



**MINDARK PE AB (PUBL)**  
**INTERIM REPORT Q3 2023**

# Q3 IN BRIEF

## 1 JULY – 30 SEPTEMBER 2023

Group figures. Comparative figures in parentheses refer to the same period last year.

- » Turnover amounted to 22.9 MSEK (21.4 MSEK)
- » Capitalized work amounted to 6.1 MSEK (7 MSEK)
- » Operating profit amounted to 1.8 MSEK (3.4 MSEK)
- » Profit before tax amounted to 1.7 MSEK (-1.8 MSEK)
- » Cash & cash equivalents including short-term investments 27.7 MSEK
- » No interest-bearing liabilities
- » Provision for unspent user funds 50.4 MSEK
- » Earnings per share for the period amounted to 0.07 SEK (-0.05 SEK)

## 1 JANUARY – 30 SEPTEMBER 2023

Group figures. Comparative figures in parentheses refer to the same period last year.

- » Turnover amounted to 75.7 MSEK (63.7 MSEK)
- » Capitalized work amounted to 21.4 MSEK (19.6 MSEK)
- » Impact of restructuring costs on profit - 14 MSEK\* (0 MSEK)
- » Operating profit amounted to -5.5 MSEK (11 MSEK)
- » Profit before tax amounted to -7.5 MSEK (-0.7 MSEK)
- » Cash & cash equivalents including short-term investments 27.7 MSEK
- » No interest-bearing liabilities
- » Provision for unspent user funds 50.4 MSEK
- » Earnings per share for the period amounted to -0.29 SEK (-0.02 SEK)

\*In the second quarter, approximately SEK 14 million has been reserved for restructuring costs, which mainly refers to costs for salary and severance pay in connection with the reorganization. This 14 million SEK is thus a non-recurring cost.

### TURNOVER Q3 2023

**22,9 MSEK**  
(21.4 MSEK)

### OPERATING PROFIT Q3 2023

**1,8 MSEK**  
(3.4 MSEK)

### TURNOVER YTD 2023



**75,7 MSEK**  
(63.7 MSEK)

### OPERATING PROFIT YTD 2023



**-5.5 MSEK\***  
(11 MSEK)

# SIGNIFICANT EVENTS

## THIRD QUARTER 2023

-  MindArk announced changes in the management team as part of the reorganization. Magnus Eriksson resigned as COO.
-  MindArk's previously communicated reorganization and AI implementation is highlighted in several nationwide news stories.

## AFTER THE END OF THE Q3 PERIOD

-  The company announces a new strategy for the development of Entropia Universe in Unreal Engine 5.
-  As a result of the reorganization, Mats Kling has changed his role from CTO (Chief Technology Officer) to CIO (Chief Information Officer). Magnus Ryme is appointed CTO (Chief Technology Officer) and Terrence Verlander is appointed as CAIO (Chief Artificial Intelligence Officer).

## GROUP SALES AND PROFIT IN SUMMARY

(In KSEK)	Q3 2023 July - September	Q3 2022 July - September	YTD 2023 January- September	YTD 2022 January- September	2022 January- December	2021 January- December
Total operating income	29 097	28 527	97 666	83 788	124 642	106 965
Total operating expenses	-27 312	-25 140	-103 193	-72 825	-103 286	-85 635
Profit before tax	1 691	-1 850	-7 466	-737	12 044	18 503
Earnings per share for the period	0,07 SEK	-0,05 SEK	-0,29 SEK	-0,02 SEK	0,15 SEK	0,44 SEK

*This information is information that MindArk PE AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication 08:00 CET on November 28, 2023.*

# COMPANY DESCRIPTION

## ABOUT MINDARK

MindArk PE AB (publ) develops, operates and markets Entropia Universe and the Entropia Platform. Entropia Universe is a virtual universe with a unique integrated economic system and stunning graphics. The client software is free-of-charge and available to anyone with internet access.

The Entropia Platform is a secure entertainment and business platform, enabling companies and organizations all over the world to build content on themed planets inside the Entropia Universe.

