Flexion Mobile Plc

Annual Report for the year ended
31 December 2021

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At a glance

About Flexion Mobile Plc ("Flexion" or the "Company")

Introduction

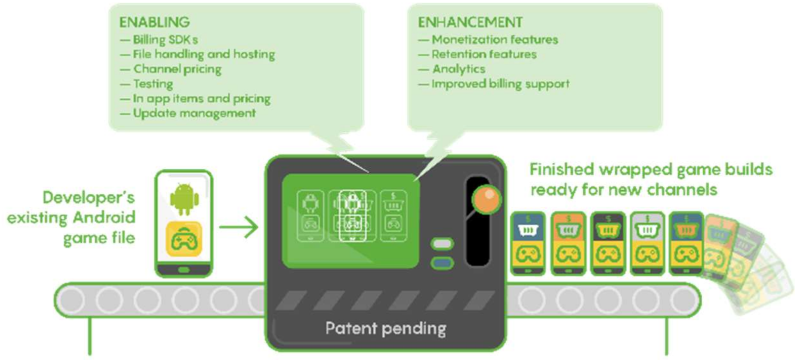
Flexion runs the leading distribution platform for third-party free-to-play (freemium) games on the Android market outside Google Play and China ("Alternative Android Market"). The Company distributes many of the leading games on a growing number of channels such as Amazon, Samsung, Huawei, ONE Store and leading regional channels. Flexion is based in London with a development office in Budapest. The Company employs 64 staff and long-term contractors (March 2021: 58) and is listed on Nasdaq First North Growth Market in Stockholm with ticker name FLEXM:SS.

Unique technology

At the core of Flexion's technology is the patented enabling and enhancement software that allows Flexion to distribute third party Android games in its channels. This unique technology can also enhance the games by adding new distribution features required to support the increasingly fragmented market. Flexion's technology is patented in the US and patent pending in Europe.

Business model

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

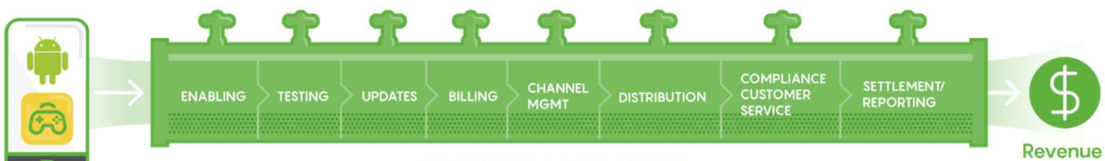


Value proposition

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

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.



Flexion's full service offering

Chairman's Statement

- ✓ 46% YOY revenue growth
- ✓ Signed 4 market leading titles
- ✓ Top games reached average monthly revenue of USD 730,000 per month
- ✓ Strong cash position allowing us to capture wider opportunities

I am pleased to share Flexion's annual report for the nine-month period to 31 December 2021. We set a target to grow our revenue by 40-60% during the year and we are very pleased that we generated 46% growth for the period when compared to the same period in the prior year. This is even more impressive when we consider that our cost base only grew by 23% for the same period, allowing us to drive adjusted EBITDA to GBP 0.4m. This shows the scalability of our platform and our low marginal cost for generating new revenue.

We started the financial year with focus on strengthening our portfolio of top games, while reducing the launch time for new games and we have clearly delivered on both points. During the year we signed some of the biggest titles in the market including Evony: The King's Return, The Ants: Underground Kingdom and Puzzles and Survival. In addition, we secured a two-year contract on six existing games and a new leading title adding in total four new titles to our top-tier games portfolio. This has effectively doubled our revenue potential from our top-tier portfolio. Our second focus area was to improve delivery times which became even more important as we needed to quickly launch our newly signed top-tier games ahead of the very important Christmas period. I am very pleased with our shortened delivery times time which allowed us to add a lot of quality users to the games early in their ramp up period. This has been a real team effort and I am very pleased with how we executed on these focus areas.

On the channel side, we are getting closer and closer to our stores, allowing us to make more and more sophisticated marketing strategies for our games. This enables us to drive our existing revenue to completely new levels as can be seen in our average monthly revenue of top-tier games which grew from USD 400,000 in March 2021 to USD 730,000 in December 2021. The momentum on existing games in combination with the addition of new games makes a very powerful growth model, which makes me optimistic about the future. We have therefore also set a revenue growth target for 2022 of 40-60%, at the same time as we see costs from core strategies to only grow by 8-12%.

At a strategic level, we are now focusing our product development and related investments to paid user acquisition, which will allow us to drive our revenue to a new level. We are also investing in new strategic initiatives, with focus on influencer marketing and performance marketing to support our core business while expanding our footprint in the game services market. 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.

On behalf of the Board, I would like to thank all our staff, board members, partners and shareholders for being so supportive.

Carl Palmstierna
Non-Executive Chairman
29th March 2022

Chief Executive Officer's statement

During the period our strategic position in the marketplace has continued to improve. I would like to highlight some disruptive events in the market that should benefit Flexion over time. The deprecation of IDFA (identification for advertisers) on iOS (Apple's operating system) has had a significantly negative impact on the biggest spending publishers including the advertising system. Advertisers can no longer target buying customers in the same way as before. The immediate effect has been a decline in ad-spend on iOS and a shift to Android where, at least for now, developers can continue with their user targeting. Google has announced similar privacy controls for Android, but these will be done over 2 years and in consultation with partners rather than the disruptive implementation on iOS. As a result, prices for user acquisition are likely to continue to increase on Android and traditional performance marketing through Facebook will become less favourable. This will benefit Flexion's distribution services as well other new and different methods of acquiring users such as influencer marketing. I am really pleased that we took our first step into the influencer market through the investment in Liteup Media – a new and disruptive influencer marketing company. Acquisitions and investments in related game marketing services is part of our strategy to consolidate the market but more importantly to broaden our service offering to game developers while adding new talent and areas of expertise to Flexion.

The on-going battle between EPIC and Apple regarding developers right to an open and fair market is having a clear and positive impact on the market. We are seeing better pay-outs from app stores and some of the big game developers are actively working on ways to attract users to their own marketing platforms which include top-up services and exclusive offers outside of Google Play. The trend will continue to gain momentum as the perceived fear of the dominant players is slowly disappearing. In parallel, the blockchain, web3, NFT movement is getting stronger by the day with many of the biggest players actively supporting the new game market through investment. Many new mobile games using NFTs have been announced for launch in 2022 and in our opinion, this will increase market fragmentation and competition. For now, most of the app stores are not supporting the new Play-to-Earn model and we believe this will offer interesting opportunities relating to how games are marketed. Influencer marketing and alternative distribution are two services that should benefit from this.

On the wider market, we are seeing large new entrants to the market with Microsoft launching support for Android games in Windows 11 through their partnership with Amazon Appstore. This project is now publicly launched by Microsoft, and Flexion is already supporting it with a few games. In addition, Netflix has entered the overall games market to support their core business as growth in subscriber numbers is slowing. They recently announced it stepped up its push into gaming by acquiring Next Games, a NASDAQ First North listed game developer. We expect the trend to continue as the ecosystem gradually opens for new participants.

Lastly, Chinese regulators are continuing to make it more difficult for Chinese developers with new legislation in their domestic market. This puts further pressure on game developers to focus on overseas distribution and partnerships outside China. We are well positioned to take advantage of this trend and we continue to invest in our Chinese Team. As a result, we have signed Chinese Top grossing games during 2021 and have seen our portfolio value almost double over the last 2 quarters.

