

Annual Report

for

Mindark PE AB (publ)

556640-4769

Financial year

2024

The Board of Directors and Chief Executive Officer of MindArk PE AB (publ) hereby present the Annual Report for January 1st – December 31st 2024.

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 & marketing

In 2024, the global gaming industry's revenue hit 187 billion USD, an increase of 2% from the previous year according to NewZoo's 2024 Global Games Market Report. The number of gamers worldwide grew to 3.4 billion, up by 4.5% from the previous year. This growth is further supported by the number of paying gamers, which increased by 5% to 1.5 billion.

PC gaming led the revenue growth in the industry during 2024, with cross-platform releases, evergreen titles, and a lack of console content contributing to this. One of the key industry trends that continues this year is the integration of generative AI, reshaping the gaming landscape with innovative experiences and revolutionising development teams with advanced tools.

MindArk's work on generative AI throughout the year supports this perspective. This overall growth signifies the gaming industry's resilience and continued expansion. The horizon looks even brighter as forecasts suggest a climb to 213 billion USD in revenue by 2027, indicating an annual growth rate of 3.1% from 2022.

MindArk has established entirely new conditions for more effective marketing, which was tested and fine-tuned during the third and fourth quarters of 2024. The results from the autumn test period indicate significantly higher efficiency and accuracy compared to previous years. Starting from the second quarter of 2025, marketing efforts will be further intensified in conjunction with new technical releases. We are therefore optimistic about the growth in the number of new players and an increase in revenue in the coming financial year.

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 was previously the parent company of a group with three subsidiaries, EUSO AB, ARP Universe AB (publ) and Green Fund Finance Sweden AB. The liquidation of all subsidiaries has been completed. Going forward, MindArk is no longer a group and is no longer subject to consolidated accounts.

Employees

In 2024, MindArk averaged 39 employees, including nine women.

The company's acting CEO since March 2024 is Leif Evander Andersson. Other senior officials of the company are Magnus Ryme (Chief Technology Officer), Gunilla Krogh (Chief Financial Officer), Malin Gustafsson (Human Resources), Terrence Verlander (Chief Artificial Intelligence Officer) and Joe Martin (Director of Marketing).

Shares and shareholders

Ownership structure as at December 31, 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 December 31, 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**	19,34%	19,34%
Nordic Tender Holdings	3,49%	3,49%
Mindarkkoncernens Vinstandelsstiftelse	1,89%	1,89%
Kronboken	1,41%	1,41%
Lars Hammarström	1,26%	1,26%
<i>Others (About 900 shareholders)</i>	<i>37,72%</i>	<i>37,72%</i>
Totalt	100%	100%

*Close relative to founder Jan Welter Timkrans

**In person & via company

Number of shares

MindArk PE AB (publ) had 31,524,625 shares outstanding as of December 31, 2024. The quota value amounted to 0.05 SEK.

Significant Events During the Financial Year 2024

In 2024, Entropia Universe underwent significant technical advancements, with a focus on graphical upgrades, AI integration, and continued development within Unreal Engine 5.

The year began with the conclusion of the TWEN event and a major update to the game's user interface (UI), resulting in improved functionality and performance. On the visual front, substantial updates were made to armor designs, terrain textures, and vegetation, paving the way for a smooth transition to Unreal Engine 5. At the same time, advanced AI tools, including ChatGPT-4, were integrated to streamline internal development processes.

In the second quarter, AI-driven NPCs (Non-Player Characters) were introduced to the beginner area on Planet Calypso, enhancing the onboarding experience through interactive guidance. The Mayhem Resource event was launched, boosting in-game activity. Work on Unreal Engine 5 continued, with a focus on optimizing client-server communication.

The third quarter was marked by the launch of S.E.N.S.E. (Sensory Environment and Neural Synchronization Engine), which enhanced companion NPCs with contextual awareness and interactivity. Development began on a parallel Unreal client and supporting tools to enable the import of existing game worlds into the new engine. A major upgrade to C++20 was also completed, strengthening the backend infrastructure and laying the foundation for future improvements.

