

Annual Report

for

Mindark PE AB (publ)

556640-4769

Financial year

2025

The Board of Directors and Chief Executive Officer of MindArk PE AB (publ) hereby present the Annual Report for January 1st – December 31st 2025.

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 and Marketing

In 2025, the global gaming industry is expected to generate revenues of 188.8 billion USD, representing growth of 3.4% compared to 2024, according to Newzoo's Global Games Market Report 2025. The global number of players is estimated to reach 3.6 billion. Concurrently, growth in the number of paying users continues to exceed revenue growth, which underscores the increasing importance of player retention, engagement, and effective monetization in a more mature market.

During the year, the console segment was the fastest-growing segment, while PC gaming continued to develop steadily, driven by increased usage in Asia and continued demand for premium titles. The Gaming Industry remains characterized by a strong focus on live services, post-launch content, and improved production efficiency. According to Newzoo, generative AI and related AI tools continued to shape the industry during 2025, both in game development and in adjacent areas such as analytics, content creation, and player-facing features.

The company has integrated AI into large parts of the development process and strengthened its ability to develop, analyze, and further develop Entropia Universe in a more scalable and efficient manner. This reinforces the view that the gaming industry is resilient and continues to develop despite a more selective and competitive market environment. Newzoo forecasts that the global gaming market will reach 206.5 billion USD by 2028, representing an annual growth rate of 3.0% from 2025.

In 2025, MindArk also established new conditions for more effective marketing and user acquisition through an expanded presence on Steam, a redesigned website, continuous video content, more frequent updates, and a stronger focus on the new-player experience. While the total number of newly created user accounts decreased compared with the previous year, these initiatives contributed to a significantly improved conversion rate - the proportion of newly acquired users who became active users more than doubled during the fourth quarter. Overall, the number of new active users in Q4 2025 increased by approximately 65 percent compared with Q4 2024.

Combined with the company's continued focus on expanding its user base within its real-cash economy, accelerating global marketing efforts, and increasing the pace of technological innovation, this provides a solid foundation for future growth.

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 by traditional computer game entertainment but also by the potential to earn 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 in the content that 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.

A further differentiating factor is that MindArk has developed and refined the economic system underpinning Entropia Universe over a long period of time. At the same time, the concept of the metaverse gained substantial traction, particularly during 2021-2022.

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 into 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 to the user's bank account). The minimum withdrawal amount is 1000 PED, which is equivalent to 100 USD.

Users are engaged not only by traditional computer game entertainment but also by the potential to earn money through revenue-generating activities. This further contributes to increased activity in Entropia Universe and increased revenues for MindArk.

Employees

In 2025, MindArk averaged 42 employees, including nine women.

The company's Chief Executive Officer is, as of April 2025, Leif Evander Andersson. Other senior executives in the company are Magnus Ryme (Chief Technology Officer), Gunilla Krogh (Chief Financial Officer), Mats Kling (Chief Information Officer), Malin Gustafsson (Human Resources), Terrence Verlander (Chief Artificial Intelligence Officer) and Joe Martin (Director of Marketing).

Shares and shareholders

Ownership relations as of 31 December 2025

MindArk PE AB (publ), registration number 556640-4769, is a public company listed on the Spotlight Stock Market since January 27, 2023. The share has the ISIN code SE0019354358 and is traded under the ticker MNDRK. The ownership overview shows the relationships as of 31 December 2025. The information is obtained from Euroclear Sweden who manages the company's share register.

Shareholder	Shares	Votes
Tetiana Karunna*	34,89%	34,89%
Fam. Bothén**	18,92%	18,92%
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>	38,14%	38,14%
Total	100%	100%

*Close relative to founder Jan Welter Timkrans

**Privat & via bolag

MindArk PE AB (publ) had 31,524,625 shares outstanding as of December 31, 2025. The quota value is 0.05 SEK.

Significant Events During the Financial Year

During 2025, MindArk carried out technical development work in Entropia Universe with a focus on gameplay experience, accessibility, development processes, and technical infrastructure. During the year, updates were made to the game's content and functionality, including a reworking of the space area through the Howling Universe update, AI-supported missions via NPCs, and expanded social features for player interaction. The company also initiated work on improving the introduction for new players through new starter packs, updated interfaces, and new starting zones.

