



MINDARK PE AB (PUBL)

INTERIM REPORT Q1 2025

INTERIM REPORT Q1 2025

1 JANUARY - 31 MARCH, 2025

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

- Turnover amounted to 16.6 MSEK (20.7 MSEK)
- Capitalized work amounted to 4.8 MSEK (5 MSEK)
- Operating profit amounted to -4.9 MSEK (1.1 MSEK)
- Profit before tax amounted to -2.6 MSEK (88 TSEK)
- Cash & cash equivalents including short-term investments 27.3 MSEK
- No interest-bearing liabilities
- Provision for unspent user funds 32.5 MSEK
- Earnings per share for the period amounted to -0.08 SEK (-0.07 SEK)

≡ OVERVIEW
THE COMPANY
FINANCIAL OVERVIEW
SHARES & SHAREHOLDERS
OTHER INFORMATION

TURNOVER Q1 2025


16.6 MSEK
(20.7 MSEK)

OPERATING PROFIT Q1 2025

-4.9 MSEK
(1.1 MSEK)

SIGNIFICANT EVENTS

FIRST QUARTER 2025

 No significant event occurred during the period.

AFTER THE END OF THE Q1 PERIOD

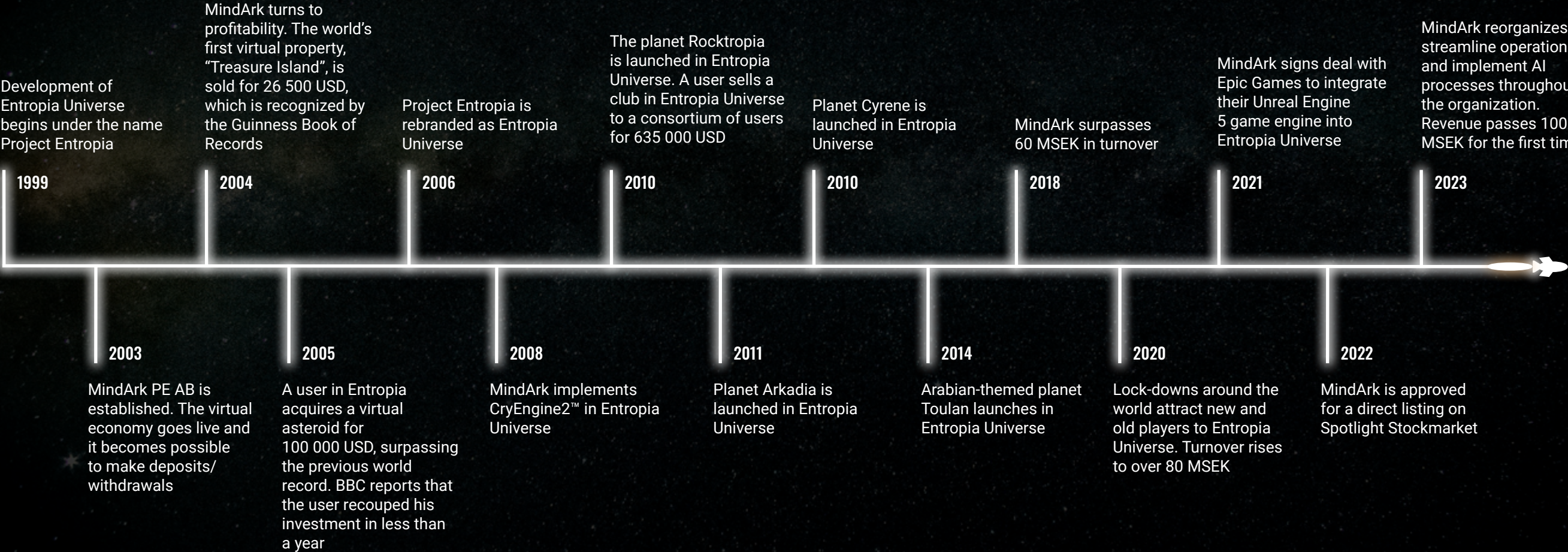
 Leif Evander Andersson took up the position of CEO on 23 April 2025, having been acting CEO since 27 March 2024.

