



## Q4 Report — 31 December 2021

Flexion produces record results: 52% growth in revenue, 63% growth in gross profit and 163% growth in EBITDA

### October 2021 to December 2021 performance

- Total revenue increased by 52% to GBP 10.5m (GBP 6.9m)\*
- Gross profit increased by 63% to GBP 1.5m (GBP 0.9m)
- Adjusted EBITDA<sup>†</sup> increased by 163% to GBP 0.33m (GBP 0.13m)
- Operating profit increased to GBP 0.63m (GBP 0.06m)
- Earnings per share amounted to GBP 1.28 pence (GBP 0.13 pence)
- Cash amounted to GBP 14.5m (GBP 12.4m)

### April 2021 to December 2021 performance

- Total revenue increased by 46% to GBP 26.1m (GBP 17.9m)\*
- Gross profit increased by 43% to GBP 3.4m (GBP 2.4m)
- Adjusted EBITDA<sup>†</sup> increased by 68% to GBP 0.43m (GBP 0.25m)
- Operating result increased by 734% to GBP 0.56m (GBP 0.07m)

### Important events during the quarter

- Launch of Evony: The King's Return from Top Games Inc.
- Launch of The Ants: Underground Kingdom from StarUnion
- Launch of Puzzles & Survival from 37Games
- Signing of Mahjong Treasure Quest from Vizion

### Important events after the quarter

- Strategic investment in mobile game influencer, Liteup Media UG
- Alignment of the financial year with the calendar year by closing the current financial year after 9 months in December 2021

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

<sup>†</sup> 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

# Notes from the CEO



What a great quarter we had – our best so far! We entered the 4<sup>th</sup> quarter with three new top titles leading up to the important Christmas period and I am really pleased that we managed to launch all of them and benefit from store promotions during the festive season.

Evony: The King's Return, The Ants: Underground Kingdom and Puzzles and Survival are some of the biggest titles in the market and generated more than USD 40m in Google Play during December. These are now part of our portfolio and contributed to our strong performance in Q4.

We experienced 52% growth in quarterly revenue compared with the same period last year and an increase of 46% for the whole year, which was in line with our guidance. The strong performance can also be seen in gross profit and EBITDA, up 63% and 163% respectively.

In 2021, we reached critical mass on the platform, and that's why we now see a positive effect on our EBITDA for each new game we launch. I am also very happy that we generated GBP 0.6m in net profit for the period partly thanks to the recovery of GBP 0.4m from the impairment write-down we made in March 2020. These titles performed better than expected and are now generating positive contribution.

We added one more leading developer during the quarter, Vizer Games, and we are preparing to launch their title Mahjong Treasure Quest. On the back of our current strong performance and growing portfolio, we are actively phasing out low performing titles. This will help us improve the overall portfolio's performance and increase the average revenue per game. Our top-tier monthly average has improved from USD 560K in Q3 to USD 730K. This can be seen in our KPI section on page 12.

We have now started to invest in new strategic initiatives within paid user-acquisition, with focus on influencer marketing and performance marketing to support our core business and to expand our footprint into the game services market as previously announced. The plan involves acquisition of talent through investments and

acquisitions, but we are also strengthening our development and product teams to support these new initiatives. Our first step into influencer marketing was the investment made in January 2022 in Liteup Media. Liteup Media is a promising German start-up that has set out to disrupt influencer marketing and make it more mainstream and accessible to mobile game advertisers. This investment is attractive to us as we get a foot in the door in influencer marketing, while we have the option to acquire the company.

Looking at the wider market, we can see some clear market trends in favour of new services such as influencer marketing. This is partly due to privacy changes such as deprecation of IDFA by Apple, which makes it more difficult to target and track users. Google have also announced that it will make similar changes adding to the problems for traditional performance marketing. In parallel, we are seeing new demand for influencer marketing from blockchain-based games and NFTs. New marketplaces outside the traditional app stores are evolving for these games, adding to more market fragmentation. This in turn will drive new trends in user acquisition which we want to capitalise on. Other interesting recent moves that will expand our market is Microsoft's support for Android on Windows 11, through their Amazon Appstore partnership. This project is now publicly launched by Microsoft, and Flexion is already supporting it. In addition, Netflix has entered the overall games market principally to support their core business and recently announced it stepped up its push into gaming by acquiring Next Games, a NASDAQ First North listed game developer.

We are now entering a new financial year and the traditionally weaker Q1 period. Our performance has so far been in line with expectations, we are focusing on growing revenue and audiences for our new top titles. On the back of our strong momentum coming into the new year, we expect our annual revenue to grow with 40-60% and our staff cost by 8-12% during 2022. This growth is driven by our core strategy, while new initiatives are ramping up during 2022. Overall, it should set us up for another strong and exciting year.

