Flexion Mobile Plc

Annual Report for the year ended 31 March 2021

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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, ONE Store and leading regional channels. Flexion is based in London with a development office in Budapest. The Company employs 58 staff and long-term contractors (2020: 50) 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

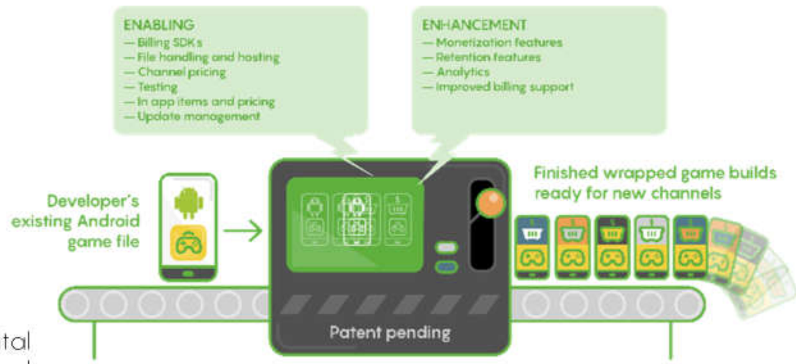
Industry-leading research firm Newzoo estimates the Global Games Market will generate $174.3bn in 2021, with mobile games accounting $86.3bn. The Alternative Android Market is also estimated to boom owing to an increasing demand for other app stores, growing mobile devices and app usage. Flexion's addressable 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.

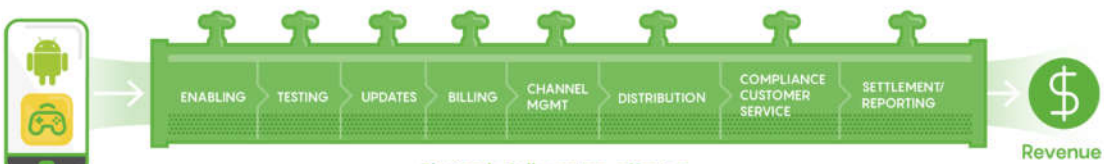
Unique technology

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.



Flexion's full service offering

Chairman's Statement

- ✓ +160% annual revenue growth
- ✓ Reached a positive adjusted EBITDA
- ✓ Signed 12 games growing the portfolio to 20 games
- ✓ Top games reached average monthly revenues of USD 500,000 per month.
- ✓ Strong cash position allowing us to capture wider opportunities

I am pleased to share Flexion's annual report for the year to 31 March 2021. What a year we have had with revenue growing by 160% and gross margin growing by 180%. These are very impressive numbers, but I am even more proud that we have managed to do this with only a slight, 7%, increase in administrative expenses, resulting in net loss falling by 95% to GBP -0.1m (2020: GBP -2.8m). This really shows the scalability of our platform and the reason that we have managed to reach a positive adjusted EBITDA for the year, a real milestone for a technology growth company.

The year started with the terrible Covid pandemic hitting us all with full force. We were very fortunate as we already had implemented a complete cloud based remote access policy meaning that we could start working remotely overnight, with little to no impact on operations. I am extremely grateful for all of our staff, who continued to push so hard while dealing with very challenging and often lonely working conditions. Without these efforts we would never have been able to reap the benefits from the large increase in user activity that we saw during the pandemic.

During the year, we continued our efforts to expand our portfolio of games. We signed a total of 12 games and launched 8 games during the year, growing the portfolio of live games to a total of 20 games. We now manage the second largest portfolio of games in the world when looking at the 750 top grossing games in Google Play. This puts us firmly in a market leading position on our market.

On the channel side, our strategic relationships with key channels went from strength to strength. We are getting closer to key decision makers and key strategies within the stores. We are especially proud of our roll out of Huawei which has become our biggest channel during the year. This relationship was also cemented in the business agreement signed in December 2020, where we will collaborate in the sourcing, development, promotion, and marketing of games. Our success with the stores can clearly be seen in our revenue growth, but even more importantly in key game revenue indicators. As an example, our average revenue per game of live top games reached USD 0.5m per month during the year. This is another example of how we have started to become a real force in the alternative market.

In the latter parts of the year, we reached out to the institutional investor community to see if we had matured enough to attract their interest. We launched an accelerated bookbuild in December and to our great excitement we concluded a GBP 9m oversubscribed round with eleven institutional investors, including one of our key channels. We are also pleased that we attracted funds from six different countries reflecting the global interest in what we are trying to achieve.

Due to our strong cash position and ownership structure, we can now aggressively look at capturing the wider opportunities in our market. We are in a great position to take a leading role in uniting user acquisition with the massive un-tapped traffic in our market. Another important opportunity is within the further scalability of our platform, where we would look at increased automation to maximise developer access to the alternative market. These are some of the opportunities which we could either develop ourselves or gain access to through strategic partnership or acquisitions within the service sector.

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
22nd June 2021

Chief Executive Officer's statement

- ✓ Mobile games market has seen unprecedented growth in last 12 months
- ✓ The arrival of Huawei's AppGallery has stirred up the market.
- ✓ The antitrust movement against Google and Apple is gaining strenth
- ✓ Continued growth on existing distribution channels Huawei, Amazon, Samsung, OneStore and Xiaomi

The last 12 months have been a game changing period for many reasons, not only has the mobile games market seen unprecedented growth, but so has most of the e-commerce markets. The impact of lockdowns and social distancing due to the corona pandemic has shifted the market to a whole new paradigm, which will benefit mobile games for the foreseeable future. In the financial markets, there have been several big IPOs in our sector with Unity, Roblox, Playtika and AppLovin to mention just a few.

In parallel, the tech market has experienced an increase in strategic warfare, with the US and China on a collision course when it comes to microchips. Huawei has got caught right in the middle of it and it has negatively impacted their aggressive overseas marketing strategies. Other Chinese OEMs such as Xiaomi, Oppo and Vivo have grown as a result. We believe this will be a good thing for Flexion in the end as it will lead to more fragmentation over time in our market.

The antitrust movement against the Google/Apple duopoly has gained strength. Epic is no longer fighting this war on their own, as more and more developers are openly supporting the movement for fair Appstore competition. The regulators in US, EU, UK, Russia, India and Korea are now all acting and we believe next year will see changes that could impact the market. Google have officially announced that alternative app stores will face less hurdles with the release of Android 12 and we will have to wait and see what this means. The fact that alternative stores are on the agenda is a big thing given that Google has previously done everything to fight their existence. We are seeing upward pressure on pay-outs with both Google and Apple making some small adjustments to please the Indie developers, but for most of the big ones 30% app store tax remains.