In the final quarter, the S.E.N.S.E. system was further expanded, allowing for more dynamic missions and deeper conversations with NPCs. Visual and audio effects were enhanced, and additional UI updates were implemented. Another key milestone was the launch of Rocktropia Deeds on the Entropia Exchange, opening new investment opportunities for players.

In summary, 2024 was a year of substantial technological progress. The ongoing transition to Unreal Engine 5, the integration of AI-driven systems, and the modernization of the game's infrastructure have strengthened Entropia Universe's foundation, positioning the platform for continued innovation and long-term growth.

Expected future development and significant risks and uncertainties

The company's development resources continue to leverage state-of-the-art AI systems to enhance all aspects of the business. This enables the company to further develop and balance game content and mechanics in a much more cost-effective manner, ensuring high customer satisfaction, increased user engagement, and attracting new customers. Additionally, the backend system is being modularized, with updates to modern databases to improve scalability, facilitate AI adaptation, and thereby accelerate the migration from the CryEngine 2 game engine to Unreal Engine 5.

Inflation, currency fluctuations, and interest rate changes have a direct impact on costs and revenues. Incoming payment flows are primarily in USD, while outgoing payments are mainly in SEK, meaning the company is significantly exposed to currency risks. More details on this can be found in the dedicated section on currency risk and financial instruments.

Political uncertainty and associated risks apply to MindArk, as they do to all companies.

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 unconsumed user holdings. The total amount of "Unconsumed user holdings" is an amount that fluctuates with the various activities within Entropia Universe. Over the past eight years, the percentage of deposits withdrawn by users has ranged from a minimum of 20.1% to a maximum of 26.5%. 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 are likely to be withdrawn should be recognized as a liability.

Unconsumed user holdings have somewhat increased during the year, from 140.5 million PED to 141 million PED, an increase of 0.5 million PED. However, the total amount increased significantly in SEK as the SEK/USD exchange rate has increased from 10.04 SEK/USD at the end of December 2023 to 11 SEK/ USD at the end of December 2024 (10 PED=1 USD). This resulted in an increase of 14 million in SEK, from 141.1 MSEK to 155.1 MSEK.

As of December 31, 2024, the total liability for unconsumed user holdings amounted to 141 million PED. The allocation percentage for unconsumed user holdings is calculated on the five-year average figure for withdrawals as a percentage of deposits. This results in allocation percentage for unconsumed user holdings of 22.7% (22.8% in Q3 2024). Based on this, the company estimates the real debt at the end of December 2024 to be 32 million PED which is equivalent to 35.2 MSEK.

Economic Development

Net revenue for the financial year 2024 amounted to 90.7 MSEK (122 MSEK). The significant decrease compared to the previous year is partly explained by a new policy for the provision of unconsumed user funds, introduced in the previous year, which resulted in a one-time effect of 11.7 MSEK in 2023. In addition, revenue was negatively impacted by a decline in activity within Entropia Universe. The average USD exchange rate for the year was in line with the previous year, 10.57 SEK/USD compared to 10.60 SEK/USD in 2023.

Capitalized work amounted to 20.8 MSEK (26.2 MSEK), while other operating income totalled 0.6 MSEK (1.9 MSEK). The previous year's other income primarily consisted of the sale of land deeds within Entropia Universe. Total revenue amounted to 112.1 MSEK (150 MSEK).

Total operating expenses for the company amounted to 102.6 MSEK, a significant decrease from the 129.7 MSEK recorded in the previous year. This reduction is largely attributable to a decrease in personnel costs by 23.9 MSEK compared to the previous year, following the full realization of cost savings from the company's reorganization. In addition to restructuring costs incurred in the prior year, the average number of employees decreased from 50 in 2023 to 39 in 2024. Furthermore, costs for external consultants were reduced by 3 MSEK, totalling 15.3 MSEK (18.3 MSEK).