SALES AND PROFIT IN SUMMARY

	Q1 2025	Q1 2024	2024	2023	2022
(in KSEK)	January - March	January - March	January - December	January - December	January - December
Total operating income	21 507	26 078	112 109	150 019	124 642
Total operating expenses	-26 457	-24 943	-102 619	-129 735	-103 286
Profit before tax	-2 592	88	6 035	24 353	12 045
Earnings per share for the period	-0,08 SEK	-0,07 SEK	0,15 SEK	0,60 SEK	0,23 SEK

This information is information that MindArk PE AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication 08:00 CEST on May 28, 2025.

MINDARK'S HISTORY



COMPANY DESCRIPTION

ABOUT MINDARK

MindArk PE AB (publ) develops and operates Entropia Universe and the Entropia Platform. Entropia Universe is a virtual universe consisting of several planets with different themes and activities which together occupy a total land area of 3,776 km². These planets are scattered in a space expanding over 6,144 km³. Entropia Universe users can immerse themselves in a multiplanetary experience with social and economic interactions beyond what is possible in the real world.

Entropia Universe offers a wide variety of opportunities for users with market instincts and entrepreneurial spirit to create value for themselves and others. Entropia is currently the only online world with a functioning monetary system that is not linked to a blockchain. The digital real-cash economy (RCE) is based on the fact that raw materials, goods, land and buildings are represented as digital assets, all of which have a calculated base value. Beyond the base value the free market can set a higher value based on supply and demand, just like in the real world. The Entropia Universe in-game currency "Project Entropia Dollar" ("PED") has a fixed exchange rate against the USD. The economic system and its peg to the USD is proven and has built up a strong and important trust capital over more than 20 years in full operation. The software is provided globally and free of charge with the possibility to spend money in the universe for anyone with access to PC and internet.

The Entropia Platform is the technical platform that powers Entropia Universe. The platform is shared with partners who develop their own unique game content for their respective planets in the Entropia Universe.



REVENUE MODEL

Usage & microtransactions (B2C)

Entropia Universe is a so-called “free-to-play” game, which means that the game is free to download and there is no monthly fee or initial cost. Instead, MindArk’s revenue is generated by microtransactions that occur when users choose to employ various items or features in Entropia Universe. Like the real world, almost all types of activities in Entropia Universe are resource intensive. Users switch from different currencies to Entropia Universe’s own internal currency, PED (PED has a fixed exchange rate against the USD, where 1 USD = 10 PED). The user then receives a corresponding amount of PED, calculated via the European Central Bank’s daily USD exchange rate, into their Entropia Universe account, which they can use to purchase digital items such as weapons, vehicles, or real estate. Revenue is generated through usage, wear and tear, auction fees (when items are purchased and sold between users) and through direct sales (which include the sale of virtual items and properties, usually via auctions in Entropia Universe). Users are engaged not only by traditional computer game entertainment but also by the potential to earn money through revenue-generating activities. This further contributes to increased activity in Entropia Universe and increased revenues for MindArk.

Deed sales

MindArk’s revenue is also generated through so-called “Deed sales”. Deeds are land rights that are sold to users through an auction in-game. For example, a deed can be part of a planet in Entropia Universe. A deed generates periodic payments in PED to the holder based on the activity of the associated property or area. Deed sales are made sporadically and with caution so as not to saturate interest.