## REVENUE MODEL

Entropia Universe is a so-called “free-to-play” game, which means that the game is free to download and there is no monthly fee or initial cost. Instead, MindArk’s revenue is generated by microtransactions that occur when users choose to use various items or features in Entropia Universe. Like the real world, almost all types of activities in Entropia Universe are resource intensive. Users switch from different currencies to Entropia Universe’s own internal currency, PED (PED has a fixed exchange rate against the USD, where 1 USD = 10 PED). The user then receives a corresponding amount of PED, calculated via the European Central Bank’s daily USD exchange rate, into their Entropia Universe account, which they can then use to purchase digital items such as weapons, vehicles, or real estate.

MindArk generates revenue through usage, wear and tear, auction fees (when items are purchased and sold between users) and through direct sales (which include the sale of virtual items and properties, usually via auctions in Entropia Universe). MindArk also charges a withdrawal fee of 1% on all withdrawals (i.e. payment of local currency into the user’s bank account). The minimum withdrawal amount is 1000 PED, which is equivalent to 100 USD. On average, each user generates 1.3 USD in revenue per hour spent in Entropia Universe. This revenue per user has remained relatively stable over the last 10 years.

Users are engaged not only by traditional computer game entertainment but also by the potential to earn money through revenue-generating activities. This further contributes to increased activity in Entropia Universe and increased revenues for MindArk.

## MINDARK AND ITS SUBSIDIARIES

MindArk is the parent company of a group with three subsidiaries, Entropia Universe AB, Planet Calypso AB (publ) and Green Fund Finance Sweden AB. All companies are based in Gothenburg. No activities are carried out in the subsidiaries.

# MESSAGE FROM THE CEO

The upward trend in revenue growth that MindArk has achieved so far this year continues into Q3 2023. We've seen a 7% increase in revenue compared to the same period last year. Out of this increase, 2.5% can be attributed to a stronger US dollar, whereas the rest is due to increased user activity in Entropia Universe. This growth is notable especially since the major quarterly update, introducing new content to users, was first released on September 19th this year, compared to August 30th in the previous year. It's no secret that user activity in Entropia Universe tend to spike following content updates. This year, the update contributed to the third quarter's revenue for just eleven days. This puts MindArk in a strong position as we head into the final quarter.

While the second quarter focused on restructuring and reorganization, the third quarter has been about aligning the organization with new directives and preparing the company for the future. As I mentioned in my previous CEO letter, such transitions are time-consuming, but now the organization is primed to move forward. The third quarter marks the end of the costs associated with reorganization impacting our financial results, though the bulk of these costs were accounted for in the second quarter. This sets the stage for the final quarter to accurately reflect MindArk's operations post the changes implemented during the year.

In terms of development, our goal is straightforward: continue producing high-quality content that resonates with our users and attracts new ones to our amazing universe. By doing so, we anticipate continued organic growth in revenue. At the same time, the work continues to future-proof our product through AI implementations and to get Entropia Universe into Unreal Engine 5.

Our attention is now focused on new innovations and development opportunities for the Entropia Universe that we all are passionate about. We look forward to showing both shareholders and users the full potential of what we can achieve under the new directives that have been set!



**HENRIK NEL JERKROT**

**CEO MindArk PE AB (publ)**

# FLIGHT OF THE SCARABS

## TECHNICAL DEVELOPMENT OF ENTROPIA UNIVERSE Q3 2023

During the quarter, the new direction focused on creating content that boosts activity within the current Entropia Universe, while also adjusting to our new organizational structure. In late September, we launched 'Flight of the Scarabs' for our users. This release featured a variety of new elements including missions, items, monsters, storylines, enhancements to the existing codex, and two recurring game events centered around this theme. In addition, we introduced innovative gameplay mechanics to elevate the gaming experience and add depth.

Alongside the 'Flight of the Scarabs' launch, we introduced TWEN Tokens universally. These tokens, earned from defeating monsters anywhere in the Entropia Universe, can be used for in-game purchases like weapons and clothing. This feature is part of the Entropia Universe's 20th-anniversary celebration, which commenced at the beginning of 2023. The update has been a significant draw for users, encouraging widespread participation in the anniversary festivities and has been well-received.

Regarding technical implementation, MindArk continues to work towards transitioning to Unreal Engine 5 from its current engine powering Entropia Universe and its underlying systems. Efforts began to address the technical debt as the company modularizes its architecture to more effectively, securely, and smoothly transition Entropia Universe into the future. During this period, the company's authentication app was also updated to future-proof it for the new generation of mobile phones.

