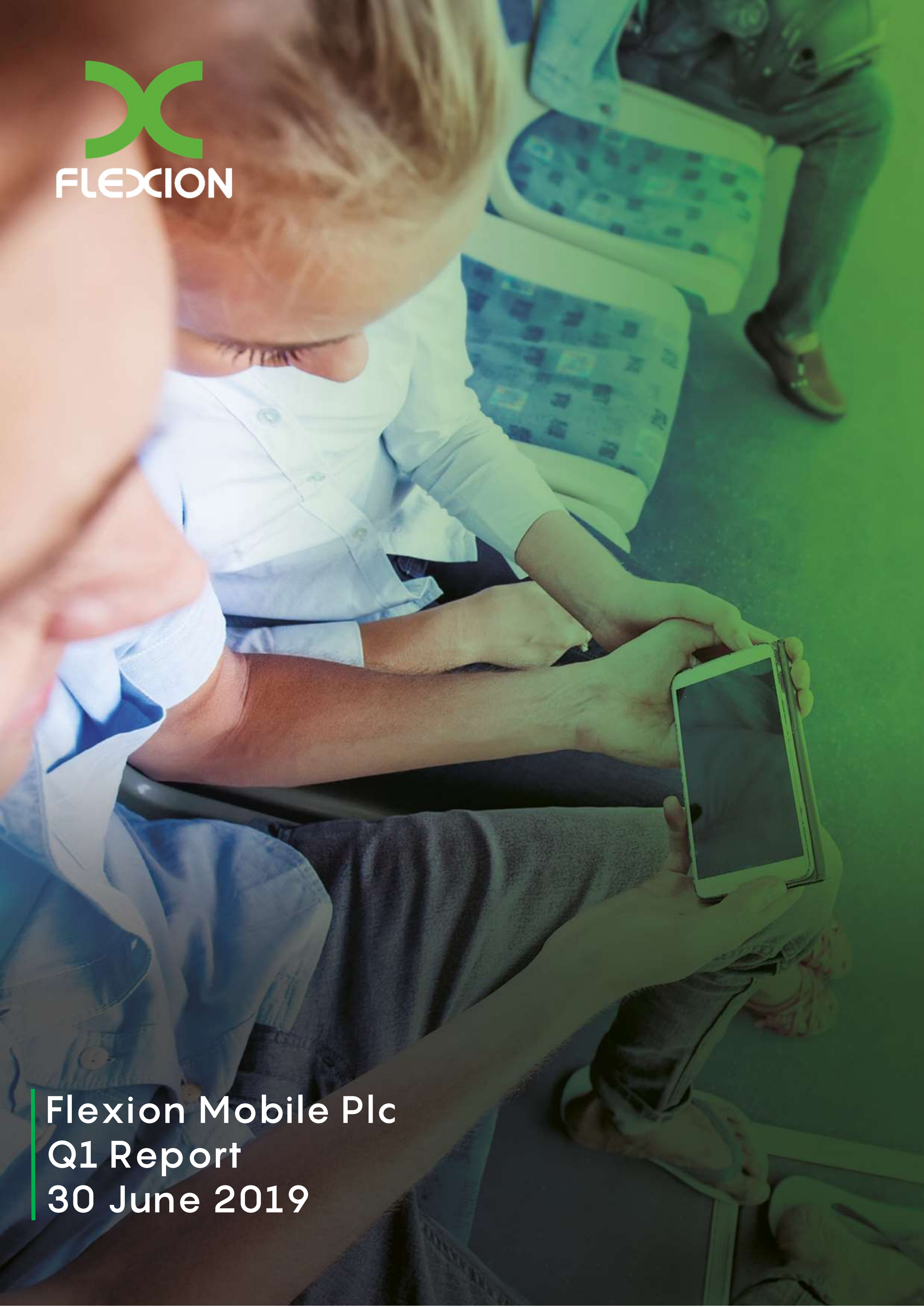


FLEXION

Flexion Mobile Plc
Q1 Report
30 June 2019

Q1 Report 30 June 2019

Flexion delivers a solid quarter and continues to expand its portfolio of games. During the first quarter of the new financial year, IAP (In-App Purchase) revenue increased by 39% to GBP 1.9m compared to the same period last year and total annual revenue increased by 35% to GBP 1.9m. The company signed its second biggest top-tier title and one mid-tier game while also launching three of its signed top-tier games.

