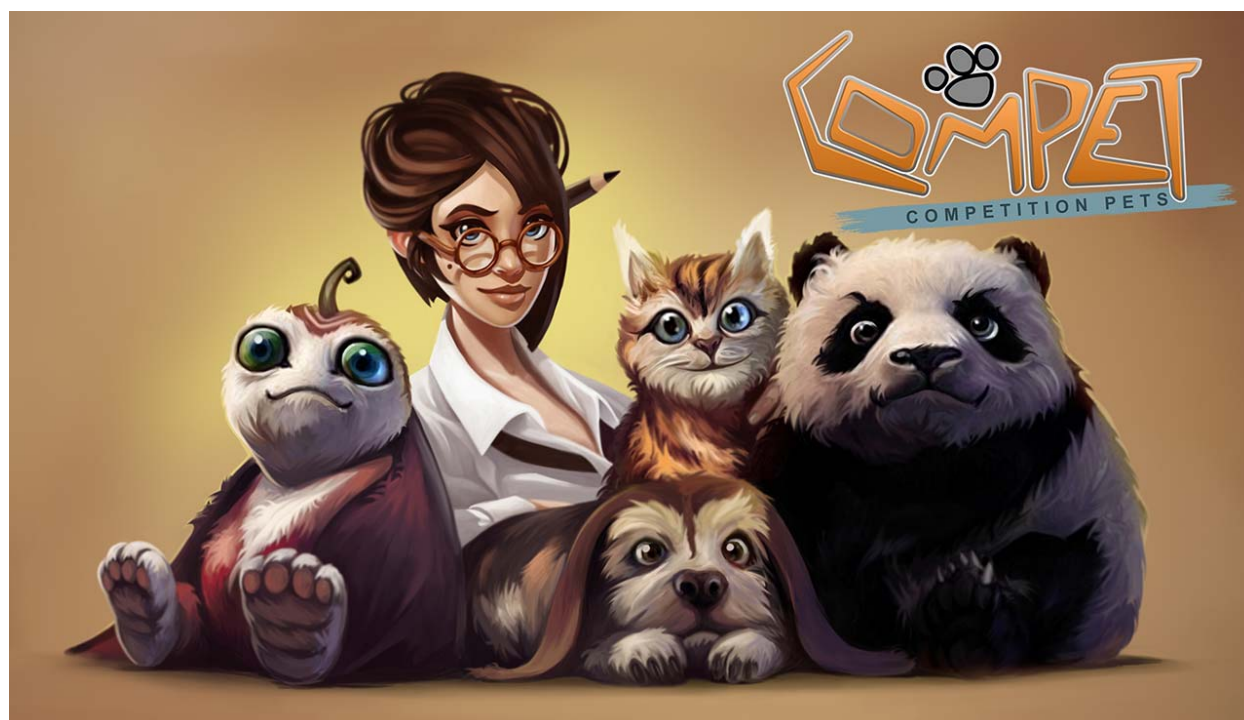


Annual report
and
Consolidated accounts
for
MindArk PE AB (publ)

(Corporate identity SE - 556640-4769)

Financial year

2015



The Board of Directors and Chief Executive Officer of MindArk PE AB (publ) hereby present the Annual Report for January 1st – December 31st 2015.

Directors´ report

Business

MindArk PE AB (publ) develops and operates Entropia Universe and the Entropia Platform. Entropia Universe is a 3D internet virtual universe with a unique integrated economic system and stunning graphics. 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 Entropia Universe.

Market and Competition

The computer gaming industry has been the fastest growing segment of digital media in recent years. In 2016 the worldwide market is estimated at USD 100 billion, and the forecast for 2017 is USD 106 billion.

MindArk is active in the segment of Massively Multiplayer Online Games (MMOs). Several trends suggest that online games will continue to enjoy strong growth in the future; the forecast for 2016 is growth of USD 11 billion including games for mobile devices and the forecast for year 2017 is USD 13 billion.

With Entropia Universe, MindArk competes with several large global MMO producers. The largest western online game is Blizzard's World of Warcraft, but there are millions of players in many other games as well. The discussion that took place a few years ago that the PC platform was about to lose significance has come to naught. PC platform does not grow, but retains an already strong position.

Several trends suggest that online games will have continued strong growth, as well as games for mobile devices. The market for mobile games is expected to grow from USD 37 billion in 2016, to USD 42 billion in 2017. In view of this, MindArk has developed a new gaming experience, ComPet Game, a game that will be available for multiple types of mobile gaming platforms: Android, iOS and Microsoft Mobile but also on the desktop PC. This game, like Entropia Universe, is free to download (F2P), and based on the IAP (in-app purchase) form of payment. This will be the start of MindArk´s entry into in the mobile segment.

MindArk intends by ComPet Game to broaden its product portfolio and balance growth and risk between the PC platform and the ever-growing mobile platform.

MindArk's Differentiation

One factor that differentiates MindArk and Entropia Universe from the competition is the game's virtual economy with micro-transactions and its own currency which has a fixed value against the USD, and the opportunity for participants to both deposit and withdraw money in a safe manner.

A further differentiation is the Planet Partner model, which allows other developers to partner with MindArk and build their own planets within Entropia Universe, sharing revenues generated on the planet.

MindArk has more than ten years experience developing and managing technology for virtual economy in an interactive 3D online environment. Today MindArk offers secure micro-transactions for a large number of concurrent users that interact with one another online via their computers. With the Entropia Platform, MindArk has a leading position in the worldwide computer gaming industry.

MindArk and its Affiliates

MindArk is the parent company of a group comprising the parent company and two subsidiaries, Entropia Universe AB and Planet Calypso AB. All are located in Gothenburg.

Planet Calypso AB was the operator and developer of Planet Calypso, the first planet in Entropia Universe. Since January 1, 2015 all operations are handled from the parent company.

The subsidiary Entropia Universe AB previously provided much of the support for and operation of Entropia Universe. From May 2012, the company is primarily used for marketing purposes.

Employees

In 2015, MindArk and the MindArk Group averaged 34 employees, including three women.

The company's CEO as of May 2014 is Klas Moreau. Other senior officials of the company are Magnus Eriksson (COO), David Simmonds (Business Development Manager), Mats Kling (CTO), Sven Sandberg (Marketing Manager), Gunilla Krogh (CFO) and Bernt Wåhlin (Human Resources).