We have this year really seen how alternative distribution and user acquisition through our channels is starting to appeal to most developers and we are bullish about our continued strong growth supported by a growing market and the above trends.

Jens Lauritzson
Chief Executive Officer
29th March 2022

The Board

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

CARL PALMSTIERNA (BORN 1953)

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

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

Previous experience: Chairman of the Board of Directors and member of the Board of Directors of WeMind AB, SPWM Special Clients Services AB, Reflection Ltd, SPWM Special Clients AB, ReformTech Heating Holding AB, Panopticon Software AB, myFC Holding AB (publ), Valbay AB, Valbay International AB. Member of the Board of Directors of Magine Holding AB, Ankar Sweden AB, Bluefish Pharmaceuticals AB (publ), Byredo AB, Natural Fragrance of Sweden AB, Sunpocket AB, Elekta AB, Now Interact Nordic AB, Oculusai Incentive AB, Peepoople AB, Reforce International AB, Svenska allt för föräldrar AB, Universum Group AB, Valbay Förvaltning AB, B8 Sverige AB, OrganoWood AB, Yatrade AB, Viametrics AB and Viametrics Group AB.

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

Shareholding in the Company as of 29 March 2022: 3,624,980 shares through Palmstierna Invest AB and related entities

Warrants in the Company as of 29 March 2022: N/A

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

Independent in relation to major shareholders: No.

JENS LAURITZSON (BORN 1970)

Director since 2001, currently CEO of Flexion Mobile Plc.

Other current assignments: Director of Mobile Sensations Limited.

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

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

Shareholding in the Company as of 29 March 2022: 50% shareholding in 10,997,181 shares through the company Mobile Sensations Limited.

Warrants in the Company as of 29 March 2022: 74,000 EMI share options.

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

Independent in relation to major shareholders: No.

PER LAURITZSON (BORN 1974)

Director since 2007, currently COO of Flexion Mobile Plc.

Other current assignments: Director of Mobile Sensations Limited.

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

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

Shareholding in the Company as of 29 March 2022: 50% shareholding in 10,997,181 shares through the company Mobile Sensations Limited.

Warrants in the Company as of 29 March 2022: 61,750 EMI share options.

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

Independent in relation to major shareholders: No.

CHRISTOPHER BERGSTRESSER (BORN 1968)

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

Other current assignments: N/A

Previous experience: Group COO for Enad Global 7. Investment Director at Modern Times Group MTG AB. Partner of MTGx. President of the Board of Directors of Ludicious — Zurich Games Festival. President & COO of Sega of Europe. Member of the Board of Directors and EVP of Miniclip SA, co-founder & member of the Board of Directors of Appscotch and member of the advisory Board of Spil Games, Nitro Games and Iconic Future.

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

Shareholding in the Company as of 29 March 2022: No.

Warrants in the Company as of 29 March 2022: 125,000 EMI share options.

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

Independent in relation to major shareholders: Yes.

JEAN-MARCEL NICOLAI (BORN 1964)

Director since 2021 (appointed on 23/08/2021).

Other current assignments: Head of Games and COO at Atari Inc.

Previous experience: Chief Product & Experience Officer at Centric Digital, Senior Vice President of World-Wide Product and Technology at Disney Interactive Studios (Los-Angeles) and Chief Technical Officer and Chief Product Officer at Atari (New York).

Shareholding in the Company as of 29 March 2022: No.

Warrants in the Company as of 29 March 2022: 125,000 EMI share options.

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

Independent in relation to major shareholders: Yes.

MIKAEL PAWLO (BORN 1973)

Director since 2021 (appointed on 23/08/2021).

Other current assignments: Member of the Board of Directors of Football Addicts AB, Forza Challenge AB, Forza Addicts Personal AB, Forza Addicts Personal 2 AB, WeMind AB, SMSgrupp i Stockholm Holding AB, SMSgrupp Africa AB, 6502 Processor AB, Sigmund 6581 AB, Nifty Moments AB, Bokio AB and Deco Djursholm AB.

Previous experience: CEO and co-founder of Red Flag; founding CEO and board member of Mr Green & Co, member of the Board of Directors of Djurgårdens Elitfotboll, X5 Music Group and Peerialism.

Shareholding in the Company as of 29 March 2022: 118,535 shares.

Warrants in the Company as of 29 March 2022: N/A

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

Independent in relation to major shareholders: Yes.

Chief Financial Officer's statement

Revenue

The nine-month period ending 31 December 2021 showed steady revenue growth with total revenue increasing to GBP 26.1m (twelve-month period ended 31 March 2021: GBP 24.4m) equal to growth of 7%. The driver for this growth was IAP (In-App Purchase) revenue which grew to GBP 26.0m (31 March 2021: GBP 24.2m) equal to a 7% growth. The main driver was improved distribution power for existing titles fuelled by the growth of our stores.

Gross Margin, Adjusted EBITDA* and Operating loss

Gross profit grew to GBP 3.4m (31 March 2021: GBP 3.2m) equalling a 6% increase. The key driver was IAP gross profit which grew by 12% to GBP 3.3m (31 March 2021: GBP 3m) with non-IAP gross margin contributing with GBP 0.1m (31 March 2021: GBP 0.25m).

Staff and contractor costs decreased by 3% to GBP 2.2m (31 March 2021: GBP 2.3m), this is due to the current period being a nine-month period and offset by the head count growing by 10% to 64 (31 March 2021: 58). General and admin expenses (excluding impairment write-back) decreased by 4% to GBP 3.3m (31 March 2021: GBP 3.4m). During the period there was an impairment write-back of GBP 0.4m (31 March 2021: GBP 0.1m). Adjusted EBITDA increased by 332% to GBP 0.4m (31 March 2021: GBP 0.1m m) and operating profit increased by 806% to GBP 0.6m (31 March 2021: loss GBP 0.1m).

Net profit and earnings per share

Tax contributed negatively with GBP 0.02m (31 March 2021: GBP 0.05m) as the company decided to carry forward the losses arising from the annual research and development costs. Net profit grew by 478% to GBP 0.5m (31 March 2021: loss GBP 0.1m) resulting in earnings per share of GBP 1.08 pence (31 March 2021: loss per share GBP 0.33 pence).

Minimum guarantee commitments

The company had no minimum guarantee commitments during the period (31 March 2021: Nil). Based on the impairment review performed as of 31 December 2021, an impairment write-back of GBP 392,574 (31 March 2021: GBP 84,120) has been identified during the period.

Cash flow and Financial Position Review

The operating cash flow increased by GBP 4m to GBP 6.9m (31 March 2021: GBP 2.9m) driven by an improved performance and positive working capital contribution due to the Company's growth. GBP 0.2m (31 March 2021: GBP 0.5m) was spent on capitalised development costs. GBP 0.1m (31 March 2021: GBP 0.2m) was received from share issues related to the employee options scheme. This resulted in a net outflow in cash of GBP 0.1m (31 March 2021: inflow GBP 12.0m) and a cash balance at the end of the year of GBP 14.5m (31 March 2021: GBP 14.7m).

Niklas Koresaar
Chief Financial Officer
29th March 2022

*Adjusted EBITDA (adjusting operating profit for several non-cash items) is used by the Company for internal performance analysis to assess the execution of our strategies. Management believe that this adjusted measure is a more appropriate metric to understand the underlying performance of the Company.

Principal risks and uncertainties

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

Financial instruments

The quantitative information about the Company's exposure to risk arising from financial instruments, specifically credit risk, liquidity risk and foreign exchange risk can be found in note 19. Qualitative information about aforementioned risk exposure has been explained in note 1 under the Company's accounting policies. The Company does not currently use derivative financial instruments to hedge foreign exchange exposures.

