



Q4 Report — 31 March 2021

Flexion Mobile reports another strong quarter and hits a new monthly revenue record in April. Positive adjusted EBITDA[‡] was reached for the full year — a new milestone for the Company. Quarterly revenue increases by 136% while gross profit is up 114%.

January 2021 to March 2021 performance

- Total revenue increased by 136% to GBP 6.6m (GBP 2.8m)*
- Gross profit increased by 114% to GBP 0.8m (GBP 0.4m)
- Adjusted EBITDA[‡] improved by 26% to GBP -0.15m (GBP -0.21m)
- Operating loss improved by 89% to GBP -0.15m (GBP -1.4m)
- Earnings per share amounted to GBP -0.48 pence (GBP -3.20 pence)
- Cash amounted to GBP 14.7m (GBP 2.7m)

April 2020 to March 2021 performance

- Total revenue increased by 158% to GBP 24.4m (GBP 9.5m)
- Gross profit increased by 178% to GBP 3.2m (GBP 1.2m)
- Adjusted EBITDA[‡] increased by 106% to GBP 0.1m (GBP -1.7m)
- Operating loss improved by 97% to GBP -0.1m (GBP -2.9m)
- Earnings per share amounted to GBP -0.33 pence (GBP -6.83 pence)

Important events during the quarter

- Signing of Illusion Connect (Superprism), King's Throne (Goat Games), War and Magic (Goat Games) and Bowling Crew (Wargaming Group)
- Relaunch of Gods & Glory from Deca Games on all big channels
- An important multi-title agreement was extended by at least six months

Important event after the quarter

- 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

‡ 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



We kicked off this traditionally weaker quarter with a lot of momentum from the Christmas season and, to our great excitement, we maintained high pace throughout the whole period. Flexion's momentum was primarily driven by our top three titles, each generating over USD 0.5m in average monthly revenue during the quarter, as well as positive movements on some of our high-end, mid-tier titles. Flexion's strong performance continued in April, where we set a new monthly revenue record approximately 14% higher than the average monthly revenue in Q4.

Our full year performance was exceptional, and I am particularly proud of Flexion's annual revenue growth from GBP 9.5m to GBP 24.4m. It is not often companies grow organically by 158%, while keeping operational costs flat. The combination of high revenue growth and stable cost base has propelled Flexion into a positive adjusted EBITDA for the year, a key milestone for a growth company like ours. We have a very strong portfolio of games and our teams are doing a great job growing the revenue. April was our strongest month ever and with GBP 14.7m in cash, we have never been in a better position.

It is important to understand the full potential of Flexion's growth drivers. For example, we are still generating just a fraction of these games' universal revenue and know we can grow revenue significantly by adding more distribution from existing and new stores. Furthermore, we are being more selective with new titles by focusing on top-tier games with strong KPIs. Lastly, we plan to double our developer sales power by adding several new team members in key markets in the very near future.

During the quarter we signed four new titles, two from Goat Games, one from Wargaming and one from Superprism and we relaunched Gods & Glory from Deca Games. We expect to launch at least two of our newly signed titles next quarter. Bowling Crew is the 3rd title we signed from Wargaming and this really shows the value we bring and the importance of repeat business as a growth driver. Launching of new games has been slower than I would like this year due to a lot of small and

frustrating delays. For instance, we decided to pause two game launches due to their poor performances in Google Play. This situation will improve as we get better at signing new games and managing multiple simultaneous game launches. Delivery is an area we are investing in.

The mobile games market has, in the last 24 months, seen unprecedented growth as well as a strong trend in favour of studio consolidation. We believe this trend will continue due to increased competition and the need for bigger marketing spend, amongst other things. In parallel, the market is rapidly becoming technically more complex and sophisticated. A fragmented market of smaller, profitable specialists currently provide game publishers with services such as performance marketing, payments, creative services, technical enabling and distribution. All focusing on taking the mobile games market beyond its current levels. However, these specialist companies are often too small to match the broader needs of the growing set of large global game publishers. Flexion is perfectly positioned with our strong game portfolio, wide service offering, technical solution, and important partnerships, to drive consolidation in the games-services market and to capitalise on the opportunity to provide publishers with a broader service offering. We can, through in-house development, acquisitions and partnerships, strengthen our existing service and broaden it to meet the growing needs of top games companies around the world. Moreover, this will increase our ability to scale revenue, improve margin on games and, even more importantly, make us the leading force of change in our market. As a first step, we have recruited a senior user acquisition manager as well as a highly experienced M&A team. Additionally, we are reviewing current and future organisational and technical needs and are planning further investment to optimise our model while also taking advantage of these new opportunities.

