



Q4 and Year-End Report – 31 March 2020

Flexion sees very strong performance towards the end of the quarter and accelerating growth in April and May driven by a surge in the gaming market. Total revenue grows by 66% and gross profit improves by 70% significantly reducing the negative adjusted EBITDA.

January 2020 to March 2020 performance

- Total revenue increased by 66% to GBP 2.8m (GBP 1.7m)*
- Gross profit increased by 70% to GBP 0.4m (GBP 0.2m)
- Adjusted EBITDA improved by 54% to GBP -0.2m (GBP -0.5m)
- Write down of GBP 1.1m in recoverable MG payments
- Operating loss increased by 175% to GBP -1.3m (GBP -0.5m)
- Earnings per share amounted to GBP -3.20 pence (GBP -1.13 pence)
- Cash amounted to GBP 2.7m (GBP 6.0m)

April 2019 to March 2020 performance

- Total revenue increased by 48% to GBP 9.5m (GBP 6.4m)
- Gross profit increased by 23% to GBP 1.2m (GBP 0.9m)
- Adjusted EBITDA improved by 15% to GBP -1.7m (GBP -2.0m)
- Operating loss increased by 54% to GBP -2.9m (GBP -1.9m)
- Earnings per share amounted to GBP -6.83 pence (GBP -4.42 pence)

Important events during the quarter

- Covid-19 related lock-down has fueled market growth and Flexion's revenue especially during the end of the quarter
- Guns of Glory experienced strong growth and became our top grossing title
- Signing of Top-tier title Chapters Interactive Stories from Crazy Maple
- Launch of non-GMS support for Huawei's AppGallery

Important events after the quarter

- The strong growth in the second half of the quarter has continued well into the next quarter. Early indications for the quarter ending 30 of June 2020 points to +100% growth in total revenue compared to same period last year. This equates to +50% growth during the quarter (QoQ)
- Signing of Top-tier title Tales of Wind from Neocraft
- Launch of Chapters Interactive Stories
- Signing of Tabou Stories, the third title from Nanobit

* Comparable number for the same quarter of the previous financial year in brackets

Notes from the CEO



The last quarter of our financial year is usually quite slow but this year things were very different!!!

January started with the normal post-Christmas dip and this doldrum usually continues well into February. Instead, February became our best-ever month and the start of a very strong momentum powered by increased numbers of users and a higher spend per user. This occurred as many global economies went into lockdown creating a strong, and widely published, positive impact on the games industry. The short month of February grew by 11% compared to January and March was up 20% compared to February. This momentum continued into the new quarter and early indications show that we will have a record-breaking quarter with +50% growth compared with current quarter.

During the pandemic consumers have been forced to challenge traditional delivery methods in favour of digital services. For us it means that more gamers explore alternative distribution, driving users into the stores we are supporting. We will certainly see a long-term increase in alternative distribution as a result.

It is great to see that we get this positive impact on top of the general growth we built up over the previous quarters. On the channel side, we saw both One Store and Huawei's AppGallery going from strength to strength. Our highest-ranking title, Guns of Glory, drove our performance in One Store which will help us grow our footprint in the very important South Korean market. We also started to see positive effects of our rollout in AppGallery. This is a channel that I am very excited about and especially thanks to Huawei's non-Google flagship devices hitting the market this year. We now consider AppGallery one of our core channels and we will continue to support it with new games.

We also expanded our partnership with YOOZOO Games and launched Saint Seiya during the quarter. The game picked up pace already in its first quarter and made a material contribution to our revenue and gross margin. This strong title will continue to grow as it ramps up next quarter. We signed Chapters Interactive Stories from Crazy Maple Studios and we are now busy launching this game while also preparing the newly signed Tales of Wind for launch. We have a healthy pipeline of new games and our goal is to launch one new title per month for the remaining period of the financial year ending March 2021. This effectively means that we plan to more or less double the number of games in our portfolio compared to March 2020 by the end of this financial year.

We continue to invest in developer sales activities and are actively recruiting in key markets such as China and Russia where we have not had the bandwidth to process all sales leads in the past.

I am very pleased to see that our margin grew by 70% compared to the same quarter last year and the cash position improved by GBP 0.3m compared to previous quarter while our (ordinary) cost base stayed flat. This is, of course, very positive as it reduces our negative EBITDA and cash burn. The positive trend should continue over the next quarters supported by growing revenue and higher margin contribution from newly launched games.

I also want to comment on the two contracts with minimum guarantees (MGs) that we have on our books. Back in 2018, we raised USD 10m in marketing funds in conjunction with our IPO to fund our sales activities and sign big titles. We signed two contracts with revenue guarantees to secure five leading titles. This put us firmly on the map and gave us the credibility we wanted for distribution of games in Alternative channels. It has been instrumental in building our market leading position. One of the two contracts has performed as planned. In the other contract, especially one of the five titles has not responded to our continued marketing efforts, neither do we now feel we can achieve a meaningful extension of this contract. As a result, we deem it unlikely that we will recover the full amount of MGs already paid to the developer. The impairment review has therefore resulted in a GBP 1.1m write down of recoverable MG payments as recorded under other receivables on the balance sheet. This represents 20% of guarantees originally committed and is something we consider to be part of our roll-out marketing cost. We don't expect any further write downs on these contracts. With our current position and strong momentum, it is unlikely that we will do more deals of this character in the future.

