



**MINDARK PE AB (PUBL)**

**INTERIM REPORT Q2 2024**

# Q2 SUMMARIZED

## 1 APRIL – 30 JUNE, 2024

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

- Turnover amounted to 26.8 MSEK (26.3 MSEK)
- Work in progress amounted to 5 MSEK (7.6 MSEK)
- Operating profit amounted to 5.4 MSEK (-11.5 MSEK)
- Profit before tax amounted to 5.7 MSEK (-14.9 MSEK)
- Cash & cash equivalents including short-term investments 34.6 MSEK
- No interest-bearing liabilities
- Provision for unconsumed user funds 34 MSEK
- Earnings per share for the period amounted to 0.16 SEK (-0.53 SEK)

## 1 JANUARY – 30 JUNE, 2024

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

- Turnover amounted to 47.5 MSEK (52.8 MSEK)
- Work in progress amounted to 10 MSEK (15.3 MSEK)
- Operating profit amounted to 6.6 MSEK (-7.3 MSEK)
- Profit before tax amounted to 5.8 MSEK (-9.2 MSEK)
- Cash & cash equivalents including short-term investments 34.6 MSEK
- No interest-bearing liabilities
- Provision for unconsumed user funds 34 MSEK
- Earnings per share for the period amounted to 0.08 SEK (-0.35 SEK)

TURNOVER Q2 2024

**26.8 MSEK**  
(26.3 MSEK)

OPERATING PROFIT Q2 2024

**5.4 MSEK**  
(-11.5 MSEK)

TURNOVER YTD 2024

**47.5 MSEK**  
(52.8 MSEK)

OPERATING PROFIT YTD 2024

**6.6 MSEK**  
(-7.3 MSEK)

# SIGNIFICANT EVENTS

## DURING Q2 2024

- In April 2024 MindArk terminated the agreement with Pareto Securities AB the liquidity guarantee for MindArk's shares. MindArk's Board of Directors considers that the service is no longer necessary.

## AFTER THE END OF THE Q2 PERIOD

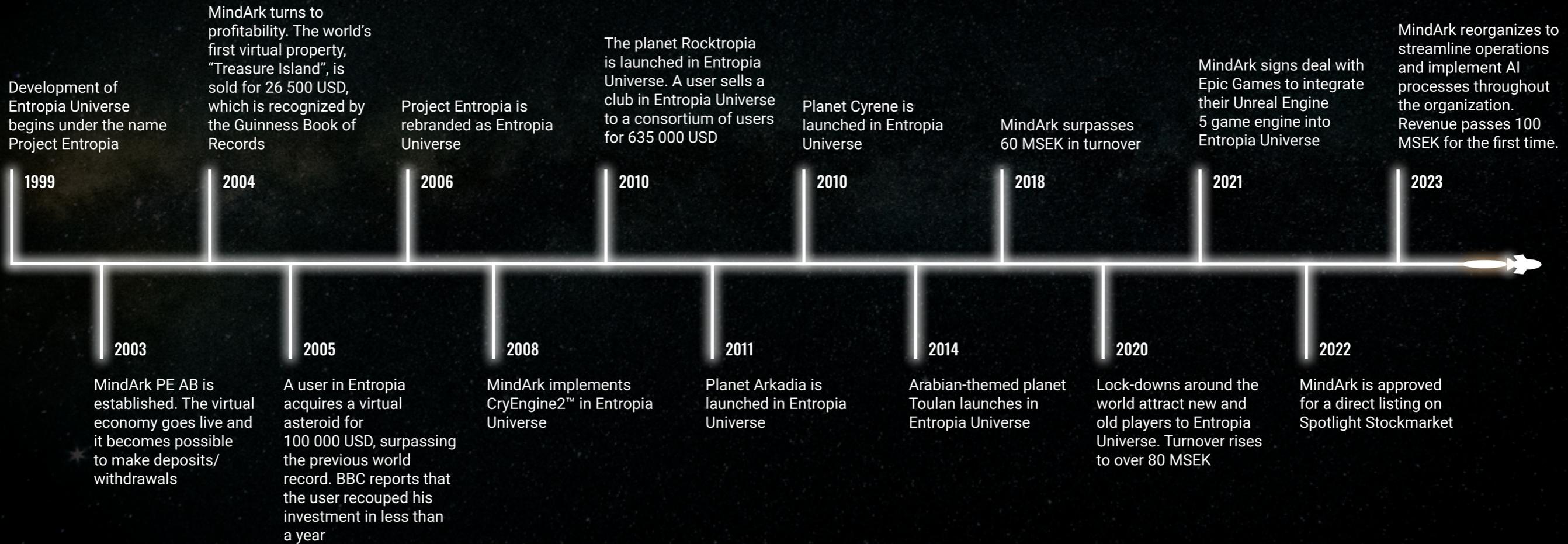
- No significant event has occurred after the end of Q2.

