

**ANNUAL REPORT
AND
CONSOLIDATED ACCOUNTS**

for

MindArk PE AB (publ)

(Corporate identity SE - 556640-4769)

Financial year

2023

The Board of Directors and Chief Executive Officer of MindArk PE AB (publ) hereby present the Annual Report for January 1st – December 31st 2023.

The annual report is prepared in Swedish Kronor (SEK).

This English version of MindArk's annual report is a shorter and somewhat summarized version of the official Swedish version of the company's annual report.

Directors' report

Business

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. 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.

The Gaming Industry

In 2023, the global gaming industry's revenue hit \$184 billion, an increase of 0.6% from the previous year according to NewZoo's 2023 Global Games Market Report. While 2022 was a corrective year for the games market following the revenue highs of the pandemic years, 2023 the market began to grow once again. The number of gamers worldwide grew to 3.4 billion, up by 6.3% from the previous year. This growth is further supported by the number of paying gamers, which increased by 7.3% to 1.5 billion. PC gaming led the revenue growth in the industry during 2023, with live-service and premium games driving this trend.

One of the industry trends in 2023 is the integration of generative AI, promising to reshape the gaming landscape with innovative experiences, marking a new era in the evolution of gaming. MindArk's work on generative AI throughout the year supports this perspective.

This overall growth signifies the gaming industry's resilience and steady expansion. The horizon looks even brighter as forecasts suggest a climb to \$205.7 billion in revenue by 2026, indicating an annual growth rate of 1.3% from 2021.

MindArk's Differentiation

MindArk and Entropia Universe differ from others in the market primarily through the game's virtual economy and the in-game virtual currency PED, which has a fixed value against the USD. This means that users can both deposit and withdraw real money in a safe and secure manner. MindArk offers secure microtransactions for users who interact with each other online in real-time. Users are engaged not only in traditional computer game entertainment but also for the potential in earning money through revenue-generating activities.

MindArk's partnership model is also unique, where content partners can contribute content to the universe, and revenue is distributed based on user activity on what has been created. These partners can participate at various levels, from individual users to larger companies that can build their own planets in Entropia Universe. These larger "planet partners" also conduct marketing activities for the respective planet they have created.

Another differentiation is that while the Metaverse concept has increased in popularity in recent years, MindArk has been developing and refining the economic system that is the foundation of the Entropia Universe product for over 20 years. During these 20 years, trust has been earned with the product's users, which also serves as the basis for future growth.

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 deposit any currency of their choice which is then exchanged to Entropia Universe's own internal currency, 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 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 by not only 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, EUSO AB, ARP Universe AB (publ) and Green Fund Finance Sweden AB, are all located in Gothenburg. No activities are carried out in the subsidiaries.

Employees

In 2023, MindArk averaged 50 employees, including ten women. However, the group has undergone a reorganization during the year. See the information in the section Important events during the financial year. At the end of the year, the group had a total of 39 (58) employees, including 10 (11) women.

The company's CEO since December 2017 is Henrik Nel Jerkrot. Other senior officials of the company are Magnus Ryme (Chief Technology Officer), Gunilla Krogh (Chief Financial Officer), Dennis Antonsson (Game Director), Malin Gustafsson (Human Resources), Terrence Verlander (Chief Artificial Intelligence Officer) and Marie Erlandsson (Head of Marketing).

Shares and shareholders

Ownership structure as at 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>	<i>29.73%</i>	<i>29.73%</i>
Totalt	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. In January 2023, a reverse split of 1:5 was conducted, resulting in 31,524,625 shares outstanding. The quota value after the reverse split is 0.05 SEK.

Important events during 2023

Technical Development in Unreal Engine 5

The reorganization carried out during the year affected the development of Entropia Universe in both game engines. For the development in Unreal Engine 5, a clear focus has been on further developing the company's own server architecture to achieve a more scalable modular solution while adapting an Unreal Engine 5 client to run against existing servers. The development strategy aims to accommodate increased player activity and a larger user base simultaneously logged into the Entropia Universe, both now and in the future. This approach also opens substantial opportunities to develop more complex gaming systems than are currently possible with the older game engine, a consideration that was pertinent both before and after the reorganization.

Furthermore, the development team has been working since last fall to phase out dependencies associated with the current game engine and to modernize those components that are not dependent on any specific game engine. This effort is part of a gradual process to establish a modular and scalable technical solution. This methodology also facilitates the integration of new and exciting game systems and technical enhancements into the existing game engine, positively affecting Entropia Universe throughout its development cycle. By ensuring Entropia Universe is compatible with an Unreal Engine 5 client, MindArk is mitigating risks without sacrificing the numerous benefits that come with technical, marketing, and experiential advancements. Furthermore, this allows the users to benefit from regular improvements.

A significant achievement this year was the advancement of the graphical content to levels far surpassing previous standards, achieved by making the game engine compatible with more modern tools. Initially, users will experience these enhancements in one of the southern regions of Planet Calypso, Eudoria. This upgrade also facilitates a clearer, simpler, and improved process for converting graphical content and its worlds from the old game engine to the new one. Consequently, world builders and graphic designers can now give the entire Entropia Universe a visual upgrade that is both modern and future-proof.

Technical Development in CryEngine2

Concurrently with advancements in Unreal Engine, MindArk has also continued its development efforts within the existing CryEngine2 game engine. These improvements have been focused on boosting the game's performance and stability, particularly during large-scale in-game events.

A notable enhancement in the latter part of the year was a significant upgrade to the "loot" system, which resolved previous latency issues under heavy loads and thus enhanced the overall gameplay experience. Moreover, work has advanced on a comprehensive overhaul of the visual user interface aimed at achieving a more cohesive appearance and improved functionality, this was released Q1 2024. This update aims to streamline future enhancements, aligning with the company's strategic objectives and user feedback.

The strategic use of AI within the CryEngine2 platform has been ongoing during the year and demonstrates MindArk's commitment to leveraging cutting-edge technology to enhance the game's development process and operational efficiency. This strategy shows a continuous desire to innovate and improve Entropia Universe, as well as to ensure that users globally will continue to be engaged in the universe.

