>			
Subsidiary shares	11 000 000	48 000 000	11 000 000
Shares in Associated Companies	28 210 624	-	28 750 000
Other long term assets	-	300 000	-
Total financial fixed assets	39 210 624	48 300 000	39 750 000
Total fixed assets	39 803 349	49 686 993	40 583 553
<i>Current Assets</i>			
<i>Current receivables</i>			
Trade receivables	-	14 438	14 438
Receivables from group companies	886 367	6 162 240	4 382 449
Other receivables	16 701	165 722	175 003
Prepaid cost and accrued income	76 766	673 040	289 533
Total current receivables	979 834	7 015 440	4 861 423
Cash and bank balances	227 356	13 537	262 178
Total current assets	1 207 190	7 028 977	5 123 601
TOTAL ASSETS	41 010 539	56 715 970	45 707 154

Balance sheet – Parent Company

Equity and Liabilities	2017-06-30	2016-06-30	2016-12-31
Equity			
<i>Fixed Equity</i>			
Issued and paid-up-share capital (167 676 943 shares)	16 767 695	11 710 695	14 710 695
Ongoing rights issue	0	0	0
Sum fixed equity	16 767 695	11 710 695	14 710 695
<i>Unrestricted equity</i>			
Share premium reserve	165 792 313	159 522 026	163 867 355
Retained earnings	-145 707 050	-128 108 767	-128 161 611
Net profit/loss of the period	-1 115 218	-1 704 386	-17 495 712
Sum unrestricted equity	18 970 045	29 708 873	18 210 032
Total equity	35 737 740	41 419 568	32 920 727
<i>Current liabilities</i>			
Trade creditors	232 179	804 446	323 267
Liabilities to group companies	3 078 185	9 382 231	9 645 714
Other current liabilities	1 480 623	4 420 487	2 033 186
Accrued expenses and deferred income	481 812	689 238	784 260
Total current liabilities	5 272 799	15 296 402	12 786 427
TOTAL EQUITY AND LIABILITIES	41 010 539	56 715 970	45 707 154

Changes in Equity – Parent Company

Parent	6 months	6 months	12 months	12 months
	jan-jun 2017	jan-jun 2016	jan-dec 2016	jan-dec 2015
Total equity at the beginning of the period	32 920 727	41 390 926	41 390 926	43 565 281
Change in share issues	2 057 000	-45 059 613	-42 059 679	39 041 101
Change in share premium reserve	1 924 958	46 842 711	51 188 106	33 150 475
Cost of new issues	-49 728	-50 070	-102 914	-4 958 050
Profit or loss for the period	-1 115 218	-1 704 386	-17 495 712	-69 407 881
Total equity at the end of the period	35 737 740	41 419 568	32 920 727	41 390 926

Cash Flow Statement – Parent Company

CASH FLOW STATEMENT, PARENT COMPANY (SEK)	3 months	3 months	6 months	6 months
	1 apr - 30 jun 2017	1 apr - 30 jun 2016	1 jan - 30 jun 2017	1 jan - 30 jun 2016
<i>Operating activities</i>				
Net Income	- 497 709	- 1 069 267	- 1 115 218	- 1 704 386
Adjustments to reconcile net income to cash	347 388	332 374	780 204	664 748
Adjusted Income	- 150 321	- 736 893	- 335 014	- 1 039 638
Cash flow from current operations before changes in working capital	- 150 321	- 736 893	- 335 014	- 1 039 638
<i>Cash flow from changes in working capital</i>				
Increase(-)/Decrease(+) in operating receivables	- 236 680	- 4 750 749	3 881 590	- 3 593 025
Increase(-)/Decrease(+) in operating liabilities	608 321	5 074 973	- 7 513 628	2 139 514
Cash flows from operating activities	221 320	- 412 669	- 3 967 052	- 2 493 149
<i>Investing activities</i>				
Shareholders contributions paid	-	-	-	-
Acquisition / Sale of subsidiary	-	-	-	-
Acquisition / Sale of intangible assets	-	-	-	-
Acquisition / Sale of tangible assets	-	-	-	-
Cash flow from investing activities	-	-	-	-
<i>Financing activities</i>				
Share issue	-	-	3 981 958	1 783 098
Cost of new issues	- 1 971	-	- 49 728	- 50 070
Cash flow from financing activities	- 1 971	-	3 932 230	1 733 028
Cash flow for the period	219 349	- 412 669	- 34 822	- 760 121
Cash and cash equivalents, beginning of period	8 007	426 206	262 178	773 658
Cash and cash equivalents, end of period	227 356	13 537	227 356	13 537