We will continue to press release newly signed and launched titles, but we will not give any guidance on the number of new titles, as this is not the best indicator of Flexion's revenue growth. We have received mixed feedback on our quarterly trading updates and have decided to stop releasing these updates. Instead, we will shorten the release time of the quarterly reports. We also intend to align our financial year, currently ending in March, with the calendar year. This means that we will close the current financial year in December 2021.

As we are now at the start of a new financial year, I would also like to comment on our targets and reporting going forward. For the financial year ending December 2021, we are targeting annualised revenue growth from our existing services of 40-60% with a stable gross margin while the headcount for the existing service is expected to grow by just 5-8 people. We have not yet assessed the expected revenue or margin impact of our future, wider, service offering as this depends on whether it is developed in-house or derived through acquisitions.

We are now entering a new and exciting chapter at Flexion and I am very much looking forward to providing you with updates on our progress and new milestones in the coming quarters.

Jens Lauritzson - CEO

Financial Development



January 2021 to March 2021

REVENUE

IAP (In-App Purchase) revenue grew by 144% YoY to GBP 6,541,767 (GBP 2,683,691). Non-IAP revenue, which includes store integration fees and non-IAP related revenue from games, decreased by 83% YoY to GBP 15,264 (GBP 91,007). Total revenue grew by 136% YoY to GBP 6,557,031 (GBP 2,774,698).

Over the quarter, IAP revenue fell by 4% QoQ, non-IAP revenue decreased by 70% QoQ and total revenue fell by 4% QoQ. The fall in non-IAP revenue was due to less non-recurring revenue during the quarter.

GROSS PROFIT

Cost of sales increased by 140% YoY to GBP 5,736,166 (GBP 2,390,577). IAP gross profit grew by 174% YoY to GBP 805,599 (GBP 293,772), non-IAP gross profit decreased by 83% YoY to GBP 15,266 (GBP 90,349) and total gross profit grew by 114% YoY to GBP 820,865 (GBP 384,121). All non-IAP revenue carried 100% margin to Flexion.

IAP gross profit fell by 6% QoQ as the previous quarter was positively affected by historical one-off adjustments. Total gross profit fell by 10% QoQ. Total gross profit margin decreased QoQ from 13.2% to 12.5% and IAP gross profit margin fell from 12.6% to 12.3% again driven by the above historical adjustments.

GENERAL AND ADMINISTRATIVE EXPENSES

Headcount increased by 8 to 58 (50). Staff and contractors' costs increased by 28% YoY to GBP 648,845 (GBP 507,299) partly driven by some end of year performance payments. Other overheads increased by 198% YoY to GBP 401,940 (GBP 134,684) of which the majority is due to GBP 193,204 FX movements. The current quarter's other overheads were increased by GBP 99,881 due to unfavourable FX movements whereas, for the same period in the prior year, other overheads were reduced by GBP 93,323 due to favourable FX movements.

The current quarter saw an impairment write-back of GBP 84,120 relating to the impairment loss recognised in the prior year (impairment loss of GBP 1,081,624). As a result, general and administrative expenses decreased by 44% YoY to GBP 966,665 (GBP 1,723,607).

Over the quarter, the head count increased by 3 QoQ, staff and contractors' costs increased by 13% or GBP 73,218 QoQ primarily driven by end of year performance payments. Other overheads increased by 46% or GBP 126,319 QoQ driven by the above FX movements.