Depreciation costs increased during the year to 18.4 MSEK (14.8 MSEK). This increase is

primarily related to capitalized development costs of 20.8 MSEK (26.2 MSEK), which resulted in an almost 3 MSEK increase in depreciation expenses compared to the previous year.

Financial items amounted to -3.5 MSEK (-1.1 MSEK), with the largest individual item being a negative currency adjustment of unconsumed user funds totalling -3.9 MSEK. This adjustment was due to the USD exchange rate rising from 10.04 SEK/USD at the end of 2023 to 11.00 SEK/USD at the end of 2024. This adjustment is accounting-related and does not impact the company's liquidity.

The result before tax and year-end appropriations amounted to 6 MSEK (19.2 MSEK). The tax on the year's result includes both corporate tax on profit and changes in deferred tax liabilities, which at the end of the period were attributable to temporary differences between book and tax values of the company's assets and liabilities.

Cash Flow and Financial Position

Cash and cash equivalents, including short-term investments, amounted to 33.5 MSEK (36.6 MSEK) at year-end. The decrease is attributable to investments in fixed assets, such as computers, servers, and planned investments in development costs.

Short-term investments in funds, interest-bearing securities, and similar financial instruments had a book value of 12 MSEK (9.6 MSEK) as of the last day of December. However, the market value at year-end was 14.4 MSEK.

The company has no interest-bearing debt.

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 2024, from 10.09 SEK per USD to a maximum of 11.02 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, 2024, which amounts to 11 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 six 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 fostering an inclusive and equitable corporate culture, guided by a Code

of Conduct that outlines employees' rights and responsibilities. Discrimination based on gender, social status, ethnicity, religion, age, disability, sexual orientation, nationality, or political views is not tolerated.

The company's commitment to an inclusive and equal work environment includes the following initiatives:

Diversity & Representation - MindArk strives to maintain a diverse workplace, where competence is the top priority and individuals of different ethnicities, cultures, and identities are valued as strengths. A variety of perspectives and experiences contribute to more effective development processes and a positive corporate culture.

Gender Equality - MindArk is actively engaged in promoting gender equality within the gaming industry. As part of this commitment, the company has chosen to be a Gold Partner of Donna Day and participates in annual networking events in collaboration with the University of Skövde. These events are designed to encourage more women and non-binary to pursue careers in game development. Through this partnership, female employees at MindArk attend networking events, deliver lectures, and participate in discussion forums.

Additionally, during the year, MindArk sponsored the Playgroundsquad Game Development Camp, which provided girls, non-binary individuals, and transgender youth aged 13 to 17 the opportunity to participate in a three-day event in June. Industry representatives held lectures and workshops to inspire and educate the participants.

Professional Development - MindArk offers its employees continuous professional development through scheduled "exploration days" and opportunities to attend relevant conferences and training programs. The company remains committed to its previously established guidelines regarding the advancement of AI usage in its workflows. MindArk continues to integrate AI at various levels to enhance efficiency and improve operational processes, with a focus on strengthening both individual and collective expertise in the field.

Employee Surveys - The company regularly conducts anonymous surveys to gauge employee well-being and workplace satisfaction. The results are used as a foundation to foster a positive work culture. In addition, regular employee dialogues are held to gain continuous insights into each individual's well-being and work situation.

Sustainability information

MindArk strives to operate a sustainable business, considering both climate impact and socially sustainable conditions for its employees.

Following the outbreak of the COVID-19 pandemic in 2020, the company adapted to new ways of working. Employees were encouraged to work from home whenever possible, and since then, MindArk has continuously improved its digital communication channels to facilitate efficient meetings, discussions, and collaborations. During the year, the company introduced a partial return to office presence to enhance teamwork and workflow. Compared to pre-pandemic levels, commuting and business travel remain significantly lower. Today, a large proportion of the company's internal and external meetings are conducted digitally.