I would also like to comment on Flexion's exposure to the terrible events happening in Ukraine and our thoughts are with all those affected. As a company with business in global markets, we have to date not seen any political events where mobile games have been sanctioned and we do not foresee that happening here either. We are very fortunate that our staff have not been exposed to the region, none of our developer contracts are with Russian companies and our settlement structure is relatively well protected against payment freezes or delays. The risks we see lie within the highly volatile Russian Ruble and the ability of our channel partners to transfer funds out of Russia. So far, the effects on Flexion have been limited and in February less than 10% of our global revenue was generated in the Russian market. The situation is very fluid, and we are monitoring it closely.

Finally, I would like to thank all Flexion staff for a fantastic year and welcome our new colleagues at Liteup Media to the Flexion Group.

Jens Lauritzson – CEO

# Financial Development



## October 2021 to December 2021

### REVENUE

IAP (In-App Purchase) revenue grew by 53% YoY to GBP 10,403,226 (GBP 6,811,940). Non-IAP revenue, which includes store integration fees and non-IAP related revenue from games, increased to GBP 53,179 (GBP 51,645). Total revenue grew by 52% YoY to GBP 10,456,405 (GBP 6,863,585).

Over the quarter, both IAP revenue and non-IAP revenue grew by 33% and 253% respectively QoQ. As a result, total revenue grew by 34% QoQ.

### GROSS PROFIT

Cost of sales increased by 51% YoY to GBP 8,976,604 (GBP 5,955,441). IAP gross profit grew by 67% YoY to GBP 1,426,622 (GBP 856,499), non-IAP gross profit increased to GBP 53,179 (GBP 51,645) and total gross profit grew by 63% YoY to GBP 1,479,801 (GBP 908,144). All non-IAP revenue carried 100% margin to Flexion.

IAP gross profit grew by 41% QoQ. Total gross profit grew by 44% QoQ. Total gross profit margin improved QoQ from 13.1% to 14.1% and IAP gross profit margin improved from 12.9% to 13.7%. This was driven by the improved margin contribution from the seven-game deal signed in September.

### GENERAL AND ADMINISTRATIVE EXPENSES

Headcount increased by 9 to 64 (55) YoY. Staff and contractors' costs increased by 51% YoY to GBP 867,245 (GBP 575,627) on the back of year-end performance compensation paid in December 2021. Other overheads increased by 36% YoY to GBP 280,842 (GBP 206,326).

The current quarter saw an impairment write-back of GBP 392,574 relating to the impairment loss recognised in the March 2020 financial year (impairment loss of GBP 1,081,624).

As a result, general and administrative expenses remained flat YoY at GBP 845,542 (GBP 851,248).

Over the quarter, the headcount for core strategies decreased by 2 to 64 and the head count for new strategies increased by 1 to 4. Staff and contractors costs increased by 31% or GBP 203,168 QoQ, due to decreased capitalisation of development costs. Adjusted staff cost, as reported in the KPI section, increased by 17% over the quarter due to the performance compensation paid in December. Other overheads remained flat QoQ.

### ADJUSTED EBITDA AND NET RESULT

Adjusted EBITDA for the quarter amounted to GBP 331,714 (GBP 126,192) driven by increased gross profit. Operating profit (EBIT) improved QoQ to GBP 634,259 (loss GBP -18,191) and profit after tax increased QoQ to GBP 638,175 (loss GBP -35,185).

### CASH FLOW

Operating cash flow increased by GBP 5,718,239 YoY to GBP 6,494,284 (GBP 776,045).

### FINANCIAL POSITION

Cash amounted to GBP 14,458,346 (GBP 12,394,155) and no interest-bearing debt was held. Over the quarter, cash decreased by GBP 603,842, driven by short-term working capital movements. Trade and other receivables amounted to GBP 5,466,910 YoY (GBP 3,888,618). Trade and other payables amounted to GBP 14,664,546 YoY (GBP 6,416,202).

### CHANGES IN NUMBER OF GAMES DURING THE QUARTER

The average monthly revenue for top-tier games increased to USD 726,066 (USD 558,429) QoQ. The average monthly revenue for mid-tier games decreased to USD 50,943 (USD 56,524) QoQ.

Over the quarter, the number of live top-tier games increased by 3 to 8 games and the number of live mid-tier games decreased by 2 to 15 titles. 2 mid-tier games were moved out of the tier classification. Number of signed top-tier games yet to be launched decreased to 1 and number of signed mid-tier games yet to be launched increased to 2 games.

## April 2021 to December 2021

The nine-month period ending December 2021 showed steady revenue growth with IAP revenue increasing by 47% to GBP 25,983,466 (GBP 17,651,141). Total revenue grew by 46% to GBP 26,076,493 (GBP 17,880,455). Gross profit increased by 43% to GBP 3,443,568 (GBP 2,416,145) over the period. General and administrative expenses increased by 23% to GBP 2,879,340 (GBP 2,348,531). Adjusted EBITDA increased by 68% to GBP 426,520 (GBP 254,607). Profit after tax increased by 476% to GBP 537,832 (GBP 93,341).