Reorganization

In May 2023, the company announced that up to 25 employees were at risk of redundancy. This

decision was based on the company's strategic future ambitions, where Artificial Intelligence (AI) plays a pivotal role. To fulfil these ambitions, MindArk has undergone restructuring and simultaneously adjusted its cost structure to be sustainable over time. This strategic realignment led to a reorganization that reduced the company's workforce by 40%, resulting in approximately 14 million SEK being allocated for restructuring costs as of the end of June 2023.

Most of the roles affected by this change are within the competencies of graphics and world-building. The work to implement the new organizational structure began in the second quarter, with the new organization being established and implemented during the third quarter. The company will also aim to reduce other operational costs, particularly external expenses.

This restructuring is part of MindArk's long-term vision to create a multifaceted virtual universe. The integration of advanced AI technology, such as natural language interaction, contextual image and content generation, and data analysis, is a critical part of this effort. The goal is to continuously push the technological boundaries and offer users an enhanced metaverse experience. The focus will be on the development of AI-generated virtual worlds, which, in the long term, enables a virtual universe where the barriers for users and partners to own planets or areas are reduced compared to today.

Russia's war of aggression against Ukrania

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

Expected future development and significant risks and uncertainties

The company's development resources will continue to be distributed between work on the migration from the game engine CryEngine2 to Unreal Engine 5 and further developing the current Entropia Universe to ensure increased customer satisfaction and user activity. The company's developers are working to eliminate dependencies on the current game engine and at the same time modernize those parts that are engine-independent to create a modular and scalable technical solution. As the Company intends to gradually move system after system to Unreal Engine 5, risks are reduced without losing many of the advantages that exist both technically, in marketing, and in terms of experience. The Company will continue to work on incorporating new AI tools into the development process for increased efficiency in the development of Entropia Universe in the existing game engine and for future work with Entropia Universe in Unreal Engine 5. As Artificial Intelligence evolves, the areas where AI is applicable will be further expanded in the business to further increase productivity and efficiency.

The company's development resources will continue to be distributed between work on the migration from the game engine CryEngine2 to Unreal Engine 5 and further developing the current Entropia Universe to ensure increased customer satisfaction and user activity.

Changes in inflation, currency and interest rates have a direct impact on costs, revenues and share valuation. The inflow of payments is mainly in USD and outflow is mainly in SEK, i.e. the company is highly exposed to currency risks. More about this can be found in a separate section under currency risks and financial instruments.

MindArk's transition to a new game engine involves additional costs. Potential disruptions in product development can lead to delays before profits are generated. There is therefore a risk that the company is forced to make cost savings by reducing the production rate and/or raising additional capital. Hence, MindArk places great importance on continuing to maintain the current Entropia Universe. As MindArk also gradually transitions system by system into the new game engine, this further reduces the risk.

Intellectual property rights such as trademarks, copyrights and trade secrets are an essential part of MindArk's business. The company has taken legal measures but, as with all intellectual property rights, there is always a risk that the company is exposed to potential disputes.

Within the framework of the business, MindArk collects and processes personal data. This processing must be done in accordance with the GDPR, which is a comprehensive piece of legislation. If the company interprets and applies this information in a way that is not in line with the interpretation of the authorities, MindArk may be subject to sanctions. MindArk works continuously to implement and update the measures required to comply with the GDPR.

If a significant proportion of the users request to withdraw their PED, there is a risk that the company does not have sufficient cash to make these payments. Historical figures show that approximately 23,4% of deposited funds are withdrawn by users. The remaining funds are consumed in Entropia Universe or remain in the users' accounts in the form of digital inventory or the virtual currency PED. The company has no legal obligation to pay out user funds, but if a decision is made not to pay out, it will have a significant impact on user loyalty and the company's brand.

Economic Development

Unconsumed user holdings

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 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 assessment: 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' behaviour over time.

New assessment: With the new policy, the company now focuses on the last five years of data to better reflect current user behaviour 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.

Group in Summary

The Group's total revenue amounted to 150.2 million SEK (124.6 m SEK). Operating expenses were 114.9 million SEK (92.6 m SEK).

Depreciation of tangible and intangible fixed assets, including depreciation on the previous revaluation of the platform, amounts to 14.8 million SEK in 2023 (10.7 m SEK). Operating profit after depreciation amounts to 20.5 million SEK (21.4 m SEK).

The Group reports a profit after financial net of 19.3 million SEK (SEK 12 m SEK) before tax.

Equity in the Group as of December 31, 2023, amounted to 87 million SEK (72.1 m SEK).

Cash flow amounted to -5.5 million SEK (-14 m SEK) and cash and cash equivalents at year-end amounted to 27 million SEK (32.8 m SEK). The company also has short-term investments in funds, interest-bearing securities and similar securities amounting to 9.6 million SEK (8.8 m SEK). Total liquidity including investments amounts to 35.8 million SEK. The company has no interest-bearing liabilities.

Parent Company

Net sales amount to 122 million SEK (92.8 m SEK), an increase of over 31%. MindArk, as discussed under the section 'Unconsumed user holdings', 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.

Other revenue growth can be attributable to the operations and user activity in Entropia Universe. Usage inside Entropia Universe during the year increased by more than 18% compared to the previous year. Additionally, the average dollar exchange rate for the year increased by 4.9% compared to the 2022 average rate, which means that the increase in usage, equals revenue, in Entropia converted to SEK ends up at 21.4%. These two elements are the main reasons for this year's strong revenue growth.

Capitalization of development costs amounted to 26.2 million SEK (26.5 million SEK) and other operating income amounted to SEK 1.9 million SEK (5.4 million SEK).

Other income primarily consists of sales of land rights in Entropia Universe. Last year's other income mainly consisted of an insurance settlement of 4.75 million SEK. Total revenues amounted to 150 million SEK (124.6 million SEK).

The company's total operating expenses amounted to 129.7 million SEK, an increase from last year's 103.3 million SEK. This increase can mainly be attributed to enhanced development efforts within Entropia Universe during the transition to Unreal Engine 5, which involved the allocation of additional resources. Specifically, an increase in costs for external consultants was noted, which rose by SEK 3.4 million SEK to 18.3 million SEK (14.9 million SEK).

