

PRESS RELEASE
28 August 2020

INTERIM REPORT 1 APRIL – 30 JUNE 2020

With the introduction of video ads and the ability for users to create and trade computer game components Adventure Box take important steps towards monetization.

QUARTER APRIL 1 - JUNE 30 IN SUMMARY

- The company's net sales during the quarter was SEK 50 thousand (SEK 10 thousand)
- Net profit amounted to SEK -3,194 thousand (SEK -393 thousand)
- Earnings / share was SEK -0.56 (SEK -0,76). Not comparable due to split 1: 5 during summer 2019
- Net cash flow before financial items was SEK -4,421 thousand (SEK - 1,095 thousand)
- The company's cash and cash equivalents amounted to SEK 9,900 thousand (SEK 18,533 thousand) at the end of the quarter.
- The company's equity at the end of the quarter amounted to SEK 34,428 thousand (SEK 40,633 thousand)
- In the beginning of April a share issue of 1,412,231 shares at a rate of SEK 6.50 was carried out. Based on the average rate of SEK 7.61 for the preceding 20 days of the share issue, the rebate was approximately 15% on the rate. The capital injection of equity was SEK 9.2 million. The number of shares is 10,625,242 following upon the share issue.
- During June, 1,144,703 visitors visited www.adventurebox.com, of which 256,273 were return visitors.
- The average cost of purchased traffic in June was SEK 0.12 per website visitor
- Advertising messages were viewed 647,153 times in June
- Average revenue per thousand advertising views during June was SEK 21
- In June Adventure Box changed Certified Advisor to Redeye AB.
- Video ads were shown on the platform in June
- The subsidiary Adventure Box Incentive AB was formed in June with the purpose of administering the group's incentive programs.

PERIOD JANUARY 1 - JUNE 30 IN SUMMARY

- The company's net sales during the period was SEK 94 thousand (SEK 10 thousand)
- Net profit amounted to SEK -7 270 thousand (SEK -1 287 thousand)

- Earnings / share was SEK -0.56 (SEK -0,76). Not comparable due to split 1: 5 during summer 2019
- Net cash flow before financial items was SEK -10 220 thousand (SEK -3 980 thousand)

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- In June ALMI granted a loan of SEK 3,000 thousand.
- The ability to create and trade in game content using a platform currency was introduced.
- The changed marketing strategy and improved product leads to more users registering accounts and regularly returning to the platform.
- Test results from the video model show high revenues per advertising spot (18 USD per 1,000 shows in the U.S., compared to 6-8 USD which is normal for YouTube).

CEO STATEMENT: THE PIECES ARE STARTING TO FALL INTO PLACE

We continue to take great strides towards our vision to become the globally dominated sharing platform for user-created computer games.

Two of our business models are now in place. The advertising model has been expanded from still image advertising only to better paid video advertising. We have introduced a platform currency (Adventure BUX) and opportunities for users to buy and sell game components.

The rapid development during the summer has been made possible by the basic platform improvements we made during the winter and spring. We can now faster build new user interfaces for both PC/Mac and mobile devices (mobiles and tablets). Our users can now create and share not only computer games but also the components with which computer games are created.

We have started to introduce a more social user interface where users can invite friends and see when their friends play games or publish games or game content. When our users invite their friends to interact with them on Adventure Box, they make our growth organic and exponentially viral.

Today, we manually share revenue with a select few users. In the future, we will automate the process of sharing revenue with our users. Revenue sharing takes place within our Adventure Box Pro program (pro.adventurebox.com).

We have also started the prototype development of Adventure Box Academy where new game developers can learn how to make really good games and how to make money by creating games and game components (academy.adventurebox.com). Successful and licensed Adventure Box game developers describe how they create their games and are available as paid mentors to new game creators.

The changed marketing strategy and the improved product result in more users registering accounts and becoming returning users.

We continue to work on improving the opportunities for our users to create, interact and have fun and we continue to improve our business models. The goal is rapid viral exponential growth and over time increasing revenue.

A FOCUSED MARKET STRATEGY

Since the autumn of 2019, the number of Adventure Box visitors has increased by over 5000%, from 36,196 visitors in August 2019 to 2,112,754 in May 2020. We have learned how to reach different types of users and achieved customer acquisition costs more than 100 times lower than those for mobile app installations. As we now move towards the revenue generation phase, we have shifted our focus to users who are expected to generate higher revenue. We are now opting out of those visitors who are not expected to generate revenue. By shifting focus to high-value users, returning users and users who publish content, we lay the foundation for viral growth. It is only through virality that we reach the goal of becoming the dominant social platform for gaming.

ADVERTISING REVENUES

During June and July, we started experimenting with the video advertising model. We now show fewer still image advertising messages. In the future, we will scale up the amount of video advertising that is shown.

	April	May	June	July
Number of displayed still commercials	819 929	1 486 555	647 153	208 130
Revenue per 1000 displayed still advertising messages (SEK)	26	20	21	23

Early test results from the video advertising model show high revenue per ad impression (\$ 18 per thousand ad impressions in the US compared to, say, \$ 6-8 as is normal for YouTube).

CASH AND CASH EQUIVALENTS

The company's revenues are still modest, the costs mainly relate to salaries, product development, operations and marketing.

In July, ALMI granted the company a loan of SEK 3 million. This loan has not yet been repaid. Liquidity as of June 30 is SEK 9.9 million, the loan of SEK 3 million from ALMI not included.

Until 1 October 2020, options can be exercised for 110,110 shares at SEK 20 for a total of SEK 2,202,200.

The company assesses that there is great global commercial potential but cannot with certainty predict revenue levels. If revenues do not develop in accordance with the Company's assessments, the Company needs to consider measures including additional capital raising. The company may also decide that additional expansion capital is needed. As there is a great deal of interest in investing in the Company, the Company considers the opportunities to be good to obtain additional financing. The Board has a mandate from the Annual General Meeting to issue shares and / or convertibles and / or warrants in order to be able to handle the financing issue.

COVID-19 RELATED ACTIONS

We closely monitor the spread of COVID-19 around the world. We have taken proactive measures to reduce the risks for our employees and ensure that our operations continue to function smoothly. These measures include working from home and stopping all business trips. As we are an online company with employees in five countries, virtual meetings are already an established working method. The costs of customer acquisition have since Corona decreased. We cannot conclude that this is due to the spread of COVID-19, but it may be that more people choose to play and create their own games when their daily routine changes drastically.

Christopher Kingdon, CEO, Adventure Box Technology AB (publ)

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ABOUT ADVENTURE BOX TECHNOLOGY AB

Adventure Box makes it easy, and fun to make, share and play 3D games online. The company's world-leading streaming technology is patent protected. Founded in Stockholm 2014, the company also has staff in Paris, Seville, Malta and Kerala (India). Adventure Box is traded at Nasdaq First North Growth Market under the short name ADVBOX and ISIN code SE0012955276. Redeye AB with email certifiedadviser@redeye.se and phone number +46 8 121 576 90 is the companies Certified Adviser.

This information is such that Adventure Box Technology AB (publ) is required to disclose in accordance with the EU Market Abuse Regulation. Information was provided through the above contact persons' publication for publication on 28 August 2020 at 8:00 CET.

The interim report is attached in its entirety.