Niklas Koresaar – CFO



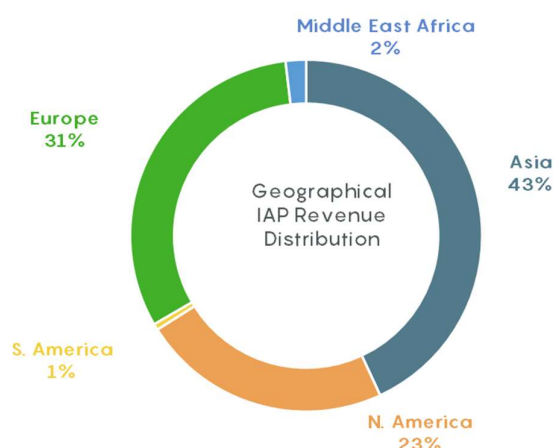
# Other Information

## Segmental information

### IAP REVENUE

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

The geographical breakdown of IAP revenue for the quarter ending 31<sup>st</sup> December 2021 is presented below.



The main market for IAP revenue during the quarter was Asia with 43% market share followed by Europe with 31% market share. North America amounted to 23%, Middle East and Africa amounted to 2% and South America amounted to 1%.

### NON-IAP REVENUE

Non-IAP revenue includes revenue from integration fees and minimum guarantees and other revenue which are non-recurring. It includes recurring revenue share from in-game advertising, historical subscription revenue and legacy revenue.

## Tier-games

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

consecutive six-month period, excluding the first three months after launch, does not qualify for a specific tier class. The number of tier games and their average revenue per month is reported in the Main KPI section.

## Review

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

## Number of staff and long-term contractors

At the end of the reporting period the company had 66 staff and long-term contractors.

## Material risks and factors of uncertainty

Material risks and uncertainties of the company include but are not limited to risks related to market, technology, contracts, regulatory requirements, key staff, financial requirements and counterparties. A detailed risk description of the Company is given in the audited financial statements for the period ended 31<sup>st</sup> March 2021.

## Financial calendar

Q1 report - 2022 Financial Year	18 <sup>th</sup> May 2022
Q2 report - 2022 Financial Year	24 <sup>th</sup> Aug. 2022
Q3 report - 2022 Financial Year	23 <sup>rd</sup> Nov. 2022
Q4 report - 2022 Financial Year	22 <sup>nd</sup> Mar. 2023

## Certified Adviser

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

## Further information

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

## MAR Publishing Statement

This statement is information that Flexion Mobile Plc is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 09<sup>th</sup> March 2022.

# Financial reports in brief

## Statement of profit or loss and other comprehensive income for the quarterly period ended 31 December 2021

	Notes	QTD Dec-21 3 months 2021 Unaudited GBP	QTD Dec-20 3 months 2020/21 Unaudited GBP	YTD Dec-21 9 months 2021 Unaudited GBP	YTD Dec-20 9 months 2020/21 Unaudited GBP	FY Mar-21 12 months 2020/21 Audited GBP
Total revenue	3	10,456,405	6,863,585	26,076,493	17,880,455	24,437,486
Cost of sales		(8,976,604)	(5,955,441)	(22,632,925)	(15,464,311)	(21,200,477)
<b>Total gross profit</b>	4	<b>1,479,801</b>	<b>908,144</b>	<b>3,443,568</b>	<b>2,416,145</b>	<b>3,237,009</b>
General and administrative expenses	5	(845,542)	(851,248)	(2,879,340)	(2,348,531)	(3,316,917)
<b>Adjusted EBITDA<sup>‡</sup></b>		<b>331,714</b>	<b>126,192</b>	<b>426,520</b>	<b>254,607</b>	<b>98,684</b>
Depreciation of tangible assets		18,690	18,690	56,070	56,070	74,760
Amortization of intangible assets		71,339	50,606	198,796	130,924	187,952
Impairment write-back		(392,574)	-	(392,574)	-	(84,120)
<b>Operating profit / (loss) for the period</b>		<b>634,259</b>	<b>56,896</b>	<b>564,227</b>	<b>67,614</b>	<b>(79,908)</b>
Finance costs		(1,583)	(2,671)	(6,166)	(10,171)	(12,867)
<b>Profit / (Loss) before tax for the period</b>		<b>632,676</b>	<b>54,226</b>	<b>558,061</b>	<b>57,443</b>	<b>(92,775)</b>
Tax		5,499	3,782	(20,230)	35,899	(49,431)
<b>Profit / (Loss) after tax for the period</b>		<b>638,175</b>	<b>58,008</b>	<b>537,832</b>	<b>93,341</b>	<b>(142,206)</b>
Attributable to:						
Equity holders of the parent		638,175	58,008	537,832	93,341	(142,206)
<b>Profit / (Loss) for the period</b>		<b>638,175</b>	<b>58,008</b>	<b>537,832</b>	<b>93,341</b>	<b>(142,206)</b>
<b>Other comprehensive income</b>						
Foreign exchange differences		-	-	-	-	-
<b>Total comprehensive profit / (loss) for the period</b>		<b>638,175</b>	<b>58,008</b>	<b>537,832</b>	<b>93,341</b>	<b>(142,206)</b>
Attributable to:						
Equity holders of the parent		638,175	58,008	537,832	93,341	(142,206)
<b>Profit / (Loss) for the period</b>		<b>638,175</b>	<b>58,008</b>	<b>537,832</b>	<b>93,341</b>	<b>(142,206)</b>