Finally, I am proud to see how this company has performed during the terrible pandemic. We already had a remote work policy in place so we could almost effortlessly shift and adapt to the new situation. On a personal level it has been tough for the staff to be in such a long lock-down but I must say that absolutely everyone has stepped up and continued their work as before the crisis. For this, I am very grateful.

It is with great excitement that we enter the new quarter.

I wish you all a safe and good summer.

Jens Lauritzson — CEO

Financial Development



Niklas Koresaar - CFO

January 2020 to March 2020

REVENUE

Our core business, IAP (In-App Purchase) revenue, grew by 67% to GBP 2,771,685 (GBP 1,654,969) and total revenue grew by 66% to GBP 2,774,698 (GBP 1,667,626). During the quarter (QoQ/Dec-19 to Mar-20) total revenue grew by 12%.

GROSS PROFIT

Cost of sales increased by 66% to GBP 2,390,577 (GBP 1,441,159) and gross profit grew by 70% to GBP 384,121 (GBP 226,467). During the Quarter (QoQ) gross profit grew by 37%.

GENERAL AND ADMINISTRATIVE EXPENSES

Headcount increased by 5 to 50 (45). Staff and contractors' costs increased by 1% to GBP 507,279 (GBP 502,492). Other overheads fell by 36% to GBP 134,704 (GBP 210,944) however this change was primarily driven by GBP 93,323 in positive revaluations of non-GBP nominated currencies. These factors resulted in a fall in "ordinary" general and administrative expenses of 10% to GBP 641,983 (GBP 713,436). As reported in detail further down, the impairment review of the MG exposure resulted in a GBP 1,081,624 write down of recoverable MG payments. This increased total general and administrative expenses by 142% to GBP 1,723,607 (GBP 713,436). During the quarter (QoQ), the headcount remained at 50, adjusted staff cost decreased by 1% and other overheads decreased by 56% primarily due to the revaluation adjustment of non-GBP nominated currencies.

ADJUSTED EBITDA AND NET RESULT

Adjusted EBITDA improved by 54% to GBP -209,735 (GBP -451,342). During the quarter (QoQ), adjusted EBITDA improved by 60%, operating loss (EBIT) increased by 135% to GBP -1,339,486 (GBP -568,793) and loss after tax increased by 139% to GBP -1,318,346 (GBP -550,499).

CASH FLOW

Operating cash flow increased by GBP 1,280,959 to GBP 500,532 (GBP -780,427) driven by short term fluctuations in working capital and the collection of GBP 250,000 in overdue revenue from a specific marketing campaign (as reported in the previous quarterly report).

FINANCIAL POSITION

Cash amounted to GBP 2,732,565 (GBP 5,988,436) and the company held no interest-bearing debt. Cash increased by GBP 296,441 over the quarter (QoQ). Trade and other receivables amounted to GBP 1,982,051 (GBP 1,445,439). Trade and other payables amounted to GBP 2,715,544 (GBP 2,578,369).

MG PAYMENTS

Total recoverable MG payments (before adjustment for write down) increased by GBP 1,060,360 to GBP 1,615,385 (GBP 555,025). During the quarter (QoQ) this balance changed by GBP 18,577 where new recovered MG payments were offset by GBP 93,141 of negative FX revaluations. Contingent MG Payments (future commitments) reduced by GBP 2,850,113 to GBP 1,356,898 (GBP 4,207,011). During the quarter (QoQ) contingent MG payments reduced by GBP 490,921 to GBP 1,356,898 (GBP 1,847,819). The reason why this amount did not reduce further was negative FX revaluations of GBP 83,117. The impairment review carried out resulted in a GBP 1,081,624 write down of recoverable MG payments. This means that we don't expect to recover GBP 1.1m of MG payments (cash advances) we already have paid under the MG contracts. We expect to generate sufficient revenue to cover the remaining GBP 533,761 of recoverable MG payment and GBP 1,356,898 of future contingent MG commitments.

April 2019 to March 2020

The financial year 2019/2020 showed steady revenue growth with IAP revenue increasing by 49% to GBP 9,442,613 (GBP 6,323,525). Total revenue grew by 48% to GBP 9,477,033 (GBP 6,424,666). The gross profit increased by 23% to GBP 1,165,288 (GBP 946,615). General and administrative expenses increased by 34% to GBP 4,139,224 (GBP 3,077,514). Adjusted EBITDA improved by 14% to GBP -1,719,449 (GBP -1,995,183). Loss after tax increased by 56% to GBP -2,815,264 (GBP -1,808,876).

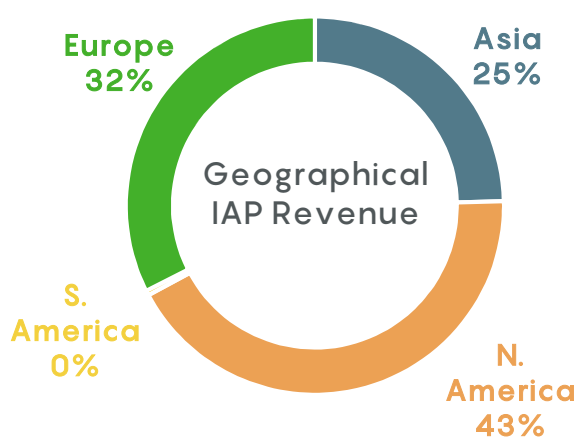
Other Information

Segmental information

IAP REVENUE

Flexion's focus is to grow its business by signing free2play games with In-App Purchase (IAP), integrating more channels and increasing monetization of existing games. IAP revenue is revenue receivable from end-user transactions of sold in-application items within the games. Revenue represents revenue receivable by the Company in respect of end-user transactions of sold in-application items managed by the Company less VAT, bad debt/refunds and discounts.