ADJUSTED EBITDA AND NET RESULT

Adjusted EBITDA increased by 26% YoY to GBP -154,202 (GBP -209,735) driven by increased gross profit. The Company achieved adjusted EBITDA of GBP 98,684 for the year. Operating profit (EBIT) decreased by 356% QoQ to GBP -145,800 (GBP 56,896) and profit after tax decreased by 503% QoQ to GBP -233,828 (GBP 58,008).

CASH FLOW

Operating cash flow increased by GBP 257,198 YoY to GBP 757,730 (GBP 500,532) 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 14,708,551 (GBP 2,732,565) and no interest-bearing debt was held. The February 2021 private placement added GBP 1,797,009 net of fees. Over the quarter (QoQ), cash increased by GBP 2,314,395 primarily due to the above private placement. Trade and other receivables amounted to GBP 2,859,203 YoY (GBP 1,982,051). Trade and other payables amounted to GBP 6,157,774 YoY (GBP 2,715,544).

MG PAYMENTS

Total recoverable MG payments decreased to GBP nil YoY (GBP 533,761). QoQ this balance decreased by GBP 204,306. As these MG payments settle in arrears, we exceeded the outstanding recoverable amount expected which resulted in a writeback of recoverable MG payments of GBP 84,120 in the quarter.

CHANGES IN NUMBER OF GAMES DURING THE QUARTER

Over the quarter, the number of live top-tier games decreased by 1 to 6 games and the number of live mid-tier games remained the same at 13 titles. 1 top-tier game was reclassified as mid-tier game and 1 mid-tier game was moved out of the tier classification. The launch of 1 top-tier and 1 mid-tier game were paused leaving 1 top-tier game and 4 mid-tier games to be launched.

April 2020 to March 2021

The 2020/21 financial year showed IAP revenue increasing by 160% to GBP 24,192,908 (GBP 9,321,745). Total revenue grew by 158% to GBP 24,437,486 (GBP 9,477,033). Gross profit increased by 178% to GBP 3,237,009 (GBP 1,165,288). General and administrative expenses decreased by 20% to GBP 3,316,917 (GBP 4,139,224). Adjusted EBITDA increased by 106% to GBP 98,684 (GBP -1,719,449). Loss after tax decreased by 95% to GBP -142,206 (GBP -2,815,264).

Niklas Koresaar — CFO

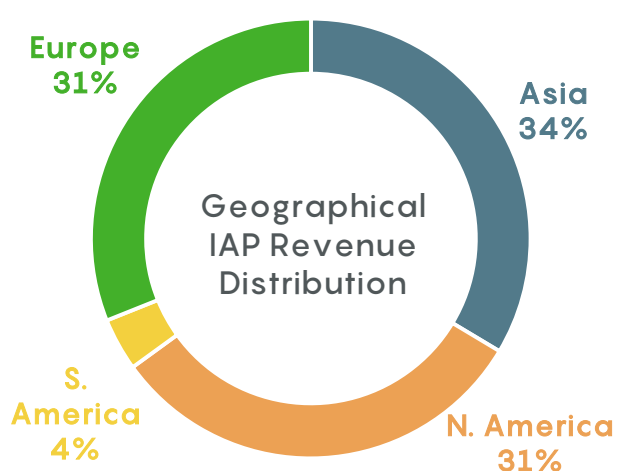
Other Information

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 March 2021 is presented below.



The main market for IAP revenue during the quarter was Asia (which includes Russia) with 34% market share followed by Europe and North America with 31% market share. South America amounted to 4%.

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 58 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

| | |
|-------------------------|--------------------------------|
| Q1 report for FY Dec-21 | 24 th August 2021 |
| Q2 report for FY Dec-21 | 11 th November 2021 |
| Q3 report for FY Dec-21 | 16 th March 2022 |
| Q1 report for FY Dec-22 | 18 th May 2022 |

Annual General Meeting

Flexion will hold its AGM for the financial year ending March 2021 at 14.00 on 29th September 2021 at Harbour Yard Unit G5, Chelsea Harbour, London, UK.

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 26th May 2021.