The changes to tracking of consumers of iOS have kept most of the big game developers busy since the changes to IDFA (Identification for Advertisers) were announced by Apple last year. As of April 2021, the changes have been enforced in iOS14.5 which now means that consumers need to opt-in to be tracked across other apps and services on iOS. This could have a serious impact on the advertising market, with more consolidation happening as a result. It will also have a significant impact on the developers who are most dependent on aggressive Paid User Acquisition as to how they acquire new users. Android is unaffected and could gain further importance. Alternative distribution could get a positive boost from this and it is likely that Google will have to follow Apple's example due to political pressure, in which case alternative distribution will be a clear winner.

The arrival of Huawei's AppGallery has stirred up the market and most of the top developers are now actively looking at platform expansion. We have also seen some success in over-the-top payment services such as Coda Payments and cryptocurrency-based services, such as Catappult, gaining momentum. These are also positive trends in favour of a more competitive market.

Flexion's opportunity to grow through acquisition of new games, services and distribution channels has never been better and we look ahead to an exciting and positive 2021/22.

Jens Lauritzson
Chief Executive Officer
22nd 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, Freemelt AB and Zimpler AB. Member of the Board of Directors of Nenda AB, Flaivy AB, Envigas AB, 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 22 June 2021:. 3,674,780 shares through Palmstierna Invest AB and related entities

Warrants in the Company as of 22 June 2021: 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 22 June 2021:. 50% shareholding in 10,997,181 shares through the company Mobile Sensations Limited.

Warrants in the Company as of 22 June 2021: 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 22 June 2021: 50% shareholding in 10,997,181 shares through the company Mobile Sensations Limited.

Warrants in the Company as of 22 June 2021: 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, Kidoz Inc, Fun Rock and Lady Luck Games. Partner at Non-Violence Foundation.

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 22 June 2021: 98,650 shares through Barn Storm Media AB.

Warrants in the Company as of 22 June 2021: 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 22 June 2021: No.

Warrants in the Company as of 22 June 2021: 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 2021 showed a large revenue growth with total revenue increasing to GBP 24.4m (2020: GBP 9.5m) equal to an annual growth of 158%. The driver for this growth was IAP (In-App Purchase) revenue which grew to GBP 24.2m (2020: GBP 9.3m) equal to a 160% annual growth. The main driver was improved distribution power for existing titles fuelled by the growth of the Huawei store and a shift to online gaming due to the Covid-19 pandemic. Non-IAP revenue growth was primarily driven by store integrations fees of new games.

Gross Margin, Adjusted EBITDA* and Operating loss

Gross profit grew to GBP 3.2m (2020: GBP 1.2m) equalling a 178% annual increase. The key driver was IAP gross profit which grew by 195% to GBP 3m (2020: GBP 1m) with non-IAP gross margin contributing with GBP 0.25m (2020: GBP 0.15m).

Staff and contractor costs increased by 9% to GBP 2.3m (2020: GBP 2.1m), this is due to the head count growing by 16% to 58 (2020: 50). General and admin expenses (excluding impairment write back/losses) increased by 11% to GBP 3.4m (2020: GBP 3.1m). During the year there was an impairment writeback of GBP 0.1m (2020: impairment loss GBP 1.1m). Adjusted EBITDA increased by 106% to GBP 0.1m (2020: GBP -1.7m) and operating loss decreased by 97% to GBP -0.1m (2020: GBP -2.9m).

Net Loss and loss per share

Tax contributed negatively with GBP -0.1m (2020: positively with GBP 0.1m) as the company decided to carry forward the losses arising from the annual research and development costs. Historically the losses were surrendered in exchange for a cash refund under HMRC's Research and Development tax credit scheme. Net loss fell by 95% to GBP -0.1m (2020: GBP -2.8m) resulting in a loss per share of GBP 0.33 pence (2020: GBP 6.83 pence).

Minimum guarantee commitments

During the year total future guarantee commitments reduced to GBP nil (2020: GBP 1.4m). Based on the impairment review performed as of 31 March 2021, an impairment writeback of GBP 84,120 (2020: impairment loss GBP 1,081,624) has been identified during the financial year.

Cash flow and Financial Position Review

The operating cash flow increased by GBP 5.9m to GBP 2.8m (2020: GBP -3.1m) driven by an improved performance and positive working capital contribution due to the Company's growth. GBP nil (2020: GBP 0.3m) was received from the EU Grant project which was completed in October 2018 and GBP 0.5m (2020: GBP 0.4m) was spent on capitalised development costs. GBP 0.2m (2020: GBP 0.1m) was received from share issues related to the employee options scheme and GBP 9.7m (2020: GBP Nil) was received from share issues related to the December fundraise net of fees. This resulted in a net inflow in cash of GBP 12.0m (2020: outflow of GBP 3.3m) and a cash balance at the end of the year of GBP 14.7m (2020: GBP 2.7m).

Niklas Koresaar
Chief Financial Officer
22nd June 2021

*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, service providers 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.

Investments

The Company may invest in or acquire companies that hold technology, services, know-how or market positions which are beneficial to the growth of the Company. These investments and acquisitions carry risk which may result in that the invested or purchased value will decrease in value or be completely written off. The Board is mitigating this by ensuring that the Company holds sufficient resources and knowledge to assess and address relevant risks properly.

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 may 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 brokers and insurance underwriters.

Covid-19 outbreak

The Covid-19 pandemic has not had 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. The human resource department of the Company is in close contact with all staff to assess their wellbeing. The Company is in contact with its counterparts to minimise any operational interruption. 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") has not had a negative effect on 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 Brexit related regulations and the economic impact and is monitoring the situation.

Section 172 statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this s.172 requires a director to have regard (amongst other matters) to:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the company.

The directors receive regular training on their obligations as Directors on an ongoing basis. The Directors aim to ensure a high standard of business conduct in all dealings. The Directors are mindful of the long-term success, impact and reputation of the Company in each of their decisions and actions. The below sets out some specific examples of how the Directors have had regard to the matters in s.172:

The likely consequences of any decision in the long term

The Directors, as required by the Company's articles, set an annual budget at the beginning of each financial year. This budget reflects all material profit and loss, balance sheet and cashflow aspects of the Company's performance. The actual performance of the company is compared to the budget and are presented to the Board on a monthly basis. The Board also produce rolling forecasts for the remainder of the financial year to follow the impact of the decisions that have been taken, or new trends seen, during the year. In addition to the yearly budgets, the Board also prepare the forecasts prepared for the next two to three year period and analyse the profit and loss, balance sheet and cash flow effects on all major investment and strategy decisions through in depth financial modelling and scenario analyses. These analyses also involve board discussions about the strategic impact of any decision taken.

