Flexion Mobile Plc

Annual Report for the year ended 31 March 2020

Contents

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, Huawei, OneStore and leading regional channels. Flexion is based in London with a development office in Budapest. The Company employs 50 staff and long-term contractors (2019: 45) and is listed on Nasdaq First North Growth Market in Stockholm with ticker name FLEXM:SS.

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 generates 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 source of revenue is higher as it is generated without the normal marketing, user acquisition and administrative costs required when distributing through Google Play.

Market

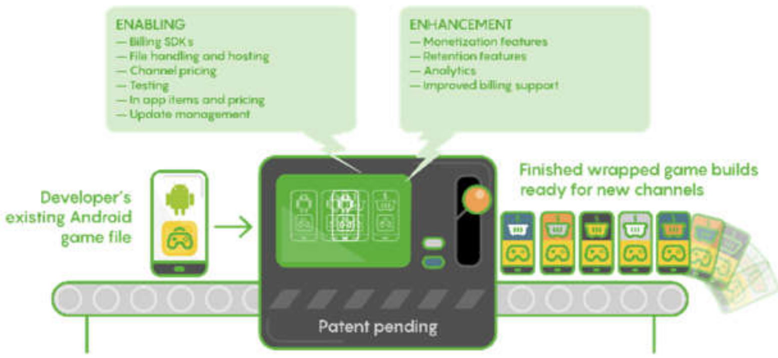
Industry-leading research firm Newzoo estimates the Global Games Market will generate more than $159.3bn in 2020, with mobile device games accounting almost $77.2bn. The Alternative Android Market is also estimated to boom owing to an increasing demand for other app stores, growing mobile devices and app usage. Flexion's addressable market is the Android mobile games market, which covers more than 85% of the 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.



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.

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.

Chairman's Statement

- ✓ +48% revenue growth compared to the previous financial year
- ✓ Leading game distributor in the Alternative Android Markets with 13 live games
- ✓ Expanded distribution platform with the addition of Huawei and Xiaomi
- ✓ Covid-19 — Significant positive impact on demand and minimal impact on organisation

I am pleased to share Flexion's annual report for the year to 31 March 2020. Our focus during this year has been to continue the execution of the global roll-out plan set last year and therefore grow our revenues and also to improve our gross profit and EBITDA.

During the year, we continued our efforts to expand our portfolio of games. We signed a total of 5 games and launched 5 games during the year, growing the portfolio of live games to a total of 13 games. We now manage a portfolio of games which very few publishers, if any, can match and we have clearly cemented our position as the leading game distributor in the Alternative Android Market.

On the channel side, our strategic relationships with key channels have gone from strength to strength with several announcements of deepened relationships. We expanded our platform distribution power with the addition of the second and third biggest Android smartphone manufacturers in the world, Huawei and Xiaomi, respectively. This is of paramount importance for our growth in coming years as it enables us to grow revenues of existing games while improving our value proposition to new game developers.

We have become much less dependent on a few big game titles as we have broadened our portfolio. This has several benefits; it stabilises the growth trajectory, it enables us to work with revenue and margin optimisation and it reduces the overall risk of the company. We have seen a 48% revenue growth compared to last year. The task for next year will be to grow even faster by taking advantage of our market position, strengthened distribution power, added functionality and security of our platform and improved ability to sign new games.

During the year we have also taken the first steps towards profitability. We are slowly but steadily improving our gross profit and we expect to see further gains as we reduce dependency on the older low margin titles at the same time as we are adding higher margin titles to our portfolio. On the cost side we have now reached critical mass in terms of head count which in turn means that we can start working to improve efficiency and development output without increasing costs. We continue to work to improve the scalability of our platform.

During the latter part of the year we experienced the rapid spread of the Covid-19 virus which has had a massive impact on society. However, I would like to point out that Flexion has not been negatively affected. Existing contingency plans meant we could move the complete workforce to a work-from-home policy with minimal operational disruptions.

This means that we have been able to keep the full workforce active without using disruptive furlough schemes. I am also pleased that our industry has maintained a business-as-usual approach both in terms of game maintenance and business development activities. In addition, we started to see some significant market improvements in the last month of the financial year which has carried us over the year end with great momentum. We also have a sound financial position and improving financials making me confident that we can come out of these difficult times as an even stronger company.

So, on behalf of the Board, I would like to thank all our staff, board members, partners and shareholders for being so supportive in helping Flexion develop into the leading game distributor within the Alternative Android Market.

Carl Palmstierna
Non-Executive Chairman
24th June 2020

Chief Executive Officer's statement

- ✓ Mobile gaming market set to grow from USD 77.2bn in 2020 to 96bn in 2022 according to Newzoo
- ✓ Successfully signed distribution agreements with Xiaomi and Huawei
- ✓ Continued growth on existing distribution channels Amazon, Samsung and OneStore
- ✓ Expanded development team and increased platform security

Looking back at last year, it has been very exciting to be an active force in changing and driving our market forward.

The mobile gaming market has exceeded most expectations and the leading research firm, Newzoo, estimates that mobile gaming will be worth USD 77.2bn in 2020 and growing to USD 96bn in 2022.

We saw Huawei entering our market with their new flavour of Android without Google Services, called Huawei Mobile Services. This could be a real catalyst for change to a more open market with less dependency on Google Play and we have supported them with several games and technical development. Huawei has announced a developer investment fund of more than USD 1 bn to attract games and apps to their new ecosystem based on their own app store called AppGallery. We expect this to have a positive impact next year as it drives more awareness and interest from game developers.

At the end of the year Oppo, Vivo and Xiaomi announced The Global Developer Service Alliance ("GSDA"), an initiative to make it easier for developers to distribute through their app stores. These are the fastest growing device manufacturers in the world, and they are now targeting the growing markets in EMEA and SEA with feature packed devices. We signed a distribution agreement with Xiaomi and expect to get more involved in the GSDA initiative during 2020.

Our existing channels, Amazon, Samsung and OneStore continued to grow and I am really pleased that we could support them through deeper marketing and technical collaboration and, of course, with more leading titles.

We saw a continued push from Chinese developers into our market and we benefitted from this with many new developers coming on board. Our new Chinese account team has done a really good job in establishing our services in China. In our opinion, the trend with more activity from Chinese developers outside of China will continue and we want to cement our position as the go-to-company for these developers.

Finally, I would like to comment on our technical development work undertaken by our expanding development team in Budapest. We are continuously improving out platform and this year we completed a massive security improvement project, launched features including a gifting launch with Samsung, completed platform support for subscription and improved scalability to be able to support new titles, channel partners and more consumer traffic.

The teams have become stronger with improved leadership in all departments and we look forward to an exciting future.

Jens Lauritzson
Chief Executive Officer
24th June 2020

The Board

As set out in Flexion Mobile's articles of association, the number of Directors of the Board shall consist of not less than two and shall not be subject to any maximum number. The Board of Directors consists of five members, including the chairman. The Directors are elected annually at the annual general meeting for the period until the end of the next annual general meeting. The current Directors have their assignments until the end of the next annual general meeting. The Board of Directors' work is governed by English law, the articles of association and the Board of Directors' rules of procedure.

CARL PALMSTIERNA (BORN 1953)

Director since 2009, Chairman of the Board of Directors since 2011.

Other current assignments: Chairman of the Board of Directors and member of the Board of Directors of Palmstierna Invest AB, Palmstierna Holding AB, Palmeister & Partners AB, and Freemelt AB. Member of the Board of Directors of Nenda AB , Drycks AB , Envigas AB , Yatrade AB and ZipClick Solutions AB, Chinsay AB, OrganoWood AB, S.P. BECPEL Stockholm AB, Viametrics AB, Viametrics Group AB, Zimpler AB and B8 Sverige AB.

Previous experience: Chairman of the Board of Directors and member of the Board of Directors of WeMind AB, SPWM Special Clients Services AB, Reflection Ltd, SPWM Special Clients AB, ReformTech Heating Holding AB, Panopticon Software AB, myFC Holding AB (publ), Valbay AB, Valbay International AB. Member of the Board of Directors of Magine Holding AB, Ankar Sweden AB, Bluefish Pharmaceuticals AB (publ), Byredo AB, Natural Fragrance of Sweden AB, Sunpocket AB, Elekta AB, Now Interact Nordic AB, Oculusai Incentive AB, Peepoople AB, Reforce International AB, Svenska allt för föräldrar AB, Universum Group AB and Valbay Förvaltning AB.

Education: Master of Science in Business and Economics, Stockholm School of Economics.

Shareholding in the Company as of 10 June 2020: 3,904,500 shares through Palmstierna Invest AB and related entities.

Warrants in the Company as of 10 June 2020: N/A

Independent in relation to Flexion and Flexion's management: Independent in relation to the management.

Independent in relation to major shareholders: No.

JENS LAURITZSON (BORN 1970)

Director since 2001, currently CEO of Flexion Mobile Plc.

Other current assignments: Director of Mobile Sensations Limited.

Previous experience: Sales Manager UK at Aspiro and Managing Director at Popwire Limited.

Education: Bachelor's degree in economics and Finance, University of Lund.

Shareholding in the Company as of 10 June 2020: 50% shareholding in 11,585,972 shares through the company Mobile Sensations Limited.

Warrants in the Company as of 10 June 2020: 74,000 EMI share options.

Independent in relation to Flexion and Flexion's management: No.

Independent in relation to major shareholders: No.

PER LAURITZSON (BORN 1974)

Director since 2007, currently COO of Flexion Mobile Plc.

Other current assignments: Director of Mobile Sensations Limited.

Previous experience: Member of the Board of Directors of Gamesmondo Limited. Business Developer at Polopoly AB and Project Manager at the Swedish Trade Council.

Education: Bachelor of Science, Royal Holloway, University of London and Master of Science, London School of Economics.

Shareholding in the Company as of 10 June 2020: 50% shareholding in 11,585,972 shares through the company Mobile Sensations Limited.

Warrants in the Company as of 10 June 2020: 61,750 EMI share options.

Independent in relation to Flexion and Flexion's management: No.

Independent in relation to major shareholders: No.

CLAES KALBORG (BORN 1962)

Director since 2014.

Other current assignments: Chairman of the Board of Directors and member of the Board of Directors of Barn Storm Media AB. Member of the Board of Directors of Adventure Box AB, Non-Violence Licensing AB and Shoalgames LTD.

Previous experience: CMO at Acute Art, SVP at Rovio Entertainment Ltd and Head of Global Licensing at King. Chairman of the Board of Directors and member of the Board of Directors of CK TV & Formats AB.