Financial reports in brief

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

| | Notes | QTD Mar-21 3 months 2020/21 Unaudited GBP | QTD Mar-20 3 months 2019/20 Unaudited GBP | YTD Mar-21 12 months 2020/21 Unaudited GBP | YTD Mar-20 12 months 2019/20 Audited GBP |
|--|-------|---|---|--|--|
| Total revenue | 3 | 6,557,031 | 2,774,698 | 24,437,486 | 9,477,033 |
| Cost of sales | | (5,736,166) | (2,390,577) | (21,200,477) | (8,311,745) |
| Total gross profit | 4 | 820,865 | 384,121 | 3,237,009 | 1,165,288 |
| General and administrative expenses | 5 | (966,665) | (1,723,607) | (3,316,917) | (4,139,224) |
| Other income | | - | - | - | 78,277 |
| Adjusted EBITDA[‡] | | (154,202) | (209,735) | 98,684 | (1,719,449) |
| Depreciation of tangible assets | | 18,690 | 18,690 | 74,760 | 86,131 |
| Amortization of intangible assets | | 57,028 | 29,437 | 187,952 | 86,732 |
| Impairment (write back) / loss | | (84,120) | 1,081,624 | (84,120) | 1,081,624 |
| Other Income | | - | - | - | (78,277) |
| Operating loss for the period | | (145,800) | (1,339,486) | (79,908) | (2,895,659) |
| Finance costs | | (2,697) | (4,083) | (12,867) | (5,270) |
| Loss before tax for the period | | (148,497) | (1,343,569) | (92,775) | (2,900,929) |
| Tax | | (85,331) | 25,223 | (49,431) | 85,665 |
| Loss after tax for the period | | (233,828) | (1,318,346) | (142,206) | (2,815,264) |
| Attributable to: | | | | | |
| Equity holders of the parent | | (233,828) | (1,318,346) | (142,206) | (2,815,264) |
| Loss for the period | | (233,828) | (1,318,346) | (142,206) | (2,815,264) |
| Other comprehensive income | | | | | |
| Foreign exchange differences | | - | - | - | - |
| Total comprehensive loss for the period | | (233,828) | (1,318,346) | (142,206) | (2,815,264) |
| Attributable to: | | | | | |
| Equity holders of the parent | | (233,828) | (1,318,346) | (142,206) | (2,815,264) |
| Loss for the period | | (233,828) | (1,318,346) | (142,206) | (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 March 2021

| | Notes | Mar-21 2020/21 Unaudited GBP | Mar-20 2019/20 Audited GBP |
|--------------------------------------|-------|---------------------------------------|-------------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 130,823 | 205,583 |
| Intangible assets | 8 | 961,580 | 649,211 |
| Deferred tax assets | | 59,712 | - |
| Total non-current assets | | 1,152,115 | 854,794 |
| Current assets | | | |
| Trade and other receivables | 9 | 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 | | 99,849 | 82,941 |
| Share premium | | 14,841,496 | 5,082,618 |
| Other reserves | | 364,602 | 107,166 |
| Retained earnings | | (2,871,691) | (2,729,464) |
| Total equity | | 12,434,256 | 2,543,261 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | - | 104,928 |
| Lease liabilities | | 44,163 | 127,839 |
| Total non-current liabilities | | 44,163 | 232,767 |
| Current liabilities | | | |
| Lease liabilities | | 83,676 | 77,838 |
| Trade and other payables | 10 | 6,157,774 | 2,715,544 |
| 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 |

