



-TECHNOLOGY-

INTERIM REPORT FOR THE FINANCIAL YEAR 2018/19

1 September 2018-31 December 2019 (16 months)

INTERIM REPORT FOR THE FINANCIAL YEAR 2018/19

1 SEPTEMBER 2018 - 31 DECEMBER 2019

Adventure Box Technology AB (publ)

Org. No. 556963-6599

FINANCIAL YEAR

The company has extended the financial year from September 1, 2018 to December 31, 2019. For comparability, the previous year regarding income statement and cash flow analysis has been recalculated to the same quarter, while full-year figures for 2018/19 reflect 16 months September 1, 2018- December 31, 2019 and the previous year refers to 12 months Sep 1, 2017 - Aug 31, 2018. Balance sheet figures are for 2019 as of Dec 31, and the previous year as of Aug 31, 2018.

THE PERIOD SEPTEMBER 1, 2018- DECEMBER 31, 2019 IN SUMMARY

- The company's net sales during the period was SEK 0.0 million (SEK 0.1 million)
- Net profit amounted to SEK -10.1 million, (SEK -0.8 million)
- Earnings / share was SEK -1.96 (SEK -0.70) Not comparable due to split 1: 5 during summer 2019
- Net cash flow before financial items was SEK -14.1 million (SEK -4.7 million)
- The company's cash and cash equivalents amounted to SEK 10.7 million (SEK 0.2 million) at the end of the period.
- The company's equity at the end of the period was SEK 32.1 million (SEK 16.3 million)

QUARTER OCTOBER 1 - DECEMBER 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 -6.4 million (SEK -4.4 million)
- Earnings / share was SEK -0.70 (SEK -3.96). Not comparable due to split 1: 5 during summer 2019
- Net cash flow before financial items was SEK -6.6 million (SEK -2.8 million)
- The company's cash and cash equivalents amounted to SEK 10.7 million (SEK 0.2 million) at the end of the quarter
- The company's equity at the end of the quarter amounted to SEK 32.1 million (SEK 16.3 million)

SIGNIFICANT EVENTS DURING THE YEAR

- During the period, 7 right issues were completed, injecting just under SEK 25.9 million in new equity
- The company was listed on the Nasdaq First North Growth market on December 2, 2019
- Prior to the listing, a 1: 5 split has been completed, and the number of shares after the split has been 9,142,400
- The company has completed two bonus share issues, partly to increase the share capital to over SEK 500 thousand before listing the company share on NASDAQ First North Stockholm, and partly to obtain a quotient value of SEK 0.10 per share.
- A marketing campaign with English Minecraft YouTubers was conducted in December. The games they promoted received the highest proportion of repeat visitors.
- Support for mobile devices was introduced during the months of November and December 2019
- During the autumn, the Company saw strong growth in users numbers and ever more evidence of a working advertising model

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

- During January, 821,519 visitors visited www.adventurebox.com, of which 195,980 were return visitors.
- The average cost of purchased traffic in January was SEK 0.23 per website visitor
- Advertising messages were viewed 439,355 times in January
- Average revenue per thousand advertising views during January was SEK 40

IN THE WORDS OF THE CEO

The video game industry's revenue is twice that of the movie industry and eight times greater than that of the music industry. This makes it extra motivation to do what our company does; to make it easy and fun to create, share and play computer games. We break down the barrier that today prevents most people from expressing themselves through computer game creation.

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

We have learnt a lot from the strong growth in our user numbers during the autumn. Since our service is online, we can measure every relevant aspect of our users' behavior. Something that is very clear is that the users who publish and share games are the most loyal of our users. We are now working on a social platform that will further facilitate and motivate collaboration and sharing of games. Our agile development method allows us to smoothly direct our development investments towards the areas that give the best measured results.

We have had a very active end to 2019, including listing on Nasdaq, introduction of support for mobiles, a marketing campaign with English Minecraft YouTubers, new employees, strong growth in the number of users and ever more evidence of a working advertising model.