Workforce engagement

The directors believe that the employees are a key ingredient to the Company's success and the board actively promotes an open work environment where the opinions of the employees are sought and factored into the decision-making process of the Company. This involves a wide set of initiatives ranging from proactive HR department to regular individual, team, office, management and company meetings and events. Workforce status, initiatives and issues are discussed in all board meetings.

Maintaining high standards of business conduct

The Company is active in the highly regulated tele communication market, therefore, the Directors require the highest standard of business conduct as any breach could be detrimental to the success of the Company. The Board require the Company to follow all regulations and policies set for this market including but not limited to bribery, corruption, child protection, data protection, fraud and money laundering. The Board requires the management of the Company to operate with several layers of control, approvals and post reviews of relevant areas to ensure that the Company is maintaining the required business conduct. Being a software Company operating with a highly specialised and trained workforce, the Board does not consider it being exposed to modern slavery issues. The same applies to ethical sourcing, as the Company is engaging with market leading software supplies.

Shareholder engagement

The Board engage with investors through general meetings, investor events, regularly updates and press releases. The Board is also actively seeking to expand the information shared through improvements of the annual and quarterly report including in depth board discussion about how to most accurately share information to the shareholders. The Board is also actively promoting a one share class policy to treat all shareholders equally.

Client engagement

The Board has set a business strategy which requires the Company to build strong relationships with both the game developers and the channels that the Company works with. The aim of the strategy is to form strategic partnerships with all channels, where the Company and the channel jointly agree a course of action going forward. The same applies to the developers, where the aim is to build stronger and stronger relationships to jointly identify and approach future opportunities and challenges. The Company is approaching this through a multi layered account management strategy involving all related departments and several layers of seniority within the Company. The Board get monthly updates on the progress of this strategy and is actively engaged in the formation of strategic relationships.

For and on behalf of the Board:

Per Lauritzson
Director
22nd June 2021

Director's report

The Directors present their report and the financial statements for the year ended 31 March 2021.

Results and dividends

The loss for the year ended 31 March 2021 amounted to GBP -142,206 (2020: GBP -2,815,264). The Directors are not recommending payment of a final dividend for the year (2020: 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 important as the Company's historical gross profit generation has not been sufficiently high to support the current cost levels over the analysed period. 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 a hypothetical 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 2021, 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]	5,443,336	10.9%
Per Lauritzson[1]	5,443,336	10.9%
Carl Palmstierna[2]	3,674,780	7.4%
Claes Kalborg[2]	98,650	0.2%
Christopher Bergstresster	-	0.0%
Total	**14,660,102**	**29.4%**

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

On 11/02/2021 and 12/02/2021 Claes Kalborg sold 4,000 ordinary shares and 2,000 ordinary shares respectively through an investment company leaving his total interest in the share capital of the Company at 0.2%.

On 11/06/2020 Carl Palmstierna acquired 50,000 ordinary shares and subsequently sold 279,720 ordinary shares on 03/12/2020 through Palmstierna Invest AB reducing his total interest in the share capital of the Company to 7.4%.

On 03/12/2020 Jens Lauritzson and Per Lauritzson together sold 699,300 shares through Mobile Sensations Ltd reducing their combined total interest in the share capital of the Company to 21.8%.

Substantial shareholdings

As at 31 March 2021, 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	10,886,672	21.8%	21.8%
Palmstierna Invest AB	3,455,280	6.9%	28.7%
Others	35,582,720	71.3%	100.0%
Total	**49,924,672**	**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 29 September 2021 at the Company's offices in Harbour Yard Unit G5, Chelsea Harbour, London, England, SW10 0XD 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 Section 172 Statement is included in the strategic report across pages 13 to 14 and includes details of how the Directors have had regards for the need to foster good business relationships with stakeholders.

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 109,910 (2020: GBP 93,623) of research and development expenditure during the year in the statement of profit or loss. The Company has recognised GBP 500,322 (2020: GBP 388,733) 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
22nd June 2021

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 2021, 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 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 in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with international financial reporting standards in conformity with the requirements of the Companies Act 2006; 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease or continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit

Overview of our audit approach

Overall materiality: £366,600 which represents 1.5% of the company's revenue.

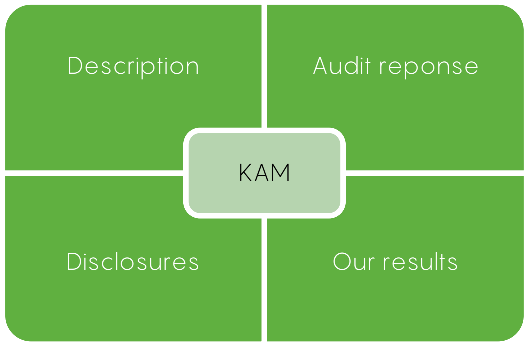
Key audit matters were identified as

- Revenue recognition (same as previous year); and
- Going concern (same as previous year).

