

MindArk PE AB Full Fiscal Year 2023 Overview

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Goals and objectives of the research

Research Objective: To study MindArk PE AB publicly available financial information, determine the company's development strategy, and compile an overview of its annual financial reports.

Research Tasks:

- Find the company's comprehensive financial and corporate information;
- Analyze the gathered information;
- Draw conclusions based on the analyzed data.

Disclaimers

The information collected in this report reflects data from the company's public reports and is not questioned or verified via other sources. In other words, information from the company's public reports is taken and used as is.

If additional information from other sources is used or if the data used is reflective of the researcher's personal opinion, this will be labeled accordingly.

Document markup

- FY - Financial Year;
- MA - MindArk PE AB (publ);
- YoY - Year-to-Year;
- This report uses the American number format: a period is used as the decimal separator, while commas separate thousands;
- Year-over-year (YoY) calculations of relative values were not performed in cases where last year's profit changed to a loss in the current year and vice versa within the scope of the current report;
- MindArk report period is from January 1, to December 31, 2023;
 - The specified financial year coincides with the calendar year.

Conclusions

General information

Parameter	MindArk PE AB (publ)
Website	mindark.com
Country (location)	Sweden
Country (issuer)	Sweden
Year of foundation	2003 *
Founder	Jan Welter
Sector	Technology
Type	Public
Year of IPO	2023
Stock market	Spotlight
Ticker	MNDRK

Note: Trading on Spotlight is carried out in an electronic trading system available to banks and stock brokers connected to the [Nordic Growth Market](#).¹

*Note: In 1998, MindArk AB was founded, and the company worked on creating the virtual gaming world Project Entropia. In 2003, [MindArk AB](#) went through bankruptcy, and MindArk PE AB was established.²

¹ [MindArk, Memorandum 2023, p.61](#)

² [MindArk, Memorandum 2023, p.18](#)

Members of the board and Managers

Board of Directors ^{3 4}		
Name	Title	Since
Björn Dierks	Chairman of the Board	2023
Leif Evander Andersson	Board Member	2023
Klas Moreau	Board Member	2023
Karl Linus Noren	Board Member	2023

Executive Team ⁵		
Name	Title	Since
Henrik Nel Jerkrot	Chief Executive Officer	2017
Gunilla Krogh	Chief Financial Officer	2010
Magnus Ryme	Chief Technology Officer	2023
Dennis Antonsson	Game Director	2021
Malin Gustafsson	Human Resources	2011
Terrence Verlander	Chief Artificial Intelligence Officer	-
Marie Erlandsson	Head of Marketing	2023

³ [MindArk website, Board of Directors](#)

⁴ [MA Annual Report 2023, p.11](#)

⁵ [MA Annual Report 2023, p.4](#)

Employees^{6 7}

Parameter	Average Number of Employees
Number of Employees as of 2021	54
Number of Employees as of 2022	58
Number of Employees as of 2023	50

Shareholders

Shareholders structure⁸

Ownership Breakdown as of Oct 14, 2024 ⁹		
Owner Type	Number of Shares	Ownership Percentage, %
Individual Insiders	12,268,581	38.92
Private Companies	10,919,398	34.64
Institutions	5,640,513	17.89
General Public	2,100,318	6.66
Employee Share Scheme	595,815	1.89
Total Shares	31,524,625	100.00

Total Shares Outstanding - 157,623,125 (as of December 31, 2022).

Total Shares Outstanding - 31,524,625 (as of December 31, 2023).

MindArk 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.

⁶ [MA Annual Report 2022, p.25](#)

⁷ [MA Annual Report 2023, p.25](#)

⁸ [MA Annual Report 2023, p.4](#)

⁹ [SimplyWall, MindArk Ownership](#)

