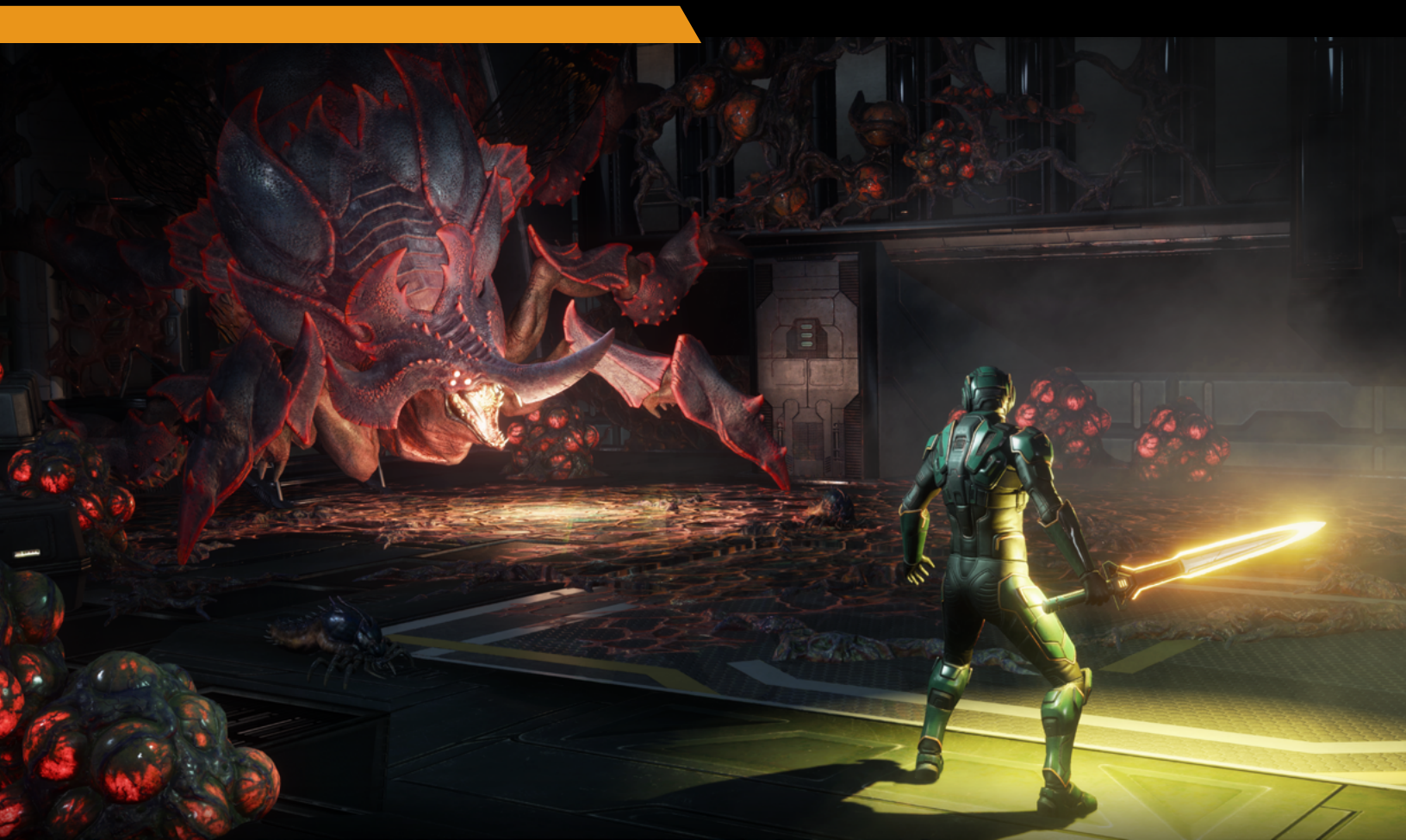




MINDARK PE AB (PUBL)
YEAR-END REPORT 2023



Q4 SUMMARIZED

1 OCTOBER – 31 DECEMBER 2023

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

- » Turnover amounted to 46.3 MSEK (29.1 MSEK)
- » Work in progress amounted to 4.8 MSEK (6.9 MSEK)
- » Operating profit amounted to 26 MSEK (10.4 MSEK)
- » Profit before tax amounted to 26.7 MSEK (12.8 MSEK)
- » Cash & cash equivalents including short-term investments 36.6 MSEK
- » No interest-bearing liabilities
- » Provision for unspent user funds 33 MSEK
- » Earnings per share for the period amounted to 0.89 SEK (0.25 SEK)