## GROUP SALES & PROFIT IN SUMMARY

	Q2 2024	Q2 2023	H1 2024	H1 2023	2023	2022
(in KSEK)	April - June	April - June	January - June	January - June	January - December	January - December
Total operating income	31 983	34 125	58 061	68 569	150 206	124 642
Total operating expenses	-26 550	-45 648	-51 493	-75 881	-129 743	-103 286
Profit before tax	5 694	-14 868	5 782	-9 159	19 274	12 045
Earnings per share for the period, parent company	0.16 SEK	-0.53 SEK	0.08	-0.35	0.56 SEK	0.23 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 CEST on August 28, 2024.

# MINDARK'S HISTORY



# COMPANY DESCRIPTION

## ABOUT MINDARK

MindArk PE AB (publ) develops and operates Entropia Universe and the Entropia Platform. Entropia Universe is a virtual universe consisting of several planets with different themes and activities which together occupy a total land area of 3,776 km<sup>2</sup>. These planets are scattered in a space expanding over 6,144 km<sup>3</sup>. Entropia Universe users can immerse themselves in a multi-planetary experience with social and economic interactions beyond what is possible in the real world.

Entropia Universe offers a wide variety of opportunities for users with market instincts and entrepreneurial spirit to create value for themselves and others. Entropia is currently the only online world with a functioning monetary system that is not linked to a blockchain. The digital real-cash economy (RCE) is based on the fact that raw materials, goods, land and buildings are represented as digital assets, all of which have a calculated base value. Beyond the base value the free market can set a higher value based on supply and demand, just like in the real world.

The Entropia Universe in-game currency "Project Entropia Dollar" ("PED") has a fixed exchange rate against the USD. The economic system and its peg to the USD is proven and has built up a strong and important trust capital over more than 20 years in full operation. The software is provided globally and free of charge with the possibility to spend money in universe for anyone with access to PC and internet.

The Entropia Platform is the technical platform that powers Entropia Universe. The platform is shared with partners who develop their own unique game content for their respective planets in the Entropia Universe.

## MINDARK AND ITS AFFILIATES

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



## REVENUE MODEL

### Usage & microtransactions (B2C)

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 use to purchase digital items such as weapons, vehicles, or real estate.

Revenue is generated 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).

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.

### Deed sales

MindArk’s revenue is also generated through so-called “Deed sales”. Deeds are land rights that are sold to users through an auction in-game. For example, a deed can be part of a planet in Entropia Universe. A deed generates periodic payments in PED to the holder based on the activity on the associated property or area. Deed sales are made sporadically and with caution so as not to saturate interest.

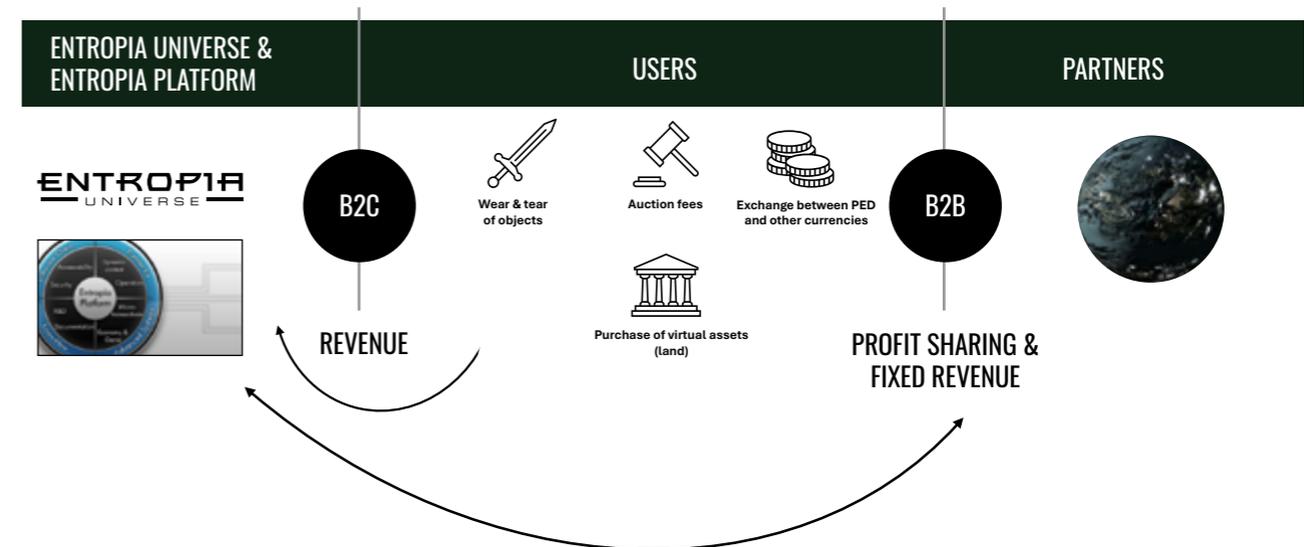
### Entropia Platform (B2B)

In addition to Entropia Universe, MindArk has built the Entropia Platform where partners can contribute with content to the universe. There is basically no limit to how much extra production capacity content partners can add beyond MindArk’s own core production. The B2B part accounts for a relatively small share of total revenue, generally below ten percent.

