



INTERIM REPORT Q1 2023



Q1 SUMMARIZED

TURNOVER Q1 2023

26.5 MSEK

(21.9 MSEK)

OPERATING PROFIT Q1

4.2 MSEK

(4.7 MSEK)

1 JANUARY – 31 MARCH 2023

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

- Turnover amounted to 26.5 MSEK (21.9 MSEK).
- Work in progress amounted to 7.7 MSEK (6 MSEK).
- Operating profit amounted to 4.2 MSEK (4.7 MSEK).
- Profit before tax amounted to 4.5 MSEK (3 MSEK).
- Cash & cash equivalents including short-term investments 37.1 MSEK.
- No interest-bearing liabilities.
- Provision for unspent user funds 47.4 MSEK.

SIGNIFICANT EVENTS

FIRST QUARTER 2023

-  Insurance compensation of 4.75 million SEK related to the dispute with David Storey paid January 2023.
-  The company performed a 1:5 reverse split in January 2023, resulting in a change in the number of outstanding shares from 157,623,125 to 31,524,625.
-  Listing on Spotlight Stock Market on January 27, 2023.

AFTER THE END OF THE Q1 PERIOD

-  The company's employee foundation has acquired 82,883 MindArk shares.
-  A new board was elected at the company's annual general meeting.
-  MindArk appoints Pareto Securities as liquidity provider for the Company's share.

GROUP SALES & PROFIT IN SUMMARY

(In KSEK)	Q1 2023 January - March	Q1 2022 January - March	2022 January - December	2021 January - December
Total operating income	34 444	28 081	124 642	106 965
Total operating expenses	-30 233	-23 341	-103 286	-85 635
Profit before tax	4 537	2 985	12 044	18 503

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 May 25, 2023.



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.

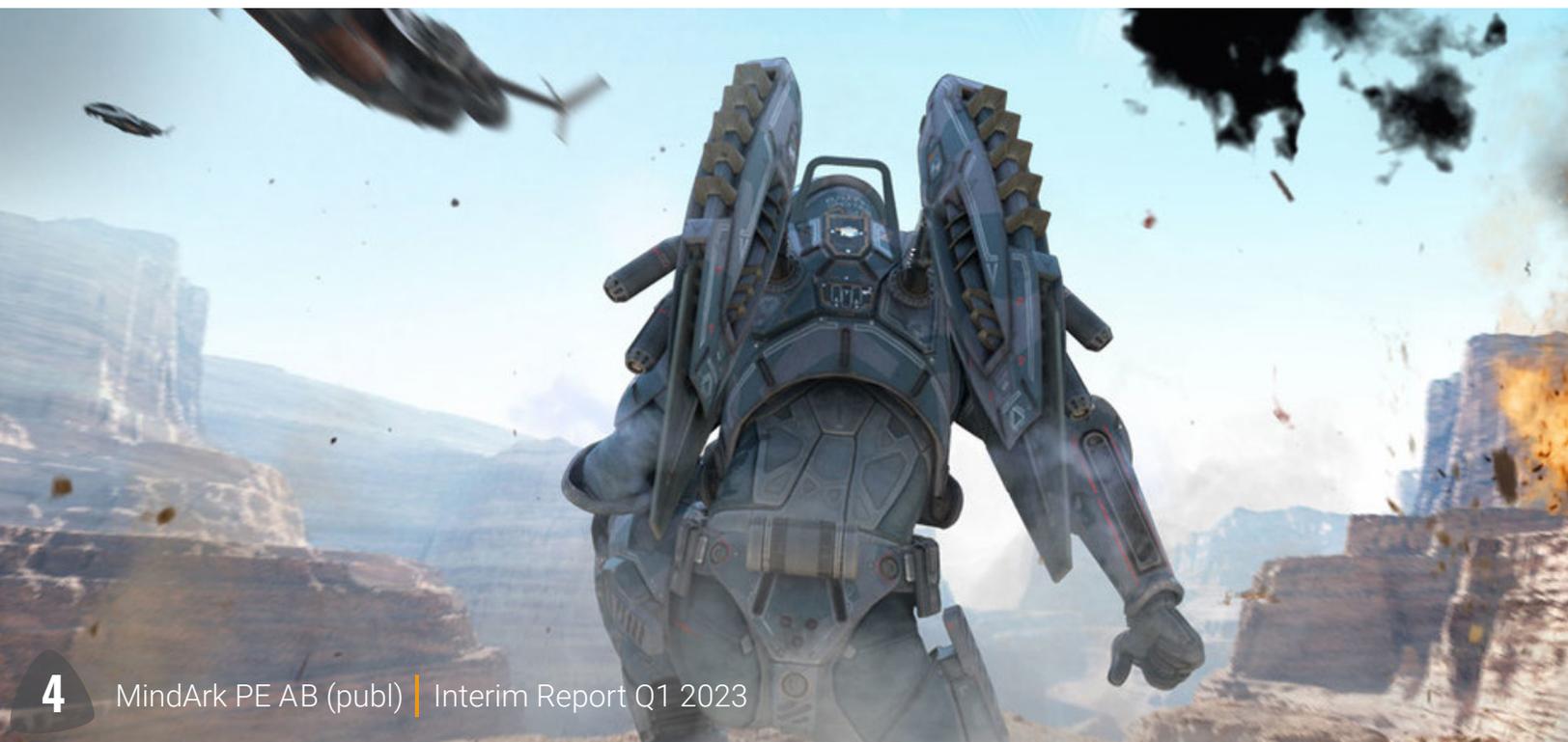
The Entropia Platform is a secure entertainment and business platform, enabling companies and organizations all over the world to build content on themed planets inside the Entropia Universe.