1 JANUARY – 31 DECEMBER 2023

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

- » Turnover amounted to 122 MSEK (92.8 MSEK)
- » Work in progress amounted to 26.2 MSEK (26,5 MSEK)
- » Impact of restructuring costs on profit -14 MSEK
- » Operating profit amounted to 20.5 MSEK (21.4 MSEK)
- » Profit before tax amounted to 19.3 MSEK (12 MSEK)
- » Cash & cash equivalents including short-term investments 36.6 MSEK
- » No interest-bearing liabilities
- » Provision for unspent user funds 33 MSEK
- » Earnings per share for the period amounted to 0.60 SEK (0.23 SEK)
- » The compound annual growth rate (CAGR) of invested capital in the company since its inception in 2003 is approximately 14%.

TURNOVER Q4 2023

46.3 MSEK
(29.1 MSEK)

OPERATING PROFIT Q4 2023

26 MSEK
(10.4 MSEK)

TURNOVER FY 2023



122 MSEK
(92.8 MSEK)

OPERATING PROFIT FY 2023

20.5 MSEK
(21.4 MSEK)

SIGNIFICANT EVENTS

FOURTH QUARTER 2023

-  The company announces a new strategy for the development of Entropia Universe in Unreal Engine 5.
-  Magnus Ryme is appointed CTO (Chief Technology Officer) and Terrence Verlander is appointed as the company's CAIO (Chief Artificial Intelligence Officer).

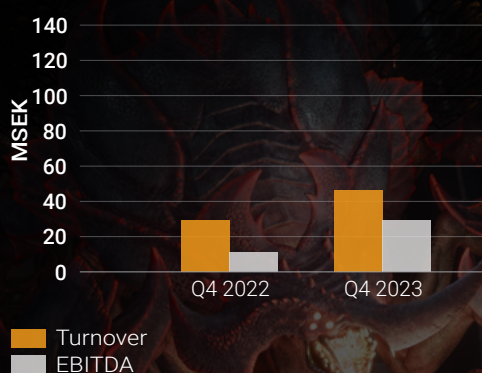
AFTER THE END OF THE Q4 PERIOD

-  No significant event after the end of the period.

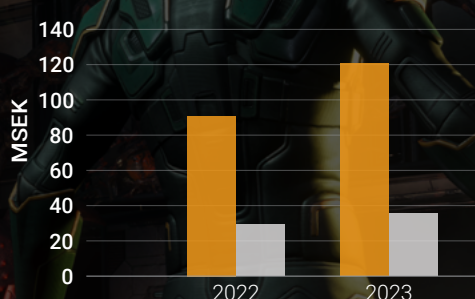
GROUP SALES AND PROFIT IN SUMMARY

(In KSEK)	Q4 2023 October - December	Q4 2022 October - December	2023 January- December	2022 January- December	2021 January- December
Total operating income	52 540	40 854	150 206	124 642	106 965
Total operating expenses	-26 550	-30 461	-129 743	-103 286	-85 635
Profit before tax	26 740	12 782	19 274	12 045	18 503
Earnings per share (parent company)	0.89 SEK	0.25 SEK	0.60 SEK	0.23 SEK	0.44 SEK

Q4 - Turnover & EBITDA



Full Year - Turnover & EBITDA



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 February 28, 2024.

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 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 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.

MESSAGE FROM THE CEO

The year 2023 has come to an end, and it's a pleasure to mark the conclusion of the year with a strong financial update. We've experienced a triple-digit increase in the number of new shareholders, and I'd like to extend a warm welcome to all of them.

In the fourth quarter, we witnessed a revenue growth exceeding 27% within Entropia Universe compared to the same period last year, signalling a robust and expanding universe. However, the average exchange rate of the dollar was 2.4% lower this quarter compared to the fourth quarter of 2022, which adjusts the revenue growth in Entropia, when converted to SEK, to an increase of 22.5%. Beyond the revenue surge in Entropia Universe, MindArk has implemented a new policy for setting aside provisions for unspent user funds, leading to an overall 59% increase in net sales for the quarter year-on-year. This policy change is positive in the sense that we have seen that the actual exposure to unconsumed user holdings is lower than before, thus justifying a write-down of the financial risk.