Shares

The shares of MindArk are unlisted. The total number of shares are 143 293 750. The distribution of shares among major shareholders is as follows:

| <i>Shareholders</i> | <i>Shareholding</i> | <i>Proportion of shares and votes</i> |
|---------------------|---------------------|---------------------------------------|
| Jan Welter Timkrans | 48 967 000 | 34,2 % |
| C-G Bothén AB | 25 600 000 | 17,9 % |
| Others approx 900 | 68 726 750 | 47,9 % |
| Totalt | 143 293 750 | 100 % |

Important events during 2015

MindArk continues to expand and invest in its core product, Entropia Universe, along with initiating an exciting new gaming experience, ComPet.

Growth

The number of players who downloaded the Entropia Universe client and tested the game increased by 13 % in 2015 compared with 2014. During the same period, economic activity within Entropia Universe grew by over 10 %, evidence of a vibrant virtual economy with a healthy rate of growth.

Infrastructure & Performance

Ongoing improvements were made to the Entropia platform infrastructure, including hardware and software upgrades in the server park in Amsterdam and enhanced development tools. Starting late in 2014 the development team conducted several stress tests in order to profile performance and identify areas for improvement. Valuable data was gathered from those tests, which will help to improve client and server performance moving forward. The client software has also been adapted to effectively support Windows 8 & 10.

New Player Experience

The efforts made by MindArk and the Planet Partners in 2015 to improve the experience for new participants have been quite successful, and have helped to improve conversion rates, grow the active player base and maximize marketing opportunities. Usability and gameplay improvements have been made to the new participant start room, as well as to the Thule tutorial area on Planet Calypso.

Additionally, a system of community volunteers, known as the Calypso Advisers, was launched on Planet Calypso to help guide new participants. The chat channel is also a great resource for new participants to receive tips from more experienced Entropians, and MindArk appreciates the generous support our community members offer to new participants in-game and on community forums.

Conversion and player retention is an important part of MindArk's long term growth strategy, and as such the new player experience will continue to receive attention during 2016 by the Planet Calypso team and our Planet Partners.

Taming

The long-awaited Taming system received lots of attention in 2015, including new buffs, pets, and interfaces to make pets an integral part of everyday Entropia life. Further expansion of the Taming system will continue in 2016, including potential tie-ins with the upcoming ComPet project.

Citizenship system

One project highlighted in last year's Annual Report is the Citizenship system, whose early foundations were released during 2015. The Citizenship system is one that will ultimately be available to all Planet Partners, who will work together with MindArk to develop the system further and add innovative features and content.

The first cities with land plots were released on Planet Calypso last summer, and the response from Calypso Land Deed holders was extremely positive, with all plots being claimed very quickly.

The Harvesting system introduced alongside the CLD land plots in the version update in June 2015 added a fun and flexible new system for beginners and veterans alike, and will continue to be expanded in upcoming version updates, including integration with the land plot estate system.

Mission Galactica

While Entropia Universe's traditional appeal for many participants is that of an open-world sci-fi-themed sandbox, MindArk and the Planet Partners have also developed content for participants who enjoy a more objective-based and directed gameplay experience.

In that direction MindArk unveiled a universe-wide epic mission chain called Mission Galactica in June 2015. Mission Galactica offers excitement and challenges for participants of all levels, and will continue to be expanded in upcoming Version Updates.

Planet Partners

Planet Arkadia

Arkadia Studios continued its track record of producing high-quality, unique content for Planet Arkadia. Arkadia's reputation for engaging gameplay, along with strong marketing campaigns in cooperation with MindArk have resulted in a steadily growing base of active participants on Planet Arkadia. MindArk will continue to work together closely with Arkadia Studios in 2016 both on the development and marketing fronts to continue this growth trend.

ROCKtropia

Development of the unique and popular ROCKtropia destination during 2015 was largely focused on streamlining and improving existing content, especially content geared toward new participants. Great strides were made in those areas, with the result that the overall gameplay experience and conversion rates for new participants on ROCKtropia are vastly improved.

Planet Cyrene

Development of Planet Cyrene also saw a strong focus on content for new participants during 2015, with an eye toward its long-awaited full launch in 2016.

Planet Toulan

The newest Entropia Universe planet, Toulan, saw respectable progress in terms of uniquely-themed content during 2015. The planet is still in its beta phase and MindArk will continue to work closely with the Beladcom team to move closer to a full launch.

Next Island

Next Island added new content during 2015 and is formulating a new marketing strategy which should be released during the summer of 2016.

Change in accounting principle for revenue

Previously, user deposits were recorded as revenue, with revenues being reduced whenever users made withdrawals. VAT liability occurred at the point of the initial deposit. The company therefore paid VAT on net deposits. Starting on 2015-01-01, MindArk changed its revenue model and VAT principle and henceforth book net deposits as a debt. Revenue will occur as users consume their deposits. At the same point the company will pay VAT on consumed funds.

The reason for the change in the accounting policy for income and VAT is that when the company started in 2003 incorrect directives was provided by the Swedish Tax Agency regarding at what point VAT liability should occur. In connection with the amendment of the VAT Act in 1 January 2015, the company pointed out to the Tax Agency that the previously applied tax law was not applicable when VAT was to be paid in each EU country. This prompted the Swedish Tax Agency to reexamine the company's operations and come up with revised directive on when VAT liability occurs.

The new principle allowed the company to recover the VAT paid early, resulting in a VAT refund to the company of just over SEK 9.4 million. This effect of change in accounting policy has been booked directly against equity. The repayment was deposited in the company's bank account in April 2016, but strengthened the 2015 balance sheet as an accrued correction of the previous fiscal year.

Economic Development in Parent Company

Net sales for the parent company, excluding inter-billing and revenue sharing between MindArk Group companies, amounted to SEK 52.9 million (previous year SEK 41 million), an increase of 29 %. Note however that these figures are not directly comparable, considering the new VAT guidelines and revised revenue calculation described above.

However, comparison can be made between net deposits in 2015 of 63.3 million PED to the 2014 net deposits, which totaled 71 million PED. If a deduction is made for deposits related to financial purchases, such as Arkadia Underground Deeds and ComPet Deeds, the figure for 2015 is 60.4 million PED compared to 64.4 million PED in 2014, representing a decrease in net deposits of 6.1 %.