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, the PED (the 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 AFFILIATES

MindArk is the parent company of a group with three subsidiaries. The parent company and the three subsidiaries, Entropia Universe AB, Planet Calypso AB (publ) and Green Fund Finance Sweden AB, are all located in Gothenburg.

Planet Calypso AB (publ) formerly operated and developed Planet Calypso, the first planet in Entropia Universe. Both operation and development are now carried out from a department within the parent company. Subsidiary Entropia Universe AB previously handled much of the customer support and operation of Entropia Universe. No activities are conducted in these two companies today. Both companies remain in place to be used primarily for marketing purposes.

Green Fund Finance Sweden AB's business concept is to be the first choice for financing innovative green technology by offering a competitive solid financing solution. The company has been dormant for a couple of years.



MESSAGE FROM THE CEO

The strong finish that MindArk had during the last quarter of 2022 has continued into Q1 2023. The first quarter of 2023 is the best Q1 in MindArk's 20-year history in terms of revenue, marking the third consecutive year of record revenue for Q1. Revenue increased from 21.9 million SEK in the first quarter of 2022 to 26.5 million SEK in the first quarter of this year, a growth of 21%. While a strong dollar exchange rate partially contributed to the increase in revenue, the main factor is the user activity in Entropia Universe, which has grown by 15%. It is pleasing to see that the content, planned events, and experiences released to our users have been appreciated, and the plan is to continue on the same track throughout the year. For example, a focus will be on further developing the Entropia Universe 20th anniversary, which started on January 30 this year, where users continuously receive new experiences. Another example is the work put into planning new, exciting game content in the current product for the autumn. These initiatives will provide existing and new users with even more reasons to play Entropia Universe.

EBIT for the period ended at 4.2 million SEK, a figure significantly higher than what was budgeted by the board. The cost increases that MindArk has

had are entirely in line with the planned expenses, and we consider the result as a testament to the strength of the existing product, which continues to show growth even as part of the company's resources are committed to works on the game engine transition, activities that currently do not generate revenue. In the coming quarter, we will continue with revenue-enhancing activities for the existing Entropia Universe.

The first quarter was also the last quarter in which the teams worked on the pre-production phase. To ensure the highest possible efficiency in the project's next phase, we have dedicated the pre-production phase to foundational work. By creating workflows, developing tools, and designing technical systems, we have now entered the production phase. Here, we will implement the core gameplay mechanisms in full production quality, which were previously designed and approved during pre-production.

After a solid first quarter, the work now continues to deliver value to our shareholders and users and for the positive trend in revenue and results to progress throughout the rest of the year.