During the year, Entropia Universe was localized into 49 languages. The game was also launched on Steam during the third quarter. In connection with this, a new onboarding experience was introduced featuring the planet and starting zone Setesh, with improved graphics, more missions, and a modernized introduction to the game world. Work on the beginner experience also continued during the fourth quarter through further development of missions, areas, and navigation features.

The company also continued to develop AI-based systems for gameplay experience and internal analysis. Development of Celest AI continued during the year, and the system is used for analysis and optimization of the game's real-cash economy, including the identification of imbalances, analysis of relationships between in-game items, and identification of items and features that need to be adjusted or improved. AI-supported solutions were also used for multilingual support, NPC interactions, and tools for customizing avatar appearance.

During the year, investments were also made in platform and infrastructure. This included an upgrade of the server infrastructure and the initiation of a migration of the user interface to Chromium Embedded Framework (CEF) during the fourth quarter. The company also launched an updated avatar creation system and carried out a modernization of its online presence and its automated development workflows.

Expected future development and significant risks and uncertainties

Future development and technical transformation

During the fiscal year 2025, the company has accelerated the integration of advanced AI systems across all business areas. The focus has shifted from implementation to optimization, enabling a high degree of automation in content creation and balancing of game mechanics. This strengthens the company's ability to quickly meet player expectations and ensure stable user growth in a competitive market.

The migration project from CryEngine 2 to Unreal Engine 5 has reached a stage where the modularization of backend systems and the modernization of the database infrastructure are now delivering measurable effects in the form of increased scalability. By leveraging AI-driven migration tools, the company has been able to shorten lead times and lower the technical barriers to transition, laying the foundation for a future-proof platform with significantly lower maintenance costs.

Significant risks and uncertainties

MindArk's business is subject to a number of risk factors that may affect the company's results and financial position:

- **Currency risks:** The company has significant exposure to exchange rate fluctuations, as the main revenues are generated in USD while the cost base is largely in SEK. Volatility in the currency market has a direct impact on the company's cash flow and margins. Detailed information on the management of these risks can be found in the section "MindArk's currency exposure".
- **Technical execution:** The transition to a new game engine entails technical risks that may affect schedules and resource utilization. The company actively works to minimize risk through agile development methods and continuous validation of the system architecture.
- **External factors:** Political uncertainty, changes in regulatory requirements for digital currencies, and global trading patterns constitute general risk factors that the company continuously monitors in order to take adequate measures.

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% in average per year. 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. The portion of unconsumed user holdings that is likely to be withdrawn is recognized as a provision. The remaining funds deposited are recognized as revenue.

Unconsumed user holdings have increased during the year, from 141 million PED at year-end 2024 to 148.1 million PED at year-end 2025, an increase of 7.1 million PED. However, the total amount decreased significantly in SEK as the SEK/USD exchange rate decreased from 11 SEK/USD at the end of December 2024 to 9.20 SEK/USD last December 2025 (10 PED = 1 USD). This resulted in a decrease of 18.8 MSEK, from 155.1 MSEK to 136.3 MSEK.

As of December 31, 2025, the total liability for unconsumed user holdings amounted to 148.1 million PED (141 MPED). 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 an allocation percentage for unconsumed user holdings of 22.8% (22.7% in 2024). Based on this, the company estimates the real debt at the end of December 2025 to be 33.8 million PED (32 MPED) which is equivalent to 31.1 MSEK (35.2 MSEK).

Economic Development

During the fiscal year 2025, net revenue amounted to 78.4 MSEK (90.7 MSEK), representing a decrease of 12.3 MSEK compared to the previous year. The decline is explained by two main factors. First, activity in Entropia Universe decreased by approximately 15%, which directly impacted revenues. Second, the exchange rate had a clear negative effect, as the company's revenues are linked to USD since Entropia Universe's in-game currency, PED, is directly linked to the US dollar (10 PED = 1 USD). The average USD exchange rate during the year was 9.82 SEK/USD, which is 6.7% lower than 2024 (10.53 SEK/USD). This means that revenues in USD were converted to fewer Swedish kronor than the previous year.

In addition to net revenue, the company's total revenues were affected by capitalized

development costs amounting to 21.9 MSEK (20.8 MSEK) and other operating income of 0.4 MSEK (0.6 MSEK). Total revenues amounted to 100.7 MSEK (112.1 MSEK).

On the cost side, external costs decreased to 33.8 MSEK (44.2 MSEK), representing a decrease of 10.4 MSEK. The decrease is primarily attributable to lower costs for external consultants.

