



MINDARK PE AB (PUBL)

INTERIM REPORT Q3 2024

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1 JULY – 30 SEPTEMBER 2024

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

- Turnover amounted to 19.4 MSEK (22.9 MSEK)
- Work in progress amounted to 5.4 MSEK (6.1 MSEK)
- Operating profit amounted to -87 TSEK (1.8 MSEK)
- Profit before tax amounted to 1.1 MSEK (1.7 MSEK)
- Cash & cash equivalents including short-term investments 33.6 MSEK
- No interest-bearing liabilities
- Provision for unspent user funds 32.5 MSEK
- Earnings per share for the period amounted to 0.05 SEK (0.07 SEK)

1 JANUARY – 30 SEPTEMBER 2024

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

- Turnover amounted to 66.9 MSEK (75.7 MSEK)
- Work in progress amounted to 15.4 MSEK (21.4 MSEK)
- Operating profit amounted to 6.5 MSEK (-5.5 MSEK)
- Profit before tax amounted to 6.9 MSEK (-7.5 MSEK)
- Cash & cash equivalents including short-term investments 33.6 MSEK
- No interest-bearing liabilities
- Provision for unspent user funds 32.5 MSEK
- Earnings per share for the period amounted to 0.13 SEK (-0.29 SEK)

TURNOVER Q3 2024

19.4 MSEK
(22.9 MSEK)

OPERATING PROFIT Q3 2024

-87 TSEK
(1.8 MSEK)

TURNOVER YTD 2024


66.9 MSEK
(75.7 MSEK)

OPERATING PROFIT YTD 2024

6.5 MSEK
(-5.5 MSEK)

SIGNIFICANT EVENTS

THIRD QUARTER 2024

 No significant events have occurred in Q3.

AFTER THE END OF THE Q3 PERIOD

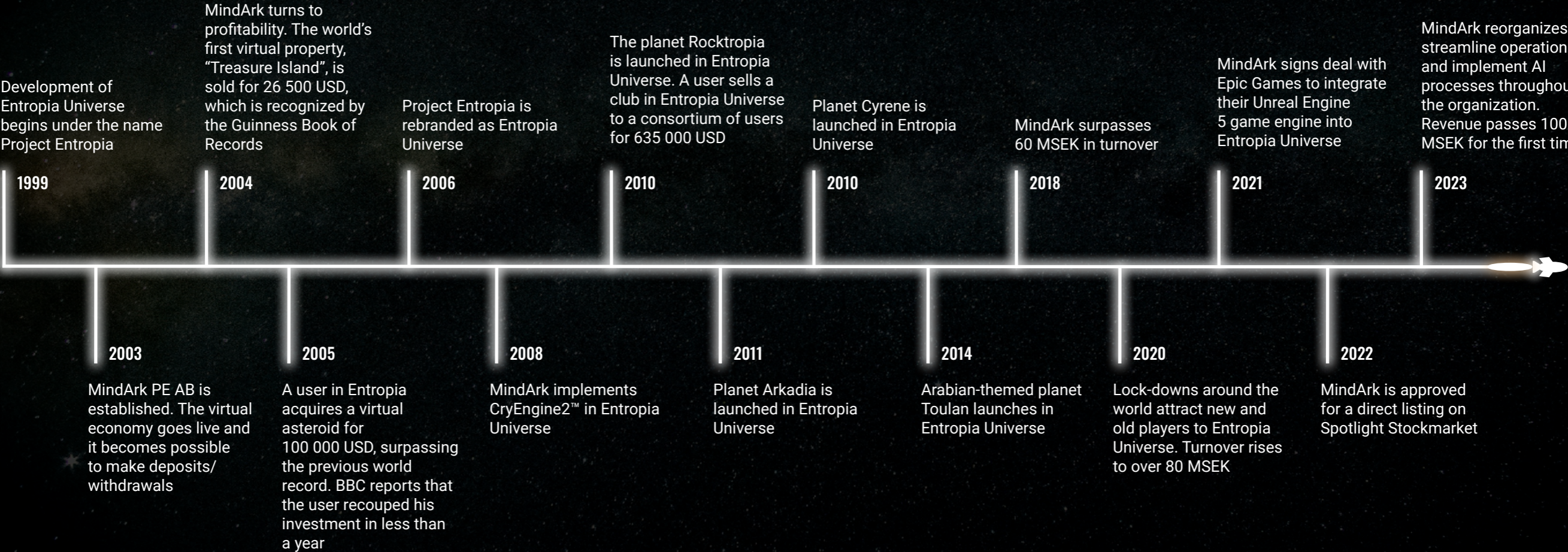
 The liquidation of all subsidiaries has been finalized according to plan.