Market Risk

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

Competitive Services and Distribution Solutions

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

Key Management

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

Financing and Future Capital Requirements

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

Financial Commitments

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

Investments

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

IT Systems

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

Intellectual Property Rights

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

Processing of Personal Data

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

Legal Disputes

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

Insurance

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

Section 172 statement

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

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

- The need to act fairly as between members of the company.

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

The likely consequences of any decision in the long term

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

Workforce engagement

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

Maintaining high standards of business conduct

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

Shareholder engagement

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

Client engagement

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

For and on behalf of the Board:

Per Lauritzson
Director
29th March 2022

Director's report

The Directors present their report and the financial statements for the nine-month period ended 31 December 2021. The current period has been shortened to a nine-month period due to the Company changing its year end from 31 March to 31 December to align the Company with the market.

Results and dividends

The profit for the nine-month period ended 31 December 2021 amounted to GBP 537,831 (March 2021: loss of GBP 142,206). The Directors are not recommending payment of a final dividend for the year (March 2021: GBP nil).

Directors

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

Carl Palmstierna
Claes Kalborg – Resigned 29 September 2021
Jens Lauritzson
Per Lauritzson
Christopher Bergstresser
Jean-Marcel Nicolai – Appointed 23 August 2021
Mikael Pawlo – Appointed 23 August 2021

Going concern

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

The Company traded in line with the management case for the first two months of the 2022 financial year and has remained profitable at an underlying Adjusted EBITDA level. The Directors of the Company are satisfied, having reviewed the performance of the Company and forecasts for the forthcoming year, the Company can cover all of its obligations as they fall due.

Performance Measures

The Directors have identified a number of performance measures ("KPIs") which the Company is tracking and reporting to its shareholders. These KPIs can be grouped into revenue growth, profitability and cash position (See CFO statement on page 9). For revenue growth the Company is tracking growth of IAP Revenue and Total Revenue. For profitability the Company is tracking gross margin, adjusted EBITDA margin operating profit margin and head count. The latter is a key driver for administrative expenses in the Company. For cash position the Company is tracking operating cashflow and cash held. Please refer to the Chief Financial Officer statement for further details.

The Board considers these KPIs to be the performance measures which investors on Nasdaq First North expect to see for a company with the characteristics of Flexion Mobile.

Events after the reporting period

On 31 January 2022, 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 have initially acquired 10% of the company for USD 250,000 through a directed share issue. 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.

On 29 March 2022 the company's board of directors approved a resolution to acquire the entire issued capital of Audiencly GmbH, an influencer marketing agency registered in Germany. The transaction is subject to final negotiations and is expected to be signed and closed in the coming weeks.

Director's interests

The interests of those Directors serving as at 31 December 2021, all of which are beneficial, in the share capital of the Company were as follows:

	Number of ordinary shares	Percentage of issued share capital
Jens Lauritzson[1]	5,498,591	11.0%
Per Lauritzson[1]	5,498,591	11.0%
Carl Palmstierna[2]	3,624,980	7.2%
Mikael Pawlo	118,535	0.2%
Christopher Bergstresster	-	0.0%
Total	**14,740,697**	**29.4%**

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

On 24/08/2021, 25/08/2021 and 18/11/2021 Mikael Pawlo acquired 100,000 ordinary shares, 12,000 ordinary shares and 6,535 ordinary shares respectively increasing his total interest in the share capital of the Company to 0.2%.

On 24/08/2021 Carl Palmstierna sold 100,000 ordinary shares and subsequently acquired 50,000 ordinary shares on 18/11/2021 through Palmstierna Invest AB reducing his total interest in the share capital of the Company to 7.2%.

On 27/05/2021 Jens Lauritzson and Per Lauritzson together acquired 110,509 shares through Mobile Sensations Ltd increasing their combined total interest in the share capital of the Company to 22.0%.

Substantial shareholdings

As at 31 December 2021, the following interests in 5% or more of the issued ordinary share capital had been notified to the Company:

	Number of shares and votes	%	Aggregated %
Mobile Sensations Limited	10,997,181	22.0%	22.0%
BNY Mellon NA	3,601,381	7.2%	29.2%
Palmstierna Invest AB	3,405,280	6.8%	36.0%
Others	32,020,830	64.0%	100.0%
Total	**50,024,672**	**100.0%**	

Overseas branches

The Company has one overseas branch in Budapest, Hungary.

Future Developments

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

Risks

Risks associated with the Company's use of financial instruments are disclosed in note 1 and note 19.

Research and Development

The Company undertakes research and development activities which involve investments in development of Flexion's technology. Development expenditure is capitalised as an intangible asset if the development costs can be reliably measured and is expected to result in completed technology which will add economic benefit to the Company. The Company has recognised GBP 21,864 (March 2021: GBP 109,910) of research and development expenditure during the period in the statement of profit or loss. The Company has recognised GBP 230,283 (March 2021: GBP 500,322) of development expenditure during the period in intangible assets

Annual General Meeting (AGM)

Details of business to be conducted at this year's AGM is aimed to be held on 29 June 2022 at the Company's offices in Harbour Yard Unit G5, Chelsea Harbour, London, England, SW10 0XD are contained in the Notice of the Annual General Meeting which will be communicated to shareholders through mail and also presented on the company's webpage.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with Union UK-adopted international accounting standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

In preparing these financial statements the Directors are required to:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of my knowledge:

- the financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that they face.

Auditor

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

Disclosure of information to the auditors

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

For and on behalf of the board:

Per Lauritzson
Director
29th March 2022

Independent Auditors' report

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

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Flexion Mobile Plc (the 'company') for the period from 1 April 2021 to 31 December 2021, which comprise the Statement of profit or loss and other comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included our consideration of the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19.

Management has provided two scenarios, base case scenario and downside scenario on which we performed the following audit procedures:

- Assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.
- Obtained management's base case forecasts for the company covering the period from 1 January 2022 to 31 March 2023, assessing how these forecasts were compiled and assessing their appropriateness by applying relevant sensitivities to the underlying assumptions, and challenging those assumptions.
- Assessed the accuracy of management's forecasting by comparing management's forecasts for last year to the actual results for last year, current period actual results as against the current period forecasts and considering the impact on the base case forecast.
- Assessed management's downside scenario and we evaluated management's assumptions regarding the impact of a reduction in revenue. We considered whether the assumptions are consistent with our understanding of the business derived from other detailed audit work undertaken.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Our approach to the audit

Grant Thornton

Overview of our audit approach

Overall materiality: £391,000, which represents 1.5% of the company's revenue.