Increases in costs were also observed in marketing and premises compared to the previous year. Another significant factor is that 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 3.2 million SEK compared to the previous year.

During the second and third quarters, several final salaries and severance payments related to the company's reorganization were also paid out. Due to these payments and restructuring, total personnel costs did not decrease during the fiscal year. However, a decrease in personnel costs was observed in the fourth quarter by nearly 5 million SEK compared to the same period last year, indicating the full realization of cost savings from the reorganization.

Operating profit after depreciation amounted to 20.3 million SEK (21.4 million SEK). Financial items amounted to -1.1 million SEK (-9.3 million SEK), and the result after accounting adjustments but before taxes ended at 24.4 million SEK (9.6 million SEK). To prepare MindArk 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 parent company's assets, and tax on profit for the year.

Cash Flow and Liquid Assets

The company's liquidity including other short-term investments at the end of the year amounted to 36.6 million SEK (41.6 million SEK). The decrease is attributable to investments in fixed assets, as in computers, security, a small part for the new office and investments in development costs. The short-term investments in funds, interest-bearing securities and similar securities stand for 9.6 million SEK (8.8 million SEK). The company has no interest-bearing liabilities.

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 significantly during 2023, from 10 SEK per USD to a maximum of 11.20 SEK per USD.

Deposits to MindArk's bank accounts (directly or through payment providers) in foreign currencies, mainly USD, are exchanged into SEK at the current daily exchange rate. The company's income in PED is converted via USD to SEK at the average monthly USD exchange rate. Assets and liabilities in foreign currencies are converted at the exchange rate on December 31, 2023, which amounts to 10.04 SEK/USD.

Sharp fluctuations in the exchange rate between SEK and USD lead to large variations in MindArk's reported revenue during the year. The company forward-hedges 50% of the USD foreign exchange inflow to be converted into SEK 6 months in advance, i.e. when expenses and withdrawals in USD are paid. This policy gives MindArk less currency exposure.

Other non-financial information

MindArk is committed to an inclusive and equitable culture and has a Code of Conduct that provides guidelines for employees' rights and responsibilities. Discrimination based on gender, social status, ethnicity, religion, age, disability, sexual orientation, nationality, or political opinion is not accepted.

The company's commitment to an inclusive and equitable culture includes the following:

- Diversity & Representation - MindArk strives to have a diverse workplace where people with different ethnicities, cultures and identities are seen as a strength. Different perspectives and experiences lead to more effective development work and a positive corporate culture.

- Gender equality - MindArk works actively to support gender equality in the gaming industry. One step in this process is to be a Gold Partner to Donna Day and participate in an annual network meeting, in collaboration with the University of Skövde, to support the work of increasing the number of female game students and game developers in the industry. As part of the partnership, women employed by MindArk attend networking events, give lectures and participate in discussion forums. During the year, MindArk also sponsored Female Legends, an organization that works through various initiatives to improve the climate for women and non-binary gamers both online and in real life.

- Professional development - MindArk's employees are offered continuous development and training through both scheduled learning weeks and the opportunity to participate in relevant conferences and training courses.

- Employee surveys - The Company continuously conducts anonymous surveys to capture how the staff feel in general and how they experience their work situation. These are used as a basis for shaping a positive work culture. To obtain additional up-to-date information on an ongoing basis, regular employee talks are held with the aim of identifying the well-being and work situation of each individual employee.

Sustainability information

MindArk strives to conduct a sustainable business both regarding the climate and socially sustainable conditions for its employees.

In connection with the outbreak of the Covid-19 pandemic in 2020, the company switched to new

ways of working. Employees were encouraged to work from home as far as possible and the company has since then continuously developed its internal digital communication channels for effective meetings, discussions, and collaborations. The past year has not been subject to restrictions and attendance at the office has increased. In comparison with the time before the pandemic, travelling, both to and from the office, but also business travel has experienced a substantial decrease. A significant number of the company's external meetings are now conducted through digital means.

MindArk's sustainability workplaces great emphasis on its employees' security, well-being and the possibility of a good work-life balance. As much as possible, the company has flexible working hours. MindArk works actively for an inclusive approach and equality in working conditions for its employees. Today, the company has a functioning hybrid model where employees can combine both remote work and work from the office.

In December 2022, MindArk moved into newly built Brick Studios on Masthamnsgatan in Gothenburg. In consultation with the landlord, the company reviews and updates an action plan at least once a year to strive to reduce the environmental impact of the premises and the property in terms of energy, material selection and waste management.

In the last year, the property's owner, NCC, initiated the process of obtaining a BREEAM certification for the building. BREEAM, which stands for Building Research Establishment Environmental Assessment Method, is a system used to assess and grade the environmental impact of a building. It is the most widely used environmental certification system for buildings across Europe. The certification process is expected to be finalized in 2024.

Annual Meeting

The Annual General Meeting was held on May 5, 2023, in the company's office. In addition to the decision to adopt the previous year's accounts and discharge from liability all those who have held assignments as board members or CEOs in the company during 2022, elections were made to the board of directors.

The AGM decided that the Board of Directors would consist of four members and no deputies until the next AGM is held. Björn Dierks was elected as Chairman of the board and regular member of the Board for the period until the next Annual General Meeting. Klas Moreau, Karl Linus Norén and Leif Åke Evander Andersson were elected as ordinary board members for the period until the next annual general meeting.

Final Words

It has undoubtedly been an eventful year for MindArk. A year that began with an IPO on Spotlight Stock Market ended with the strongest quarter in the company's history. It has also been a year where MindArk has been noticed in national media, the main reason for this was the decision made in May where Artificial Intelligence became a central part of the company's strategy. AI has been a concept that exploded in popularity during the year, and where more and more companies have realized the importance of integrating this into their operations, something MindArk was among the first companies in Sweden to announce. The transformation that has been carried out during the year has naturally affected the organization as a whole and over time become more and more efficient given the new directives that are set.