Shareholders Equities

Top 10 Shareholders as of Oct 14, 2024 ¹⁰				
Name	Number of Shares	Current Value ¹¹ , mill SEK	Last Reported Holding Date	Ownership Percentage, %
Tetiana Karunna	10,998,942	25.0	Jun 30, 2024	34.89
Fam Bothen	5,945,544	13.5	Jun 30, 2024	18.86
Peak Asset Management, LLC	2,557,405	5.8	Jan 27, 2023	8.11
SIX Group AG, Asset Management Arm	1,560,469	3.5	Sep 30, 2023	4.95
Sinovum Media AB	1,528,214	3.5	Jan 27, 2023	4.85
Remynonys AB	1,210,545	2.7	Mar 31, 2023	3.84
Nordic Tender Holdings AB	1,100,209	2.5	Jun 30, 2024	3.49
Futur Pension Försäkringsaktiebolag, Asset Management Arm	885,842	2.0	Jun 30, 2024	2.81
Megetgod Invest ApS	690,389	1.6	Mar 31, 2024	2.19
BNY Mellon Asset Management	636,797	1.4	Jun 30, 2024	2.02
Total Top 10	27,114,356	61.5	-	86.01

¹⁰ [SimplyWall, MindArk Top Shareholders](#)

¹¹ As of October 10, 2024

Mergers, Acquisitions and Subsidiaries

Subsidiaries MindArk¹²

Name	Date
EUSO AB	2008
ARP Universe AB	2008
Green Fund Finance Sweden AB	2018

Note: This section may not fully represent all the company's transactions, but, within the scope of this current report, presents the maximum amount of information available via open sources.

¹² [MA Annual Report 2023, p.3](#)

Company strategy^{13 14 15}

Since 1999, MindArk has been involved in the development of 3D Internet, online games, virtual worlds, and 3D social networks. MindArk's solution for the 3D Internet is Entropia Universe. [Entropia Universe](#) is a virtual universe populated by participants who interact with each other in a virtual environment with a real-money economy.

MindArk provides the [Entropia Platform](#) for the development and operation of content by partner organizations (Planet Partners) that want to create planets in collaboration with MindArk and integrate these created planets into the Entropia Universe.

The Entropia Platform consists of four parts:

- A software client for Entropia Universe;
- The Planet Partner Kit for content creation and planet operation;
- Access to server application services, such as gaming systems and systems related to the Real Cash Economy;
- Documentation from MindArk related to the previous points.

The platform includes a functioning revenue-sharing model that generates income for both MindArk and MindArk's Planet Partner upon the launch of the planet.

“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”.

¹³ [MindArk website, Company](#)

¹⁴ [MindArk website, MindArk's Offer](#)

¹⁵ In this chapter, quotes are used from the [MA Annual Report 2023, p.3](#)

MindArk is evaluating blockchain technology developments. The company planned to launch its own cryptocurrency in 2018, but did not implement this project, called [Deep Token](#). The board of directors of MindArk suspended the project and reimbursed investors for their investments.

In 2021, MindArk and Epic Games entered into an agreement to use Unreal Engine 5 to transition Entropia Universe to a new game engine.¹⁶ The exact date of the transition has not been announced, but the company anticipates that the implementation of Unreal Engine 5 will begin in Q1 or Q2 2025.¹⁷

In 2022, MindArk announced a partnership with the NFT platform Enjin and began accepting cryptocurrency as a new deposit method.¹⁸

In 2023, the company operated in the following areas:¹⁹

- Technical Development in Unreal Engine 5:
 - Development of the company's server architecture to create a scalable modular solution and adapt the Unreal Engine 5 client to work on existing servers. The development strategy aims to enhance player activity and increase the user base;
 - Work on a phased reduction of dependencies related to the CryEngine2;
 - Updating graphic content.
- Technical Development in CryEngine2:
 - Work aimed at improving game performance on CryEngine2;
 - Updating the game's user interface;
 - Strategic use of AI in the CryEngine2 platform.
- Reorganization: The company's staff reduction led to a reorganization, resulting in a decrease in personnel. As of December 31, 2023, the company had 39 employees, down from 58 on December 31, 2022, representing a 32.76% decrease.²⁰ AI has replaced the reduced staff.