April to June performance

- IAP (In App Purchase) revenue increased by 39% to GBP 1.9m (GBP 1.3m[1])
- Total revenue increased by 35% to GBP 1.9m (GBP 1.4m)
- Gross profit fell by 7% to GBP 0.2m (GBP 0.2m)
- Adjusted EBITDA fell by 28% to GBP -0.5m (GBP -0.4m)
- Operating loss increased to GBP -0.5m (GBP -0.3m)
- Earnings per share amounted to GBP -1.16 pence (GBP -0.73 pence)
- Operating cash flow decreased to GBP -1.1m (GBP -0.1m)
- Cash amounted to GBP 5m (GBP 7.4m)

Important events during the quarter

- Flexion signed its second biggest game based on Google Play revenues of USD 8m per month
- Flexion signed a new mid-tier title from a Chinese developer
- Flexion launched its first US Top 10 grossing game with Samsung and ONE Store
- Flexion launched two Top-tier games from the US

[1] Comparable number for the same quarter of the previous financial year in brackets

Notes from the CEO

The first quarter of the financial year was our busiest so far and we have a lot of momentum right now. It was driven by new additions of strong titles to the signed portfolio as well as preparing and launching titles we signed in the last financial year.

We signed our second biggest title ever. This title has a run rate of USD 8m per month in Google Play where it is top ten grossing in several of the biggest markets including Russia, Turkey and Indonesia. The game was signed in April and once live, it will together with the other newly launched games fuel our growth. We also signed a new mid-tier game, in the same period. Both these titles are from highly respected Chinese developers and shows that our sales efforts in this market are paying off.

We launched three high-profile games during the quarter, starting in April with two American top-tier titles we announced last year. Towards the end of the quarter, we launched our first top ten grossing title with Samsung and ONE store. Our live portfolio of games now consists of 6 Top-tier titles and 6 Mid-tier titles, including the games launched this quarter. It is really encouraging to see how we keep adding world class games to our live portfolio and how the organisation manages to deliver on our go to market strategy.

In terms of revenue growth, we have already started to see contribution from the newly launched titles. Our quarter on quarter growth for IAP revenue was 15% accelerating towards the end of the quarter, mainly driven by new games.

The summer period has been very busy as we are continuing to aggressively recruit new channels and developers. In June, we attended E3 in Los Angeles, one of the biggest game developer shows in the world, where we met most of our strategic partners and we are lining up meetings for the other two large games shows during the summer, China Joy and Gamescom.

The product development team has also made some great progress this quarter. We have released new features within gifting and in-app subscription. The gifting feature is a wallet-based solution which allows stores to give away in-game currency as part of their wider market campaigns i.e. "buy a new phone and receive USD 100 of credits in these games".

More and more games are adding subscription within their games to achieve better monetization through recurring revenues i.e. "get exclusive access to these features when subscribing to our VIP pass". This a positive trend for Flexion as subscription requires more work for developers in a fragmented market. We want to help developers take full advantage of subscription in the alternative market and have therefore developed platform support for this. These features are strategically important as they support new market trends and reduce the need for traditional store-based user acquisition. By continuously being at the forefront of developing key features supporting these market trends, Flexion will strengthen our position as a strategic partner to our games developers.

Jens Lauritzson
CEO

Financial Development

April 2019 to June 2019

REVENUE

Our core business, IAP (In-App Purchase) revenue, grew by 39% to GBP 1,902,994 (GBP 1,369,875 [2]). This growth was primarily driven by revenue from new titles although titles held in Jun'18 also made some growth contribution. The quarter saw total revenue growing by 35% to GBP 1,913,745 (GBP 1,415,039). The reason why the growth in IAP revenue and total revenue is different is due to old subscription and legacy revenue included in last year's quarter.

GROSS PROFIT

Cost of sales grew by 44% to GBP 1,691,704 (GBP 1,175,507). Gross profit fell by 7% to GBP 222,041 (GBP 239,532) due to the fall in revenue on older high margin titles and the partial margin reduction on an existing title related to a large developer contract signed in December 2018.

GENERAL AND ADMINISTRATIVE EXPENSES

Head count increased to 45 compared to 40 in the same period last year. However, staff and contractors costs fell by 2% to GBP 541,251 (GBP 552,986) due to more software development cost being capitalized (which reduces the amount of staff and contractors costs in the statement of profit or loss).

Other overheads grew by 82% to GBP 254,718 (GBP 140,026) primarily driven by large positive FX adjustments in last year's quarter.