The same comparison based on the new revenue measure consumption, shows that revenue has increased by 10.8 % from the 69.6 million PED in 2014 to 77.1 million PED 2015.

Unconsumed user holdings decreased by PED 1.7 million, from PED 124.2 million to PED 122.5 million. However, the total debt in SEK has increased as the exchange rate SEK/USD has risen from 7.81 SEK/USD at the end of last year to 8.35 SEK/USD on December 31, 2015. It resulted in a debt increase of SEK 5.3 million, from SEK 97 million to SEK 102.3 million.

Operating expenses amounted to about SEK 51.2 million (last year about SEK 39.2 million), an increase of SEK 12 million. Most of the increase was due to increased marketing and increased purchase of external development services.

Operating profit before depreciation amounted to plus SEK 4.3 million (previous year plus SEK 0.5 million if loss on sale of subsidiary is not taken in account).

After financial items, profit before taxes amounts to plus SEK 4 million (previous year minus SEK 4.9 million). The equity of the parent company amounted at year-end to SEK 30.4 million (previous year SEK 20.4 million). The equity has been strengthened considerably depending on the year's profit as well as the adjustment of the equity due to the change in accounting principle.

Cash Flow and Liquid Assets for Parent Company

Operating cash flow in the parent company amounted to plus SEK 5 million. A negative cash flow from investing activities of SEK 4.3 million, together with an increase in long term debts of SEK 160 thousand means that the parent company's cash flow ended at plus SEK 900 thousand. Liquid assets amounted to SEK 4.8 million.

MindArk Group Summary

Group revenues amounted to SEK 55.4 million (previous year SEK 41.3 million). Operational costs were SEK 51.1 million (previous year SEK 42 million). The Group profit after net financial items amounted to plus SEK 4 million (previous year minus SEK 5.6 million) before tax.

Equity of the Group on December 31 amounted to SEK 30.4 million (last year SEK 20.4 million).

Cash flow was plus SEK 900 thousand (last year plus SEK 1.8 million) and the Group's liquid assets as of December 31 were SEK 4.8 million (last year SEK 3.7 million).

Listing of MindArk Shares

The correct timing of the listing of the MindArk shares has not yet been established, any further information will be published on our website.

Annual Meeting

The annual meeting for 2015 was held on June 25 in the company's office. Nothing beyond standard decisions according to the articles of association was decided in the meeting. Board members Jan Welter Timkrans (Chairman), David Simmonds and Sven Sandberg were reelected. It was resolved in the meeting that the Board should not have any alternate.

Important events in early 2016

Beta-version of ComPet Game

One of the more exciting projects undertaken by MindArk in recent years is ComPet, a mobile pet combat game. A unique aspect of ComPet's development is the crowdfunding opportunity which earlier (before the beta-version) was available via ComPet Deeds.

Development of ComPet is progressing nicely, and has now entered the balancing and tuning phase. A beta-version of ComPet Game was released in May, 2016, and the initial feedback from the testers was very positive.

Marketing

MindArk is planning to increase marketing as a percentage of sales in 2016. This effort will focus primarily on the United States, which is the single largest market for Entropia Universe.

MindArk has been working closely with different organizations and universities around the world on projects that will use the Entropia Platform in their Virtual Reality requirements.

Final Words

MindArk shows a positive result after financial items of just over SEK 4 million for the full year 2015. The equity is once again above SEK 30 million. The company looks forward to another year of increased marketing to recruit more users to the Entropia Universe and to do a full launch of the ComPet Game.

Several year summary (TSEK)

| Consolidated | 2015 | 2014 | 2013 | 2012 | 2011 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Net sales | 52 855 | 40 998 | 46 797 | 46 478 | 45 993 |
| Profit after amortization | 3 688 | -5 270 | -8 725 | -20 790 | -7 396 |
| Profit after financial items | 4 002 | -5 576 | -8 941 | -20 698 | -7 688 |
| Total assets | 46 646 | 32 015 | 25 719 | 41 691 | 51 140 |
| Equity | 30 401 | 20 383 | 15 563 | 25 093 | 40 999 |
| Fixed assets | 21 850 | 20 481 | 12 805 | 27 136 | 30 974 |

| Parent company | 2015 | 2014 | 2013 | 2012 | 2011 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Net sales | 52 893 | 37 653 | 43 848 | 42 003 | 44 752 |
| Profit after amortization | 3 691 | -3 518 | -8 718 | -29 529 | -29 072 |
| Profit after financial items | 4 002 | -4 912 | -8 898 | -29 400 | -29 288 |
| Net profit for the year | 3 056 | 3 709 | -9 371 | -27 057 | -23 677 |
| Total assets | 50 541 | 34 637 | 28 689 | 47 036 | 59 742 |
| Equity | 30 401 | 20 383 | 16 674 | 25 844 | 41 337 |
| Fixed assets | 26 730 | 24 577 | 18 604 | 32 306 | 34 962 |

The Board's proposed appropriation of profits

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

| | |
|-------------------------|-------------------|
| Retained losses | - 3 216 445 |
| Shared premium reserve | 29 078 708 |
| Net profit for the year | 3 056 021 |
| | 28 918 284 |
| Amount carried forward | 28 918 284 |

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

Income Statement Consolidated

| | Not | 2015-01-01 -2015-12-31 | 2014-01-01 -2014-12-31 |
|---|-----|---------------------------|---------------------------|
| Net sales | 1 | 52 855 408 | 40 998 202 |
| Capitalized work | | 1 388 300 | 155 860 |
| Other income | 2 | 1 179 457 | 178 656 |
| | | 55 423 165 | 41 332 718 |
| Operating expenses | | | |
| Other external costs | 3 | -28 148 969 | -18 196 210 |
| Personnel costs | 4 | -22 933 049 | -23 799 877 |
| Amortization and depreciation | | -652 869 | -4 606 663 |
| Loss sale of building | | 0 | 0 |
| | | -51 734 887 | -46 602 750 |
| Operating profit | | 3 688 278 | -5 270 032 |
| Financial items | | | |
| Result from shares in group companies | 5 | 0 | -831 303 |
| Profit from other securities and receivables accounted for as non-current assets | | 445 487 | 769 557 |
| Interest income | | 4 036 | 2 429 |
| Exchange rate differences in bank holdings | | 186 877 | -125 514 |
| Interest cost | | -322 934 | -121 612 |
| Profit after financial items | | 4 001 744 | -5 576 475 |
| Income tax | 6 | -945 800 | 10 396 674 |
| Net profit | | 3 055 944 | 4 820 199 |