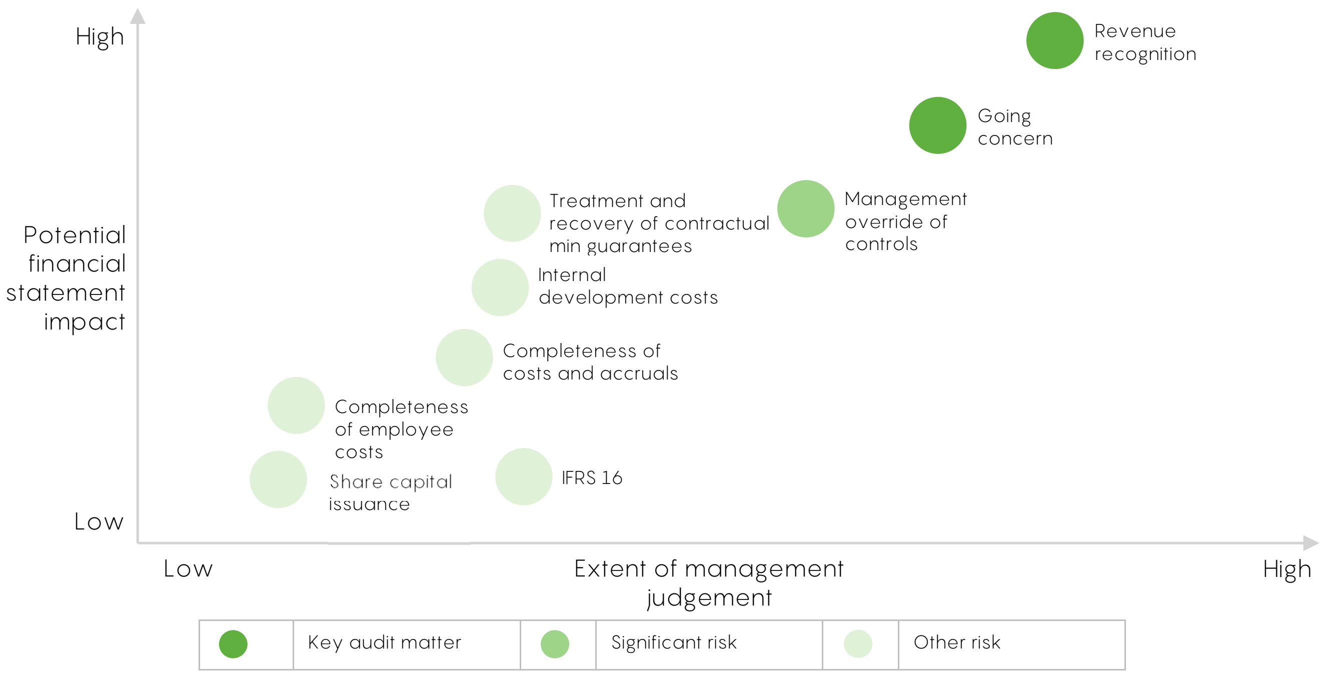
Our auditor's report for the year ended 31 March 2020 included one key audit matter that has not been reported as a key audit matter in our current year's report. This relates to the treatment and recovery of contractual minimum guarantees. The current year amount is not material and no longer presents a risk of material misstatement.

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.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter	How our scope addressed the matter
Revenue recognition We identified revenue as one of the most significant assessed risks of material misstatement due to fraud. The company recognised revenues of £24.4m (2020: £9.5m) for the year ended 31 March 2021. The company generates revenue through its distribution platform for third party free-to-play games on the Android market. In applying IFRS 15, 'Revenue from Contracts with Customers,' management determined that it met the criteria to act as principal to the end user and as such revenue is recognised on a gross basis. 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.	In responding to the key audit matter, we performed the following audit procedures and made the following significant judgements: • assessing whether the accounting policy and disclosures are in accordance with International Financial Reporting Standard 15 'Revenue from Contracts with Customers'; • testing the operating effectiveness of relevant controls through inspection of the monthly reconciliation of the billing reports received from the distribution channels and revenue recognised; • obtaining management's assessment of whether it acts as a principal or agent and confirming whether IFRS 15 'Revenue from Contracts with Customers' had been appropriately applied; and • performing substantive testing by obtaining an analysis of revenue for the year by distribution channel and comparing these amounts to cash received in the year and the cash received post year end for the revenues accrued at year end.
Relevant disclosures in the Annual Report and Accounts The company's accounting policy on revenue recognition is shown in note 1 to the financial statements and related disclosures are included in note 3.	**Our results** Our audit testing did not identify deficiencies in the operating effectiveness of relevant controls. Overall, based on our work, we have not identified material misstatements in respect of revenue recognition.
Going concern We identified going concern as one of the most significant assessed risks of material misstatement. Covid-19 is one of the most significant events currently faced by the UK, and at the date of this report there is an unprecedented level of uncertainty as to the ultimate impact of this event to the company. This event 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. The directors 'base case' evaluation of the entity's ability to continue as a going concern included significant judgements in relation to revenue growth. The directors also prepared a stress test of the base case evaluation by performing an in depth analysis of revenue trends and gross margin generation to determine how the revenue and gross margin is likely to develop going forwards, taking 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 directors have performed additional stress testing on revenue generation to	In responding to the key audit matter, we performed the following procedures to evaluate management's assessment of going concern: • obtaining management's forecasts up to the period March 2023. We checked how these forecasts were compiled and challenged the underlying assumptions used in the forecast; • assessing the reliability of management's forecasting by comparing the actual financial performance to the forecast information; • obtaining management's downside scenario, which reflects management's assessment of uncertainties and evaluating the assumptions applied regarding the forecasted growth in revenue and the resulting effect on the forecasted cash position. We also considered whether the assumptions are consistent with our understanding of the business; • testing the adequacy of the supporting evidence for the cash flow forecast and performing arithmetical checks on the forecast; • performing sensitivity analysis on management's downside scenario to determine the reduction in

Key Audit Matter	How our scope addressed the matter
determine the impact various scenarios may have on revenue generation, cashflow, cash levels and equity. For these stress tests, the directors have assumed that no new debt or equity capital will be available to support it during a hypothetical downturn. The directors have concluded, based on the various scenarios developed, that the company has sufficient resources available to meet its liabilities as they fall due and have concluded that there are no material uncertainties that cast significant doubt about the company's ability to continue as a going concern.	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.
Relevant disclosures in the Annual Report and Accounts The company's disclosure for going concern is shown in the Directors' report and note 1 to the financial statements.	**Our results** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

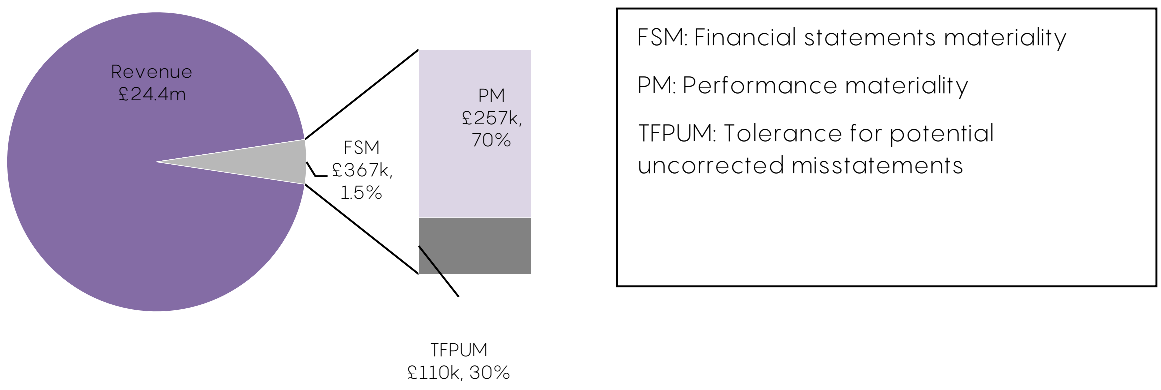
Materiality was determined as follows:

Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£366,600 which is 1.5% of revenue
Significant judgements made by auditor in determining the materiality	We considered the financial measures that we believed to be most relevant to the shareholders in assessing the performance of the company. The company has been historically loss making and continues to be loss making in the current year. Revenue is also a key performance indicator of the company. As such, we concluded that revenue is the most appropriate benchmark by which to determine materiality. We selected a measurement percentage of 1.5%, which reflects that the company operates in a stable environment and there are no external debts.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£256,600 which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining materiality, we made the following significant judgements: • Whether there were any significant adjustments made to the financial statements in prior years

Materiality measure	Company
	• Whether there were any significant control deficiencies identified in prior years • Whether there were any changes in senior management during the year • Whether there were any significant changes in business objectives/strategy
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality	We determined a lower level of specific materiality for the following areas: - related party balances; and - transactions including key management personnel transactions.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£18,300 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



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 engagement 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 and implementation 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; and
- evaluation of the design, implementation and operating effectiveness of processes and controls over revenue recognition as part of our overall approach to auditing revenue.

There have been no changes in the scope of the current year's audit from that of the previous year.

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 in 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 and the part of the directors' remuneration report to be audited 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, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and sector in which they operate. We determined that the following laws and regulations were most significant: international financial reporting standards in conformity with the requirements of Companies Act 2006 and taxation laws.
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgments made by management in its significant accounting estimates;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
  - held discussions with those outside the finance team including, human resources and key management personnel.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations through the following:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; and
  - knowledge of the industry in which the client operates.
- We did not identify any key audit matters relating to irregularities, including fraud.

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 2021

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2021

	Notes	2021 GBP	2020 GBP
Revenue	3, 4	24,437,486	9,477,033
Cost of sales		(21,200,477)	(8,311,745)
Gross profit		**3,237,009**	**1,165,288**
General and administrative expenses	5	(3,316,917)	(4,139,224)
Other Income	8	-	78,277
Adjusted EBITDA*		**98,684**	**(1,719,449)**
Depreciation		74,760	86,131
Amortization	12	187,952	86,732
Impairment loss	14	(84,120)	1,081,624
Other Income		-	(78,277)
Operating Loss		(79,908)	(2,895,659)
Finance expenses		**(12,867)**	**(5,270)**
Loss before tax for the year		**(92,775)**	**(2,900,929)**
Tax	9	(49,431)	85,665
Loss after tax		**(142,206)**	**(2,815,264)**
Attributable to:			
Equity holders of the parent		(142,206)	(2,815,264)
Loss for the year		**(142,206)**	**(2,815,264)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the year		**(142,206)**	**(2,815,264)**
Attributable to:			
Equity holders of the parent		(142,206)	(2,815,264)
Loss for the year		**(142,206)**	**(2,815,264)**
Loss per share:			
Loss per share from continuing operations — basic and diluted, attributable to ordinary equity holders of the parent (p)	10	(0.33)	(6.83)
Amount of weighted average shares outstanding for period (adjusted for share split and bonus issue)	10	43,706,362	41,217,102

The notes on pages 26 to 40 form part of these financial statements.

* 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 2021

Company registration number 04306881

	Notes	2021 GBP	2020 GBP
Assets			
Non-current assets			
Property, plant and equipment	11	130,823	205,583
Intangible assets	12	961,580	649,211
Deferred tax assets	9	59,712	-
Total non-current assets		**1,152,115**	**854,794**
Current assets			
Trade and other receivables	13	2,859,203	1,982,051
Cash and cash equivalents		14,708,551	2,732,565
Total current assets		**17,567,754**	**4,714,616**
Total assets		**18,719,869**	**5,569,410**
Equity and liabilities			
Equity			
Share capital	15	99,849	82,941
Share premium	15	14,841,496	5,082,618
Other reserves	16	364,602	107,166
Retained earnings	17	(2,871,691)	(2,729,464)
Total equity		**12,434,256**	**2,543,261**
Non-current liabilities			
Deferred tax liabilities	9	-	104,928
Lease liabilities	19	44,163	127,839
Total non-current liabilities		**44,163**	**232,767**
Current liabilities			
Trade and other payables	18	6,157,774	2,715,544
Lease liabilities	19	83,676	77,838
Total current liabilities		**6,241,450**	**2,793,382**
Total liabilities		**6,285,613**	**3,026,149**
Total equity and liabilities		**18,719,869**	**5,569,410**

The notes on pages 26 to 40 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 22 June 2021 and were signed on its behalf by:

Per Lauritzson
Director

Statement of cash flows
For the year ended 31 March 2021

	Notes	2020 GBP	2020 GBP
Cash flow from / (used in) operating activities			
Loss for the year before tax— continuing operations		(92,774)	(2,900,929)
Loss for the year before tax		**(92,774)**	**(2,900,929)**
Adjustments for:			
Effect of exchange rate fluctuations on cash held		77,955	(15,042)
Impairment (writeback) / loss	14	(84,120)	1,081,624
Share based payments	16	52,588	44,366
Depreciation of leasehold assets	11	74,760	86,131
Amortisation of capitalised development costs	12	187,952	86,732
Grant income	8	-	(78,277)
Interest paid		12,912	5,279
Working capital:			
Change in trade and other receivables		(802,257)	(1,736,076)
Change in trade and other payables		3,442,211	286,165
Operating cash flow		**2,869,227**	**(3,140,027)**
Grant payment	8	-	250,708
Net cash flow from / (used in) operating activities		**2,869,227**	**(2,889,319)**
Cash flow used in investing activities			
Expenditure on property, plant and equipment	11	-	-
Capitalised development cost	12	(500,322)	(388,733)
Bank interest received		-	-
Net cash flow used in investing activities		**(500,322)**	**(388,733)**
Cash flow from financing activities			
Proceeds from issue of shares	15	9,775,786	75,176
Payment of lease liabilities		(90,750)	(68,037)
Net cash flow from financing activities		**9,685,036**	**7,139**
Net change in cash and cash equivalents		**12,053,941**	**(3,270,913)**
Cash and cash equivalents at beginning of year		2,732,565	5,988,436
Effect of exchange rate fluctuations on cash held		(77,955)	15,042
Cash and cash equivalents at end of year		**14,708,551**	**2,732,565**

The notes on pages 26 to 40 form part of these financial statements.