GROUP SALES & PROFIT IN SUMMARY

	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	2023	2022
(in KSEK)	July - September	July - September	January - September	January - September	January - December	January - December
Total operating income	24 809	29 097	82 870	97 666	150 206	124 642
Total operating expenses	-24 896	-27 312	-76 389	-103 193	-129 743	-103 286
Profit before tax	1 098	1 691	6 880	-7 466	19 274	12 045
Earnings per share for the period, parent company	0.05 SEK	0.07 SEK	0.13 SEK	-0.29 SEK	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 CET on November 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 km². These planets are scattered in a space expanding over 6,144 km³. Entropia Universe users can immerse themselves in a multiplanetary 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 the 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

During the reporting period, MindArk has been a 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 they have been liquidated after the end of the reporting period.



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 of the associated property or area. Deed sales are made sporadically and with caution so as not to saturate interest.

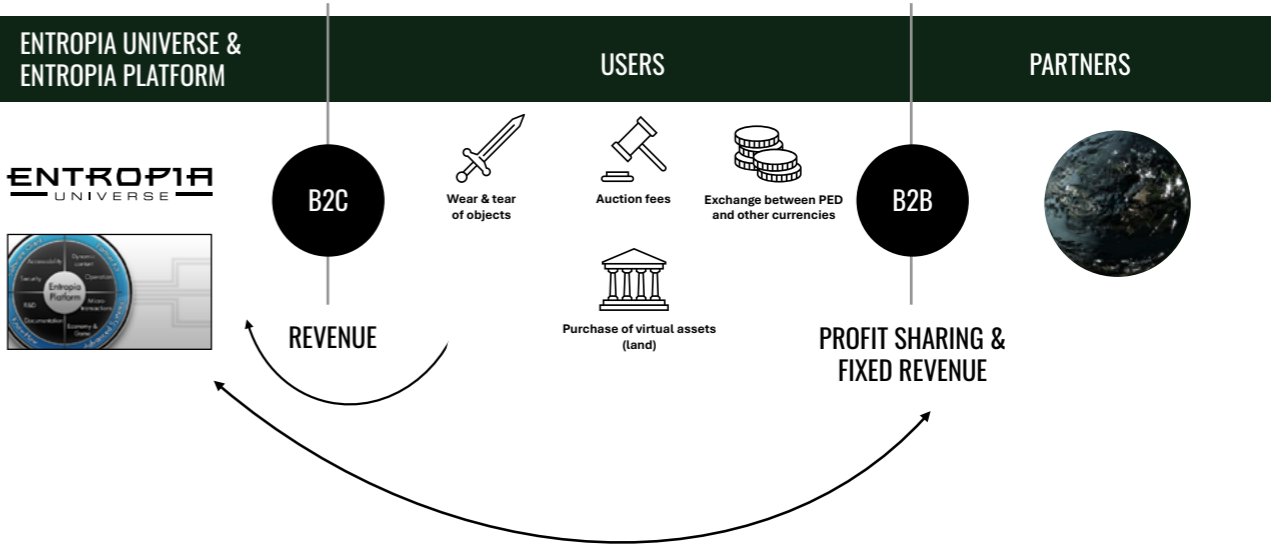
Entropia Platform (B2B)

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



During the third quarter of 2024, MindArk has undertaken extensive technical improvements across the infrastructure supporting Entropia Universe. Significant progress has been made in the transition to Unreal Engine 5, with our dedicated team working to integrate the worlds of Entropia into a new Unreal client that operates in parallel with the existing CryEngine client. This development ensures that users can seamlessly transition between the two clients. Gradually, we are unveiling an Entropia Universe that stands at the cutting edge of technology while preserving the nostalgic experience that our loyal users have cherished for 22 years.

Unfortunately the quarter saw a decline in revenue. Compared to the same period last year, revenue declined by 13% (excluding currency effects). EBITDA, adjusted for capitalized work, amounted to SEK -0.7 million SEK, compared to -0.5 million SEK during the same quarter last year. While we aimed to sustain the revenue growth observed in the latter part of the previous quarter, we are encouraged that our ongoing cost reduction initiatives have minimized the impact of the revenue decline on overall profitability.