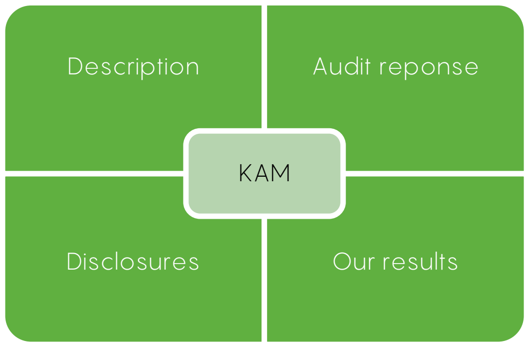
Key audit matters were identified as

- Revenue recognition (same as previous period); and

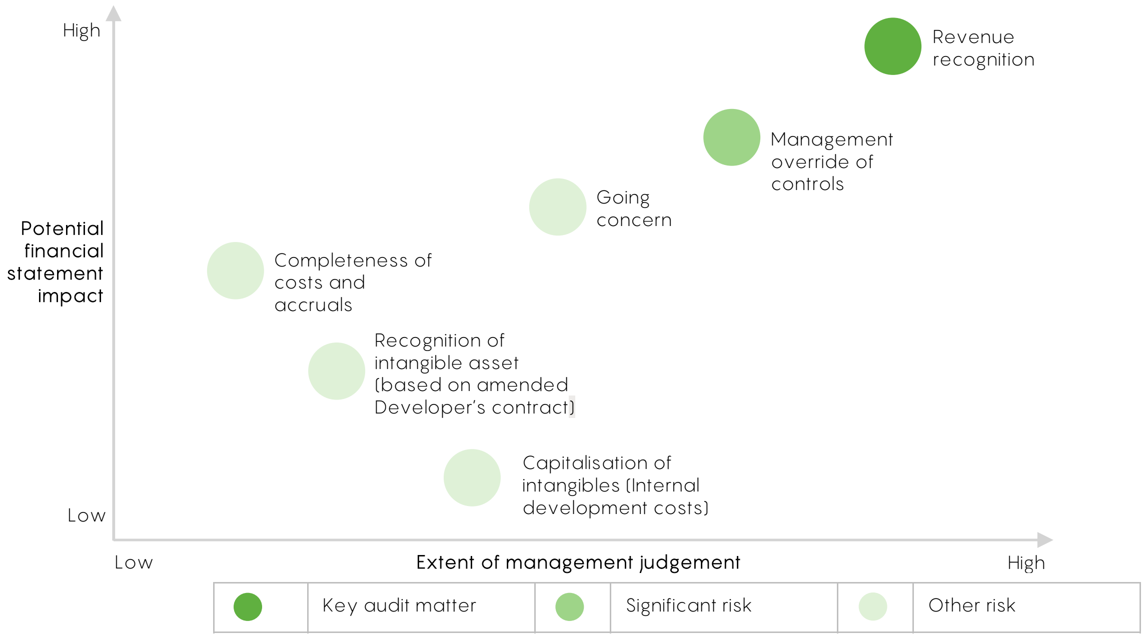
Our auditor's report for the period ended 31 March 2021 included one key audit matter that has not been reported as key audit matter in our current period's report. This relates to going concern. The Company has sufficient cash headroom currently and during the forecast period and based on the current trading performance together with the remote possibility of the reverse stress test performed by management occurring, the risk that the going concern basis is no longer appropriate resulting in a risk of material misstatement is no longer considered a key audit matter.

Key audit matters

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



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



Key Audit Matter	How our scope addressed the matter
Revenue recognition We identified revenue as one of the most significant assessed risks of material misstatement due to fraud. The Company recognised revenues of £26.1m for the 9 months period ended 31 December 2021 (12 months ended 31 March 2021: £24.4m). The company generates revenue through its distribution platform for third party free-to-play games on the Android market. In applying IFRS 15, 'Revenue from Contracts with Customers,' management determined that it met the criteria to act as principal to the end user and as such revenue is recognised on a gross basis. Revenue is generated through high-volume low value transactions. Due to the nature of this revenue, there is a risk that management could fraudulently manipulate revenue through fictitious transactions.	In responding to the key audit matter, we performed the following audit procedures: • assessing whether the accounting policy and disclosures are in accordance with International Financial Reporting Standard 15 'Revenue from Contracts with Customers'; • testing the operating effectiveness of relevant controls through inspection of the monthly reconciliation of the billing reports received from the distribution channels and revenue recognised; • assessed management's determination of whether it acts as a principal or agent and confirming whether IFRS 15 'Revenue from Contracts with Customers' had been appropriately applied; and • performing substantive testing by obtaining an analysis of revenue for the period by distribution channel and comparing these amounts to cash received in the period and the cash received post period end for the revenues accrued at period end.
Relevant disclosures in the Annual Report and Accounts 2021 The company's accounting policy on revenue recognition is shown in note 1 to the financial statements and related disclosures are included in note 3.	**Our results** Overall, based on our work, we have not identified material misstatements in respect of revenue recognition.

Our application of materiality

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

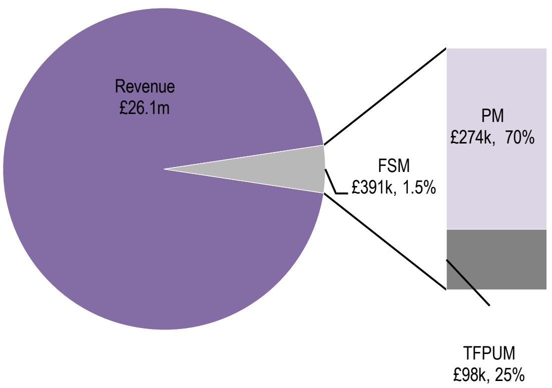
Materiality was determined as follows:

Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£391,000, which is 1.5% of revenue.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: We considered the financial measures that we believed to be most relevant to the shareholders in assessing the performance of the company. The company has been historically loss making and this is the first period the company is profit making. Profit before tax results in an inappropriately low materiality level for the financial statements as a whole. Revenue is a key performance indicator of the company. As such, we concluded that revenue is the most appropriate benchmark by which to determine materiality. As the company is listed but has no external debts and operates in a stable environment, we selected a measurement percentage of 1.5%.
Performance materiality used to	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that

Materiality measure	Company
drive the extent of our testing	the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£273,700, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: • Whether there were any significant adjustments made to the financial statements in prior periods • Whether there were any significant control deficiencies identified in prior periods • Whether there were any changes to our risk assessment, including our assessment of the company's overall control environment • Whether there were any significant changes in business objectives/strategy
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality	We determined a lower level of specific materiality for the following areas: - related party balances; and - transactions including key management personnel transactions.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£19,550 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

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

Overall materiality



FSM: Financial statements materiality

PM: Performance materiality

TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the company's business and in particular matters related to:

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

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

Other information

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

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

We have nothing to report in this regard.

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

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and sector in which they operate. We determined that the following laws and regulations were most significant: UK-adopted international accounting standards, Companies Act 2006 and listing requirements of the Nasdaq First North Growth Market.

- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgments made by management in its significant accounting estimates;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
  - held discussions with those outside the finance team including, human resources and key management personnel.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations through the following:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; and
  - knowledge of the industry in which the client operates.

Use of our report

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

Grant Thornton UK LLP

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
29th March 2022

Statement of profit or loss and other comprehensive income

	Notes	9-month period to 31 Dec 2021 GBP	12-month period to 31 Mar 2021 GBP
Revenue	3, 4	26,076,493	24,437,486
Cost of sales		(22,632,925)	(21,200,477)
Gross profit		**3,443,568**	**3,237,009**
General and administrative expenses	5	(2,879,340)	(3,316,917)
Adjusted EBITDA*		**426,520**	**98,684**
Depreciation	10	56,070	74,760
Amortization	11	198,797	187,952
Impairment writeback	13	(392,574)	(84,120)
Operating profit/(loss)		564,228	(79,908)
Finance expenses		**(6,167)**	**(12,867)**
Profit/(loss) before tax for the year		**558,061**	**(92,775)**
Tax	8	(20,230)	(49,431)
Profit/(loss) after tax for the year		**537,831**	**(142,206)**
Attributable to:			
Equity holders of the parent		537,831	(142,206)
Profit/(loss) for the year		**537,831**	**(142,206)**
Other comprehensive income		-	**-**
Total comprehensive income/(loss) for the year		**537,831**	**(142,206)**
Attributable to:			
Equity holders of the parent		537,831	(142,206)
Profit/(loss) for the year		**537,831**	**(142,206)**
Earnings/(loss) per share:			
Earnings/ (loss) per share from continuing operations			
— basic, attributable to ordinary equity holders of the parent (p)	9	1.08	(0.33)
— diluted, attributable to ordinary equity holders of the parent (p)	9	1.01	(0.33)
Amount of weighted average shares outstanding for period (adjusted for share split and bonus issue)	9	49,955,905	43,706,362

For the period ended 31 December 2021

The notes on pages 26 to 39 form part of these financial statements.