These effects resulted in an overall increase in general and administrative expenses of 15% to GBP 795,969 (GBP 693,012).

ADJUSTED EBITDA AND NET RESULT

Other income decreased to GBP 78,277 (GBP 142,936) as the company's Horizon 2020 EU grant project has come to an end. During the quarter we received the final grant instalment and the release of the 5% grant guarantee, a total of GBP 250,708 resulting in other income of GBP 78,277.

Adjusted EBITDA fell by 28% to GBP -537,977 (GBP -421,321). Operating loss (EBIT) fell by 59% to GBP -495,651 (GBP -310,544) and loss after tax increased by 62 % to GBP -478,697 (GBP -295,967) due to marginal fall in gross profit, reduced grant income and a large positive FX adjustment made in the June 2018 quarter.

FINANCIAL POSITION

The financial position is healthy with a cash balance of GBP 5,016,241 (GBP 7,417,589), no interest-bearing debt, trade and other receivables of GBP 1,710,562 (GBP 959,454) which include GBP 533,345 (GBP nil) in minimum guarantees and related advances, trade and other payables of GBP 2,382,464 (GBP 1,885,178).

CASH FLOW

Operating cash flow decreased by GBP 1,188,600 to GBP - 1,127,111 (GBP 61,488) due to short term fluctuations in timings of invoices. The same applied to net change in cash and cash equivalents which fell to GBP - 965,363 (GBP 270,986)

The cash balance at the end of the quarter was a healthy 5,016,241 (GBP 7,417,589) resulting in a runway of 26 (103) months. Note that the runway is "artificially" low due to GBP 588,280 minimum guarantee payments and related advances paid during the last 12 months assuming that we can recoup the payments over the contractual period.

MINIMUM GUARANTEES

Total minimum guarantee settlements increased with GBP 533,345 (GBP nil) to GBP 533,345 (GBP nil). Total minimum guarantee related advances decreased with GBP 533,345 to GBP nil (GBP nil). The maximum future minimum guarantee exposure was GBP 4,403,396 (GBP nil).

It should be noted that the company has the right to recover any guarantee settlements made over the guarantee period if the relevant game's revenue generation exceeds the guaranteed amount and Flexion's entitled revenue share,

No impairment of minimum guarantees was identified during the quarter. Please see note 9 Contingent Liabilities for further information.

NUMBER OF LIVE TIER GAMES

Number of live top-tier games increased to 6 (2) games. During the quarter, three additional top-tier games were launched, and one older top-tier game was reclassified as a mid-tier game as its performance has been slightly below the top-tier threshold. Number of live mid-tier games increased to 6 (2). No mid-tier games were launched during the quarter. For further information about tier-games please see the section "Other information".

[2] Comparable number for the same quarter of the previous financial year in brackets

Other information

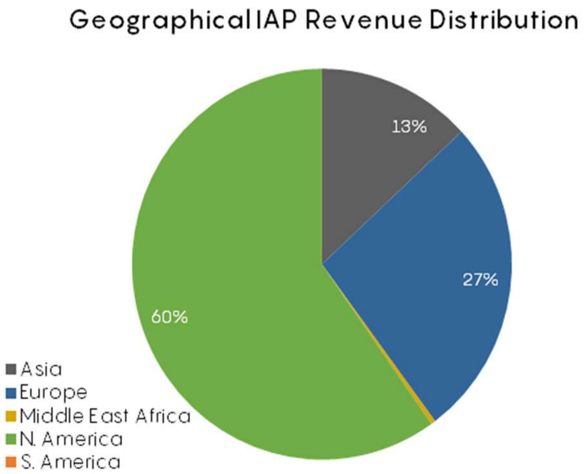
Segmental information

IAP REVENUE

Flexion's focus is to grow its core business by signing free2play games with In-App Purchase (IAP), integrating more channels and increasing monetization of existing games.

IAP revenue is revenue receivable from end-user transactions of sold in-application items within the games. Revenue represents revenue receivable by the Company in respect of end-user transactions of sold in-application items managed by the Company less VAT, bad debt/refunds and discounts.

The geographical breakdown of IAP revenue for the quarter ending 30 June 2019 is presented below.



The main markets for IAP revenue over the quarter were North America and Europe, with 60% and 27% market share respectively. Asia amounted to 13%, Middle East Africa to 1% and South America 0%.