The primary reason for the decrease in revenue is our strategy to limit content releases over the quarter. Instead, we concentrated efforts on preparations for October's Halloween Mayhem, the much-anticipated Merry Mayhem Christmas event, and a deliberate major investment coming around the turn of the year, Hollowing Universe. This significant release will feature both new content and a fresh game mechanic. While events and content launches are proven drivers of sales, we remain cautious to avoid oversaturating the market and diluting user interest.

To foster organic growth, we expanded our marketing team with new talent during the quarter. Moving forward, our approach to player acquisition will be more strategic and precise. New players can also expect a significantly improved onboarding experience, thanks to the introduction of AI functionality in NPCs tasked with guiding new users. We anticipate these improvements will lead to enhanced user acquisition efficiency and higher retention rates.

In conclusion, while the third quarter's financial performance was modest, our strong capitalization and debt-free balance sheet provide a solid foundation. This financial resilience positions us to weather short-term revenue fluctuations while continuing our efforts to future-proof Entropia Universe through innovation and forward-thinking strategies.

LEIF EVANDER ANDERSSON

t.f. VD MindArk PE AB (publ)

TECHNICAL DEVELOPMENT OF ENTROPIA UNIVERSE Q3 2024

During the quarter, MindArk launched the “S.E.N.S.E.” update, advancing the functionality of the Immersive Companions within Entropia Universe. Now equipped with sensory awareness through the Sensory Environment and Neural Synchronization Engine, these companions can reference and understand their surroundings, enhancing player guidance and creating more dynamic experiences. New features such as chat bubbles, enhanced conversational skills, and clickable waypoints make navigation and interaction more seamless. With memory retention and unique personalities, these companions offer a personalized and evolving relationship with players, adding depth and engagement to Entropia Universe.

To accelerate Entropia Universe’s transition to Unreal Engine, a new Unreal client has been developed to run alongside the CryEngine client, with custom converters and plugins which has allowed Entropia’s existing world to be fully imported into Unreal. This upgrade brings enhanced lighting, realistic reflections, and vivid colours, revitalizing familiar environments. A newly built networking layer and custom libraries ensure stable server communication, which will allow players to log in, interact, and explore in real-time.

This quarter, a significant upgrade to C++20 was completed, laying the groundwork for a more scalable backend and enabling dynamic gameplay enhancements. New data pipelines are also being implemented, providing deeper insights and supporting AI-driven agents for richer, more interactive gameplay.

MindArk also launched a new event aimed at preparing players for the upcoming space updates within Entropia Universe. Players were able to compete to obtain a limited release of ten exclusive Prospector mining ships, crafted with components from six unique blueprints. This one-time opportunity allowed the most dedicated players to earn a Prospector ship by looting materials, crafting and exchanging components, creating a wave of excitement and fuelling the in-game economy.

Improvements to the seasonal Halloween Mayhem event introduced additional content and challenges through new stages and mechanics. Alongside these updates, the Mayhem Vendor now offers new rewards, providing fresh incentives for players participating in the event.

The development team also undertook improvements to the game’s visual and audio effects, including teleportation and skill increase visuals, which were upgraded for greater immersion. Various UI enhancements delivered improved functionalities, providing a smoother player experience.

Finally, Planet Rocktropia deeds became available on the Entropia Exchange, making it the sixth tradeable entity in the marketplace. With a total of 1 million deeds allocated to current stakeholders, these assets will yield weekly dividends drawn from both planet and affiliate shares. Rocktropia, owned by MindArk, will be managed by the AI President upon system launch and is set to receive regular updates in gameplay and content.