HENRIK NEL JERKROT

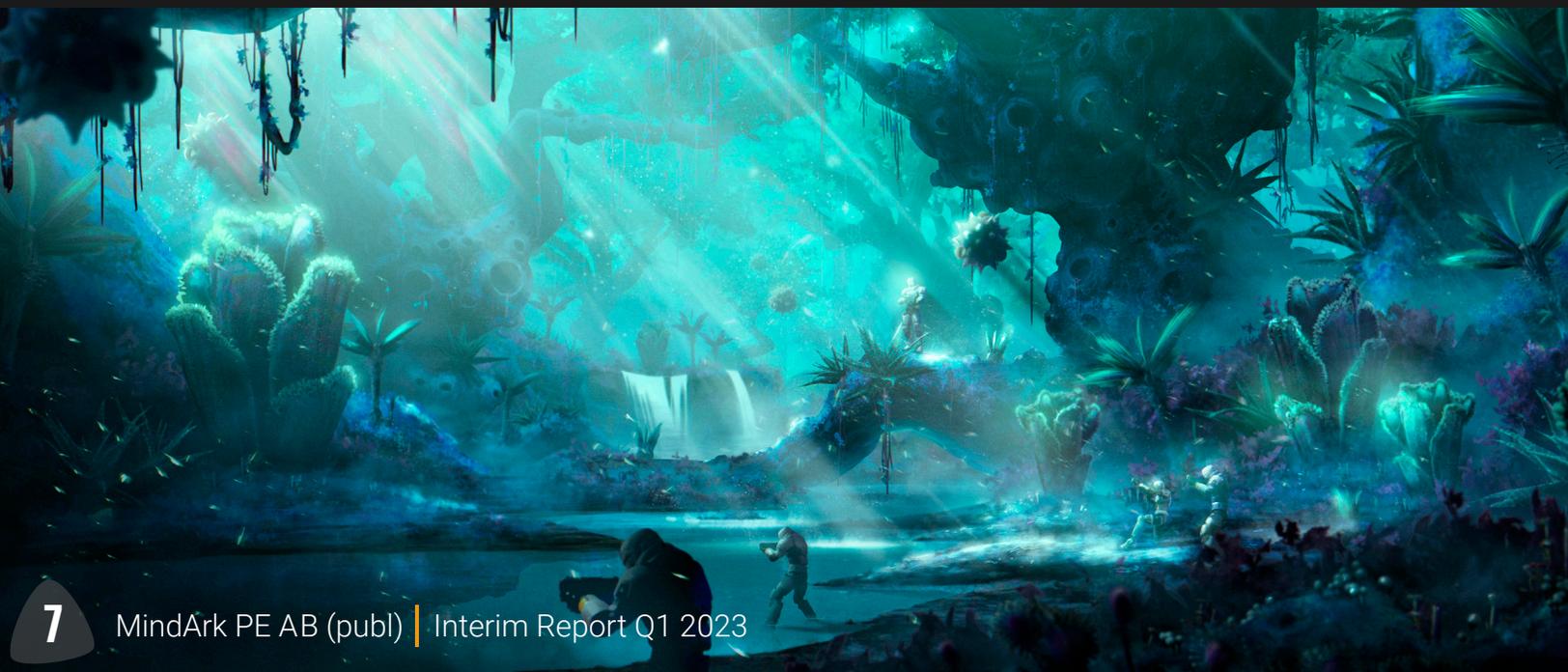
CEO MindArk PE AB (publ)

TECHNICAL DEVELOPMENT OF ENTROPIA UNIVERSE 2022

During the first quarter of 2023, the ongoing long-term work of transitioning from CryEngine2 to Unreal Engine 5 continued. A particular focus has been placed on the backend and server-side to develop the new backend architecture required to dynamically handle more users and more advanced game systems. Extensive work has also been done to develop the systems for user equipment and abilities in the game, as well as systems to easily adjust various object parameters, including the appearance of player characters, weapons, armor, tools, and more. All of this is aimed at building toward a well-balanced and enjoyable experience. The first quarter was also the last quarter where a significant portion of the development was in pre-production, establishing a variety of pipelines and guidelines for art and world building to enable production in Q2.