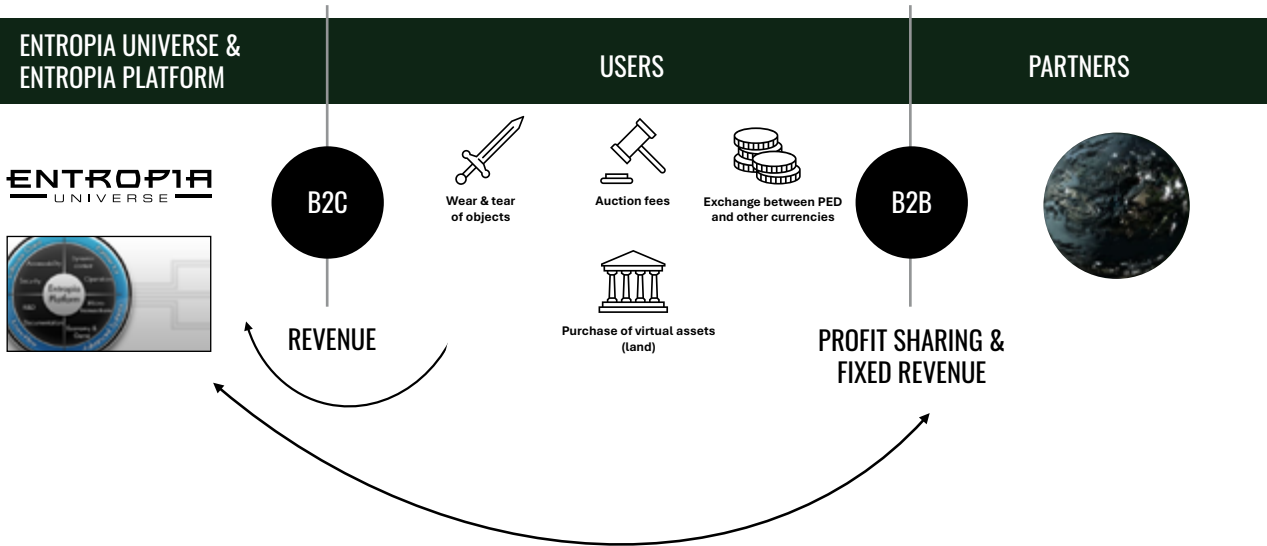
Entropia Platform (B2B)

In addition to Entropia Universe, MindArk has built the Entropia Platform where partners can contribute with content to the universe. There is basically no limit to how much extra production capacity content partners can add beyond MindArk’s own core production. The B2B part accounts for a relatively small share of total revenue, generally below ten percent.

Content partners can also participate at different levels, ranging from a single user to a larger creating and operating entire planets, known as ‘planet partners’. All content becomes part of Entropia Universe and its market economy. The material created and inserted into Entropia Universe follows given rules on performance, quality and market economy balance.

Depending on the degree to which a content partner chooses to engage, there are a few different ways MindArk shares the revenue generated around content and by different users. The distribution of profits between content partners and MindArk is determined at any given moment depending on which content partner “owns” the user, where in the universe the user is located and what content the user accesses when generating activity. When it comes to planet partners, MindArk always receives at least 50% of the revenue generated on the planets in Entropia Universe, the owner of the customer relationship gets 25% and the planet creator gets 25%.

Revenue model in summary



MESSAGE FROM THE CEO

LEIF EVANDER ANDERSSON

CEO MindArk PE AB (publ)

During the first quarter of 2025, MindArk continued to take decisive steps forward to strengthening Entropia Universe and our competitive position. The quarter began with the launch of Howling Universe – the largest update Entropia Universe's space area since its introduction – which was largely well received by our users. We have actively listened to and acted on valuable feedback from users, further strengthening their engagement and long-term trust.

The results for the quarter have been impacted to some extent by the geopolitical turbulence attributable to the US market. Of the 4.1 MSEK decrease in net sales compared to the same period last year, the US alone accounts for over 40% of the decline. In addition, we have a one-time cost related to an organizational change, as well as strategic new hires to deliver advanced solutions in artificial intelligence (AI). These measures correspond to costs of 2.4 MSEK for the quarter and strengthen MindArk in both the short and long term. This will make our organization more efficient and sustainable over time. During the quarter, we also continued to prioritize product development and the implementation of AI-driven solutions, both in our internal processes and in Entropia Universe.