<sup>‡</sup>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 December 2021

	Notes	Dec-21 2021 Unaudited GBP	Dec-20 2020/21 Unaudited GBP	Mar-21 2020/21 Audited GBP
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	74,753	149,513	130,823
Intangible assets	8	7,758,858	920,410	961,580
Deferred tax assets		52,002	239,473	59,712
<b>Total non-current assets</b>		<b>7,885,613</b>	<b>1,309,397</b>	<b>1,152,115</b>
<b>Current assets</b>				
Trade and other receivables	9	5,466,910	3,888,618	2,859,203
Cash and cash equivalents		14,458,346	12,394,156	14,708,551
<b>Total current assets</b>		<b>19,925,256</b>	<b>16,282,774</b>	<b>17,567,754</b>
<b>Total assets</b>		<b>27,810,869</b>	<b>17,592,171</b>	<b>18,719,869</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		100,049	96,522	99,849
Share premium		14,917,283	13,047,815	14,841,496
Other reserves		397,197	521,665	364,602
Retained earnings		(2,333,859)	(2,637,862)	(2,871,691)
<b>Total equity</b>		<b>13,080,670</b>	<b>11,028,140</b>	<b>12,434,256</b>
<b>Non-current liabilities</b>				
Lease liabilities		-	65,653	44,163
<b>Total non-current liabilities</b>		<b>-</b>	<b>65,653</b>	<b>44,163</b>
<b>Current liabilities</b>				
Lease liabilities		65,654	82,177	83,676
Trade and other payables	10	14,664,546	6,416,202	6,157,774
<b>Total current liabilities</b>		<b>14,730,200</b>	<b>6,498,379</b>	<b>6,241,450</b>
<b>Total liabilities</b>		<b>14,730,200</b>	<b>6,564,032</b>	<b>6,285,613</b>
<b>Total equity and liabilities</b>		<b>27,810,870</b>	<b>17,592,171</b>	<b>18,719,869</b>

## Statement of cash flows for the quarterly period ended 31 December 2021

	QTD Dec-21 3 months 2021 Unaudited	QTD Dec-20 3 months 2020/21 Unaudited	YTD Dec-21 6 months 2021 Unaudited	YTD Dec-20 6 months 2020/21 Unaudited	YTD Mar-21 12 months 2020/21 Audited
<b>Cash flow from operating activities</b>					
Profit / (Loss) before tax for the period – continuing operations	632,676	54,226	558,140	57,443	(92,774)
<b>Profit / (Loss) before tax for the period</b>	<b>632,676</b>	<b>54,226</b>	<b>558,140</b>	<b>57,443</b>	<b>(92,774)</b>
Adjustments for:					
Effect of exchange rate fluctuations on cash held during the period	267,367	(78,165)	180,092	(44,212)	77,955
Impairment loss	(392,574)	-	(392,574)	-	(84,120)
Share based payments	17,728	11,391	34,771	37,161	52,588
Depreciation of tangible assets	18,690	18,690	56,070	56,070	74,760
Amortisation of intangible assets	71,339	50,606	198,796	130,924	187,952
Interest paid	1,583	2,671	5,877	10,170	12,912
Working capital:					
Change in trade and other receivables	(1,280,661)	(166,715)	(2,229,829)	(1,941,611)	(802,257)
Change in trade and other payables	7,158,136	886,013	8,506,694	3,802,798	3,442,211
<b>Net cash flow from operating activities</b>	<b>6,494,284</b>	<b>776,045</b>	<b>6,918,037</b>	<b>2,108,742</b>	<b>2,856,311</b>
<b>Cash flow from investing activities</b>					
Capitalised game distribution rights	(6,765,791)	-	(6,765,791)	-	-
Capitalised development cost	(42,280)	(128,451)	(230,283)	(402,125)	(500,322)
<b>Net cash flow from investing activities</b>	<b>(6,808,071)</b>	<b>(128,451)</b>	<b>(6,996,074)</b>	<b>(402,125)</b>	<b>(500,322)</b>
<b>Cash flow from financing activities</b>					
Issue of ordinary shares, net of issue costs	-	7,968,857	75,987	7,978,778	9,775,786
Payment of lease liabilities	(22,688)	(22,302)	(68,063)	(68,016)	(90,750)
<b>Net cash flow from financing activities</b>	<b>(22,688)</b>	<b>7,949,226</b>	<b>7,924</b>	<b>7,910,761</b>	<b>9,697,948</b>
<b>Net change in cash and cash equivalents</b>	<b>(336,475)</b>	<b>8,596,820</b>	<b>(70,113)</b>	<b>9,617,378</b>	<b>12,053,941</b>
Cash and cash equivalents at beginning of period	15,062,188	3,719,171	14,708,551	2,732,565	2,732,565
Effect of exchange rate fluctuations on cash held during the period	(267,367)	78,165	(180,092)	44,212	(77,955)
<b>Cash and cash equivalents at end of period</b>	<b>14,458,346</b>	<b>12,394,156</b>	<b>14,458,346</b>	<b>12,394,155</b>	<b>14,708,551</b>