Shareholders have had to remain patient to witness the impact of changes made throughout 2023. Naturally, the second quarter was heavily influenced by costs related to the restructuring carried out. This impact extended into Q3. The fourth quarter marks the first period free from the costs associated with the restructuring. Personnel costs decreased by approximately 5 MSEK during this quarter compared to the fourth quarter of 2022, and we anticipate seeing continued positive outcomes from last year's decisions in the future.

In the current climate, I am confident in stating that MindArk is among the few publicly traded gaming companies that is not only profitable but also boasts positive cash flow and no interest-bearing debt. We will continue to work on the plan that has been communicated previously and ensure that MindArk continues in the direction we have now set. At the same time, work continues to achieve the board's ambition to resume dividends, which we believe will make MindArk even more exciting for both existing and potential new shareholders.



HENRIK NEL JERKROT

CEO MindArk PE AB (publ)

TECHNICAL DEVELOPMENT OF ENTROPIA UNIVERSE Q4 2023

In the fourth quarter, a new content expansion named “Spawn of Echidna” was released, serving as a sequel to the earlier content “Flight of the Scarabs”. This expansion for Planet Calypso featured new Spina creatures, updates to the Codex, quests, powerful items and armors, along with revamped areas for exploration including two instances. One of these instances is noted as one of the most challenging tasks for our players to overcome, particularly in defeating the Spina Queen. Additionally, in this update, Triton Island, also referred to as Sand King Island, was offered for sale as 500,000 shares to users through the Entropia Exchange.

In Q4 2023, Entropia Universe had two very popular recurring events; Halloween Mayhem and Merry Mayhem. In these, a new type of item, Cosmetic Token, was introduced, which users could hunt for, and which could be exchanged for visual items for their Avatars.

Furthermore, the system’s handling of “loot” was redesigned, solving the problem of high load delays and significantly improving the gaming experience. The forthcoming design aims to provide cohesive, upgraded functionality and performance, setting the stage for smoother future updates to meet the requirements of both the user community and MindArk.

In the technical development of the current game engine, adjustments have been made to handle modern tools, and work to update the visuals in Entropia Universe has begun, to ensure being future-proof. The new graphical elements are crafted to allow for easy transition to Unreal Engine 5, including the integration of an Unreal Engine 5 client with the existing server architecture. Initially, this client will operate alongside the current one within the same world, with a gradual shift planned to ensure complete compatibility with Entropia Universe. This initiative also encompasses enhancements and updates aimed at boosting the scalability of Entropia Universe for managing a large number of simultaneous users.

Finally, the implementation of AI tools to streamline work and thus reduce development time and improve service continues.

A dark teal nebula with wispy, glowing clouds and scattered bright spots, serving as the background for the text.

FINANCIAL REVIEW

CONSOLIDATED INCOME STATEMENT

(In KSEK)	2023-10-01 - 2023-12-31	2022-10-01 - 2022-12-31	2023-01-01 - 2023-12-31	2022-01-01 - 2022-12-31
Net sales	46 266	29 103	121 956	92 799
Capitalized work	4 783	6 905	26 205	26 472
Other income	1 491	4 846	2 045	5 371
Total income	52 540	40 854	150 206	124 642
<i>Operating expenses</i>				
Other external costs	-11 822	-11 897	-51 064	-40 070
Personnel costs	-10 706	-15 650	-63 884	-52 551
Amortization and depreciation	-4 022	-2 914	-14 795	-10 665
Total operating expenses	-26 550	-30 461	-129 743	-103 286
Operating profit	25 990	10 393	20 463	21 356
<i>Financial items</i>				
Profit from other securities and receivables accounted for as non-current assets	-1 172	207	-1 067	107
Other interest income and similar items	131	29	155	29
Interest cost and similar items	-84	-104	-85	-104
Exchange rate differences	1 875	2 257	-192	-9 343
Total financial items	750	2 389	-1 189	-9 311
Profit after financial items	26 740	12 782	19 274	12 045
Profit before tax	26 740	12 782	19 274	12 045
Income tax	-2 821	-2 904	-4 312	-2 904
Net profit	23 919	9 878	14 962	9 141
Attributable to non-controlling interests	0	0	0	0
Attributable to owners of the parent	23 919	9 878	14 962	9 141