VIGOROUS USER GROWTH

During the period October to December 2019, the number of website visitors increased from 397,284 to 676,691. The number of returning users increased from 62,358 to 152,248. Our average cost of purchased traffic (per website visitor) was SEK 0.27 in October, SEK 0.24 in November and SEK 0.27 in December.

LISTING ON THE NASDAQ FIRST NORTH GROWTH MARKET

We were listed on the Nasdaq First North Growth Market on December 2. The event was celebrated, as it should be, with around 40 invited children aged 8 to 15. After the listing ceremony, our guests got to listen to Nasdaq explaining what the stock exchange is and to us when we presented how to make your own games with Adventure Box. The listing makes it easier for us to carry out new right issues and to acquire companies.

MOBILE SUPPORT

In the month of November and December we opened for the use of Adventure Box from mobiles ("smartphones"). Currently, we support playing Adventure Box games on mobiles. Game creation is still only offered on a personal computer.

LAUNCH WITH MINECRAFT YOUTUBERS

In December, we conducted our first marketing campaign with Minecraft YouTubers. This together with our new English partner Fourth Floor Creative. Minecraft YouTubers are idols and role models. The fact that they recommend Adventure Box to their followers strengthens our brand. The games they promoted received the highest proportion of repeat visitors. During the

year we will gradually work with bigger YouTuber idols. Allowing Minecraft YouTubers to sell copies of their popular gaming worlds through Adventure Box will be an important source of income.

THE ADVERTISING MODEL IS PROVEN

	October	November	December
Number of displayed advertising messages	163,030	354,222	446,807
Total advertising revenue (SEK)	17,305	24,336	25,898
Revenue per 1000 showed advertising messages (SEK)	106	68	58

We are confident that we will increase in advertising revenues by switching from still image advertising (banners) to video advertising as well as through product improvements that will keep visitors longer, such they see more advertising messages.

STRENGTHENED ORGANIZATION AND PRODUCT

During the fall, we focused on strengthening our development organization to allow us to improve our product faster. In addition to strengthening our development and delivery processes, we also recruited a Vice President of Development, a User Experience Expert, a Programmer and a Designer.

At the end of the year 2019, our organization consisted of 9 full-time employees, 3 full-time consultants and 4 part-time consultants. Of these full-time employees, 9 work at our Stockholm office and the others in Paris, Seville and Malta. Since the turn of the year, we have recruited another programmer in India, and we are now working on arranging work visas for two more programmers.

CASH

The company's revenue is still modest, the costs mainly relate to salaries, product development, operations and marketing. Liquidity is SEK 10.7 million. On March 31, options can be exercised for up to 1,306,875 shares at SEK 10 for a total of SEK 13,068,750. Until May 31, options can be exercised for 47,340 shares at SEK 9.40 for a total of SEK 444,996.

We are proud of our successful 2019-year. Especially we are pleased with how strongly we were able to end the year, fulfilling all the commitments we made to investors in the summer of 2019. Now we look forward to an extremely exciting year 2020.

Stockholm 2020-02-20

Christopher Kingdon
CEO, Adventure Box Technology AB (publ)



THE COMPANY'S FINANCIAL DEVELOPMENT

Adventure Box Technology AB Financial summary

in thousands (unless otherwise specified)	3 months 1 Oct -31 Dec		16 months 1 Sept -31 Dec	12 months 1 Sept - 31 Aug
	2018/2019	2017/2018	2018/2019	2017/2018
Net sales	30	27	30	139
Other revenues	91	83	395	94
Total expenses	-7,040	-5,044	-12,713	-2,356
Earning before interest and tax (EBIT)	-6,347	-4,365	-9,908	-714
Earning before tax (EBT)	-6,427	-4,386	-10,138	-753
Net income	-6,427	-4,386	-10,138	-753
Cash flow after net investment	-6,716	-2,778	-14,209	-4,689
Investments in intangible fixed assets, net	-2,689	-1,668	-6,336	-4,146
Cash and bank	10,706	245	10,706	245
Total equity	32,059	16,323	32,059	16,323
Key ratios				
Return on equity, %	neg	neg	neg	neg
Solvency ratio	88%	83%	88%	83%
Number of employees	9	5	9	5

QUARTER OCTOBER-DECEMBER 2019

Balance sheet numbers previous year refer to 2018-08-31 whereas income statement and cash-flow numbers previous quarter refer to Q4 2018.