## Statement of changes in equity for the period ended 31 December 2021

	Share capital GBP	Share premium GBP	Other reserves GBP	Retained earnings GBP	Total GBP
Balance at 1 April 2020	82,941	5,082,618	107,166	(2,729,485)	2,543,240
Profit for the period	-	-	-	91,622	91,622
<b>Total comprehensive income</b>	<b>82,941</b>	<b>5,082,618</b>	<b>107,166</b>	<b>(2,637,863)</b>	<b>2,634,862</b>
<b>Transactions with owners, recorded directly in equity</b>					
Share based payments	-	-	37,161	-	37,161
Deferred tax on share options	-	-	377,338	-	377,338
Issue of share capital	13,581	7,965,196	-	-	7,978,777
<b>Balance at 31 December 2020</b>	<b>96,522</b>	<b>13,047,815</b>	<b>521,665</b>	<b>(2,637,863)</b>	<b>11,028,139</b>
<b>Transactions with owners, recorded directly in equity</b>					
Balance at 1 April 2021	99,849	14,841,496	364,601	(2,871,691)	12,434,256
Profit for the period	-	-	-	537,832	537,832
<b>Total comprehensive income</b>	<b>99,849</b>	<b>14,841,496</b>	<b>364,601</b>	<b>(2,333,859)</b>	<b>12,972,087</b>
<b>Transactions with owners, recorded directly in equity</b>					
Share based payments	-	75,787	34,771	-	110,558
Deferred tax on share options	-	-	(2,176)	-	(2,176)
Issue of share capital	200	-	-	-	200
<b>Balance at 31 December 2021</b>	<b>100,049</b>	<b>14,917,283</b>	<b>397,196</b>	<b>(2,333,859)</b>	<b>13,080,669</b>



# Notes

## 1. Basis of preparation

The condensed financial statements for the nine months ended 31<sup>st</sup> December 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The annual financial statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The Company's offices are in London and the registered number of Flexion Mobile is 04306881. The interim condensed consolidated financial statements are presented in GBP and have been prepared using historical cost accounting. After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the board of directors continue to adopt the going concern basis in preparing the interim reports.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a review by the auditors. The financial information in respect of the year ended 31<sup>st</sup> March 2021 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Company's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the nine months ended 31<sup>st</sup> December 2020 and 31<sup>st</sup> December 2021 is unaudited. The financial information for the twelve months ended 31<sup>st</sup> March 2021 is audited.

The interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended 31<sup>st</sup> March 2021.

## 2. Significant accounting policies

Except where disclosed below, the accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31<sup>st</sup> March 2021. The accounting policies applied herein are consistent with those expected to be applied in the financial statements for the period ended 31<sup>st</sup> December 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## 3. Revenue

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

	Dec-21	Dec-20
	2021	2020/21
Revenue breakdown	Unaudited	Unaudited
IAP Revenue	10,403,226	6,811,940
Non-IAP Revenue	53,179	51,645
<b>Total Revenue</b>	<b>10,456,405</b>	<b>6,863,585</b>

## 4. Gross profit

Gross profit disclosed in the statement of profit and loss is analysed as follows:

	Dec-21	Dec-20
	2021	2020/21
Gross profit breakdown	Unaudited	Unaudited
IAP gross profit	1,426,622	856,499
Non-IAP gross profit	53,179	51,645
<b>Total gross profit</b>	<b>1,479,801</b>	<b>908,144</b>

## 5. General and administrative expenses

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

	Dec-21	Dec-20
	2021	2020/21
General and administrative expenses	Unaudited	Unaudited
Staff and contractor costs	867,245	575,627
Impairment write back	(392,574)	-
Depreciation	18,690	18,690
Amortization	71,339	50,606
Other overheads	280,842	206,326
<b>Total</b>	<b>845,542</b>	<b>851,248</b>

## 6. Related party transactions

On 18/11/2021, Carl Palmstierna acquired 50,000 shares through Palmstierna Invest AB, increasing his total interest in the share capital of the Company to 6.81%.