SUBSCRIPTION REVENUE

New commercial models are evolving in the games market and the subscription model is one that offers significant opportunities for developers. Subscription models can either be offered within current games alongside the IAP model or as so-called bundled subscriptions that offer access to a portfolio of games. Flexion is currently preparing the business for future opportunities with the subscription model relating to free2play games with IAP.

Existing historical subscription revenue is revenue from game applications distributed through subscription clubs to end-users. Subscription revenue represents revenue receivable by the Company in respect of end-user transactions of sold in-application items or sold applications managed by the Company, less VAT, bad debt/refunds and discounts.

LEGACY REVENUE

Existing historical legacy revenue is old non-strategic revenue from the sale of game applications in feature phones. The turnover represents revenue receivable by the Company in respect of end-user transactions of sold applications managed by the Company less VAT, bad debt/refunds and discounts. Legacy revenue was actively phased out in the financial year ending March 2018 as it didn't carry any strategic value to the Company.

Tier-games

The board of Flexion is on a quarterly basis defining the number of live top-tier and mid-tier games based on each game's revenue potential for Flexion. The key factor is each game's actual performance (or overall Android performance if not yet launched by Flexion) compared to: i) a standard six-month revenue ramp-up period for each tier class; ii) the long-term minimum revenue requirement for each tier class (USD 140,000[3] for top-tier games and USD 40,000[3] for mid-tier games) ; iii) impacting contractual terms; and iv) any future events which may affect the revenue potential of a game. A game will be redefined if its performance over a consecutive six-month period, excluding the first three month after launch, is not qualifying for a specific tier class. The number of tier games is reported in the Main KPI section.

Review

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

Number of staff and long-term contractors

At the end of the reporting period the company had 45 staff and long-term contractors.

Parent company reporting

The Company doesn't own nor control any subsidiaries as at 30 June 2019.

Material risks and factors of uncertainty

Material risks and uncertainties of the company include but are not limited to risks related to market, technology, contracts, regulatory requirements, key staff, financial requirements and counterparties. A detailed risk description is given in the Company Description.

Financial calendar

Q2 report for 2019/20:	21 Nov. 2019
Q3 report for 2019/20:	13 Feb. 2020
Q4 report for 2019/20:	11 Jun. 2020

Annual General Meeting

Flexion will hold its AGM for the financial year ending March 2019 at 14.00 on 19 September 2019 at Chelsea Harbour Hotel, London, UK.

Certified Adviser

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

Further information

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

MAR Publishing Statement

This statement is information that Flexion Mobile Plc is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 22 August 2019.

[3] Minimum revenue requirement numbers have been updated to reflect changed revenue reporting in accordance with IFRS 15. The numbers do now include channel fees deducted at source whereas the numbers in the past were reported net of channel fees deducted at source.

Financial reports in brief

Statement of profit or loss and other comprehensive income for the quarterly period ended 30 June 2019

	Notes	QTD Jun-19 3 months 2019/20 Unaudited GBP	QTD Jun-18 3 months 2018/19 Restated [5] GBP	YTD Mar-19 12 months 2018/19 Restated [5] GBP
Revenue	3	1,913,745	1,415,039	6,424,666
Cost of sales		(1,691,704)	(1,175,507)	(5,478,051)
Gross profit		**222,041**	**239,532**	**946,615**
General and administrative expenses	4	(795,969)	(693,012)	(3,077,491)
Other income		78,277	142,936	245,910
Adjusted EBITDA[4]		**(537,977)**	**(421,321)**	**(1,995,161)**
Depreciation of tangible assets		22,475	22,481	89,922
Amortization of intangible assets		13,476	9,678	45,793
Other Income		(78,277)	(142,936)	(245,910)
Operating loss for the period		**(495,651)**	**(310,544)**	**(1,884,966)**
Finance costs		(797)	(2,332)	(7,074)
Loss before tax for the period		**(496,448)**	**(312,876)**	**(1,892,040)**
Tax		17,751	16,909	83,166
Loss after tax for the period		**(478,697)**	**(295,967)**	**(1,808,874)**
Attributable to:				
Equity holders of the parent		(478,697)	(295,967)	(1,808,874)
Loss for the period		**(478,697)**	**(295,967)**	**(1,808,874)**
Other comprehensive income				
Foreign exchange differences		-	-	-
Total comprehensive loss for the period		**(478,697)**	**(295,967)**	**(1,808,874)**
Attributable to:				
Equity holders of the parent		(478,697)	(295,967)	(1,808,874)
Loss for the period		**(478,697)**	**(295,967)**	**(1,808,874)**