* The Company defines adjusted EBITDA as earnings before interest, tax, depreciation, amortisation, finance costs, impairment losses and other income. Adjusted EBITDA (adjusting operating profit for several non-cash items) is used by the Company for internal performance analysis to assess the execution of our strategies. Management believe that this adjusted measure is a more appropriate metric to understand the underlying performance of the Company.

Statement of financial position as at 31 December 2021

Company registration number 04306881

	Notes	31 Dec 2021 GBP	31 Mar 2021 GBP
Assets			
Non-current assets			
Property, plant and equipment	10	74,753	130,823
Intangible assets	11	7,758,858	961,580
Deferred tax assets	8	52,002	59,712
Total non-current assets		**7,885,613**	**1,152,115**
Current assets			
Trade and other receivables	12	5,466,910	2,859,203
Cash and cash equivalents	19	14,458,346	14,708,551
Total current assets		**19,925,257**	**17,567,754**
Total assets		**27,810,870**	**18,719,869**
Equity and liabilities			
Equity			
Share capital	14	100,049	99,849
Share premium	14	14,917,283	14,841,496
Other reserves	15	397,197	364,602
Retained earnings	16	(2,333,859)	(2,871,691)
Total equity		**13,080,670**	**12,434,256**
Non-current liabilities			
Lease liabilities	18	-	44,163
Total non-current liabilities		**-**	**44,163**
Current liabilities			
Trade and other payables	17	14,664,546	6,157,774
Lease liabilities	18	65,654	83,676
Total current liabilities		**14,730,200**	**6,241,450**
Total liabilities		**14,730,200**	**6,285,613**
Total equity and liabilities		**27,810,870**	**18,719,869**

The notes on pages 26 to 39 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 29 March 2022 and were signed on its behalf by:

Per Lauritzson
Director

Statement of cash flows
For the period ended 31 December 2021

	Notes	9-month period to 31 Dec 2021 GBP	12-month period to 31 Mar 2021 GBP
Cash flow from / (used in) operating activities			
Profit/(loss) for the year before tax— continuing operations		558,061	(92,774)
Profit/(loss) for the year before tax		**558,061**	**(92,774)**
Adjustments for:			
Effect of exchange rate fluctuations on cash held		180,092	77,955
Impairment writeback	13	(392,574)	(84,120)
Share based payments	15	34,771	52,588
Depreciation of leasehold assets	10	56,070	74,760
Amortisation of capitalised development costs	11	198,797	187,952
Interest paid		5,877	12,912
Working capital:			
Change in trade and other receivables		(2,229,829)	(802,257)
Change in trade and other payables		8,506,773	3,442,211
Net cash flow from operating activities		**6,918,037**	**2,869,227**
Cash flow used in investing activities			
Expenditure on intangible assets	11	(6,765,792)	-
Capitalised development cost	11	(230,283)	(500,322)
Net cash flow used in investing activities		**(6,996,075)**	**(500,322)**
Cash flow from financing activities			
Proceeds from issue of shares	14	75,987	9,775,786
Payment of lease liabilities	18	(68,063)	(90,750)
Net cash flow from financing activities		**7,924**	**9,685,036**
Net change in cash and cash equivalents		**(70,113)**	**12,053,941**
Cash and cash equivalents at beginning of year		14,708,551	2,732,565
Effect of exchange rate fluctuations on cash held		(180,092)	(77,955)
Cash and cash equivalents at end of year		**14,458,346**	**14,708,551**

The notes on pages 26 to 39 form part of these financial statements.

Statement of changes in equity
For the period ended 31 December 2021

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total
		GBP	GBP	GBP	GBP	GBP
Balance at 1 April 2020		82,941	5,082,618	107,166	(2,729,485)	2,543,240
Loss for the year		-	-	-	(142,206)	(142,206)
Total comprehensive income		**82,941**	**5,082,618**	**107,166**	**(2,871,691)**	**2,401,034**
Transactions with owners, recorded directly in equity						
Share based payments	15	-	-	52,589	-	52,588
Deferred tax on share options		-	-	204,847	-	204,847
Issue of share capital	14	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**
Balance at 1 April 2021		99,849	14,841,496	364,602	(2,871,691)	12,434,256
Profit for the period		-	-	-	537,831	537,831
Total comprehensive income		**99,849**	**14,841,496**	**364,602**	**(2,333,859)**	**12,972,088**
Transactions with owners, recorded directly in equity						
Share based payments	15	-	-	34,771	-	34,771
Deferred tax on share options		-	-	(2,175)	-	(2,175)
Issue of share capital	14	200	75,787	-	-	75,987
Balance at 31 December 2021		**100,049**	**14,917,283**	**397,197**	**(2,333,859)**	**13,080,670**

The notes on pages 26 to 39 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

The financial statements of the Company are prepared in accordance with applicable UK law and UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006. The Directors consider that the financial information presented in these financial statements represents fairly the financial position, operations and cash flows for the period of the Company. The financial statements have been prepared on a historical costs basis. Monetary amounts are expressed in GBP.

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

Description of the Business

Flexion Mobile Plc is a company incorporated and domiciled in England and Wales. The Company has its registered offices at Harbour Yard Unit G5, Chelsea Harbour, London, England, SW10 0XD. The registered number of the Company is 04306881. On 1 June 2018 the Company re-registered as a public company (name changed from being Flexion Mobile Ltd to Flexion Mobile Plc) and listed on Nasdaq First North Growth Market in Stockholm. The principal activity of the Company is the publishing of mobile games in the Android market.

Going concern

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

The Company traded in line with the management case for the first two months of the 2022 financial year and has remained profitable at an underlying Adjusted EBITDA level. The Directors of the Company are satisfied, having reviewed the performance of the Company and forecasts for the forthcoming year, the Company can cover all of its obligations as they fall due.

Functional and presentation currency

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

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss. Non-monetary items are not retranslated at the year end. They are measured at historical cost (translated using the exchange rates at the transaction date).

New standards and amendments issued but not yet effective

There were a number of standards and interpretations which were in issue at 31 December 2021 but were not effective at 31 December 2021 and have not been early adopted for these financial statements.

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

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

The new standards and amendments include:

IFRS 1	First time adoption of International Financial Reporting Standards (amendment)[1]
IFRS 3	Business Combinations (amendment)[1]
IFRS 16	Leases (amendment)[1]
IFRS 17	Insurance Contracts[2]
IAS 1	Presentation of Financial Statements (amendment)[2]
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)[2]
IAS 12	Income Taxes (amendment)[2]
IAS 16	Property, Plant and Equipment (amendment)[1]
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (amendment)[1]
IAS 41	Agriculture (amendment)[1]

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

Cloud computing arrangements
During the year an agenda decision was published by IFRS Interpretations Committee (IFRS IC) on configuration or customization costs in cloud computing arrangements. The consequence of the agenda decision is that some intangible assets might have to be expensed retroactively or reclassified in the balance sheet. Another consequence is that it will not be possible to capitalize future configuration or customization costs in cloud computing arrangements to the same extent as today in future financial reports. The Company is carrying out an analysis on the full effects of IFRS IC's agenda decision. It is not considered to have any significant impact on the Company.