Statement of cash flows for the quarterly period ended 31 March 2021

| | QTD Mar-21 3 months 2020/21 Unaudited | QTD Mar-20 3 months 2019/20 Unaudited | YTD Mar-21 12 months 2020/21 Unaudited | YTD Mar-20 12 months 2019/20 Audited |
|---|--|--|---|---|
| Cash flow from operating activities | | | | |
| Loss for the year – continuing operations | (148,497) | (1,343,569) | (92,774) | (2,900,929) |
| Loss for the year | (148,497) | (1,343,569) | (92,774) | (2,900,929) |
| Adjustments for: | | | | |
| Effect of exchange rate fluctuations on cash held during the period | 122,164 | 65,601 | 77,955 | (15,042) |
| Impairment loss | (84,120) | 1,081,624 | (84,120) | 1,081,624 |
| Share based payments | 15,428 | 10,769 | 52,588 | 44,366 |
| Depreciation of tangible assets | 18,690 | 18,690 | 74,760 | 86,131 |
| Amortisation of intangible assets | 57,028 | 29,437 | 187,952 | 86,732 |
| Grant income | - | - | - | (78,277) |
| Working capital: | | | | |
| Change in trade and other receivables | 1,035,466 | 19,332 | (802,257) | (1,736,076) |
| Change in trade and other payables | (258,429) | 618,648 | 3,442,211 | 286,165 |
| Operating cash flow | 757,730 | 500,532 | 2,856,315 | (3,145,306) |
| Grant payment | - | - | - | 250,708 |
| Net cash flow from operating activities | 757,730 | 500,532 | 2,856,315 | (2,894,598) |
| Cash flow from investing activities | | | | |
| Capitalised development cost | (98,199) | (124,670) | (500,322) | (388,733) |
| Net cash flow from investing activities | (98,199) | (124,670) | (500,322) | (388,733) |
| Cash flow from financing activities | | | | |
| Issue of ordinary shares, net of issue costs | 1,797,009 | 4,776 | 9,775,786 | 75,176 |
| Interest paid | 2,706 | 4,083 | 12,912 | 5,279 |
| Payment of lease liabilities | (22,687) | (22,679) | (90,750) | (68,037) |
| Net cash flow from financing activities | 1,777,028 | (13,820) | 9,697,948 | 12,418 |
| Net change in cash and cash equivalents | 2,436,559 | 362,042 | 12,053,941 | (3,270,913) |
| Cash and cash equivalents at beginning of period | 12,394,156 | 2,436,124 | 2,732,565 | 5,988,436 |
| Effect of exchange rate fluctuations on cash held during the period | (122,164) | (65,601) | (77,955) | 15,042 |
| Cash and cash equivalents at end of period | 14,708,551 | 2,732,565 | 14,708,551 | 2,732,565 |

Statement of changes in equity for the period ended 31 March 2021

| | 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 | 85,778 | 5,235,884 |
| Loss for the period | - | - | - | (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 | - | - | 44,366 | - | 44,366 |
| Deferred tax on share options | - | - | (47,906) | - | (47,906) |
| Issue of share capital | 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 |
| Profit for the period | - | - | - | (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 | - | - | 52,588 | - | 52,588 |
| Deferred tax on share options | - | - | 204,848 | - | 204,848 |
| Issue of share capital | 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 |

Notes

1. Basis of preparation

The condensed consolidated financial statements for the three months ended 31st March 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 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 March 2020 and 31st March 2021 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:

| | Mar-21 2020/21 | Mar-20 2019/20 |
|----------------------|-------------------|-------------------|
| Revenue breakdown | Unaudited | Unaudited |
| IAP Revenue | 6,541,767 | 2,683,691 |
| Non-IAP Revenue | 15,264 | 91,007 |
| Total Revenue | 6,557,031 | 2,774,698 |

4. Gross profit

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

| | Mar-21 2020/21 | Mar-20 2019/20 |
|---------------------------|-------------------|-------------------|
| Gross profit breakdown | Unaudited | Unaudited |
| IAP gross profit | 805,599 | 293,772 |
| Non-IAP gross profit | 15,266 | 90,349 |
| Total gross profit | 820,865 | 384,121 |

5. General and administrative expenses

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

| | Mar-21 2020/21 | Mar-20 2019/20 |
|-------------------------------------|-------------------|-------------------|
| General and administrative expenses | Unaudited | Unaudited |
| Staff and contractor costs | 648,845 | 507,299 |
| Impairment (write back) / loss | (84,120) | 1,081,624 |
| Other overheads | 401,940 | 134,684 |
| Total | 966,665 | 1,723,607 |

6. Related party transactions

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%.