MindArk's sustainability efforts place great emphasis on employee security, well-being, and a healthy work-life balance. The company offers flexible working hours where possible and is

actively committed to fostering an inclusive approach and equal working conditions for its employees. Currently, the company operates a hybrid work model, allowing employees to combine remote work with office presence.

Annual Meeting

The Annual General Meeting was held on March 27, 2024, 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 2023, 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 re-elected as Chairman of the board and regular member of the Board for the period until the next Annual General Meeting. Klas Moreau, Linus Norén and Leif Evander Andersson were re-elected as ordinary board members for the period until the next annual general meeting.

The company's CEO Henrik Nel Jerkrot also announced his resignation, and the Chairman of the Meeting announced that Board member Leif Evander Andersson would take over as acting CEO.

Final Words

During the financial year 2024, MindArk has continued to navigate a challenging yet transformative period. The company's operations have been marked by both progress and difficulties. Despite a decline in revenue compared to the previous year, the company has implemented key changes that lay the foundation for a future-proof and innovative Entropia Universe.

The company ends the year with a strong balance sheet and a stable financial position. The management of MindArk's surplus liquidity has yielded a solid return during the year. The book value of cash and short-term investments amounted to 33.5 MSEK, while the actual market value stood at 35.9 MSEK at year-end. Coupled with the fact that the company has no interest-bearing debt, this provides MindArk with a highly stable position heading into the new year.

Looking ahead, MindArk's focus remains on developing innovative solutions for existing users while expanding its reach to new audiences. The company is optimistic about 2025 and looks forward to gradually unveiling a completely reimagined Entropia Universe.

Multiple Years Summary (TSEK)

	2024	2023	2022	2021	2020
Net sales	90 668	121 956	92 799	81 201	80 252
Profit after amortization	9 490	20 284	21 358	21 331	18 255
Profit after financial items	6 035	19 191	12 047	18 504	25 339
Net profit for the year	4 872	18 969	7 237	13 922	17 231
Total assets	155 489	152 355	154 227	144 363	128 260
Equity	91 891	87 019	68 050	65 124	58 387
Fixed assets	112 999	107 026	99 432	81 494	72 485

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	-44 524 007
Shared premium reserve	33 950 695
Net profit for the year	4 872 155
	-5 701 157
Disposed of so	
Amount carried forward	-5 701 157
	-5 701 157

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.

Income Statement

	Not 1	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Net sales	3	90 668 048	121 956 396
Capitalized work		20 847 873	26 204 687
Other income		592 766	1 858 171
		112 108 687	150 019 254
Operating expenses			
Other external costs	4, 5	-44 232 754	-51 055 222
Personnel costs	6	-39 966 152	-63 883 911
Amortization and depreciation	7	-18 420 239	-14 795 702
		-102 619 145	-129 734 835
Operating profit		9 489 542	20 284 419
Financial items			
Profit from participation in group companies		-1 029	96 472
Profit from other securities and receivables accounted for as non-current assets	8	680 302	-1 067 794
Other interest income and similar items	9	466 084	155 149
Interest cost and similar items		-747 710	-85 239
Exchange rate differences	10	-3 852 075	-192 003
		-3 454 428	-1 093 415
Profit after financial items		6 035 114	19 191 004
Transfers to/from untaxed reserves	11	0	5 162 000
Net profit before tax		6 035 114	24 353 004
Income tax	12	-1 162 959	-5 384 370
Net profit		4 872 155	18 968 634