CONSOLIDATED BALANCE SHEET

(In KSEK)	2023-12-31	2022-12-31
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Entropia Platform and Entropia Universe	98 515	85 098
Other intangible assets	4 231	44
Total intangible assets	102 746	85 142
<i>Tangible assets</i>		
Equipment and computer hardware	2 934	3 417
Total tangible assets	2 934	3 417
<i>Financial assets</i>		
Other long-term securities	203	2 362
Other long-term receivables	0	3 559
Total financial assets	203	5 921
Total non-current assets	105 883	94 480
Current assets		
<i>Stock-in-trade etc</i>		
Commercial goods	100	147
Advances to suppliers	0	9
Total stock-in-trade etc	100	156
<i>Short-term receivables</i>		
Account receivables	388	2 027
Receivables from payment providers	2 166	2 233
Other receivables	3 191	1 795
Prepaid expenses and accrued income	2 901	7 986
Total short-term receivables	8 646	14 041
<i>Short-term investments</i>		
Other short-term investments	9 595	8 834
<i>Cash and bank balances</i>	27 030	32 797
Total current assets	45 371	55 828
TOTAL ASSETS	151 254	150 308

CONSOLIDATED BALANCE SHEET

(In KSEK)	2023-12-31	2022-12-31
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1 576	1 576
Other contributed capital	33 951	33 951
Other equity incl. profit for the period	51 485	36 524
Equity attributable to owners of the parent	87 012	72 051
Non-controlling interests		
Non-controlling interests	6	7
Total equity	87 018	72 058
Allocations		
Allocation unconsumed user holdings	33 003	47 059
Estimated deferred tax	9 897	10 059
Total allocations	42 900	57 118
Long-term liabilities		
Other liabilities	44	46
Total long-term liabilities	44	46
Short-term liabilities		
Accounts payable	2 740	4 158
Current tax liabilities	110	1 150
Other liability	4 405	4 824
Accrued expenses and prepaid income	14 037	10 954
Total short-term liabilities	21 292	21 087
TOTAL EQUITY AND LIABILITIES	151 254	150 308

CONSOLIDATED STATEMENT OF CASH FLOWS

(In KSEK)	2023-10-01 - 2023-12-31	2022-10-01 - 2022-12-31	2023-01-01 - 2023-12-31	2022-01-01 - 2022-12-31
Operating profit before financial items				
Operating profit before financial items	25 989	10 393	20 462	21 356
Adjustment for depreciation	4 023	2 914	14 796	10 665
Adjustment for capitalized costs	-18 756	-6 884	-40 178	-26 451
	11 256	6 423	-4 920	5 570
Interest received	132	8	156	8
Interest paid	-11	0	-71	-53
Income tax paid	2 119	-1 250	-5 516	-9 234
	13 497	5 181	-10 351	-3 709
Increase/decrease in inventories	32	-65	56	-52
Increase/decrease in trade receivables	735	29	1 106	176
Increase/decrease in other current receivables	-1 220	-5 630	4 711	-6 841
Increase/decrease in trade payables	-88	1 827	-1 418	2 307
Increase/decrease in other current operating liabilities	-3 588	3 570	1 960	1 725
Cash flow from operating activities	9 368	4 912	-3 936	-6 394
Investing activities				
Purchase of intangible assets	0	0	-207	0
Purchase of equipment	-29	-1 439	-770	-1 827
Sale/amortization of other financial assets	0	25	4	96
Increase/decrease in short-term financial investments and receivables	0	-179	-625	-1 604
Cash flow from investing activities	-29	-1 593	-1 598	-3 335
Financing activities				
New share issue (warrants)	0	0	0	418
Dividends paid	0	0	0	-4 729
Cash flow from financing activities	0	0	0	-4 311
Cash flow for the period	9 339	3 319	-5 534	-14 040
Ingoing cash and bank balances	18 088	30 349	32 797	48 901
Exchange rate differences in cash and bank balances	-397	-871	-233	-2 067
Outgoing cash and bank balances	27 030	32 797	27 030	32 797