Education: Various studies at Stockholm University and IHM Business School.

Shareholding in the Company as of 10 June 2020: 104,650 shares through Barn Storm Media AB.

Warrants in the Company as of 10 June 2020: N/A

Independent in relation to Flexion and Flexion's management: Yes.

Independent in relation to major shareholders: Yes.

CHRISTOPHER BERGSTRESSER (BORN 1968)

Director since 2018 (appointed on 04/06/2018).

Other current assignments: Group COO for Enad Global 7.

Previous experience: Investment Director at Modern Times Group MTG AB. Partner of MTGx. President of the Board of Directors of Ludicious – Zurich Games Festival. President & COO of Sega of Europe. Member of the Board of Directors and EVP of Miniclip SA, co-founder & member of the Board of Directors of Appscotch and member of the advisory Board of Spil Games, Nitro Games and Iconic Future.

Education: Bachelor's degree in Economics, San Francisco State University.

Shareholding in the Company as of 10 June 2020: No.

Warrants in the Company as of 10 June 2020: 125,000.

Independent in relation to Flexion and Flexion's management: Yes.

Independent in relation to major shareholders: Yes.

Chief Financial Officer's statement

Revenue

The financial year ending 31 March 2020 showed a healthy revenue growth with total revenue increasing to GBP 9.5m (2019: GBP 6.4m) equal to an annual growth of 48%. The driver for this growth was IAP (In-App Purchase) revenue which grew to GBP 9.4m (2019: GBP 6.3m) equal to a 49% annual growth. The underlying drivers were improved distribution power for existing titles and addition of new titles.

Gross Margin, Adjusted EBITDA* and Operating loss

Gross profit grew to GBP 1.2m (2019: GBP 0.9m) equalling a 23% annual increase. The reason why gross profit grew proportionally less than revenue is the partial margin reduction on an existing game announced in December 2018.

Staff and contractor costs remained flat at GBP 2.1m (2019: GBP 2.1m) even though the head count grew by 10% to 50 (2019: 45). These are early signs of the staff efficiency programs we are implementing. Excluding a one-off impairment loss, other general and administrative expenses remained flat. Adjusted EBITDA increased by 14% to GBP -1.7m (2019: GBP -2.0m) and operating loss fell by 54% to -2.9m (2019: GBP -1.9m).

The EUR 1.9m EU grant project that was awarded to us in April 2016 was successfully completed in October 2018. A final grant income of GBP 0.08m (2019: GBP 0.245m) was recorded during the year as we successfully completed the grant audit and received the 5% performance guarantee. This revenue has been recognised under other income.

Net Loss and loss per share

Tax contributed positively with GBP 0.1m (2019: GBP 0.1m) due to the annual research and development tax credit that the Company receives from the UK Government. Net loss fell by 56% to GBP -2.8m (2019: GBP -1.8m) resulting in a loss per share of GBP 6.83 pence (2019: GBP 4.42 pence).

Minimum guarantee commitments

As part of our global roll-out, during the year we signed two large contracts which include guaranteed minimum revenue commitments. This was part of our marketing strategy to kick-start the roll-out in the same way as consumer platforms offer free subscription, gifts or discounted prices to create consumer awareness. To minimise the financial risk of these commitments we raised funds in March 2018 to strengthen the balance sheet which allows us to "set aside" cash for the Board's perceived risk of these contracts.

The two contracts guarantee a minimum monthly revenue level to the developer over a certain guarantee period. As the commitments are determined on an aggregated basis over the guarantee period, Flexion has the right to recover any guarantee payments made (for example during an initial revenue ramp up period) if the games' revenue performance improves to above the minimum guarantee levels. Guarantee payments made in excess of the games' revenue performance will be recorded on the balance sheet and are subject to periodic impairment reviews. Based on the impairment review performed as at 31 March 2020 an impairment loss of GBP 1,081,624 (2019: nil) has been identified during the financial year. See note 15 for further details.

Cash flow and Financial Position Review

We saw a negative effect of GBP 1.4m (2019: GBP 0.7m) from working capital resulting in an operating cashflow of GBP -2.9m (2019: GBP -1.0m). The main driver for this change was the restructured MG agreement announced in September 2019 which shifted MG payments from monthly in arrears to quarterly in advance. We received GBP 0.3m (2019: nil) in EU Grant payments and GBP 0.4m (2019: GBP 0.2m) was spent on capitalised development costs. GBP 0.1m (2019: GBP 0.5m) was received from share issues related to our employee options scheme. This resulted in a net outflow in cash of GBP 3.3m (2019: GBP 1.1m) and a cash balance at the end of the year of GBP 2.7m (2019: GBP 6.0m).

Niklas Koresaar
Chief Financial Officer
24th June 2020

*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.

Principal risks and uncertainties

The Board has here presented its view of the main risks and uncertainties of the Company. The Board continually reviews the potential risks facing the Company and the controls in place to mitigate these risks. The Board recognises that these risks may change and that there may be other risks not presented here and so the list is not intended to be exhaustive.

Market Risk

The Company is dependent on a fragmented Android market for mobile games and at least some growth within this market. Lack of fragmentation and growth could reduce the demand for the Company's service which may have a material adverse effect on the Company's business, results and financial position. However, as the Android operating system is currently used on 85% of all new mobile devices, as new players are continuously entering the fragmented Android market and as the Company is actively positioning itself to capture growth opportunities within the market, the Board considers these risks to be acceptable.

Competitive Services and Distribution Solutions

The Company is active in a competitive market where innovation is fast paced. Product development and innovation by other players may result in services, products or technical solutions which may reduce the demand for the Company's services which may have a material adverse effect on the Company's business service and financial position. The Board believes new services, products and technical solutions will appear but that these will benefit the fragmented Android market which in the end will benefit all players on the market including the Company.

Key Management

The Company is dependent on attracting and maintaining key personnel for the continued successful development of the business. The loss of key personnel may have a material adverse effect on the Company's business, service and financial position. To maintain key staff, the Company is actively working with a structured review, development and motivation process for all staff and manage an (EMI) option scheme to further incentivise staff. The Board does not consider Brexit to have any significant impact on key personnel as the Company is running a branch in Budapest, Hungary from which the Company can offer employment for EU nationals if needed.

Financing and Future Capital Requirements

Depending on the development of the Company's business, its ability to forecast future cash needs, and its ability to generate cashflow, the Company may require additional capital on commercially acceptable terms to continue its operations and services. The conditions of future financing will depend on how the Company's business develops, but it will also depend on other factors outside the Company's control, such as macro-economic developments and capital markets being prepared to finance companies in the segment where the Company operates. Failure to raise such capital needed may have an adverse effect on the Company's business, service and financial position. The Board is continuously assessing this risk by regular reviews of budgets and forecasts, cash flow related risks and the capital markets from which the Company would raise capital if required.

Financial Commitments

The Company may enter contractual relationship with developers, channels, financiers and other parties where the Company commits to certain revenue or payment streams. These commitments may be set on a fixed basis or on a minimum requirement basis which are dependent on independent underlying factors which may or may not be fully within the Company's full control. To meet these commitments the Company may need to pay significant amounts of capital which may reduce the Company's ability to meet its other obligations and capital needs. This may have a materially adverse effect on the Company's business, service and financial position. In the event the Company would have these commitments, the Board would continuously assess the related risk by reviewing exposures, risk scenarios and related cashflow impacts to not engage in more commitments than the Company can manage with existing financial resources.

IT Systems

The Company is dependent on IT systems in its business for both its day-to-day operations and in relation to its customers and partners. System failures, data breaches, network outages, computer malwares, criminal actions and similar exigencies could have a detrimental effect on the Company's business, service and financial position. The Company is actively and continuously working to mitigate these risks by improving system monitoring, improving fault tolerance and disaster recovery in the platform, improving system and network infrastructure and introducing improved disaster recovery systems and procedures.

Intellectual Property Rights

The Company owns intellectual property ("IP") rights on which the Company successfully placed a US patent and are currently working towards an EU patent. There is a risk that third parties legally or illegally infringe on the Company's rights or find gaps in the rights which they may exploit or seek IP protection on. To mitigate for this, the Company is, with its resources available, reviewing its IP rights protection to identify possible mitigations strategies. In addition, the Company is distributing mobile applications which may have substantial external IP rights attached to them. In the event the Company is directly or indirectly involved in a breach of these rights, the IP right holders may seek substantial damages from the Company. The Company is actively trying to mitigate against these risks by adhering to all contractual obligations around these rights and to seek insurance protection for the main IP risks.

Processing of Personal Data

The Company registers and processes personal data in connection with its operations. If the Company fails to conduct its data processing in accordance with applicable data protection legislation, or if the Company fails to implement procedures for new legalisation, or if the Company is subject to hacker attacks or in any other way by mistake violates the law, the Company may, inter alia, be liable for damages for the injury and the violation that such action may entail. This could have a material adverse effect on the Company's business, results and financial position. To mitigate for this, the Company has developed a GDPR policy with an external GDPR advisor. The Board considers the policy to be compliant with the existing legislation. The Company's GDPR officer is also overseeing the implementation and adherence of this policy.

Legal Disputes

As part of its ordinary business activity, the Company may become involved in legal disputes. If the Company fails to settle any legal proceedings it is party to, the Company may be required to pay significant amounts of damages and fees and claims may arise against the Company which may not be covered in full or in part by provisions or insurance. In addition, these disputes may also be time-consuming and detrimental to the day-today operations of the Company's business. To mitigate for this risk, the Company had identified a number of leading specialist lawyers which the Company is seeking advice from if deemed required. In such event, revenue, cash flow and profitability of the Company could be materially adversely affected.

Insurance

The Company could be held liable for damages exceeding the Company's insurance cover, including, but not limited to, if the Company breaches any agreement in a material way or if any software provided by the Company causes material damage. The insurance cover places primarily in the London insurance market is highly technical and involve external specialist advise and there is a risk that the cover placed do not cover for all eventualities which the Company aim to cover. In addition, it may take considerable time for Flexion to make a claim from its insurers and/or for the insurers to pay out in relation to the relevant loss. This could have a significant impact on the Company's business, results and financial position. The Company is actively trying to mitigate this risk by using market leading insurance advisors and insurance underwriters.