Balance Sheet

	Not 1	2024-12-31	2023-12-31
Assets			
Non-current assets	20		
<i>Intangible assets</i>			
Entropia Platform and Entropia Universe	13	103 628 003	98 514 644
Other intangible assets	14	5 819 609	4 231 629
		109 447 612	102 746 273
<i>Tangible assets</i>			
Equipment, installation and computer hardware	15	3 550 205	2 934 239
<i>Financial assets</i>			
Shares in subsidiaries		0	1 142 500
Other long-term securities	16	700	202 500
Other long-term receivables		700	1 345 000
		112 998 517	107 025 512
Total non-current assets			
Current assets			
	17		
Stock-in-trade		90 228	100 030
Commercial goods		0	36
Advanced to suppliers		90 228	100 066
Short-term receivables		445 219	388 403
Account receivables	18	1 349 545	2 165 994
Current tax receivables		3 711 212	0
Other receivables		788 178	3 191 373
Prepaid expenses and accrued income	19	2 631 124	2 900 827
		8 925 278	8 646 597
<i>Short-term investments</i>			
Other short-term investments		11 951 039	9 594 407
<i>Cash and bank balances</i>			
Total current assets		21 523 758	26 988 502
		42 490 303	45 329 572
Total assets		155 488 820	152 355 084

Balance Sheet

	Not 1	2024-12-31	2023-12-31
Equity and liabilities			
Equity	23, 24		
Restricted equity			
Share capital		1 576 231	1 576 231
Revaluation reserve	25	16 102 320	18 786 040
Restricted reserves		50 000	50 000
Fund for development		79 863 743	71 370 384
		97 592 294	91 782 655
Non-restricted equity			
Share premium reserve		33 950 695	33 950 695
Profit brought forward		-44 524 007	-57 683 002
Net profit		4 872 155	18 968 634
		-5 701 157	-4 763 673
Total equity		91 891 137	87 018 982
Untaxed reserves	26	0	0
Allocations			
Allocation unconsumed user holdings	27	35 204 148	33 003 129
Estimated deferred tax		10 276 448	9 897 168
Total allocations		45 480 596	42 900 297
Long-term liabilities			
Other liabilities		48 788	44 530
Short-term liabilities			
Accounts payable		1 445 231	2 739 515
Liabilities group companies		0	1 099 701
Current tax liabilities		0	109 527
Other liability		6 006 479	4 404 757
Accrued expenses and prepaid income	29	10 616 589	14 037 775
Total short-term liabilities		18 068 299	22 391 275
Total equity and liabilities		155 488 820	152 355 084

Statement of Cash Flows

	Not 1	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Operating activities			
Operating profit before financial items		9 489 542	20 284 418
Adjustment for depreciation		18 420 239	14 795 702
Adjustments for other non-cash items, etc.	28	-23 371 519	-40 178 104
Interest received		466 084	155 850
Interest paid		0	-70 599
Income tax paid		-4 604 418	-5 515 802
Increase/decrease in inventories		9 838	55 887
Increase/decrease in trade receivables		-56 816	21 146
Increase/decrease in other current receivables		566 761	4 871 150
Increase/decrease in trade payables		-1 294 284	-1 418 219
Increase/decrease in other current operating liabilities		-3 666 876	3 068 131
Cash flow from operating activities		-4 041 449	-3 930 440
Investment activities	20		
Investments in intangible assets		0	-206 581
Investments in tangible fixed assets	21	-1 957 971	-770 533
Liquidation of subsidiaries		1 141 471	0
Disposal/amortisation of other financial fixed assets		0	3 727
Increase/decrease in short-term financial investments		-1 474 530	-625 000
Cash flow from investing activities		-2 291 030	-1 598 387
Cash flow for the period		-6 332 479	-5 528 827
Cash and cash equivalents at end of period		26 988 503	32 750 266
Exchange difference in cash and cash equivalents		867 734	-232 936
Cash and cash equivalents at end of period	22	21 523 758	26 988 503

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 accounting policies are unchanged from the previous year.

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	7,41-15,38 %
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.

Over the last 8 years, at least 20.1% of the funds deposited have been withdrawn by users and at most 26.5%. 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.