PARENT COMPANY'S INCOME STATEMENT

(In KSEK)	2023-10-01 - 2023-12-31	2022-10-01 - 2022-12-31	2023-01-01 - 2023-12-31	2022-01-01 - 2022-12-31
Net sales	46 266	29 086	121 956	92 799
Capitalized work	4 783	6 904	26 205	26 472
Other income	1 491	4 864	1 858	5 371
Total income	52 540	40 854	150 019	124 642
<i>Operating expenses</i>				
Other external costs	-11 818	-11 897	-51 055	-40 068
Personnel costs	-10 706	-15 651	-63 884	-52 551
Amortization and depreciation	-4 023	-2 914	-14 796	-10 665
Total operating expenses	-26 547	-30 462	-129 735	-103 284
Operating profit	25 993	10 392	20 284	21 358
<i>Financial items</i>				
Profit from participations in group companies	97	0	97	0
Profit from other securities and receivables accounted for as non-current assets	-1 173	208	-1 068	107
Other interest income and similar items	131	29	155	29
Interest cost and similar items	-84	-105	-85	-105
Exchange rate differences	1 875	2 257	-192	-9 343
Total financial items	846	2 389	-1 093	-9 312
Profit after financial items	26 839	12 781	19 191	12 046
Transfers to/from untaxed reserves	5 162	-2 400	5 162	-2 400
Net profit before tax	32 001	10 381	24 353	9 646
Income tax	-3 893	-2 409	-5 384	-2 409
Net profit	28 108	7 972	18 969	7 237

PARENT COMPANY'S INCOME STATEMENT

(In KSEK)	2023-12-31	2022-12-31
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Entropia Platform and Entropia Universe	98 515	85 098
Other intangible assets	4 231	44
Total intangible assets	102 746	85 142
<i>Tangible assets</i>		
Equipment and computer hardware	2 934	3 417
Total tangible assets	2 934	3 417
<i>Financial assets</i>		
Shares in subsidiaries	1 143	4 952
Other long-term securities	202	2 362
Other long-term receivables	0	3 559
Total financial assets	1 345	10 873
Total non-current assets	107 025	99 432
Current assets		
<i>Stock-in-trade etc</i>		
Commercial goods	100	147
Advances to suppliers	0	9
Total stock-in-trade etc	100	156
<i>Short-term receivables</i>		
Account receivables	389	943
Receivables from payment providers	2 166	2 233
Receivables group companies	0	98
Other receivables	3 191	1 795
Prepaid expenses and accrued income	2 901	7 986
Total short-term receivables	8 647	13 055
<i>Short-term investments</i>		
Other short-term investments	9 594	8 834
<i>Cash and bank balances</i>	26 989	32 750
Total current assets	45 330	54 795
TOTAL ASSETS	152 355	154 227

PARENT COMPANY'S INCOME STATEMENT

(In KSEK)	2023-12-31	2022-12-31
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1 576	1 576
Revaluation reserve	18 786	21 470
Restricted reserves	50	50
Fund for development	71 370	54 574
Total restricted equity	91 782	77 670
Non-restricted equity		
Share premium reserve	33 951	33 951
Profit brought forward	-57 683	-50 808
Net profit	18 969	7 237
Total non-restricted equity	-4 763	-9 620
Total equity	87 019	68 050
Untaxed reserves	0	5 100
Allocations		
Allocation unconsumed user holdings	33 003	47 059
Estimated deferred tax	9 897	8 987
Total allocations	42 900	56 046
Long-term liabilities		
Other liabilities	45	46
Total long-term liabilities	45	46
Short-term liabilities		
Accounts payable	2 739	4 158
Liabilities group companies	1 100	3 898
Current tax liabilities	110	1 151
Other liability	4 405	4 824
Accrued expenses and prepaid income	14 038	10 954
Total short-term liabilities	22 391	24 985
TOTAL EQUITY AND LIABILITIES	152 355	154 227