Balance Sheet Consolidated

Not 2015-12-31 2014-12-31

Assets

Non-current assets

Intangible assets

| | | | |
|-------------------------|---|------------------|------------------|
| Planet Calypso | 7 | 441 010 | 551 263 |
| Planet Calypso Forum | 8 | 150 737 | 188 421 |
| Other intangible assets | 9 | 7 800 748 | 4 293 305 |
| | | 8 392 495 | 5 032 989 |

Property and equipment

| | | | |
|---------------------------------|----|------------------|------------------|
| Equipment and computer hardware | 10 | 1 791 839 | 1 031 849 |
| | | 1 791 839 | 1 031 849 |

Financial assets

| | | | |
|--|----|-------------------|-------------------|
| Other long-term securities | 11 | 188 320 | 0 |
| Loan MindArk Groups Vinstandelsstiftelse | | 134 600 | 106 000 |
| Deferred tax | 6 | 6 985 600 | 10 398 700 |
| Other long-term receivables | 12 | 4 357 366 | 3 911 879 |
| | | 11 665 886 | 14 416 579 |
| Total non-current assets | | 21 850 220 | 20 481 417 |

Current assets

Stock-in-trade

| | | | |
|-----------------------|----|----------------|----------------|
| Commercial goods | 13 | 379 857 | 323 240 |
| Advances to suppliers | | 0 | 7 326 |
| | | 379 857 | 330 566 |

Short-term receivables

| | | | |
|-------------------------------------|----|-------------------|------------------|
| Account receivables | | 3 938 890 | 3 530 768 |
| Receivables from payment providers | 14 | 2 435 462 | 1 578 008 |
| Tax advanced | | 106 302 | 304 681 |
| Other receivables | 15 | 11 373 990 | 718 830 |
| Prepaid expenses and accrued income | 16 | 1 772 421 | 1 335 868 |
| | | 19 627 065 | 7 468 155 |

Cash and bank balances

| | | | |
|-----------------------------|--|-------------------|-------------------|
| | | 4 789 223 | 3 735 021 |
| Total current assets | | 24 796 145 | 11 999 904 |

Total assets

46 646 365 32 015 159

Balance Sheet Consolidated

| | Not | 2015-12-31 | 2014-12-31 |
|---|-----|-------------------|-------------------|
| Equity and liabilities | | | |
| Equity | 17 | | |
| Share capital (143 293 750 shares) | | 1 432 938 | 1 432 938 |
| Other contributed capital | | 29 078 708 | 29 078 708 |
| Other equity including profit for the year | | -110 369 | -10 128 298 |
| Equity attributable to parent company shareholders | | 30 401 277 | 20 383 348 |
| Long-term liabilities | | | |
| Other liabilities | 18 | 797 178 | 639 553 |
| Short-term liabilities | | | |
| Accounts payable | | 2 552 092 | 2 179 138 |
| Other liability | | 5 492 845 | 2 879 376 |
| Accrued expenses and prepaid income | 19 | 7 402 973 | 5 933 744 |
| | | 15 447 910 | 11 458 420 |
| Total equity and liabilities | | 46 646 365 | 32 015 159 |
| Contingent liabilities | | | |
| Unconsumed user holdings | 20 | 102 323 049 | 96 990 148 |

Cash Flow Statement Consolidated

| | Not | 2015-01-01 -2015-12-31 | 2014-01-01 -2014-12-31 |
|---|-----|---------------------------|---------------------------|
| Operating activities | | | |
| Cash received from customers | | 63 360 077 | 41 543 433 |
| Cash paid to suppliers and personnel | | - 59 248 540 | - 39 799 738 |
| Interest received | | 4 036 | 2 429 |
| Interest paid | | - 3 267 | - 1 992 |
| Income tax paid | | | 391 697 |
| | | 198 379 | |
| Cash flow from operating activities | | 4 310 685 | 2 135 829 |
| Investing activities | 21 | | |
| Purchase of intangible assets | | -2 119 143 | -201 880 |
| Purchase of property and equipment | | -1 264 922 | -674 884 |
| Sale of property and equipment | | 0 | 208 865 |
| Sale of subsidiary | | 0 | -8 586 |
| Amortization of long-term receivables | | -216 920 | -30 450 |
| Increase/decrease in short-term investments | | 0 | -260 213 |
| Cash flow from investing activities | | -3 600 985 | -967 148 |
| Financing activities | | | |
| Increase of long-term liabilities | | 157 625 | 639 553 |
| Cash flow from financing activities | | 157 625 | 639 553 |
| Cash flow for the year | | 867 325 | 1 808 234 |
| Ingoing cash and bank balances | | 3 735 021 | 2 052 301 |
| Exchange rate differences in cash and bank balances | | 186 877 | -125 514 |
| Outgoing cash and bank balances | 22 | 4 789 223 | 3 735 021 |

Income Statement Parent Company

| | Not | 2015-01-01 -2015-12-31 | 2014-01-01 -2014-12-31 |
|--|-----|---------------------------|---------------------------|
| Net sales | 1 | 52 893 408 | 37 653 335 |
| Capitalized work | | 1 388 300 | 155 860 |
| Other income | 2 | 1 173 569 | 1 878 989 |
| | | 55 455 277 | 39 688 184 |
| Operating expenses | | | |
| Other external costs | 3 | -28 482 739 | -16 835 646 |
| Personnel costs | 4 | -22 672 741 | -22 382 311 |
| Amortization and depreciation | | -608 448 | -3 988 026 |
| | | -51 763 928 | -43 205 983 |
| Operating profit | 23 | 3 691 349 | -3 517 799 |
| Financial items | | | |
| Result from shares in group companies | | 0 | -1 917 856 |
| Profit from other securities and receivables accounted for as non-current assets | | 445 487 | 769 557 |
| Other financial items | | 2 034 | 1 023 |
| Interest cost | | -322 761 | -120 388 |
| Exchange rate differences in bank holdings | | 185 712 | -126 607 |
| | | 310 472 | -1 394 271 |
| Profit after financial items | | 4 001 821 | -4 912 070 |
| Transfers to untaxed reserves – Group contribution paid | | 0 | -1 777 486 |
| Net profit before tax | | 4 001 821 | -6 689 556 |
| Income tax | 6 | -945 800 | 10 398 700 |
| Net profit | | 3 056 021 | 3 709 144 |

