



Q3 Report — 31 December 2020

Flexion reports another record-breaking quarter. Third quarter revenue up by 176% and gross profit increases by 223%. This is the third consecutive quarter with reported positive adjusted EBITDA[‡].

October 2020 to December 2020 performance

- Total revenue increased by 176% to GBP 6.9m (GBP 2.5m)*
- Gross profit increased by 223% to GBP 0.9m (GBP 0.3m)
- Adjusted EBITDA[‡] improved by 124% to GBP 0.1m (GBP -0.5m)
- Operating result improved by 110% to an operating profit of GBP 0.06m (GBP -0.5m)
- Earnings per share amounted to GBP 0.13 pence (GBP -1.33 pence)
- Cash amounted to GBP 12.4m (GBP 3.7m)

April 2020 to December 2020 performance

- Total revenue increased by 167% to GBP 18m (GBP 6.7m)
- Gross profit increased by 209% to GBP 2.4m (GBP 0.8m)
- Adjusted EBITDA[‡] increased by 117% to GBP 0.3m (GBP -1.5m)
- Operating result improved by 104% to an operating profit of GBP 0.07m (GBP -1.6m)
- Earnings per share amounted to GBP 0.22 pence (GBP -3.63 pence)

Important events during the quarter

- Directed share issue to 11 institutional funds with gross proceeds of SEK 93.4m
- Directed share issue to Company's largest channel with gross proceeds of SEK 20.6m
- Signing of a three year Business Collaboration Agreement with Huawei
- Signing of Taptap Heroes (Ajoy Lab Games), Gods & Glory from Deca Games and Clash of Empire from Leme Games
- Launch of Z Day on Huawei AppGallery and Taptap Heroes on Samsung and Amazon
- A loss-making multi-game contract expired on 31st December 2020 and Flexion is unlikely to extend the contract unless new improved terms can be agreed

Important event after the quarter

- The directed share issue related to gross proceeds of SEK 20.6m was settled after the December 2020 quarter end

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

[‡] 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



The December quarter is a strong quarter for mobile games and this year was no exception for Flexion. We enjoyed a very strong period leading up to Christmas and most of our top titles performed exceedingly well during the holidays. Considering the very high growth rate we have experienced in previous quarters, we are very proud to continue with double digit quarter over quarter growth in the 3rd quarter. We are, of course, also pleased to see a healthy growth in gross profit. This was the third consecutive quarter with positive adjusted EBITDA, leaving us in a strong position to reach a positive adjusted EBITDA for this financial year. I am also pleased that we no longer have any exposure on Minimum Guarantees and we are, in fact, expecting to bring back around GBP 100k over the profit & loss in the next quarter.

We started the quarter by preparing for an institutional fund raise to strengthen our shareholder base and raise growth capital. The round was launched in December and attracted strong interest from many renowned international investors. We are very pleased that the round was heavily oversubscribed and included 11 institutional funds in addition to a strategic investor. We now have a shareholder base which can support us in the next phase of our journey and absorb early seed investors exiting after a successful run with Flexion. The gross proceeds from the SEK 114m private placement will support our continued growth through strengthened sales, expanded delivery capability and new customer facing tools. We are also actively reviewing strategic investments and M&A opportunities within the game service segment.

All our channels grew in the 3rd quarter which is great given that distribution power is equally important to Flexion as adding new strong titles. We continue to evaluate growing channels such as Aptoide, Oppo and Vivo. In conjunction with our fund raise in December, we announced a strategic three-year partnership agreement with Huawei. As a result, we expect positive impact on growth from this channel. The agreement covers collaboration on game

sourcing and marketing. We are hopeful that we will be able to leverage this deeper partnership to attract new top grossing games to our portfolio.

In December, we extended our important Funplus agreement for Z-Day to cover the Huawei AppGallery channel after a successful launch in One Store, Samsung and Amazon. We already work with Funplus on Guns of Glory and it is great to see this partnership expand further. We also launched TapTap Heroes and signed Clash of Empire which is expected to launch in the 4th quarter. In addition, we signed an agreement with Embracer's Deca Games who acquired the rights for Gods and Glory from Wargaming. This agreement will go live in the 4th quarter too.