During this eventful year, MindArk has been able to increase its turnover to a new company record. In terms of results, the reorganization affected the results for both Q2 and Q3, and it was only during the last quarter that the effects of the decision became clear and the cost picture for the company is now fairly reflected in accounting terms.

In Entropia Universe, users have been able to celebrate the 20th anniversary throughout 2023 by participating in various activities and experiences. The universe has continued to grow during the year and while the transition to Unreal Engine 5 continues according to the updated plan, the product in the existing game engine has continued to develop. A balance that will continue to be maintained.

The Board's proposed appropriation of profits

The Board of Directors proposes that the net profit and retained losses be carried forward (all amounts in SEK):

Retained losses	-57 683 002
Shared premium reserve	33 950 695
Net profit for the year	18 968 634
	-4 763 673
Disposed of so	
Amount carried forward	-4 763 673
	-4 763 673

Further inquiries regarding the financial position and performance of the company are directed to the below listed income statement, balance sheet and cash flow statement with accompanying notes.

**Multiple Years Summary
(TSEK) Parent Company**

	2023	2022	2021	2020	2019
Net sales	121 956	92 799	81 201	80 252	64 604
Profit after amortization	20 284	21 358	21 331	18 255	4 537
Profit after financial items	19 191	12 047	18 504	25 339	-381
Net profit for the year	18 969	7 237	13 922	17 231	-458
Total assets	152 355	154 227	144 363	128 260	97 542
Equity	87 019	68 050	65 124	58 387	40 043
Fixed assets	107 026	99 433	81 494	72 485	67 253

Changes in shareholders' equity (TSEK)

Parent Company	Share capital	Revaluation reserve	Restricted Reserves	Fund for development	Share premium reserve	Profit carried forward	Total capital
Opening balance	1 576	21 470	50	54 573	33 951	-43 570	68 050
Shareholders meeting						0	0
Resolution revaluation reserve		-2 684				2 684	0
Resolution fund for development				-9 408		9 408	0
Fund for development				26 205		-26 205	0
Liquid warrants							0
Net profit for the year						18 969	18 969
Outgoing balance	1 576	18 786	50	71 370	33 951	-38 714	87 019

Consolidated Income Statement

	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Net sales	3	121 956 396	92 798 712
Capitalized work		26 204 687	26 471 954
Other income		2 045 167	5 371 188
		150 206 250	124 641 854
Operating expenses			
Other external costs	4, 5	-51 063 912	-40 069 674
Personnel costs	6	-63 883 911	-52 551 712
Amortization and depreciation		-14 795 702	-10 664 891
		-129 743 525	-103 286 277
Operating profit		20 462 725	21 355 577
Financial items			
Profit from other securities and receivables accounted for as non-current assets	7	-1 067 794	107 454
Other interest income and similar items	8	155 149	29 280
Exchange rate differences	9	-192 003	-9 343 058
Interest cost and similar items		-85 239	-104 576
Operating profit		19 272 839	12 044 677
Income tax	10	-4 312 170	-2 903 570
Net profit		14 960 669	9 141 107
Attributable to non-controlling interests		-466	-156
Attributable to owners of the parent		14 961 135	9 141 263

Consolidated Balance Sheet

Not 2023-12-31 2022-12-31

Assets

Non-current assets

Intangible assets

Entropia Platform and Entropia Universe	11	98 514 644	85 098 102
Other intangible assets	12	4 231 629	44 427
		102 746 273	85 142 529

Tangible assets

Equipment, installation and computer hardware	13	2 934 239	3 416 665
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Financial assets

Other long-term securities	14	202 500	2 361 668
Other long-term receivables	15	0	3 559 257
		202 500	5 920 925
Total non-current assets		105 883 012	94 480 119

Current assets

Stock-in-trade

Commercial goods	16	100 030	147 161
Advanced to suppliers		36	8 792
		100 066	155 953

Short-term receivables

Account receivables		388 403	2 027 348
Receivables from payment providers	17	2 165 994	2 233 195
Other receivables		3 191 373	1 794 341
Prepaid expenses and accrued income	18	2 900 827	7 986 223
		8 646 597	14 041 107

Short-term investments

Other short-term investments		9 594 407	8 834 182
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Cash and bank balances

Total current assets		27 030 332	32 796 732
		45 371 402	55 827 974

Total assets		151 254 414	150 308 093
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Consolidated Balance Sheet

	Not	2023-12-31	2022-12-31
Equity and liabilities			
Equity			
Share capital		1 576 231	1 576 231
Other contributed capital		33 950 695	33 950 695
Other equity incl. profit for the year		51 484 855	36 523 722
Equity attributable to owners of the parent		87 011 781	72 050 648
Non-controlling interests		6 230	6 696
Total equity		87 018 011	72 057 344
Allocations			
Allocation unconsumed user holdings	19	33 003 129	47 058 538
Estimated deferred tax		9 897 168	10 059 610
		42 900 297	57 118 148
Long-term liabilities			
Other liabilities		44 530	46 304
Short-term liabilities			
Accounts payable		2 739 515	4 157 734
Current tax liabilities		109 527	1 150 717
Other liability		4 404 759	4 823 891
Accrued expenses and prepaid income	20	14 037 775	10 953 955
		21 291 576	21 086 297
Total equity and liabilities	21	151 254 414	150 308 093

Consolidated Statement of Cash Flows

	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Operating activities			
Operating profit before financial items		20 462 725	21 355 577
Adjustment for depreciation		14 795 702	10 664 891
Adjustment for other non-cash items, etc.		-40 178 104	-26 450 921
Interest received		155 850	8 247
Interest paid		-70 599	-52 934
Income tax paid		-5 515 802	-9 233 688
Increase/decrease in inventories		55 887	-52 211
Increase/decrease in trade receivables		1 106 198	175 594
Increase/decrease in other current receivables		4 711 013	-6 840 858
Increase/decrease in trade payables		-1 418 219	2 307 394
Increase/decrease in other current operating liabilities		1 960 275	1 725 408
Cash flow from operating activities		-3 935 074	-6 393 501
Investment activities	22		
Investments in intangible assets	23	-206 580	0
Investments in tangible fixed assets	24	-770 533	-1 827 468
Increase/decrease of other financial fixed assets		3 727	96 453
Increase/decrease in short-term financial investments		-625 000	-1 604 179
Cash flow from investing activities		-1 598 386	-3 335 194
Financing activities			
Option liquidity		0	417 716
Dividends paid to parent company shareholders		0	-4 728 694
Cash flow from financing activities		0	-4 310 978
Cash flow for the period		-5 533 460	-14 039 673
Cash and cash equivalents at end of period		32 796 732	48 900 606
Exchange difference in cash and cash equivalents		-232 940	-2 066 600
Cash and cash equivalents at end of period	25	27 030 333	32 796 732