Net sales

Net sales for the company for the quarter amount to 30 TSEK (27 TSEK).

Expenses

Operating expenses for the quarter amount to 7 040 TSEK (5,044 TSEK), comprising, other external costs 3 940 TSEK (2,182 TSEK), the change mainly due to increased marketing costs and costs related to the listing process of the Adventure Box share on NASDAQ First North, personell costs 2,671 TSEK (2,862 TSEK), depreciation 429 TSEK (1 TSEK).

Increases in depreciation 423 TSEK caused by the new accounting principle to commence depreciation on capitalized development expenses from dec 2019.

Earnings before tax

Earnings before tax amounted to -6,427 TSEK (-4,386 TSEK) or -0.70 SEK (-3.96 SEK) per share. During the summer of 2019 a stock split of 1:5 was carried out and therefore the numbers are not comparable.

Cash-flow and liquidity

Cash-flow for the quarter amounted to -7,137 TSEK (688 TSEK) and net cash-flow before financial items amounted to -6,646 TSEK (-2,778 TSEK), or -0.73 SEK (-2.51 SEK) per share. During the summer of 2019 a stock split of 1:5 was carried out and therefore the numbers are not comparable. Liquid assets by the end of the quarter amounted to 10,706 TSEK (245 TSEK).

Investments

During the quarter the company has not invested in any tangible assets. Investments in development amounted to 2,689 TSEK (1,668 TSEK).

Equity

Equity of the company amounted to 32,059 TSEK (16,323 TSEK) at the end of the quarter or 3.51 SEK (14.73 SEK) per share. During the summer of 2019 a stock split of 1:5 was carried out and therefore the numbers are not comparable. The solvency ratio by the end of the period was 89% (84%).

PERIOD 1 SEPTEMBER 2018 – 31 DECEMBER 2019

The company has extended its annual financial reporting from 1 sept 2018 to 31 dec 2019 to adapt the annual reporting to calender year. For comparability, the previous year numbers from income and cash-flow statements refer to the same quarter, while full year numbers for 2018/19 refer to the period 2018-09-01 – 2019-12-31 (16 months) whereas previous year numbers refer to the period 2018-09-01 – 2019-08-31 (12 months). Balance sheet numbers for 2019 are per 2019-12-31 and for 2018 are per 2018-08-31.

Net sales for the period amounted to 30 TSEK (139 TSEK).

Operating expenses

Operating expenses for the period amounted to 12 713 TSEK (2 356 TSEK) the increases mainly due to increased number of employed programmers, increases in marketing expenses and costs related to the listing process of the Adventure Box share on NASDAQ First North.

Earnings after tax

Earnings after tax amounted to -10,138 TSEK (-753 TSEK), the change in earnings is referable to increased number of employed programmers, increases in marketing expenses and costs related to the listing process of the Adventure Box share on NASDAQ First North,

Another effect on the income of the company is changed capitalization principles adapted from January 2019 saying that only costs directly related to development are capitalized.

Cash-flow from operations

Cash-flow from operations amounted to -7,873 TSEK (-543 TSEK), mainly caused by increased costs as described above.

Investments in development

Investment in development amounted to 6,336 TSEK (4,146 TSEK), an increase compared to previous year caused by increased activities to develop the products of the company. The number of employed programmers has increased from three to five at the same time as the number of subcontracted programming consultants has increased.

Cash-flow from financing activities

Capital injections during the period amount to 25,874 TSEK (5,446 TSEK), thanks to a number of minor share issues in the beginning of the period and an additional larger rights issue in June 2019 for approximately 20,665 TSEK. Payments have been made on loans from ALMI and UIC with TSEK 1,274 (TSEK 504).

Equity

Equity by December 31 amounted to 32,059 TSEK (16,323 TSEK), the increase mainly thanks to the capital injections mentioned above.

Liabilities

The long-term liabilities of the company by December 31 amount to 655 TSEK (1,929 TSEK) and short-term liabilities amount to 3,733 TSEK (1,717 TSEK).