The geographical breakdown of IAP revenue for the quarter ending 31st March 2020 is presented below.



The main market for IAP revenue during the quarter was North America with 43% market share followed by Europe with 32% market share. Asia amounted to 25% and South America 0.4%.

SUBSCRIPTION REVENUE

Existing historical subscription revenue is revenue from game applications distributed through subscription clubs to end-users. Subscription revenue represents revenue receivable by the Company in respect of end-user transactions of sold in-application items or sold applications managed by the Company, less VAT, bad debt/refunds and discounts.

LEGACY REVENUE

Existing historical legacy revenue is old non-strategic revenue from the sale of game applications in feature phones. The turnover represents revenue receivable by the Company in respect of end-user transactions of sold applications managed by the Company less VAT, bad debt/refunds and discounts. Legacy revenue was actively phased out in the financial year ending March 2018 as it didn't carry any strategic value to the Company.

Tier-games

On a quarterly basis, Flexion's board defines and reviews the number of live top-tier and mid-tier games based on each game's revenue potential. The key factor is each game's actual performance (or overall Android performance if not yet launched by Flexion) compared to: i) a standard six-month revenue ramp-up period for each tier class; ii) the long-term minimum revenue requirement for each tier class (USD 140,000 per month for top-tier games and USD 40,000 per month for mid-tier games); iii) impacting contractual terms; and iv) any future events which may affect the revenue potential of a game. A game will be redefined if its performance over a consecutive six-month period, excluding the first three months after launch, does not qualify for a specific tier class. The number of tier games is reported in the Main KPI section.

Review

This interim report has not been reviewed by the company's auditor.

Number of staff and long-term contractors

At the end of the reporting period the company had 50 staff and long-term contractors.

Material risks and factors of uncertainty

Material risks and uncertainties of the company include but are not limited to risks related to market, technology, contracts, regulatory requirements, key staff, financial requirements and counterparties. A detailed risk description of the Company is given in the audited financial statements for the year ended 31 March 2019.

Financial calendar

Q1 report for 2020/21:	26 th August 2020
Q2 report for 2020/21:	18 th November 2020
Q3 report for 2020/21:	11 th February 2021
Q4 report for 2020/21:	10 th June 2021

Annual General Meeting

Flexion will hold its AGM for the financial year ending March 2020 at 14.00 on 24th September 2020 at Harbour Yard, Chelsea Harbour, London, UK.

Certified Adviser

FNCA Sweden AB, info@fnca.se, telephone: +46 8 528 00 399.

Further information

For further information, contact CFO Niklas Koresaar at +44 207 351 59 44 or ir@flexionmobile.com or visit the company's website: www.flexionmobile.com.

MAR Publishing Statement

This statement is information that Flexion Mobile Plc is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 11th June 2020.

Financial reports in brief

Statement of profit or loss and other comprehensive income for the quarterly period ended 31 March 2020

		QTD Mar-20 3 months 2019/20 Unaudited GBP	QTD Mar-19 3 months 2018/19 Restated [†] GBP	YTD Mar-20 12 months 2019/20 Unaudited GBP	YTD Mar-19 12 months 2018/19 Restated [†] GBP
	Notes				
Revenue	3	2,774,698	1,667,626	9,477,033	6,424,666
Cost of sales		(2,390,577)	(1,441,159)	(8,311,745)	(5,478,051)
Gross profit		384,121	226,467	1,165,288	946,615
General and administrative expenses	4	(1,723,607)	(713,436)	(4,139,224)	(3,077,514)
Other income		-	-	78,277	245,910
Adjusted EBITDA[‡]		(209,735)	(451,342)	(1,719,449)	(1,995,183)
Depreciation of tangible assets		18,690	22,480	86,131	89,923
Amortization of intangible assets		29,437	13,147	86,732	45,793
Impairment loss		1,081,624	-	1,081,624	-
Other Income		-	-	(78,277)	(245,910)
Operating loss for the period		(1,339,486)	(486,969)	(2,895,659)	(1,884,989)
Finance costs		(4,083)	(1,190)	(5,270)	(7,053)
Loss before tax for the period		(1,343,569)	(488,159)	(2,900,929)	(1,892,042)
Tax		25,223	26,886	85,665	83,166
Loss after tax for the period		(1,318,346)	(461,273)	(2,815,264)	(1,808,876)
Attributable to:					
Equity holders of the parent		(1,318,346)	(461,273)	(2,815,264)	(1,808,876)
Loss for the period		(1,318,346)	(461,273)	(2,815,264)	(1,808,876)
Other comprehensive income					
Foreign exchange differences		-	-	-	-
Total comprehensive loss for the period		(1,318,346)	(461,273)	(2,815,264)	(1,808,876)
Attributable to:					
Equity holders of the parent		(1,318,346)	(461,273)	(2,815,264)	(1,808,876)
Loss for the period		(1,318,346)	(461,273)	(2,815,264)	(1,808,876)

[†] Restated for IFRS 16 effects, please refer to note 2 in the Notes section further below.