Parent Company's Income Statement

	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Net sales	3,26	121 956 396	92 798 712
Capitalized work		26 204 687	26 471 954
Other income		1 858 170	5 371 188
		150 019 253	124 641 854
Operating expenses			
Other external costs	4, 5	-51 055 222	-40 067 714
Personnel costs	6	-63 883 911	-52 551 712
Amortization and depreciation		-14 795 702	-10 664 891
		-129 734 835	-103 284 317
Operating profit		20 284 418	21 357 537
Financial items			
Profit from participations in group companies		96 473	0
Profit from other securities and receivables accounted for as non-current assets	7	-1 067 794	107 454
Other interest income and similar items	8	155 149	29 280
Interest cost and similar items		-85 239	-104 576
Exchange rate differences	9	-192 003	-9 343 058
		-1 093 413	-9 310 900
Profit after financial items		19 191 005	12 046 637
Transfers to/from untaxed reserves	27	5 162 000	-2 400 000
Net profit before tax		24 353 005	9 646 637
Income tax	10	-5 384 370	-2 409 170
Net profit		18 968 634	7 237 467

Parent Company's Balance Sheet

	Not	2023-12-31	2022-12-31
Assets			
Non-current assets			
<i>Intangible assets</i>			
Entropia Platform and Entropia Universe	11	98 514 644	85 098 102
Other intangible assets	12	4 231 629	44 427
		102 746 273	85 142 529
<i>Tangible assets</i>			
Equipment, installation and computer hardware	13	2 934 239	3 416 665
<i>Financial assets</i>			
Shares in subsidiaries	28	1 142 500	4 952 500
Other long-term securities	14	202 500	2 361 668
Other long-term receivables	15	0	3 559 257
		1 345 000	10 873 425
Total non-current assets		107 025 512	99 432 619
Current assets			
<i>Stock-in-trade</i>			
Commercial goods	16	100 030	147 161
Advanced to suppliers		36	8 792
		100 066	155 953
<i>Short-term receivables</i>			
Account receivables		388 403	942 296
Receivables from payment providers	17	2 165 994	2 233 195
Receivables group companies		0	98 137
Other receivables		3 191 373	1 794 341
Prepaid expenses and accrued income	18	2 900 827	7 986 223
		8 646 597	13 054 192
<i>Short-term investments</i>			
Other short-term investments		9 594 407	8 834 182
<i>Cash and bank balances</i>			
Total current assets		26 988 502	32 750 266
		45 329 572	54 794 593
Total assets		152 355 084	154 227 212

Parent Company's Balance Sheet

	Not	2023-12-31	2022-12-31
Equity and liabilities			
Equity	29		
Restricted equity			
Share capital		1 576 231	1 576 231
Revaluation reserve	30	18 786 040	21 469 760
Restricted reserves		50 000	50 000
Fund for development		71 370 384	54 573 842
		91 782 655	77 669 833
Non-restricted equity			
Share premium reserve		33 950 695	33 950 695
Profit brought forward		-57 683 002	-50 807 647
Net profit	31	18 968 634	7 237 467
		-4 763 673	-9 619 485
Total equity		87 018 982	68 050 348
Untaxed reserves	32	0	5 100 000
Allocations			
Allocation unconsumed user holdings	33	33 003 129	47 058 538
Estimated deferred tax		9 897 168	8 987 410
Total allocations		42 900 297	56 045 948
Long-term liabilities			
Other liabilities		44 530	46 304
Short-term liabilities			
Accounts payable		2 739 515	4 157 734
Liabilities group companies		1 099 701	3 898 261
Current tax liabilities		109 527	1 150 717
Other liability		4 404 757	4 823 946
Accrued expenses and prepaid income	20	14 037 774	10 953 954
Total short-term liabilities		22 391 275	24 984 612
Total equity and liabilities	21	152 355 084	154 227 212

Parent Company's Statement of Cash Flows

	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Operating activities			
Operating profit before financial items		20 284 418	21 357 536
Adjustment for depreciation		14 795 702	10 664 891
Adjustment for other non-cash items, etc.		-40 178 104	-26 450 921
Interest received		155 850	8 247
Interest paid		-70 599	-52 934
Income tax paid		-5 515 802	-9 233 688
Increase/decrease in inventories		55 887	-52 211
Increase/decrease in trade receivables		21 146	175 594
Increase/decrease in other current receivables		4 871 150	-6 842 058
Increase/decrease in trade payables		-1 418 219	2 307 394
Increase/decrease in other current operating liabilities		3 068 131	1 726 610
Cash flow from operating activities		3 930 440	-6 391 540
Investment activities	22		
Investments in intangible assets	23	-206 581	0
Investments in tangible fixed assets	24	-770 533	-1 827 468
Disposal/amortisation of other financial fixed assets		3 727	96 453
Increase/decrease in short-term financial investments		-625 000	-1 604 179
Cash flow from investing activities		-1 598 387	-3 335 194
Financing activities			
Option liquidity		0	417 716
Dividends paid		0	-4 728 694
Cash flow from financing activities		0	-4 310 978
Cash flow for the period		-5 528 827	-14 037 713
Cash and cash equivalents at end of period		32 750 266	48 854 579
Exchange difference in cash and cash equivalents		-232 936	-2 066 600
Cash and cash equivalents at end of period	34	26 988 503	32 750 266

Notes

Note 1 Supplementary disclosures & accounting principles

The annual report has been prepared in accordance with the Swedish Annual Accounts Act. The accounting principles applied conform to 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.