Our unique and scalable model will allow us to continue to grow the number of titles but, at the same time, we will introduce stricter performance criteria with a view to improve the overall portfolio performance. This means that we will continue to optimise and maximise our game mix as well as terminating, or not renewing, loss-making agreements. This year we have proven that we can generate well above USD 500k per month from our top performing games and our focus continues to be on top grossing titles rather than the longtail. In other words, quality is more important than quantity when it comes to game sourcing.

The alternative distribution market continues to attract attention with new high-profile lawsuits by Epic Games. The company has now taken its fight from the US to Europe where they have sued Google and Apple in the UK for abuse of dominant position. In November, Microsoft announced plans to support Android apps on Windows 10. The exciting project named "Latte" will launch in the autumn of 2021 and could potentially offer a new channel for our games. We are seeing growing competition in what we call the "over the top" game payments market where companies are offering payment services tailored to gamers independent of platform. This is further evidence of how the market is changing in favour of alternative markets.

Our momentum and sales pipeline remain strong as we move into the traditionally weaker 4th quarter. We expect to convert new prospects and reach 27 signed titles at the end of the financial year. We are working hard on launching titles and we expect several new games live in the 4th quarter. However, due to some unforeseen delays on the game developers' side we may not have all signed titles live by the end of the financial year. With our increased fire power, we will continue to strengthen the sales, delivery and development teams in order to keep our market leading position while preparing the company for the next growth phase. Overall, it should be a great finish to a game changing year for Flexion.

Finally, I would like to add that it's fantastic to see how well the Flexion team continues to perform considering that most of our staff are living with very tough Covid-19 restrictions.

We are looking forward with excitement to the 4th quarter and wish you all a happy and prosperous 2021.

Jens Lauritzson - CEO

Financial Development



October 2020 to December 2020

REVENUE

IAP (In-App Purchase) revenue grew by 175% YoY to GBP 6,811,940 (GBP 2,475,937). Non-IAP revenue, which includes store integration fees and non-IAP related revenue from games, increased by 392% YoY to GBP 51,645 (GBP 10,495). Total revenue grew by 176% YoY to GBP 6,863,585 (GBP 2,486,022).

Over the quarter, IAP revenue grew by 10% QoQ, non-IAP revenue increased by 771% QoQ and total revenue grew by 11% QoQ.

GROSS PROFIT

Cost of sales increased by 170% YoY to GBP 5,955,441 (GBP 2,205,081). IAP gross profit grew by 215% YoY to GBP 856,499 (GBP 271,801), non-IAP gross profit increased by 465% YoY to GBP 51,645 (GBP 9,140) and total gross profit grew by 223% YoY to GBP 908,144 (GBP 280,941). All non-IAP revenue carried 100% margin to Flexion.

IAP gross profit grew by 7% QoQ from the previous quarter which was favourably impacted by historical one-off adjustments. Total gross profit grew by 13% QoQ. Total gross profit margin increased QoQ from 13.1% to 13.2% and IAP gross profit margin fell from 13.0% to 12.6% driven by the above historical adjustments.

GENERAL AND ADMINISTRATIVE EXPENSES

Headcount increased by 5 to 55 (50). Staff and contractors' costs increased by 7% YoY to GBP 575,627 (GBP 538,644). Other overheads fell by 11% YoY to GBP 275,621 (GBP 311,090) as last year's quarter had relatively large negative foreign exchange differences. These factors resulted in general and administrative expenses remaining flat at GBP 851,248 (GBP 849,734) YoY.

Over the quarter, staff and contractors' costs increased by GBP 11,818 QoQ (2% increase). Other overheads increased by 42% or GBP 80,985 QoQ driven by foreign exchange differences.

ADJUSTED EBITDA AND NET RESULT

Adjusted EBITDA increased by 124% YoY to GBP 126,192 (GBP -521,771) driven by increased gross profit. Over the three quarters up to December 2020 the Company achieved adjusted EBITDA of GBP 252,887. Operating profit (EBIT) increased by 18% QoQ to GBP 56,896 (GBP 48,260) and profit after tax increased by 84% QoQ to GBP 58,008 (GBP 31,602).