¹⁶ [MindArk website, Press Releases, MindArk signs deal for Unreal Engine 5](#)

¹⁷ [MindArk, Memorandum 2023, p.8-9](#)

¹⁸ [MMORPG, Entropia Universe, the RMT MMO, Introduces NFT Collaboration with Enjin](#)

¹⁹ [MA Annual Report 2023, p.5-6](#)

²⁰ [MA Annual Report 2023, p.4](#)

The company considers the following risks associated with its operations:²¹

- Currency risks: Changes in inflation, currency, and interest rates directly impact the company's costs, revenues, and stock value;
- Potential product disruptions: Issues may arise from the development of the new Entropia Universe game engine;
- Intellectual property rights: Risk of becoming involved in "potential" ownership disputes;
- Data processing and collection risks: Concerns regarding handling personal data;
- User fund withdrawal risks: The company has no legal obligation to pay out user funds; not doing so could affect user loyalty and brand reputation;
- Competitive threat risk: Risks associated with competition in the market.

²¹ [MA Annual Report 2023, p.6-7](#)

Games

Genres of games

Main game genres:²²

- Sandbox
- Real-time strategy (RTS)
- Shooter:
 - FPS
 - TPS
- Multiplayer online battle arena (MOBA)
- Role-playing:
 - RPG
 - ARPG
 - CRPG
 - MMORPG
 - TRPG
 - Roguelike
 - Roguelite
- Simulation and sports
- Puzzler and party game
- Action-adventure
- Survival and horror
- Platformer

Note: This gaming genre structure, in our view, is the most comprehensive and flexible when specifying the genre of a particular game.

²² [Hp, Video Game Genres](#)

Gaming structure²³

The game structure of Mindark consists of one MMORPG game Entropia Universe. The virtual world is divided into planet partners and [Planet Calypso](#).

Planet Partners	Released Date
Next Island	2010
Rocktropia	2011
Planet Arkadia	2011
Planet Cyrene	2012
Planet Toulan	2013
Monria	2013

Famous game

MindArk	
Name	Genre
Entropia Universe	Role-playing
ComPet	MOBA

Note: It was decided in 2018 to suspend all ComPet development. The ComPet servers have been disabled.²⁴

Technology

MindArk's Technology Sector:

Technology	
Services	Entropia Pocket
Electronic Commerce	Entropia Universe Merch Store

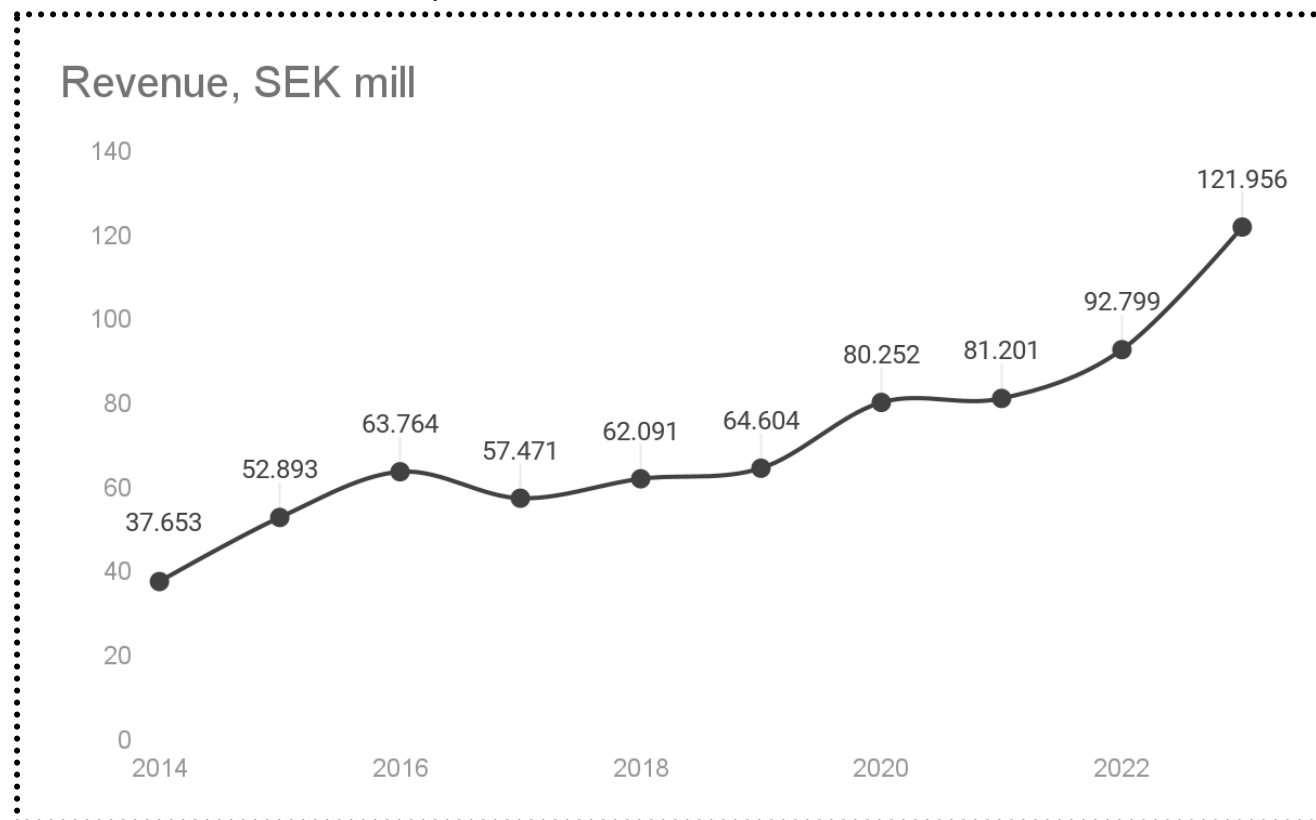
²³ [Mindark website. What's Happened Since 1998](#)