After the end of the quarter, we launched ARIS – a brand new moon orbiting the planet Calypso. ARIS offers our players new adventures and resources and has been very well received, especially by our most experienced users who have long been asking for new challenges in Entropia Universe. The pace of change and development is now very high, and we are listening carefully to what our users want and, therefore, what can be improved.

Overall, I am very positive about the future of Entropia Universe and am convinced that our investments will enable us to create increased value for our shareholders through a better gaming experience and a more efficient infrastructure.

TECHNICAL DEVELOPMENT OF ENTROPIA UNIVERSE Q1 2025

During the first quarter of 2025, the Entropia Universe team has been dedicated to delivering exciting and engaging experiences to users, as well as laying the foundation for impactful improvements later in the year. MindArk delivered the Howling Universe update - bringing a complete overhaul to space with new content, gameplay systems, overhauled locations and quality of life changes that forms the largest update to space since its original launch.

During Q1 MindArk also released the Immersive Missions update to the AI NPCs. This update allows the AI NPCs to provide players with unique daily missions and engage in natural conversations as well as issuing valuable and interesting rewards. The team has also been utilizing AI to make Entropia Universe fully multi-lingual in most game supported languages. This new and important capability is expected to be released in Q2 - opening up Entropia and making it accessible to billions of additional gamers across the globe.

The development of CelestAI continued with training the AI on all the core game data, including items, parameters and relationships between items to properly understand the complex interconnections within Entropia and its economy. MindArk also worked on improvements to the social element of the game - introducing chat bubbles and allowing players to place items anywhere in the world - improving the immersion and interaction opportunities for players with each other.

Work began on overhauling and improving the onboarding experience for new players, including revamped starter packs, character sheet, and an entirely new starting zone for new players offering a much more extensive experience and vastly improved visuals, tutorials and rewards. This work continues into Q2 and will be released in subsequent quarters.

FINANCIAL INFORMATION



INCOME STATEMENT

(in KSEK)	2025-01-01 - 2025-03-31	2024-01-01 - 2024-03-31	2024-01-01 - 2024-12-31
Net sales	16 583	20 724	90 668
Capitalized work	4 791	5 009	20 848
Other income	133	345	593
Total income	21 507	26 078	112 109
<i>Operating expenses</i>			
Other external costs	-8 899	-11 142	-44 233
Personnel costs	-12 402	-9 612	-39 966
Amortization and depreciation	-5 156	-4 189	-18 420
Total operating expenses	-26 457	-24 943	-102 619
Operating profit	-4 950	1 135	9 490
<i>Financial items</i>			
Profit from participations in group companies	0	0	-1
Profit from other securities and receivables accounted for as non-current assets	-118	882	680
Other interest income and similar items	61	40	-116
Other interest expenses and similar items	0	0	-166
Exchange rate differences	2 415	-1 969	-3 852
Total financial items	2 358	-1 047	-3 455
Profit after financial items	-2 592	88	6 035
Transfers to/from untaxed reserves	0	0	0
Profit before tax	-2 592	88	6 035
Income tax	76	-2 385	-1 163
Net profit	-2 516	-2 297	4 872



BALANCE SHEET

(in KSEK)	2025-03-31	2024-12-31
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Entropia Platform and Entropia Universe	103 992	103 628
Other intangible assets	5 423	5 820
Total intangible assets	109 415	109 448
<i>Tangible assets</i>		
Equipment and computer hardware	3 217	3 550
Total tangible assets	3 217	3 550
<i>Financial assets</i>		
Other long-term securities	1	1
Total financial assets	1	1
Total non-current assets	112 633	112 999
Current assets		
<i>Stock-in-trade etc.</i>		
Commercial goods	87	90
Total stock-in-trade etc.	87	90
<i>Short-term receivables</i>		
Accounts receivable	444	445
Receivables from payment providers	801	1 350
Current tax assets	5 150	3 711
Other receivables	505	788
Prepaid expenses and accrued income	2 379	2 631
Total short-term receivables	9 279	8 925
<i>Short-term investments</i>		
Other short-term investments	17 126	11 951
<i>Cash and bank balances</i>	10 199	21 524
Total current assets	36 691	42 490
TOTAL ASSETS	149 324	155 489