Covid-19 outbreak

The Covid-19 pandemic may have a negative effect on the operations of the Company, the ability of the Company's counterparts to operate, the market in which the Company operate or the Company's ability to raise additional capital. To mitigate for the risk of operational disruption, the Company is applying a strict work-from-home policy based on the remote server access plan which was in place before the outbreak of Covid-19. The human resource department of the Company is also in close contact with all staff to assess their wellbeing. The Company is in contact with its counterparts to minimise any operational interruption. To avoid being dependent on new capital, the Company has assessed its cash need and has formed a strategy around its current cash position without relying on new capital. The Company is constantly reviewing the market performance and scenario testing the impact various market scenarios have on the Company.

Brexit

The United Kingdom's (UK) exit from the European Union's (EU) Single Market and Customs Union in January 2021 ("Brexit") may have negative effects within several areas of the Company including but not limited to sales, ability to raise capital and operations. To date, the only known Brexit impact on the Company is within recruitment of new staff members to its London head office as it is challenging to employ non-resident European passport holders within the UK. To mitigate this, the Company is recruiting European passport holders from its Budapest branch in Hungary to fully access the employment market of the EU. The Company is actively following the Brexit negotiations and is monitoring the situation.

For and on behalf of the Board:

Per Lauritzson
Director
24th June 2020

Director's report

The Directors present their report and the financial statements for the year ended 31 March 2020.

Results and dividends

The loss for the year ended 31 March 2020 amounted to GBP -2,815,264 (2019: GBP -1,808,876). The Directors are not recommending payment of a final dividend for the year (2019: GBP nil).

Directors

The Directors who served on the Board during the year and subsequently to date are as follows:

Carl Palmstierna
Claes Kalborg
Jens Lauritzson
Per Lauritzson
Christopher Bergstresser

Going concern

After making appropriate enquiries, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. As part of their enquiries the Directors have reviewed, and stress tested available cash and cash forecasts for the Company's operations for the 12 months from the date of approval of the financial statements.

This includes reviewing and stress testing the impact of Brexit and Covid-19. The Board considers Brexit to have limited impact on the Company. Covid-19 has so far shown little negative operational impact on the Company as it had implemented remote server access before the Covid-19 outbreak reached Europe. This meant that the Company could switch to a work-from-home policy without any material operational disturbances or furloughing of staff. Mobile gaming is one of the industries that has seen an increased revenue generation during Covid-19 and which also applies to the Company. Revenue generation has been, and is expected to continue to be, positively affected by Covid-19. In addition, the Company has not seen any material negative effect on sourcing of new games as it appears that the Company's counterparts and potential new counterparts, also have been relatively unaffected by the outbreak. The Company does not expect any incoming payment delays or defaults as the credit quality of the channels (Amazon, Samsung, OneStore, Huawei etc.) is considered sufficiently strong to withstand any negative effect of Covid-19.

The Company has undertaken stringent stress tests of Brexit, Covid-19 and a general fall in sales. This is particularly important as the Company's historical gross profit generation has not been sufficiently high to support the current cost levels over the analysed period given current cash levels. The Company has therefore in depth analysed the revenue and margin generation during the last quarter of the current financial year to determine how the revenue and margin generation is likely to develop going forward and taken into account the effect of new sales and Covid-19. The same analyses have also been undertaken for general and administrative expenses to assess the required cost for the next 12 months. The Company has thereafter stress tested the revenue generation to see what impact the various scenarios have on revenue generation, cashflow, cash levels and equity. For these stress tests, the Company has assumed that no new debt or equity capital will be available to support it during the assumed downturn.

These tests have shown that the Company can withstand the impact of Brexit, Covid-19 and a general fall in revenue. The Directors of the Company are satisfied, having reviewed the performance of the Company and forecasts for the forthcoming year, the Company can cover all of its obligations as they fall due.

Performance Measures

The Directors have identified a number of performance measures ("KPIs") which the Company is tracking and reporting to its shareholders. These KPIs can be grouped into revenue growth, profitability, and cash position. For revenue growth the Company is tracking growth of IAP Revenue and Total Revenue. For profitability, the Company is tracking gross margin, adjusted EBITDA margin operating profit margin and head count. The latter is a key driver for administrative expenses in the Company. For cash position the Company is tracking operating cashflow and cash held. Please refer to the Chief Financial Officer statement for further details. The Board considers these KPIs to be the performance measures which investors on Nasdaq First North expect to see for a company with the characteristics of Flexion Mobile.

Events after the reporting period

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

Director's interests

The interests of those Directors serving at 31 March 2020, all of which are beneficial, in the share capital of the Company were as follows:

	Number of ordinary shares	Percentage of issued share capital
Jens Lauritzson[1]	5,792,986	14.0%
Per Lauritzson[1]	5,792,986	14.0%
Carl Palmstierna[2]	3,904,500	9.4%
Claes Kalborg[2]	104,650	0.3%
Christopher Bergstresster	-	0.0%
Total	**15,595,122**	**37.7%**

[1]Through a company which is jointly owned by Jens Lauritzson and Per Lauritzson
[2]Through an investment company and related entities

On 03/12/2019 and 10/12/2019 Claes Kalborg sold 14,800 ordinary shares each through an investment company leaving his total interest in the share capital of the Company at 0.3%.

On 25/11/2019, 26/11/2019, 27/11/2019 and 17/12/2019 Carl Palmstierna acquired 26,340, 19,219, 4,441 and 19,500 ordinary shares respectively through a related entity bringing his total interest in the share capital of the Company to 9.4%.

Substantial shareholdings

As at 31 March 2020, the following interests in 5% or more of the issued ordinary share capital had been notified to the Company:

	Number of shares and votes	%	Aggregated %
Mobile Sensations Limited	11,585,972	27.9%	27.9%
Palmstierna Invest AB	3,735,000	9.0%	36.9%
Others	26,149,486	63.1%	100.0%
Total	**41,470,458**	**100.0%**	

Overseas branches

The Company has one overseas branch in Budapest, Hungary.

Future Developments

The Company will continue to expand its distribution platform by utilising the momentum built up in the current financial year. This will involve signing up more games from existing and new game developers, expanding relationships with existing channels and signing up new channels. In addition, the Company will work on developing new product features and new distribution methods to capture new market opportunities and consequently increase the scope for growth beyond what is feasible through traditional store distribution.

Risks

Risks associated with the Company's use of financial instruments are disclosed in note 1 and note 20.

Annual General Meeting (AGM)

Details of business to be conducted at this year's AGM is aimed to be held on 24 September 2020 at the Company's offices in Harbour Yard, Chelsea Harbour, UK are contained in the Notice of the Annual General Meeting which will be communicated to shareholders through mail and also presented on the company's webpage.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, the Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.
Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently; and
- make judgements and estimates that are reasonable and prudent; and
- state whether the Company financial statements have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

The Directors are aware of their statutory duty to promote the success of the Company, as set out in Section 172 of the Companies Act 2006. This duty underpins the Board's decision-making processes and the Groups strategic direction, with due consideration given to the long-term impact of its decisions upon on shareholders, employees, customer and wider stakeholders. Practical steps that the Board has undertaken to ensure this happens include:

- Regular engagement with customers and strategic partners, to inform product development activities and further improve service delivery and customer satisfaction levels.
- Ensuring that Directors are provided with timely, high quality Board materials in advance of Board meetings to support the decision-making process; and
- The annual evaluation process includes a review of the structure, composition and decision-making processes of the Board and its Committees, to ensure that these continue to operate to a high standard.

This statement, when read in conjunction with our Strategic Report on pages 4 to 10, forms the Company's Section 172 statement.

Research and Development

The Company undertakes research and development activities which involve investments in development of Flexion's technology. Development expenditure is capitalised as an intangible asset if the development costs can be reliably measured and is expected to result in completed technology which will add economic benefit to the Company. The Company has recognised GBP 93,623 (2019: GBP 178,062) of research and development expenditure during the year in the statement of profit or loss. The Company has recognised GBP 388,733 (GBP 227,228) of development expenditure during the year in intangible assets.

Auditor

Grant Thornton UK LLP have indicated their willingness to continue in office, and a resolution that they be reappointed will be put to shareholders at the next AGM.

Disclosure of information to the auditors

At the date of approving this report, each Director confirms that, so far as that he is aware, there is no relevant audit information of which the Company's auditors are unaware and he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

For and on behalf of the board:

Per Lauritzson
Director
24th June 2020

Independent Auditors' report

Independent auditor's report to the members of Flexion Mobile Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Flexion Mobile Plc (the company) for the year ended 31 March 2020, which comprise of the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 is amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardized firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analyzed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorized for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Overview of our audit approach

- Overall materiality: £91,000, which represented 1% of the company's total revenues.
- Key audit matters were identified as:
    - Revenue recognition;
    - Going concern; and
    - Treatment and recovery of contractual minimum guarantees.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Revenue recognition The company generates revenue through its distribution platform for third party free-to-play games on the Android market. As such revenue is generated through high-volume low value transactions. Due to the nature of this revenue, there is a risk that management could fraudulently manipulate revenue through fictitious transactions. We therefore identified revenue recognition as a significant risk which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: · Assessing the accounting policy and disclosures for compliance with IFRSs as adopted by the EU; · Assessing the internal control environment relating to revenue recognition. This involved assessing the design and implementation of relevant controls in the revenue business cycle relevant to the audit as well as testing the operating effectiveness of these relevant controls. We tested the operating effectiveness of relevant controls through inspection of the monthly reconciliation of the billing reports received from the distribution channels and revenue recognized; · Obtaining management's assessment and corroborative evidence to support the key judgments made in the recognition of revenue; · Performing substantive testing by obtaining a breakdown of revenue per distribution channel for the year and comparing these amounts to cash received in the year and the cash received post year end for the revenues accrued at year end. The Company's accounting policy on revenue recognition is shown in note 1 to the financial statements and related disclosures are included in note 4. **Key observations** Our audit testing did not identify any material deficiencies in the operating effectiveness of relevant controls that would have required us to amend the nature or scope of our planned detailed testing. Overall, based on our work, we have not noted material misstatements in respect of revenue recognition.
Going concern As stated in 'the impact of macro-economic uncertainties on our audit' section of our report, Covid-19 is one of the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty. This event could adversely impact the future trading performance of the company and as such increases the extent of judgement and estimation uncertainty associated with management's decision to adopt the going concern basis of accounting in the preparation of the financial statements. As such we identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement.	We undertook procedures to evaluate management's assessment of the impact of Covid-19 on the company's revenues and cash position. This included, but was not restricted to: · Obtaining management's original forecasts covering the period of at least 12 months from the date of issuing the financial statements. We assessed how these forecasts were compiled, including assessing their accuracy by validating the reasonableness of underlying assumptions; · Assessing the reliability of management's forecasting by comparing the accuracy of actual financial performance to the forecast information; · Obtaining management's revised forecasts prepared to assess the potential impact of Covid-19. We evaluated the assumptions applied, including the forecasted growth in revenues, and the resulting effect on the forecasted cash position within the next 12 months from the date of issuing the financial statements for reasonableness and determined whether they had been applied accurately. We also considered whether the