Long-term liabilities consist of credits from Almi Företagspartner Uppsala AB (Almi) 555 TSEK (1 023 TSEK) and credits from Uppsala Innovation Centre AB (UIC) of 100 TSEK (326 TSEK).

The short-term interest-bearing liabilities refer to short-term part of credit from Almi 324 TSEK (357 TSEK) and UIC 150 TSEK (150 TSEK).

Liquid assets

The liquid assets of the company amounted to 10 706 TSEK (245 TSEK) by 31 Dec 2019, the increase mainly thanks to the capital injections mentioned above.

During the period, Adventure Box carried out rights issues of just under SEK 26 million to finance development and marketing. Cash balance amounted to just over SEK 10 million at the end of the period. We believe that there is great global commercial potential but cannot for sure predict revenue levels. Therefore,

the outcome of revenue generation will directly affect the company's future capital needs. The Board therefore considers it decisive that the Company is able to generate revenue, otherwise the existing working capital will not be sufficient for the next 12 months. If revenue is not developed in accordance with the Board's estimates, the Company needs to consider measures including additional capital raising. There is great interest in investing in the Company, which means that the Board considers the opportunities as good to provide additional funding. The Board is mandated by the AGM to issue shares and/or convertibles and/or warrants in order to handle the financing issue.

Loss carry forward

Adventure Box operations are expected initially to generate negative earnings and tax-deductible losses. The tax-deductible losses by 2018-08-31 amount to 2,397 TSEK and are forecasted to 12,448 TSEK by the end of the period.

THE COMPANY

Adventure Box Technology AB (publ) was a 100% shareholder of Happy L-Lord Ltd (91433-7), in London. The company in London has been liquidated and is not a part of this interim report. The company is thus no longer a group of companies.

The company is seated in Stockholm.

The share of the company is from 2019-12-02 listed on NASDAQ First North Stockholm stock exchange under the shortname of ADVBOX. The ISIN code is SE0012955276. FNCA Sweden AB is the certified adviser of the company. FNCA can be reached on info@fnca.se as well as on telephone +46 8 528 00 399. The number of shareholders by 2019 -12-31 is around 375.

Share capital

The share capital of the company amounts to 914,240 SEK of 9,142,400 outstanding shares.

Incentive schemes

There are three incentive schemes in the company.

Programme 1:2016: 47 340 warrants giving the holder right to at the latest on 2020-05-31 subscribe for one share in Adventure Box Technology AB (publ) at a strike price of 9.40 SEK per share.

Programme 2:2017: 110 110 warrants giving the holder right to at the latest on 2020-10-01 subscribe for one share in Adventure Box Technology AB (publ) at a strike price of 20 SEK per share.

Programme 3:2019: 286,500 warrants giving the holder right to at the latest on 2022-05-09 subscribe for one share in Adventure Box Technology AB (publ) at a strike price of 9.40 SEK per share.

Warrants

At an extra shareholder's meeting 2019-07-09 the meeting decided to emit 2,613,750 warrants as a part of the capital injection carried out during the summer. The holder of two warrants have the right to subscribe to one share in the company from 2019-11-01 until 2021-09-30. From 2019-11-01 until 2020-03-31 The holder of two warrants have the right to subscribe to one share in the company at a strike price of 10 SEK per share. From 2020-04-01 until 2021-09-30 The holder of two warrants have the right to subscribe to one share in the company at a strike price of 16 SEK per share. On full subscription the company will have a capital injection of between 13,068,750 SEK and 20,910,000 SEK through the emission of 1,306 875 new shares, with a dilution effect of around 12.51 %.

Transactions with related parties

On June 26, the company entered into a consulting agreement with board member Claes Kalborg according to which, in 2019, in addition to his assignment as a board member, he performed work for the company of just over 200 working hours at a cost of SEK 400,000. No further payments are foreseen during this period.

During the period 2018-09-01 until 2019-12-31 1 306 TSEK (1 782 TSEK) have been paid for developments services rendered by O'Leary Consulting, a company owned by the CTO of the company also the second largest shareholder Cléo Hayes McCoy.