Personnel costs increased at the same time to 48.4 MSEK (40.0 MSEK), an increase of 8.4 MSEK. The increase is partly explained by the average number of employees rising to 42 (39), and partly by the company incurring costs related to a reorganisation during the year.

Depreciation increased to 22.1 MSEK (18.4 MSEK). The explanation is primarily that the company has a large share of capitalized development expenses, and that this year's capitalizations of 21.9 MSEK (20.8 MSEK) resulted in higher depreciation. The depreciation attributable to these expenditures increased by approximately 3.4 MSEK compared to the previous year.

In total, the company's total operating costs amounted to 104.3 MSEK (102.6 MSEK), which is approximately 1.7 MSEK higher than the previous year. This means that the operating result weakened compared to 2024.

Financial items amounted to 6.2 MSEK (-3.5 MSEK) and contributed positively to the year's result. The largest individual item was a positive exchange rate adjustment of unconsumed user holdings of 4.4 MSEK. The adjustment arose because the USD exchange rate declined from 11.00 SEK/USD at the end of 2024 to 9.2 SEK/USD at the end of 2025. The effect is of an accounting nature and does not impact the company's liquidity. In addition, financial income of approximately 1.1 MSEK from short-term investments in an endowment insurance was recognized, as well as 1.1 MSEK in currency gains on forward contracts.

The profit before tax and appropriations amount to 2.6 MSEK (6.0 MSEK). Income tax refers to both current tax on the year's result and changes in deferred tax liability. The deferred tax liability at the end of the period relates to temporary differences between reported and tax values of the company's assets and liabilities.

Cash Flow and Financial Position

Cash and cash equivalents including short-term investments at the end of the year amounts to 25.3 MSEK (33.5 MSEK). The decrease is attributable to investments in fixed assets, such as computers and servers as well as planned investments in development costs. Short-term investments in funds, interest-bearing securities, and similar financial instruments had a carrying amount at the end of December of 10.1 MSEK (12 MSEK). The company has no interest-bearing debt.

MindArk's currency exposure

All economic transactions within Entropia Universe take place in the virtual in-game currency PED. All exchange transactions to and from 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 2025, from 9.15 SEK per USD to as high as 11.29 SEK per USD. Deposits to MindArk's bank accounts (directly or via payment intermediaries) in foreign currency, primarily USD, are converted to SEK according to the current daily rate. The company's revenues are converted from PED via USD to SEK using the average USD exchange rate for the month. Assets and liabilities

in foreign currency have been converted at the rate as of December 31, 2025. The currency with the greatest impact on the company is USD, which amounted to 9.20 SEK per USD at year-end.

With large fluctuations in the exchange rate between SEK and USD, it leads to large variations in MindArk's reported revenues during the year. The company enters into forward contracts 12 months ahead at least 50% of the currency inflow in USD to be converted into SEK, i.e., what remains after the company's payments in USD are made. This currency policy means that the company significantly reduces its currency exposure.

Other policy-related work

MindArk stands for an inclusive and equitable culture and there is a code of conduct containing guidelines for employees' rights and obligations. Discrimination based on gender, social status, ethnicity, religion, age, disability, sexual orientation, nationality, or political views is not tolerated.

The company's work for an inclusive and equitable culture includes, among other things, the following:

Diversity and representation - MindArk strives to maintain a diverse workplace with competence as the highest priority where people with different ethnicity, culture, and identity are seen as a strength. Different perspectives and experiences lead to more effective development work and a positive corporate culture.

Gender Equality - MindArk is actively engaged in promoting gender equality in the gaming industry. During the year, the company chose to sponsor GameDev GBG, a community for game developers and gaming enthusiasts in the Gothenburg area. Several events were held, including a number of game jams for women and non-binary individuals organized by Gothenburg Gaming Girls (GGG), with support from GameDev GBG.

Skills development - MindArk's employees are offered continuous development and the opportunity to participate in relevant conferences and training. The company continues to integrate AI at all levels of the organization to streamline and improve work processes, with a focus on strengthening both individual and collective competence in the field. Workshops on AI usage have been held regularly throughout the year.

Sustainability information

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

The company's policy for mandatory office attendance has been at least two days per week during the year. However, for certain functions, office attendance is required all working days. The company believes that some physical office presence promotes collaboration and effective workflows. This hybrid model with both office work and remote work contributes to keeping commuting to and from the office at a low level. Business travel has also been limited, and a large proportion of the company's meetings, both internal and external, are now conducted digitally.