Balance Sheet Parent Company

Not 2015-12-31 2014-12-31

Assets

Non-current assets

Intangible assets

| | | | |
|-------------------------|---|------------------|------------------|
| Planet Calypso | 7 | 441 010 | 0 |
| Planet Calypso Forum | 8 | 150 737 | 0 |
| Other intangible assets | 9 | 7 800 748 | 4 293 305 |
| | | 8 392 495 | 4 293 305 |

Property and equipment

| | | | |
|---------------------------------|----|------------------|----------------|
| Equipment and computer hardware | 10 | 1 761 707 | 957 296 |
| | | 1 761 707 | 957 296 |

Financial assets

| | | | |
|--|--------|-------------------|-------------------|
| Shares in subsidiaries | 24, 25 | 4 910 000 | 4 910 000 |
| Other long-term securities | 11 | 188 320 | 0 |
| Loan MindArk Groups Vinstandelsstiftelse | | 134 600 | 106 000 |
| Deferred tax | 6 | 6 986 600 | 10 398 700 |
| Other long-term receivables | 12 | 4 357 366 | 3 911 879 |
| | | 16 575 886 | 19 326 579 |

Total non-current assets

26 730 088 24 577 180

Current assets

Stock-in-trade

| | | | |
|-----------------------|----|----------------|----------------|
| Commercial goods | 13 | 379 857 | 323 240 |
| Advanced to suppliers | | 0 | 7 326 |
| | | 379 857 | 330 566 |

Short-term receivables

| | | | |
|-------------------------------------|----|-------------------|------------------|
| Account receivables | | 2 853 838 | 2 445 717 |
| Receivables from payment providers | 14 | 2 435 462 | 1 578 008 |
| Receivables group companies | | 109 118 | 81 874 |
| Tax advanced | | 106 302 | 122 355 |
| Other receivables | 15 | 11 370 334 | 455 482 |
| Prepaid expenses and accrued income | 16 | 1 772 421 | 1 335 868 |
| | | 18 647 475 | 6 019 304 |

Cash and bank balances

| | | | |
|----------------------|--|-------------------|-------------------|
| Total current assets | | 4 783 384 | 3 710 172 |
| | | 23 810 716 | 10 060 042 |

Total assets

50 540 804 34 637 222

Balance Sheet Parent Company

| | Not | 2015-12-31 | 2014-12-31 |
|-------------------------------------|-----|-------------------|-------------------|
| Equity and liabilities | | | |
| Equity | 17 | | |
| Restricted equity | | | |
| Share capital (143 293 750 shares) | | 1 432 938 | 1 432 938 |
| Restricted reserves | | 50 000 | 50 000 |
| | | 1 482 938 | 1 482 938 |
| Non-restricted equity | | | |
| Share premium reserve | | 29 078 708 | 29 078 708 |
| Profit brought forward | | -3 216 445 | -13 887 574 |
| Net profit | | 3 056 021 | 3 709 144 |
| | | 28 918 284 | 18 900 278 |
| Total equity | | 30 401 222 | 20 383 216 |
| Long-term liabilities | | | |
| Other liabilities | 18 | 797 178 | 639 553 |
| | | 797 178 | 639 553 |
| Short-term liabilities | | | |
| Accounts payable | | 2 552 092 | 1 572 984 |
| Liabilities group companies | | 3 984 081 | 3 521 231 |
| Other liability | | 5 403 258 | 2 799 720 |
| Accrued expenses and prepaid income | 19 | 7 402 973 | 5 720 518 |
| Total short-term liabilities | | 19 342 404 | 13 614 453 |
| Total equity and liabilities | | 50 540 804 | 34 637 222 |
| Contingent liabilities | | | |
| Unconsumed user holdings | 20 | 102 323 049 | 96 990 148 |

Cash Flow Statement Parent Company

| | Not | 2015-01-01 -2015-12-31 | 2014-01-01 -2014-12-31 |
|---|-----|---------------------------|---------------------------|
| Operating activities | | | |
| Cash received from customers | | 63 486 034 | 39 564 415 |
| Cash paid to suppliers and personnel | | -58 430 483 | -37 754 946 |
| Interest received | | 2 034 | 1 023 |
| Interest paid | | -3 094 | -769 |
| Income tax paid | | 16 053 | -7 866 |
| Cash flow from operating activities | | 5 070 544 | 1 801 857 |
| Investing activities | 21 | | |
| Purchase of intangible assets | | -2 858 827 | 0 |
| Purchase of property and equipment | | -1 264 922 | -674 884 |
| Reduction of share capital in subsidiaries | | 0 | 411 060 |
| Investment in other financial assets | | -216 920 | -30 450 |
| Increase/decrease in short-term investments | | 0 | -260 213 |
| Cash flow from investing activities | | -4 340 669 | -554 486 |
| Financing activities | | | |
| Increase in long-term liabilities | | 157 625 | 639 553 |
| Received group contribution | | 0 | 0 |
| Cash flow from financing activities | | 157 625 | 639 553 |
| Cash flow for the year | | 887 500 | 1 886 924 |
| Ingoing cash and bank balances | | 3 710 172 | 1 949 855 |
| Exchange rate differences in cash and bank balances | | 185 712 | -126 607 |
| Outgoing cash and bank balances | 22 | 4 783 384 | 3 710 172 |

Supplementary disclosures & accounting principles

The annual report has been prepared in accordance with the Swedish Annual Accounts Act. The accounting principles applied agree 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 for the first time in accordance with *BFVAR 2012: 1 Årsredovisning och koncernredovisning (K3)*.

No item in the opening balance sheet has been restated since the company is per definition a small company.

The information in the several year summary have not been restated.

The accounting policy for the group contribution has been changed. As from year 2014 the group contribution is accounted for under the income statement under the line Untaxed reserves.

Previously, user deposits were recorded as revenue, with revenues being reduced whenever users made withdrawals. VAT liability occurred at the point of the initial deposit. The company therefore paid VAT on net deposits. Starting on 2015-01-01, MindArk changed its revenue model and VAT principle and will henceforth book net deposits as a debt and revenue will occur as users consume their deposits. At the same point the company will pay VAT on consumed funds.