[4] Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortisation and other income, which contains grant award contributions
[5] Restated for IFRS 16 effects, please refer to note 2 in the Notes section further below

Statement of financial position as at 30 June 2019

	Notes	Jun-19 2019/20 Unaudited GBP	Jun-18 2018/19 Restated [6] GBP	Mar-19 2018/19 Restated [6] GBP
Assets				
Non-current assets				
Property, plant and equipment	6	44,966	134,883	67,441
Intangible assets	7	400,005	179,862	347,209
Deferred tax assets		-	-	9,912
Total non-current assets		**444,971**	**314,745**	**424,562**
Current assets				
Trade and other receivables	8	1,710,562	959,454	1,445,430
Cash and cash equivalents		5,016,241	7,417,589	5,988,436
Total current assets		**6,726,803**	**8,377,043**	**7,433,866**
Total assets		**7,171,774**	**8,691,788**	**7,858,428**
Equity and liabilities				
Equity				
Share capital		82,266	82,266	82,266
Share premium		4,957,133	4,957,133	4,957,133
Other reserves		108,842	28,404	110,706
Retained earnings		(392,900)	1,598,708	85,797
Total equity		**4,755,341**	**6,666,511**	**5,235,902**
Non-current liabilities				
Deferred tax liabilities		11,689	32,618	-
Total non-current liabilities		**11,689**	**32,618**	**-**
Current liabilities				
Lease liabilities		22,281	107,484	44,163
Trade and other payables	9	2,382,464	1,885,175	2,578,363
Total current liabilities		**2,404,745**	**1,992,659**	**2,622,526**
Total liabilities		**2,416,434**	**2,025,277**	**2,622,526**
Total equity and liabilities		**7,171,774**	**8,691,788**	**7,858,428**

[6] Restated for IFRS 16 effects, please refer to note 2 in the Notes section further below

Statement of cash flows
for the quarterly period ended 30 June 2019

	QTD Jun-19	QTD Jun-18	YTD Mar-19
	3 months	3 months	12 months
	2019/20	2018/19	2018/19
	Unaudited	Restated [7]	Restated [7]
	GBP	GBP	GBP
Cash flow from operating activities			
Loss for the year – continuing operations	(496,448)	(312,876)	(1,892,040)
Loss for the year	**(496,448)**	**(312,876)**	**(1,892,040)**
Adjustments for:			
Effect of exchange rate fluctuations on cash held	6,832	211,513	280,067
Interest paid	806	2,332	7,074
Share based payments	9,979	4,889	19,721
Depreciation of tangible assets	22,475	22,481	89,922
Amortization of intangible assets	13,476	9,678	45,793
Grant income	(78,277)	(142,936)	(245,910)
Working capital:			
Change in trade and other receivables	(451,857)	(264,188)	(590,509)
Change in trade and other payables	(154,097)	530,595	1,258,297
Operating cash flow	**(1,127,111)**	**61,488**	**(1,027,585)**
Grant payment	250,708	-	-
Net cash flow from operating activities	**(876,403)**	**61,488**	**(1,027,585)**
Cash flow from investing activities			
Expenditure on property, plant and equipment	-	-	-
Capitalised development cost	(66,272)	(23,764)	(227,228)
Bank interest received	-	-	-
Net cash flow from investing activities	**(66,272)**	**(23,764)**	**(227,228)**
Cash flow from financing activities			
Proceed from issue of shares	-	511,900	511,900
Share issue costs	-	(255,950)	(255,950)
Payment lease liabilities	(22,688)	(22,688)	(90,750)
Net cash flow from financing activities	**(22,688)**	**233,262**	**165,200**
Net change in cash and cash equivalents	**(965,363)**	**270,986**	**(1,089,613)**
Cash and cash equivalents at beginning of period	5,988,436	7,358,115	7,358,115
Effect of exchange rate fluctuations on cash held	(6,832)	(211,513)	(280,067)
Cash and cash equivalents at end of period	**5,016,241**	**7,417,589**	**5,988,435**

[7] Restated for IFRS 16 effects, please refer to note 2 in the Notes section further below