On 18/11/2021, Mikael Pawlo acquired 6,535 shares.

## 7. Property, plant and equipment

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

	Dec-21 2021 Unaudited	Dec-20 2020/21 Unaudited
<b>Property, plant and equipment</b>		
Right-to-use assets	74,753	149,513
<b>Total</b>	<b>74,753</b>	<b>149,513</b>

In the fourth quarter for the nine-month period ending 31<sup>st</sup> December 2021 depreciation for property, plant equipment amounted to GBP 18,690.

## 8. Intangible assets

Intangible assets comprise of capitalised development costs for internally generated software and game distribution rights according to below carrying value analysis:

	Dec-21 2021 Unaudited	Dec-20 2020/21 Unaudited
<b>Intangible asset</b>		
Capitalised development costs	993,066	920,410
Game distribution rights	6,765,792	-
<b>Total</b>	<b>7,758,858</b>	<b>920,410</b>

In the fourth quarter for the nine-month period ending 31<sup>st</sup> December 2021 amortization amounted to GBP 71,339.

## 9. Trade and other receivables

	Dec-21 2021 Unaudited	Dec-20 2020/21 Unaudited
<b>Assets</b>		
Trade receivables	9	52,442
Other receivables	171,802	581,586
Prepayments and accrued income	5,295,099	3,254,590
<b>Trade and other receivables</b>	<b>5,466,910</b>	<b>3,888,618</b>

Other receivables include GBP nil of minimum guarantees (2020: GBP 204,306), GBP nil (2020: GBP 234,165) of corporation tax receivable, GBP 138,600 (2020: GBP 124,261) of advances and GBP 33,202 (2020: GBP 18,854) of other non-material items.

## 10. Trade and other payables

	Dec-21 2021 Unaudited	Dec-20 2020/21 Unaudited
<b>Liabilities</b>		
Trade payables	1,389,153	1,102,237
Social security and other taxes	83,779	72,514
Accrued expenses	13,159,042	5,215,977
Other payables	32,572	25,475
<b>Trade and other payables</b>	<b>14,664,546</b>	<b>6,416,202</b>

## 11. Events after the reporting period

On 31<sup>st</sup> January, Flexion signed an investment agreement with Liteup Media UG, a German start-up with a new and unique service for mobile game influencer marketing. Flexion has the right to acquire up to 40% of the company through directed share issue at an agreed fixed valuation of USD 2.5 million with an additional option to acquire the whole company from the founders in 2025 for a multiple of gross profit. Flexion have initially acquired 10% of the company for USD 250,000 through a directed share issue.

# The Flexion share

## The share

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

## Ownership table

Top 10 shareholders as of 31 <sup>st</sup> December 2021	N. of shares and votes	%	Aggregated %
Mobile Sensations Ltd	10,997,181	21.98%	22%
BNY Mellon NA	3,601,381	7.20%	29%
Palmstierna Invest AB	3,405,280	6.81%	36%
Palmstierna Fredrik	2,298,172	4.59%	41%
BNPP LNB	1,998,788	4.00%	45%
Julius Baer & Co Ltd	1,771,888	3.54%	48%
Joachim Odqvist	1,560,415	3.12%	51%
Nordic Small Cap Fund	1,382,340	2.76%	54%
Avanza Pension	1,311,781	2.62%	57%
Industrial Equity AB	1,188,792	2.38%	59%
Other shareholders	20,508,654	41.00%	100%
<b>Total number of shares</b>	<b>50,024,672</b>	<b>100%</b>	

## Share data

	QTD Dec-21 3 months 2021	QTD Dec-20 3 months 2020/21	YTD Mar-21 12 months 2020/21
<b>Number of shares at period end</b> (adjusted for share split and bonus issue)	50,024,672	48,260,972	49,924,672
Amount of weighted average shares outstanding for the period (adjusted for share split and bonus issue)	50,024,672	43,050,928	43,706,362
Profit/(Loss) per share — basic and diluted, attributable to ordinary equity holders of the parent (pence) <sup>◇</sup>	1.28	0.13	(0.33)

<sup>◇</sup> Basic and diluted earnings are considered the same, since where a loss is incurred, the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The adjusted share options outstanding as at 31<sup>st</sup> December 2021 totalled 3,305,062 (2020: 3,490,500) and are potentially dilutive.