²⁴ [Entropia Universe, ComPet Announcement](#)

Financial Statements for 2023 Fiscal Year

Revenue Retrospective

MindArk PE AB Revenue Retrospective for 2014-2023^{25 26 27 28 29}



²⁵ [MA Annual Report 2023, p.14](#)

²⁶ [MA Annual Report 2021, p.11](#)

²⁷ [MA Annual Report 2019, p.11](#)

²⁸ [MA Annual Report 2017, p.10](#)

²⁹ [MA Annual Report 2015, p.13](#)

Sales per Business

Net Revenue Structure^{30 31}

(In million, except Percentages)

Parameter	2023	YoY, %	2022	YoY, %	2021
Net sales	121.956	31.42	92.799	14.28	81.201
Total Consolidated Net Revenue	121.956	31.42	92.799	14.28	81.201

Sales per Region

Sales by Region^{32 33}

(In million, except Percentages)

Parameter	2023	YoY, %	2022	YoY, %	2021
Rest of the world	63.107	25.87	50.138	10.74	45.274
EU except Sweden	47.103	41.42	33.308	17.82	28.270
Sweden	11.747	25.61	9.352	22.14	7.657
Total Consolidated Net Revenue	121.956	31.42	92.799	14.28	81.201

Sales by Region Percentages 2023

Parameter	Percentage, %
Rest of the world	51.75
EU except Sweden	38.62
Sweden	9.63

Dividend Information³⁴

The company does not pay dividends.

³⁰ [MA Annual Report 2023, p.14](#)

³¹ [MA Annual Report 2022, p.15](#)

³² [MA Annual Report 2023, p.23](#)

³³ [MA Annual Report 2022, p.24](#)

³⁴ [TradingView, MindArk Dividends](#)

Balance Sheet^{35 36}

(In million, except Percentages)

Parameter	2023	YoY, %	2022	YoY, %	2021
Assets					
Total Current assets	45.371	-18.73	55.828	-12.64	63.903
Total Non-current assets	105.883	12.07	94.480	23.44	76.542
Total Assets	151.254	0.63	150.308	7.02	140.445
Liabilities					
Total Allocations	42.900	-24.89	57.118	18.63	48.149
Total Current Liabilities	21.292	0.98	21.086	-15.75	25.029
Total Long-Term Liabilities	0.045	-2.17	0.046	12.20	0.041
Total Liabilities	64.237	-17.91	78.250	6.87	73.219
Total Equity	87.018	20.76	72.057	7.18	67.227

Note: The company's obligations include Total Allocations, a parameter from the report. Total Allocations encompasses obligations for unspent user funds and estimated deferred tax.³⁷

In 2023, the company reduced its calculations for obligations related to unconsumed user holdings to 23.4%, down from 33% in 2022 of total unconsumed user holdings.^{38 39}

