



-TECHNOLOGY-

QUARTERLY REPORT

1 January -31 March 2020

QUARTERLY REPORT 1 JANUARY– 31 MARCH 2020

Adventure Box Technology AB (publ)

Org. No. 556963-6599

COMPANY DEVELOPMENT

Adventure Box Technology AB MSEK	1 Jan - 31 March		16 months 1 Sept -31 Dec
	2020	2019	2018/2019
Net sales	0.0	0.0	0.0
Net income	-5.1	-0.9	-10.1
Earnings per share, SEK	-0.56	-0.76	-1.96
Cash flow after net investment	-5.8	-2.9	-14.2
Cash and bank	4.8	0.6	10.7
Total equity	27.0	18.2	32.1

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 April was SEK 26.

CEO STATEMENT Q1 2020



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

TSEK	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

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.

Stockholm 2020-05-14

Christopher Kingdon
CEO, Adventure Box Technology AB (publ)

THE COMPANY'S FINANCIAL DEVELOPMENT

FINANCIAL SUMMARY

in thousands SEK (if not otherwise specified)	1 Jan -31 March		16 months 1 Sept -31 Dec
Adventure Box Technology AB	2020	2019	2018/2019
Net sales	44	0	30
Other revenues	152	74	395
Total expenses	-5,803	-1,341	-12,713
Earning before interest and tax (EBIT)	-5,076	-867	-9,908
Earnings before tax (EBT)	-5,096	-894	-10,138
Net income	-5,096	-894	-10,138
Cash flow after net investment	-5,768	-2,885	-14,209
Investments in intangible fixed assets, net	-1,257	-1,015	-6,336
Cash and bank	4,795	578	10,706
Total equity	26,963	18,221	32,059
Key ratios			
Earnings per share, SEK	-0.56	-0.76	-1.96
Return on equity, %	neg	neg	neg
Equity per share	2.95	15.57	3.51
Solvency ratio	89%	79%	88%
Number of employees	9	5	9

QUARTER JANUARY-MARCH 2020

Net sales

Net sales for the company for the quarter amount to 44 TSEK (0.0 TSEK).

Expenses

Operating expenses for the quarter amount to 5,803 TSEK (1,341 TSEK), comprising, other external costs 2,295 TSEK (418 TSEK), the change mainly due to increased marketing costs and costs of the Adventure Box share being listed on NASDAQ First North, personnel costs 2,236 TSEK 921 TSEK mainly caused by the increased number of employees, depreciation 1,272 TSEK (2 TSEK). Increases in depreciation caused by the new accounting principle to commence depreciation on capitalized development expenses from dec 2019.

Earnings before tax

Earnings before tax amounted to -5,096 TSEK (-894 TSEK) or -0.56 SEK (-0.76 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 -5,911 TSEK (688 TSEK) and net cash-flow before financial items amounted to -5,799 TSEK (-2,885 TSEK), or -0.63 SEK (-2.47 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 4,795 TSEK (578 TSEK).

Investments

During the quarter the company has not invested in any tangible assets. Investments in development amounted to 1,257 TSEK (1,015 TSEK).

Equity

Equity of the company amounted to 26,963 TSEK (18,221 TSEK) at the end of the quarter or 2.95 SEK (15.57 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% (79%).

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 were 12,439 TSEK by the end of the period.

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 2020 -03-31 is around 1,000.

Share capital

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

Incentive schemes for personnel and consultants

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 to 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 to 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 to subscribe for one share in Adventure Box Technology AB (publ) at a strike price of 9.40 SEK per share.

Warrants for shareholders

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. Since the share price has been below the strike price for the main part of the period on to 2020-03-31 the warrants have not been utilized for share conversion. 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

During the period 2020-01-01 until 2020-03-31 320 TSEK (102 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 22-23 in the annual report for 2019 of the company which is also available on the company´s website.

Employees

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

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 2020-05-14

The Board of Directors
Adventure Box Technology AB (publ)

This interim report has not been subject to a review by the auditors of the company.

COMPRISED INCOME STATEMENT

in thousands SEK	1 Jan -31 March		16 months 1 Sept -31 Dec
Adventure Box Technology AB	2020	2019	2018/2019
<i>OPERATING SALES</i>			
Net sales	44	0	30
Capitalized development expenses	531	400	2,380
Other revenues	152	74	395
Total revenues	727	474	2,805
<i>OPERATING EXPENSES</i>			
External expenses	-2,295	-418	-5,133
Personnel expenses	-2,236	-921	-7,150
Depreciation and revaluations	-1,272	-2	-430
Total operating expenses	-5,803	-1,341	-12,713
Earnings before interest and tax (EBIT)	-5,076	-867	-9,908
<i>FINANCIAL INCOME AND EXPENSES</i>			
Financial net	-20	-27	-230
Earnings before tax (EBT)	-5,096	-894	-10,138
Income tax	0	0	0
Net income	-5,096	-894	-10,138
Average amount of shares, before and after dilution, 000's	9,142	1,170	5,172
The number of shares on closing date, 000's	9,142	1,170	9,142
Earnings per share, SEK	-0.56	-0.76	-1.96

