

PRESS RELEASE
14 May 2020

INTERIM REPORT 1 JANUARY– 31 MARCH 2020

Record low customer acquisition costs, collaborations with more Minecraft YouTubers, an established advertising model, the development of a more mobile-friendly social user interface for new content sharing, Adventure Box Pro and Academy concepts, and a further strengthened organization pave the way for an exciting second quarter.

QUARTER JANUARY 1 - MARCH 31 IN SUMMARY

- The company's net sales during the quarter was SEK 0,0 million (SEK 0.0 million)
- Net profit amounted to SEK -5,1 million (SEK -0,9 million)
- 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 -5,8 million (SEK -2.9 million)
- The company's cash and cash equivalents amounted to SEK 4,8 million (SEK 0.6 million) at the end of the quarter.
- The company's equity at the end of the quarter amounted to SEK 27,0 million (SEK 18,2 million)

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- 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 April, 1,701,756 visitors visited www.adventurebox.com, of which 359,556 were return visitors.
- The average cost of purchased traffic in January was SEK 0.12 per website visitor
- Advertising messages were viewed 819,929 times in January
- Average revenue per thousand advertising views during January was SEK 26

CEO STATEMENT

The video game industry's revenue is twice that of the movie industry and eight times greater than that of the music industry. This growing market motivates our company's mission; to make it easy and fun to create, share and play computer games. We break down barriers that prevent people from expressing themselves through computer game creation.

To achieve our vision of becoming the globally leading sharing platform for consumer-created games, we involve our users. Our users' recommendations to friends and acquaintances to create, share and play can make our growth exponential.

During Q1 we saw our already low user acquisition costs drop further. We now acquire users at much lower cost levels than that for mobile app downloads. We tested a video advertising solution, which will be rolled out within weeks. This, together with product improvements that lead to user staying longer, can increase advertising revenue. In Q2 we will release a new mobile friendly social interface and improvements that allow users to create and share not only games but also game components such as their own designs for buildings, weapons or body-parts. We are trialing the Adventure Box Pro program that will allow users to earn real world cash from their creativity.

RECORD LOW CUSTOMER ACQUISITION COSTS

During the period January to April 2020, the number of website visitors increased from 821,519 to 1,701,756. The number of returning users increased from 195,980 to 359,556. Our average cost of purchased traffic (per website visitor) was SEK 0.23 in January, SEK 0.21 in February, SEK 0.15 in March and SEK 0.12 in April. This can be compared with industry average costs per install for mobile app games of SEK 20-30. It is the attractiveness of our offering and the simplicity of our one-click streaming technology, which avoids downloads and installs, that allows us to achieve such low Customer Acquisition Costs.

ADDITIONAL MINECRAFT YOUTUBERS

In December, we conducted our first marketing campaign with Minecraft YouTubers. Minecraft YouTubers are idols and role models. When they recommend Adventure Box to their followers it strengthens our brand. In Q1 we added several YouTubers with a slightly larger following, including JonesGotGame, Beautiful O.B, and The Frustrated Gamer. Allowing Minecraft YouTubers to sell copies of their popular gaming worlds through Adventure Box will be an important source of income. We target offering them this possibility during Q2.

ADVERTISING REVENUES

	January	February	March	April
Number of displayed advertising messages	439,355	556,026	734,766	819,929
Total advertising revenue (SEK)	17,698	20,573	24,982	21,318

Revenue per 1000 showed advertising messages (SEK)	40	37	34	26
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Lately we have been testing video advertising, which we expect to release to production in May. Video advertising will increase advertising revenues over our current still image advertising (banners). Product improvements that will keep visitors longer, so they see more advertising messages, will also increase advertising revenues from current very low levels.

MOBILE FRIENDLY SOCIAL INTERFACE FOR SHARING NEW CONTENT

During Q1 a lot of effort has been focused on a new mobile friendly social interface and an updated content engine. Users will be able to not only create games, but also game components, such as their own buildings, weapons and body parts. The social interface will promote sharing and connecting with friends. The new social interface is currently being tested and its first iteration will be released in May. The next step is allowing users to resell their unique content.

ADVENTURE BOX PRO AND ACADEMY

Users who wish to earn money from their Adventure Box game making capabilities can now apply to become Adventure Box Pros at pro.adventurebox.com. Prior to market launch of the program we have already received 40 signups. We are also experimenting with the Adventure Box Academy where users will be able to sign up to learn new game design skills. Adventure Box Pros shall be able to quality to be coached in the Adventure Box Academy.

STRENGTHENED OUR ORGANIZATION

We have continued strengthening our development organization to allow us to improve our product faster. During Q1 we added to highly qualified programmers to our Stockholm office.

At the end of Q1 2020, our organization consisted of 11 full-time employees, 3 full-time consultants and 4 part-time consultants. We have staff in Stockholm (13), Paris (2), Seville (1), Malta (1) and Kerala, India (1).

CASH

The company's revenue is still modest, the costs mainly relate to salaries, product development, operations and marketing. Cash and cash equivalents as of March 31, SEK 4,795 thousand. Following a new share issue in April, the company has approximately SEK 13 million in liquid funds. Until May 31, options can be exercised for 47,340 shares at SEK 9.40 for a total of SEK 444,996.

COVID-19 RELATED MEASURES

We closely monitor the spread of COVID-19 around the world. We have taken proactive measures to reduce the risks to our employees and ensure that our operations continue to run smoothly.

These measures include working from home and cancelling all business travel. Since we are an online company with employees in five countries, virtual meetings are already established working methods. We observe that Customer Acquisition Costs continue to decrease. 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 usual daily chores change drastically.

The deep technology work done by our development group during Q1 is resulting in a new content engine and a new mobile friendly social interface to be released during May and refined over the coming months. These new capabilities will bring further improvements in returning users, user creativity and monetization.

Christopher Kingdon, CEO Adventure Box Technology AB (publ)

FOR MORE INFORMATION CONTACT:

Christopher Kingdon, CEO Adventure Box, +46 (0)73 051 1414,
chris@adventurebox.com, corp.adventurebox.com

Certified Advisor FNCA Sweden AB, +46(0)8-528 00 399, info@fnca.se

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.

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 14 May 2020 at 8:00 CET.

The interim report is attached in its entirety.