Key Audit Matters	How the matter was addressed in the audit
	assumptions are consistent with our understanding of the business. · Performing sensitivity analysis on management's revised forecasts to determine the reduction in revenues that would lead to elimination of the headroom in their original cash flow forecasts; and · Assessing the adequacy of the going concern disclosures included within the financial statements. **Key observations** Based on the procedures performed, we have identified no issues regarding management's assessment of the impact of Covid-19 on the company's forecasted cash position. We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.
Treatment and recovery of contractual minimum guarantees Contracts with developers including minimum guarantees involve complexity from an accounting perspective. There is a risk that prepaid minimum guarantee balances are overstated or not recoverable through future revenue share amounts. We determined a significant risk around the significant judgement over the expected revenue share recoverable from certain contracts with developers. We therefore identified the accounting treatment and recovery of contractual minimum guarantees as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: · Performing an assessment of design effectiveness of controls through walkthroughs of systems and controls in place around management's forecasting process; · Obtaining the contracts, understanding the terms and conditions, the invoices received, and the amounts paid; · Challenging the methodology and assumptions used by management in conducting the impairment review. This also includes challenging the forecast prepared by management by comparing the expected revenue share to historic performance; · Evaluating the disclosures related to the impairment recognized. The company's accounting policy on the treatment and recovery of contractual minimum guarantees and impairment of minimum guarantees are shown in note 1 to the financial statements and related disclosures are included in notes 15 and 20. **Key observations** We found no errors in the impairment review that we tested. Based on the audit work, we did not identify material misstatement in the impairment recognized on the contractual minimum guarantees.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £91,000 which is 1% of total revenues. This benchmark is considered the most appropriate because it is a key focus area for management and the users of the financial statements.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 70% of financial statement materiality for the audit of the financial statements.
We determined the threshold at which we will communicate misstatements to the audit committee to be £4,600. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the company's business, its environment and risk profile and in particular included:

- Evaluation by the audit team of identified risks to assess their significance and to determine the planned audit response based on a measure of materiality;
- Evaluation of the design, implementation and operating effectiveness of processes and controls over key financial systems identified as part of our risk assessment. This included gaining an understanding of the general IT controls, the accounts production process and the controls addressing critical accounting matters identified in our risk assessment;

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made;
- or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 12 to 13 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.
This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
24th June 2020

Statement of profit or loss and other comprehensive income For the year ended 31 March 2020

	Notes	2020 GBP	2019 Restated* GBP
Revenue	4	9,477,033	6,424,666
Cost of sales		(8,311,745)	(5,478,051)
Gross profit		**1,165,288**	**946,615**
General and administrative expenses	6	(4,139,224)	(3,077,514)
Other Income	9	78,277	245,910
Adjusted EBITDA**		**(1,719,449)**	**(1,995,183)**
Depreciation		86,131	89,923
Amortization		86,732	45,793
Impairment loss	15	1,081,624	-
Other Income		(78,277)	(245,910)
Operating Loss		(2,895,659)	(1,884,989)
Finance expenses		**(5,270)**	**(7,053)**
Loss before tax for the year		**(2,900,929)**	**(1,892,042)**
Tax	10	85,665	83,166
Loss after tax		**(2,815,264)**	**(1,808,876)**
Attributable to:			
Equity holders of the parent		(2,815,264)	(1,808,876)
Loss for the year		**(2,815,264)**	**(1,808,876)**
Other comprehensive income:			
Foreign exchange difference		-	-
Total comprehensive loss for the year		**(2,815,264)**	**(1,808,876)**
Attributable to:			
Equity holders of the parent		(2,815,264)	(1,808,876)
Loss for the year		**(2,815,264)**	**(1,808,876)**
Loss per share:			
Loss per share from continuing operations – basic and diluted, attributable to ordinary equity holders of the parent (p)	11	(6.83)	(4.42)
Amount of weighted average shares outstanding for period (adjusted for share split and bonus issue)	11	41,217,102	40,954,876

The notes on pages 24 to 40 form part of these financial statements.

*Restated – refer to note 1, note 2 and note 3 for an explanation and analysis of the prior period adjustments made in respect of general and administrative expenses as well as finance expenses for the financial year ending March 2019.

** 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

Company registration number 04306881

	Notes	2020 GBP	2019 Restated* GBP	1 April 2018 Restated* GBP
Assets				
Non-current assets				
Property, plant and equipment	12	205,583	67,441	157,363
Intangible assets	13	649,211	347,209	165,776
Deferred tax assets		-	9,912	-
Total non-current assets		**854,794**	**424,562**	**323,139**
Current assets				
Trade and other receivables	15	1,982,051	1,445,439	701,280
Cash and cash equivalents		2,732,565	5,988,436	7,358,115
Total current assets		**4,714,616**	**7,433,875**	**8,059,395**
Total assets		**5,569,410**	**7,858,437**	**8,382,534**
Equity and liabilities				
Equity				
Share capital	16	82,941	82,266	80,266
Share premium	16	5,082,618	4,957,133	8,703,183
Other reserves		107,166	110,706	14,716
Retained earnings	18	(2,729,464)	85,800	(2,105,324)
Total equity		**2,543,261**	**5,235,905**	**6,692,841**
Non-current liabilities				
Deferred tax liabilities	10	104,928	-	40,615
Lease liabilities		127,839	-	44,163
Total non-current liabilities		**232,767**	**-**	**84,778**
Current liabilities				
Trade and other payables	19	2,715,544	2,578,369	1,521,239
Lease liabilities		77,838	44,163	83,676
Total current liabilities		**2,793,382**	**2,622,532**	**1,604,915**
Total liabilities		**3,026,149**	**2,622,532**	**1,689,693**
Total equity and liabilities		**5,569,410**	**7,858,437**	**8,382,534**

The notes on pages 24 to 40 form part of these financial statements.

*Restated — refer to note 1, note 2 and note 3 for an explanation and analysis of the prior period adjustments made in respect of the assets and liabilities as at 31 March 2019 and 1 April 2018.

In accordance with the provisions of the Companies Act 2006-S405, the Company has not prepared group accounts because the inclusion of its subsidiary undertakings is not material for giving a true and fair view (refer to note 1 on page 24 for details).

The financial statements were approved and authorised for issue by the Board of Directors on 24 June 2020 and were signed on its behalf by:

Per Lauritzson
Director

Statement of cash flows
For the year ended 31 March 2020

	Notes	2020 GBP	2019 Restated* GBP
Cash flow from operating activities			
Loss for the year — continuing operations		(2,900,929)	(1,892,042)
Loss for the year		**(2,900,929)**	**(1,892,042)**
Adjustments for:			
Effect of exchange rate fluctuations on cash held		(15,042)	280,067
Impairment loss	15	1,081,624	-
Share based payments	17	44,366	19,721
Depreciation of leasehold assets	12	86,131	89,922
Amortisation of capitalised development costs	13	86,732	45,795
Grant income	9	(78,277)	(245,910)
Working capital:			
Change in trade and other receivables		(1,736,076)	(590,509)
Change in trade and other payables		286,165	1,258,298
Operating cash flow		**(3,145,306)**	**(1,034,658)**
Grant payment	9	250,708	-
Net cash flow used in operating activities		**(2,894,598)**	**(1,034,658)**
Cash flow from investing activities			
Expenditure on property, plant and equipment	12	-	-
Capitalised development cost	13	(388,733)	(227,228)
Bank interest received		-	-
Net cash flow used in investing activities		**(388,733)**	**(227,228)**
Cash flow from financing activities			
Proceeds from issue of shares	16	75,176	511,900
Share issue costs	16	-	(255,950)
Interest paid		5,279	7,074
Payment of lease liabilities		(68,037)	(90,750)
Net cash flow from financing activities		**12,418**	**172,274**
Net change in cash and cash equivalents		**(3,270,913)**	**(1,089,612)**
Cash and cash equivalents at beginning of year		5,988,436	7,358,115
Effect of exchange rate fluctuations on cash held		15,042	(280,067)
Cash and cash equivalents at end of year		**2,732,565**	**5,988,436**

The notes on pages 24 to 40 form part of these financial statements.

*Restated – refer to note 1, note 2 and note 3 for an explanation and analysis of the prior period adjustments made in respect of certain cashflow items for the financial year ending March 2019

Statement of changes in equity
For the year ended 31 March 2020

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total
		GBP	GBP	GBP	GBP	GBP
Balance at 1 April 2018		80,266	8,703,183	14,716	(2,097,712)	6,700,453
Impact of change in accounting policy	3	-	-	-	(7,612)	(7,612)
Restated balance at 1 April 2018		**80,266**	**8,703,183**	**14,716**	**(2,105,324)**	**6,692,841**
Loss for the year		-	-	-	(1,810,886)	(1,810,886)
Impact of change in accounting policy	3	-	-	-	2,010	2,010
Restated total comprehensive income		**80,266**	**8,703,183**	**14,716**	**(3,914,200)**	**4,883,965**
Transactions with owners, recorded directly in equity						
Share based payments	17	-	-	19,721	-	19,721
Deferred tax on share options		-	-	76,269	-	76,269
Capital restructuring	16	-	(4,000,000)	-	4,000,000	-
Issue of share capital		2,000	253,950	-	-	255,950
Restated balance at 31 March 2019		**82,266**	**4,957,133**	**110,706**	**85,800**	**5,235,905**
Balance at 1 April 2019		82,266	4,957,133	110,706	85,800	5,235,905
Loss for the year		-	-	-	(2,815,264)	(2,815,264)
Total comprehensive income		**82,266**	**4,957,133**	**110,706**	**(2,729,464)**	**2,420,641**
Transactions with owners, recorded directly in equity						
Share based payments	17	-	-	44,366	-	44,366
Deferred tax on share options		-	-	(47,906)	-	(47,906)
Issue of share capital	16	675	125,485	-	-	126,160
Balance at 31 March 2020		**82,941**	**5,082,618**	**107,166**	**(2,729,464)**	**2,543,261**

The notes on pages 24 to 40 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation
The financial statements of the Company are prepared in accordance with applicable UK law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The Directors consider that the financial information presented in these financial statements represents fairly the financial position, operations and cash flows for the period, in conformity with IFRS.