Note 3 Net sales

	2024	2023
Net sales by geographical market		
Sweden	8 309 223	11 746 796
EU except Sweden	35 014 059	47 103 060
Rest of the world	47 344 766	63 106 540
	90 668 048	121 956 396

Note 4 Leasing agreements

In the financial statements, operational leasing primarily consists of rented property. The lease agreement for the Swedish property runs for six years, with an option for the company to extend for additional periods. The current lease agreement expires on December 1, 2028, and as of December 1, 2025, the company has the right to vacate 240 square meters. This option has been exercised, and the 240 square meters have been terminated. The future lease payments are based on the development of the consumer price index (CPI). The base rent is adjusted according to the index value for the month of October during the relevant period.

If the index value in any subsequent October increases compared to the base value, an additional charge will apply based on the percentage change in the index. Going forward, adjustments will be made in relation to index changes, with rent adjustments calculated based on the percentage difference between the base index and the index value for each respective October.

The adjusted rent will never be lower than the amount specified in the contract. Rent adjustments always take effect from January 1 of the year following the October index change.

The total lease expenses recognized for the year amount to 5.9 MSEK. The cost exceeded previous estimates due to a higher-than-expected rent increase, as well as additional charges from the property owner for waste management, which proved to be more extensive than originally anticipated.

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

	2024	2023
Within one year	6 775 296	5 017 628
Later than one year but within five years	17 339 612	20 462 018
Later than five years	0	0
	24 114 908	25 479 646

Note 5 Fees to auditors

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.

	2024	2023
PWC		
Audit engagements	650 300	721 475
Audit activities other than the audit engagement	140 100	18 600
	790 400	740 075

Note 6 Employees and personnel costs

	2024	2023
Average employees		
Women	9	10
Men	30	40
	39	50
Salaries and other remuneration		
Board of Directors and Chief Executive Officer	2 789 383	1 845 093
Other employees	22 802 327	42 154 930
	25 591 710	44 000 023
Social costs		
Pension costs for the Board of Directors and Chief Executive Officer	224 471	305 844
Pension costs for other employees	3 163 615	3 854 703
Other social security contributions according to law and agreements	10 288 367	14 277 511
	13 676 453	18 438 058
Total salaries, remuneration, social security and pension costs	39 268 163	62 438 081
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	33 %	43 %
Proportion of men among other senior executives	67 %	57 %

Note 7 Amortisation and depreciation

Fixed assets are depreciated according to plan over their expected useful life, taking into account any significant residual value. The following depreciation rates are applied:

Intangible assets

Entropia Platform and Entropia Universe	7,41-15,39 %
Other intangible assets	20 %

Tangible fixed assets

Equipment	20 %
Installations	20 %
Computer hardware	20-33,33 %

Note 8 Profit from other securities and receivables accounted for as non-current assets

	2024	2023
Exchange rate differences	0	956 149
Gains and losses on disposals	919 589	0
Unrealized change in value of securities	-37 487	135 225
Impairment losses	-201 800	-2 159 168
	680 302	-1 067 794

Note 9 Other interest income and similar items

	2024	2023
Other interest income	466 084	155 850
Exchange rate differences (server room Interxion)	0	-701
	466 084	155 149

Note 10 Exchange rate differences

	2024	2023
Exchange rate difference on change in unconsumed user holdings	-4 724 665	40 936
Other exchange rate differences	872 590	-232 939
	-3 852 075	-192 003

The reason for the large currency difference is that the company has made a currency adjustment on unconsumed user holdings. The exchange rate at year-end 2023 was 10.04 SEK/USD and at year-end 2024 the exchange rate was 11 SEK/USD. The reason for the negative exchange rate

difference is that unconsumed user holdings have somewhat increased during the financial year 2024 and then the consequence is that an increased exchange rate affects the company negatively. See more in the note Allocation unconsumed user holdings.