Statement of changes in equity
For the year ended 31 March 2021

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total
		GBP	GBP	GBP	GBP	GBP
Balance at 1 April 2019		82,266	4,957,133	110,706	85,779	5,235,884
Loss for the year		-	-	-	(2,815,264)	(2,815,264)
Total comprehensive income		**82,266**	**4,957,133**	**110,706**	**(2,729,485)**	**2,420,620**
Transactions with owners, recorded directly in equity						
Share based payments	16	-	-	44,366	-	44,366
Deferred tax on share options		-	-	(47,906)	-	(47,906)
Issue of share capital	15	675	125,485	-	-	126,160
Balance at 31 March 2020		**82,941**	**5,082,618**	**107,166**	**(2,729,485)**	**2,543,240**
Balance at 1 April 2020		82,941	5,082,618	107,166	(2,729,485)	2,543,240
Loss for the year		-	-	-	(142,206)	(142,206)
Total comprehensive income		**82,941**	**5,082,618**	**107,166**	**(2,871,691)**	**2,401,034**
Transactions with owners, recorded directly in equity						
Share based payments	16	-	-	52,589	-	52,588
Deferred tax on share options		-	-	204,847	-	204,847
Issue of share capital	15	16,908	9,758,878	-	-	9,775,786
Balance at 31 March 2021		**99,849**	**14,841,496**	**364,602**	**(2,871,691)**	**12,434,256**

The notes on pages 26 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. 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 Harbour Yard Unit G5, Chelsea Harbour, London, England, SW10 0XD. 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 the publishing of mobile games in the Android market.

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 important as the Company's historical gross profit generation has not been sufficiently high to support the current cost levels over the analysed period. The Company has therefore analysed the trends, in depth, of revenue and margin generation 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 a hypothetical 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.

Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pounds Sterling ("GBP"), which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

New standards and amendments issued but not yet effective

There were a number of standards and interpretations which were in issue at 31 March 2021 but were not effective at 31 March 2021 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 1	First time adoption of International Financial Reporting Standards (amendment)[2]
IFRS 3	Business Combinations (amendment)[2]
IFRS 17	Insurance Contracts[2]
IAS 1	Presentation of Financial Statements (amendment)[3]
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)[3]
IAS 16	Property, Plant and Equipment (amendment)[2]
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (amendment)[2]
IAS 39	Financial Instruments: Recognition and Measurement (amendment)[1]
IAS 41	Agriculture (amendment)[2]

[1]Effective for annual periods beginning on or after 1 January 2021
[2]Effective for annual periods beginning on or after 1 January 2022
[3]Effective for annual periods beginning on or after 1 January 2023

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 7	Financial Instruments: Disclosures (amendment)
IFRS 9	Financial Instruments (amendment)
IAS 1	Presentation of Financial Statements (amendment)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)
IAS 39	Financial Instruments: Recognition and Measurement (amendment)

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.

Revenue Recognition

The company has two revenue streams being In-App purchases (IAP) revenue and Non-IAP revenue.

IAP revenue includes all in-game purchases made by end-users within live games published by the Company on various distribution channels that the Company has contractual agreements with.

Non-IAP revenue includes revenue from integration fees which are non-recurring and recurring revenue share from in-game advertising.

Management has considered various factors including type of virtual goods, geographical region and sales channels and disaggregated revenue as disclosed in note 3 and note 4. Management believes 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 two revenue streams: In-App purchases (IAP) within games and Non-IAP revenue.

For IAP, 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.

IAP revenue is 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 is recognised at the point in time 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 recognises them as unbilled receivables until billed.

The amount of consideration receivable by Flexion is dependent upon the number of items sold to end-users. 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.

For in-game advertising, the Company has determined it acts as agent to the advertising networks and records its own revenue share as revenue when impressions of ads to end-users took place. For integration fees, the Company records fees receivable in return for integrations as revenue when a successful integration has been confirmed by the Company's partner. Historical subscription revenue and legacy revenue has the same characteristics as IAP revenue and is therefore accounted for in the same way.

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 one 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.

The assets residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 2021, the carrying value of internally generated software assets was GBP 961,580 (2020: GBP 649,211) and the amount of research and development costs expensed was GBP 109,910 (2020: GBP 93,623).

Minimum Guarantees
In the past, 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 other receivables 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.

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 16.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

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 expenses, 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 trade and other receivables, cash and cash equivalents, 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. 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.

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.

Key Judgements
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. According to the terms and conditions agreed on from the various distribution channels, that the Company works with, the channels do not take any responsibility to fulfil end-user purchases. In terms of pricing, each game has one universal price list which is set by the developer. It is the responsibility of the Company to set pricing in each channel which reflects this universal price list. This is done without any influence from individual channels. The Company grants channels the right to sell, distribute and make available the applications submitted but the Company retains the responsibility to identifying a successful purchase and the subsequent release of the items to the end-user i.e. The Company's performance obligation is to deliver a functional Item 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.

The Company receives a share of generated advertising (ad) revenue for certain games distributed in its partner channels whereby it needs to determine if it acts as a principal or agent as more than one party is involved in generating such ad revenue. Factors considered in making this assessment are whether the Company provides the ads or arranges for the ads to be shown to the end user as well as the contractual relationships. Based on above factors and using judgement, the Company has determined that it acts as agent to the ad networks meaning revenue is recorded on a net 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.

Deferred tax asset on tax losses
The Company has not recognised a deferred tax asset in respect of tax losses as there is currently insufficient evidence of taxable profits being available to utilise the asset against. This will be reassessed in the next financial year.

Key estimates
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.

The directors do not believe there are any key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year.

Leases

At inception of a contract, the Group 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.

As a lessee

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.

The Company recognises a right-of-use asset, which is included within property, plant and equipment, and a corresponding lease liability on the statement of financial position, at the commencement date.

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.

The Company presents right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" and lease liabilities separately from other liabilities in the statement financial position.

Short-term leases and leases of low-value assets
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.

2. Changes in accounting policy

The Company has consistently applied the accounting policies to all periods presented in these financial statements.

3. Revenue

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

	2021	2020
	GBP	GBP
IAP revenue	24,192,908	9,321,745
Subscription revenue	244,578	155,288
Total revenue	**24,437,486**	**9,477,033**

4. Operating segments

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

Geographical information	2021 GBP	2020 GBP
Asia	7,508,078	1,599,068
Europe excl. United Kingdom	7,471,972	1,947,869
Middle East Africa	670,959	47,756
N. America	6,899,189	5,167,551
S. America	880,098	57,378
United Kingdom	1,007,189	657,411
Total Revenue	**24,437,486**	**9,477,033**

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, Russia, South Korea and Germany.