PARENT COMPANY'S STATEMENT OF CASH FLOWS

(In KSEK)	2023-10-01 - 2023-12-31	2022-10-01 - 2022-12-31	2023-01-01 - 2023-12-31	2022-01-01 - 2022-12-31
Operating profit before financial items				
Operating profit before financial items	25 992	10 393	20 284	21 358
Adjustment for depreciation	4 023	2 914	14 796	10 665
Adjustment for capitalized costs	-18 756	-6 884	-40 178	-26 451
	11 259	6 423	-5 098	5 572
Interest received	132	8	156	8
Interest paid	-11	0	-71	-53
Income tax paid	2 119	-1 250	-5 516	-9 234
	13 499	5 181	-10 529	-3 707
Increase/decrease in inventories	32	-65	56	-52
Increase/decrease in trade receivables	3	29	21	176
Increase/decrease in other current receivables	-1 157	-5 631	4 871	-6 842
Increase/decrease in trade payables	-88	1 827	-1 418	2 307
Increase/decrease in other current operating liabilities	-2 917	3 571	3 068	1 727
Cash flow from operating activities	9 373	4 912	-3 931	-6 392
Investing activities				
Purchase of intangible assets	0	0	-207	0
Purchase of equipment	-29	-1 439	-770	-1 827
Sale/amortization of other financial assets	0	25	4	96
Increase/decrease in short-term financial investments and receivables	0	-179	-625	-1 604
Cash flow from investing activities	-29	-1 593	-1 598	-3 335
Financing activities				
New share issue (warrants)	0	0	0	418
Dividends paid	0	0	0	-4 729
Cash flow from financing activities	0	0	0	-4 311
Cash flow for the period	9 343	3 319	-5 529	-14 038
Ingoing cash and bank balances	18 042	30 303	32 750	48 855
Exchange rate differences in cash and bank balances	-397	-872	-233	-2 067
Outgoing cash and bank balances	26 989	32 750	26 989	32 750

COMMENTS ON THE FINANCIAL REVIEW

UNCONSUMED USER HOLDINGS IN Q4 & FULL YEAR

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. The total amount of "Unconsumed user holdings" is an amount that fluctuates with the various activities within Entropia Universe. Historical figures show that between 22 - 35% of the funds deposited by users are later withdrawn. The remaining funds are either consumed or remain in the accounts of users in the form of inventory, or cash in the form of the virtual currency PED. However, it is a prerequisite for the survival of Entropia Universe that MindArk pays out the requested withdrawals and therefore the part of the unconsumed user holdings that is likely to be withdrawn, should be recognized as a liability.

Unconsumed user holdings have somewhat decreased during quarter four, from 140.8 million PED to 140.5 million PED, a decrease of 0.3 million PED. However, the total amount decreased significantly more in SEK as the SEK/USD exchange rate has decreased from 10.84 SEK/USD at the end of September 2023 to 10.04 SEK/ USD at the end of December 2023 (10 PED=1 USD). This resulted in a decrease of 11.5 million in SEK, from 152.6 million SEK to 141.1 million SEK.

On the other hand, unconsumed user holdings have increased during the financial year 2023, from 136.6 million PED to 140.5 million PED, an increase of 3.9 million PED. However, the total amount decreased slightly in SEK as the SEK/USD exchange rate has decreased from 10.44 SEK/USD at the end of 2022 to 10.04 SEK/USD at the end of December 2023 (10 PED=1 USD). This resulted in a decrease by 1.5 million in SEK, from 142.6 million SEK to 141.1 million SEK.

With the closing of the financial year 2023, the company has implemented a new policy to calculate and report the allocation for unconsumed user holdings on the company's balance sheet.

Previous methodology: Historically, the company has calculated the allocation for unconsumed user holdings by looking at all previous years since the launch of the game 20 years ago and considering the years when withdrawals were high. This methodology has provided the company with a comprehensive overview of users' behavior over time.

New policy: With the new policy, the company now focuses on the last five years of data to better reflect current user behavior and economic trends. The average of withdrawals over the last five years stands at 23.4%. This change aims to provide a more current and relevant picture of the company's allocation needs for unconsumed user holdings in Entropia Universe.

As of December 31, 2023, the total liability for unconsumed user holdings amounted to 140.5 million PED. According to the new calculation methodology based on the new five-year average figure of 23.4%, the company estimates the real debt at the end of December 2023 to be 32.9 million PED which is equivalent to 33 million SEK. This policy change also reflects the company's continuous efforts to improve financial processes and at the same time ensure that the item of unconsumed user holdings is reflected in a sustainable and responsible manner.

OPERATIONS DURING OCTOBER - DECEMBER 2023, PARENT AND GROUP

Net sales for the fourth quarter amounted to 46.3 million SEK (29.1 m SEK), an increase of 59% in total. As described in the previous section, MindArk has adopted a new policy for allocation for unconsumed user holdings. The new policy entails an increase in revenue from the change in unconsumed user holdings for the fourth quarter with a nonrecurring effect of approximately 11.7 million SEK. As the policy was adopted after the end of 2023, the entire amount has therefore been recognized in the fourth quarter of 2023. Going forward, the effects of changes in unconsumed user holdings will be equalized over the year. Other revenue growth can be attributable to the operations and user activity in Entropia Universe.