Receivables are entered at the amount in which they are expected to be received.

Other assets and liabilities have been valued at acquisition value unless otherwise stated.

Accrual allocation of revenues and expenses has been done according to the professional ethics for accountants.

Fixed assets are entered at their acquisition value reduced for accumulated amortization and depreciations. Amortization and depreciation are accounted using the straight-line depreciation over the assets anticipated economic life.

The following percentages are applied:

Entropia Platform and Entropia Universe	7,41-13,33 %
Other intangible assets	20 %
Equipment and installations	20 %
Computer hardware	20-33.3 %

Note 2 Estimates and assessments

The preparation of financial statements and application of accounting principles is often based on management's assessments, estimates and assumptions that are considered reasonable at the time the assessment is made. Estimates and assessments are based on historical experience and several other factors, which in the current circumstances are considered reasonable. The results of these are used to assess the reported values of assets and liabilities, which otherwise do not appear clearly from other sources. The actual outcome may deviate from these estimates and judgments. Estimates and assumptions are reviewed regularly.

No significant sources of uncertainty in estimates and assumptions on the balance sheet date are expected to entail a significant risk of a significant adjustment of the reported values for assets and liabilities during the next financial year.

Unconsumed user holdings

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.

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 assessment: 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' behaviour over time.

New assessment: With the new policy, the company now focuses on the last five years of data to better reflect current user behaviour 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.

Note 3 Nets sales

Group and parent company

	2023	2022
Net sales by geographical market		
Sweden	11 746 796	9 352 385
EU except Sweden	47 103 060	33 307 926
Rest of the world	63 106 540	50 138 401
	121 956 396	92 798 712

Note 4 Leasing agreements

Group and parent company

In the Group's and parent company's accounts, operating leases essentially consist of leased property. The lease agreement for the Swedish property runs for six years with the possibility for the company to extend for further periods. The current lease expires on December 1, 2028 and the company has the right to vacate 240 square meters after three years. The size of the future leasing fees is based on the development of the consumer price index. The base rent shall be adjusted to the index figure for the month of October during that period.

Should the index figure for any subsequent month of October have risen in relation to the base figure, a supplement shall be paid by the percentage by which the index figure has changed in relation to the base figure. In the future, supplements shall be paid in relation to the changes in the index, whereby the change in rent is calculated on the basis of the percentage change between

the base figure and the index figure for the respective month of October. Outgoing rent is never set lower than the rent amount stated in the agreement. The rent change is always applied from January 1 of the year following the October month that gave rise to the change.

Expensed fees for the year amount to 4 828 859 SEK. The fee was slightly lower than previously estimated as the company received a discount on the fee due to delays in the installation of kitchens etc.

Future leasing fees, for non-cancellable leasing agreements, fall due for payment as follows:

	2023	2022
Within one year	5 017 628	4 934 328
Later than one year but within five years	20 462 018	20 889 412
Later than five years	0	5 007 528
	25 479 646	30 831 268

Note 5 Fees to auditors

Group and parent company

An audit assignment refers to the examination of the annual report and accounting records and the administration of the Board of Directors and the CEO, other tasks incumbent on the company's auditor and advice or other assistance resulting from observations made during such an examination or the performance of such other tasks. Since the subsidiaries do not have any operations, the subsidiaries are not charged with any auditing costs; everything is expensed in the parent company.

	2023	2022
PWC		
Audit engagements	721 475	448 000
Audit activities other than the audit engagement	18 600	15 000
	740 075	463 000

Note 6 Employees and personnel costs
Group and parent company

	2023	2022
Average employees		
Women	10	10
Men	40	48
	50	58
Salaries and other remuneration		
<i>Board of Directors and Chief Executive Officer:</i>		
David Simmonds, Chairman	41 096	120 000
Jan Rasmuson, member	30 822	90 000
Anders Fröjd, member	30 822	90 000
Magnus Götenfelt	33 288	0
Klas Moreau	59 055	0
Björn Dierks	78 740	0
Linus Norén	59 055	0
Leif Andersson Evander	59 055	0
Henrik Nel Jerkrot	1 453 160	1 416 400
<i>Bonuses and similar remuneration to the Board of Directors and the CEO:</i>		
Henrik Nel Jerkrot	0	50 000
Other employees	42 154 930	33 657 246
	44 000 023	35 423 646
Social costs		
<i>Pension costs for the Board of Directors and Chief Executive Officer:</i>		
Henrik Nel Jerkrot	305 844	294 744
Pension costs for other employees	3 854 703	3 417 504
Other social security contributions according to law and agreements	14 277 511	11 455 335
	18 438 058	15 167 583
Total salaries, remuneration, social security and pension costs	62 438 081	50 770 029
No employees in the subsidiaries.		
Gender distribution among senior managers		
Proportion of women on the board	0 %	0 %
Proportion of men in the Board of Directors	100 %	100 %
Proportion of women among other senior executives	43 %	37,5 %
Proportion of men among other senior executives	57 %	62,5 %

**Note 7 Profit from other securities and receivables accounted for as non-current assets
Group and parent company**

	2023	2022
Exchange rate differences	956 149	486 620
Unrealized change in value of securities	135 225	-292 666
Impairment losses	-2 159 168	-86 500
	-1 067 794	107 454

**Note 8 Other interest income and similar items
Group and parent company**

	2023	2022
Other interest income	155 850	8 247
Exchange rate differences (server room Interxion)	-701	21 033
	155 149	29 280

**Note 9 Exchange rate differences
Group and parent company**

	2023	2022
Exchange rate difference on change in unspent user funds	40 936	-7 276 458
Other exchange rate differences	-232 939	-2 066 600
	-192 003	-9 343 058

The reason for the large currency difference last year is that the company has made a currency adjustment on unconsumed user holdings. The exchange rate at year-end 2021 was 9.04 SEK/USD and at year-end 2022 the exchange rate was 10.44 SEK/USD. The reason for the negative exchange rate difference is that unconsumed user holdings have increased during the financial year 2022 and then the consequence is that an increased exchange rate affects the company negatively. This year the relationship was the opposite, the exchange rate was instead lower at the end of 2023 than the previous year, it was 10.04 SEK/USD plus the allocation for on unconsumed user holdings had decreased. See more in the note Allocation unconsumed user holdings.