³⁵ [MA Annual Report 2023, p.16-17](#)

³⁶ [MA Annual Report 2022, p.16-17](#)

³⁷ [MA Annual Report 2023, p.30](#)

³⁸ [MA Annual Report 2023, p.7](#)

³⁹ [MA Annual Report 2023, p.9](#)

Income Statement^{40 41 42}

(In million, except Percentages)

Parameter	2023	YoY, %	2022	YoY, %	2021
Net Revenue	121.956	31.42	92.799	14.28	81.201
Total Revenue	150.206	20.51	124.642	16.52	106.966
Operating Expense	(129.744)	25.62	(103.286)	20.61	(85.636)
Operating profit	20.463	-4.18	21.356	0.12	21.330
Net profit	14.961	63.67	9.141	-34.33	13.920

Note: The company calculates operating profit based on the sum of Net Sales, Capitalized Work, and Other Income, which have been included in the structure of the Total Revenue parameter:

- Capitalized work - Capitalized expenses for salaries and consulting related to the development of Entropia Universe;⁴³
- Other income in 2023 “primarily consists of sales of land rights in Entropia Universe”;⁴⁴
- Other income in 2022 “consists mainly of an insurance payment of 4.75 million SEK in the concluded dispute with David Storey”;⁴⁵
- Other income in 2022 “mainly includes income from the sale of land rights, so-called deeds. In 2021, revenues from land rights accounted for 9.4 million SEK of the total other income”.⁴⁶

Total Revenue Structure:

(In million, except Percentages)

Parameter	2023	YoY, %	2022	YoY, %	2021
Net sales	121.956	31.42	92.799	14.28	81.201
Capitalized work	26.205	-1.01	26.472	63.98	16.143
Other income	2.045	61.93	5.371	-44.17	9.621
Total Revenue	150.206	20.51	124.64	16.52	106.97

⁴⁰ [MA Annual Report 2023, p.14](#)

⁴¹ [MA Annual Report 2022, p.15](#)

⁴² In this chapter, quotes are used from the [MA Annual Report 2023, p.9](#); [MA Annual Report 2022, p.9](#); [MA Annual Report 2021, p.7](#)

⁴³ [MA Annual Report 2022, p.31](#)

⁴⁴ [MA Annual Report 2023, p.9](#)

⁴⁵ [MA Annual Report 2022, p.9](#)

⁴⁶ [MA Annual Report 2021, p.7](#)

Cashflow Statement^{47 48}

(In million, except Percentages)

Parameter	2023	YoY, %	2022	YoY, %	2021
Cash flows from operating activities	(3.935)	-38.46	(6.394)	-	15.985
Cash flows from investing activities	(1.598)	-52.08	(3.335)	-49.05	(6.545)
Cash flows from financing activities	-	-	(4.311)	-45.30	(7.881)

Criticism

In 2002, BSA, a conglomerate of software development companies united in the fight against piracy, claimed that MindArk illegally used software for business purposes. MindArk proved that the software was legally acquired and that no copyright infringements occurred.⁴⁹

In 2006, MindArk faced criticism from Wharton professor and Terra Nova blogger Dan Hunter. The CEO of MindArk sent an email to Hunter's superior at Wharton, accusing Hunter of "spreading falsehoods" and demanding an apology.⁵⁰

In 2017, MindArk and the virtual economy of Entropia Universe faced criticism regarding:

- The waiting period during which the company processes the withdrawal of PED in US dollars;
- The net assets of Entropia Universe (capital) are insufficient to cash out the PED held in players' accounts. MindArk refers to PED deposits as liabilities in its annual report, classifying them on the company's balance sheet as "conditional bonds," which are not counted as debt when calculating the company's capital.⁵¹

In 2023, MA faced criticism for laying off employees and replacing them with artificial intelligence. "Although the decision to replace part of the workforce with AI tools was met with criticism, everything was done according to the rules," said Björn Norberg, the union ombudsman who led the negotiations at MindArk.⁵²

⁴⁷ [MA Annual Report 2023, p.17](#)

⁴⁸ [MA Annual Report 2022, p.18](#)

⁴⁹ [Gamespot, BSA drops lawsuit against MindArk](#)