Statement of changes in equity for the quarterly period ended 30 June 2019

	Share capital GBP	Share premium GBP	Share based payment reserve GBP	Retained earnings GBP	Total GBP
Balance at 1 April 2018	80,266	8,703,183	14,716	(2,097,712)	6,700,453
Impact of change in accounting policy	-	-	-	(7,614)	(7,614)
Restated balance at 1 April 2018	**80,266**	**8,703,183**	**14,716**	**(2,105,326)**	**6,692,839**
Restated loss for the period	-	-	-	(295,967)	(295,967)
Restated total comprehensive income	**80,266**	**8,703,183**	**14,716**	**(2,401,293)**	**6,396,872**
Transactions with owners, recorded directly in equity					
Shares based payments	-	-	4,889	-	4,889
Deferred tax on share options	-	-	8,799	-	8,799
Bonus issue	-	(4,000,000)	-	4,000,000	-
Issue of share capital	2,000	253,950	-	-	255,950
Restated balance at 30 June 2018	**82,266**	**4,957,133**	**28,404**	**1,598,707**	**6,666,510**
Balance at 1 April 2019	82,266	4,957,133	110,706	85,797	5,235,902
Loss for the period	-	-	-	(478,697)	(478,697)
Total comprehensive income	**82,266**	**4,957,133**	**110,706**	**(392,900)**	**4,757,205**
Transactions with owners, recorded directly in equity					
Shares based payments	-	-	9,979	-	9,979
Deferred tax on share options	-	-	(11,843)	-	(11,843)
Capital restructuring	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Deferred Tax	-	-	-	-	-
Balance at 30 June 2019	**82,266**	**4,957,133**	**108,842**	**(392,900)**	**4,755,340**

Notes

1. Basis of preparation

The condensed consolidated financial statements for the three months ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. The annual financial statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The Company's offices are in London and the registered number of Flexion Mobile is 04306881. The interim condensed consolidated financial statements are presented in GBP and have been prepared using historical cost accounting. After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the board of directors continue to adopt the going concern basis in preparing the interim reports.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a formal review by the auditors. The financial information in respect of the year ended 31 March 2019 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Company's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the three months ended 30 June 2018 and 30 June 2019 is unaudited. The financial information for the twelve months ended 31 March 2019 is audited.

The interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended 31 March 2019.

2. Significant accounting policies

Except where disclosed below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2019, except for those relating to IFRS 16 'Leases', which is applicable for periods starting on or after 1 January 2019. As required by IAS 34, the nature and effect of those changes are disclosed below. The accounting policies applied herein are consistent with those expected to be applied in the financial statements for the year ended 31 March 2020.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 'LEASES'

The Company applies, for the first time, IFRS 16 'Leases' which was issued by the IASB in January 2016 and endorsed by the EU and is effective for accounting periods beginning on or after 1 January 2019. The new standard will replace IAS 17 'Leases' and will eliminate the classification of leases as either operating leases or finance leases. Instead, it introduces a single lessee accounting model where the lessee is required to recognise right of use assets and lease liabilities for leases that have a term of greater than a year. IFRS 16 was adopted by the Company on the 1 April 2019 with the full retrospective method to provide consistency when looking at comparative results.

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.

There is only one lease contract that is affected by the new standard which is for office space in London.

As a result, the Company has recognised a right-of-use asset, which is included within property, plant and equipment, and a corresponding lease liability on the statement of financial position. Right of use assets are initially measured at cost, and subsequently measured at cost less any accumulated depreciation and accumulated impairment losses, if applicable. Lease liabilities are initially measured at the present value of the future lease payments discounted at the Company's incremental borrowing rate. 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.

The following tables summarise the impacts of adopting IFRS 16 on the Company's consolidated financial statements:

Statement of financial position	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
1 April 2018	GBP	GBP	GBP
Property, plant and equipment	37,190	120,173	157,363
Intangible assets	165,776	-	165,776
Trade and other receivables	701,280	(22,687)	678,593
Cash and cash equivalents	7,358,115	-	7,358,115
Total assets	**8,262,361**	**97,486**	**8,359,847**
Trade and other payables	1,521,293	(22,740)	1,498,553
Lease liabilities	-	127,839	127,839
Other	40,615	-	40,615
Total liabilities	**1,561,908**	**105,099**	**1,667,007**
Retained earnings	(2,097,712)	(7,614)	(2,105,326)
Other	8,798,165	-	8,798,165
Total equity	**6,700,453**	**(7,614)**	**6,692,839**