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 is accounted for in a straight line over the assets anticipated economic life.

The following percentages are applied:

| | |
|---------------------|---------|
| Intangible assets | 20 % |
| Equipment and tools | 20 % |
| Computer hardware | 20-33 % |

The consolidated statement of accounts has been prepared according to the rules of acquisition accounting.

Notes

Note 1 Net sales Group

Corporate revenues consist of the net sum of deposited and withdrawn amounts from Entropia Universe made by users. The net revenues are presented in the income statement after deduction of reimbursements requested by participants in Entropia Universe. From January 1, 2009 the revenues in Entropia Universe are shared with the subsidiary Planet Calypso AB and the other Planet Partners.

From the current year MindArk has changed its revenue model and will henceforth book net deposits as a debt and revenue will occur as users consume their deposits. From the same date all operation in the MindArk Group will be handled in the parent company, which also means that Planet Calypso revenue is reported with MindArk PE AB.

| | 2015 | 2014 |
|---|-------------------|-------------------|
| Net sales | | |
| Net sales | 52 855 408 | 60 761 453 |
| Reimbursements | 0 | -19 763 251 |
| | 52 855 408 | 40 998 202 |
| Distribution of net sales through geographical markets | | |
| Net sales within the European Community | 28 925 797 | 19 153 103 |
| Net sales from the rest of the world | 23 929 611 | 21 845 099 |
| | 52 855 408 | 40 998 202 |

Parent Company

Corporate revenues consist of the net sum of deposited and withdrawn amounts from Entropia Universe made by users. The net revenues are presented in the income statement after deduction of reimbursements requested by participants in Entropia Universe. From January 1, 2009 the revenues in Entropia Universe are shared with the subsidiary Planet Calypso AB (earlier AR Universe AB) and the other Planet Partners.

From the current year MindArk has changed its revenue model and will henceforth book net deposits as a debt and revenue will occur as users consume their deposits. From the same date all operation in the MindArk Group will be handled in the parent company, which also means that Planet Calypso revenue is reported with MindArk PE AB.

| | 2015 | 2014 |
|---|-------------------|-------------------|
| Net sales | | |
| Net sales | 52 855 408 | 45 458 493 |
| Reimbursements | 0 | -19 763 251 |
| Inter group sales | 38 000 | 11 958 093 |
| | 52 893 408 | 37 653 335 |
| Distribution of net sales through geographical markets | | |
| Net sales within the European Community | 28 963 797 | 15 807 262 |
| Net sales from the rest of the world | 23 929 611 | 21 846 073 |
| | 52 893 408 | 37 653 335 |

**Note 2 Other income
Group**

| | 2015 | 2014 |
|--------------------------------|------------------|----------------|
| Exchange revenues | 207 022 | 161 956 |
| Other revenue | 223 870 | 16 700 |
| Sale Arkadia Underground Deeds | 748 565 | 0 |
| | 1 179 457 | 178 656 |

Parent Company

| | 2015 | 2014 |
|--------------------------------|------------------|------------------|
| Exchange revenues | 201 134 | 157 562 |
| Inter group sales | 0 | 1 704 732 |
| Other revenue | 223 870 | 16 695 |
| Sale Arkadia Underground Deeds | 748 565 | 0 |
| | 1 173 569 | 1 878 989 |

**Note 3 Remunerations to company auditors
Group**

| | 2015 | 2014 |
|-------------------------------|----------------|----------------|
| PwC | | |
| Entered expenses for auditing | 155 300 | 155 300 |
| Other services | 215 000 | 33 000 |
| | 370 300 | 188 300 |

Parent Company

| | 2015 | 2014 |
|-------------------------------|----------------|----------------|
| PwC | | |
| Entered expenses for auditing | 155 300 | 117 300 |
| Other services | 215 000 | 33 000 |
| | 370 300 | 150 300 |

**Note 4 Employees and personnel cost
Group**

| | 2015 | 2014 |
|---|-------------------|-------------------|
| Average number of employees | | |
| Female | 3 | 3 |
| Male | 33 | 31 |
| | 36 | 34 |
| Wages and remunerations | | |
| Paid to members of the Board, CEO and senior executives | 4 208 132 | 4 878 068 |
| Paid to other employees | 12 083 265 | 12 263 022 |
| | 16 291 397 | 17 141 090 |
| Social security cost | | |
| Pension cost for Board members, CEO and senior executives | 678 386 | 685 577 |
| Pension cost for other employees | 984 769 | 947 750 |
| Social security cost | 4 857 858 | 4 963 887 |
| | 6 521 013 | 6 597 214 |
| Total cost for wages and remunerations etc | 22 812 410 | 23 738 304 |

In March 2015 the remaining employees of Planet Calypso AB were transferred to the parent company.

Parent Company

| | 2015 | 2014 |
|---|-------------------|-------------------|
| Average number of employees | | |
| Female | 3 | 3 |
| Male | 31 | 27 |
| | 34 | 30 |
| Wages and remunerations | | |
| Paid to members of the Board, CEO and senior executives | 4 208 132 | 4 491 586 |
| Paid to other employees | 11 890 261 | 11 272 458 |
| | 16 098 393 | 15 764 044 |
| Social security cost | | |
| Pension cost for Board members, CEO and senior executives | 678 386 | 643 652 |
| Pension cost for other employees | 977 155 | 909 667 |
| Social security cost | 4 796 331 | 4 646 814 |
| | 6 451 872 | 6 200 133 |
| Total cost for wages and remunerations etc | 22 550 265 | 21 964 177 |

**Note 5 Loss from participations in group companies
Group**

| | 2015 | 2014 |
|---|-------------|-----------------|
| Loss of sale regarding Ilunova SA de CV | 0 | -831 303 |
| | 0 | -831 303 |

Parent Company

| | 2015 | 2014 |
|-------------------------------|-------------|-------------------|
| Loss of sale Ilunova SA de CV | 0 | -1 917 856 |
| | 0 | -1 917 856 |

**Note 6 Deferred tax
Group and Parent Company**

| | 2015 | 2014 |
|--|------------------|-------------------|
| Unused tax loss carry-forward | 6 985 600 | 10 398 700 |
| Deferred tax assets recognized in the balance sheet | 6 985 600 | 10 398 700 |

In MindArk there is a loss carry forward of SEK 31.7 million as a whole is taken into account in calculating the deferred tax 2015-12-31.