The company's operations and risk factors

Adventure Box operations are affected by a number of risks that may affect the earnings and the financial position of the company to varying degrees. For a description of the risks associated with the company please see pages 4-8 in the company description presenting the company for the listing process of the share of Adventure Box on NASDAQ First North Stockholm which is also available on the company's website.

Employees

The number of employees by the end of the period were 9 (5).

Accounting principles

This interim report has been prepared in accordance with the Swedish Annual Reports Act and the Swedish Financial Reporting Board's recommendation BFNAR 2012:1 (K3).

In addition to what is stated below, the companies accounting principles and calculation bases for the report are unchanged compared with the most recent annual report for the financial year ending 2018-08-31, with the exception of changes in principles for capitalization of development expenses that are changed from January 2019 with the effect that development expenses, including personnel costs for employees working with development, directly correlated with development are capitalized, Indirect costs for development are capitalized in relation to the number of employees working with development in relation to the total number of employees in the company.

From December 2019 depreciation are carried out on capitalized development expenses of 20% on book value.

Accruals on marketing revenues from Google Ads are not made since they are hard to estimate. Marketing revenues are booked as revenues when payments from Google are received.

THE BOARD'S DECLARATION

The Board of Directors and the CEO assure that this interim report provides a true and fair view of the company's operations, position and earnings, and describes the material risks and uncertainties that the company faces.

Stockholm 2020-02-20

The Board of Directors
Adventure Box Technology AB (publ)

This interim report has been subject to a review by the auditors of the company.

COMPRISED INCOME STATEMENT

in thousands (unless otherwise specified)

Adventure Box Technology AB	3 months 1 Oct -31 Dec		16 months 1 Sept -31 Dec	12 months 1 Sept - 31 Aug
	2018/2019	2017/2018	2018/2019	2017/2018
OPERATING SALES				
Net sales	30	27	30	139
Capitalized development expenses	572	569	2,380	1,409
Other revenues	91	83	395	94
Total revenues	693	679	2,805	1,642
OPERATING EXPENSES				
External expenses	-3,940	-2,181	-5,133	-399
Personnel expenses	-2,671	-2,862	-7,150	-1,955
Depreciation and revaluations	-429	-1	-430	-2
Total expenses	-7,040	-5,044	-12,713	-2,356
Earning before interest and tax (EBIT)	-6,347	-4,365	-9,908	-714
FINANCIAL INCOME AND EXPENSES				
Financial net	-80	-21	-230	-39
Earnings before tax (EBT)	-6,427	-4,386	-10,138	-753
Income tax	0	0	0	0
Net income	-6,427	-4,386	-10,138	-753
Of which attributable to the Parent Company's shareholders	-6,427	-4,386	-10,138	-753
Average amount of shares, before and after dilution, 000's	9,142	1,108	5,172	1,076
The number of shares on closing date, 000's	9,142	1,108	9,142	1,108
Earnings per share, SEK	-0.70	-3.96	-1.96	-0.70

COMPRISED BALANCE SHEET

<i>in thousands (unless otherwise specified)</i>	31 Dec	31 Aug
Adventure Box Technology AB	2019	2018
ASSETS		
<i>Non-current assets</i>		
<i>Inangible assets</i>		
Capitalized development expenses	24,956	19,043
<i>Tangible assets</i>		
Machinery & equipment	14	21
<i>Financial assets</i>		
Long-term financial investments	0	70
Shares in subsidiaries	0	13
Total non-current assets	24,970	19,147
<i>Current Assets</i>		
Accounts receivables and other current assets	771	72
Intercompany receivables	0	48
Cash and bank	10,706	245
Total current assets	11,477	365
TOTAL ASSETS	36,447	19,512
<i>Equity and liabilities</i>		
<i>Equity</i>		
Restricted equity	15,901	13,943
non-restricted equity	16,158	2,380
Total equity	32,059	16,323
<i>Provisions and liabilities</i>		
Long-term liabilities	655	1,929
Current liabilities	3,733	1,260
Total provisions and liabilities	4,388	3,189
TOTAL EQUITY AND LIABILITIES	36,447	19,512