MindArk's sustainability efforts place great emphasis on employee security, well-being, and opportunities for a good work-life balance. The company offers, to the extent that operations allow, flexible working hours and actively works for an inclusive approach and equal working conditions for its employees. The hybrid model with office work and remote work also helps to promote a good balance between employees' work and personal life.

Annual Meeting

The annual Meeting was held at the company's premises on Masthamngatan, Gothenburg, on April 23, 2025. In addition to the decision to adopt the previous year's accounts and discharge from liability for all persons who served as board members or CEO in the company during 2024, elections were made to the board of directors.

The meeting decided that the Board should consist of four members and no alternates until the next Annual Meeting. Björn Dierks was re-elected as Chairman of the Board and as a board member until the next Annual Meeting. Klas Moreau, Karl Linus Norén, and Leif Åke Evander Andersson were re-elected as ordinary board members for the period until the next AGM. Leif Evander Andersson further announced that he had assumed the position of CEO earlier that same day, having served as the company's acting CEO since March 2024.

Closing remarks

2025 was the year in which we redefined MindArk for the next decade. Against the backdrop of a more volatile market environment and changing player behavior, we implemented the structural changes necessary not only to remain relevant, but to lead development in an AI-driven gaming industry.

Strong financial foundation for transformation

At year-end 2025, the company's cash and cash equivalents, including short-term investments, amounted to 25.3 MSEK, compared with 33.5 MSEK in the previous year. The company has no interest-bearing debt. The Board of Directors considers this to provide the conditions necessary to conduct the planned operations and carry out prioritized development initiatives.

From a traditional to an AI-focused organization

During the autumn and winter, we carried out the most extensive organizational transformation in the company's history. We transitioned from siloed functions to a project-driven matrix

organization with AI at its core. The traditional development team was significantly reduced, while we tripled our AI team with highly qualified specialists.

The financial effects of the transformation, primarily lower personnel costs, are expected to begin to materialize during the spring of 2026 and to have a greater impact after the summer of 2026. This is expected to result mainly from more efficient resource utilization, gradually shorter development lead times, automated testing, and intelligent content generation.

AI-driven business model throughout the value chain

During 2025, the company continued to integrate AI-supported ways of working into development, analysis, and content production. This work was combined with investments in platform and infrastructure, including the further development of AI-based systems, modernization of the company's web presence and automated development workflows, as well as the initiation of the migration of the user interface to Chromium Embedded Framework (CEF). The company enters 2026 with a continued focus on more efficient workflows, prioritized product development, and a technically sustainable long-term platform.

**Multiple Years Summary
(tkr)**

	2025	2024	2023	2022	2021
Net sales	78 379	90 668	121 956	92 799	81 201
Profit after amortization	-3 581	9 490	20 284	21 358	21 331
Profit after financial items	2 645	6 035	19 191	12 047	18 504
Net profit for the year	2 181	4 872	18 969	7 237	13 922
Total assets	150 620	155 489	152 355	154 227	144 363
Equity	94 073	91 891	87 019	68 050	65 124
Non-current assets	114 605	112 999	107 026	99 432	81 494

For definitions of key ratios, see Supplementary disclosures & accounting principles

The Board's proposed appropriation of profits

The Board of Directors proposes that the retained losses (kronor):

retained losses	-43 072 179
share premium reserve	33 950 695
net profit for the year	2 181 488
	-6 939 996

Be disposed of as follows

dividends to shareholders	0
amount carried forward	-6 939 996
	-6 939 996

The company's results and position otherwise are evident from the following income statement and balance sheet as well as cash flow analysis with notes.

Income Statement

	Note	2025-01-01 -2025-12-31	2024-01-01 -2024-12-31
	1, 2		
Net sales	3	78 378 863	90 668 048
Capitalized work		21 871 119	20 847 873
Other income		433 051	592 766
		100 683 033	112 108 687
Operating expenses			
	4		
Other external costs	5	-33 796 919	-44 232 754
Personnel costs	6	-48 370 776	-39 966 152
Amortization and depreciation	7	-22 096 688	-18 420 239
		-104 264 383	-102 619 145
Operating profit		-3 581 350	9 489 542
Financial items			
Profit from participation in group companies		0	-1 029
Profit from other securities and receivables accounted for as non-current assets	8	762 827	680 302
Other interest income and similar items	9	160 981	466 084
Interest cost and similar items		-209 656	-747 710
Exchange rate differences	10	5 512 058	-3 852 075
		6 226 210	-3 454 428
Profit after financial items		2 644 860	6 035 114
Net profit before tax		2 644 860	6 035 114
Income tax	11	-463 372	-1 162 959
Net profit		2 181 488	4 872 155