Finally, AI tools continue to be improved and their application areas expanded. MindArk now uses AI daily, with the goal of applying AI across all disciplines within the company.



# FINANCIAL REVIEW

## CONSOLIDATED INCOME STATEMENT

(In KSEK)	2023-07-01 - 2023-09-30	2022-07-01 - 2022-09-30	2023-01-01 - 2023-09-30	2022-01-01 - 2022-09-30	2022-01-01 - 2022-12-31
Net sales	22 881	21 354	75 690	63 696	92 799
Capitalized work	6 119	7 018	21 422	19 567	26 472
Other income	97	155	554	525	5 371
<b>Total income</b>	<b>29 097</b>	<b>28 527</b>	<b>97 666</b>	<b>83 788</b>	<b>124 642</b>
<i>Operating expenses</i>					
Other external costs	-12 176	-9 527	-39 242	-28 173	-40 070
Personnel costs	-11 270	-12 908	-53 178	-36 901	-52 551
Amortization and depreciation	-3 867	-2 705	-10 773	-7 751	-10 665
<b>Total operating expenses</b>	<b>-27 313</b>	<b>-25 140</b>	<b>-103 193</b>	<b>-72 825</b>	<b>-103 286</b>
<b>Operating profit</b>	<b>1 784</b>	<b>3 387</b>	<b>-5 527</b>	<b>10 963</b>	<b>21 356</b>
<i>Financial items</i>					
Profit from other securities and receivables accounted for as non-current assets	0	-281	105	-100	107
Other interest income and similar items	3	0	24	0	29
Interest cost and similar items	-1	0	-1	0	-104
Exchange rate differences	-96	-4 956	-2 067	-11 600	-9 343
<b>Total financial items</b>	<b>-93</b>	<b>-5 237</b>	<b>-1 939</b>	<b>-11 700</b>	<b>-9 311</b>
<b>Profit after financial items</b>	<b>1 691</b>	<b>-1 850</b>	<b>-7 466</b>	<b>-737</b>	<b>12 045</b>
<b>Profit before tax</b>	<b>1 691</b>	<b>-1 850</b>	<b>-7 466</b>	<b>-737</b>	<b>12 045</b>
Income tax	477	229	-1 491	0	-2 904
<b>Net profit</b>	<b>2 168</b>	<b>-1 621</b>	<b>-8 957</b>	<b>-737</b>	<b>9 141</b>
Attributable to non-controlling interests	0	0	0	0	0
Attributable to owners of the parent	2 168	-1 621	-8 957	-737	9 141



## CONSOLIDATED BALANCE SHEET

(In KSEK)	2023-09-30	2022-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Entropia Platform and Entropia Universe	97 207	85 098
Other intangible assets	4 482	44
<b>Total intangible assets</b>	<b>101 689</b>	<b>85 142</b>
<i>Tangible assets</i>		
Equipment and computer hardware	3 203	3 417
<b>Total tangible assets</b>	<b>3 203</b>	<b>3 417</b>
<i>Financial assets</i>		
Other long-term securities	2 362	2 362
Other long-term receivables	0	3 559
<b>Total financial assets</b>	<b>2 362</b>	<b>5 921</b>
<b>Total non-current assets</b>	<b>107 254</b>	<b>94 480</b>
<b>Current assets</b>		
<i>Stock-in-trade etc</i>		
Commercial goods	131	147
Advances to suppliers	0	9
<b>Total stock-in-trade etc</b>	<b>131</b>	<b>156</b>
<i>Short-term receivables</i>		
Account receivables	1 124	2 028
Receivables from payment providers	1 934	2 233
Tax receivables	6 484	0
Other receivables	1 434	1 794
Prepaid expenses and accrued income	2 715	7 986
<b>Total short-term receivables</b>	<b>13 691</b>	<b>14 041</b>
<i>Short-term investments</i>		
Other short-term investments	9 594	8 834
<i>Cash and bank balances</i>	18 087	32 797
<b>Total current assets</b>	<b>41 503</b>	<b>55 828</b>
<b>TOTAL ASSETS</b>	<b>148 757</b>	<b>150 308</b>