CASH FLOW

Operating cash flow increased by GBP 1,467,857 YoY to GBP 776,045 (GBP -691,812) driven by the Company's improved performance and larger working capital positions compared to the comparative period last year.

FINANCIAL POSITION

Cash amounted to GBP 12,394,156 (GBP 2,436,124) and no interest-bearing debt was held. The December 2020 private placement added GBP 8,355,732 in cash gross of fees and GBP 7,854,898 net of fees received during the quarter. Over the quarter (QoQ), cash increased by GBP 8,674,985 primarily due to the above private placement. Note that SEK 20,559,997 (approx. GBP 1.8m) related to the directed share issue of 1,437,762 shares were not received until after the quarter end. Trade and other receivables amounted to GBP 3,888,618 YoY (GBP 2,944,455). Trade and other payables amounted to GBP 6,416,202 YoY (GBP 1,998,711).

MG PAYMENTS

Total recoverable MG payments decreased to GBP 204,306 YoY (GBP 1,596,808). QoQ this balance decreased by GBP 276,532. As these MG payments settle in arrears, we already know that we will exceed the outstanding recoverable amount expected to result in a writeback of recoverable MG payments of approx. GBP 100k in the next quarter. Contingent MG Payments (future commitments) reduced by GBP 1,847,819 YoY to GBP nil (GBP 1,847,819). During the quarter, contingent MG payments reduced by GBP 422,190 to GBP nil.

CHANGES IN NUMBER OF GAMES DURING THE QUARTER

Over the quarter, the number of live top-tier games decreased by 1 to 7 games and the number of live mid-tier games increased by 2 to 13 games. 2 (of which 1 new) mid-tier games were launched, and 1 top-tier game was reclassified as mid-tier game. The number of signed top-tier games yet to be launched remained at 1 game and the number of signed mid-tier games yet to be launched increased by 2 to 3 games.

TARGETS

We are maintaining our target to reach positive adjusted EBITDA on gross profit from IAP revenue by the end of this financial year. Based on our strong sales pipeline it looks like we will have signed 27 games by the end of the financial year, however due to unforeseen delays with some developers we may not launch all games during the quarter.

April 2020 to December 2020

The first nine months of the 2020/21 financial year showed IAP revenue increasing by 166% to GBP 17,651,141 (GBP 6,637,645). Total revenue grew by 167% to GBP 17,880,455 (GBP 6,702,335). Gross profit increased by 209% to GBP 2,416,145 (GBP 781,167). General and administrative expenses decreased by 3% to GBP 2,350,251 (GBP 2,415,617). Adjusted EBITDA increased by 117% to GBP 252,887 (GBP -1,509,713). Profit after tax increased by 106% to GBP 91,622 (GBP -1,496,918).

Niklas Koresaar - CFO

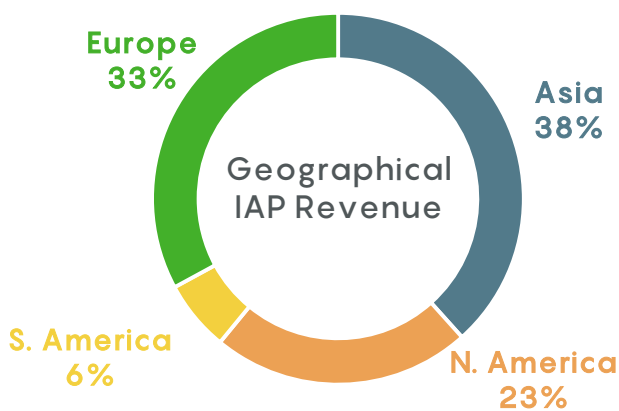
Other Information

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 31st December 2020 is presented below.



The main market for IAP revenue during the quarter was Asia with 38% market share followed by Europe with 33% market share. North America amounted to 22% and South America 6%.

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 55 staff and long-term contractors.