FINANCIAL INFORMATION



CONSOLIDATED INCOME STATEMENT

(in KSEK)	2024-07-01 - 2024-09-30	2023-07-01 - 2023-09-30	2024-01-01 - 2024-09-30	2023-01-01 - 2023-09-30	2023-01-01 - 2023-12-31
Net sales	19 403	22 881	66 927	75 690	121 956
Capitalized work	5 390	6 119	15 420	21 422	26 205
Other income	16	97	523	554	2 045
Total income	24 809	29 097	82 870	97 666	150 206
<i>Operating expenses</i>					
Other external costs	-10 290	-12 176	-33 191	-39 242	-51 064
Personnel costs	-9 834	-11 270	-29 747	-53 178	-63 884
Amortization and depreciation	-4 772	-3 867	-13 451	-10 773	-14 795
Total operating expenses	-24 896	-27 313	-76 389	-103 193	-129 743
Operating profit	-87	1 784	6 481	-5 527	20 463
<i>Financial items</i>					
Profit from other securities and receivables accounted for as non-current assets	0	0	882	105	-1 068
Other interest income and similar items	77	3	233	24	155
Interest cost and similar items	0	0	0	-1	-85
Exchange rate differences	1 108	-96	-716	-2 067	-192
Total financial items	1 185	-93	399	-1 939	-1 190
Profit after financial items	1 098	1 691	6 880	-7 466	19 273
Profit before tax	1 098	1 691	6 880	-7 466	19 273
Income tax	470	477	-2 654	-1 491	-4 312
Net profit	1 568	2 168	4 226	-8 957	14 961
Attributable to owners of the parent	1 568	2 168	4 226	-8 957	14 961



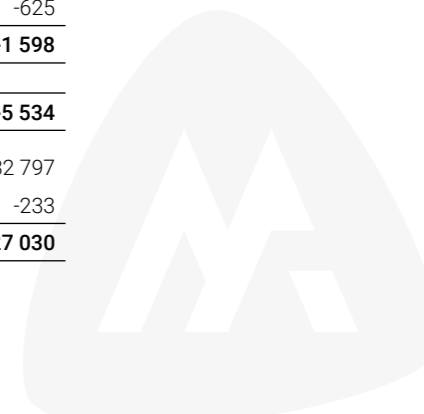
CONSOLIDATED BALANCE SHEET

(in KSEK)	2024-09-30	2023-12-31
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Entropia Platform and Entropia Universe	102 435	98 515
Other intangible assets	6 217	4 232
Total intangible assets	108 652	102 747
<i>Tangible assets</i>		
Equipment and computer hardware	3 757	2 934
Total tangible assets	3 757	2 934
<i>Financial assets</i>		
Other long-term securities	202	202
Total financial assets	202	202
Total non-current assets	112 611	105 883
Current assets		
<i>Stock-in-trade etc.</i>		
Commercial goods	92	100
Total stock-in-trade etc.	92	100
<i>Short-term receivables</i>		
Accounts receivable	449	388
Receivables from payment providers	953	2 165
Current tax assets	2 339	0
Other receivables	518	3 192
Prepaid expenses and accrued income	2 916	2 901
Total short-term receivables	7 175	8 646
<i>Short-term investments</i>		
Other short-term investments	11 931	9 595
<i>Cash and bank balances</i>	21 665	27 030
Total current assets	40 863	45 371
TOTAL ASSETS	153 474	151 254

(in KSEK)	2024-09-30	2023-12-31
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	55 712	51 485
Equity attributable to owners of the parent	91 239	87 012
Non-controlling interests		
Non-controlling interests	6	6
Total equity	91 245	87 018
Allocations		
Allocation unconsumed user holdings	32 517	33 003
Estimated deferred tax	11 134	9 897
Total allocations	43 651	42 900
Long-term liabilities		
Other liabilities	45	44
Total long-term liabilities	45	44
Short-term liabilities		
Accounts payable	1 831	2 739
Current tax liabilities	0	110
Other liabilities	2 895	4 405
Accrued expenses and prepaid income	13 808	14 038
Total short-term liabilities	18 534	21 292
TOTAL EQUITY AND LIABILITIES	153 475	151 254