Content partners can also participate at different levels, ranging from a single user to a larger creating and operating entire planets, known as ‘planet partners’. All content becomes part of Entropia Universe and its market economy. The material created and inserted into Entropia Universe follows given rules on performance, quality and market economy balance.

Depending on the degree to which a content partner chooses to engage, there are a few different ways MindArk shares the revenue generated around content and by different users. The distribution of profits between content partners and MindArk is determined at any given moment depending on which content partner “owns” the user, where in the universe the user is and what content the user accesses when generating activity. When it comes to planet partners, MindArk always receives at least 50% of the revenue generated on the planets in Entropia Universe, the owner of the customer relationship gets 25% and the planet creator gets 25%.

### Revenue model in summary



# MESSAGE FROM THE CEO



In the second quarter of 2024, MindArk has performed a clear improvement compared to the previous quarter (Q1 2024). Net sales amounted to 26.8 million SEK, which corresponds to an increase of almost 30%. Operating profit before depreciation, adjusted for capitalized work, amounted to 4.9 million SEK, an increase of 4.6 million SEK compared with Q1. Compared to the same period last year (Q2 2023), sales have increased by approximately by 2%. After a challenging April, which followed the trend from Q1 with reduced consumption, we experienced a strong upswing in both May and June. Operating profit has improved significantly compared to Q2 2023, even when excluding one-off costs of 14 million SEK that affected the second quarter last year. Adjusted for these costs and for capitalized work, EBITDA has increased by over 6 million SEK.

MindArk has progressed with the work to deepen the AI-integration across the organization and we are proud to have reached several significant milestones during the period, not least the launch of AI-driven NPCs (Non-Player Characters) and, in the near future, our groundbreaking AI-president CelestAI.

In summary, we have ended the quarter with a growth curve and improved profitability. We continue to make great progress in the AI integration, both within Entropia Universe and within MindArk's business. Finally, the integration of Unreal Engine 5 as our new graphics engine continues, which we expect will future-proof Entropia Universe and greatly enhance the gaming experience for our users.

**LEIF EVANDER ANDERSSON**

Acting CEO MindArk PE AB (publ)

# TECHNICAL DEVELOPMENT OF ENTROPIA UNIVERSE Q2 2024

During the quarter, MindArk introduced AI-powered NPCs (Non-Player Characters) that welcome and guide new users to the beginner area on Planet Calypso or if the client is launched from the Entropia Universe website. We dare to believe that we are one of the first MMORPG developers in the world to successfully deploy an LLM (Large Language Model) in commercial use in a game environment. The NPCs actively contribute to a more dynamic and engaging experience for our users. Intensive work is being done to equip the NPCs with more skills that allow them to influence different events within the Entropia Universe through advanced features. Higher up in the hierarchy, MindArk is working on deploying the AI President, CelestAI, a feature that is expected to revolutionize interaction within the virtual universe.

The development team has made significant progress in the transition to Unreal Engine 5. The focus has been on optimizing client-server communication, particularly concerning player and monster movement. We are also working on transferring and adapting our game world to fully leverage Unreal Engine 5's performance and graphical capabilities. These changes are being implemented step by step to ensure a smooth integration without compromising the game's stability and overall experience.

The content team has been focusing on delivering a new Mayhem Resource event that appeals to all players professions which has been very well received, boosting the in-game economy and driving activity by players handing in resources to gain rewards.

The Summer Mayhem event is back in a new format, which challenges the player in a gauntlet style level runner to unlock levels of difficulty and rewards. The Summer Mayhem runs alongside the annual Summer Migration event which has also received new cool loot.

During the spring, several updates and improvements have been made on the graphical front (see examples on the next page).