[‡] The Company defines adjusted EBITDA as earnings before interest, tax, depreciation, amortisation, finance costs, impairment losses and other income. Adjusted EBITDA (adjusting operating profit for several non-cash items) is used by the Company for internal performance analysis to assess the execution of our strategies. Management believe that this adjusted measure is a more appropriate metric to understand the underlying performance of the Company.

Statement of financial position as at 31 March 2020

	Notes	Mar-20 2019/20 Unaudited GBP	Mar-19 2018/19 Restated [†] GBP
Assets			
Non-current assets			
Property, plant and equipment	6	205,583	67,441
Intangible assets	7	649,211	347,209
Deferred tax assets		-	9,912
Total non-current assets		854,794	424,562
Current assets			
Trade and other receivables	8	1,982,051	1,445,439
Cash and cash equivalents		2,732,565	5,988,436
Total current assets		4,714,616	7,433,875
Total assets		5,569,410	7,858,437
Equity and liabilities			
Equity			
Share capital		82,941	82,266
Share premium		5,082,618	4,957,133
Other reserves		107,166	110,706
Retained earnings		(2,729,465)	85,800
Total equity		2,543,260	5,235,905
Non-current liabilities			
Deferred tax liabilities		104,928	-
Lease liabilities		127,839	-
Total non-current liabilities		232,767	-
Current liabilities			
Lease liabilities		77,839	44,163
Trade and other payables	9	2,715,544	2,578,369
Total current liabilities		2,793,383	2,622,532
Total liabilities		3,026,150	2,622,532
Total equity and liabilities		5,569,410	7,858,437

[†] Restated for IFRS 16 effects, please refer to note 2 in the Notes section further below

Statement of cash flows for the quarterly period ended 31 March 2020

	QTD Mar-20 3 months 2019/20 Unaudited GBP	QTD Mar-19 3 months 2018/19 Restated [†] GBP	YTD Mar-20 12 months 2019/20 Unaudited GBP	YTD Mar-19 12 months 2018/19 Restated [†] GBP
Cash flow from operating activities				
Loss for the year — continuing operations	(1,343,569)	(488,159)	(2,900,929)	(1,892,042)
Loss for the year	(1,343,569)	(488,159)	(2,900,929)	(1,892,042)
Adjustments for:				
Effect of exchange rate fluctuations on cash held during the period	65,601	86,424	(15,042)	280,067
Impairment loss	1,081,624	-	1,081,624	-
Share based payments	10,769	5,054	44,366	19,721
Depreciation of tangible assets	18,690	22,480	86,131	89,923
Amortization of intangible assets	29,437	13,147	86,732	45,793
Grant income	-	-	(78,277)	(245,910)
Working capital:				
Change in trade and other receivables	19,332	(469,120)	(1,736,076)	(590,509)
Change in trade and other payables	618,648	49,747	286,165	1,258,299
Operating cash flow	500,532	(780,427)	(3,145,306)	(1,034,658)
Grant payment	-	-	250,708	-
Net cash flow from operating activities	500,532	(780,427)	(2,894,598)	(1,034,658)
Cash flow from investing activities				
Expenditure on property, plant and equipment	-	-	-	-
Capitalised development cost	(124,670)	(115,983)	(388,733)	(227,228)
Bank interest received	-	-	-	-
Net cash flow from investing activities	(124,670)	(115,983)	(388,733)	(227,228)
Cash flow from financing activities				
Proceed from issue of shares	4,776	-	75,176	511,900
Share issue costs	-	-	-	(255,950)
Interest paid	4,083	1,198	5,279	7,074
Payment lease liabilities	(22,679)	(22,688)	(68,037)	(90,750)
Net cash flow from financing activities	(13,820)	(21,490)	12,418	172,274
Net change in cash and cash equivalents	362,042	(917,900)	(3,270,913)	(1,089,612)
Cash and cash equivalents at beginning of period	2,436,124	6,992,760	5,988,436	7,358,115
Effect of exchange rate fluctuations on cash held during the period	(65,601)	(86,424)	15,042	(280,067)
Cash and cash equivalents at end of period	2,732,565	5,988,436	2,732,565	5,988,436

[†] Restated for IFRS 16 effects, please refer to note 2 in the Notes section further below

Statement of changes in equity for the quarterly period ended 31 March 2020

	Share capital GBP	Share premium GBP	Other reserves GBP	Retained earnings GBP	Total GBP
Balance at 1 January 2019	82,266	4,957,133	46,030	553,748	5,369,177
Impact of change in accounting policy	-	-	-	(6,675)	(6,675)
Restated balance at 1 January 2019	82,266	4,957,133	46,030	547,073	5,632,502
Restated loss for the period	-	-	-	(461,273)	(461,273)
Restated total comprehensive income	82,266	4,957,133	46,030	85,800	5,171,229
Transactions with owners, recorded directly in equity					
Share based payments	-	-	5,054	-	5,054
Deferred tax on share options	-	-	59,622	-	59,622
Restated balance at 31 March 2019	82,266	4,957,133	110,706	85,800	5,235,905
Balance at 1 January 2020	82,941	5,082,618	95,811	(1,411,119)	3,850,251
Loss for the period	-	-	-	(1,318,346)	(1,318,346)
Total comprehensive income	82,941	5,082,618	95,811	(2,729,465)	2,531,905
Transactions with owners, recorded directly in equity					
Share based payments	-	-	10,769	-	10,769
Deferred tax on share options	-	-	586	-	586
Issue of share capital	-	-	-	-	-
Balance at 31 March 2020	82,941	5,082,618	107,166	(2,729,465)	2,543,260