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

New standards and amendments issued
Changes to existing standards

IFRS 4	Insurance Contracts (amendment)
IFRS 7	Financial Instruments: Disclosures (amendment)
IFRS 16	Leases (amendment)

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

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

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

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

Management has considered various factors including type of virtual goods, geographical region and disaggregated revenue as disclosed in note 3 and note 4. Management believes this best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors.

The Company has two revenue streams: In-App purchases (IAP) within games and Non-IAP revenue.

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

IAP revenue is accounted for as a single performance obligation ("PO") which is the award of virtual goods to end-users. The PO is considered fulfilled when the virtual goods have been awarded and the end-users obtain control of the virtual goods. Revenue is recognised at the point in time once the PO is fulfilled. End-users obtain control of the virtual goods immediately after they have made payment to the distribution channel and the virtual goods have been awarded to the end-users by the Company. At this point the distribution channel reports transactions as successful to the Company which in return recognises them as unbilled receivables until billed.

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

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

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

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

Intangible assets
Intangible assets currently consist of capitalised development cost and game distribution rights.

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

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

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

As at 31 December 2021, the carrying value of internally generated software assets was GBP 993,066 (March 2021: GBP 961,580) and the amount of research and development costs expensed was GBP 21,864 (March 2021: GBP 109,910).

The Company capitalises material development and integration fees paid to developers for the right to distribute their applications. As the company acts as principal in the distribution of the applications to the end user, the company acquires the right of use of the application and therefore meets the definition of an intangible asset per IAS 38. The asset (i.e. the development and integration fees) is not capable of being sold separately and therefore is not separable. The asset provides the Company with the right to substantial revenues generated from the application. Where the amount of the development and integration fees are immaterial, the fees are expensed to profit and loss in the period they are paid. Amortisation is charged on a straight-line basis over 2 years from the launch date of the application to reflect the estimated useful economic life of the assets.

As at 31 December 2021, the carrying value of game distribution rights was GBP 6,765,792 (March 2021: GBP Nil)

Minimum Guarantees

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

Equity

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

Impairment of non-financial assets

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

Income tax

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

Current tax

Current tax is the expected tax payable or receivable on the taxable profit for the year. Taxable profit differs from reported profit because taxable profit excludes items that are either never taxable or tax deductible or items that are taxable or tax deductible in a different period.

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

Deferred tax

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

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

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

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

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

Share based compensation

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

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

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which was determined by management to be the most appropriate valuation model. It takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience. The assumptions used are disclosed in note 15.

Defined contribution plans

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

Provisions

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

Cost of sales

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

Financial instruments

Recognition and derecognition

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

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

Classification and initial measurement of financial assets

Trade receivables do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15. All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories based upon the purpose for which the asset was acquired:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

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

The classification is determined by both:

- the Company's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value, and bank overdrafts.

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

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

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

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

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

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

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

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

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

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

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

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

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

Judgements include matters such as the capitalisation of internally developed software while estimates focus on areas such as carrying values, estimated useful lives of Intangible assets and potential obligations.

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

Principal versus Agent
The Company enters into transactions with end-users whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in the process of providing the virtual items to the end-user. Factors considered in making this assessment are

most notably whether the Company bears the responsibility for fulling the promise to deliver the virtual item (taking into consideration various terms and conditions from the app stores that the Company works with) and the aspect of control over the virtual item before it is transferred to the end-user. According to the terms and conditions agreed on from the various distribution channels, that the Company works with, the channels do not take any responsibility to fulfil end-user purchases. In terms of pricing, each game has one universal price list which is set by the developer. It is the responsibility of the Company to set pricing in each channel which reflects this universal price list. This is done without any influence from individual channels. The Company grants channels the right to sell, distribute and make available the applications submitted but the Company retains the responsibility to identifying a successful purchase and the subsequent release of the items to the end-user i.e. The Company's performance obligation is to deliver a functional Item to the end-user. Based on above factors and using judgement, the Company has determined that it acts as principal to the end-user meaning revenue is recorded on a gross basis. Further information on the revenue treatment of the Company can be found further above in "Revenue Recognition" accounting policy.

The Company receives a share of generated advertising (ad) revenue for certain games distributed in its partner channels whereby it needs to determine if it acts as a principal or agent as more than one party is involved in generating such ad revenue. Factors considered in making this assessment are whether the Company provides the ads or arranges for the ads to be shown to the end user as well as the contractual relationships. Based on above factors and using judgement, the Company has determined that it acts as agent to the ad networks meaning revenue is recorded on a net basis. Further information on the revenue treatment of the Company can be found further above in note 1.

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

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

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

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

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

Useful lives of intangible assets
Amortisation of intangible assets is calculated over the useful economic lives of the assets. The estimates of useful economic lives are reviewed at least annually for any changes to this estimate. There are no changes required to estimate useful economic lives during the period ended 31 December 2021 except as disclosed below.

The useful lives of game distribution rights were initially estimated as 2 years, from the launch date of the relevant titles, after looking at expected future revenue from titles included.

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

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

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

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

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

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

Lease payments included in the measurement of the lease liability comprise fixed payments.
Lease liabilities are subsequently measured at amortised cost using the effective interest rate method and remeasured when there is a change in future lease payments.
In case the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

Short-term leases and leases of low-value assets
The Company applied the practical expedients permitted by IFRS 16 not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. Instead, the Company is recognising the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Changes in accounting policy

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

3. Revenue

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

	9-month period to 31 Dec 2021 GBP	12-month period to 31 Mar 2021 GBP
IAP revenue	25,983,466	24,192,908
Subscription revenue	93,027	244,578
Total revenue	**26,076,493**	**24,437,486**

4. Operating segments

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

Geographical information	9-month period to 31 Dec 2021 GBP	12-month period to 31 Mar 2021 GBP
Asia	10,116,890	7,508,078
Europe excl. United Kingdom	7,537,310	7,471,972
N. America	6,713,906	6,899,189
United Kingdom	1,018,355	1,007,189
Middle East Africa	467,679	670,959
S. America	222,354	880,098
Total Revenue	**26,076,493**	**24,437,486**

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

The Company is domiciled in United Kingdom and produces its income primarily in Asia, Europe and USA.

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

5. General and administrative expenses

	Notes	9-month period to 31 Dec 2021 GBP	12-month period to 31 Mar 2021 GBP
Total staff costs	6	2,242,988	2,319,903
Low value or short-term lease expense	18	28,956	38,534
Other premises costs		75,536	92,986
Administrative costs		77,996	87,816
Impairment writeback	13	(392,574)	(84,120)
Other overheads		205,742	225,138
Hosting fees		112,437	129,292
Listing fees		76,373	88,940
Audit fees to external auditors		79,105	65,095
Depreciation	10	56,070	74,760
Amortisation	11	198,797	187,952
Share based payments	15	34,771	52,588
Foreign exchange differences		83,143	38,033
General and administrative expenses		**2,879,340**	**3,316,917**

6. Staff costs (including executive Directors)

	9-month period to 31 Dec 2021 GBP	12-month period to 31 Mar 2021 GBP
Employee salaries	1,464,051	1,583,549
Contractor fees	172,042	216,243
Social security costs	241,116	244,556
Employer pension costs - defined contribution	54,009	72,783
Employee benefit expenses	50,684	71,175
Other staff related costs	261,086	131,598
Total staff costs	**2,242,988**	**2,319,903**

Average number of employees (including executive Directors)	**31 Dec 2021**	**31 Mar 2021**
Employed in the United Kingdom		
Administration	13	12
Product development	6	6
Sales and marketing	11	12
Other	2	2
Total average employees employed in the United Kingdom	**32**	**32**
Employed through Hungarian branch		
Product development	17	14
Administration	7	4
Sales and marketing	1	-
Total average employees employed through Hungarian branch	**25**	**18**
Total average number of people employed during the year	**57**	**50**

7. Directors' remuneration

	9-month period to 31 Dec 2021 GBP	12-month period to 31 Mar 2021 GBP
Directors' emoluments	244,375	245,100
Share based payments	5,867	2,258
Total Directors' remuneration	**250,242**	**247,358**

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

The number of Directors to whom retirement benefits are accruing under defined contribution schemes are 2 (March 2021: 2).