Balance Sheet

Note
1, 2

2025-12-31

2024-12-31

Assets

Non-current assets

Intangible assets

Entropia Platform and Entropia Universe

12

106 352 050

103 628 003

Other intangible assets

13

4 231 581

5 819 609

110 583 631

109 447 612

Tangible fixed assets

Equipment, installation and computer hardware

14

4 021 071

3 550 205

Financial assets

Other long-term securities

15

700

700

Total non-current assets

114 605 402

112 998 517

Current assets

Stock-in-trade

Commercial goods

16

76 381

90 228

Short-term receivables

Accounts receivables

435 921

445 219

Receivables from payment providers

17

1 434 069

1 349 545

Current tax receivables

3 898 422

3 711 212

Other receivables

455 170

788 178

Prepaid expenses and accrued income

18

4 444 822

2 631 124

10 668 404

8 925 278

Short-term investments

Other short-term investments

10 077 470

11 951 039

Cash and bank balances

15 192 674

21 523 758

Total current assets

36 014 929

42 490 303

Total assets

150 620 331

155 488 820

Balance Sheet

	Note	2025-12-31	2024-12-31
	1, 2		
Equity and liabilities			
Equity	19, 20		
Restricted equity			
Share capital		1 576 231	1 576 231
Revaluation reserve	21	13 418 600	16 102 320
Restricted reserves		50 000	50 000
Fund for development		85 967 790	79 863 743
		101 012 621	97 592 294
Unrestricted equity			
Share premium reserve		33 950 695	33 950 695
Profit brought forward		-43 072 179	-44 524 007
Net profit		2 181 488	4 872 155
		-6 939 996	-5 701 157
Total equity		94 072 625	91 891 137
Allocations			
Allocation for unconsumed user holdings	22	31 065 296	35 204 148
Deferred tax provision		10 276 854	10 276 448
Total allocations		41 342 150	45 480 596
Long-term liabilities			
Other liabilities		40 804	48 788
Short-term liabilities			
Accounts payable		3 750 046	1 445 231
Other liabilities		3 212 063	6 006 479
Accrued expenses and prepaid income	23	8 202 643	10 616 589
Total short-term liabilities		15 164 752	18 068 299
Total equity and liabilities		150 620 331	155 488 820

Statement of Cash Flows

	Note	2025-01-01 -2025-12-31	2024-01-01 -2024-12-31
	1		
Operating activities			
Operating profit before financial items		-3 581 350	9 489 542
Adjustment for depreciation		22 096 688	18 420 239
Adjustments for other non-cash items, etc.	24	-21 605 657	-23 371 519
Interest received		160 981	466 084
Interest paid		-8	0
Income tax paid		-650 176	-4 604 418
Increase/decrease in inventories		13 847	9 838
Increase/decrease in trade receivables		9 297	-56 816
Increase/decrease in other current receivables		-1 580 872	566 761
Increase/decrease in trade payables		2 304 815	-1 294 284
Increase/decrease in other current operating liabilities		-5 418 009	-3 666 876
Cash flow from operating activities		-8 250 444	-4 041 449
Investment activities	25		
Investments in tangible fixed assets	26	-1 861 374	-1 957 971
Liquidation of subsidiaries		0	1 141 471
Disposal/amortisation of other financial fixed assets		0	0
Increase/decrease in short-term financial investments		2 636 396	-1 474 530
Cash flow from investing activities		775 022	-2 291 030
Cash flow for the period		-7 475 422	-6 332 479
Cash and cash equivalents at beginning of period		21 523 758	26 988 503
Exchange difference in cash and cash equivalents		1 144 338	867 734
Cash and cash equivalents at end of period	27	15 192 674	21 523 758

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 are in accordance with the Annual Accounts Act as well as recommendations and comments from the Accounting Standard Committee.

The annual accounts and the consolidated accounts have been 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 for using the straight-line method over the asset's anticipated economic life.