7. Property, plant and equipment

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

| | Mar-21 | Mar-20 |
|-------------------------------|----------------|----------------|
| | 2020/21 | 2019/20 |
| Property, plant and equipment | Unaudited | Unaudited |
| Right-to-use assets | 130,823 | 205,583 |
| Total | 130,823 | 205,583 |

In the fourth 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 961,580 (2020: GBP 649,211). In the fourth quarter for the year ending 31st March 2021 amortization amounted to GBP 57,028.

9. Trade and other receivables

| | Mar-21 | Mar-20 |
|------------------------------------|------------------|------------------|
| | 2020/21 | 2019/20 |
| | Unaudited | Unaudited |
| Assets | | |
| 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.

10. Trade and other payables

| | Mar-21 | Mar-20 |
|---------------------------------|------------------|------------------|
| | 2020/21 | 2019/20 |
| | Unaudited | Unaudited |
| Liabilities | | |
| 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 |

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. 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 fourth quarter.

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

| | Mar-21 | Mar-20 |
|----------------------------------|-----------|------------------|
| | 2020/21 | 2019/20 |
| Contingent MG payments | Unaudited | Unaudited |
| Minimum guarantees which expire: | | |
| Within one year | - | 1,328,521 |
| Within two to five years | - | 28,377 |
| Total minimum guarantees | - | 1,356,898 |

12. Events after the reporting period

The Company has decided to change its financial year end from March to December. This change will take into effect in December 2021. From that time onwards the Company's financial year will start in January and end in December.

The Flexion share

The share

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

Ownership table

| Top 10 shareholders as of 31 st March 2021 | N. of shares and votes | % | Aggregated % |
|---|------------------------|-------------|--------------|
| Mobile Sensations Ltd | 10,886,672 | 22.56% | 22% |
| Palmstierna Invest AB | 3,455,280 | 7.16% | 29% |
| BNY Mellon NA | 3,324,980 | 4.71% | 35% |
| Palmstierna Fredrik | 2,232,665 | 4.58% | 40% |
| Julius Baer & Co Ltd | 1,671,935 | 3.23% | 43% |
| JP Morgan Bank | 1,655,000 | 3.21% | 47% |
| Joachim Odqvist | 1,560,415 | 2.94% | 50% |
| Handelsbanken Microcap Sverige | 1,342,822 | 2.79% | 52% |
| Industrial Equity AB | 1,188,792 | 2.41% | 55% |
| Avanza Pension | 969,647 | 2.08% | 57% |
| Other shareholders | 21,636,464 | 44.34% | 100% |
| Total number of shares | 49,924,672 | 100% | |

Share data

| | QTD Mar-21 3 months 2020/21 | QTD Mar-20 3 months 2019/20 | YTD Mar-20 12 months 2019/20 |
|--|-----------------------------------|-----------------------------------|------------------------------------|
| Number of shares at period end (adjusted for share split and bonus issue) | 49,924,672 | 41,470,458 | 41,470,458 |
| Amount of weighted average shares outstanding for the period (adjusted for share split and bonus issue) | 48,917,336 | 41,217,102 | 41,217,102 |
| Profit/(Loss) per share – basic and diluted, attributable to ordinary equity holders of the parent (pence). [∅] | (0.48) | (3.20) | (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 March 2021 totalled 3,327,062 (2020: 3,621,750) and are potentially dilutive.