## CONSOLIDATED BALANCE SHEET

(In KSEK)	2023-09-30	2022-12-31
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Restricted equity		
Share capital	1 576	1 576
Other contributed capital	33 951	33 951
Other equity incl. profit for the period	27 567	36 524
<b>Equity attributable to owners of the parent</b>	<b>63 094</b>	<b>72 051</b>
<b>Non-controlling interests</b>		
Non-controlling interests	6	7
<b>Total equity</b>	<b>63 100</b>	<b>72 058</b>
<b>Allocations</b>		
Allocation unconsumed user holdings	50 363	47 058
Estimated deferred tax	11 550	10 060
<b>Total allocations</b>	<b>61 913</b>	<b>57 118</b>
<b>Long-term liabilities</b>		
Other liabilities	46	46
<b>Total long-term liabilities</b>	<b>46</b>	<b>46</b>
<b>Short-term liabilities</b>		
Accounts payable	2 827	4 158
Current tax liabilities	0	1 150
Other liability	3 590	4 824
Accrued expenses and prepaid income	17 281	10 954
<b>Total short-term liabilities</b>	<b>23 698</b>	<b>21 086</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>148 757</b>	<b>150 308</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(In KSEK)	2023-07-01 - 2023-09-30	2022-07-01 - 2022-09-30	2023-01-01 - 2023-09-30	2022-01-01 - 2022-09-30	2022-01-01 - 2022-12-31
<b>Operating profit before financial items</b>					
Operating profit before financial items	1 784	3 389	-5 527	10 963	21 356
Adjustment for depreciation	3 867	2 705	10 773	7 751	10 665
Adjustment for capitalized costs	-6 119	-7 018	-21 422	-19 567	-26 472
	<b>-468</b>	<b>-924</b>	<b>-16 176</b>	<b>-853</b>	<b>5 549</b>
Interest received	2	0	24	0	8
Interest paid	0	0	-60	-53	-53
Income tax paid	-1 192	-1 489	-7 635	-7 984	-9 473
	<b>-1 658</b>	<b>-2 413</b>	<b>-23 847</b>	<b>-8 890</b>	<b>-3 969</b>
Increase/decrease in inventories	2	4	24	13	-52
Increase/decrease in trade receivables	9	27	371	147	176
Increase/decrease in other current receivables	1 549	-390	5 931	-1 211	-6 842
Increase/decrease in trade payables	-127	558	-1 330	480	2 307
Increase/decrease in other current operating liabilities	-5 199	-1 158	5 548	-1 845	1 986
<b>Cash flow from operating activities</b>	<b>-5 424</b>	<b>-3 372</b>	<b>-13 303</b>	<b>-11 306</b>	<b>-6 394</b>
<b>Investing activities</b>					
Purchase of intangible assets	0	0	-207	0	0
Purchase of equipment	-67	-92	-741	-388	-1 827
Sale/amortization of other financial assets	0	19	4	71	96
Increase/decrease in short-term financial investments and receivables	-210	-321	-625	-1 425	-1 604
<b>Cash flow from investing activities</b>	<b>-277</b>	<b>-394</b>	<b>-1 569</b>	<b>-1 742</b>	<b>-3 335</b>
<b>Financing activities</b>					
New share issue (warrants)	0	418	0	418	418
Dividends paid	0	0	0	-4 729	-4 729
<b>Cash flow from financing activities</b>	<b>0</b>	<b>418</b>	<b>0</b>	<b>-4 311</b>	<b>-4 311</b>
<b>Cash flow for the period</b>	<b>-5 701</b>	<b>-3 348</b>	<b>-14 873</b>	<b>-17 359</b>	<b>-14 040</b>
Ingoing cash and bank balances	23 963	34 267	32 797	48 901	48 901
Exchange rate differences in cash and bank balances	-174	-570	164	-1 195	-2 067
<b>Outgoing cash and bank balances</b>	<b>18 088</b>	<b>30 349</b>	<b>18 088</b>	<b>30 349</b>	<b>32 797</b>