Remuneration for highest paid Director	9-month period to 31 Dec 2021 GBP	12-month period to 31 Mar 2021 GBP
Directors' emoluments	94,500	110,500
Share based payments	171	228
Total	**94,671**	**110,728**

8. Income tax expense / (benefit)

	9-month period to 31 Dec 2021 GBP	12-month period to 31 Mar 2021 GBP
UK corporation tax refund	-	(2,936)
Overseas withholding tax	14,696	12,160
Deferred tax	5,534	40,207
Total income tax expense / (benefit)	**20,230**	**49,431**

	31 Dec 2021 GBP	31 Mar 2021 GBP
Deferred tax brought forward	(59,712)	104,928
Origination and reversal of temporary differences	7,710	(164,640)
Total deferred tax balance	**(52,002)**	**(59,712)**

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

	9-month period to 31 Dec 2021 GBP	12-month period to 31 Mar 2021 GBP
Profit/(loss) on ordinary activities before taxation	558,061	(92,775)
Tax at the UK corporation tax rate of 19% (31 March 2021: 19%)	106,032	(17,627)
Effects of:		
Disallowable expenditures	(8,832)	(158,421)
R&D deduction	(57,757)	(131,507)

Loss brought forward	(1,454,595)	(1,143,547)
Unutilised tax loss	1,429,848	1,454,595
Double tax relief	(14,696)	-
Foreign tax expensed	-	(2,310)
Pensions	-	(1,174)
Non-trade loan relationship credits	-	(9)
Current tax charge for the period	**-**	**-**
Differences in overseas taxation rates	14,696	12,160
Deferred tax effect	5,534	40,207
Other items	-	(2,936)
Total tax charge for the period	**20,230**	**49,431**

The Company has estimated tax losses of GBP 7,525,517 (March 2021: GBP 7,655,761) to carry forward against future taxable profits.

Factors that may affect future tax charges
The Finance Act 2020 included legislation to maintain the main rate of UK corporation tax at 19%, rather than reducing it to 17% from 1 April 2020. The change to the main rate of corporation tax was substantively enacted by the balance sheet date and therefore included in these financial statements. The UK Budget announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Temporary differences have been remeasured using these budget tax rates that are expected to apply when the liability is settled or the asset realised.

9. Earnings/(loss) per share

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

	9-month period to 31 Dec 2021	12-month period to 31 Mar 2021
Profit/(loss) after tax attributable to equity holders of the parent (GBP)	537,831	(142,206)
Weighted average number of ordinary shares in issue	49,955,905	43,706,362
Fully diluted weighted average number of ordinary shares in issue	53,260,967	43,706,362
Basic earnings/(loss) per share (GBP)	**1.08**	**(0.33)**
Diluted earnings/(loss) per share (GBP)	**1.01**	**(0.33)**

In the prior period basic and diluted earnings per share are the same, since where a loss is incurred the effect of outstanding share options is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The number of share options outstanding as at 31 December 2021 totalled 3,305,062 (March 2021: 3,327,062) and are potentially dilutive.

10. Property, plant and equipment

	Leasehold improvement GBP	Right-to-use asset GBP	Total GBP
Cost		(Note 18)	
At 1 April 2020	-	224,273	224,273
At 31 March 2021	**-**	**224,273**	**224,273**
Accumulated depreciation			
At 1 April 2020	-	18,690	18,690
Depreciation during the year	-	74,760	74,760
At 31 March 2021	**-**	**93,450**	**93,450**
Carrying value at 31 March 2021	**-**	**130,823**	**130,823**
Cost			
At 1 April 2021	-	224,273	224,273
At 31 December 2021	**-**	**224,273**	**224,273**
Accumulated depreciation			
At 1 April 2021	-	93,450	93,450
Depreciation during the period	-	56,070	56,070
At 31 December 2021	**-**	**149,520**	**149,520**
Carrying value at 31 December 2021	**-**	**74,753**	**74,753**

11. Intangible Assets

	Software development GBP	Game distribution rights GBP	Total GBP
Cost			
At 1 April 2020	809,515	-	809,515
Additions	500,322	-	500,322
At 31 March 2021	**1,309,837**	**-**	**1,309,837**
Accumulated amortisation			
At 1 April 2020	160,304	-	160,304
Amortisation during the period	187,952	-	187,952
At 31 March 2021	**348,257**	**-**	**348,257**
Carrying value at 31 March 2021	**961,580**	**-**	**961,580**
Cost			
At 1 April 2021	1,309,837	-	1,309,837
Additions	230,283	6,765,792	6,996,075
At 31 December 2021	**1,540,120**	**6,765,792**	**8,305,911**

Accumulated amortisation			
At 1 April 2021	348,257	-	348,257
Amortisation during the period	198,797	-	198,797
At 31 December 2021	**547,053**	**-**	**547,053**
Carrying value at 31 December 2021	**993,066**	**6,765,792**	**7,758,858**

During the period the company purchased the game distribution rights for an application for GBP 6.8m (USD 9m). Amortisation will commence from the launch date of the application.

12. Trade and other receivables

	31 Dec 2021 GBP	31 Mar 2021 GBP
Trade receivables	9	703
Other receivables	33,202	27,551
Prepayments	379,126	209,731
Accrued income	5,054,573	2,621,218
Trade and other receivables	**5,466,910**	**2,859,203**

Other receivables include recoverable VAT of 24,244 (March 2021: GBP 18,593) and GBP 8,958 (March 2021: GBP 8,958) of other non-material items.

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

13. Minimum guarantees

Minimum guarantees	31 Dec 2021 GBP	31 Mar 2021 GBP
Carrying value, beginning	(392,574)	533,761
Movements during the year	-	(1,010,455)
Impairment writeback / (losses)	392,574	84,120
Carrying value, ending	**-**	**(392,574)**

During the period, an impairment writeback of GBP 392,574 (March 2021: GBP 84,120) was recognised for minimum guarantees reducing the carrying value of recoverable minimum guarantees to nil. Impairment writebacks are presented in the Statement of Profit and Loss.

14. Share capital

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

Date		Number of shares	Nominal value GBP	Total share capital GBP	Total share premium GBP
At 01 Apr 2020		**41,470,458**	**0.002**	**82,941**	**5,082,618**
	Shares issued	8,454,214	0.002	16,908	9,758,878
At 31 Mar 2021		**49,924,672**	**0.002**	**99,849**	**14,841,496**
	Shares issued	100,000	0.002	200	75,787
At 31 Dec 2021		**50,024,672**	**0.002**	**100,049**	**14,917,283**

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

During the period ending 31 December 2021 100,000 options were exercised and converted to ordinary shares of the Company.

On 08 September 2021 the Company issued 100,000 ordinary shares at an average price of GBP 0.7599 per share. These shares have been authorised and relate to share based payments, refer to note 15 below.