Material risks and factors of uncertainty

Material risks and uncertainties of the company include but are not limited to risks related to market, technology, contracts, regulatory requirements, key staff, financial requirements and counterparties. A detailed risk description of the Company is given in the audited financial statements for the year ended 31 March 2020.

Financial calendar

Q4 report for 2020/21	15 th June 2021
Q1 report for 2021/22:	24 th August 2021
Q2 report for 2021/22:	11 th November 2021
Q3 report for 2021/22:	9 th February 2022

Certified Adviser

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Further information

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

MAR Publishing Statement

This statement is information that Flexion Mobile Plc is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 11th February 2021.

Financial reports in brief

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

	Notes	QTD Dec-20 3 months 2020/21 Unaudited GBP	QTD Dec-19 3 months 2019/20 Unaudited GBP	YTD Dec-20 9 months 2020/21 Unaudited GBP	YTD Dec-19 9 months 2019/20 Unaudited GBP	YTD Mar-20 12 months 2019/20 Audited GBP
Total revenue	3	6,863,585	2,486,022	17,880,455	6,702,335	9,477,033
Cost of sales		(5,955,441)	(2,205,081)	(15,464,310)	(5,921,168)	(8,311,745)
Total gross profit	4	908,144	280,941	2,416,145	781,167	1,165,288
General and administrative expenses	5	(851,248)	(849,734)	(2,350,251)	(2,415,617)	(4,139,224)
Other income		-	-	-	78,277	78,277
Adjusted EBITDA[‡]		126,192	(521,771)	252,887	(1,509,713)	(1,719,449)
Depreciation of tangible assets		18,690	22,480	56,070	67,442	86,131
Amortization of intangible assets		50,606	24,542	130,924	57,295	86,732
Impairment loss		-	-	-	-	1,081,624
Other Income		-	-	-	(78,277)	(78,277)
Operating profit / (loss) for the period		56,896	(568,793)	65,894	(1,556,172)	(2,895,659)
Finance costs		(2,671)	9	(10,171)	(1,187)	(5,270)
Profit / (Loss) before tax for the period		54,226	(568,784)	55,723	(1,557,359)	(2,900,929)
Tax		3,782	18,285	35,899	60,442	85,665
Profit / (Loss) after tax for the period		58,008	(550,499)	91,622	(1,496,918)	(2,815,264)
Attributable to:						
Equity holders of the parent		58,008	(550,499)	91,622	(1,496,918)	(2,815,264)
Profit / (Loss) for the period		58,008	(550,499)	91,622	(1,496,918)	(2,815,264)
Other comprehensive income						
Foreign exchange differences		-	-	-	-	-
Total comprehensive income / (loss) for the period		58,008	(550,499)	91,622	(1,496,918)	(2,815,264)
Attributable to:						
Equity holders of the parent		58,008	(550,499)	91,622	(1,496,918)	(2,815,264)
Profit / (Loss) for the period		58,008	(550,499)	91,622	(1,496,918)	(2,815,264)

[‡]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 2020

	Notes	Dec-20 2020/21 Unaudited GBP	Dec-19 2019/20 Unaudited GBP	Mar-20 2019/20 Audited GBP
Assets				
Non-current assets				
Property, plant and equipment	7	149,513	-	205,583
Intangible assets	8	920,410	553,974	649,211
Deferred tax assets		239,473	-	-
Total non-current assets		1,309,397	553,974	854,794
Current assets				
Trade and other receivables	9	3,888,618	2,944,455	1,982,051
Cash and cash equivalents		12,394,156	2,436,124	2,732,565
Total current assets		16,282,774	5,380,579	4,714,616
Total assets		17,592,171	5,934,553	5,569,410
Equity and liabilities				
Equity				
Share capital		96,522	82,941	82,941
Share premium		13,047,815	5,082,618	5,082,618
Other reserves		521,665	95,811	107,166
Retained earnings		(2,637,863)	(1,411,119)	(2,729,464)
Total equity		11,028,139	3,850,251	2,543,261
Non-current liabilities				
Deferred tax liabilities		-	85,591	104,928
Lease liabilities		65,653	-	127,839
Total non-current liabilities		65,653	85,591	232,767
Current liabilities				
Lease liabilities		82,177	-	77,838
Trade and other payables	10	6,416,202	1,998,711	2,715,544
Total current liabilities		6,498,379	1,998,711	2,793,382
Total liabilities		6,564,032	2,084,302	3,026,149
Total equity and liabilities		17,592,171	5,934,553	5,569,410