The accounting policies adopted in the preparation of the financial statements are consistent with those for the previous financial year, except for the adoption of new standards effective for the Company from 1 April 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Description of the Business
Flexion Mobile Plc is a company incorporated and domiciled in England and Wales. The Company has its registered offices at St James House, 13 Kensington Square, London W8 5HD. The registered number of the Company is 04306881. On 1 June 2018 the Company re-registered as a public company (name changed from being Flexion Mobile Ltd to Flexion Mobile Plc). The principal activity of the Company is other telecommunications activities.

Going concern
After making appropriate enquiries, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. As part of their enquiries the Directors have reviewed, and stress tested available cash and cash forecasts for the Company's operations for the 12 months from the date of approval of the financial statements.

This includes reviewing and stress testing the impact of Brexit and Covid-19. The Board considers Brexit to have limited impact on the Company. Covid-19 has so far shown little negative operational impact on the Company as it had implemented remote server access before the Covid-19 outbreak reached Europe. This meant that the Company could switch to a work-from-home policy without any material operational disturbances or furloughing of staff. Mobile gaming is one of the industries that has seen an increased revenue generation during Covid-19 and which also applies to the Company. Revenue generation has been, and is expected to continue to be, positively affected by Covid-19. In addition, the Company has not seen any material negative effect on sourcing of new games as it appears that the Company's counterparts and potential new counterparts, also have been relatively unaffected by the outbreak. The Company does not expect any incoming payment delays or defaults as the credit quality of the channels (Amazon, Samsung, OneStore, Huawei etc.) is considered sufficiently strong to withstand any negative effect of Covid-19.

The Company has undertaken stringent stress tests of Brexit, Covid-19 and a general fall in sales. This is particularly important as the Company's historical gross profit generation has not been sufficiently high to support the current cost levels over the analysed period given current cash levels. The Company has therefore in depth analysed the revenue and margin generation during the last quarter of the current financial year to determine how the revenue and margin generation is likely to develop going forward and taken into account the effect of new sales and Covid-19. The same analyses have also been undertaken for general and administrative expenses to assess the required cost for the next 12 months. The Company has thereafter stress tested the revenue generation to see what impact the various scenarios have on revenue generation, cashflow, cash levels and equity. For these stress tests, the Company has assumed that no new debt or equity capital will be available to support it during the assumed downturn.

These tests have shown that the Company can withstand the impact of Brexit, Covid-19 and a general fall in revenue. The Directors of the Company are satisfied, having reviewed the performance of the Company and forecasts for the forthcoming year, the Company can cover all of its obligations as they fall due.

Exemption from preparing consolidated accounts
The Company is exempt from preparing consolidated financial statements under s405 (2) of the Companies Act 2006. Subsidiary undertakings may be excluded from consolidation if their sum inclusion is not material for the purpose of giving a true and fair view of the financial position of the Company.

The Company controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and can affect those returns through its power to direct the relevant activities of the investee (IFRS 10.6). Power arises from rights, in this case conferred from voting rights granted by equity instruments.

New standards and amendments issued but not yet effective
There were a number of standards and interpretations which were in issue at 31 March 2020 but were not effective at 31 March 2020 and have not been early adopted for these financial statements.

The Directors have assessed the full impact of these accounting changes on the Company and have concluded that none of these pronouncements will cause material adjustments to the Company's financial statements.

None of the following new standards and amendments will be early adopted by the Company and will be incorporated in the preparation of the Company financial statements in accounting periods beginning on or after the effective dates noted below.
The new standards and amendments include:

IFRS 3	Business Combinations (amendment)[1]
IFRS 7	Financial Instruments: Disclosures (amendment)[1]
IFRS 9	Financial Instruments (amendment)[1]
IFRS 17	Insurance contracts[2]
IAS 1	Presentation of Financial Statements (amendment)[1]
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)[1]
IAS 39	Financial Instruments: Recognition and Measurement (amendment)[1]

[1]Effective for annual periods beginning on or after 1 January 2020
[2]Effective for annual periods beginning on or after 1 January 2021

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

New standards and amendments issued

Changes to existing standards

IFRS 3	Business Combinations (amendment)
IFRS 9	Financial Instruments (amendment)
IFRS 11	Joint Arrangements (amendment)
IFRS 16	Leases
IAS 12	Income Taxes (amendment)
IAS 19	Employee Benefits (amendment)
IAS 23	Borrowing Costs (amendment)
IAS 28	Investment in Associates and Joint Ventures (amendment)
IFRIC 23	Uncertainty over Income Tax Treatments

The Directors have assessed the full impact of these amendments on the Company and have concluded that none of these pronouncements will cause material adjustments to the Company's financial statements except where stated below.

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 impacts of adopting IFRS 16 on the Company's financial statements is disclosed in note 3.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset — this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Company has the right to direct the use of the asset if either:
  - The Company has the right to operate the asset; or
  - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company has applied this approach to contracts entered into or changed on or after 1 April 2018.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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, which includes the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any dilapidation costs and any lease payments made in advance of the lease commencement date. Subsequent measurement is at cost less any accumulated depreciation and accumulated impairment losses, if applicable. The right-of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities are initially measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments. 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.

In case the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

On transition to IFRS 16, the incremental borrowing rate applied to lease liabilities recognise under IFRS 16 was 7.5%.

On transition to IFRS 16, the incremental borrowing rate applied to lease liabilities recognise under IFRS 16 was 7.5%.

On transition to IFRS 16, the incremental borrowing rate applied to lease liabilities recognise under IFRS 16 was 7.5%.
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. The Company is also electing not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and interpretation for determining whether an arrangement contains a lease.

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicator such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "General and administrative expenses".

"Property, plant and equipment" comprises owned and leased assets that do not meet the definition of investment property.

Property plant and equipment Carrying value	**31 Mar 2020**	**31 Mar 2019 Restated***	**1 Apr 2018 Restated***
	GBP	**GBP**	**GBP**
Property, plant and equipment owned	-	15,940	37,190
Right-of-use assets	205,583	51,501	120,173
Total property, plant and equipment	**205,583**	**67,441**	**157,363**

*Refer to note 3

There is only one lease contract that is affected by IFRS 16, which is for the office space in London. Information about the lease for which the Company is a lessee is presented below.

Right-of-use assets	**Property**	**Total**
	GBP	**GBP**
At 1 April 2018 (restated)*	120,173	120,173
Depreciation charge for the year (restated)*	(68,672)	(68,672)
Additions	-	-
At 31 March 2019 (restated)*	**51,501**	**51,501**
At 1 April 2019	51,501	51,501
Depreciation charge for the year	(70,192)	(70,192)
Additions	224,274	224,274
At 31 March 2020	**205,583**	**205,583**

*Refer to note 3

Lease liabilities	**2020**	**2019**
	GBP	**GBP Restated***
Maturity analysis - contractual undiscounted cash flows		
Within one year	90,750	45,375
Within two to five years	136,125	-
Total undiscounted lease liabilities at 31 March	**226,875**	**45,375**
Lease liabilities included in the statement of financial position at 31 March		
Non-Current	127,839	-
Current	77,838	44,163

*Refer to note 3

Amounts recognised in profit or loss	**2020**	**2019**
	GBP	**GBP Restated***
Interest on lease liabilities	5,303	7,074
Income from sub-leasing right-of-use assets	-	23,376
Expenses relating to short-term leases	28,367	15,173

*Refer to note 3

Amounts recognised in the statement of cash flows	**2020**	**2019**
	GBP	**GBP Restated***
Total cash outflow for leases	**68,063**	**90,750**

*Refer to note 3

Revenue Recognition

Management has considered various factors including type of virtual goods, geographical region and sales channels and disaggregated revenue as disclosed in note 4 and note 5. Management believe this best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors.

The Company has determined that it acts as principal to the end-user as it is in control of the in-application item before it is transferred to the end-user. As the Company is acting as a principal, revenue is recorded on a gross basis meaning distribution channel fees deducted at source will, also be shown in cost of sales rather than a deduction to revenue.

The Company's revenue streams, being IAP revenue, subscription revenue and legacy revenue, are accounted for as a single performance obligation ("PO") which is the award of virtual goods to end-users. The PO is considered fulfilled when the virtual goods have been awarded and the end-users obtain control of the virtual goods. Revenue for all three revenue streams is recognised once the PO is fulfilled. End-users obtain control of the virtual goods immediately after they have made payment to the distribution channel and the virtual goods have been awarded to the end-users by the Company. At this point the distribution channel reports transactions as successful to the Company which in return records them as accrued revenue on the statement of financial position at the same time. The accrued revenue is subsequently reversed when payments are received from distributions channels and/or invoices are issued to distribution channels for revenue relating to those successful transactions.

The amount of consideration receivable by Flexion is dependent upon the number of applications and items sold to end-users. Therefore, Flexion's consideration is sales based and variable by nature. Payment terms typically vary from 30 days to 90 days between the distribution channels the Company works with. The Company offers various discounts to sales prices during certain times which are accounted for as variable consideration and deducted from the transaction price which is recognised as revenue at point in time.

The three revenue streams are explained below:

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.

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. For certain contracts the Company receives fixed or minimum commitments from operators of subscription clubs tied to revenue thresholds related to those subscriptions. In periods where those revenue thresholds have not been met and the Company is entitled to such fixed or minimum commitment the Company recognises such commitment as revenue in the same period it relates to.

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 previous financial year as it doesn't carry any strategic value to the Company.

Existing historical subscription revenue also includes non-material integration fees which are payable by the operator of the subscription club. Integration fees are a separate PO whereas the PO relates solely to the technical integration of the subscription club into the Company's platform. The PO is considered fulfilled once the technical integration has been carried out and the subscription club is released into the Company's production environment (a feature/integration which has been released into the production environment is considered to be usable). Integration fees are recognised once the PO is fulfilled. Integrations fees are determined on a fixed contractual fee basis with a separate and clearly identifiable transaction price. These integration fees are not dependant on the revenue performance of the subscription club.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment comprises leasehold improvements for the lease which expired on 31 December 2019 as well as a right-to-use asset. Depreciation is charged on a straight-line basis to reflect the economic life of the lease. Property, plant and equipment does not include assets which have been acquired with grant funds.

Intangible assets
Intangible assets currently consist of capitalised development cost. Research costs are expensed as incurred. An intangible asset arising from development expenditure is only recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the availability to measure reliably the expenditure during the development.