Notes

1. Basis of preparation

The condensed consolidated financial statements for the three months ended 31 March 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The annual financial statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The Company's offices are in London and the registered number of Flexion Mobile is 04306881. The interim condensed consolidated financial statements are presented in GBP and have been prepared using historical cost accounting. After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the board of directors continue to adopt the going concern basis in preparing the interim reports.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a formal review by the auditors. The financial information in respect of the year ended 31 March 2019 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Company's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the three months ended 31 March 2019 and 31 March 2020 is unaudited. The financial information for the twelve months ended 31 March 2019 is audited. The financial information for the twelve months ended 31 March 2020 is audited.

The interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended 31 March 2019.

2. Significant accounting policies

Except where disclosed below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2019, except for those relating to IFRS 16 'Leases', which is applicable for periods starting on or after 1 January 2019. As required by IAS 34, the nature and effect of those changes are disclosed below. The accounting policies applied herein are consistent with those expected to be

applied in the financial statements for the year ended 31 March 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 LEASES

The Company applies, for the first time, IFRS 16 'Leases' which was issued by the IASB in January 2016 and endorsed by the EU and is effective for accounting periods beginning on or after 1 January 2019. The new standard will replace IAS 17 'Leases' and will eliminate the classification of leases as either operating leases or finance leases. Instead, it introduces a single lessee accounting model where the lessee is required to recognise right of use assets and lease liabilities for leases that have a term of greater than a year. IFRS 16 was adopted by the Company on the 1 April 2019 with the full retrospective method to provide consistency when looking at comparative results.

The Company applied the practical expedients permitted by IFRS 16 not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. Instead, the Company is recognising the lease payments associated with these leases as an expense on a straight-line basis over the lease term. There is only one lease contract that is affected by the new standard which is for office space in London.

As a result, the Company has recognised a right-of-use asset, which is included within property, plant and equipment, and a corresponding lease liability on the statement of financial position. Right of use assets are initially measured at cost, and subsequently measured at cost less any accumulated depreciation and accumulated impairment losses, if applicable. Lease liabilities are initially measured at the present value of the future lease payments discounted at the Company's incremental borrowing rate. Lease liabilities are subsequently measured at amortised cost using the effective interest rate method and remeasured when there is a change in future lease payments.

The following tables summarise the impacts of adopting IFRS 16 on the Company's consolidated financial statements:

Statement of financial position	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
	GBP	GBP	GBP
1 April 2018			
Property, plant and equipment	37,190	120,173	157,363
Intangible assets	165,776	-	165,776
Trade and other receivables	701,280	-	701,280
Cash and cash equivalents	7,358,115	-	7,358,115
Total assets	8,262,361	120,173	8,382,534
Trade and other payables	1,521,293	(50)	1,521,243
Lease liabilities	-	127,839	127,839
Other	40,615	-	40,615
Total liabilities	1,561,908	127,787	1,689,697
Retained earnings	(2,097,712)	(7,612)	(2,105,324)
Other	8,798,165	-	8,798,165
Total equity	6,700,453	(7,612)	6,692,841

Statement of financial position	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
	GBP	GBP	GBP
31 March 2019			
Property, plant and equipment	15,940	51,501	67,441
Intangible assets	347,209	-	347,209
Trade and other receivables	9,912	-	9,912
Cash and cash equivalents	1,458,377	(12,938)	1,445,439
Total assets	5,988,436	-	5,988,436
Trade and other payables	7,819,874	38,563	7,858,437
Lease liabilities	2,578,369	-	2,578,369
Other	-	44,163	44,163
Total liabilities	-	-	-
Retained earnings	2,578,367	44,163	2,622,532
Other	91,400	(5,600)	85,800
Total equity	5,150,105	-	5,150,105

Statement of profit or loss	Impact of changes in accounting policies		
	Restated* (prior year error)	Adjustments	As restated
	GBP	GBP	GBP
For the period ended 31 March 2019			
Revenue	1,667,625	0	1,667,625
Cost of sales	(1,441,161)	0	(1,441,161)
General and administrative expenses	(715,699)	2,266	(713,433)
Finance cost	0	(1,190)	(1,190)
Other	26,886	0	26,886
Loss for the period	(462,349)	1,076	(461,273)

Statement of cash flow	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
	GBP	GBP	GBP
For the period ended 31 March 2019			
Loss for the period	(489,235)	1,076	(488,159)

Adjustments for:

Share based payments	5,054	-	5,054
Depreciation	5,313	17,167	22,480
Amortization	13,148	-	13,148
Change in working capital	(422,622)	3,255	(419,367)
Net cash from operating activities	(888,342)	21,498	(866,844)
Capitalised development cost	(115,982)	-	(115,982)
Net cash from investing activities	(115,982)	-	(115,982)
Payment lease liabilities	-	(22,688)	(22,688)
Interest paid	-	1,190	1,190
Net cash from financing activities	-	(21,498)	(21,498)

The implementation of IFRS gave rise to an adjustment of GBP 1,076 for the quarter ended 31 March 2019 which has no significant impact on basic and diluted loss per share.