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands SEK

Adventure Box Technology AB, 1 sept 2017-31 aug 2018	Share capital	On-going capitalinjec- tions	Fund for development expenses	Other capital contributions	Retained earnings	Total shareholder's equity
Opening balance 2017-09-01	99	3,545	4,759	12,323	-6,596	14,130
<i>Comprehensive Income</i>						
Change of fund for developmnet expenses			4,146		-4,146	
Net income for period					-753	-753
Total comprehensive income			4,146	0	-4,899	-753
<i>Transactions with shareholders</i>						
Capital Injections	12	-3,545		6,548		3,015
Capital Injection costs				-69		-69
Total transactions with shareholders	12	-3,545	0	6,479	0	2,946
Closing balance 2018-08-31	111	0	8,905	18,802	-11,495	16,323

Adventure Box Technology AB, 1 sept 2018-31 dec 2019	Share capital	On-going capitalinjec- tions	Fund for development expenses	Other capital contributions	Retained earnings	Total shareholder's equity
Opening balance 2018-09-01	111	0	8,905	18,802	-11,495	16,323
<i>Comprehensive Income</i>						
Change of fund for developmnet expenses			6,081		-6,081	
Net income for period					-10,138	-10,086
Total comprehensive income	0	0	6,081	0	-16,219	-10,086
<i>Transactions with shareholders</i>						
Value of warrants paid				135		135
Bonus share issue	518			-518		0
Capital Injections	285			25,488		25,773
Capital Injection costs	-			-34		-34
Total transactions with shareholders	803	0	0	25,071	0	25,874
Closing balance 2019-12-31	914	0	14,986	43,873	-27,714	32,059

COMPRISED STATEMENT OF CASH FLOW

<i>in thousands (unless otherwise specified)</i>	3 months 1 Oct -31 Dec		16 months 1 Sept -31 Dec	12 months 1 Sept - 31 Aug
	2018/2019	2017/2018	2018/2019	2017/2018
Adventure Box Technology AB				
OPERATING ACTIVITIES				
Earnings after financial items	-6,427	-4,387	-10,138	-753
Depreciation	429	1	430	2
Other non-cash items	61	0	61	0
Cash flow from operating activities before change in working capital	-5,937	-4,386	-9,647	-751
Change in working capital	1,910	3,276	1,774	208
Cash flow from operating activities	-4,027	-1,110	-7,873	-543
Investing activities				
INVESTMENT ACTIVITIES	70	0	70	0
Investments in intangible fixed assets, net	-2,689	-1,668	-6,336	-4,146
Investments in tangible fixed assets, net	0	0	0	-23
Cash flow from investing activities	-2,619	-1,668	-6,266	-4,169
Cash flow after net investment	-6,646	-2,778	-14,139	-4,712
FINANCING ACTIVITIES				
Repayments on loans	-498	-126	-1 274	-504
Contributed equity	7	3,592	25,874	5,446
Cash flow from financing activities	-491	3,466	24,600	4,942
CASH FLOW FOR THE PERIOD	-7,137	688	10,461	230
Liquid assets beginning of period	17,843	245	245	15
Liquid assets at end of period	10,706	933	10,706	245



DEFINITIONS AND KEY RATIOS

Earnings per share

Net income divided by the average number of shares.

Average number of shares

The average number of shares of Adventure Box Technology AB has been calculated as the number of shares outstanding after each capital injection times the number of days the shares have been outstanding.

Solvency ratio

Equity in relation to the total assets of the company.

Return on equity

Net income in relation to the average equity of the company.

Equity per share

Equity in relation to the number of shares outstanding on the balance date.

Cash-flow from operations per share

Cash-flow from operations in relation to the average number of shares.

Cash flow per share

Cash flow for the period divided by the average number of shares.



UPCOMING REPORTS

2020-04-03	Annual report 2018/19
2020-05-13	Shareholder's annual meeting
2020-05-14	Quarterly report Q1 2020
2020-08-28	Quarterly report Q2 2020
2020-11-18	Quarterly report Q3 2020
2021-02-26	Quarterly report Q4 2020

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