Development expenditure is stated at cost less accumulated Amortisation and any accumulated impairment losses. Amortisation is charged on a straight-line basis over 5 years to reflect the estimated useful economic life of the assets. Subsequent relevant costs are included as carrying amount of the asset or as a separate asset if appropriate. Development expenditure does not include expenditure which is covered by grant funds.

The Company capitalises development costs for R&D projects in accordance with its continuing policy. The Company carries out detailed analyses of its development management tool and development hours recorded in its system to identify costs that meet recognition requirements. Once management are satisfied that policy criteria are met, the development costs are carried as assets and amortised over the estimated useful life of 5 years. Capitalisation of costs cease and amortisation commences from the end of the month following the date at which an intangible asset is available for use, unless recognition criteria in IAS 38 are met.

As at 31 March 2020, the carrying value of internally generated software assets was GBP 649,211 (2019: GBP 347,209) and the amount of research and development costs expensed was GBP 93,623 (2019: GBP 178,062).

Minimum Guarantees
During the year the Company has entered into minimum guarantee ("MG") commitments with certain developers whereby the Company guarantees a minimum, pre-defined amount of revenue for certain games over a defined guarantee period. MG payments made are recorded as prepayments on the statement of financial position as the Company has the right to recover MG payments made during the guarantee period if the game's aggregated revenue generation exceeds the aggregated MG commitments. MGs are considered prepayments as the Company is being granted a non-exclusive and limited right to use the underlying intellectual property ("IP") which is not considered to give rise to an intangible asset. Recovery of the MG Payments does not represent a legal obligation towards the developers and hence do not give rise to treatment as a financial instrument, instead their future recoverability is subject to periodic impairment reviews as per the Company's accounting policy explained further below in note 1.

Equity
Equity instruments issued by the Company are recorded at the value of the proceeds received, net of direct issue costs, allocated between share capital and share premium.

Impairment of non-financial assets
The Company reviews the carrying amounts of its non-financial assets periodically to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). All assets are subsequently reassessed for indicators that an impairment loss previously recognised may no longer exist. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Income tax
Income tax comprises current tax and deferred tax. Current tax and deferred tax are recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is

recognised in other comprehensive income or equity respectively.

Current tax

Current tax is the expected tax payable or receivable on the taxable profit for the year. Taxable profit differs from reported profit because taxable profit excludes items that are either never taxable or tax deductible or items that are taxable or tax deductible in a different period. Tax receivable comprises of tax relief for research and development expenditure claims (RDEC) which is recorded in the financial period the relating research and development expenditure relates to. The resulting asset is considered to be receivable and carried on the statement of financial position until payment of such relief is received.

The Company's current tax assets and/or liabilities are calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Tax losses can be carried forward indefinitely and have no expiry date.

The carrying amount of deferred tax is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Grants

Grants are recognised on a systematic basis in the statement of profit or loss account so as to match them with the expenditure towards which they are intended to contribute. Grant contributions towards fixed assets are recognised over the expected useful economic lives of the related assets. Grant income is not offset against any costs but has been shown separately within other income as grant income.

Share based compensation

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which was determined by management to be the most appropriate valuation model. It takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience. The assumptions used are disclosed in note 17.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the effect is material.

Cost of sales
The Company's cost of sales is typically a percentage of revenue paid out to game developers and distribution channels as per contractual terms. Costs are recognised in the same period as the related revenue.

Financial instruments

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Trade receivables do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15. All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).
Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories based upon the purpose for which the asset was acquired:
- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets classified as FVOCI or FVTPL.

The classification is determined by both:
- the Company's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within general and administrative expenses.

Non-derivative financial instruments
Non-derivative financial instruments have fixed or determinable payments and are not quoted in an active market. They comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Trade receivables
Trade receivables are amounts due from customers for in-app items sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost (2019: amortised cost). Carrying values and expected cash flows are reviewed by the Board and any impairment charged to the statement of profit or loss in the relevant period.

Trade payables and other non-derivative financial liabilities
Trade payables and other creditors are non-interest bearing and are initially recognised at fair value. They are subsequently carried at amortised cost using the effective interest method and are categorised as other financial liabilities.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Cash and cash equivalents are categorized as financial assets at amortised cost (2019: amortised cost).

Fair values
The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Company at the statement of financial position date approximated their fair values, due to relatively short-term nature of these financial instruments.

Impairment of financial assets
The Company recognises loss allowances for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant deterioration in credit quality since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant deterioration in credit quality since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company makes use of a simplified approach in accounting for trade and other receivables as
well as contract assets and records the loss allowance as lifetime expected credit losses instead of tracking changes in credit quality. The Company has established a provision matrix that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECL are a probability-weighted estimate of credit losses. An assessment of ECL is calculated using a provision matrix model to estimate the loss rates to be applied to each trade receivable category. ECL are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Financial instruments — Risk management
In common with all other businesses, the Company may be exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. The Company does not currently use derivative financial instruments to hedge foreign exchange exposures.

General objectives, policies and processes
The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's CEO. The Board receives regular updates from management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Company's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being foreign exchange risk, liquidity risk, capital risk, and credit risk. Further details regarding these policies are set out below:

Foreign exchange risk
Foreign exchange risk arises because the Company has operations located in various parts of the world where the local currency and the revenue collection currency are not the same as the functional currency with which the Company operates. The Company has a policy to secure medium-term needs in operational currencies using spot rates. Only in certain cases may the Company consider hedging its net investments in overseas operations, as generally it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques. The Company did not enter into any foreign currency hedging instruments during the year.

Liquidity risk
Liquidity risk arises from the Company's management of working capital; it is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its obligations when they become due. To achieve this aim, it seeks to maintain readily available cash balances to meet expected requirements and to raise new equity finance if required. The Board receives cash flow updates on a monthly basis as well as information on cash balances. The Board will not commit to material expenditure in respect of its developer programmes or increased recruitment without being satisfied that sufficient funding is available to the Company to finance the planned programmes. For cash and cash equivalents and deposits, the Company only uses recognised banks with high credit ratings.

Capital risk
The Company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Interest rates on financial assets
The Company's financial assets consist of cash and cash equivalents and trade and other receivables. The Company did not earn any material interest on its financial assets during the year.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Management considers the counterparty risk to be acceptable due to the very large size of its counterparties. The Company regularly monitors its exposure to bad debts in order to minimise exposure. Credit risk on cash and cash equivalents is considered to be low as the counterparties are all substantial banks with high credit ratings.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the period end and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgements include matters such as the determination of operating segments while estimates focus on areas such as carrying values, estimated useful lives of Intangible assets and potential obligations.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Principal versus Agent
The Company enters into transactions with end-users whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in the process of providing the virtual items to the end-user. Factors considered in making this assessment are most notably whether the Company bears the responsibility for fulling the promise to deliver the virtual item (taking into consideration various terms and conditions from the app stores that the Company works with) and the aspect of control over the virtual item before it is transferred to the end-user. Based on above factors and using judgement, the Company has determined that it acts as principal to the end-user meaning revenue is recorded on a gross basis. Further information on the revenue treatment of the Company can be found further above in note 1.

Minimum Guarantees
In determining the Company's accounting policy around minimum guarantees, specifically its treatment as prepayments, management is required to form a number of judgements. As the Company under the contractual agreement with the developers is granted a non-exclusive and limited right to use the underlying IP the Board's judgement is that this does not give rise to an intangible asset and should instead be accounted for as a prepayment against which revenue share is utilized.

Below are sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Impairment of Minimum Guarantees
The Company periodically tests whether minimum guarantees have suffered any impairment in accordance to the Company's accounting policy. Determining whether minimum guarantees are impaired requires an estimation of the recoverable amount of the asset derived by the Company. Management are required to make estimates regarding the timing and amount of future cash flows applicable to game applications with minimum guarantees obligations, based on current performance, budgets, forecasts and contract periods. In cases where management determined future cash flows to be lower than minimum guarantee obligations the difference will be recorded immediately as an impairment loss in the statement of profit or loss.

Capitalisation of internally developed software and useful lives
Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired. In addition, management reviews its estimate of the useful lives of internally developed software at each reporting date, based on the expected utility of the asset. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software.

2. Changes in accounting policy

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company has applied IFRS 16 with a date of initial application of 1 April 2018. As a result, the Company has changed its accounting policy for lease contracts as detailed blow.

The Company has applied IFRS 16 using the retrospective approach. The details of the changes in accounting policies are disclosed blow.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the company assess whether a contract is or contains a lease based on the definition of a lease as explained in note 1. Under IFRIC 4, the Company assessed a lease on the assessment whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - The purchaser had the ability or right to operate the asset wile obtaining or controlling more than an insignificant amount of the output
  - The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee, the Company previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases — i.e. these leases are on statement of financial position.

The Company decided to apply the recognition exemptions to short-term leases (see note 1). For leases of other assets, which were classified as operating under IAS 17, the Company recognised right-of-use assets and lease liabilities.

For leases that were not covered by the recognition exemptions under IFRS 16, the Company recognised right-of-use assets and lease liabilities measured under IFRS 16.

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Company accounted for its leases in accordance with IFRS 16 from the date of initial application.