⁵⁰ [Engadget, Prof debunks MindArk hype; causes CEO tantrum](#)

⁵¹ [MMOs, Is Entropia Universe Solvent? Can Virtual Economies Go Bankrupt?](#)

⁵² [Kollega, Gaming companies are replacing staff with AI](#)

Analyst's opinion

MindArk AB was founded in 1998, developing a virtual game world called Project Entropia. In January 2003, Project Entropia was publicly launched. In 2003, MindArk AB went through bankruptcy, leading to the creation of MindArk PE AB. MindArk PE AB, headquartered in Gothenburg, Sweden, was registered in 2003. In April 2006, the name of the virtual environment was changed to Entropia Universe.⁵³ The company is engaged in the development, management, and sale of the Entropia platform and Entropia Universe.

Entropia Universe is a virtual universe, a sci-fi MMORPG with a Real Cash Economy model.

MindArk offers partnership services, with the Entropia Platform serving as a foundation for entertainment and business for companies and organizations collaborating with MindArk.

As of December 31, 2023, MindArk is listed on the Spotlight stock exchange, with Total Shares Outstanding at 31,524,625. The company does not pay dividends.

The company accounts for risks, as indicated in its annual report. It is exposed to the risk of dependence on a single product.

In 2021, MindArk and Epic Games entered into an agreement to use Unreal Engine 5 for transitioning Entropia Universe to a new game engine. The exact date for the transition has not been announced, but the company anticipates that the implementation of Unreal Engine 5 will begin in Q1 or Q2 of 2025.

Total Consolidated Net Revenue is composed entirely of Net Sales. In 2023, Net Sales amounted to 121.956 million SEK, reflecting an increase of 31.42% compared to 2022's figures of 92.799 million SEK, which were 14.29% higher than the Net Sales in 2021, which totaled 81.201 million SEK.

Sales by Region in 2023:

- 51.75% Rest of the world - 63.107 million SEK;
- 38.62% EU except Sweden - 47.103 million SEK;
- 9.63% Sweden - 11.747 million SEK.

Operating profit in 2023 amounted to 20.463 million SEK, which is a decrease of 4.18% from the operating profit of 21.356 million SEK in 2022, and a decline of 4.06% from 21.330 million SEK in 2021.

Total equity in 2023 reached 87.018 million SEK, reflecting an increase of 20.76% compared to total equity of 72.057 million SEK in 2022, and a rise of 29.44% from 67.227 million SEK in 2021.

⁵³ [MindArk website, History](#)

In 2023, events related to the 20th anniversary of Entropia Universe took place, and MindArk focused on technical development in Unreal Engine 5:

- Development of the company's server architecture;
 - Work on eliminating dependencies related to CryEngine2;
 - Updating graphical content.
- Technical Development in CryEngine2:
 - Improvement of game performance;
 - Update of the game's user interface;
 - Strategic use of AI in the platform.
- Reorganization: The reduction in the company's workforce led to a reorganization, resulting in a decrease in personnel. As of December 31, 2023, the company had 39 employees, down from 58 employees on December 31, 2022, representing a decrease of 32.76%. The replacement of laid-off employees with AI was met with criticism.

In 2023, changes occurred in the board of directors at MindArk: At the Annual General Meeting held on May 5, 2023, it was decided that the Board of Directors would consist of four members with no deputies until the next AGM. Björn Dierks was elected as Chairman of the Board and as a regular member of the Board for the term until the next Annual General Meeting. Klas Moreau, Karl Linus Norén, and Leif Åke Evander Andersson were elected as ordinary board members for the same period. The board members from 2022⁵⁴ were dismissed and released from responsibility.⁵⁵

⁵⁴ David Simmonds, Chairman; Jan Rasmuson, member; Anders Fröjd, member

⁵⁵ [MA Annual Report 2023, p.11](#)

Sources List

- [MindArk website](#)
- [Spotlightstockmarket](#)
- [MindArk, Memorandum 2023](#)
- [MA Annual Report 2023](#)
- [MA Annual Report 2022](#)
- [MA Annual Report 2021](#)
- [MA Annual Report 2019](#)
- [MA Annual Report 2017](#)
- [MA Annual Report 2015](#)
- [SimplyWall.st](#)
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