3. Revenue

Revenue disclosed in the statement of profit or loss is analyzed as follows:

	Mar-20	Mar-19
	2019/20	2018/19
	Unaudited	Unaudited
Revenue breakdown		
IAP Revenue	2,771,685	1,654,969
Subscription Revenue	3,013	11,600
Legacy Revenue	-	1,056
Total Revenue	2,774,698	1,667,626

4. General and administrative expenses

General and administrative expenses disclosed in the statement of profit or loss is analyzed as follows:

	Mar-20	Mar-19
	2019/20	2018/19
	Unaudited	Unaudited
Staff and contractor costs	507,279	502,492
Impairment loss	1,081,624	-
Other overheads	134,704	210,944
General and Administrative Expenses	1,723,607	713,436

5. Related party transactions

No related party transactions other than directors' emoluments have taken place during the quarter.

6. Property, plant and equipment

Property, plant and equipment comprises of leasehold improvements and right-to-use assets according to below carrying value analysis:

	Mar-20	Mar-19
	2019/20	2018/19
	Unaudited	Restated* Unaudited
Leasehold improvements	-	15,940
Right-to-use assets	205,583	51,501
Total	205,583	67,441

*Restated due to the adoption of IFRS 16 'Leases'. Please refer to note 2 for further details.

In the fourth quarter for the year ending 31 March 2020 depreciation for property, plant equipment amounted to GBP 18,690.

7. Intangible assets

Intangible assets comprise of capitalized development costs for internally generated software and had a carrying value of GBP 649,211 (GBP 347,209). In the fourth quarter for the year ending 31 March 2020 amortization amounted to GBP 29,437. Year to date amortization amounted to GBP 86,732.

8. Trade and other receivables

	Mar-20	Mar-19
	2019/20	2018/19
	Unaudited	Unaudited
Assets		
Trade receivables	129,914	8,004
Other receivables	777,368	800,569
Prepayments and accrued income	1,074,769	636,866
Trade and other receivables	1,982,051	1,445,439

Other receivables include GBP 533,761 of minimum guarantees (2019: GBP 555,025), GBP 154,743 (2019: GBP 116,996) of corporation tax receivable, GBP nil (2019: GBP 72,992) of recoverable guarantee relating to EU grant, recoverable VAT of GBP 24,374 (2019: GBP 40,725), called up share capital of GBP 50,984 (2019: nil) and GBP 13,507 (2019: GBP 14,831) of other non-material items.

9. Trade and other payables

	Mar-20	Mar-19
	2019/20	2018/19
	Unaudited	Unaudited
Liabilities		
Trade payables	634,524	366,893
Social security and other taxes	68,553	62,256
Accrued expenses	1,998,417	2,141,145
Other payables	14,050	8,075
Trade and other payables	2,715,544	2,578,369

10. Contingent liabilities

The Company has entered into minimum guarantee commitments with certain developers whereby the Company guarantees: a minimum, pre-defined, monthly amount of revenue to the developer over a defined guarantee period.

As the Company has the right to recover any payments and related advances made (referred to as MG payments) over the guarantee period if the

relevant game's revenue generation exceeds the guaranteed amount and Flexion's entitled revenue share, these guarantees will not be capitalized but treated as current assets subject to periodic impairment reviews.

Based on the impairment review performed as at 31 March 2020 an impairment loss of GBP 1,081,624 has been identified during the quarter.

At the end of the quarter the Company has guaranteed the following amounts under ongoing minimum guarantees:

Contingent MG payments	Mar-20 2019/20 Unaudited	Mar-19 2018/19 Unaudited
Minimum guarantees which expire		
Within one year	1,328,521	3,359,782
Within two to five years	28,377	847,229
Total minimum guarantees	1,356,898	4,207,011

11. Events after the reporting period

There are no material events to be disclosed after the reporting period.

The Flexion share

The share

The share was listed in Nasdaq First North on 13th June 2018 under the trading symbol (ticker) FLEXM.

Ownership table

Top 10 shareholders as of 31 st March 2020	Number of shares and votes	%	Aggregated %
Mobile Sensations Ltd ^Δ	11,585,972	27.94%	28%
Palmstierna Invest AB	3,735,000	9.01%	37%
Avanza Pension	1,769,853	4.27%	41%
Industrial Equity AB	1,738,792	4.19%	45%
Julius Baer & Co Ltd	1,650,000	3.98%	49%
Palmstierna Fredrik	1,594,556	3.85%	53%
Morgan Stanley & Co Intl Plc	1,160,627	2.80%	56%
Six Sis Ag	1,052,462	2.54%	59%
HSBC Bank Plc	924,250	2.23%	61%
Banque Internationale a Luxembourg	920,000	2.22%	63%
Other shareholders	15,338,946	36.99%	100%
Total number of shares	41,470,458	100.0%	

^Δ Mobile Sensations Ltd held 11,585,972 shares since the listing of the Company.