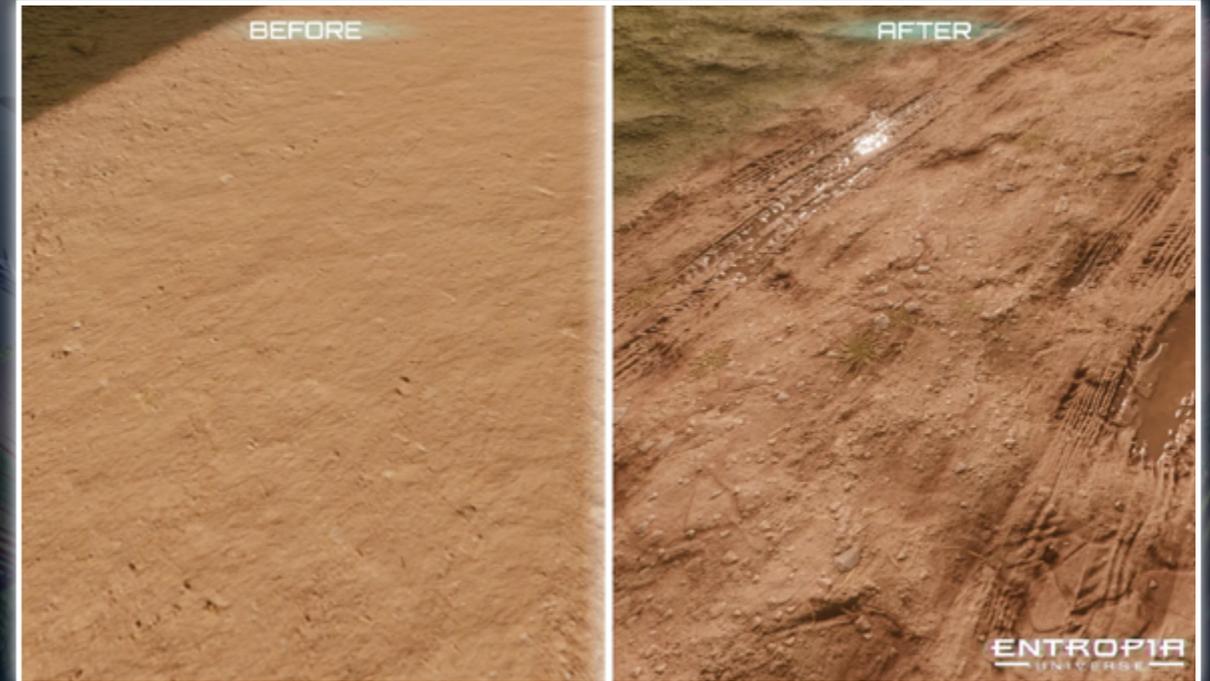
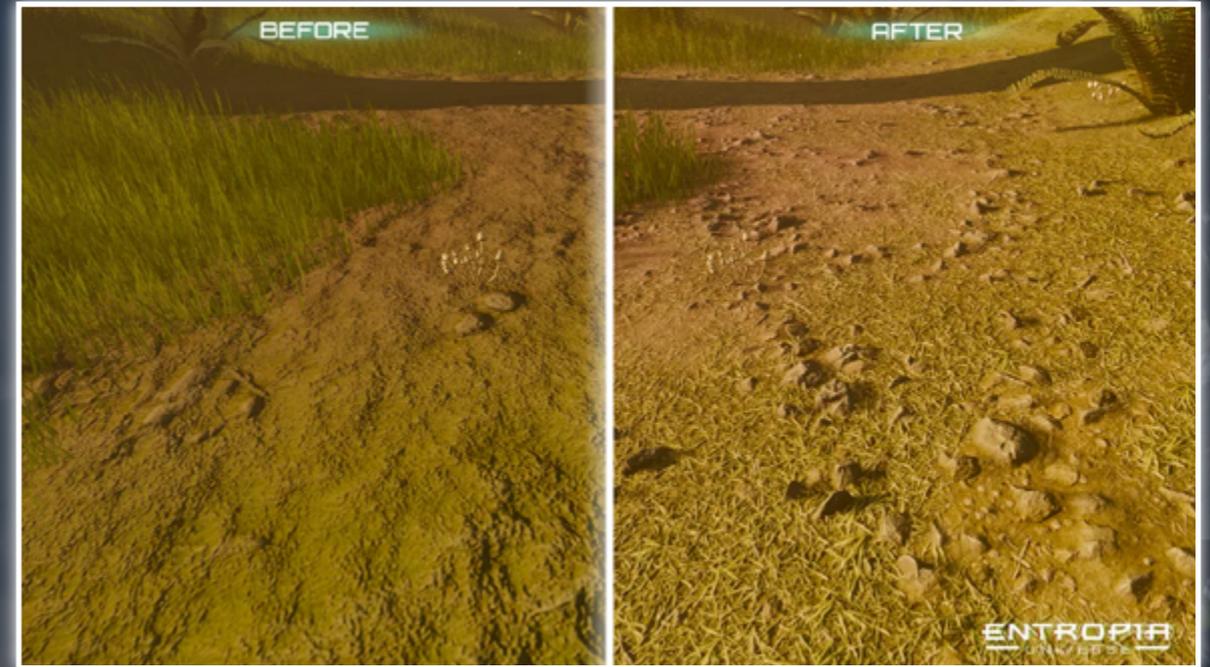
Auto-Construction is a new feature accessible via a dedicated tab in the construction window in Entropia. It allows players to initiate extended construction sessions without the need to stay at the terminal or remain online.

During the quarter, modern infrastructure and backend methods have been implemented that improve scalability, reliability and distribution efficiency, positioning MindArk for faster development and smoother games.

The development team has also implemented modern infrastructure and backend practices that enhance scalability, reliability, and deployment efficiency, positioning the company for faster development, smoother gameplay, and future growth. The team has prepared for updating their C++ build toolset to modern versions, which will improve performance, compatibility, and code efficiency, ultimately enabling faster development and better support for future features and optimizations.