Simultaneously, the different teams have been working on the live product of Entropia Universe. The 20th anniversary of Entropia Universe (also known as TWEN) started on January 30, 2023, and celebrations will continue throughout the year. The main event during the first part of the anniversary was Robot Harvesting, which was more popular than anticipated. This event introduced updated robots and new rewards for participating users. The popularity of this event led to temporary performance issues due to the high number of simultaneous users in the world, but these issues were solved to ensure a good experience for the users. In addition to these events, several smaller initiatives were launched during Q1, such as in-game giveaways and an update to the land ownership system on the planet Calypso in Entropia Universe. Changes were also made to certain elements within the crafting system during the quarter to encourage increased economic trading between users.

During the first quarter, the teams also developed new game content for the upcoming spring event, Easter Mayhem (the announcement of new robots as pets in the game were well-received, along with the addition of more difficulty levels). Furthermore, the teams continued to create more content for the 20th anniversary and for other events that will be introduced in the game throughout the year. On the technical side, continuous work is being done to rewrite and optimize various parts of the game to improve stability and performance.



CONSOLIDATED INCOME STATEMENT

(In KSEK)	2023-01-01 - 2023-03-31	2022-01-01 - 2022-03-31	2022-01-01 - 2022-12-31
Net sales	26 531	21 857	92 799
Capitalized work	7 737	6 004	26 472
Other income	176	220	5 371
Total income	34 444	28 081	124 642
<i>Operating expenses</i>			
Other external costs	-13 647	-9 250	-40 070
Personnel costs	-13 387	-11 560	-52 551
Amortization and depreciation	-3 199	-2 531	-10 665
Total operating expenses	-30 233	-23 341	-103 286
Operating profit	4 211	4 740	21 356
<i>Financial items</i>			
Profit from other securities and receivables accounted for as non-current assets	167	-240	107
Other interest income and similar items	10	0	29
Interest cost and similar items	-1	0	-104
Exchange rate differences	150	-1 515	-9 343
Total financial items	326	-1 755	-9 311
Profit after financial items	4 537	2 985	12 045
Profit before tax	4 537	2 985	12 045
Income tax	-935	-615	-2 904
Net profit	3 602	2 370	9 141
Attributable to non-controlling interests	0	0	0
Attributable to owners of the parent	3 602	2 370	9 141

CONSOLIDATED BALANCE SHEET

(In KSEK)	2023-03-31	2022-12-31
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Entropia Platform and Entropia Universe	89 954	85 098
Other intangible assets	41	44
Total intangible assets	89 995	85 142
<i>Tangible assets</i>		
Equipment and computer hardware	3 588	3 417
Total tangible assets	3 588	3 417
<i>Financial assets</i>		
Other long-term securities	2 362	2 362
Other long-term receivables	3 525	3 559
Total financial assets	5 887	5 921
Total non-current assets	99 470	94 480
Current assets		
<i>Stock-in-trade etc</i>		
Commercial goods	138	147
Advances to suppliers	0	9
Total stock-in-trade etc	138	156
<i>Short-term receivables</i>		
Account receivables	2 026	2 028
Receivables from payment providers	1 670	2 233
Tax receivables	3 141	0
Other receivables	2 796	1 794
Prepaid expenses and accrued income	4 286	7 986
Total short-term receivables	13 919	14 041
<i>Short-term investments</i>		
Other short-term investments	9 247	8 834
<i>Cash and bank balances</i>	27 876	32 797
Total current assets	51 180	55 828
Total assets	150 650	150 308

CONSOLIDATED BALANCE SHEET

(In KSEK)	2023-03-31	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	40 126	36 524
Equity attributable to owners of the parent	75 653	72 051
Non-controlling interests		
Non-controlling interests	7	7
Total equity	75 660	72 058
Allocations		
Allocation unconsumed user holdings	47 388	47 058
Estimated deferred tax	10 060	10 060
Total allocations	57 448	57 118
Long-term liabilities		
Other liabilities	46	46
Total long-term liabilities	46	46
Short-term liabilities		
Accounts payable	2 743	4 158
Current tax liabilities	0	1 150
Other liability	4 871	4 824
Accrued expenses and prepaid income	9 882	10 954
Total short-term liabilities	17 496	21 086
TOTAL EQUITY AND LIABILITIES	150 650	150 308