## PARENT COMPANY'S INCOME STATEMENT

(In KSEK)	2023-07-01 - 2023-09-30	2022-07-01 - 2022-09-30	2023-01-01 - 2023-09-30	2022-01-01 - 2022-09-30	2022-01-01 - 2022-12-31
Net sales	22 881	21 354	75 690	63 696	92 799
Capitalized work	6 119	7 018	21 422	19 567	26 472
Other income	97	155	367	525	5 371
<b>Total income</b>	<b>29 097</b>	<b>28 527</b>	<b>97 479</b>	<b>83 788</b>	<b>124 642</b>
<i>Operating expenses</i>					
Other external costs	-12 175	-9 525	-39 237	-28 171	-40 068
Personnel costs	-11 270	-12 908	-53 178	-36 901	-52 551
Amortization and depreciation	-3 867	-2 705	-10 773	-7 751	-10 665
<b>Total operating expenses</b>	<b>-27 312</b>	<b>-25 138</b>	<b>-103 188</b>	<b>-72 823</b>	<b>-103 284</b>
<b>Operating profit</b>	<b>1 785</b>	<b>3 389</b>	<b>-5 709</b>	<b>10 965</b>	<b>21 358</b>
<i>Financial items</i>					
Profit from other securities and receivables accounted for as non-current assets	0	-281	105	-100	107
Other interest income and similar items	3	0	24	0	29
Interest cost and similar items	0	0	-1	0	-105
Exchange rate differences	-96	-4 956	-2 067	-11 600	-9 343
<b>Total financial items</b>	<b>-93</b>	<b>-5 237</b>	<b>-1 939</b>	<b>-11 700</b>	<b>-9 312</b>
<b>Profit after financial items</b>	<b>1 692</b>	<b>-1 848</b>	<b>-7 648</b>	<b>-735</b>	<b>12 046</b>
Transfers to/from untaxed reserves	0	0	0	0	-2 400
<b>Net profit before tax</b>	<b>1 692</b>	<b>-1 848</b>	<b>-7 648</b>	<b>-735</b>	<b>9 646</b>
Income tax	477	229	-1 491	0	-2 409
<b>Net profit</b>	<b>2 169</b>	<b>-1 619</b>	<b>-9 139</b>	<b>-735</b>	<b>7 237</b>

## PARENT COMPANY'S BALANCE SHEET

(In KSEK)	2023-09-30	2022-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Entropia Platform and Entropia Universe	97 207	85 098
Other intangible assets	4 482	44
<b>Total intangible assets</b>	<b>101 689</b>	<b>85 142</b>
<i>Tangible assets</i>		
Equipment and computer hardware	3 203	3 417
<b>Total tangible assets</b>	<b>3 203</b>	<b>3 417</b>
<i>Financial assets</i>		
Shares in subsidiaries	4 952	4 952
Other long-term securities	2 362	2 362
Other long-term receivables	0	3 559
<b>Total financial assets</b>	<b>7 314</b>	<b>10 873</b>
<b>Total non-current assets</b>	<b>112 206</b>	<b>99 432</b>
<b>Current assets</b>		
<i>Stock-in-trade etc</i>		
Commercial goods	131	147
Advances to suppliers	0	9
<b>Total stock-in-trade etc</b>	<b>131</b>	<b>156</b>
<i>Short-term receivables</i>		
Account receivables	392	943
Receivables from payment providers	1 934	2 233
Receivables group companies	0	98
Tax receivables	6 484	0
Other receivables	1 434	1 795
Prepaid expenses and accrued income	2 715	7 986
<b>Total short-term receivables</b>	<b>12 959</b>	<b>13 055</b>
<i>Short-term investments</i>		
Other short-term investments	9 594	8 834
<i>Cash and bank balances</i>	18 042	32 750
<b>Total current assets</b>	<b>40 726</b>	<b>54 795</b>
<b>TOTAL ASSETS</b>	<b>152 932</b>	<b>154 227</b>

## PARENT COMPANY'S BALANCE SHEET

(In KSEK)	2023-09-30	2022-12-31
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	1 576	1 576
Revaluation reserve	19 457	21 470
Restricted reserves	50	50
Fund for development	69 217	54 574
<b>Total restricted equity</b>	<b>90 300</b>	<b>77 670</b>
<b>Non-restricted equity</b>		
Share premium reserve	33 951	33 951
Profit brought forward	-56 201	-50 808
Net profit	-9 139	7 237
<b>Total non-restricted equity</b>	<b>-31 389</b>	<b>-9 620</b>
<b>Total equity</b>	<b>58 911</b>	<b>68 050</b>
Untaxed reserves	5 100	5 100
<b>Allocations</b>		
Allocation unconsumed user holdings	50 363	47 059
Estimated deferred tax	10 478	8 987
<b>Total allocations</b>	<b>60 841</b>	<b>56 046</b>
<b>Long-term liabilities</b>		
Other liabilities	46	46
<b>Total long-term liabilities</b>	<b>46</b>	<b>46</b>
<b>Short-term liabilities</b>		
Accounts payable	2 827	4 158
Liabilities group companies	4 336	3 898
Current tax liabilities	0	1 151
Other liability	3 590	4 824
Accrued expenses and prepaid income	17 281	10 954
<b>Total short-term liabilities</b>	<b>28 034</b>	<b>24 985</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>152 932</b>	<b>154 227</b>