Note 11 Appropriations for the financial year

	2024	2023
Group contributions received	0	62 000
Reversal of tax allocation reserves	0	5 100 000
	0	5 162 000

Note 12 Current and deferred tax

	2024	2023
Tax on profit for the year		
Current tax	-783 679	-4 474 612
Change in deferred tax relating to temporary differences	-379 280	-909 758
Tax on profit for the year	-1 162 959	-5 384 370

Reconciliation of effective tax

	2024		2023	
	Percent	Amount	Percent	Amount
Reported result before tax		6 035 114		24 353 005
Tax calculated at the current tax rate	20,60	-1 243 233	20,60	-5 016 719
Tax effect of non-deductible expenses	1,86	-112 252	4,82	-1 173 383
Tax effect of non-taxable income	-3,19	192 524	-3,48	848 360
Standard income on tax allocation reserve	0	0	0,18	-42 630
Reported tax expense	19,27	-1 162 959	22,11	-5 384 370

Note 13 Entropia Platform and Entropia Universe

	2024-12-31	2023-12-31
Opening acquisition values	100 808 219	74 603 532
Acquisition cost for the year	20 847 873	26 204 687
Closing accumulated cost	121 656 092	100 808 219
Opening depreciation	-25 953 575	-16 545 430
Depreciation for the year	-12 354 514	-9 408 145
Closing accumulated depreciation	-38 308 089	-25 953 575
Opening revaluations	23 660 000	27 040 000
Amortisation for the year on revalued amount	-3 380 000	-3 380 000
Closing accumulated revaluations	20 280 000	23 660 000
Closing book value	103 628 003	98 514 644

Note 14 Other intangible assets

	2024-12-31	2023-12-31
Opening acquisition values	5 008 440	66 640
Purchases	2 931 700	4 941 800
Closing accumulated acquisition values	7 940 140	5 008 440
Opening depreciation	-776 811	-22 213
Depreciation for the year	-1 343 720	-754 598
Closing accumulated depreciation	-2 120 531	-776 811
Closing book value	5 819 609	4 231 629

Note 15 Equipment, installations and computers

	2024-12-31	2023-12-31
Opening acquisition values	18 675 786	17 905 253
Purchases	1 957 971	770 533
Closing accumulated acquisition values	20 633 757	18 675 786
Opening depreciation	-15 741 547	-14 488 588
Depreciation for the year	-1 342 005	-1 252 959
Closing accumulated depreciation	-17 083 552	-15 741 547
Closing book value	3 550 205	2 934 239

Note 16 Other long-term securities holdings

Refers to shareholding in Manomotion AB. In 2024, this shareholding has been impaired.

	2024-12-31	2023-12-31
Opening acquisition values	2 759 168	2 759 168
Closing accumulated cost	2 759 168	2 759 168
Opening impairment losses	-2 556 668	-397 500
Impairment losses for the year	-201 800	-2 159 168
Closing accumulated impairment losses	-2 758 468	-2 556 668
Closing carrying amount	700	202 500

Note 17 Stock-in-trade

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

Note 18 Receivables from payment providers

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 19 Prepaid expenses and accrued income

	2024-12-31	2023-12-31
License costs	1 011 093	942 159
Rental costs	611 085	735 374
User support and partner support	191 100	449 737
Other prepaid expenses	817 846	773 557
2 631 124	2 900 827	

Note 20 Investments in fixed assets

The capitalization in the balance sheet of salary and consulting costs for the development of Entropia Universe amounts to 20.8 MSEK (26.2 MSEK) for the 2024 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 Rocktropia. The purchase was mainly financed through offsetting against older accounts receivable.

Other investments consist mainly of computers and servers for about 2 MSEK.

Note 21 Investments in tangible fixed assets

	2024-12-31	2023-12-31
Acquisition of tangible fixed assets		
Change in the item in the balance sheet	-615 966	482 426
Depreciation for the year according to plan	-1 342 005	-1 252 959
Acquisition of tangible fixed assets	-1 957 971	-770 533

Note 22 Cash and cash equivalents

	2024-12-31	2023-12-31
Cash and cash equivalents		
Cash and cash equivalents	21 523 758	26 988 502
	21 523 758	26 988 502
Interest paid		
Interest paid during the period	0	-70 599
Interest received during the period	466 084	155 850