Main KPI numbers

Summary of the Company's Key Performance Indicators

| | | QTD Mar-21 3 months 2020/21 | 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 |
|--|-----|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Top-tier games pending launch | No. | 1 | 1 | 1 | 2 | 1 |
| Mid-tier games pending launch | No. | 4 | 3 | 2 | 3 | 3 |
| Total top-tier games live | No. | 6 | 7 | 8 | 6 | 5 |
| Total mid-tier games live | No. | 13 | 13 | 11 | 10 | 8 |
| Top-tier games average monthly gross revenue | USD | 399,720 | 469,011 | 393,086 | 224,125 | 128,457 |
| Number of games live past ramp-up period | No. | 6 | 5 | 5 | 4 | 5 |
| Mid-tier games average monthly gross revenue | USD | 51,941 | 56,145 | 52,579 | 81,425 | 57,361 |
| Number of games live past ramp-up period | No. | 11 | 10 | 7 | 8 | 7 |
| Total revenue growth - YoY | % | 136% | 176% | 168% | 153% | 66% |
| Total revenue growth - QoQ | % | -4% | 11% | 28% | 74% | 12% |
| IAP gross profit growth - YoY | % | 174% | 215% | 238% | 149% | 36% |
| IAP gross profit growth - QoQ | % | -6% | 7% | 51% | 80% | 8% |
| IAP gross profit margin | % | 12.3% | 12.6% | 13.0% | 11.3% | 10.9% |
| Total gross profit margin | % | 12.5% | 13.2% | 13.1% | 14.5% | 13.8% |
| Adjusted EBITDA margin | % | -2.4% | 2% | 2% | 0.4% | -8% |
| Operating profit / (loss) margin | % | -2% | 1% | 1% | -1% | -48% |
| Average monthly operational cashflow | GBP | 211,855 | 284,737 | 62,893 | 367,880 | 166,845 |
| Headcount | No. | 58 | 55 | 56 | 51 | 50 |
| Adjusted staff cost | GBP | 747,043 | 704,078 | 708,009 | 661,095 | 631,949 |
| Number of shares at period end | No. | 49,924,672 | 48,260,972 | 41,498,958 | 41,470,458 | 41,470,458 |
| Amount of weighted average shares outstanding for period | No. | 48,917,336 | 43,050,928 | 41,479,516 | 41,470,458 | 41,217,102 |
| Profit/(Loss) per share – basic and diluted, attributable to ordinary equity holders of the parent (pence) | GBP | (0.29) | 0.13 | 0.08 | 0.01 | (3.20) |

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 | | | |
|---|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| | Mar-21 | Dec-20 | Sep-20 | Jun-20 | Mar-20 | Dec-19 | Sep-19 | Jun-19 |
| IAP revenue | 6,542 | 6,812 | 6,173 | 4,666 | 2,684 | 2,475 | 2,260 | 1,902 |
| Non-IAP revenue | 15 | 52 | 6 | 172 | 91 | 11 | 43 | 12 |
| Total revenue | 6,557 | 6,864 | 6,179 | 4,838 | 2,775 | 2,486 | 2,303 | 1,914 |
| IAP gross profit | 806 | 856 | 801 | 530 | 294 | 272 | 237 | 212 |
| Non-IAP gross profit | 15 | 52 | 6 | 171 | 90 | 9 | 41 | 10 |
| Total gross profit | 821 | 908 | 807 | 701 | 384 | 281 | 278 | 222 |
| Adjusted EBITDA | (154) | 126 | 110 | 18 | (210) | (522) | (450) | (538) |
| Operating profit / (loss) (EBIT) | (146) | 57 | 48 | (38) | (1,339) | (569) | (492) | (496) |
| Finance cost | (3) | (3) | (4) | (4) | (4) | - | - | (1) |
| Loss before tax | (148) | 54 | 45 | (41) | (1,344) | (569) | (492) | (496) |
| Tax | (85) | 4 | (13) | 45 | 25 | 18 | 24 | 18 |
| Profit / (Loss) after tax | (234) | 58 | 32 | 4 | (1,318) | (550) | (468) | (479) |