## PARENT COMPANY'S STATEMENT OF CASH FLOWS

(In KSEK)	2023-07-01 - 2023-09-30	2022-07-01 - 2022-09-30	2023-01-01 - 2023-09-30	2022-01-01 - 2022-09-30	2022-01-01 - 2022-12-31
<b>Operating profit before financial items</b>					
Operating profit before financial items	1 787	3 389	-5 708	10 965	21 358
Adjustment for depreciation	3 867	2 705	10 773	7 751	10 665
Adjustment for capitalized costs	-6 119	-7 018	-21 422	-19 567	-26 472
	<b>-465</b>	<b>-924</b>	<b>-16 357</b>	<b>-851</b>	<b>5 550</b>
Interest received	2	0	24	0	8
Interest paid	0	0	-60	-53	-53
Income tax paid	-1 192	-1 489	-7 635	-7 984	-9 473
	<b>-1 655</b>	<b>-2 413</b>	<b>-24 028</b>	<b>-8 888</b>	<b>-3 967</b>
Increase/decrease in inventories	2	4	24	13	-52
Increase/decrease in trade receivables	9	27	18	147	176
Increase/decrease in other current receivables	1 547	-390	6 028	-1 211	-6 842
Increase/decrease in trade payables	-127	558	-1 330	480	2 307
Increase/decrease in other current operating liabilities	-5 200	-1 160	5 985	-1 845	1 987
<b>Cash flow from operating activities</b>	<b>-5 424</b>	<b>-3 374</b>	<b>-13 303</b>	<b>-11 304</b>	<b>-6 392</b>
<b>Investing activities</b>					
Purchase of intangible assets	0	0	-207	0	0
Purchase of equipment	-67	-92	-741	-388	-1 827
Sale/amortization of other financial assets	0	19	4	71	96
Increase/decrease in short-term financial investments and receivables	-210	-321	-625	-1 425	-1 604
<b>Cash flow from investing activities</b>	<b>-277</b>	<b>-394</b>	<b>-1 569</b>	<b>-1 742</b>	<b>-3 335</b>
<b>Financing activities</b>					
New share issue (warrants)	0	418	0	418	418
Dividends paid	0	0	0	-4 729	-4 729
<b>Cash flow from financing activities</b>	<b>0</b>	<b>418</b>	<b>0</b>	<b>-4 311</b>	<b>-4 311</b>
<b>Cash flow for the period</b>	<b>-5 701</b>	<b>-3 350</b>	<b>-14 872</b>	<b>-17 357</b>	<b>-14 038</b>
Ingoing cash and bank balances	23 917	34 223	32 750	48 855	48 855
Exchange rate differences in cash and bank balances	-174	-570	164	-1 195	-2 067
<b>Outgoing cash and bank balances</b>	<b>18 042</b>	<b>30 303</b>	<b>18 042</b>	<b>30 303</b>	<b>32 750</b>

# COMMENTS ON THE FINANCIAL REVIEW

## UNCONSUMED USER HOLDINGS IN Q3

All users in Entropia Universe have an in-game account where cash in the form of the virtual in-game currency PED or digital items are placed. The sum of these cash funds and digital items is the user's unconsumed user holdings.

Unconsumed user holdings have increased during quarter three, from 139.9 million PED to 140.8 million PED, an increase of 0.9 million PED. As a result, the amount increased during the quarter by 0.8 million SEK, from 151.8 million SEK to 152.6 million SEK.

The total amount of "Unconsumed user holdings" is a variable amount that varies with the different activities within Entropia Universe. Historical figures show that 24-35% of funds deposited by users are later withdrawn. The remaining funds are either consumed or left in the accounts of users in the form of digital inventory, or cash in the form of the virtual currency PED. However, it is a prerequisite for the continuation of Entropia Universe that MindArk pays out requested withdrawals and therefore the portion of the unconsumed user holdings which is likely to be withdrawn, should be indebted.