## GRAPHICAL IMPROVEMENTS DURING SPRING RELEASES

- Updated terrain and landscape textures
- Enhanced texture details
- 3D effects on textures
- Improved visual perception of lighting
- New designs for creatures
- Improved design of avatars' gear and armor



# FINANCIAL OVERVIEW



## CONSOLIDATED INCOME STATEMENT

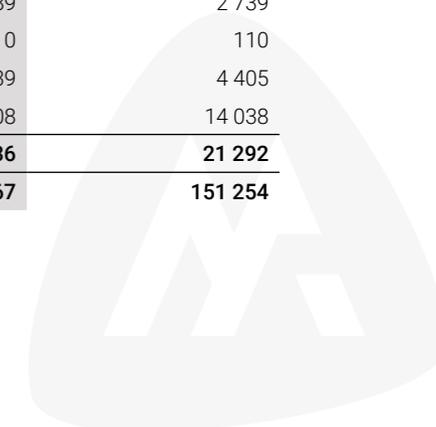
(in KSEK)	2024-04-01 - 2024-06-30	2023-04-01 - 2023-06-30	2024-01-01 - 2024-06-30	2023-01-01 - 2023-06-30	2023-01-01 - 2023-12-31
Net sales	26 800	26 278	47 524	52 809	121 956
Capitalized work	5 021	7 566	10 030	15 303	26 205
Other income	162	281	507	457	2 045
<b>Total income</b>	<b>31 983</b>	<b>34 125</b>	<b>58 061</b>	<b>68 569</b>	<b>150 206</b>
<i>Operating expenses</i>					
Other external costs	-11 759	-13 420	-22 901	-27 067	-51 064
Personnel costs	-10 301	-28 521	-19 913	-41 908	-63 884
Amortization and depreciation	-4 490	-3 707	-8 679	-6 906	-14 795
<b>Total operating expenses</b>	<b>-26 550</b>	<b>-45 648</b>	<b>-51 493</b>	<b>-75 881</b>	<b>-129 743</b>
<b>Operating profit</b>	<b>5 433</b>	<b>-11 523</b>	<b>6 568</b>	<b>-7 312</b>	<b>20 463</b>
<i>Financial items</i>					
Profit from other securities and receivables accounted for as non-current assets	0	-1 235	882	104	-1 068
Other interest income and similar items	116	11	156	21	155
Interest cost and similar items	0	0	0	-1	-85
Exchange rate differences	145	-2 121	-1 824	-1 971	-192
<b>Total financial items</b>	<b>261</b>	<b>-3 345</b>	<b>-786</b>	<b>-1 847</b>	<b>-1 190</b>
<b>Profit after financial items</b>	<b>5 694</b>	<b>-14 868</b>	<b>5 782</b>	<b>-9 159</b>	<b>19 273</b>
<b>Profit before tax</b>	<b>5 694</b>	<b>-14 868</b>	<b>5 782</b>	<b>-9 159</b>	<b>19 273</b>
Income tax	-739	-1 968	-3 124	-1 968	-4 312
<b>Net profit</b>	<b>4 955</b>	<b>-16 836</b>	<b>2 658</b>	<b>-11 127</b>	<b>14 961</b>
Attributable to owners of the parent	4 955	-16 836	2 658	-11 127	14 961



## CONSOLIDATED BALANCE SHEET

(in KSEK)	2024-06-30	2023-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Entropia Platform and Entropia Universe	101 071	98 515
Other intangible assets	6 614	4 232
<b>Total intangible assets</b>	<b>107 685</b>	<b>102 747</b>
<i>Tangible assets</i>		
Equipment and computer hardware	3 932	2 934
<b>Total tangible assets</b>	<b>3 932</b>	<b>2 934</b>
<i>Financial assets</i>		
Other long-term securities	202	202
<b>Total financial assets</b>	<b>202</b>	<b>202</b>
<b>Total non-current assets</b>	<b>111 819</b>	<b>105 883</b>
<b>Current assets</b>		
<i>Stock-in-trade etc.</i>		
Commercial goods	94	100
<b>Total stock-in-trade etc.</b>	<b>94</b>	<b>100</b>
<i>Short-term receivables</i>		
Accounts receivable	382	388
Receivables from payment providers	2 097	2 165
Current tax assets	1 274	0
Other receivables	478	3 192
Prepaid expenses and accrued income	2 775	2 901
<b>Total short-term receivables</b>	<b>7 006</b>	<b>8 646</b>
<i>Short-term investments</i>		
Other short-term investments	11 831	9 595
<i>Cash and bank balances</i>		
	22 817	27 030
<b>Total current assets</b>	<b>41 748</b>	<b>45 371</b>
<b>TOTAL ASSETS</b>	<b>153 567</b>	<b>151 254</b>