Note 23 Number of shares and quota value

Name	Number share	Quota value
Number of A-Shares	31 524 625	0,05
	31 524 625	

Note 24 Net profit

	2024-12-31
Proposal for the treatment of accumulated losses	
The Board of Directors proposes that the accumulated loss:	
accumulated loss	-44 524 007
share premium account	33 950 695
profit for the year	4 872 155
	-5 701 157
be treated as follows	
carried forward	-5 701 157
	-5 701 157

Note 25 Revaluation reserve

	2024-12-31	2023-12-31
Amount at beginning of year	18 786 040	21 469 760
Amortisation of revalued assets	-3 380 000	-3 380 000
Change in deferred tax	696 280	696 280
Amount at the end of the year	16 102 320	18 786 040

Note 26 Untaxed reserves

	2024-12-31	2023-12-31
Tax effect of standardised interest rate on tax allocation reserve	0	20 382

Note 27 Allocation

	2024-12-31	2023-12-31
Deferred tax liability		
Amount at beginning of year	9 897 168	8 987 410
Allocation for the year	1 075 560	1 606 038
Amounts reversed during the year	-696 280	-696 280
	10 276 448	9 897 168
Allocation for unconsumed user holdings		
Amount at beginning of year	33 003 129	47 058 538
Allocation for the year	2 201 019	0
Amounts reversed during the year	0	-14 055 409
	35 204 148	33 003 129

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 have somewhat increased during the year, from 140.5 million PED to 141 million PED, an increase of 0.5 million PED. However, the total amount increased significantly in SEK as the SEK/USD exchange rate has increased from 10.04 SEK/USD at the end of December 2023 to 11 SEK/ USD at the end of December 2024 (10 PED=1 USD). This resulted in an increase of 14 million in SEK, from 141.1 MSEK to 155.1 MSEK

As of December 31, 2024, the total liability for unconsumed user holdings amounted to 141 million PED. The allocation percentage for unconsumed user holdings is calculated on the five-year average figure for withdrawals as a percentage of deposits. This results in allocation percentage

for unconsumed user holdings of 22.7% (22.8% in Q3 2024). Based on this, the company estimates the real debt at the end of December 2024 to be 32 million PED which is equivalent to 35.2 MSEK.

Note 28 Adjustment for other non-cash items, etc

	2024-12-31	2023-12-31
Capitalized work expenditure	-20 847 873	-26 204 687
Change in unconsumed user funds	-2 523 646	-14 055 409
Exchange rate adjustment for promissory notes	0	30 651
Exchange rate adjustment unspent user funds	0	40 936
Exchange rate adjustment deposit server hall	0	10 405
	-23 371 519	-40 178 104

Note 29 Accrued expenses and prepaid income

	2024-12-31	2023-12-31
Accrued salaries	475 645	4 570 071
Accrued holiday pay	1 477 180	1 923 471
Accrued pensions	99 630	6 704
Accrued employer's contributions	613 577	2 040 269
Accrued consultancy fees	183 348	191 608
Accrued withdrawals (requested by users but not yet paid)	6 112 833	4 798 134
Estimated accrued cost for fixed payment periods	581 982	0
Other accrued expenses	1 072 394	507 517
	10 616 589	14 037 774

Note 30 Pledged assets

Refers to corporate mortgages with SEB.

	2024-12-31	2023-12-31
Business mortgage	3 000 000	3 000 000
	3 000 000	3 000 000

Note 31 Significant events after the end of the financial year

No significant events after the end of the financial year.

Gothenburg March 26, 2025

Björn Dierks

Linus Norén

Björn Dierks
Chairman

Linus Norén
Board member

Klas Moreau

Leif Evander Andersson

Klas Moreau
Board member

Leif Evander Andersson
Board member & Acting CEO

My audit report concerning this annual report has been issued on March 26, 2025.
Öhrlings PricewaterhouseCoopers AB

Konstantin Belogorcev

Konstantin Belogorcev
Auktoriserad revisor