CONSOLIDATED STATEMENT OF CASH FLOWS

(in KSEK)	2024-07-01 - 2024-09-30	2023-07-01 - 2023-09-30	2024-01-01 - 2024-09-30	2023-01-01 - 2023-09-30	2023-01-01 - 2023-12-31
Operating activities					
Operating profit before financial items	-87	1 784	6 481	-5 527	20 462
Adjustment for depreciation	4 773	3 867	13 451	10 773	14 796
Adjustment for other non-cash items, etc.	-5 530	-6 119	-17 312	-21 422	-40 178
	-844	-468	2 620	-16 176	-4 920
Interest received	77	2	233	24	156
Interest paid	0	0	0	-60	-70
Income tax paid	-1 292	-1 192	-3 866	-7 635	-5 516
	-2 059	-1 658	-1 013	-23 847	-10 350
Increase/decrease in inventories	2	2	8	24	56
Increase/decrease in trade receivables	-67	9	-61	371	1 106
Increase/decrease in other current receivables	963	1 549	941	5 931	4 711
Increase/decrease in trade payables	-1 159	-127	-909	-1 330	-1 418
Increase/decrease in other current operating liabilities	1 656	-5 199	-1 739	5 548	1 960
Cash flow from operating activities	-664	-5 424	-2 773	-13 303	-3 935
Investing activities					
Purchase of intangible assets	0	0	0	-207	-207
Purchase of equipment	-175	-67	-1 828	-741	-770
Sale/amortization of other financial assets	5	0	5	4	4
Increase/decrease in short-term financial investments and receivables	-100	-210	-1 455	-625	-625
Cash flow from investing activities	-270	-277	-3 278	-1 569	-1 598
Cash flow for the period	-934	-5 701	-6 051	-14 873	-5 534
Ingoing cash and bank balances	22 817	23 963	27 030	32 797	32 797
Exchange rate differences in cash and bank balances	-218	-174	686	164	-233
Outgoing cash and bank balance	21 665	18 088	21 665	18 088	27 030



PARENT COMPANY'S INCOME STATEMENT

(in KSEK)	2024-07-01 - 2024-09-30	2023-07-01 - 2023-09-30	2024-01-01 - 2024-09-30	2023-01-01 - 2023-09-30	2023-01-01 - 2023-12-31
Net sales	19 403	22 881	66 927	75 690	121 956
Capitalized work	5 390	6 119	15 420	21 422	26 205
Other income	16	97	523	367	1 858
Total income	24 809	29 097	82 870	97 479	150 019
<i>Operating expenses</i>					
Other external costs	-10 290	-12 175	-33 191	-39 237	-51 055
Personnel costs	-9 834	-11 270	-29 747	-53 178	-63 884
Amortization and depreciation	-4 772	-3 867	-13 451	-10 773	-14 796
Total operating expenses	-24 896	-27 312	-76 389	-103 188	-129 735
Operating profit	-87	1 785	6 481	-5 709	20 284
<i>Financial items</i>					
Profit from participations in group companies	0	0	0	0	97
Profit from other securities and receivables accounted for as non-current assets	0	0	882	105	-1 068
Other interest income and similar items	77	3	233	24	155
Other interest expenses and similar items	0	-1	0	-1	-85
Exchange rate differences	1 108	-96	-716	-2 067	-192
Total financial items	1 185	-93	399	-1 939	-1 093
Profit after financial items	1 098	1 692	6 880	-7 648	19 191
Transfers to/from untaxed reserves	0	0	0	0	5 162
Profit before tax	1 098	1 692	6 880	-7 648	24 353
Income tax	470	477	-2 654	-1 491	-5 384
Net profit	1 568	2 169	4 226	-9 139	18 969



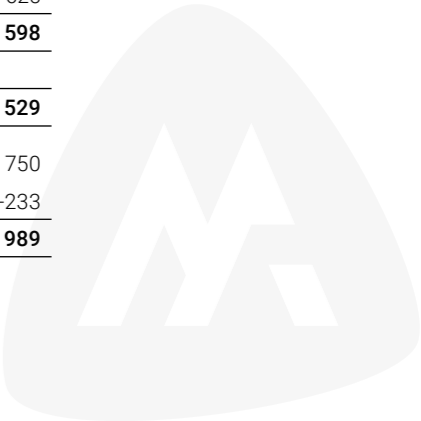
PARENT COMPANY'S BALANCE SHEET

(in KSEK)	2024-09-30	2023-12-31
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Entropia Platform and Entropia Universe	102 435	98 515
Other intangible assets	6 217	4 231
Total intangible assets	108 652	102 746
<i>Tangible assets</i>		
Equipment and computer hardware	3 757	2 934
Total tangible assets	3 757	2 934
<i>Financial assets</i>		
Shares in subsidiaries	1 143	1 143
Other long-term securities	202	202
Total financial assets	1 345	1 345
Total non-current assets	113 754	107 025
Current assets		
<i>Stock-in-trade etc.</i>		
Commercial goods	92	100
Total stock-in-trade etc.	92	100
<i>Short-term receivables</i>		
Accounts receivable	449	389
Receivables from payment providers	953	2 166
Current tax assets	2 339	0
Other receivables	518	3 191
Prepaid expenses and accrued income	2 916	2 901
Total short-term receivables	7 175	8 647
<i>Short-term investments</i>		
Other short-term investments	11 931	9 594
<i>Cash and bank balances</i>		
	21 623	26 989
Total current ssets	40 821	45 330
TOTAL ASSETS	154 575	152 355