(in KSEK)	2024-06-30	2023-12-31
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	1 576	1 576
Other contributed capital	33 951	33 951
Other equity incl. profit for the period	54 144	51 485
<b>Equity attributable to owners of the parent</b>	<b>89 671</b>	<b>87 012</b>
<b>Non-controlling interests</b>		
Non-controlling interests	6	6
<b>Total equity</b>	<b>89 677</b>	<b>87 018</b>
<b>Allocations</b>		
Allocation unconsumed user holdings	33 979	33 003
Estimated deferred tax	11 830	9 897
<b>Total allocations</b>	<b>45 809</b>	<b>42 900</b>
<b>Long-term liabilities</b>		
Other liabilities	45	44
<b>Total long-term liabilities</b>	<b>45</b>	<b>44</b>
<b>Short-term liabilities</b>		
Accounts payable	2 989	2 739
Current tax liabilities	0	110
Other liabilities	3 639	4 405
Accrued expenses and prepaid income	11 408	14 038
<b>Total short-term liabilities</b>	<b>18 036</b>	<b>21 292</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>153 567</b>	<b>151 254</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

(in KSEK)	2024-01-01 - 2024-06-30	2023-01-01 - 2023-06-30	2023-01-01 - 2023-12-31
<b>Operating activities</b>			
Operating profit before financial items	6 568	-7 312	20 462
Adjustment for depreciation	8 678	6 906	14 796
Adjustment for other non-cash items, etc.	-11 782	-15 303	-40 178
	<b>3 464</b>	<b>-15 709</b>	<b>-4 920</b>
Interest received	156	22	156
Interest paid	0	-60	-70
Income tax paid	-2 574	-6 443	-5 516
	<b>1 046</b>	<b>-22 190</b>	<b>-10 350</b>
Increase/decrease in inventories	6	22	56
Increase/decrease in trade receivables	6	362	1 106
Increase/decrease in other current receivables	-22	4 382	4 711
Increase/decrease in trade payables	250	-1 203	-1 418
Increase/decrease in other current operating liabilities	-3 395	10 747	1 960
<b>Cash flow from operating activities</b>	<b>-2 109</b>	<b>-7 880</b>	<b>-3 935</b>
<b>Investing activities</b>			
Purchase of intangible assets	0	-207	-207
Purchase of equipment	-1 653	-674	-770
Sale/amortization of other financial assets	0	4	4
Increase/decrease in short-term financial investments and receivables	-1 355	-415	-625
<b>Cash flow from investing activities</b>	<b>-3 008</b>	<b>-1 292</b>	<b>-1 598</b>
<b>Cash flow for the period</b>	<b>-5 117</b>	<b>-9 172</b>	<b>-5 534</b>
Ingoing cash and bank balances	27 030	32 797	32 797
Exchange rate differences in cash and bank balances	904	338	-233
<b>Outgoing cash and bank balance</b>	<b>22 817</b>	<b>23 963</b>	<b>27 030</b>



## PARENT COMPANY'S INCOME STATEMENT

(in KSEK)	2024-04-01 - 2024-06-30	2023-04-01 - 2023-06-30	2024-01-01 - 2024-06-30	2023-01-01 - 2023-06-30	2023-01-01 - 2023-12-31
Net sales	26 800	26 278	47 524	52 809	121 956
Capitalized work	5 021	7 566	10 030	15 303	26 205
Other income	162	94	507	270	1 858
<b>Total income</b>	<b>31 983</b>	<b>33 938</b>	<b>58 061</b>	<b>68 382</b>	<b>150 019</b>
<i>Operating expenses</i>					
Other external costs	-11 759	-13 417	-22 901	-27 062	-51 055
Personnel costs	-10 301	-28 522	-19 913	-41 909	-63 884
Amortization and depreciation	-4 490	-3 707	-8 679	-6 906	-14 796
<b>Total operating expenses</b>	<b>-26 550</b>	<b>-45 646</b>	<b>-51 493</b>	<b>-75 877</b>	<b>-129 735</b>
<b>Operating profit</b>	<b>5 433</b>	<b>-11 708</b>	<b>6 568</b>	<b>-7 495</b>	<b>20 284</b>
<i>Financial items</i>					
Profit from participations in group companies	0	-62	882	105	-1 068
Profit from other securities and receivables accounted for as non-current assets	116	11	156	21	155
Other interest income and similar items	0	0	0	-1	-85
Exchange rate differences	145	-2 121	-1 824	-1 971	-192
<b>Total financial items</b>	<b>261</b>	<b>-2 172</b>	<b>-786</b>	<b>-1 846</b>	<b>-1 093</b>
<b>Profit after financial items</b>	<b>5 694</b>	<b>-13 880</b>	<b>5 782</b>	<b>-9 341</b>	<b>19 191</b>
Transfers to/from untaxed reserves	0	0	0	0	5 162
<b>Profit before tax</b>	<b>5 694</b>	<b>-13 880</b>	<b>5 782</b>	<b>-9 341</b>	<b>24 353</b>
Income tax	-739	-1 968	-3 124	-1 968	-5 384
<b>Net profit</b>	<b>4 955</b>	<b>-15 848</b>	<b>2 658</b>	<b>-11 310</b>	<b>18 969</b>