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

	QTD Dec-20 3 months 2020/21 Unaudited	QTD Dec-19 3 months 2019/20 Unaudited	YTD Dec-20 9 months 2020/21 Unaudited	YTD Dec-19 9 months 2019/20 Unaudited	YTD Mar-20 12 months 2019/20 Audited
Cash flow from operating activities					
Profit / (Loss) for the year — continuing operations	54,226	(568,784)	55,723	(1,557,359)	(2,900,929)
Profit / (Loss) for the year	54,226	(568,784)	55,723	(1,557,359)	(2,900,929)
Adjustments for:					
Effect of exchange rate fluctuations on cash held during the period	(78,165)	(70,470)	(44,212)	(80,643)	(15,042)
Impairment loss	-	-	-	-	1,081,624
Share based payments	11,391	13,803	37,161	33,596	44,366
Depreciation of tangible assets	18,690	22,480	56,070	67,442	86,131
Amortization of intangible assets	50,606	24,542	130,924	57,295	86,732
Grant income	-	-	-	(78,277)	(78,277)
Working capital:					
Change in trade and other receivables	(166,715)	60,420	(1,941,611)	(1,755,427)	(1,736,076)
Change in trade and other payables	886,013	(173,804)	3,804,518	(332,464)	286,165
Operating cash flow	776,045	(691,812)	2,098,572	(3,645,837)	(3,145,306)
Grant payment	-	-	-	250,708	250,708
Net cash flow from operating activities	776,045	(691,812)	2,098,572	(3,395,129)	(2,894,598)
Cash flow from investing activities					
Capitalised development cost	(128,451)	(97,895)	(402,124)	(264,063)	(388,733)
Net cash flow from investing activities	(128,451)	(97,895)	(402,124)	(264,063)	(388,733)
Cash flow from financing activities					
Issue of ordinary shares, net of issue costs	7,968,857	70,400	7,978,777	70,400	75,176
Interest paid	2,671	(9)	10,171	389	5,279
Payment of lease liabilities	(22,302)	9	(68,017)	(44,551)	(68,037)
Net cash flow from financing activities	7,949,226	70,400	7,920,931	26,238	12,418
Net change in cash and cash equivalents	8,596,820	(719,307)	9,617,380	(3,632,955)	(3,270,913)
Cash and cash equivalents at beginning of period	3,719,171	3,084,961	2,732,564	5,988,436	5,988,436
Effect of exchange rate fluctuations on cash held during the period	78,165	70,470	44,212	80,643	15,042
Cash and cash equivalents at end of period	12,394,156	2,436,124	12,394,156	2,436,124	2,732,565

Statement of changes in equity for the period ended 31 December 2020

	Share capital GBP	Share premium GBP	Other reserves GBP	Retained earnings GBP	Total GBP
Balance at 1 April 2019	82,266	4,957,133	110,706	85,799	5,235,904
Loss for the period	-	-	-	(1,496,918)	(1,496,918)
Total comprehensive income	82,266	4,957,133	110,706	(1,411,119)	3,738,986

Transactions with owners, recorded directly in equity

Share based payments	-	-	33,596	-	33,596
Deferred tax on share options	-	-	(48,492)	-	(48,492)
Issue of share capital	675	125,485	-	-	126,160
Balance at 31 December 2019	82,941	5,082,618	95,811	(1,411,119)	3,850,251

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
Total comprehensive income	82,941	5,082,618	107,166	(2,637,863)	2,634,862

Transactions with owners, recorded directly in equity

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
Balance at 31 December 2020	96,522	13,047,815	521,665	(2,637,863)	11,028,139

Notes

1. Basis of preparation

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

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

The interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended 31st March 2020.