With these facts in hand, the real debt is estimated to be 33% of the unconsumed user holdings available at the time of booking. This means that the real debt at the end of September is 46.5 million PED, equivalent to 50.4 million SEK.





## OPERATIONS DURING JULY - SEPTEMBER 2023, PARENT AND GROUP

Net sales amount to 22.9 million SEK (21.4 m SEK), an increase of 7%. The increase is partly attributable to a stronger USD - the average exchange rate has been 2.5% higher than the previous year - but mostly to increased sales in Entropia Universe.

Capitalized development costs in the third quarter amounted to 6.1 million SEK (7 m SEK). Other operating income amounts to 97 thousand SEK (155 t SEK). Total income amounts to 29.1 million SEK (28.5 m SEK).

Operating expenses for the third quarter has increased by 2.2 million SEK compared to the same period last year and ended at 27.3 million SEK (25.1 m SEK). The increase is mainly due to increased external costs in marketing and consulting services. During the quarter, a number of final salaries related to the reorganization were also booked and paid. Personnel costs will thus decrease further in the fourth quarter. Operating profit after depreciation for the quarter amounts to 1.8 million SEK (3.4 m SEK).

Financial items amount to -93 thousand SEK (-5.2 million SEK) and the result before tax ends at 1.7 million SEK (-1.9 million SEK). Tax on the result for the period consists of the period's changes in deferred tax liabilities, which at the end of the period are entirely attributable to temporary differences between the book and tax values of the Group's assets.



## Earnings per share

MindArk's earnings after tax for the third quarter amount to 2.2 million SEK. When divided by 31.5 million shares (the number of shares after reverse split), earnings per share amount to 0.07 SEK per share (-0.05 SEK per share, divided by the same number of shares).

For the first nine months the earnings after tax amount to -9.1 million SEK. When divided by 31.5 million shares (the number of shares after reverse split), earnings per share amount to -0.29 SEK per share (-0.02 SEK per share, divided by the same number of shares). If adjustments are made for non-recurring amounts and the accounting tax expense, the earnings for the first nine months of the year are 6.5 million SEK. Distributed over 31.5 million shares, the earnings amount to 0.21 SEK per share.

## Investments for parent company and group

The capitalization in the balance sheet of salary and consultancy costs for the development of Entropia Universe for the third quarter amounts to 6.1 million SEK (7 m SEK). The capitalized amounts are reported under the heading of fixed assets in the balance sheet and total revenue in the income statement. Other investments during the quarter of 67 thousand SEK (92 t SEK) are related to investments in computers.

## MindArk's currency exposure

All financial transactions within Entropia Universe are denominated in the virtual in-game currency PED. All exchange transactions to and from the PED are controlled by MindArk. Furthermore, MindArk repurchases PED at a fixed exchange rate against the USD (10 PED = 1 USD). The exchange rate between USD and MindArk's accounting currency SEK has fluctuated during third quarter of 2023, between 10.22 SEK per USD to a maximum of 11.20 SEK per USD.

Deposits to MindArk's bank accounts (directly or through payment providers) in foreign currencies, mainly USD, are exchanged into SEK at the current daily exchange rate. The company's income in PED is converted via USD to SEK at the average monthly USD exchange rate. Assets and liabilities in foreign currencies are converted at the exchange rate on September 30, 2023, which amounts to 10.84 SEK/USD. When large fluctuations in the exchange rate between SEK and USD occur, it results in large fluctuations in MindArk's reported income.

The company forward-hedges 50% of the USD foreign exchange inflow to be converted into SEK six months in advance, i.e. when expenses and withdrawals in USD have been paid. This policy means that the Group significantly reduces its currency exposure.

### Parent company's equity

MindArk's adjusted equity amounted to 63 million SEK at the end of the period, divided into 31.5 million shares. The adjusted equity per share amounted to 2 SEK per share (2.29 SEK per share).

At the extraordinary general meeting on November 15, 2021, the meeting resolved on a directed new issue of a maximum of 7,881,156 warrants (warrants Series 2 2021/2025) to the Company's employees as an incentive program. In the event of full exercise of the options to subscribe for new shares, the share capital will increase by 78,811.56 SEK and the dilution of existing shares and votes will be 4.8 percent. The options expire in 2025 and the exercise price is SEK 15 per share. The company has no other outstanding option programs or securities that can lead to dilution effects for shareholders.