## PARENT COMPANY'S BALANCE SHEET

(in KSEK)	2024-06-30	2023-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Entropia Platform and Entropia Universe	101 071	98 515
Other intangible assets	6 614	4 231
<b>Total intangible assets</b>	<b>107 685</b>	<b>102 746</b>
<i>Tangible assets</i>		
Equipment and computer hardware	3 932	2 934
<b>Total tangible assets</b>	<b>3 932</b>	<b>2 934</b>
<i>Financial assets</i>		
Shares in subsidiaries	1 143	1 143
Other long-term securities	202	202
<b>Total financial assets</b>	<b>1 345</b>	<b>1 345</b>
<b>Total non-current assets</b>	<b>112 962</b>	<b>107 025</b>
<b>Current assets</b>		
<i>Stock-in-trade etc.</i>		
Commercial goods	94	100
<b>Total stock-in-trade etc.</b>	<b>94</b>	<b>100</b>
<i>Short-term receivables</i>		
Accounts receivable	382	389
Receivables from payment providers	2 097	2 166
Current tax assets	1 274	0
Other receivables	478	3 191
Prepaid expenses and accrued income	2 774	2 901
<b>Total short-term receivables</b>	<b>7 005</b>	<b>8 647</b>
<i>Short-term investments</i>		
Other short-term investments	11 831	9 594
<i>Cash and bank balances</i>		
	22 775	26 989
<b>Total current assets</b>	<b>41 705</b>	<b>45 330</b>
<b>TOTAL ASSETS</b>	<b>154 667</b>	<b>152 355</b>

(in KSEK)	2024-06-30	2023-12-31
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	1 576	1 576
Revaluation reserve	17 444	18 786
Restricted reserves	50	50
Fund for development	75 617	71 370
<b>Total restricted equity</b>	<b>94 687</b>	<b>91 782</b>
<b>Non-restricted equity</b>		
Share premium reserve	33 951	33 951
Profit brought forward	-41 619	-57 683
Net profit	2 658	18 969
<b>Total non-restricted equity</b>	<b>-5 010</b>	<b>-4 763</b>
<b>Total equity</b>	<b>89 677</b>	<b>87 019</b>
Untaxed reserves	0	0
<b>Allocations</b>		
Allocation unconsumed user holdings	33 979	33 003
Estimated deferred tax	11 830	9 897
<b>Total allocations</b>	<b>45 809</b>	<b>42 900</b>
<b>Long-term liabilities</b>		
Other liabilities	45	45
<b>Total long-term liabilities</b>	<b>45</b>	<b>45</b>
<b>Short-term liabilities</b>		
Accounts payable	2 989	2 739
Liabilities to group companies	1 100	1 100
Current tax liabilities	0	110
Other liabilities	3 639	4 405
Accrued expenses and prepaid income	11 408	14 038
<b>Total short-term liabilities</b>	<b>19 136</b>	<b>22 392</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>154 667</b>	<b>152 355</b>

## PARENT COMPANY'S STATEMENT OF CASH FLOWS

(in KSEK)	2024-01-01 - 2024-06-30	2023-01-01 - 2023-06-30	2023-01-01 - 2023-12-31
<b>Operating activities</b>			
Operating profit before financial items	6 568	-7 495	20 284
Adjustment for depreciation	8 678	6 906	14 796
Adjustment for other non-cash items, etc.	-11 782	-15 303	-40 178
	<b>3 464</b>	<b>-15 892</b>	<b>-5 098</b>
Interest received	156	22	156
Interest paid	0	-60	-70
Income tax paid	-2 574	-6 443	-5 516
	<b>1 046</b>	<b>-22 373</b>	<b>-10 528</b>
Increase/decrease in inventories	6	22	56
Increase/decrease in trade receivables	6	9	21
Increase/decrease in other current receivables	-22	4 481	4 871
Increase/decrease in trade payables	250	-1 203	-1 418
Increase/decrease in other current operating liabilities	-3 395	11 185	3 068
<b>Cash flow from operating activities</b>	<b>-2 109</b>	<b>-7 879</b>	<b>-3 930</b>
<b>Investing activities</b>			
Purchase of intangible assets	0	-207	-207
Purchase of equipment	-1 653	-674	-770
Sale/amortization of other financial assets	0	4	4
Increase/decrease in short-term financial investments and receivables	-1 355	-415	-625
<b>Cash flow from investing activities</b>	<b>-3 008</b>	<b>-1 292</b>	<b>-1 598</b>
<b>Cash flow for the period</b>	<b>-5 117</b>	<b>-9 171</b>	<b>-5 529</b>
Ingoing cash and bank balances	26 989	32 750	32 750
Exchange rate differences in cash and bank balances	903	338	-233
<b>Outgoing cash and bank balance</b>	<b>22 775</b>	<b>23 917</b>	<b>26 989</b>



# COMMENTS ON THE FINANCIAL OVERVIEW

## UNCONSUMED USER HOLDINGS IN Q2

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 somewhat decreased during the second quarter, from 141.7 million PED to 140.5 million PED, a decrease of 1.2 million PED. The total amount decreased slightly more in SEK as the SEK/USD exchange rate has increased from 10.66 SEK/USD at the end of March 2024 to 10.61 SEK/ USD at the end of June 2024 (10 PED=1 USD). This resulted in a decrease of 2 million in SEK, from 151 million SEK to 149 million SEK.