(in KSEK)	2024-09-30	2023-12-31
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1 576	1 576
Revaluation reserve	16 773	18 786
Restricted reserves	50	50
Fund for development	77 826	71 370
Total restricted equity	96 225	91 782
Non-restricted equity		
Share premium reserve	33 951	33 951
Profit brought forward	-43 157	-57 683
Net profit	4 226	18 969
Total non-restricted equity	-4 980	-4 763
Total equity	91 245	87 019
Untaxed reserves	0	0
Allocations		
Allocation unconsumed user holdings	32 517	33 003
Estimated deferred tax	11 134	9 897
Total allocations	43 651	42 900
Long-term liabilities		
Other liabilities	45	45
Total long-term liabilities	45	45
Short-term liabilities		
Accounts payable	1 831	2 739
Liabilities to group companies	1 100	1 100
Current tax liabilities	0	110
Other liabilities	2 895	4 405
Accrued expenses and prepaid income	13 808	14 038
Total short-term liabilities	19 634	22 392
TOTAL EQUITY AND LIABILITIES	154 575	152 356

PARENT COMPANY’S STATEMENT OF CASH FLOWS

(in KSEK)	2024-07-01 - 2024-09-30	2023-07-01 - 2023-09-30	2024-01-01 - 2024-09-30	2023-01-01 - 2023-09-30	2023-01-01 - 2023-12-31
Operating activities					
Operating profit before financial items	-87	1 787	6 481	-5 708	20 284
Adjustment for depreciation	4 773	3 867	13 451	10 773	14 796
Adjustment for other non-cash items, etc.	-5 530	-6 119	-17 312	-21 422	-40 178
	-844	-465	2 620	-16 357	-5 098
Interest received	77	2	233	24	156
Interest paid	0	0	0	-60	-70
Income tax paid	-1 292	-1 192	-3 866	-7 635	-5 516
	-2 059	-1 655	-1 013	-24 028	-10 528
Increase/decrease in inventories	2	2	8	24	56
Increase/decrease in trade receivables	-67	9	-61	18	21
Increase/decrease in other current receivables	963	1 547	941	6 028	4 871
Increase/decrease in trade payables	-1 159	-127	-909	-1 330	-1 418
Increase/decrease in other current operating liabilities	1 656	-5 200	-1 739	5 985	3 068
Cash flow from operating activities	-664	-5 424	-2 773	-13 303	-3 930
Investing activities					
Purchase of intangible assets	0	0	0	-207	-207
Purchase of equipment	-175	-67	-1 828	-741	-770
Sale/amortization of other financial assets	5	0	5	4	4
Increase/decrease in short-term financial investments and receivables	-100	-210	-1 455	-625	-625
Cash flow from investing activities	-270	-277	-3 278	-1 569	-1 598
Cash flow for the period	-934	-5 701	-6 051	-14 872	-5 529
Ingoing cash and bank balances	22 775	23 917	26 989	32 750	32 750
Exchange rate differences in cash and bank balances	-217	-174	686	164	-233
Outgoing cash and bank balance	21 624	18 042	21 624	18 042	26 989



COMMENTS ON THE FINANCIAL REVIEW

UNCONSUMED USER HOLDINGS IN Q3

All users in Entropia Universe have an in-game account where cash in the form of the virtual in-game currency PED or digital items are placed. The sum of these cash funds and digital items is the user's unconsumed user holdings. 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 increased during the third quarter, from 140.5 million PED to 141.3 million PED, an increase of 0.8 million PED. However, the total amount decreased significantly in SEK as the SEK/USD exchange rate has decreased from 10.61 SEK/USD at the end of June 2024 to 10.09 SEK/ USD at the end of September 2024 (10 PED=1 USD). This resulted in a decrease of 6.4 million in SEK, from 149 million SEK to 142.6 million SEK.