PARENT COMPANY INCOME STATEMENT

(In KSEK)	2023-01-01 - 2023-03-31	2022-01-01 - 2022-03-31	2022-01-01 - 2022-12-31
Net sales	26 531	21 857	92 799
Capitalized work	7 737	6 004	26 472
Other income	176	220	5 371
Total income	34 444	28 081	124 642
<i>Operating expenses</i>			
Other external costs	-13 645	-9 249	-40 068
Personnel costs	-13 387	-11 560	-52 551
Amortization and depreciation	-3 199	-2 531	-10 665
Total operating expenses	-30 231	-23 340	-103 284
Operating profit	4 213	4 741	21 358
<i>Financial items</i>			
Profit from other securities and receivables accounted for as non-current assets	167	-240	107
Other interest income and similar items	10	0	29
Interest cost and similar items	-1	0	-105
Exchange rate differences	150	-1 515	-9 343
Total financial items	326	-1 755	-9 312
Profit after financial items	4 539	2 986	12 046
Transfers to/from untaxed reserves	0	0	-2 400
Net profit before tax	4 539	2 986	9 646
Income tax	-935	-615	-2 409
Net profit	3 604	2 371	7 237

PARENT BALANCE SHEET

(In KSEK)	2023-03-31	2022-12-31
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Entropia Platform and Entropia Universe	89 954	85 098
Other intangible assets	41	44
Total intangible assets	89 995	85 142
<i>Tangible assets</i>		
Equipment and computer hardware	3 588	3 417
Total tangible assets	3 588	3 417
<i>Financial assets</i>		
Shares in subsidiaries	4 952	4 952
Other long-term securities	2 362	2 362
Other long-term receivables	3 525	3 559
Total financial assets	10 839	10 873
Total non-current assets	104 422	99 432
Current assets		
<i>Stock-in-trade etc</i>		
Commercial goods	138	147
Advances to suppliers	0	9
Total stock-in-trade etc	138	156
<i>Short-term receivables</i>		
Account receivables	941	943
Receivables from payment providers	1 670	2 233
Receivables group companies	98	98
Tax receivables	3 141	0
Other receivables	2 796	1 795
Prepaid expenses and accrued income	4 286	7 986
Total short-term receivables	12 932	13 055
<i>Short-term investments</i>		
Other short-term investments	9 247	8 834
Cash and bank balances	27 831	32 750
Total current assets	50 148	54 795
TOTAL ASSETS	154 570	154 227

PARENT BALANCE SHEET

(In KSEK)	2023-03-31	2022-12-31
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1 576	1 576
Revaluation reserve	21 470	21 470
Restricted reserves	50	50
Fund for development	54 574	54 574
Total restricted equity	77 670	77 670
Non-restricted equity		
Share premium reserve	33 951	33 951
Profit brought forward	-43 570	-50 808
Net profit	3 603	7 237
Total non-restricted equity	-6 016	-9 620
Total equity	71 654	68 050
Untaxed reserves	5 100	5 100
Allocations		
Allocation unconsumed user holdings	47 388	47 059
Estimated deferred tax	8 987	8 987
Total allocations	56 375	56 046
Long-term liabilities		
Other liabilities	46	46
Total long-term liabilities	46	46
Short-term liabilities		
Accounts payable	2 743	4 158
Liabilities group companies	3 898	3 898
Current tax liabilities	0	1 151
Other liability	4 872	4 824
Accrued expenses and prepaid income	9 882	10 954
Total short-term liabilities	21 395	24 985
TOTAL EQUITY AND LIABILITIES	154 570	154 227

COMMENTS ON THE FINANCIAL REVIEW

UNCONSUMED USER HOLDINGS IN Q1

All users in Entropia Universe have an in-game account where cash in the form of the virtual in-game currency PED or 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 one, from 136.6 million PED to 138.7 million PED, an increase of 2.1 million PED. The total amount increased less in SEK as the SEK/USD exchange rate decreased from 10.44 SEK/USD at year-end 2022 to 10.35 SEK/USD at end of March 2023 (10 PED = 1 USD). As a result, the amount increased during the quarter by 1 million SEK, from 142.6 million SEK to 143.6 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 27-35% of funds deposited by users are later withdrawn. The remaining funds are either consumed or remain 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 unspent user funds 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 March is 45.8 million PED, equivalent to SEK 47.4 million SEK. The allocation for unconsumed user holdings has therefore been adjusted for this as well as for currency adjustments at the end of March.