2. Significant accounting policies

Except where disclosed below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31st March 2020. The accounting policies applied herein are consistent with those expected to be applied in the financial statements for the year ended 31st March 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-20	Dec-19
	2020/21	2019/20
Revenue breakdown	Unaudited	Unaudited
IAP Revenue	6,811,940	2,475,937
Non-IAP Revenue	51,645	10,085
Total Revenue	6,863,585	2,486,022

4. Gross profit

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

	Dec-20	Dec-19
	2020/21	2019/20
Gross profit breakdown	Unaudited	Unaudited
IAP gross profit	856,499	271,801
Non-IAP gross profit	51,645	9,140
Total gross profit	908,144	280,941

5. General and administrative expenses

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

	Dec-20	Dec-19
	2020/21	2019/20
General and administrative expenses	Unaudited	Unaudited
Staff and contractor costs	575,627	538,644
Other overheads	275,621	311,090
Total	851,248	849,734

6. Related party transactions

On 03/12/2020 Carl Palmstierna sold 279,720 ordinary shares through Palmstierna Invest AB reducing his total interest in the share capital of the Company to 7.6%.

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 22.6%.

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-20 2020/21	Dec-19 2019/20
Property, plant and equipment	Unaudited	Unaudited
Leasehold improvements	-	-
Right-to-use assets	149,513	-
Total	149,513	-

In the third quarter for the year ending 31st March 2021 depreciation for property, plant equipment amounted to GBP 18,690.

8. Intangible assets

Intangible assets comprise of capitalized development costs for internally generated software and had a carrying value of GBP 920,410 (2020: GBP 553,974). In the third quarter for the year ending 31st March 2021 amortization amounted to GBP 50,606.

9. Trade and other receivables

	Dec-20 2020/21	Dec-19 2019/20
	Unaudited	Unaudited
Assets		
Trade receivables	52,442	163,994
Other receivables	581,586	1,791,574
Prepayments and accrued income	3,254,590	988,887
Trade and other receivables	3,888,618	2,944,455

Other receivables include GBP 204,306 of minimum guarantees (2020: GBP 1,522,950), GBP 234,165 (2020: GBP 107,934) of corporation tax receivable, recoverable VAT of GBP 9,896 (2020: GBP 19,785) and GBP 133,219 (2020: GBP 140,905) of other items.

10. Trade and other payables

	Dec-20 2020/21	Dec-19 2019/20
	Unaudited	Unaudited
Liabilities		
Trade payables	1,102,237	119,179
Social security and other taxes	72,514	69,971
Accrued expenses	5,215,977	1,797,239
Other payables	25,475	12,322
Trade and other payables	6,416,202	1,998,711

11. Contingent liabilities

The Company has entered into minimum guarantee commitments with certain developers whereby the Company guarantees: a minimum, pre-defined, monthly amount of revenue to the developer over a defined guarantee period. As the Company has the right to recover any 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 but treated as current assets subject to periodic impairment reviews. We expect to exceed the current recoverable MG balance of GBP 204,306 resulting in an impairment write back in the next quarter.

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

	Dec-20 2020/21	Dec-19 2019/20
Contingent MG payments	Unaudited	Unaudited
Minimum guarantees which expire:		
Within one year	-	1,527,488
Within two to five years	-	320,331
Total minimum guarantees	-	1,847,819

12. Events after the reporting period

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

The Flexion share

The share

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

Ownership table

Top 10 shareholders as of 31 st December 2020	N. of shares and votes	%	Aggregated %
Mobile Sensations Ltd	10,886,672	22.56%	23%
Palmstierna Invest AB	3,455,280	7.16%	30%
BNY Mellon Bank	2,271,750	4.71%	35%
Palmstierna Fredrik	2,208,000	4.58%	39%
Joachim Odqvist	1,560,415	3.23%	43%
Julius Baer & Co Ltd	1,550,000	3.21%	46%
Industrial Equity AB	1,419,509	2.94%	49%
Handelsbanken Microcap Sverige	1,345,441	2.79%	51%
JP Morgan Bank	1,163,000	2.41%	54%
eQ Nordic Small Cap	1,001,535	2.08%	56%
Other shareholders	21,399,370	44.34%	100%
Total number of shares	48,260,972	100%	