Balance Sheet

GBP, 000

| | 2020/21 | | | | 2019/20 | | | |
|--------------------------------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| | Mar-21 | Dec-20 | Sep-20 | Jun-20 | Mar-20 | Dec-19 | Sep-19 | Jun-19 |
| Property, plant and equipment | 131 | 150 | 168 | 187 | 206 | - | 22 | 45 |
| Intangible assets | 962 | 920 | 843 | 742 | 649 | 554 | 481 | 400 |
| Other non-current assets | 60 | 239 | 66 | - | - | - | - | - |
| Total non-current assets | 1,152 | 1,309 | 1,077 | 929 | 855 | 554 | 503 | 445 |
| Trade and other receivables | 2,859 | 3,889 | 3,743 | 2,850 | 1,982 | 2,944 | 3,069 | 1,711 |
| Cash and cash equivalents | 14,709 | 12,394 | 3,719 | 3,684 | 2,733 | 2,436 | 3,085 | 5,016 |
| Total current assets | 17,568 | 16,283 | 7,463 | 6,534 | 4,715 | 5,381 | 6,154 | 6,727 |
| Total equity | 12,434 | 11,028 | 2,805 | 2,613 | 2,543 | 3,850 | 4,309 | 4,755 |
| Total non-current liabilities | 44 | 66 | 87 | 163 | 233 | 86 | 14 | 12 |
| Trade and other payables | 6,158 | 6,416 | 5,567 | 4,608 | 2,716 | 1,999 | 2,334 | 2,382 |
| Lease liabilities | 84 | 82 | 81 | 79 | 78 | - | - | 22 |
| Total current liabilities | 6,241 | 6,498 | 5,648 | 4,687 | 2,793 | 1,999 | 2,334 | 2,405 |

Cash flow

GBP, 000

| | 2020/21 | | | | 2019/20 | | | |
|--|---------------|---------------|--------------|--------------|--------------|--------------|----------------|----------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| | Mar-21 | Dec-20 | Sep-20 | Jun-20 | Mar-20 | Dec-19 | Sep-19 | Jun-19 |
| Cash flow from operating activities before changes in working capital | (19) | 57 | 165 | 19 | (137) | (578) | (457) | (521) |
| Changes in working capital | 777 | 719 | 69 | 1,073 | 638 | (113) | (1,369) | (606) |
| Operating cash flow before grant payments | 758 | 776 | 234 | 1,092 | 501 | (692) | (1,826) | (1,127) |
| Grant payments | - | - | - | - | - | - | - | 251 |
| Cash flow from net operating activities | 758 | 776 | 234 | 1,092 | 501 | (692) | (1,826) | (876) |
| Cash flow from investing activities | (98) | (128) | (144) | (129) | (125) | (98) | (100) | (66) |
| Cash flow from financing activities | 1,777 | 7,949 | (9) | (23) | (14) | 70 | (23) | (23) |
| Net change in cash and cash equivalents | 2,437 | 8,597 | 81 | 940 | 362 | (719) | (1,948) | (965) |
| Cash and cash equivalents at end of the period | 14,709 | 12,394 | 3,719 | 3,684 | 2,733 | 2,436 | 3,085 | 5,016 |

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 58 staff and long-term contractors and is listed on Nasdaq First North Growth Market in Stockholm with ticker name FLEXM:SS.



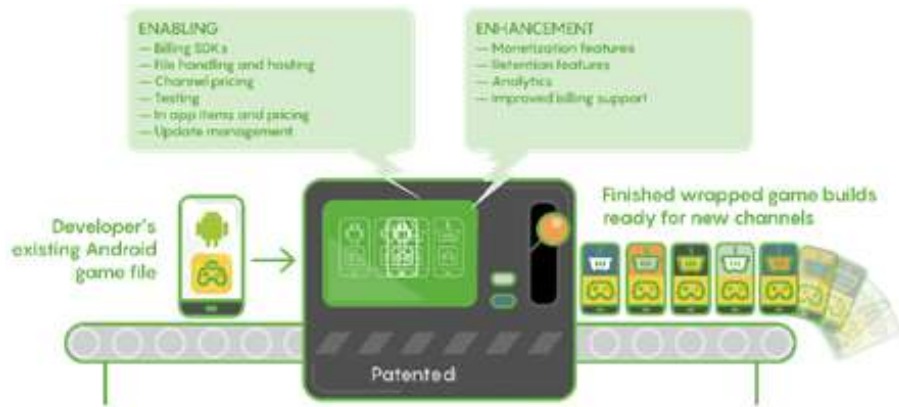
Flexion’s addressable market is the Android mobile games market, which covers more than 80% of the world’s new mobile devices. The remaining market is served by Apple’s iOS and is not currently supported by Flexion.

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.