(in KSEK)	2025-03-31	2024-12-31
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1 576	1 576
Revaluation reserve	15 431	16 102
Restricted reserves	50	50
Fund for development	81 073	79 864
Total restricted equity	98 130	97 592
Non-restricted equity		
Share premium reserve	33 951	33 951
Profit brought forward	-40 190	-44 524
Net profit	-2 516	4 872
Total non-restricted equity	-8 755	-5 701
Total equity	89 375	91 891
Untaxed reserves	0	0
Allocations		
Allocation unconsumed user holdings	32 477	35 204
Estimated deferred tax	10 201	10 276
Total allocations	42 678	45 480
Long-term liabilities		
Other liabilities	49	49
Total long-term liabilities	49	49
Short-term liabilities		
Accounts payable	2 687	1 445
Other liabilities	3 692	6 007
Accrued expenses and prepaid income	10 843	10 617
Total short-term liabilities	17 222	18 069
TOTAL EQUITY AND LIABILITIES	149 324	155 489

STATEMENT OF CASH FLOWS

(in KSEK)	2025-01-01 - 2025-03-31	2024-01-01 - 2024-03-31	2024-01-01 - 2024-12-31
Operating activities			
Operating profit before financial items	-4 950	1 135	9 490
Adjustment for depreciation	5 156	4 189	18 420
Adjustment for other non-cash items, etc.	-5 040	-5 133	-23 372
	-4 834	191	4 538
Interest received	61	40	466
Interest paid	0	0	0
Income tax paid	-1 437	-1 302	-4 604
	-6 210	-1 071	400
Increase/decrease in inventories	4	4	10
Increase/decrease in trade receivables	1	-2	-57
Increase/decrease in other current receivables	1 082	-524	567
Increase/decrease in trade payables	1 242	-92	-1 294
Increase/decrease in other current operating liabilities	-2 088	1 762	-3 667
Cash flow from operating activities	-5 969	77	-4 041
Investing activities			
Purchase of equipment	0	-66	-1 958
Liquidation of subsidiaries	0	0	1 141
Increase/decrease in short-term financial investments and receivables	-5 293	3 087	-1 474
Cash flow from investing activities	-5 293	3 021	-2 291
Cash flow for the period	-11 262	3 098	-6 332
Ingoing cash and bank balances	21 524	26 989	26 988
Exchange rate differences in cash and bank balances	-63	791	868
Outgoing cash and bank balance	10 199	30 878	21 524



COMMENTS ON THE FINANCIAL REVIEW

UNCONSUMED USER HOLDINGS IN Q1

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 decreased during the first quarter, from 141 million PED to 137.8 million PED, a decrease of 3.2 million PED. The total amount has decreased significantly in SEK as the SEK/USD exchange rate has decreased from 11 SEK/USD at the end of December 2024 to 10.03 SEK/ USD at the end of March 2024 (10 PED=1 USD). This resulted in a decrease of 16.9 million in SEK, from 155.1 MSEK to 138.2 MSEK.

As of March 31, 2024, the total liability for unconsumed user holdings amounted to 137.8 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 23.5% (22.7% in Q4 2024). Based on this, the company estimates the real debt at the end of March 2025 to be 32.4 million PED which is equivalent to 32.5 MSEK.



OPERATIONS DURING JANUARY - MARCH 2025

Net sales for the first quarter amounted to 16.6 MSEK (20.7 MSEK). The significant decrease compared to the same quarter last year is primarily attributable to a reduction in activity within Entropia Universe of approximately 21%.