Share data

	QTD Dec-20 3 months 2020/21	QTD Dec-19 3 months 2019/20	YTD Mar-20 12 months 2019/20
Number of shares at period end (adjusted for share split and bonus issue)	48,260,972	41,470,458	41,470,458
Amount of weighted average shares outstanding for the period (adjusted for share split and bonus issue)	43,050,928	41,280,903	41,217,102
Profit/(Loss) per share — basic and diluted, attributable to ordinary equity holders of the parent (pence). [∅]	0.13	(1.33)	(6.83)

[∅] Basic and diluted earnings are considered the same, since where a loss is incurred, the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The adjusted share options outstanding as at 31st December 2020 totalled 3,490,500 (2019: 3,634,250) and are potentially dilutive.

Main KPI numbers

Summary of the Company's Key Performance Indicators

		QTD Dec-20 3 months 2020/21	QTD Sep-20 3 months 2020/21	QTD Jun-20 3 months 2020/21	QTD Mar-20 3 months 2019/20	QTD Dec-19 3 months 2019/20
Top-tier games pending launch	No.	1	1	2	1	-
Mid-tier games pending launch	No.	3	2	3	3	3
Total top-tier games live	No.	7	8	6	5	5
Total mid-tier games live	No.	13	11	10	8	7
Top-tier games average monthly gross revenue	USD	469,011	393,086	224,125	128,457	136,159
Number of games live past ramp-up period	No.	5	5	4	5	4
Mid-tier games average monthly gross revenue	USD	56,145	52,579	81,425	57,361	66,574
Number of games live past ramp-up period	No.	10	7	8	7	7
Total revenue growth - YoY	%	176%	168%	153%	66%	41%
Total revenue growth - QoQ	%	11%	28%	74%	12%	8%
IAP gross profit growth - YoY	%	215%	238%	149%	36%	28%
IAP gross profit growth - QoQ	%	7%	51%	80%	8%	15%
IAP gross profit margin	%	12.6%	13.0%	11.3%	10.9%	11.0%
Total gross profit margin	%	13.2%	13.1%	14.5%	13.8%	11.3%
Adjusted EBITDA margin	%	2%	2%	0.4%	-8%	-21%
Operating profit / (loss) margin	%	1%	1%	-1%	-48%	-23%
Average monthly operational cashflow	GBP	284,737	62,893	367,880	166,845	(225,704)
Headcount	No.	55	56	51	50	50
Adjusted staff cost	GBP	704,078	708,009	661,095	631,949	636,539
Number of shares at period end	No.	48,260,972	41,498,958	41,470,458	41,470,458	41,470,458
Amount of weighted average shares outstanding for period	No.	43,050,928	41,479,516	41,470,458	41,217,102	41,280,903
Profit/(Loss) per share — basic and diluted, attributable to ordinary equity holders of the parent (pence)	GBP	0.13	0.08	0.01	(3.20)	(1.33)

DEFINITIONS

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

Quarterly figures

Income statement

GBP, 000	2020/21				2019/20				2018/19
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19	
IAP revenue	6,812	6,173	4,666	2,684	2,475	2,260	1,902	-	
Non-IAP revenue	52	6	172	91	11	43	12	-	
Total revenue	6,864	6,179	4,838	2,775	2,486	2,303	1,914	1,668	
IAP gross profit	856	801	530	294	272	237	212	-	
Non-IAP gross profit	52	6	171	90	9	41	10	-	
Total gross profit	908	807	701	384	281	278	222	226	
Adjusted EBITDA	126	110	18	(210)	(522)	(450)	(538)	(451)	
Operating profit / (loss) (EBIT)	57	48	(38)	(1,339)	(569)	(492)	(496)	(487)	
Finance cost	(3)	(4)	(4)	(4)	-	-	(1)	(1)	
Loss before tax	54	45	(41)	(1,344)	(569)	(492)	(496)	(488)	
Tax	4	(13)	45	25	18	24	18	27	
Profit / (Loss) after tax	58	32	4	(1,318)	(550)	(468)	(479)	(461)	