Deferred tax assets specified

| | 2015-12-31 | 2014-12-31 |
|--|-------------------|-------------------|
| Balance brought forward | 10 398 700 | 0 |
| Additional receivables | 0 | 10 398 700 |
| Adjusted loss from previous years | -2 467 300 | 0 |
| Deductible claim/income tax | -945 800 | 0 |
| Entered net value carried forward | 6 985 600 | 10 398 700 |

**Note 7 Planet Calypso
Group**

On January 1, 2015 Planet Calypso was sold from the subsidiary Planet Calypso AB to the parent company, which now manages the operation and development of the planet.

| | 2015-12-31 | 2014-12-31 |
|-----------------------------------|-------------------|-------------------|
| Acquisition value brought forward | 1 763 210 | 1 763 210 |
| Purchase | 551 263 | 0 |
| Sale | -1 763 210 | 0 |
| | 551 263 | 1 763 210 |

| | | |
|--|-----------------|-----------------|
| Amortization brought forward | -1 211 947 | -636 715 |
| Sale | 1 211 947 | 0 |
| Amortization according to plan | -110 253 | -287 616 |
| | -110 253 | -924 331 |
| Entered net value carried forward | 441 010 | 551 263 |

Parent Company

On January 1, 2015 Planet Calypso was sold from the subsidiary Planet Calypso AB to the parent company, which now manages the operation and development of the planet.

| | 2015-12-31 | 2010-12-31 |
|--|-----------------|------------|
| Purchase | 551 263 | 0 |
| | 551 263 | 0 |
| Amortization according to plan | -110 253 | 0 |
| | -110 253 | 0 |
| Entered net value carried forward | 441 010 | 0 |

Note 8 Planet Calypso Forum Group

On January 1, 2015 Planet Calypso Forum was sold from the subsidiary Planet Calypso AB to the parent company, which now manages the operation of the forum.

| | 2015-12-31 | 2014-12-31 |
|--|----------------|----------------|
| Acquisition value brought forward | 201 880 | 0 |
| Purchase | 188 421 | 201 880 |
| Sale | -201 880 | |
| | 188 421 | 0 |
| Amortization brought forward | -13 459 | 0 |
| Sale | 13 459 | 0 |
| Amortization according to plan | -37 684 | -13 459 |
| | -37 684 | -13 459 |
| Entered net value carried forward | 150 737 | 188 421 |

Parent Company

On January 1, 2015 Planet Calypso Forum was sold from the subsidiary Planet Calypso AB to the parent company, which now manages the operation of the forum.

| | 2015-12-31 | 2014-12-31 |
|--|-------------------|-------------------|
| Purchase | 188 421 | 0 |
| | 188 421 | 0 |
| Amortization according to plan | -37 684 | 0 |
| | -37 684 | 0 |
| Entered net value carried forward | 150 737 | 0 |

Note 9 Other intangible assets Group and Parent Company

Refers to the cost and amortization for MindArk and Entropia Universe web tools. Refers also to the acquisition of the ComPet Game idea, capitalized costs and capitalized expenses for the mobile application development. The app is expected to be launched in in 2016.

| | 2015-12-31 | 2014-12-31 |
|--|-------------------|-------------------|
| Acquisition value brought forward | 4 860 905 | 4 705 045 |
| Purchase | 3 507 443 | 155 860 |
| | 8 368 348 | 4 860 905 |
| Amortization brought forward | -567 600 | -567 600 |
| | -567 600 | -567 600 |
| Entered net value carried forward | 7 800 748 | 4 293 305 |

Note 10 Equipment and computer hardware Group

| | 2015-12-31 | 2014-12-31 |
|--|--------------------|--------------------|
| Acquisition value brought forward | 13 258 891 | 14 810 544 |
| Acquisitions | 1 264 922 | 674 884 |
| Sale/disposal | 0 | -2 226 537 |
| | 14 523 813 | 13 258 891 |
| Depreciation brought forward | -12 227 042 | -13 480 778 |
| Depreciation sold/disposed asset | 0 | 2 017 672 |
| Depreciation for the year | -504 932 | -763 936 |
| | -12 731 974 | -12 227 042 |
| Entered net value carried forward | 1 791 839 | 1 031 849 |

Parent Company

| | 2015-12-31 | 2014-12-31 |
|--|-------------------|-------------------|
| Acquisition value brought forward | 9 413 524 | 8 738 640 |
| Acquisitions | 1 264 922 | 674 884 |
| | 10 678 446 | 9 413 524 |
| Depreciation brought forward | -8 456 228 | -8 009 854 |
| Depreciation for the year | -460 511 | -446 374 |
| | -8 916 739 | -8 456 228 |
| Entered net value carried forward | 1 761 707 | 957 296 |

Note 11 Other long-term securities holdings

Group and Parent Company

Refers to new issue Rufoid AB.

| | 2015-12-31 | 2014-12-31 |
|--|-------------------|-------------------|
| Purchase | 188 320 | 0 |
| | 188 320 | 0 |
| Entered net value carried forward | 188 320 | 0 |

Note 12 Other long-term receivables

Group and Parent Company

Refers to promissory note loan according to agreement.

Note 13 Stock

Group and Parent Company

Inventories consist of the gold cards and gold card readers used for secure login to Entropia Universe. Inventories also consists of profile products, that are sold through an online shop on the company's website.

Note 14 Receivables from payment providers

Group and Parent Company

Refers to MindArk's outstanding receivables on all contracted payment providers. The open balance contains payments confirmed by the provider but not yet received by MindArk.