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

5. General and administrative expenses

	Notes	2021 GBP	2020 GBP
Total staff costs	6	2,319,903	2,125,684
Low value or short-term lease expense		38,534	32,173
Other premises costs		92,986	102,562
Administrative costs		87,816	65,105
Impairment (writeback) / loss	14	(84,120)	1,081,624
Other overheads		443,370	410,621
Audit fees to external auditors		65,095	55,400
Depreciation		74,760	86,131
Amortisation		187,952	86,732
Share based payments		52,588	44,366
Foreign exchange differences		38,033	48,826
General and administrative expenses		**3,316,917**	**4,139,224**

6. Staff costs (including executive Directors)

	2021 GBP	2020 GBP
Employee salaries	1,583,549	1,480,072
Contractor fees	216,243	211,340
Social security costs	244,556	215,531
Employer pension costs - defined contribution	72,783	75,791
Employee benefit expenses	71,175	67,746
Other staff related costs	131,598	75,204
Total staff costs	**2,319,903**	**2,125,684**

Average number of employees (including executive Directors)	**2021**	**2020**
Employed in the United Kingdom		
Administration	12	13
Product development	6	10
Sales and marketing	12	11
Other	2	2
Total average employees employed in the United Kingdom	**32**	**36**
Employed through Hungarian branch		
Product development	14	8
Administration	4	2
Total average employees employed through Hungarian branch	**18**	**10**
Total average number of people employed during the year	**50**	**46**

7. Directors' remuneration

	2021 GBP	2020 GBP
Directors' emoluments	245,100	205,100
Share based payments	2,258	2,258
Total Directors' remuneration	**247,358**	**207,358**

The Directors did not exercise any share options during the year to 31 March 2021 (2020: nil).

The number of Directors to whom retirement benefits are accruing under defined contribution schemes are 2 (2020: 2).

Remuneration for highest paid Director	2021 GBP	2020 GBP
Directors' emoluments	110,500	85,500
Share based payments	228	228
Total	**110,728**	**85,728**

8. Other income

	2021 GBP	2020 GBP
Grant income	-	78,277

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 did not recognise any grant income during the year (2020: GBP 78,277). The Company received its final grant payment of GBP 250,708 during 2020.

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

9. Income tax expense / (benefit)

	2021 GBP	2020 GBP
UK corporation tax refund	(2,936)	(160,86)
Overseas withholding tax	12,160	6,979
Deferred tax	40,207	66,935
Other taxes	-	1,287
Total income tax expense / (benefit)	**49,431**	**(85,665)**

	2021 GBP	2020 GBP
Deferred tax brought forward	104,928	(9,912)
Origination and reversal of temporary differences	(164,640)	114,840
Total deferred tax balance	**(59,712)**	**104,928**

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:

	2021 GBP	2020 GBP
Tax at the UK corporation tax rate of 19% (2019: 19%)	(17,627)	(551,177)
Effects of:		
Disallowable expenditures	(158,421)	(76,244)
Depreciation	-	12,814
Pensions	(1,174)	1,174
Non-trade loan relationship credits	(9)	9,277
R&D taxable	-	-
R&D deduction	(131,507)	(116,782)
Loss brought forward	(939,983)	(424,337)
Tax surrendered for tax credit	-	206,614
Unutilised tax loss	1,251,031	939,987
Foreign tax expensed	(2,310)	(1,326)
R&D tax relief	-	(160,866)
Current tax credit for the year	**-**	**(160,866)**
Differences in overseas taxation rates	12,160	6,979
Deferred tax effect	40,207	66,935
Other items	(2,936)	1,287
Total tax charge / (credit) for the year	**49,431**	**(85,665)**

The Company has estimated tax losses of GBP 7,655,761 (2020: GBP 6,018,686) to carry forward against future taxable profits.

Factors that may affect future tax charges
In the UK 2015 Budget it was announced that the UK corporation tax rate will reduce to 19% for April 2017. It was announced in the 2016 UK Budget that it will be further reduced to 18% from April 2020. It was subsequently announced in 2017 UK Budget that it will be reduced to 17% from April 2020. A further change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

10. 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:

	2021	2020
Loss after tax attributable to equity holders of the parent (GBP)	(142,206)	(2,815,264)
Weighted average number of ordinary shares in issue	43,706,362	41,217,102
Fully diluted weighted average number of ordinary shares in issue	43,706,362	41,217,102
Basic and diluted loss per share (GBP)	**(0.33)**	**(6.83)**

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 2021 totalled 3,327,062 (2020: 3,621,750) and are potentially dilutive.

11. Property, plant and equipment

	Leasehold improvement GBP	Right-to-use asset GBP	Total GBP
Cost		(Note 19)	
At 1 April 2019	75,859	246,069	321,928
Write offs	(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
Write offs	(75,859)	(246,069)	(321,928)
At 31 March 2020	**-**	**18,690**	**18,690**
Carrying value at 31 March 2020	**-**	**205,583**	**205,583**
Cost			
At 1 April 2020	-	224,273	224,273
Additions	-	-	-
Disposals	-	-	-
At 31 March 2021	**-**	**224,273**	**224,273**
Accumulated depreciation			
At 1 April 2020	-	18,690	18,690
Depreciation during the period	-	74,760	74,760
At 31 March 2021	**-**	**93,450**	**93,450**
Carrying value at 31 March 2021	**-**	**130,823**	**130,823**

12. Intangible Assets

	Software development GBP	Total GBP
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**
Cost		
At 1 April 2020	809,515	809,515
Additions	500,322	500,322
Disposals	-	-
At 31 March 2021	**1,309,837**	**1,309,837**
Accumulated amortisation		
At 1 April 2020	160,304	160,304
Amortisation during the period	187,952	187,952
At 31 March 2021	**348,257**	**348,257**
Carrying value at 31 March 2021	**961,580**	**961,580**

13. Trade and other receivables

	2021 GBP	2020 GBP
Trade receivables	703	129,914
Other receivables	27,551	777,368
Prepayments and accrued income	2,830,949	1,074,769
Trade and other receivables	**2,859,203**	**1,982,051**

Other receivables include GBP nil of minimum guarantees (2020: GBP 533,761), GBP nil (2020: GBP 154,743) of corporation tax receivable, recoverable VAT of GBP 18,593 (2020: GBP 24,374) and GBP 8,958 (2020: GBP 13,507) 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.

14. Minimum guarantees

Minimum guarantees	2021 GBP	2020 GBP
Carrying value at 1 April	533,761	555,025
Movements during the year	(617,881)	1,060,360
Impairment writeback / (losses)	84,120	(1,081,624)
Carrying value at 31 March	**-**	**533,761**

During the year, an impairment writeback of GBP 84,120 was recognised for minimum guarantees reducing the carrying value of recoverable minimum guarantees to nil. Impairment writebacks and losses are included in general and administrative expenses.