COMPRISED BALANCE SHEET

in thousands SEK Adventure Box Technology AB	31 March 2020	31 March 2019	31 Dec 2019
<i>ASSETS</i>			
<i>Non-current assets</i>			
<i>Intangible assets</i>			
Capitalized development expenses	24,944	21,726	24,956
<i>Tangible assets</i>			
Machinery & equipment	42	17	14
<i>Financial assets</i>			
Long-term financial investments	0	70	0
Shares in subsidiaries	0	13	0
Total non-current assets	24,986	21,826	24,970
<i>Current Assets</i>			
Accounts receivables and other current assets	399	564	771
Intercompany receivables	0	48	0
Cash and bank	4,795	578	10,706
Total current assets	5,194	1,190	11,477
TOTAL ASSETS	30,180	23,016	36,447
<i>Equity and liabilities</i>			
<i>Equity</i>			
Restricted equity	17,157	14,488	15,899
non-restricted equity	9,806	3,733	16,160
Total equity	26,963	18,221	32,059
<i>Provisions and liabilities</i>			
Long-term liabilities	543	1,789	655
Current liabilities	2,674	3,006	3,733
Total provisions and liabilities	3,217	4,795	4,388
TOTAL EQUITY AND LIABILITIES	30,180	23,016	36,447

STATEMENT OF CHANGES IN EQUITY

in thousands SEK						
Adventure Box Technology AB 1 Sept 2018-31 Dec 2019	Share capital	Fund for development expenses	Other capital contributions	Retained earnings	This period's income	Total shareholder's equity
Opening balance 2018-09-01	111	8,904	18,803	-10,742	-753	16,323
<i>Comprehensive Income</i>						
Appropriation of this period's income				-753	753	
Change of fund for developmnet expenses		6,081		-6,081		
Net income for period					-10,138	-10,138
Total comprehensive income		6,081	0	-6,081	-9,385	-10,138
<i>Transactions with shareholders</i>						
Warrant premiums received			135			135
Bonus share issue	518		-518			0
Capital Injection	285		25,488			25,773
Capital Injection costs			-34			-34
Total transactions with shareholders	803	0	25,071	0	0	25,874
Closing balance 2019-12-31	914	14,985	43,874	-16,823	-10,138	32,059
Adventure Box Technology AB, 1 Jan 2019-31 March 2019						
Opening balance 2019-01-01	495	10,573	18,390	-13,163	-767	15,528
<i>Comprehensive Income</i>						
Appropriation of this period's income				-767	767	
Change of fund for developmnet expenses			1,015	-1,015		
Net income for period				0	-894	-894
Total comprehensive income	0	0	1,015	-1,782	-127	-894
<i>Transactions with shareholders</i>						
Warrant premiums received			167			167
Capital Injection	6		3,420			3,426
Capital Injection costs			-6			-6
Total transactions with shareholders	6	0	3,581	0	0	3,587
Closing balance 2019-03-31	501	10,573	22,986	-14,945	-894	18,221
Adventure Box Technology AB, 1 Jan 2020-31 March 2020						
Opening balance 2020-01-01	914	14,985	43,874	-16,823	-10,138	32,059
<i>Comprehensive Income</i>						
Appropriation of this period's income				-10,138	10,138	
Change of fund for developmnet expenses		1,257		-1,257		
Net income for period					-5,096	-5,096
Total comprehensive income	0	1,257	0	-1,257	-5,096	-5,096
<i>Transactions with shareholders</i>						
Total transactions with shareholders	0	0	0	0	0	0
Closing balance 2020-03-31	914	16,242	43,874	-18,080	-15,234	26,963

COMPRISED STATEMENT OF CASH FLOW

in thousands SEK	1 Jan -31 Mars		16 months 1 Sept -31 Dec
Adventure Box Technology AB	2020	2019	2018/2019
<i>OPERATING ACTIVITIES</i>			
Earnings after financial items	-5,096	-894	-10,138
Depreciation	1,272	2	430
Other non-cash items	0	0	61
Cash flow from operating activities before change in working capital	-3,824	-892	-9,647
Change in working capital	-687	-978	1,774
Cash flow from operating activities	-4,511	-1,870	-7,873
<i>Investing activities</i>			
Repayment of deposits	0	0	70
Investments in intangible fixed assets, net	-1,257	-1,015	-6,336
Investments in tangible fixed assets, net	-31	0	0
Cash flow from investing activities	-1,288	-1,015	-6,266
Cash flow after net investment	-5,799	-2,885	-14,139
<i>FINANCING ACTIVITIES</i>			
Repayments on loans	-112	-14	-1,274
Contributed equity	0	3,587	25,874
Cash flow from financing activities	-112	3,573	24,600
CASH FLOW FOR THE PERIOD	-5,911	688	10,461
Liquid assets beginning of period	10,706	245	245
Liquid assets at end of period	4,795	933	10,706



NOTES

Note 1. 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).

The companies accounting principles and calculation bases for the report are unchanged compared with the most recent annual report for the financial year ending 2019-12-31.



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 by share

This period's cash-flow divided by the average number of shares.



UPCOMING REPORTS

2020-08-28 Quarterly report Q2 2020

2020-11-18 Quarterly report Q3 2020

2021-02-26 Year End interim report Q4 2020

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