Depreciation is on a straight-line basis over the expected useful life with consideration of significant residual value. The following depreciation percentages are applied:

Intangible assets

Entropia Platform och Entropia Universe	7,41-18,18%
Other intangible assets	20%

Tangible fixed assets

Any gain or loss on disposal of a non-current asset is recognised as Other operating income or Other operating expenses, respectively.

Tangible fixed assets are depreciated systematically over the asset's estimated useful life. When determining the depreciable amount of assets, the residual value of the asset is considered where applicable. The straight-line depreciation method is used for all types of tangible assets.

Equipment	20%
Installations	20%
Computer hardware	20-33.33%

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/Revenue recognition

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%. 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. The portion of unconsumed user holdings that is likely to be withdrawn is recognized as a provision. The remaining funds deposited are recognized as revenue. For further information, see page 6 of the Directors' Report.

Note 3 Net sales

	2025	2024
Net sales by geographical market		
Sweden	7 053 819	8 309 223
EU excluding Sweden	30 607 144	35 014 059
Rest of the world	40 717 900	47 344 766
	78 378 863	90 668 048

Note 4 Leasing agreements

In the financial statements, the operational leasing primarily consists of rented property. The agreement for rental of the Swedish property runs for six years, with an option for the company to extend for additional periods. Part one of the lease ran from 2022-12-01 to 2025-11-30. After that, the company had the right to terminate 240 square meters. The company has exercised this option, and these 240 square meters are terminated.

Part two of the agreement runs from 2025-12-01 to 2028-11-30 with an area of 1,188 sqm. The size of future lease payments is based on the development of the consumer price index. The base rent shall be adjusted to the index value for the month of October during the relevant period.

If the index value in any subsequent October month has risen in relation to the base value, an additional charge shall be applied at the percentage by which the index has changed in relation to the base value. Going forward, adjustments shall be made in relation to index changes, with rent adjustments calculated based on the percentage change between the base value and the index value for each respective October month.

The adjusted rent is never set lower than the rent amount specified in the contract. Rent

adjustments are always applied from January 1 of the year following the October that caused the change.

The lease expenses recognized for the year amount to 7,282,040 SEK. The cost exceeded previously calculated in the note despite smaller office space from December 1 due to higher rent increases than calculated. This is due to retroactive billing of increased property tax when the property had its final inspection.

Future lease payments for non-cancellable lease agreements are due for payment as follows:

	2025	2024
Within one year	6 067 296	6 775 296
Later than one year but within five years	12 529 245	17 339 612
	18 596 541	24 114 908

Note 5 Fees to auditors

Audit assignment refers to the review of the annual report and accounting records and the Board's and Chief Executive Officer's administration, other tasks that are incumbent on the company's auditor to perform, and advisory services or other assistance resulting from observations made during such an examination or the performance of such other tasks.

	2025	2024
PWC		
Audit engagements	700 000	650 300
Audit activities other than the audit engagement	0	140 100
	700 000	790 400

Note 6 Employees and personnel costs

	2025	2024
Average numbers of employees		
Women	9	9
Men	33	30
	42	39
Salaries and other remuneration		
Leif Evander Andersson	966 600	488 535
Klas Moreau	114 600	114 600
Björn Dierks	143 250	143 250
Linus Norén	114 600	114 600
Henrik Nel Jerkrot	0	1 928 398
Other employees	31 967 198	22 802 327
	33 306 248	25 591 710

Social costs

Pension costs for the Board of Directors and Chief Executive Officer	142 830	224 471
Pension costs for other employees	3 658 757	3 163 615
Other social security contributions according to law and agreements	10 624 516	10 288 367
	14 426 103	13 676 453
Total salaries, remuneration, social security and pension costs	47 732 351	39 268 163

Gender distribution among senior managers

Proportion of women on the board	0 %	0 %
Proportion of men on the Board of Directors	100 %	100 %
Proportion of women among other senior executives	33 %	33 %
Proportion of men among other senior executives	67 %	67 %

Note 7 Amortisation and depreciation

Non-current assets are depreciated according to plan over the expected useful life with consideration of significant residual value. The following depreciation rates are applied:

Intangible assets

Entropia Platform och Entropia Universe	7,41-18,18 %
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

	2025	2024
Gains and losses on disposals	1 137 803	919 589
Unrealized change in value of securities	-374 976	-37 487
Impairment losses	0	-201 800
	762 827	680 302

Note 9 Other interest income and similar items

	2025	2024
Other interest income	160 981	466 084
	160 981	466 084

Note 10 Exchange rate differences

	2025	2024
Exchange rate difference on change in unconsumed user holdings	4 375 394	-4 724 665
Other exchange rate differences	1 136 664	872 590
	5 512 058	-3 852 075

The reason for the large currency differences in both 2024 and 2025 is that the company has made currency adjustments to unconsumed user holdings. Last year, the USD strengthened which meant the company had a negative currency adjustment since unconsumed user holdings are tied to USD via in-game currency PED. This year, the company instead received a positive currency adjustment as the exchange rate at year-end 2024 was 11 SEK/USD and at year-end 2025 the rate was 9.20 SEK/USD. See Note 22, Allocation unconsumed user holdings.