OPERATIONS DURING JANUARY - MARCH 2023, PARENT COMPANY & GROUP

Net sales amount to 26.5 million SEK (21.9 m SEK), an increase partly attributable to a strong USD but also to a strong increased sale in Entropia Universe of approximately 15%.

Activation of development costs in the first quarter amounted to 7.7 million SEK (6 m SEK).

Other operating income amounts to 176 thousand SEK (SEK 220 t SEK). Total income amounts to SEK 34.4 million SEK (28.1 m SEK).

Operating expenses amount to 30.2 million SEK (23.3 m SEK). The increased costs in Q1 2023 versus Q1 last year are largely due to increased staff costs and to increased costs for external consultants. The number of employees and consultants has increased due to the focus on new development with the transition to Unreal Engine 5. Operating profit after depreciation for the quarter amounts to 4.2 million SEK (4.7 million SEK).

Financial items amount to 0.3 million SEK (-1.8 million SEK) and the result before tax ends at SEK 4.5 million SEK (3 million SEK).

Earnings per share

MindArk's profit after tax for the period amounts to 3.6 million SEK. When divided by 31.5 million shares (the number of shares after reverse split), earnings per share amounts to 0.11 SEK per share (0.08 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 quarter amounts to 7.7 million SEK (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 of 150 thousand SEK (296 t SEK) relate to office equipment and 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 slightly fluctuated during first quarter of 2023, between 10.22 SEK per USD to a maximum of 10.75 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 March 31, 2023, which amounts to 10.35 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 are paid. This policy gives MindArk less currency exposure. This is due to the fact that when the USD rises the company gains from the spot exchange rates and when the rate goes down, the futures contracts yield positive results. The company's other currencies, EUR and GBP, do not need to be forward-hedged as most of the inflows are used for payment of supplier invoices, OSS VAT (VAT within the EU) and withdrawals from users.

Equity - Parent company

MindArk's adjusted equity amounted to 75.7 million SEK at the end of the period, divided into 31.5 million shares. The adjusted equity per share amounted to 2.40 per share SEK (2.21 per share SEK).

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 4.8 percent. The options expire in 2025. 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 SEK 3 million for an unutilized overdraft facility with SEB.

Employees

At the end of the period, a total of 62 people, including 11 women, were employed by the Parent company. One new employee was hired in the first quarter.

Reporting period

The report covers the period January 1 - March 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 at March 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 at December 31, 2022. 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	7,17%	7,17%
Six Sis	4,95%	4,95%
Remyonys AB	3,84%	3,84%
Nordic Tender Holdings	3,49%	3,49%
Klas Moreau	1,34%	1,34%
Kronboken	1,41%	1,41%
Lars Hammarström	1,26%	1,26%
<i>Other (about 900 shareholders)</i>	<i>24,41%</i>	<i>24,41%</i>
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 last year. In January 2023, a reverse split of 1:5 and the company has 31,524,625 shares after that.

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.

Covid-19 and the war in Ukraine

MindArk has noted that the increase in users added in 2020-2021, which to some extent may be attributable to the COVID-19 pandemic, has persisted in 2022 and in the first quarter of 2023. 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

There were no transactions that materially affected the Company's results and financial position with related parties during the period.

After the end of the period, from April 19 to April 24, Mindark Group's Profit Sharing Foundation acquired 83,883 shares on the market at an average price of SEK 3.57 per share.

The foundation was created in 2008 with the aim of engaging employees and increasing their commitment. The goal of the profit sharing foundation is to create an increased participation from the employees in the company's goals and profits.

The board of the foundation consists of four members who are also employed by MindArk PE AB. Two of these are Gunilla Krogh (CFO of MindArk) and Magnus Eriksson (COO of MindArk). The other two are Kaj Suokko and Andreas Funksjö. Half of the board members are appointed by the beneficiaries and the remaining half by MindArk PE AB.

Auditor

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

Financial Calendar

Interim report - Quarter 2, 2023	August 28, 2023
Interim report - Quarter 3, 2023	October 25, 2023

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, May 25, 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
Q1	First quarter of the reporting year



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