15. Share based payments

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

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

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

	Number of share options Dec 2021	Weighted average exercise price GBP Dec 2021	Weighted average date of issue Dec 2021
Balance at 1 April	3,327,062	0.65	22 Mar 2017
Lapsed during the year	275,000	0.79	06 Dec 2019
Issued during the year	353,000	1.44	22 Aug 2021
Exercised during the year	100,000	0.76	09 Feb 2018
Balance at 31 December	**3,305,062**	**0.72**	**16 Jun 2017**
Exercisable at 31 December	**2,658,312**		

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

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

The calculated fair value of share options, included in the profit or loss is GBP 34,771 (March 2021: GBP 52,589). Other reserves comprise the movements in share based payments.

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

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

	Share options 31 Dec 2021	Share options 31 Mar 2021
Grant date fair value in GBP	0.600 - 0.660	0.151 - 0.821
Exercise price	GBP 1.11 - 1.54	GBP 0.72 - 2.22
Expected life	6.25 years	6.25 years
Expected volatility	61.3% - 69.9%	63.5% - 74.2%
Expected dividends	0.00%	0.00%
Risk-free interest rate	0.57% - 1.04%	0.17% - 0.847%

In 2019 the expected life used in the valuation has been adjusted due to listing the shares based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Those assumptions have not changed for 2021. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

16. Retained earnings

	31 Dec 2021 GBP	31 Mar 2021 GBP
Opening balance	(2,871,691)	(2,729,485)
Profit/(loss) for the year	537,831	(142,206)
Closing balance	**(2,333,860)**	**(2,871,691)**

17. Trade and other payables

Liabilities	31 Dec 2021 GBP	31 Mar 2021 GBP
Trade payables	7,299,393	1,592,358
Social security and other taxes	83,779	75,391
Accrued expenses	7,248,802	4,462,900
Other payables	32,572	27,125
Trade and other payables	**14,664,546**	**6,157,774**

18. Leases

Right-of-use assets	Property GBP	Total GBP
At 1 April 2020	205,583	205,583
Depreciation charge for the year	(74,760)	(74,760)
Additions	-	-
At 31 March 2021	**130,823**	**130,823**
At 1 April 2021	130,823	130,823
Depreciation charge for the year	(56,070)	(56,070)
Additions	-	-
At 31 December 2021	**74,753**	**74,753**

Lease liabilities	31 Dec 2021 GBP	31 Mar 2021 GBP
Maturity analysis - contractual undiscounted cash flows		
Within one year	68,063	90,750
Within two to five years	-	45,375
Total undiscounted lease liabilities at period end	**68,063**	**136,125**
Lease liabilities included in the statement of financial position at period end		
Non-Current	-	44,163
Current	65,654	83,676

Amounts recognised in profit or loss		
Interest on lease liabilities	5,877	12,912
Expenses relating to short-term leases	28,956	38,534
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	68,063	90,750

19. Financial instruments

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

Financial instruments by category	31 Dec 2021 GBP	31 Mar 2021 GBP
Financial assets at amortised cost		
Cash and cash equivalents	14,458,346	14,708,551
Trade and other receivables	5,193,182	2,734,535
Total financial assets at amortised cost	**19,651,528**	**17,443,086**
Financial liabilities at amortised cost		
Trade and other payables	14,664,546	5,823,660
Lease liability	65,654	127,839
Total financial liabilities at amortised cost	**14,730,200**	**5,951,499**

Credit risk

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

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

	31 Dec 2021 GBP	31 Mar 2021 GBP
Cash and cash equivalents[1]	14,458,346	14,708,551
Trade receivables	9	703
Other receivables[2]	5,193,173	2,733,832
Total	**19,651,528**	**17,443,086**

[1]At 31 December 2021, GBP 5,695,449 are held in EUR, GBP 1,174,922 are held in USD and GBP 549,103 are held in HUF. The majority of the remainder is held in GBP with a few smaller other currency balances.
[2]Other receivables consist of GBP 5,054,573 (March 2021: GBP 2,627,530) of accrued income that meets the definition of a financial asset.

The Company performs an expected credit loss assessment for all trade and other receivables to calculate a provision for expected credit loss, based on historical credit loss information, current conditions and forecasts of future economic conditions. The simplified approach is used in accordance with IFRS 9. The resulting provision in respect of outstanding balances at 31 December 2021 is not material.

The Company did not have trade receivables or other receivables which are impaired or past due.

Liquidity risk

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

Year ended 31 December 2021	On demand GBP	Within 1 year GBP	Within 2 to 5 years GBP
Trade payables	1,389,153	5,910,240	-
Accrued expenses & other payables	1,882408	5,482,745	-
Lease liability	-	65,654	-
Total	**3,271,561**	**11,458,639**	**-**

Year ended 31 March 2021	On demand GBP	Within 1 year GBP	Within 2 to 5 years GBP
Trade payables	1,592,358	-	-
Other payables	1,356,434	2,874,869	-
Lease liability	-	83,676	44,163
Total	**2,948,792**	**2,958,545**	**44,163**

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

Currency	31 Dec 2021 GBP	31 Mar 2021 GBP
USD	7,275,810	1,593,145
EUR	1,287	522
Other	6,619	-
	7,283,716	**1,593,667**

Foreign currency sensitivity

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

Monetary position at 31 December 2021

	USD rate	EUR rate	SEK rate	KRW rate	HUF rate
Change in rate	10%	10%	10%	10%	10%
Effect on profit before tax in GBP	(1,006,399)	(859,322)	(18,567)	(54,483)	(54,959)
Change in rate	(10%)	(10%)	(10%)	(10%)	(10%)
Effect on profit before tax in GBP	914,908	781,202	16,880	49,530	49,963

Monetary position at 31 March 2021

	USD rate	EUR rate	SEK rate	KRW rate	HUF rate
Change in rate	10%	10%	10%	10%	10%
Effect on loss before tax in GBP	(738,923)	(275,851)	(26,444)	(33,933)	(42,725)
Change in rate	(10%)	(10%)	(10%)	(10%)	(10%)
Effect on loss before tax in GBP	671,748	250,773	24,040	30,849	38,841

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

Foreign exchange risk

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

Capital management

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

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

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

20. Related party transactions

Related party transactions with respect to Directors' emoluments have been disclosed in note 7.

On 24/08/2021, 25/08/2021 and 18/11/2021 Mikael Pawlo acquired 100,000 ordinary shares, 12,000 ordinary shares and 6,535 ordinary shares respectively increasing his total interest in the share capital of the Company to 0.2%.

On 24/08/2021 Carl Palmstierna sold 100,000 ordinary shares and subsequently acquired 50,000 ordinary shares on 18/11/2021 through Palmstierna Invest AB reducing his total interest in the share capital of the Company to 7.2%.

On 27/05/2021 Jens Lauritzson and Per Lauritzson together acquired 110,509 shares through Mobile Sensations Ltd increasing their combined total interest in the share capital of the Company to 22.0%.

Compensation of key management personnel (incl. executive Directors):	31 Dec 2021 GBP	31 Mar 2021 GBP
Short-term employee benefits	478,737	398,223
Share based payments	17,120	10,460

There are no other related party transactions.

21. Events after the reporting period

On 31 January 2022, 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 have initially acquired 10% of the company for USD 250,000 through a directed share issue. 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.

On 29 March 2022 the company's board of directors approved a resolution to acquire the entire issued capital of Audiencly GmbH, an influencer marketing agency registered in Germany. The transaction is subject to final negotiations and is expected to be signed and closed in the coming weeks.