**Note 10 Current and deferred tax
Group and parent company**

	2023	Group 2022	Parent company 2023	2022
Current tax	-4 474 612	-1 520 277	-4 474 612	-1 520 277
Change in deferred tax relating to temporary differences	162 442	-1 382 693	-909 758	-888 293
Tax on profit for the year	-4 312 170	-2 903 570	-5 384 370	-2 409 170

	2023	Group 2022	Parent company 2023	2022
Reported result before tax	19 272 839	12 044 677	24 353 005	9 646 637
Tax calculated at the current tax rate (20.6%)	-3 970 205	-2 481 203	-5 016 719	-1 987 207
Tax effect of non-deductible expenses	-388 523	-419 647	-1 173 383	-419 243
Tax effect of non-taxable income	43 628	62	848 360	62
Standard income on tax allocation reserve	-42 630	-2 781	-42 630	-2 781
Effect of unrecognized tax losses	23 960	0	0	0
Effect of unrecognized temporary differences	21 600	0	0	0
Reported tax expense	-4 312 170	-2 903 570	-5 384 370	-2 409 170

**Note 11 Entropia Platform and Entropia Universe
Group and parent company**

	2022-12-31	2022-12-31
Opening acquisition values	126 603 532	100 131 578
Acquisition cost for the year	26 204 687	26 471 954
Closing accumulated cost	152 808 219	126 603 532
Opening depreciation	-41 505 430	-31 928 891
Depreciation for the year	-12 788 145	-9 576 539
Closing accumulated depreciation	-54 293 575	-41 505 430
Closing book value	98 514 644	85 098 102

Note 12 Other intangible assets
Group and parent company

	2023-12-31	2022-12-31
Opening acquisition values	66 640	66 640
Purchases	4 941 800	0
Closing accumulated acquisition values	5 008 440	66 640
Opening depreciation	-22 213	-8 885
Depreciation for the year	-754 598	-13 328
Closing accumulated depreciation	-776 811	-22 213
Closing book value	4 231 629	44 427

Note 13 Equipment, installations and computers
Group and parent company

	2023-12-31	2022-12-31
Opening acquisition values	17 905 253	16 077 785
Purchases	770 533	1 827 468
Closing accumulated acquisition values	18 675 786	17 905 253
Opening depreciation	-14 488 588	-13 413 564
Depreciation for the year	-1 252 959	-1 075 024
Closing accumulated depreciation	-15 741 547	-14 488 588
Closing book value	2 934 239	3 416 665

Note 14 Other long-term securities holdings
Group and parent company

	2023-12-31	2022-12-31
Opening acquisition values	2 759 168	2 759 168
Closing accumulated cost	2 759 168	2 759 168
Opening impairment losses	-397 500	-311 000
Impairment losses for the year	-2 159 168	-86 500
Closing accumulated impairment losses	-2 556 668	-397 500
Closing carrying amount	202 500	2 361 668

Note 15 Other long-term receivables
Group and parent company

Refers to promissory note loans according to agreement.

	2023-12-31	2022-12-31
Opening acquisition values	4 673 979	4 187 359
Change in currency	-30 651	486 620
Closing accumulated acquisition values	4 643 328	4 673 979
Opening repayments	-1 114 722	-1 018 269
Repayments for the year	-3 528 606	-96 453
Closing accumulated repayments	-4 643 328	-1 114 722
Closing book value	0	3 559 257

Note 16 Stock-in-trade
Group and parent company

The stock-in-trade consists only of promotional products sold via a web shop on the company's website.

Note 17 Receivables from payment providers
Group and parent company

Under the heading Receivables from payment intermediaries, outstanding receivables from the payment intermediaries the company cooperates with are reported. The balance includes payments confirmed by payment intermediaries but not yet received by the company on the balance sheet date.

Note 18 Prepaid expenses and accrued income
Group and parent company

	2023-12-31	2022-12-31
Risk Point settlement through insurance	0	4 750 000
License costs	942 159	1 463 072
Rental costs	735 374	859 663
User support and partner support	449 737	436 055
Other prepaid expenses	773 557	477 433
	2 900 827	7 986 223

**Note 19 Allocation
Group**

	2023-12-31	2022-12-31
Deferred tax liability		
Amount at beginning of year	10 059 610	8 676 917
Allocation for the year	1 606 038	2 305 573
Amounts reversed during the year	-1 768 480	-696 280
	9 897 168	10 286 210
Allocation for unconsumed user holdings		
Amount at beginning of year	47 058 538	39 471 618
Allocation for the year	-14 055 409	7 586 920
	33 003 129	47 058 538

Deferred tax liability:

The deferred tax relates to temporary differences between the tax and accounting values of fixed assets. The parent company's tax allocation reserves have been fully reversed to taxation this year, which refers to 1,072 thousand SEK of the year's change.

Unconsumed user holdings:

Unconsumed user holdings increased from 132.3 million PED to 136.6 million PED, an increase of 4.3 million PED. The total amount increased significantly more in SEK as the SEK/USD exchange rate has increased from 9.04 SEK/USD at the end of last year to 10.44 SEK/USD at the end of December 2022 (10 PED=1 USD). This resulted in the debt increasing by 23 million in SEK, from 119.6 million SEK to 142.6 million SEK.

Since mid-year 2017, the real liability of unconsumed user holdings is recognized in the balance sheet (previously a contingent liability) under the heading Allocations. The real debt is estimated to be about 33% of the total amount of the unconsumed user holdings. This means that the provision for the year is 47.1 million SEK.

**Note 20 Accrued expenses and prepaid income
Group and parent company**

	2023-12-31	2022-12-31
Accrued salaries	4 570 071	742 710
Accrued holiday pay	1 923 471	1 628 614
Accrued pensions	6 704	0
Accrued employer's contributions	2 040 269	745 069
Accrued consultancy fees	191 608	358 468
Accrued withdrawals (requested by users but not yet paid)	4 798 134	6 669 892
Prepaid income	0	3 244
Other accrued expenses	507 517	805 957
	14 037 774	10 953 954

Note 21 Pledged assets
Group and parent company

Refers to corporate mortgages with SEB.

