

28 July 2020

Digitalbox plc
("Digitalbox" or "the Company")

Pre-Close Trading Update

Digitalbox plc (AIM: DBOX), the mobile-first digital media business, which owns Entertainment Daily and The Daily Mash, today issues a pre-close trading update for the six months ending 30 June 2020. The Company expects to announce its interim results on 8 September 2020.

Despite the impact of COVID-19, the performance of the Company in the first six months has been encouraging. As a result of the Company's strong operating margins, Digitalbox expects to report adjusted profit before tax ahead of management expectations. Furthermore, the cash balance has increased from £0.6 million at 31 December 2019 to £1.2 million on 30 June 2020.

Revenue for the six months ending 30 June 2020 is expected to be flat year on year at approximately £1 million. The two factors that drive revenue are the volume and value of advertising. The volume is reflected in the number of visits (or sessions) that the Company's websites receive from users that come to read the content. The value is the price paid by advertisers to reach these users during these sessions. The number of visits to the Company's website has increased significantly but this has been offset by the sharp fall in the value per session because of COVID-19. The executive team took measures to mitigate the impact of the lockdown to offset the revenue shortfall, which protected the profit margin.

The performance of the Company's online publishing assets has progressed during the period. Entertainment Daily which is focused on TV and showbusiness news had a strong six months. The number of sessions recorded was up 16% compared to the same period last year. In February 2020, Entertainment Daily had more than six million unique users to its site, a similar level to December 2019. December is historically the biggest month of the year for Entertainment Daily. In the second quarter, the lockdown dominated the news agenda and reduced the flow of entertainment news. As a result, revenue for the period was flat.

The Daily Mash, which the Company acquired in March 2019, has been successfully expanding its user base. The site saw record audience figures through the early stages of lockdown as the nation looked to brighten its mood. Top articles through the period included: *'School kid who didn't revise and prayed for a miracle scared of his own powers'*; *'Waitrose limits food sales to people with detached houses'*; and *'Your guide to holding out till midday before starting to drink'*. This increase was also helped by the Mash Report TV show which aired on BBC2 through April and May. The show achieved record viewing figures as it successfully adapted its production format. Importantly, its share of the younger audience demographic grew, which is a key metric for the BBC when judging success.

Like other media companies, Digitalbox has found trading very challenging because of COVID-19. While much uncertainty remains, there are some early signs in the third quarter that advertising spend is increasing. The Company remains cautiously optimistic that a positive advertising market upturn will occur in the second half of the year. This half is traditionally the Company's strongest trading period.

James Carter, CEO, Digitalbox plc, said: "Our success in the first quarter positioned us to withstand the challenges presented by COVID 19. We quickly adapted to deal with the new environment, and our content teams made a seamless switch to homeworking. Running a largely automated commercial operation through programmatic and header bidding solutions has enabled us also to continue the trading of our inventory without disruption.

"While the lockdown has presented great opportunities for the Daily Mash to showcase the talent of its writers, the flow of news for Entertainment Daily slowed as TV production stopped and celebrities were out of view. We remain cautiously optimistic about the second half of 2020 as big TV shows return to our screens, retail opens up again, and the economy returns to a more positive position."

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About Digitalbox plc

Based in Bath, UK, Digitalbox is a 'pure-play' digital media business with the aim of profitable publishing at scale on mobile platforms. The company's operating model has been developed and refined since publishing operations began in December 2015.

Digitalbox operates two trading brands, "Entertainment Daily" and "The Daily Mash". Entertainment Daily produces and publishes online UK entertainment news covering TV, showbiz and celebrity news.

Entertainment Daily has averaged c. 3.8 million unique users per month over 2019, with over 14 million monthly UK sessions. In March 2019, Digitalbox acquired leading online satirical website, The Daily Mash. The Daily Mash averaged 4 million visits per month from 1.7m unique users in 2019.

Digitalbox generates revenue from the sale of advertising in and around the content it publishes. The Company's optimisation for mobile enables it to achieve revenues per session significantly ahead of market norms for publishers on mobile.

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