3. Impacts on the financial statements due to changes in accounting policy

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**
1 April 2018	**GBP**	**GBP**	**GBP**
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	127,789	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**
31 March 2019	**GBP**	**GBP**	**GBP**
Property, plant and equipment	15,940	51,501	67,441
Intangible assets	347,209	-	165,776
Deferred tax	9,912	-	9,912
Trade and other receivables	1,458,377	(12,938)	1,445,439
Cash and cash equivalents	5,988,436	-	5,988,436
Total assets	7,819,874	38,563	7,858,437
Trade and other payables	2,578,369	-	2,578,369
Lease liabilities	-	44,163	44,163
Other	-	-	-
Total liabilities	2,578,369	44,163	2,622,532
Retained earnings	91,400	(5,600)	85,800
Other	5,150,105	-	5,150,105
Total equity	**5,241,505**	**(5,600)**	**5,235,905**

Statement of profit or loss – Impact of changes in accounting policies

For the year ended 31 March 2019	Restated	Adjustments	As restated
	GBP	GBP	GBP
Revenue	**6,424,666**	**-**	**6,424,666**
Cost of sales	(5,478,051)	-	(5,478,051)
General and administrative expenses	(3,086,577)	9,084	(3,077,493)
Interest paid	-	(7,074)	(7,074)
Other	329,076	-	329,076
Loss for the year	**(1,810,886)**	**2,010**	**(1,808,876)**

Adjusted EBITDA – Impact of changes in accounting policies

For the year ended 31 March 2019	As previously reported	Adjustments	As restated
	GBP	GBP	GBP
Operating loss	(1,894,052)	9,063	(1,884,989)
Depreciation	21,251	68,672	89,923
Amortization	45,793	-	45,793)
Other income	(245,910)	-	(245,910)
Adjusted EBITDA	**(2,072,918)**	**77,735**	**(1,995,183)**

Statement of cash flow – Impact of changes in accounting policies

For the year ended 31 March 2019	As previously reported	Adjustments	As restated
	GBP	GBP	GBP
Loss for the year	**(1,894,052)**	**2,010**	**(1,892,042)**
Adjustments for:			
Effect of exchange rate fluctuations on cash held	280,067	-	280,067
Share based payments	19,721	-	19,721
Depreciation	21,251	68,672	89,923
Amortization	45,795	-	45,795
Grant income	(245,910)	-	(245,910)
Change in working capital	654,794	12,998	667,792
Grant payment	-	-	-
Net cash from operating activities	**(1,118,333)**	**83,680**	**1,034,653**
Capitalised development cost	(227,228)	-	(227,228)
Net cash from investing activities	**(227,228)**	**-**	**(227,228)**
Proceeds from issue of shares	511,900	-	511,900
Share issue costs	(255,950)	-	(255,950)
Interest paid	-	7,074	7,074
Payment lease liabilities	-	(90,750)	(90,750)
Net cash from financing activities	**255,950**	**(83,676)**	**172,274**

The implementation of IFRS gave rise to an adjustment of GBP 2,010 for the financial year ended 31 March 2019 which has no significant impact on basic and diluted loss per share.

4. Revenue

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

	2020	2019
	GBP	GBP
IAP revenue	9,442,613	6,323,525
Subscription revenue	34,420	95,156
Legacy revenue	-	5,985
Total revenue	**9,477,033**	**6,424,666**

5. Operating segments

The Company has a single reportable operating segment as the distribution of games.

Geographical information	**2020**	**2019**
	GBP	GBP
Asia	1,599,068	675,473
Europe excl. United Kingdom	1,947,869	1,860,925
Middle East Africa	47,756	51,723
N. America	5,167,551	3,279,518
S. America	57,378	14,619
United Kingdom	657,411	542,408
Total Revenue	**9,477,033**	**6,424,666**

The geographical revenue information above is based on the location of the customer.

The Company is domiciled in United Kingdom and produces its income primarily in USA, Germany, United Kingdom and South Korea.

Management determined the end-user to be the customer hence there is no concentration of customers.

6. General and administrative expenses

	Notes	2020 GBP	2019 Restated* GBP
Total staff costs		2,125,684	2,124,609
Operating lease expense (net of rental income)		32,173	(6,854)
Other premises costs		102,562	79,917
Administrative costs		65,105	121,615
Impairment loss	15	1,081,624	-
Other overheads		410,621	761,810
Audit fees to external auditors		55,400	60,960
Depreciation		86,131	89,923
Amortization		86,732	45,793
Share based payments		44,366	19,721
Foreign exchange differences		48,826	(219,980)
General and administrative expenses		**4,139,224**	**3,077,514**

*Restated due to changes in accounting policy for IFRS 16 'Leases' Please refer to note 1, note 2 and note 3 for further details.

7. Staff costs (including executive Directors)

	2020 GBP	2019 GBP
Employee salaries	1,480,072	1,470,142
Contractor fees	211,340	218,122
Social security costs	215,531	187,591
Employer pension costs - defined contribution	75,791	73,419
Employee benefit expenses	67,746	59,885
Other staff related costs	75,204	115,450
Total staff costs	2,125,684	2,124,609

Average number of employees (including executive Directors)	**2020**	**2019**
Employed in the United Kingdom		
Administration	13	11
Product development	10	11
Sales and marketing	11	10
Other	2	2
Total average employees employed in the United Kingdom	**36**	**34**
Employed through Hungarian branch		
Product development	8	3
Administration	2	1
Total average employees employed through Hungarian branch	**10**	**4**
Total average number of people employed during the year	**46**	**38**

8. Directors' remuneration

	2020 GBP	2019 GBP
Directors' emoluments	205,100	205,079
Share based payments	2,258	2,258
Total Directors' remuneration	**207,358**	**207,337**

The Directors did not exercise any share options during the year to 31 March 2020 (2019: nil).

The number of Directors to whom retirement benefits are accruing under defined contribution schemes are 2 (2019: 2).

Remuneration for highest paid Director	**2020 GBP**	**2019 GBP**
Directors' emoluments	85,500	85,479
Share based payments	228	228
Total	**85,728**	**85,707**

9. Other income

	2020 GBP	2019 GBP
Grant income	78,277	245,910

On 6 April 2016 the Company was awarded up to GBP 1,619,738 in grant funding from European Union's Horizon 2020 Research and Innovation Programme. The Company recognised in 2020 GBP 78,277 (2019: GBP 245,910) as grant income. The Company received final grant payments of GBP 250,708 during 2020 (2019: GBP nil).

The Directors have assessed that there are no unfulfilled conditions and contingencies attaching to the recognised grant income that need to be disclosed.

10. Income tax expense / (benefit)

	2020 GBP	2019 GBP
UK corporation tax refund	(160,86)	(115,463)
Overseas withholding tax	6,979	6,555
Deferred tax	66,935	25,742
Other taxes	1,287	-
Total income tax benefit	**(85,665)**	**(83,166)**

	2020 GBP	2019 GBP
Deferred tax brought forward	(9,912)	40,615
Origination and reversal of temporary differences	114,840	(50,527)
Total deferred tax balance	**104,928**	**(9,912)**

A reconciliation of the expected tax benefit computed by applying the tax rate applicable in the primary jurisdiction, the UK, to the loss before tax to the actual tax credit is as follows:

	2020 GBP	2019 GBP
Loss on ordinary activities before taxation	(2,900,929)	(1,894,055)
Tax at the UK corporation tax rate of 19% (2019: 19%)	(551,177)	(359,870)
Effects of:		
Disallowable expenditures	(33,073)	(8,279)
Depreciation	16,365	4,038
Impairment loss	205,505	-
Non-trade loan relationship credits	9,277	-
R&D taxable	-	1,660
R&D deduction	(116,782)	(82,120)
Loss brought forward	(424,337)	(129,810)
Tax surrendered for tax credit	206,614	145,289
Unutilised tax loss	687,608	429,092
R&D tax relief	(160,866)	(115,463)
Current tax credit for the year	(160,866)	(115,463)
Differences in overseas taxation rates	6,979	6,555
Deferred tax effect	66,935	25,742
Other items	1,287	-
Total tax credit for the year	**(85,665)**	**(83,166)**

The Company has estimated tax losses of GBP 6,145,028 (2019: GBP 3,329,764) to carry forward against future taxable profits.

11. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:

	2020	2019
Loss after tax attributable to equity holders of the parent (GBP)	(2,815,264)	(1,808,876)
Weighted average number of ordinary shares in issue	41,217,102	40,954,876
Fully diluted weighted average number of ordinary shares in issue	41,217,102	40,954,876
Basic and diluted loss per share (GBP)	**(6.83)**	**(4.42)**

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

12. Property, plant and equipment

Cost	Leasehold improvement GBP	Right-to-use asset GBP	Total Restated* GBP
At 1 April 2018	75,859	246,069	321,928
Additions	-	-	-
Disposals	-	-	-
At 31 March 2019	**75,859**	**246,069**	**321,928**
Accumulated depreciation			
At 1 April 2018	38,669	125,896	164,565
Depreciation during the year	21,251	68,671	89,922
At 31 March 2019	59,920	194,567	254,487
Carrying value at 31 March 2019	**15,939**	**51,502**	**67,441**
Cost			
At 1 April 2019	75,859	246,069	321,928
Clear down	(75,859)	(246,069)	(321,928)
Additions	-	224,273	224,273
Disposals	-	-	-
At 31 March 2020	**-**	**224,273**	**224,273**
Accumulated depreciation			
At 1 April 2019	59,920	194,567	254,487
Depreciation during the period	15,939	70,192	86,131
Clear down	(75,859)	(246,069)	(321,928)
At 31 March 2020	-	18,690	18,690
Carrying value at 31 March 2020	**-**	**205,583**	**205,583**

*Restated due to changes in accounting policy for IFRS 16 'Leases'. Please refer to note 1, note 2 and note 3 for further details.

13. Intangible Assets

	Software development GBP	Total GBP
Cost		
At 1 April 2018	193,555	193,555
Additions	227,228	227,228
Disposals	-	-
At 31 March 2019	**420,783**	**420,783**
Accumulated amortisation		
At 1 April 2018	27,779	27,779
Amortisation during the period	45,795	45,795
At 31 March 2019	73,574	73,574
Carrying value at 31 March 2019	**347,209**	**347,209**

Cost		
At 1 April 2019	420,782	420,782
Additions	388,733	388,733
Disposals	-	-
At 31 March 2020	**809,515**	**809,515**

Accumulated amortisation		
At 1 April 2019	73,572	73,572
Amortisation during the period	86,732	86,732
At 31 March 2020	160,304	160,304
Carrying value at 31 March 2020	**649,211**	**649,211**

14. Non-current assets

Investments in subsidiaries and associates:	2020 GBP	2019 GBP
Cost as at 1 April	-	3
Disposals	-	3
Cost at 31 March	**-**	**-**
Impairment charge as at 1 April	-	-
Impairment charge	-	3
Carrying value as at 31 March	**-**	**-**

Each of these subsidiaries were dormant and were dissolved during the financial year to March 2019.

15. Trade and other receivables

	2020 GBP	2019 Restated* GBP
Trade receivables	129,914	8,004
Other receivables	777,368	800,569
Prepayments and accrued income	1,074,769	636,859
Trade and other receivables	**1,982,051**	**1,445,432**

*Restated due to changes in accounting policy for IFRS 16 'Leases' Please refer to note 1, note 2 and note 3 for further details.

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.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Management considers the counterparty risk to be acceptable due to the very large size of its counterparties.