# Main KPI numbers

## Summary of the Company's Key Performance Indicators

		QTD Dec-21 3 months 2021	QTD Sep-21 3 months 2021	QTD Jun-21 3 months 2021	QTD Mar-21 3 months 2020/21	QTD Dec-20 3 months 2020/21
Top-tier games pending launch	No.	1	4	2	1	1
Mid-tier games pending launch	No.	2	1	2	4	3
Total top-tier games live	No.	8	5	5	6	7
Total mid-tier games live	No.	15	17	15	13	13
Top-tier games average monthly gross revenue	USD	726,066	558,429	565,818	399,720	469,011
Number of games live past ramp-up period	No.	5	5	5	6	5
Mid-tier games average monthly gross revenue	USD	50,943	56,524	55,403	51,941	56,145
Number of games live past ramp-up period	No.	11	13	11	11	10
Total revenue growth - YoY	%	52%	26%	61%	136%	176%
Total revenue growth - QoQ	%	34%	0%	19%	(4%)	11%
IAP gross profit growth - YoY	%	67%	26%	73%	174%	215%
IAP gross profit growth - QoQ	%	41%	10%	14%	(6%)	7%
IAP gross profit margin	%	13.7%	12.9%	11.7%	12.3%	12.6%
Total gross profit margin	%	14.2%	13.1%	12.0%	12.5%	13.2%
Adjusted EBITDA margin	%	3.2%	0.8%	0.4%	(2.4%)	2%
Operating profit / (loss) margin	%	6.1%	(0.2%)	(0.7%)	(2%)	1%
Average monthly operational cashflow	GBP	2,075,639	(161,955)	330,866	211,855	284,737
Headcount	No.	64	66	63	58	55
Of which headcount for new strategies	No.	4	3	3	N/A	N/A
Adjusted staff cost	GBP	909,524	780,457	783,290	747,043	704,078
Number of shares at period end	No.	50,024,672	50,024,672	49,924,672	49,924,672	48,260,972
Amount of weighted average shares outstanding for period	No.	50,024,672	49,948,848	49,924,672	48,917,336	43,050,928
Profit/(Loss) per share — basic and diluted, attributable to ordinary equity holders of the parent (pence)	GBP	1.28	(0.07)	(0.13)	(0.29)	0.13

### DEFINITIONS

<b>Number of top-tier games pending launch</b>	Number of games generating at least USD 140,000 per month for which a contract has been signed but which are not live yet
<b>Number of mid-tier games pending launch</b>	Number of games generating at least USD 40,000 per month for which a contract has been signed but which are not live yet
<b>Number of total top-tier games live</b>	Number of games generating at least USD 140,000 per month, live in at least one of our distribution channels, including games in ramp-up period
<b>Number of total mid-tier games live</b>	Number of games generating at least USD 40,000 per month, live in at least one of our distribution channels, including games in ramp-up period
<b>Average monthly gross revenue</b>	Average IAP revenue generated in a calendar month - excluding games in initial six months ramp-up period and games not qualifying as tier games. Average number based on sales data and excluding settlement reconciliation adjustments
<b>Ramp-up period</b>	Six-month period from launch date to reach a stable revenue inflow level
<b>Growth rates - YoY</b>	Rates measured to the comparable period in the previous financial year
<b>Growth rates - QoQ</b>	Rates measured to the comparable period in the previous quarter
<b>IAP gross profit margin</b>	IAP revenue gross profit to total revenue
<b>Total gross profit margin</b>	Total revenue (IAP and non-IAP) gross profit to total revenue (IAP and non-IAP)
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA to total revenue (IAP and non-IAP)
<b>Operating profit / (loss) margin</b>	Operating profit/(loss) to total revenue (IAP and non-IAP)
<b>Average monthly operational cashflow</b>	Average operational cashflow (excl. effects of exchange rate fluctuations on cash held) divided by number of months in the measured period
<b>Headcount</b>	Number of all staff plus all long-term contractors as at the end of the period
<b>Adjusted staff cost</b>	Total cost of all staff and long-term contractors before any deduction for capitalised development cost
<b>Number of shares at period end</b>	Number of shares at period end adjusted for share split and bonus issue
<b>Amount of weighted average shares outstanding for the period</b>	Amount of weighted average shares outstanding for period, adjusted for share split and bonus issue
<b>Profit/(Loss) per share - basic and diluted, attributable to ordinary equity holders of the parent</b>	Basic and diluted earnings are considered the same since, where a loss is incurred, the effect of outstanding share options and warrants is considered anti-dilutive and ignored in the calculation