The average USD exchange rate during the quarter was slightly higher compared to the first quarter of the previous year, amounting to 10.68 SEK/USD, compared to 10.39 SEK/USD in the same period last year.

Capitalized development costs for the quarter amounted to 4.8 MSEK (5 MSEK). Other operating income totaled 133 KSEK (345 KSEK), resulting in total revenues for the period of 21.5 MSEK (26.1 MSEK).

External expenses decreased by 2.2 MSEK compared to the same period last year, from 11.1 MSEK to 8.9 MSEK, mainly due to lower consultancy costs. Personnel expenses, though, increased by 2.8 MSEK compared to the first quarter of the previous year. This increase is primarily due to a one-time cost pertaining to an organizational change and partly due to the employment of five new system developers. At the end of Q1 2025, the company had 43 employees compared to 37 at the end of Q1 2024.

Depreciation costs also increased. This is consequent to an increase in capitalized development costs of 20.8 MSEK during the last twelve months. This has precipitated a rise in the depreciation expenses of 967 KSEK for the quarter, when compared to the corresponding quarter of the previous year. Total operating expenses for the quarter amounted to 26.5 MSEK (24.9 MSEK). The operating result for the quarter was -4.9 MSEK (1.1 MSEK).

Financial items amounted to 2.4 MSEK (-1 MSEK), mainly generated by a positive currency adjustment of unconsumed user holdings. The adjustment was due to a decline in the USD exchange rate from 11 SEK/USD at the end of Q4 2024 to 10.03 SEK/USD at the end of March. This adjustment is of an accounting nature and does not affect the company's liquidity.

Earnings before tax amounted to -2.6 MSEK (88 KSEK). Taxes for the period related to changes in deferred tax liabilities, which at the end of the period were entirely attributable to temporary differences between the book and tax values of the company's assets.

Earnings per share

Profit after tax for the company for the first quarter amounts to -2.5 MSEK. When divided by 31.5 million shares, earnings per share amount to -0.08 SEK per share (-0.07 SEK per share, divided by the same number of shares).



Investments

The capitalization in the balance sheet of salary and consultancy costs for the development of Entropia Universe for the first quarter amounts to 4.8 MSEK (5 MSEK). The capitalized amounts are reported under the heading of fixed assets in the balance sheet and total revenue in the income statement. No other investments were made during the quarter; in the first quarter of the previous year, investments of 66 KSEK were made in computers and servers.

MindArk's currency exposure

All financial transactions within Entropia Universe are denominated in the virtual in-game currency PED. All exchange transactions to and from PED are controlled by MindArk. Furthermore, MindArk repurchases PED at a fixed exchange rate against the USD (10 PED = 1 USD). The exchange rate between USD and MindArk's accounting currency SEK has fluctuated during the first quarter of 2025, between about 9.97 SEK per USD to a maximum of about 11.26 SEK per USD. Deposits to MindArk's bank accounts (directly or through payment providers) in foreign currencies, mainly USD, are translated into SEK at the current daily exchange rate. The company's income in PED is converted via USD to SEK at the average monthly USD exchange rate.

Assets and liabilities in foreign currencies are converted at the exchange rate on March 31, 2025, which amounts to 10.03 SEK/USD. When large fluctuations in the exchange rate between SEK and USD occur, it results in large fluctuations in MindArk's reported income. The company forward hedges 50% of the USD foreign exchange inflow to be converted into SEK six months in advance, i.e. when expenses and withdrawals in USD have been paid. This policy means that the company significantly reduces its currency exposure.