Share data

	QTD Mar-20 3 months 2019/20	QTD Mar-19 3 months 2018/19	YTD Mar-19 12 months 2018/19
Number of shares at period end (adjusted for share split and bonus issue)	41,470,458	41,132,958	41,132,958
Amount of weighted average shares outstanding for the period (adjusted for share split and bonus issue)	41,217,102	40,954,876	40,954,876
Loss per share — basic and diluted, attributable to ordinary equity holders of the parent (pence). [◇]	(3.20)	(1.13)	(4.42)

[◇] Basic and diluted earnings are considered the same, since where a loss is incurred, the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The adjusted share options outstanding as at 31st March 2020 totalled 3,621,750 (2019: 3,659,250) and are potentially dilutive.

Main KPI numbers

Summary of the Company's Key Performance Indicators

		QTD Mar-20 3 months 2019/20	QTD Dec-19 3 months 2019/20	QTD Sep-19 3 months 2019/20	QTD Jun-19 3 months 2019/20	QTD Mar-19 3 months 2018/19
IAP revenue growth	%	67%	42%	47%	39%	83%
Total revenue growth	%	66%	41%	46%	35%	78%
Gross profit margin	%	14%	11%	12%	12%	14%
Adjusted EBITDA margin	%	-8%	-21%	-20%	-28%	-27%
Operating loss margin	%	-48%	-23%	-21%	-26%	-29%
Average monthly operational cashflow	GBP	166,845	(225,704)	(602,901)	(377,982)	(288,552)
Number of shares at period end (adjusted for share split and bonus issue)		41,470,458	41,470,458	41,132,958	41,132,958	41,132,958
Amount of weighted average shares outstanding for period (adjusted for share split and bonus issue)		41,217,102	41,280,903	41,132,958	41,132,958	40,954,876
Loss per share — basic and diluted, attributable to ordinary equity holders of the parent (pence)	GBP	(3.20)	(1.33)	(1.14)	(1.16)	(1.13)
Headcount	No.	50	50	47	45	45
Adjusted staff cost	GBP	631,949	636,539	638,387	607,523	618,473
Top-tier games pending launch	No.	1	0	0	1	3
Mid-tier games pending launch	No.	3	3	1	0	0
Top-tier games live	No.	5	5	5	6	4
Mid-tier games live	No.	8	7	7	6	5

DEFINITIONS

Growth rates	Rates measured to the comparable period in the previous financial year
Gross profit margin	Gross profit to total revenue
Adjusted EBITA margin	Adjusted EBITDA to total revenue
Operating loss margin	Operating loss to total revenue
Average monthly operational cashflow	Average operational cashflow (excl. effects of exchange rate fluctuations on cash held) divided by number of months in the measured period
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent	Basic and diluted earnings are considered the same since, where a loss is incurred, the effect of outstanding share options and warrants is considered anti-dilutive and ignored in the calculation
Headcount	Number of all staff plus all long-term contractors as at the end of the period
Adjusted staff cost	Total cost of all staff and long-term contractors before any deduction for capitalised development cost
Number of top-tier games pending launch	Number of games generating at least USD 140,000 per month for which a contract has been signed but which are not live yet
Number of mid-tier games pending launch	Number of games generating at least USD 40,000 per month for which a contract has been signed but which are not live yet
Number of top-tier games live	Number of games generating at least USD 140,000 per month, live in at least one of our distribution channels
Number of mid-tier games live	Number of games generating at least USD 40,000 per month, live in at least one of our distribution channels

Quarterly figures

Income statement

GBP, 000

	2019/20				2018/19			
	Q4 Mar-20	Q3 Dec-19	Q2 Sep-19	Q1 Jun-19	Q4 Mar-19	Q3 Dec-18	Q2 Sep-18	Q1 Jun-18
Total revenue	2,775	2,486	2,303	1,914	1,668	1,760	1,582	1,415
Gross profit	384	281	278	222	226	223	258	240
Adjusted EBITDA	(210)	(522)	(450)	(538)	(451)	(702)	(420)	(421)
Operating loss (EBIT)	(1,339)	(569)	(492)	(496)	(487)	(727)	(361)	(311)
Finance cost	(4)	-	-	(1)	(1)	(2)	(2)	(2)
Loss before tax	(1,344)	(569)	(492)	(496)	(488)	(728)	(363)	(313)
Tax	25	18	24	18	27	19	20	17
Loss after tax	(1,318)	(550)	(468)	(479)	(461)	(709)	(342)	(296)

Balance Sheet

GBP, 000

	2019/20				2018/19			
	Q4 Mar-20	Q3 Dec-19	Q2 Sep-19	Q1 Jun-19	Q4 Mar-19	Q3 Dec-18	Q2 Sep-18	Q1 Jun-18
Property, plant and equipment	206	-	22	45	67	90	112	135
Intangible assets	649	554	481	400	347	244	194	180
Other non-current assets	-	-	-	-	10	-	-	-
Total non-current assets	855	554	503	445	425	334	306	315
Trade and other receivables	1,982	2,944	3,069	1,711	1,445	885	1,272	959
Cash and cash equivalents	2,733	2,436	3,085	5,016	5,988	6,993	6,961	7,418
Total current assets	4,715	5,381	6,154	6,727	7,434	7,878	8,234	8,377
Total equity	2,543	3,850	4,309	4,755	5,236	5,633	6,334	6,667
Total non-current liabilities	233	86	14	12	-	34	24	33
Trade and other payables	2,716	1,999	2,334	2,382	2,578	2,481	2,095	1,885
Lease liabilities	78	-	-	22	44	66	87	107
Total current liabilities	2,793	1,999	2,334	2,405	2,623	2,546	2,181	1,993