# Quarterly figures

## Income statement

GBP, 000	Dec 2021				2020/21				2019/20
	Q4	Q3	Q2	Q4	Q3	Q2	Q1	Q4	
	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	
IAP revenue	10,403	7,794	7,786	6,542	6,812	6,173	4,666	2,684	
Non-IAP revenue	53	15	25	15	52	6	172	91	
<b>Total revenue</b>	<b>10,456</b>	<b>7,809</b>	<b>7,811</b>	<b>6,557</b>	<b>6,864</b>	<b>6,179</b>	<b>4,838</b>	<b>2,775</b>	
IAP gross profit	1,427	1,009	915	806	856	801	530	294	
Non-IAP gross profit	53	15	25	15	52	6	171	90	
<b>Total gross profit</b>	<b>1,480</b>	<b>1,024</b>	<b>940</b>	<b>821</b>	<b>908</b>	<b>807</b>	<b>701</b>	<b>384</b>	
<b>Adjusted EBITDA</b>	<b>332</b>	<b>66</b>	<b>29</b>	<b>(154)</b>	<b>126</b>	<b>110</b>	<b>18</b>	<b>(210)</b>	
<b>Operating profit / (loss) (EBIT)</b>	<b>634</b>	<b>(18)</b>	<b>(52)</b>	<b>(146)</b>	<b>57</b>	<b>48</b>	<b>(38)</b>	<b>(1,339)</b>	
Finance cost	(2)	(2)	(2)	(3)	(3)	(4)	(4)	(4)	
<b>Profit / (loss) before tax</b>	<b>633</b>	<b>(20)</b>	<b>(54)</b>	<b>(148)</b>	<b>54</b>	<b>45</b>	<b>(41)</b>	<b>(1,344)</b>	
Tax	5	(15)	(11)	(85)	4	(13)	45	25	
<b>Profit / (Loss) after tax</b>	<b>638</b>	<b>(35)</b>	<b>(65)</b>	<b>(234)</b>	<b>58</b>	<b>32</b>	<b>4</b>	<b>(1,318)</b>	

## Balance Sheet

GBP, 000	Dec 2021				2020/21				2019/20
	Q4	Q3	Q2	Q4	Q3	Q2	Q1	Q4	
	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	
Property, plant and equipment	75	93	112	131	150	168	187	206	
Intangible assets	7,759	1,022	971	962	920	843	742	649	
Other non-current assets	52	33	41	60	239	66	-	-	
<b>Total non-current assets</b>	<b>7,886</b>	<b>1,149</b>	<b>1,124</b>	<b>1,152</b>	<b>1,309</b>	<b>1,077</b>	<b>929</b>	<b>855</b>	
Trade and other receivables	5,467	3,794	3,598	2,859	3,889	3,743	2,850	1,982	
Cash and cash equivalents	14,458	15,062	15,609	14,709	12,394	3,719	3,684	2,733	
<b>Total current assets</b>	<b>19,925</b>	<b>18,856</b>	<b>19,207</b>	<b>17,568</b>	<b>16,283</b>	<b>7,463</b>	<b>6,534</b>	<b>4,715</b>	
<b>Total equity</b>	<b>13,081</b>	<b>12,412</b>	<b>12,367</b>	<b>12,434</b>	<b>11,028</b>	<b>2,805</b>	<b>2,613</b>	<b>2,543</b>	
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>44</b>	<b>66</b>	<b>87</b>	<b>163</b>	<b>233</b>	
Trade and other payables	14,664	7,506	7,857	6,158	6,416	5,567	4,608	2,716	
Lease liabilities	66	87	85	84	82	81	79	78	
<b>Total current liabilities</b>	<b>14,730</b>	<b>7,593</b>	<b>7,942</b>	<b>6,241</b>	<b>6,498</b>	<b>5,648</b>	<b>4,687</b>	<b>2,793</b>	

## Cash flow

GBP, 000	Dec 2021				2020/21				2019/20
	Q4	Q3	Q2	Q4	Q3	Q2	Q1	Q4	
	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	
<b>Cash flow from operating activities before changes in working capital</b>	<b>617</b>	<b>128</b>	<b>67</b>	<b>(19)</b>	<b>57</b>	<b>165</b>	<b>19</b>	<b>(137)</b>	
Changes in working capital	5,877	(551)	951	777	719	69	1,073	638	
<b>Cash flow from net operating activities</b>	<b>6,494</b>	<b>(423)</b>	<b>1,017</b>	<b>758</b>	<b>776</b>	<b>234</b>	<b>1,092</b>	<b>501</b>	
<b>Cash flow from investing activities</b>	<b>(6,808)</b>	<b>(116)</b>	<b>(72)</b>	<b>(98)</b>	<b>(128)</b>	<b>(144)</b>	<b>(129)</b>	<b>(125)</b>	
<b>Cash flow from financing activities</b>	<b>(23)</b>	<b>55</b>	<b>(20)</b>	<b>1,777</b>	<b>7,949</b>	<b>(9)</b>	<b>(23)</b>	<b>(14)</b>	
Net change in cash and cash equivalents	(336)	(484)	925	2,437	8,597	81	940	362	
<b>Cash and cash equivalents at end of the period</b>	<b>14,458</b>	<b>15,062</b>	<b>15,609</b>	<b>14,709</b>	<b>12,394</b>	<b>3,719</b>	<b>3,684</b>	<b>2,733</b>	