Note 11 Current and deferred tax

	2025	2024
Income tax		
Current tax	-445 334	-783 679
Change in deferred tax relating to temporary differences	-406	-379 280
Tax from previous financial years due to amended assessment	-17 632	0
Total reported tax	-463 372	-1 162 959

Reconciliation of effective tax

	2025		2024	
	Percent	Amount	Percent	Amount
Reported result before tax		2 644 860		6 035 114
Tax calculated at the current tax rate	20,60	-544 841	20,60	-1 243 233
Tax effect of non-deductible expenses	5,45	-144 139	1,86	-112 252
Tax effect of non-taxable income	-9,20	243 239	-3,19	192 524
Adjustment for taxes from previous years	0,67	-17 632		0
Reported tax expense	17,52	-463 372	19,27	-1 162 959

Note 12 Entropia Platform and Entropia Universe

	2025-12-31	2024-12-31
Opening acquisition values	121 656 092	100 808 219
Acquisition cost for the year	21 871 119	20 847 873
Closing accumulated cost	143 527 211	121 656 092
Opening depreciation	-38 308 089	-25 953 575
Depreciation for the year	-15 767 072	-12 354 514
Closing accumulated depreciation	-54 075 161	-38 308 089
Opening revaluations	20 280 000	23 660 000
Amortisation for the year on the revalued amount	-3 380 000	-3 380 000
Closing accumulated revaluations	16 900 000	20 280 000
Closing book value	106 352 050	103 628 003

Note 13 Other intangible assets

	2025-12-31	2024-12-31
Opening acquisition values	7 940 140	5 008 440
Purchases	0	2 931 700
Closing accumulated cost	7 940 140	7 940 140
Opening depreciation	-2 120 531	-776 811
Depreciation for the year	-1 588 028	-1 343 720
Closing accumulated depreciation	-3 708 559	-2 120 531
Closing book value	4 231 581	5 819 609

Note 14 Equipment, installation and computer hardware

	2025-12-31	2024-12-31
Opening acquisition values	20 633 757	18 675 786
Purchases	1 861 374	1 957 971
Disposals/retirements	-37 996	0
Closing accumulated cost	22 457 135	20 633 757
Opening depreciation	-17 083 552	-15 741 547
Disposals/retirements	9 076	0
Depreciation for the year	-1 361 588	-1 342 005
Closing accumulated depreciation	-18 436 064	-17 083 552
Closing book value	4 021 071	3 550 205

Note 15 Other long-term securities

Refers to shareholding in Manomotion AB. In 2024, an impairment was made on this shareholding.

	2025-12-31	2024-12-31
Opening acquisition values	2 759 168	2 759 168
Closing accumulated cost	2 759 168	2 759 168
Opening impairments	-2 758 468	-2 556 668
Impairment losses for the year	0	-201 800
Closing accumulated impairments	-2 758 468	-2 758 468
Closing book value	700	700

Note 16 Stock-in-trade

Inventory consists solely of promotional products sold via an online shop on the company's website.

Note 17 Receivables from payment providers

Under the heading Receivables from payment providers, outstanding receivables from the payment providers, with which the company cooperates, are reported. The balance contains payments confirmed by payment providers but not yet received by the company at the balance sheet date.

Note 18 Prepaid expenses and accrued income

	2025-12-31	2024-12-31
License costs	1 132 287	1 011 093
Rent costs	2 399 332	611 085
User support and partner support	0	191 100
Prepaid pension	161 994	0
Other prepaid expenses	751 209	817 846
4 444 822	2 631 124	

Note 19 Number of shares and quota value

Class of shares	Number of shares	Quota value
Number of A-shares	31 524 625	0,05
	31 524 625	

Note 20 Appropriation of profits

2025-12-31

The Board's proposed appropriation of profits

The Board of Directors proposes that the retained losses:

retained losses	-43 072 179
share premium reserve	33 950 695
net profit for the year	2 181 488
	-6 939 996
disposed of so	
amount carried forward	-6 939 996
	-6 939 996

Note 21 Revaluation reserve

Regarding Entropia Platform.