As of September 30, 2024, the total liability for unconsumed user holdings amounted to 141.3 million PED. The allocation percent for unconsumed user holdings is calculated on the five-year average figure for withdrawals as a percentage of deposits. This results in allocation percent for unconsumed user holdings of 22.8% (same percent in Q2 2024). Based on this, the company estimates the real debt at the end of September 2024 to be 32.2 million PED which is equivalent to 32.5 million SEK.



OPERATIONS DURING JULY – SEPTEMBER 2024, PARENT AND GROUP

Net sales for the third quarter amounted to 19.4 million SEK (22.9 m SEK), a decrease of 15%. The average dollar exchange rate during the quarter was lower than in the third quarter of the previous year, 10.42 SEK/USD compared with 10.81 SEK/USD in the third quarter of the previous year, which had a slightly negative effect on net sales. The sales decrease in PED, i.e. the decrease without currency effects, has thus been lower, about 13%.

Capitalization of development costs during the third quarter amounts to 5.4 million SEK (6.1 m SEK). Other operating income amounts to 16 thousand SEK (97 t SEK) and total revenue amounts to 24.8 million SEK (29.1 m SEK).

Operating expenses for the third quarter ended at 24.9 million SEK (27.3 m SEK). The lower costs are partly due to a decrease in personnel costs of 1.4 million SEK compared to the same quarter last year. Furthermore, external costs have decreased by 1.9 million SEK, with consulting fees contributing a decrease of 1.1 million SEK. However, the company has an uptick in depreciation expenses. This is consequent to an increase in capitalized development costs of 20.2 million SEK during the last twelve months. This has precipitated a rise in the depreciation expenses of 711 thousand SEK for the third quarter, when compared to the corresponding quarter of the previous year.

Operating profit for the quarter stands at -87 thousand SEK (1.8 m SEK). Financial items amount to 1.2 million SEK (-93 t SEK). Profit before tax ends at 1.1 million SEK (1.7 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 on estimated income tax.

Earnings per share

Profit after tax for the parent company for the third quarter amounts to 1.6 million SEK. When divided by 31.5 million shares (the number of shares after reverse split), earnings per share amounts to 0.05 SEK per share (0.07 SEK per share, divided by the same number of shares). For the first nine months the profit after tax amounts to 4.2 million SEK. When divided by 31.5 million shares (the number of shares after reverse split), earnings per share amounts to 0.13 SEK per share (-0.29 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 third quarter amounts to 5.4 million SEK (6.1 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 175 thousand SEK (67 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 third quarter of 2024, between 10.09 SEK per USD to a maximum of 10.83 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 September 30, 2024, which amounts to 10.09 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 91.2 million SEK at the end of the period, divided into 31.5 million shares. The adjusted equity per share amounted to 2.89 SEK per share (2.00 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 (39) people, including 10 (10) women. All are employees in the parent company.

Reporting period

The report covers the period July 1 – September 30, 2024 and January 1 - September 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 September 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 September 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**	18,89%	18,89%
Nordic Tender Holdings	3,49%	3,49%
Mindarkkoncernens Vinstandelsstiftelse	1,89%	1,89%
Jimmy R Olsson AB	1,67%	1,67%
Sven Sandberg	1,59%	1,59%
Kronboken	1,41%	1,41%
Lars Hammarström	1,26%	1,26%
<i>Others (about 900 shareholders)</i>	<i>34,91%</i>	<i>34,91%</i>
Total	100%	100%

*Close relative to founder Jan Welter Timkrans

**In person & via company

Number of shares

MindArk had 31 524 625 shares outstanding as of September 30, 2024.



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 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.

No significant events have occurred during the period that affect or change the descriptions of the Group's risks and their management.

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 been reviewed by the Company's auditor.

Financial Calendar

Interim report Q4 2024	February 28, 2025
Annual report 2024	March 26, 2025
Annual General Meeting 2025	April 16, 2025
Interim report Q1 2025	May 28, 2025



DECLARATION FROM THE BOARD OF DIRECTORS

The Board of Directors and the acting CEO 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.

Göteborg, November 28, 2024

Björn Dierks
Chairman

Leif Evander Andersson
Board Member & Acting CEO

Karl Linus Norén
Board Member

Klas Moreau
Board Member

DEFINITIONS

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-generated environment where users can interact with a digital environment and often with other users in real time. These worlds can be three-dimensional and simulate real or imaginary environments
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
Q3	Third quarter of the reporting year
EBITDA	Earnings before interest, taxes, depreciation & amortization



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