	2023-12-31	2022-12-31
Business mortgage	3 000 000	3 000 000
	3 000 000	3 000 000

Note 22 Investments in fixed assets
Group and parent company

The capitalization in the balance sheet of salary and consulting costs for the development of Entropia Universe amounts to 26.2 million SEK (26.5 m SEK) for the 2023 financial year. The capitalized amounts are reported under the heading fixed assets in the balance sheet and total income in the income statement.

During the year, the company also took over ownership and operation of the planet Next Island. The purchase was mainly financed through offsetting against older accounts receivable and a long-term loan receivable, but also through a cash payment of 207 thousand SEK.

Other investments consist mainly of office equipment of about 241 thousand SEK and investments in computers and security for 530 thousand SEK.

Note 23 Investments in intangible assets
Group and parent company

The year's investments in intangible fixed assets are mainly of the nature of balancing development costs, which thus do not affect liquidity. However, the purchase of the planet Next Island had a liquidity impact of 207 thousand SEK.

Note 24 Investments in tangible fixed assets
Group and parent company

	2023-12-31	2022-12-31
Acquisition of tangible fixed assets		
Change in the item in the balance sheet	482 426	-752 444
Depreciation for the year according to plan	-1 252 959	-1 075 024
Acquisition of tangible fixed assets	-770 533	-1 827 468

Note 25 Cash and cash equivalents
The Group

	2023-12-31	2022-12-31
Cash and cash equivalents		
Cash and cash equivalents	27 030 332	32 796 732
	27 030 332	32 796 732
Interest paid		
Interest paid during the period	-70 599	-52 934
Interest received during the period	155 850	8 247

Note 26 Purchases and sales between group companies
Parent company

There has been an asset sale between the parent company and EUSO AB. The assets consist of older accounts receivable totalling 110,489 USD that have been purchased for book value, totalling 731,859.05 SEK.

Note 27 Transfer to/from untaxed reserves
Parent company

	2023	2022
Group contributions received	62 000	0
Allocation to the tax allocation fund	0	-2 400 000
Reversal of tax allocation funds	5 100 000	
	5 162 000	-2 400 000

Note 28 Shares in subsidiaries
Parent company

Name	Capital share	Voting rights share	Number shares	Book value value	
Planet Calypso AB (publ)	100%	100%	450 000	900 000	
Entropia Universe AB	100%	100%	2 000	200 000	
Green Fund Finance Sweden AB	85%	85%	425	42 500	
				1 142 500	
	Org.no.	Seat		Equity capital	Result
Planet Calypso AB (publ)	556766-6416	Gothenburg		3 896 472	-2 790
Entropia Universe AB	556767-3594	Gothenburg		1 110 000	122 207
Green Fund Finance Sweden AB	559170-3557	Gothenburg		41 530	-3 110

Note 29 Number of shares and quota value
Parent company

Name	Number share	Quota value
Number of A-Shares	157 623 125	0,01
	157 623 125	

Number of shares

MindArk PE AB (publ) had 157 623 125 shares outstanding as of December 31, 2022. In January 2023, a reverse split of 1:5 was conducted, resulting in 31,524,625 shares outstanding. The quota value after the reverse split is 0.05 SEK.

Note 30 Revaluation reserve
Parent company

	2023-12-31	2022-12-31
Amount at beginning of year	21 469 760	24 153 480
Amortization of revalued assets	-3 380 000	-3 380 000
Change in deferred tax	696 280	696 280
Amount at end of year	18 786 040	21 469 760

Note 31 Net profit
Parent company

2023-12-31

Proposal for the treatment of accumulated losses
The Board of Directors proposes that the accumulated loss:

accumulated loss	-57 683 002
share premium account	33 950 695
profit for the year	18 968 634
	-4 763 673

be treated as follows
carried forward

-4 763 673
-4 763 673

Note 32 Untaxed reserves
Parent company

	2023-12-31	2022-12-31
Tax allocation fund in 2020	0	2 700 000
Tax allocation fund in 2022	0	2 400 000
	0	5 100 000
Tax effect of standard interest rate on tax allocation reserve	20 382	2 781

Note 33 Allocations

Parent company

	2023-12-31	2022-12-31
Deferred tax liability		
Amount at beginning of year	8 987 410	8 099 117
Allocation for the year	1 606 038	1 584 573
Amounts reversed during the year	-696 280	-696 280
	9 897 168	8 987 410
Allocation for unconsumed user holdings		
Amount at beginning of year	47 058 538	39 471 618
Allocation for the year	-14 055 409	7 586 920
	33 003 129	47 058 538

Deferred tax liability:

The deferred tax relates to temporary differences between the tax and accounting values of fixed assets.

Unconsumed user holdings:

Unconsumed user holdings increased 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 of 1.5 million in SEK, from 142.6 million SEK to 141.1 million SEK.

Since mid-year 2017, the real liability of unconsumed user holdings is recognized in the balance sheet (previously a contingent liability) under the heading Allocations. For more information on the new assessment, see Note 2. Based on the five-year average rate of 23.4%, the company estimates the real debt as of December 2023 to be 32.9 million PED which corresponds to 33 million SEK.

Note 34 Cash and cash equivalents

Parent company

	2023-12-31	2022-12-31
Cash and cash equivalents		
Cash and cash equivalents	26 988 502	32 750 266
	26 988 502	32 750 266
Interest paid		
Interest paid during the period	-70 599	-52 934
Interest received during the period	155 850	8 247

Note 35 Significant events after the end of the financial year

No significant events after the end of the financial year.

Gothenburg March 6, 2024

Björn Dierks
Chairman

Klas Moreau

Karl Linus Norén

Leif Evander Andersson

Henrik Nel Jerkrot
CEO

My audit report concerning this annual report has been issued on March 6, 2024.

Öhrlings PricewaterhouseCoopers AB

Konstantin Belogorcev
Authorized auditor