Usage inside Entropia Universe during the fourth quarter increased by more than 27% compared to the same period last year. However, the average dollar exchange rate during the quarter has been 2.4% lower than quarter four in 2022, which means that the increase in usage, equals revenue, in Entropia converted to SEK ends up at 22.2%.

The capitalization of development costs during the fourth quarter amounts to 4.8 million SEK (6.9 million SEK). Other operating income amounts to 1.5 million SEK (4.8 million SEK) and total revenue amounts to 52.5 million SEK (40.9 million SEK).

The operating expenses for the fourth quarter culminated at 26.5 million SEK (30.5 million SEK). This reduction can primarily be attributed to lower personnel costs compared to the same quarter of the previous year, reflecting the comprehensive impact of the company's recent reorganization. However, there has been an uptick in depreciation expenses. This is consequent to an increase in capitalized development costs by 26.2 million SEK over the last twelve months, which in turn has precipitated a rise in the depreciation expenses by 1.1 million SEK for the fourth quarter, when compared to the corresponding quarter of the previous year. The operating profit for the quarter stands at 26 million SEK (10.4 million SEK).

Financial items amounted to 750 thousand SEK (2.4 million SEK) in the Group and 846 thousand SEK (2.4 million SEK) in the parent company. The result before tax ends at 26.7 million SEK (12.8 m SEK) in the group and 32 million SEK (10.4 million SEK) in the parent company. In order to prepare the Group for the possibility of making dividends to shareholders in the future, the company has decided to dissolve the accrual funds amounting to 5.1 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, and tax on profit for the year.



Earnings per share

Result after tax for the parent company for the fourth quarter amounts to 28.1 million SEK. When divided by 31.5 million shares (the number of shares after reverse split), earnings per share amounts to 0.89 SEK per share (0.25 SEK per share, divided by the same number of shares). For the full year, profit after tax amounts to 19 million SEK. Distributed on 31.5 million shares, earnings per share will be 0.60 SEK (0.23 SEK for the previous year, distributed on 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 fourth quarter amounts to 4.8 million SEK (6.9 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 30 thousand SEK (1.4 m SEK) are this year related to security and last year to investments in computers and furniture.

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 fourth quarter of 2023, between 10.00 SEK per USD to a maximum of 11.19 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 December 31, 2023, which amounts to 10.04 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 87.0 million SEK at the end of the period, divided into 31.5 million shares. The adjusted equity per share amounted to 2.76 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 (58) people, including 10 (11) women. All are employees in the parent company.

Reporting period

The report covers the period October 1 – December 31, 2023 and January 1 - December 31, 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 of December 31, 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 of December 31, 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**	17.48%	17.48%
Futur Pension	5.64%	5.64%
Nordic Tender Holdings	3.49%	3.49%
Megetgod Invest APS	2.19%	2.19%
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 (about 900 shareholders)</i>	29.73%	29.73%
Total	100%	100%

*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 Q4 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 company changed the method for cash flow analysis as of the reporting for Q2 - 2023 from the direct method to the indirect method. The accounting policies applied in this report are set out in the 2022 Annual report.

Russia's war of aggression against Ukraine

MindArk has not been significantly affected by Russia's war on 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.

Dividends

The Board of Directors proposes that no dividend be paid and that the profit for the year be carried forward.

Annual report

The annual report 2023 with audit report will be available on the company's website, www.mindark.com and at the Company's head office, Masthammsgatan 5, 413 27 Gothenburg, Sweden, as of March 6, 2024.

Annual General Meeting

The Annual General Meeting will be held in Gothenburg on March 27, 2024.

Auditor

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

Financial calendar

Annual report 2023	March 6, 2024
Annual General Meeting	March 27, 2024
Interim report quarter 1 2024	May 15, 2024
Interim report quarter 2 2024	August 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, February 28, 2024

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
Q4	Fourth quarter of the reporting year
EBITDA	Earnings before interest, taxes, depreciation & amortization
CAGR	Compound annual growth rate. Provides the constant annual rate of return of an investment over a specified time period



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