Minimum guarantees	2020 GBP	2019 GBP
Balance before impairment	1,615,385	555,025
Impairment losses	(1,081,624)	-
Carrying value at 31 March	**533,761**	**555,025**

An impairment loss of GBP 1,081,624 was recognised for minimum guarantees. The recoverable amount of the asset is its value-in-use, determined using management's expectation that some games will not generate sufficient revenue to recover the minimum guarantees already paid to developers. The games have not fully responded to management's marketing efforts and management does not feel it can achieve a meaningful extension of the contract. Therefore, management deems it unlikely that the full amount already paid to the developer will be recovered. Management does not expect any further impairment losses on those contracts. Impairment losses are included in general and administrative expenses. As the remaining lifetime of the asset is shorter than 12 months a discount rate has not been applied.

16. Share capital

Details of ordinary shares of 0.2p each issued are in the table below:

Date		Number of shares	Nominal value GBP	Total share capital GBP	Total share premium GBP
At 1 April 2018		40,132,958	0.002	80,266	8,703,183
16 May 2018	Mov. in share premium				(4,000,000)
5 June 2018	Shares issued	1,000,000	0.002	2,000	253,950
At 31 December 2018		41,132,958	0.002	82,266	4,957,133
At 31 March 2019		**41,132,958**	**0.002**	**82,266**	**4,957,133**
31 December 2019	Shares issued	337,500	0.002	675	125,485
At 31 March 2020		**41,470,458**	**0.002**	**82,941**	**5,082,618**

On 16 May 2018 the Company carried out a capital reduction of GBP 4.0m by special resolution to comply with Companies House requirements for re-registration as a public company. As a result of the capital reduction GBP 4.0m was moved from the share premium account to the retained earnings account on the statement of financial position.
On 5 June 2018 the Company issued 1,000,000 shares at a nominal value of GBP 0.002 per share. The issue price for these shares was SEK 8.30 per share less a discount of SEK 2.30 per share on the basis that allotments were limited in sizes of 1,000, 2,000 and 3,000 shares per shareholder. The sole purpose of the share issue was to increase the number of

shareholders and to therefore improve the post listing liquidity.
For the share placement undertaken on 5 June 2018 the Company had transaction costs of GBP 255,950 which were netted off against the share premium account.

On 31 December 2019 337,500 options were exercised and converted to ordinary shares of the Company.

17. Share based payments

The Company has a share ownership compensation scheme for employees of the Company. In accordance with the provisions of the plan, as approved by shareholders, employees may be granted options to purchase ordinary shares in the Company.

Each share option converts into one ordinary share of Flexion Mobile Plc upon exercise. The option holder shall pay for the exercise price in cash. The options carry neither rights to dividends nor voting rights at shareholders meetings.

	Number of share options 2019	Weighted average exercise price GBP 2019	Weighted average date of issue 2019
Balance at 1 April	2,429,500	0.44	14 Feb 2015
Lapsed during the year	461,500	0.60	1 Feb 2018
Issued during the year	1,691,250	0.71	31 May 2018
Exercised during the year	-	-	-
Balance at 31 March	**3,659,250**	**0.54**	**22 May 2016**
Exercisable at 31 March	**1,214,750**		

	Number of share options 2020	Weighted average exercise price GBP 2020	Weighted average date of issue 2020
Balance at 1 April	3,659,250	0.54	22 May 2016
Lapsed during the year	100,000	0.69	22 Nov 2018
Issued during the year	400,000	0.87	02 Nov 2019
Exercised during the year	337,500	0.37	10 Aug 2014
Balance at 31 March	**3,621,750**	**0.59**	**23 Nov 2016**
Exercisable at 31 March	**1,630,500**		

Options become exercisable subject to vesting periods and conditions. Awards made after 1 April 2018 under this share ownership scheme have a vesting period of two years after date of grant for 50% of the options and three years after the date of grant for the remaining 50% of the options. Awards made before 1 April 2018 under this share ownership scheme have a vesting period of six months after date of listing the Company on Nasdaq First North for 50% of the options and twelve months after date of listing the Company on Nasdaq First North for the remaining 50% of the options.

An option will automatically lapse if the option holder receives or is given notice of termination of employment with the Company, ceases to hold employment with the Company and, in certain circumstances, ceases to provide services to the Company unless the Directors in their absolute discretion determine otherwise.

The calculated fair value of share options charged to the Company financial statements in the year is GBP 44,366 (2019: GBP 19,721).

The fair value of equity-based share options granted is estimated at the date of grant using the Black-Scholes pricing model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected life, expected dividends, and the risk-free interest rate (based on government debentures).

The following are the inputs to the model for the options granted during the year:

	Share options 2020	Share options 2019
Grant date fair value in GBP	**0.168 - 0.289**	**0.092 — 0.140**
Exercise price	GBP 0.66 - 1.14	GBP 0.55 — 0.95
Expected life	6.25 years	4.25 - 6 years
Expected volatility	59.20% - 68.50%	56.6%
Expected dividends	0.00%	0.00%
Risk-free interest rate	**0.36% - 0.83%**	**1.00% - 1.36%**

In 2019 the expected life used in the valuation has been adjusted due to listing the shares based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Those assumptions have not changed for 2020. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

18. Retained earnings

	2020 GBP	2019 Restated* GBP
Opening balance	**85,800**	**(2,105,324)**
Loss for the year	(2,815,264)	(1,808,876)
Capital reduction	-	4,000,000
Closing balance	**(2,729,464)**	**85,800**

*Restated due to changes in accounting policy for IFRS 16 'Leases' Please refer to note 1, note 2 and note 3 for further details.

19. Trade and other payables

Liabilities	2020 GBP	2019 GBP
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**

20. Financial instruments

This note represents quantitative information about the Company's exposure to risk arising from financial instruments, specifically credit risk, liquidity risk and foreign exchange risk. Qualitative information about aforementioned risk exposure has been explained in note 1 under the Company's accounting policies. The Company does not currently use derivative financial instruments to hedge foreign exchange exposures.

Financial instruments by category	2020 GBP	2019 GBP
Financial assets at amortised cost		
Cash and cash equivalents	2,732,565	5,988,436
Trade and other receivables	1,098,033	535,347
Total financial assets at amortised cost	**3,830,598**	**6,523,783**
Total financial assets	**3,830,598**	**6,523,783**
Financial liabilities at amortised cost		
Trade and other payables	2,510,306	2,335,411
Total financial liabilities at amortised cost	2,510,306	2,335,411
Total financial liabilities	**2,510,306**	**2,510,306**

Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures from outstanding counter party receivables. Management assesses the credit quality of the counter parties, taking into account their financial position, past experience and other factors.

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of financial assets as disclosed below:

	2020 GBP	2019 GBP
Cash and cash equivalents[1]	**2,732,565**	**5,988,436**
Trade receivables	129,914	8,004
Other receivables[1]	968,119	527,343
Total	**3,830,598**	**6,523,783**

[1]At 31 March 2020, GBP 1,263,585 are held in USD, GBP 143,834 are held in EUR, GBP 127,850 are held in SEK and GBP 101,399 are held in HUF. The majority of the remainder is held in GBP with a few smaller other currency balances.

[2]Other receivables consist of GBP 968,119 (2019: GBP 454,351) of accrued income that meets the definition of a financial instrument.

The Company performs an expected credit loss assessment for all trade and other receivables to calculate a provision for expected credit loss, based on historical credit loss information, current conditions and forecasts of future economic conditions. The simplified approach is used in accordance with IFRS 9. The resulting provision in respect of outstanding balances at 31 March 2020 is not material.
The Company did not have trade receivables or other receivables which are impaired or past due.

Liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Year ended 31 March 2020	On demand GBP	Within 1 year GBP	Within 2 to 5 years GBP
Trade payables	634,524	-	-
Other payables	433,771	1,475,066	-
Total	**1,068,295**	**1,475,066**	**-**

Year ended 31 March 2019	On demand GBP	Within 1 year GBP	Within 2 to 5 years GBP
Trade payables	366,893	-	-
Other payables	869,226	1,099,292	-
Total	**1,236,119**	**1,099,292**	**-**

Trade payables held in currencies other than Sterling are as follows:

Currency	2020 GBP	2019 GBP
USD	610,094	310,187
EUR	2,355	12,053
CAD	-	12,821
Other	4,430	539
	616,879	**335,600**

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and SEK exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Monetary position at 31 March 2020	USD rate	EUR rate	SEK rate
Change in rate	10%	10%	10%
Effect on profit before tax in GBP	(183,880)	(22,740)	(1,035)
Change in rate	(10%)	(10%)	(10%)
Effect on loss before tax in GBP	167,164	20,673	941

Monetary position at 31 March 2019	USD rate	EUR rate	SEK rate
Change in rate	10%	10%	10%
Effect on profit before tax in GBP	(167,113)	(14,426)	(7,359)
Change in rate	(10%)	(10%)	(10%)
Effect on loss before tax in GBP	151,921	13,115	6,690

The Company's exposure to foreign currency changes for all other currencies is not material.

Foreign exchange risk
The Company is exposed to currency risk on sales, purchases and staff costs that are denominated in a currency other than the respective functional currency of the Company, the GBP. The main currencies in which these transactions are denominated are USD, EUR and HUF. At any point in time the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Capital management
The Company's capital is made up of share capital, retained earnings and other reserves.

The Company's objectives when maintaining capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to provide an adequate return to shareholders by pricing services in a way that reflects the level of risk involved in providing those services.

The capital structure of the Company consists of shareholders' equity as set out in the statement of changes in equity. All working capital requirements are financed from existing cash resources. The Company has no borrowings and is not subject to any covenants.

21. Related party transactions

Related party transactions with respect to Directors' emoluments have been disclosed in note 8.

On 03/12/2019 and 10/12/2019 Claes Kalborg sold 14,800 ordinary shares each through an investment company leaving his total interest in the share capital of the Company at 0.3%.

On 25/11/2019, 26/11/2019, 27/11/2019 and 17/12/2019 Carl Palmstierna acquired 26,340, 19,219, 4,441 and 19,500 ordinary shares respectively through a related entity bringing his total interest in the share capital of the Company to 9.4%.

Compensation of key management personnel (incl. executive Directors):	2020 GBP	2019 GBP
Short-term employee benefits	337,128	340,179
Share based payments	10,460	10,460

There are no other related party transactions.

22. Capital commitments

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 guarantee payments made 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 as intangible assets but treated as prepayments subject to periodic impairment reviews. Based on the impairment review performed as at 31 March 2020 an impairment loss of GBP 1,081,624 (2019: nil) has been identified during the financial year. See note 15 for further details.

At the year end the Company was committed to making the following minimum guarantee payments under ongoing minimum guarantees:

Minimum guarantees which expire:	2020 GBP	2019 GBP
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**

All minimum guarantees as of 31 March 2020 are denominated in USD.

23. Events after the reporting period

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