15. 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 01 April 2019		**41,132,958**	**0.002**	**82,266**	**4,957,133**
	Shares issued	337,500	0.002	675	125,485
At 31 March 2020		**41,470,458**	**0.002**	**82,941**	**5,082,618**
	Shares issued	8,545,214	0.002	16,908	9,758,878
At 31 March 2021		**49,924,672**	**0.002**	**99,849**	**14,841,496**

During the financial year ending 31 March 2020 337,500 options were exercised and converted to ordinary shares of the Company.

During the financial year ending 31 March 2021 482,188 options were exercised and converted to ordinary shares of the Company.

The Company also carried out a fundraise during the financial year ending 31 March 2021 at which 7,972,026 ordinary shares of the Company were issued at an average price of GBP 1.2698 per share.

16. Share based payments

The Company has a single 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 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**		

	Number of share options 2021	Weighted average exercise price GBP 2021	Weighted average date of issue 2021
Balance at 1 April	3,621,750	0.59	23 Nov 2016
Lapsed during the year	25,000	0.95	07 Jul 2020
Issued during the year	212,500	1.38	16 Sep 2020
Exercised during the year	482,188	0.48	21 Feb 2016
Balance at 31 March	**3,327,062**	**0.65**	**22 Mar 2017**
Exercisable at 31 March	**1,997,062**		

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 52,589 (2020: GBP 44,366).

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 2021	Share options 2020
Grant date fair value in GBP	0.151 - 0.821	0.168 - 0.289
Exercise price	GBP 0.72 - 2.22	GBP 0.66 - 1.14
Expected life	6.25 years	6.25 years
Expected volatility	63.5% - 74.2%	59.20% - 68.50%
Expected dividends	0.00%	0.00%
Risk-free interest rate	0.17% - 0.847%	0.36% - 0.83%

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 2021. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

17. Retained earnings

	2021 GBP	2020 GBP
Opening balance	**(2,729,485)**	**85,779**
Loss for the year	(142,206)	(2,815,264)
Closing balance	**(2,871,691)**	**(2,729,485)**

18. Trade and other payables

Liabilities	**2021 GBP**	**2020 GBP**
Trade payables	1,592,358	634,524
Social security and other taxes	75,391	68,553
Accrued expenses	4,462,900	1,998,417
Other payables	27,125	14,050
Trade and other payables	**6,157,774**	**2,715,544**

19. Leases

Right-of-use assets	**Property GBP**	**Total GBP**
At 1 April 2019	51,502	157,187
Depreciation charge for the year	(70,192)	(70,192)
Additions	224,273	224,273
At 31 March 2020	**205,583**	**205,583**
At 1 April 2020	205,583	205,583
Depreciation charge for the year	(74,760)	(74,760)
Additions	-	-
At 31 March 2021	**130,823**	**130,823**

Lease liabilities	**2021 GBP**	**2020 GBP**
Maturity analysis - contractual undiscounted cash flows		
Within one year	90,750	90,750
Within two to five years	45,375	136,125
Total undiscounted lease liabilities at 31 March	**136,125**	**226,875**

Lease liabilities included in the statement of financial position at 31 March	**2021 GBP**	**2020 GBP**
Non-Current	44,163	127,839
Current	83,676	77,838

Amounts recognised in profit or loss	**2021 GBP**	**2020 GBP**
Interest on lease liabilities	12,912	5,303
Expenses relating to short-term leases	38,534	28,367

Amounts recognised in the statement of cash flows	**2021 GBP**	**2020 GBP**
Total cash outflow for leases	90,750	68,063

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	2021 GBP	2020 GBP
Financial assets at amortised cost		
Cash and cash equivalents	14,708,551	2,732,565
Trade and other receivables	2,734,535	1,098,033
Total financial assets at amortised cost	**17,443,086**	**3,830,598**
Total financial assets	**17,443,086**	**3,830,598**
Financial liabilities at amortised cost		
Trade and other payables	5,823,660	2,510,306
Total financial liabilities at amortised cost	**5,823,660**	**2,510,306**
Total financial liabilities	**5,823,660**	**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]	14,708,551	2,732,565
Trade receivables	703	129,914
Other receivables[2]	2,733,832	968,119
Total	**17,443,086**	**3,830,598**

[1]At 31 March 2021, GBP 4,739,723 are held in USD, GBP 1,495,951 are held in EUR, GBP 264,441 are held in SEK and GBP 427,255 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 2,627,530 (2020: GBP 968,119) 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 2021 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 2021	On demand GBP	Within 1 year GBP	Within 2 to 5 years GBP
Trade payables	1,592,358	-	-
Other payables	1,350,121	2,874,869	-
Total	**2,963,263**	**2,874,869**	**-**

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**	**-**

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

Currency	2021 GBP	2020 GBP
USD	1,593,145	610,094
EUR	522	2,355
Other	-	4,430
	1,593,667	**616,879**

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, SEK, and HUF 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 2021	USD rate	EUR rate	SEK rate	HUF rate
Change in rate	10%	10%	10%	10%
Effect on profit before tax in GBP	(738,923)	(275,851)	(26,444)	(42,725)
Change in rate	(10%)	(10%)	(10%)	(10%)
Effect on loss before tax in GBP	671,748	250,773	24,040	38,841

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

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 7.

On 11/02/2021 and 12/02/2021 Claes Kalborg sold 4,000 ordinary shares and 2,000 ordinary shares respectively through an investment company leaving his total interest in the share capital of the Company at 0.2%.

On 11/06/2020 Carl Palmstierna acquired 50,000 ordinary shares and subsequently sold 279,720 ordinary shares, as part of the fundraise mentioned in note 15, on 03/12/2020 through Palmstierna Invest AB reducing his total interest in the share capital of the Company to 7.4%.

On 03/12/2020 Jens Lauritzson and Per Lauritzson together sold 699,300 shares through Mobile Sensations Ltd, as part of the fundraise mentioned in note 15, reducing their combined total interest in the share capital of the Company to 21.8%.

Compensation of key management personnel (incl. executive Directors):	**2021 GBP**	**2020 GBP**
Short-term employee benefits	398,223	337,128
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 of 31 March 2021, an impairment writeback of GBP 84,120 (2020: loss GBP 1,081,624) has been identified during the financial year. See note 14 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:	**2021 GBP**	**2020 GBP**
Within one year	-	1,328,521
Within two to five years	-	28,377
Total minimum guarantees	**-**	**1,356,898**

All minimum guarantees as of 31 March 2021 are denominated in USD.

23. Events after the reporting period

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