Cash flow

GBP, 000

	2019/20				2018/19			
	Q4 Mar-20	Q3 Dec-19	Q2 Sep-19	Q1 Jun-19	Q4 Mar-19	Q3 Dec-18	Q2 Sep-18	Q1 Jun-18
Cash flow from operating activities before changes in working capital	(137)	(578)	(457)	(521)	(361)	(630)	(359)	(205)
Changes in working capital	638	(113)	(1,369)	(606)	(419)	814	7	266
Operating cash flow before grant payments	501	(692)	(1,826)	(1,127)	(780)	185	(353)	61
Grant payments	-	-	-	251	-	-	-	-
Cash flow from net operating activities	501	(692)	(1,826)	(876)	(780)	185	(353)	61
Cash flow from investing activities	125	(98)	(100)	(66)	(116)	(63)	(25)	(24)
Cash flow from financing activities	(14)	70	(23)	(23)	(21)	(23)	(23)	233
Net change in cash and cash equivalents	362	(719)	(1,948)	(965)	(918)	99	(400)	271
Cash and cash equivalents at end of the period	2,733	2,436	3,085	5,016	5,988	6,993	6,961	7,418

At a glance

About Flexion Mobile Plc (“Flexion” or the “Company”)

Introduction

Flexion runs the leading distribution platform for third-party free-to-play (freemium) games on the Android market outside Google Play and China (“Alternative Android Market”). The Company distributes many of the leading games on a growing number of channels such as Amazon, Samsung, ONE Store, Xiami, Huawei and leading regional channels. Flexion is based in London with a development office in Budapest. The Company employs 50 staff and long-term contractors and is listed on Nasdaq First North Growth Market in Stockholm with ticker name FLEXM:SS.



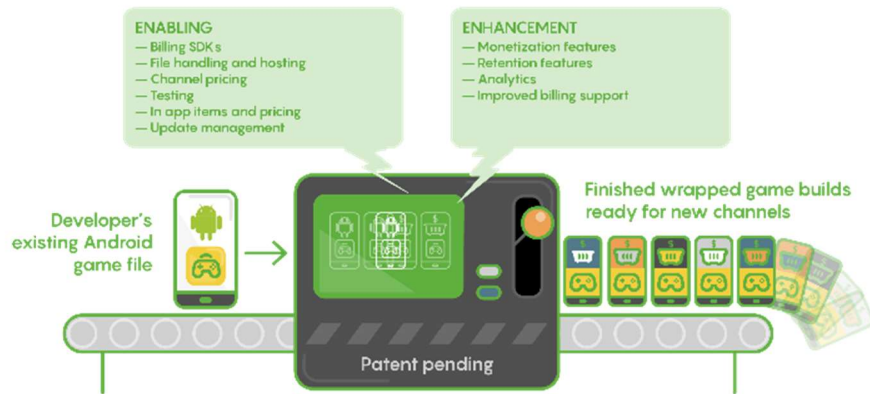
world’s new mobile devices. The remaining market is served by Apple’s iOS and is not currently supported by Flexion.

Flexion’s service offer

Flexion provides a full service and manages all steps from existing game file to revenue. This means that the parties involved can benefit from additional distribution and revenue with minimal effort.

Unique technology

At the core of Flexion’s technology is the patented enabling and enhancement software that allows Flexion to distribute third party Android games in its channels. This unique technology can also enhance the games by adding new distribution features required to support the increasingly fragmented market. Flexion’s technology is patented in the US and patent pending in Europe.



Value proposition

Flexion’s value proposition is to generate incremental high margin revenue to its developer and channel partners. Based on current distribution power, Flexion aims to generate approximately 10% on top of what the games generate in Google Play. As the Alternative Android Market grows and Flexion increases its distribution footprint, this percentage is expected to increase. The net contribution to the developer from this revenue is high as it is generated without the normal marketing, user acquisition and administrative costs required when distributing through Google Play

Business model

Flexion operates a simple revenue share model, taking a percentage from end-user transactions. In a typical payment flow, the channel collects payments from end-users and deducts a channel fee. Flexion receives the remaining amount which is shared between Flexion and the developer.

Market

Industry-leading research firm Newzoo estimates the Global Games Market will generate more than \$152bn in 2019, with mobile device games accounting almost \$55bn. The Alternative Android Market is also estimated to boom thanks to an increasing demand for other app stores and growing mobile devices and app usage. Flexion’s addressable market is the Android mobile games market, which covers more than 85% of the

Go-to-market strategy

Flexion’s go-to-market strategy is to sign and manage a portfolio of around 100 games in the mid-term. A third of these games will be top-tier games where each game has the potential to generate gross revenue in excess of USD 140,000 per month based on Flexion’s current distribution power. The remaining two thirds of the games will be mid-tier games with a gross revenue potential in excess of USD 40,000 per month. Revenue per game is likely to increase over time as Flexion’s distribution power grows through stronger relationship with existing channels, large investments by the channels, improved or new distribution features and the addition of new channels. In order to speed up the sales process Flexion may invest in various forms of incentives for top developers to join Flexion early.