**Note 15 Other receivables
Group**

| | 2015-12-31 | 2014-12-31 |
|-------------------------------------|-------------------|-------------------|
| Receivable Tax Agency regarding VAT | 9 429 285 | 0 |
| Other receivables | 1 944 705 | 718 830 |
| | 11 373 990 | 718 830 |

Parent Company

| | 2015-12-31 | 2014-12-31 |
|-------------------------------------|-------------------|-------------------|
| Receivable Tax Agency regarding VAT | 9 429 285 | 0 |
| Other receivables | 1 942 049 | 455 482 |
| | 11 370 334 | 455 482 |

**Note 16 Prepaid expenses and accrued income
Group and Parent Company**

| | 2015-12-31 | 2014-12-31 |
|-----------------------------------|-------------------|-------------------|
| Prepaid license fees for software | 176 996 | 219 674 |
| Accrued income | 187 347 | 0 |
| Other prepaid expenses | 1 408 078 | 1 116 194 |
| | 1 772 421 | 1 335 868 |

**Note 17 Changes in shareholders' equity
Group**

Number of shares: 143 293 750

| | Share capital | Other contri- buted capital | Other equity incl profit for the year | Total equity |
|---|--------------------------|--|--|-------------------------|
| Opening balance | 1 432 398 | 29 078 708 | -10 128 298 | 20 383 348 |
| Effect of change in accounting principle | | | 9 429 285 | 9 429 285 |
| Correction of previous year | | | -2 467 300 | -2 467 300 |
| Net loss for the year | | | 3 055 944 | 3 055 944 |
| Outgoing balance | 1 432 938 | 29 078 708 | -110 369 | 30 401 277 |

Parent Company

Number of shares: 143 293 750

| | Share capital | Restricted Reserves | Share premium reserve | Profit carried forward | Net profit |
|--|----------------------|----------------------------|------------------------------|-------------------------------|-------------------|
| Opening balance | 1 432 398 | 50 000 | 29 078 708 | -13 887 574 | 3 709 144 |
| Shareholders meeting | | | | 3 709 144 | -3 709 144 |
| Effect of change in accounting principle | | | | 9 429 285 | |
| Correction of previous year | | | | -2 467 300 | |
| Net profit for the year | | | | | 3 056 021 |
| Outgoing balance | 1 432 398 | 50 000 | 29 078 708 | -3 216 445 | 3 056 021 |

Note 18 Long-term liabilities Group and Parent Company

The long-term liability refers to Planet Arkadia's marketing fund. Part of the revenue received from Arkadia Underground Deeds has been reserved by MindArk and will be used for marketing campaigns.

| | 2014-12-31 | 2013-12-31 |
|---------------------------|-------------------|-------------------|
| Arkadia Marketing Reserve | 797 178 | 639 553 |
| | 797 178 | 639 553 |

Note 19 Accrued expenses and income Group

User requested reimbursements of funds from Entropia Universe are accounted for as an accrual on the balance sheet.

| | 2015-12-31 | 2014-12-31 |
|---|-------------------|-------------------|
| User requested reimbursements not yet settled | 5 754 541 | 4 284 077 |
| Other accrued operating expenses | 1 597 415 | 1 605 305 |
| Prepaid income | 51 017 | 44 362 |
| | 7 402 973 | 5 933 744 |

Parent Company

User requested reimbursements of funds from Entropia Universe are accounted for as an accrual on the balance sheet.

| | 2015-12-31 | 2014-12-31 |
|---|-------------------|-------------------|
| User requested reimbursements not yet settled | 5 754 541 | 4 284 077 |
| Other accrued operating expenses | 1 597 415 | 1 392 079 |
| Prepaid income | 51 017 | 44 362 |
| | 7 402 973 | 5 720 518 |

Note 20 Contingent liabilities Group and Parent Company

Unconsumed user holdings:

Unconsumed user holdings equivalents of user deposits which are not used or withdrawn. The debt at the beginning of the fiscal year was PED 124.2 million which represented at that time approximately SEK 97 million (exchange rate of 0.781 SEK/PED). During the financial year the debt decreased by approximately PED 1.7 million to PED 122.5 million, which corresponds with the year-end exchange rate of a debt of SEK 102.3 million (exchange rate of 0.835 SEK/PED).

User requested reimbursements not yet settled is recognized in the balance sheet under Accrued expenses. Reserved amounts are shown in Note 18.

Note 21 Investment in tangible assets Group and Parent Company

During the year the Parent Company acquired fixed assets of SEK 1.3 million and capitalized development costs for the amount SEK 3.5 million for ComPet Game.

Note 22 Liquid funds Group

| | 2015-12-31 | 2014-12-31 |
|------------------------|------------------|------------------|
| Liquid funds | | |
| Cash and bank balances | 4 789 223 | 3 735 021 |
| | 4 789 223 | 3 735 021 |

Parent Company

| | 2015-12-31 | 2014-12-31 |
|------------------------|------------------|------------------|
| Liquid funds | | |
| Cash and bank balances | 4 783 384 | 3 710 172 |
| | 4 783 384 | 3 710 172 |

Note 23 Purchases and sales between group companies Parent Company

| | 2015 | 2014 |
|--|---------|---------|
| Percentage of the total purchases made from other companies in the Group | 13.73 % | 4.84 % |
| Percentage of the total sales made from other companies in the Group | 00.07 % | 31.76 % |

Note 24 Shares in subsidiaries

Parent Company

| | 2015-12-31 | 2014-12-31 |
|--|------------------|------------------|
| Acquisition value brought forward | 4 910 000 | 7 238 917 |
| Sale/disposal | 0 | -1 917 856 |
| Reduction of the share capital | 0 | -411 061 |
| Accumulated acquisition value brought forward | 4 910 000 | 4 910 000 |
| Entered net value carried forward | 4 910 000 | 4 910 000 |

Note 25 Specification shares in subsidiaries

Parent Company

| Corporate name | Proportion | Share of voting | Number of shares | Book value | |
|--------------------------|------------|-----------------|------------------|------------------|--|
| Planet Calypso AB (publ) | 100% | 100% | 100 | 3 910 000 | |
| Entropia Universe AB | 100% | 100% | 100 | 1 000 000 | |
| | | | | 4 910 000 | |

| | Corporate identity | Domicile | Equity | Net profit |
|--------------------------|--------------------|----------|-----------|------------|
| Planet Calypso AB (publ) | 556766-6416 | Göteborg | 3 910 029 | -70 |
| Entropia Universe AB | 556767-3594 | Göteborg | 1 000 025 | -7 |

Göteborg May 30, 2016

Jan Welter Timkrans

Jan Welter Timkrans
Chairman of the Board

Sven Sandberg

Sven Sandberg
Board Member

David Simmonds

David Simmonds
Board Member

Klas Moreau

Klas Moreau
CEO

My audit report concerning this annual report has been issued on May 31, 2016

Magnus Götenfelt

Magnus Götenfelt
Authorized public accountant