Equity

MindArk's adjusted equity amounted to 89.4 million SEK at the end of the period, divided into 31.5 million shares. The adjusted equity per share amounted to 2.84 SEK per share (2.69 SEK per share). At the extraordinary general meeting on November 15, 2021, the meeting resolved on a directed new issue of a maximum of 7,881,156 warrants (warrants Series 2 2021/2025) to the Company's employees as an incentive program. In the event of full exercise of the options to subscribe for new shares, the share capital will increase by 78,811.56 SEK and the dilution of existing shares and votes will be 4.8 percent. The options expire in 2025, and the exercise price is SEK 15 per share. The company has no other outstanding option programs or securities that can lead to dilution effects for shareholders.



Pledged assets

The company has a corporate mortgage of 3 million SEK for an unutilized overdraft facility with SEB.

Employees

At the end of the period, MindArk employed a total of 43 (37) people, including 9 (9) women.

Reporting period

The report covers the period January 1 - March 31, 2025.

Rounding

All amounts in the report are stated in thousands of SEK unless otherwise stated. Rounding errors may occur in tables that sum multiple amounts.

SHARES & SHAREHOLDERS

Ownership structure as of March 31, 2025

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 March 31, 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**	19,20%	19,20%
Nordic Tender Holdings	3,49%	3,49%
Mindarkkoncernens Vinstandelsstiftelse	1,89%	1,89%
Kronboken	1,41%	1,41%
Lars Hammarström	1,26%	1,26%
Tobias Gustafsson	1,11%	1,11%
Other (about 900 shareholders)	36,75%	36,75%
Total	100%	100%

*Close relative to founder Jan Welter Timkrans
**In person & via company

Number of shares

Number of shares MindArk PE AB (publ) had 31 524 625 shares outstanding as of March 31, 2025. The quota value amounted to 0.05 SEK.



OTHER INFORMATION

Accounting principles

The annual report has been prepared in accordance with the Swedish Annual Accounts Act. The accounting principles applied conform with the Annual Accounts Act as well as recommendations and comments from the Accounting Standard Committee. The annual accounts and the consolidated accounts drawn up in accordance with BFNAR 2012: 1 Årsredovisning och koncernredovisning (K3). The accounting policies applied in this report are set out in the 2024 Annual report.

Significant risks and uncertainties

MindArk 's operations and financial situation may be impacted by a number of risks and uncertainties. These are described in the annual report for 2024.

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

Related party transactions

No transactions that significantly affected the Company's results and financial position have been carried out with related parties during the period.

Auditor

This financial statement has not been reviewed by the Company's auditor.

Financial calendar

Interim report quarter 2 2025	August 28, 2025
Interim report quarter 3 2025	November 28, 2025



DECLARATION FROM THE BOARD OF DIRECTORS

The Board of Directors and the CEO declares that this interim report gives a true and fair view of the company’s business, financial position and results and describes the material risks and uncertainties facing the Company.

Göteborg, May 28, 2025

Björn Dierks
Chairman

Leif Evander Andersson
Board Member & CEO

Karl Linus Norén
Board Member

Klas Moreau
Board Member

- OVERVIEW
- THE COMPANY
- FINANCIAL OVERVIEW
- SHARES & SHAREHOLDERS
- OTHER INFORMATION

DEFINITIONS

Project Entropia Dollar (PED)	The in-game currency used in Entropia Universe that has a fixed exchange rate against the USD.
MMORPG	Genre of computer game in which a large number of users interact with each other in a virtual world.
Virtual world	Computer-generated environment where users can interact with a digital environment and often with other users in real time. These worlds can be three-dimensional and simulate real or imaginary environments.
Free-to-play	The game is free to download and instead the developer’s revenue comes from in-game microtransactions.
Unconsumed user funds	The total amount of user funds not yet spent.
Real Cash Economy (RCE)	Real Cash Economy (RCE) means that items in the virtual world also have a real value.
Q1	First quarter of the reporting year.
EBITDA	Earnings before interest, taxes, depreciation & amortization.



MindArk PE AB (publ)

Masthammsgatan 5

413 29 Göteborg

031-607 260

info@mindark.com

www.mindark.com

www.entropiauniverse.com