Balance Sheet

GBP, 000	2020/21				2019/20				2018/19
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19	
Property, plant and equipment	150	168	187	206	-	22	45	67	
Intangible assets	920	843	742	649	554	481	400	347	
Other non-current assets	239	66	-	-	-	-	-	10	
Total non-current assets	1,309	1,077	929	855	554	503	445	425	
Trade and other receivables	3,889	3,743	2,850	1,982	2,944	3,069	1,711	1,445	
Cash and cash equivalents	12,394	3,719	3,684	2,733	2,436	3,085	5,016	5,988	
Total current assets	16,283	7,463	6,534	4,715	5,381	6,154	6,727	7,434	
Total equity	11,028	2,805	2,613	2,543	3,850	4,309	4,755	5,236	
Total non-current liabilities	66	87	163	233	86	14	12	-	
Trade and other payables	6,416	5,567	4,608	2,716	1,999	2,334	2,382	2,578	
Lease liabilities	82	81	79	78	-	-	22	44	
Total current liabilities	6,498	5,648	4,687	2,793	1,999	2,334	2,405	2,623	

Cash flow

GBP, 000	2020/21				2019/20				2018/19
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19	
Cash flow from operating activities before changes in working capital	57	165	19	(137)	(578)	(457)	(521)	(361)	
Changes in working capital	719	69	1,073	638	(113)	(1,369)	(606)	(419)	
Operating cash flow before grant payments	776	234	1,092	501	(692)	(1,826)	(1,127)	(780)	
Grant payments	-	-	-	-	-	-	251	-	
Cash flow from net operating activities	776	234	1,092	501	(692)	(1,826)	(876)	(780)	
Cash flow from investing activities	(128)	(144)	(129)	(125)	(98)	(100)	(66)	(116)	
Cash flow from financing activities	7,949	(9)	(23)	(14)	70	(23)	(23)	(21)	
Net change in cash and cash equivalents	8,597	81	940	362	(719)	(1,948)	(965)	(918)	
Cash and cash equivalents at end of the period	12,394	3,719	3,684	2,733	2,436	3,085	5,016	5,988	

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, Xiami and leading regional channels. Flexion is based in London with a development office in Budapest. The Company employs 55 staff and long-term contractors and is listed on Nasdaq First North Growth Market in Stockholm with ticker name FLEXM:SS.



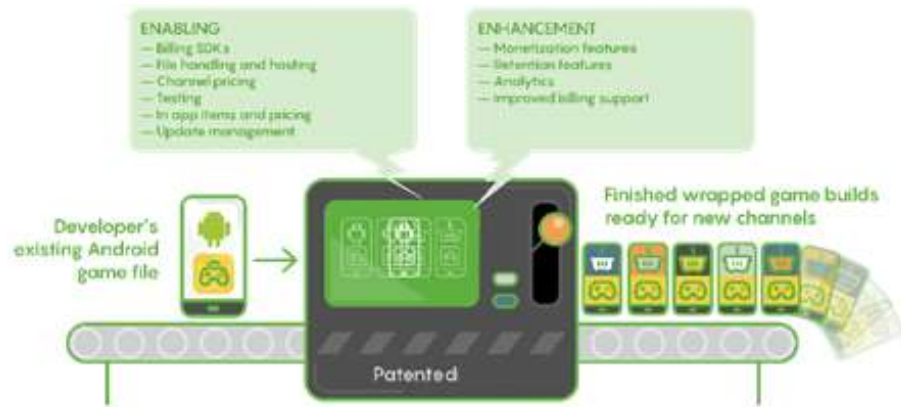
Flexion’s addressable market is the Android mobile games market, which covers more than 80% of the world’s new mobile devices. The remaining market is served by Apple’s iOS and is not currently supported by Flexion.

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.



Value proposition

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

Business model

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

Market

Industry-leading research firm Newzoo estimates the Global Games Market will generate more than \$159bn in 2020, with mobile device (incl. tablets) games accounting almost \$79bn. The Alternative Android Market is also estimated to boom thanks to an increasing demand for other app stores and growing mobile devices and app usage.

Focused growth strategy

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