### Pledged assets

The parent company has a corporate mortgage of 3 million SEK for an unutilized overdraft facility with SEB.

### Employees

At the end of the period, the group employed a total of 39 people, including 10 women. All are employees in the parent company.

### Reporting period

The report covers the period July 1 – September 30, 2023 and January 1 - September 30, 2023.

### Rounding

All amounts in the report are stated in thousands of SEK unless otherwise stated. Rounding errors may occur in tables that sum multiple amounts.



# SHARES & SHAREHOLDERS

## Ownership structure as at September 30, 2023

MindArk PE AB (publ), reg. no. 556640-4769 is a public company listed on the Spotlight Stock Market. The share has the ISIN code SE0019354358 and is traded under the ticker MNDRK. Ownership overview shows the situation as at September 30, 2023. The information is obtained from Euroclear Sweden who manages the Company's share register.

Shareholder	Shares	Votes
Tetiana Karunna*	34,89%	34,89%
Fam. Bothén**	17,24%	17,24%
Futur Pension	5,91%	5,91%
Six Sis	4,95%	4,95%
Nordic Tender Holdings	3,49%	3,49%
The Bank of NY Mellon/Fam. Tullet	2,02%	2,02%
Megetgod Invest APS	2,19%	2,19%
Mindarkkoncernens Vinstandelsstiftelse	1,89%	1,89%
Kronboken	1,41%	1,41%
Lars Hammarström	1,26%	1,26%
<i>Other (about 900 shareholders)</i>	<i>24,75%</i>	<i>24,75%</i>
<b>Total</b>	<b>100%</b>	<b>100%</b>

\*Close relative to founder Jan Welter Timkrans

\*\*In person & via company

## Number of shares

MindArk PE AB (publ) had 157 623 125 shares outstanding as of December 31, 2022. The number of shares were the same at the end of the same period before that. In January 2023, a reverse split of 1:5 was carried out, upon which the company had 31 524 625 shares. The number of shares remains unchanged at the end of Q3 2023.

# OTHER INFORMATION

## Accounting principles

The annual report has been prepared in accordance with the Swedish Annual Accounts Act. The accounting principles applied conform with the Annual Accounts Act as well as recommendations and comments from the Accounting Standard Committee. The annual accounts and the consolidated accounts drawn up in accordance with BFNAR 2012: 1 Årsredovisning och koncernredovisning (K3). The accounting policies applied in this report are set out in the 2022 Annual report.

## The war in Ukraine

MindArk has not been significantly affected by the war in Ukraine. However, the company has chosen to continue to close Entropia Universe to new customers from Russia.

## Related party transactions

No transactions that significantly affected the Company's results and financial position have been carried out with related parties during the period.

## Auditor

This financial statement has not been reviewed by the Company's auditor.

## Financial calendar

Interim report quarter 4 2023	February 28, 2024
Interim report quarter 1 2024	May 28, 2024



# DECLARATION FROM THE BOARD OF DIRECTORS

The Board of Directors declares that this interim report gives a true and fair view of the company's and the group's business, financial position and results and describes the material risks and uncertainties facing the Company and its group companies.

Gothenburg, November 28, 2023

**Björn Dierks**  
Chairman

**Klas Moreau**  
Board Member

**Karl Linus Norén**  
Board Member

**Leif Evander Andersson**  
Board Member

## DEFINITIONS

Term	Description
Project Entropia Dollar (PED)	The in-game currency used in Entropia Universe that has a fixed exchange rate against the USD
MMORPG	Genre of computer game in which a large number of users interact with each other in a virtual world
Virtual world	Computer-based simulated environment populated by users who can create a personal character while exploring a virtual world
Single-shard world	A seamless world in which all users move and interact over a server
Free-to-play	The game is free to download and instead the developer's revenue comes from in-game microtransactions
Play-to-earn	Users can generate revenue through in-game activities which can be converted into real currency
Unconsumed user funds	The total amount of user funds not yet spent
Real Cash Economy (RCE)	Real Cash Economy (RCE) means that items in the virtual world also have a real value
Q2	Second quarter of the reporting year
YTD	Year to date



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