As of June 30, 2024, the total liability for unconsumed user holdings amounted to 140.5 million PED. Under the new policy for calculating the allocation for unconsumed user holdings, which was communicated in the year-end report for 2023, the five-year average withdrawal rate is 22.8% (compared to 23.6% in Q1 2024). Based on this, the company estimates the real debt at the end of June 2024 to be 32 million PED which is equivalent to 34 million SEK.

## OPERATIONS DURING APRIL- JUNE 2024, PARENT AND GROUP

Net sales for the second quarter amounted to 26.8 million SEK (26.3 m SEK), an improvement of 2%. The quarter started with a weak April with lower consumption, i.e. turnover inside Entropia Universe, than last year. However, it turned around during the second month of the quarter. In both May and June, sales in Entropia increased compared to the previous year.

The average dollar exchange rate during the quarter was slightly higher than in the second quarter of last year (10.68 SEK/USD against 10.51 SEK/USD in the second quarter of last year), which has had a positive impact on net sales.

Capitalization of development costs during the second quarter amounts to 5 million SEK (7.6 m SEK). Other operating income amounts to 162 thousand SEK (281 t SEK) and total revenue amounts to 32 million SEK (34.1 m SEK).

Operating expenses for the second quarter ended at 26.6 million SEK (45.6 m SEK). This reduction can primarily be attributed to lower personnel costs compared to the same quarter last year as a result of reorganization that was implemented last year and charged Q2 2023 with a one-off cost of 14 million SEK. However, there has been an uptick in depreciation expenses. This is consequent to an increase in capitalized development costs by 20.9 million SEK during the last twelve months which in turn has precipitated a rise in the depreciation expenses by 700 thousand SEK for the second quarter, when compared to the corresponding quarter of the previous year.

Operating profit for the quarter stands at 5.4 million SEK (-11.5 m SEK). Financial items amount to 261 thousand SEK (-3.3 m SEK). Profit before tax ends at 5.7 million SEK (-14.9 m SEK). Tax on profit for the period consists partly 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, and partly of tax on profit for the year.

### Earnings per share

Profit after tax for the parent company for the first quarter amounts to 5 million SEK. When divided by 31.5 million shares (the number of shares after reverse split), earnings per share amounts to 0.16 SEK per share (-0.53 SEK per share, divided by the same number of shares). For the first six

months the profit after tax amounts to 2.7 million SEK. When divided by 31.5 million shares (the number of shares after reverse split), earnings per share amounts to 0.08 SEK per share (-0.35 SEK per share, divided by the same number of shares).

### 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 first quarter amounts to 5 million SEK (7.6 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 1.6 million SEK (396 t SEK) are related to investments in mainly computers and servers.



### 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 first quarter of 2024, between 10.38 SEK per USD to a maximum of 10.99 SEK per USD. Deposits to MindArk's bank accounts (directly or through payment providers) in foreign currencies, mainly USD, are translated 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 June 30, 2024, which amounts to 10.61 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.

### Equity parent company

MindArk's adjusted equity amounted to 89.7 million SEK at the end of the period, divided into 31.5 million shares. The adjusted equity per share amounted to 2.85 SEK per share (1.93 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 15 SEK per share. The company has no other outstanding option programs or securities that can lead to dilution effects for shareholders.



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### 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 36 (62) people, including 10 (10) women. All are employees in the parent company.

### Reporting period

The report covers the period April 1 – June 30, 2024 and January 1 - June 30, 2024.

### 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 of June 30, 2024

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 of June 30, 2024. 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**	18.86%	18.86%
Nordic Tender Holdings	3.49%	3.49%
Futur Pension	2.81%	2.81%
The Bank of NY Mellon/Fam. Tullet	2.02%	2.02%
Mindarkkoncernens Vinstandelsstiftelse	1.89%	1.89%
Kronboken	1.41%	1.41%
Lars Hammarström	1.26%	1.26%
<i>Others</i>	33.37%	33.37%
<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. 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 Q2 2024.

# OTHER INFORMATION

## Redovisningsprinciper

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 2023 Annual report.

## Significant risks and uncertainties

MindArk's operations and financial situation may be impacted by a number of risks and uncertainties. These are described in the annual report for 2023.

## 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 Q3 2024	November 28, 2024
Interim Report Q4 2024	February 28, 2025



# 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, August 28, 2024

**Björn Dierks**  
Chairman

**Leif Evander Andersson**  
Board Member & Acting CEO

**Karl Linus Norén**  
Board Member

**Klas Moreau**  
Board Member

## DEFINITIONS

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



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