	2025-12-31	2024-12-31
Opening balance	16 102 320	18 786 040
Depreciation of revalued assets	-3 380 000	-3 380 000
Change in deferred tax	696 280	696 280
Closing balance	13 418 600	16 102 320

Note 22 Allocations

	2025-12-31	2024-12-31
Estimated deferred tax		
Opening balance	10 276 448	9 897 168
Allocations for the year	696 686	1 075 560
Amounts reversed during the year	-696 280	-696 280
	10 276 854	10 276 448
Allocation unconsumed user holdings		
Opening balance	35 204 148	33 003 129
Allocations for the year	0	2 201 019
Amounts reversed during the year	-4 138 852	0
	31 065 296	35 204 148

Unconsumed user holdings:

Unconsumed user holdings increased from 141 million PED to 148.1 million PED, an increase of 7.1 million PED. However, the total amount decreased in SEK as the SEK/USD exchange rate decreased from 11 SEK/USD at the previous year-end to 9.20 SEK/USD per December 31, 2025 (10 PED=1 USD). This resulted in the liability being reduced by 18.8 MSEK, from 155.1 MSEK to

136.3 MSEK.

The reserve percentage for unconsumed user holdings is calculated based on the five-year average figure for withdrawals as a percentage of deposits. This gives a reserve percentage for unconsumed user holdings of 22.8% (22.7% in 2024). Based on this, the company estimates the real liability at the end of December 2025 to be 33.8 million PED, equivalent to 31.1 MSEK.

Note 23 Accrued expenses and prepaid income

	2025-12-31	2024-12-31
Accrued salaries	267 078	475 645
Accrued vacation pay	1 706 327	1 477 180
Accrued pension	147 373	99 630
Accrued employer contributions	620 044	613 577
Accrued consulting fees	353 134	183 348
Accrued withdrawals (requested by users but not yet paid)	4 473 192	6 112 833
Estimated accrued cost of forward contracts	41 442	581 982
Other accrued expenses	594 052	1 072 394
	8 202 642	10 616 589

Note 24 Adjustments for other non-cash items

	2025-12-31	2024-12-31
Capitalized development costs	-21 871 119	-20 847 873
Change in unconsumed user holdings	236 542	-2 523 646
Loss on disposal	28 920	0
	-21 605 657	-23 371 519

Note 25 Investments in fixed assets

Capitalized salary and consulting costs related to the development of Entropia Universe amounted to 21.9 MSEK (20.8 MSEK) for the fiscal year 2025. The capitalized amounts are reported under the heading non-current assets in the balance sheet and total revenues in the income statement.

Other investments consist primarily of computers and servers for 1.9 MSEK (2 MSEK).

Note 26 Investments in tangible fixed assets

	2025-12-31	2024-12-31
Acquisitions of tangible fixed assets		
Change in balance sheet item	-470 866	-615 966
Book value of sold tangible fixed assets	-28 920	0
Depreciation for the year according to plan	-1 361 588	-1 342 005

Acquisitions of tangible fixed assets	-1 861 374	-1 957 971
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Note 27 Cash and cash equivalents

	2025-12-31	2024-12-31
Cash and cash equivalents		
Cash funds	15 192 674	21 523 758
	15 192 674	21 523 758
Interest paid		
Interest paid during the period	-8	0
Interest received during the period	160 981	466 084

Note 28 Pledged assets

Refers to corporate mortgages with SEB.

	2025-12-31	2024-12-31
Business mortgage	3 000 000	3 000 000
	3 000 000	3 000 000

Note 29 Significant events after the end of the financial year

No significant events occurred after the end of the financial year.

The final contents of the annual report were approved on April 2, 2026.

Gothenburg April 2, 2026

Björn Dierks

Linus Norén

Björn Dierks
Chairman

Karl Linus Norén
Board member

Klas Moreau

Leif Evander Andersson

Klas Moreau
Board member

Leif Evander Andersson
Chief Executive Officer & Board member

Gothenburg, on the date shown by our electronic signature
Öhrlings PricewaterhouseCoopers AB

Konstantin Belogorcev

Konstantin Belogorcev
Authorized auditor