Statement of financial position	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
30 June 2018	GBP	GBP	GBP
Property, plant and equipment	31,877	103,006	134,883
Intangible assets	179,862	-	179,862
Trade and other receivables	962,650	(3,97)	959,454
Cash and cash equivalents	7,417,589	-	7,417,589
Total assets	**8,591,978**	**99,810**	**8,691,788**
Trade and other payables	1,885,175	-	1,885,175
Lease liabilities	-	107,484	107,484
Other	32,619	-	32,619
Total liabilities	**1,917,794**	**107,484**	**2,025,278**
Retained earnings	1,606,381	(7,674)	1,598,707
Other	5,067,803	-	5,067,803
Total equity	**6,674,184**	**(7,674)**	**6,666,510**

Statement of profit or loss	Impact of changes in accounting policies		
	Restated* (prior year error)	Adjustments	As restated
For the period ended 30 June 2018	GBP	GBP	GBP
Revenue	1,415,039	-	1,415,039
Cost of sales	(1,175,507)	-	(1,175,507)
General and administrative expenses	(552,348)	2,272	(550,076)
Finance cost	-	(2,332)	(2,332)
Other	16,909	-	16,909
Profit for the period	(295,907)	(60)	(295,967)

Statement of cash flow	Impact of changes in accounting policies		
	As previously reported	Adjustments	As restated
For the period ended 30 June 2018	GBP	GBP	GBP
Loss for the period	(312,816)	(60)	(312,877)
Adjustments for:			
Share based payments	4,889	-	4,889
Depreciation	5,312	17,168	22,480
Amortization	9,679	-	9,679
Grant income	(142,936)	-	(142,936)
Interest paid	-	2,332	2,332
Change in working capital	263,160	3,249	266,409
Grant payment	-	-	-
Net cash from operating activities	**(172,712)**	**22,687**	**(150,023)**
Capitalised development cost	(23,764)	-	(23,764)
Net cash from investing activities	**(23,764)**	**-**	**(23,764)**
Proceeds from issue of shares	511,900	-	511,900
Share issue costs	(255,950)	-	(255,950)
Payment lease liabilities	-	(22,688)	(22,688)
Net cash from financing activities	**255,950**	**(22,688)**	**233,262**

There is no material impact on the Company's basic or diluted earnings per share for the period ended 30 June 2018.

3. Revenue

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

	Jun-19	Jun-18
	2019/20	2018/19
	Unaudited	Unaudited
	GBP	GBP
Revenue breakdown		
IAP Revenue	1,902,994	1,369,875
Subscription Revenue	10,751	43,317
Legacy Revenue	-	1,846
Total Revenue	**1,913,745**	**1,415,039**

4. General and administrative expenses

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

	Jun-19	Jun-18
	2019/20	2018/19
	Unaudited	Unaudited
	GBP	GBP
Staff and contractor costs	541,251	552,986
Other overheads	254,718	140,026
General and Administrative Expenses	**795,969**	**693,012**

5. Related party transactions

No related party transactions other than directors' emoluments have taken place during the quarter.

6. Property, plant and equipment

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

	Jun-19	Jun-18
	2019/20	2018/19
		Restated*
	Unaudited	Unaudited
	GBP	GBP
Leasehold improvements	10,626	31,877
Right-to-use assets	34,340	103,006
Total	**44,966**	**134,883**

*Restated due to the adoption of IFRS 16 'Leases'. Please refer to note 2 for further details.

In the first quarter for the year ending 31 March 2020 depreciation for property, plant equipment amounted to GBP 22,475.

7. Intangible assets

Intangible assets comprise of capitalized development costs for internally generated software and had a carrying value of GBP 406,006 (GBP 179,862). In the first quarter for the year ending 31 March 2020 amortization amounted to GBP 13,476.

8. Trade and other receivables

	Jun-19	Jun-18
	2019/20	2018/19
	Unaudited	Unaudited
	GBP	GBP
Assets		
Trade receivables	11,376	40,669
Other receivables	722,871	207,013
Prepayments and accrued income	976,314	711,773
Trade and other receivables	**1,710,562**	**959,454**

Other receivables include GBP 533,345 of minimum guarantees and related advances (2018: GBP 0), GBP 147,395 (2018: GBP 106,745) of corporation tax receivable, GBP nil (2018: GBP 72,992) of recoverable guarantee relating to EU grant, recoverable VAT of GBP 25,784 (2018: GBP 7,776) and GBP 16,347 (2018: GBP 19,500) of other non-material items.

9. Trade and other payables

	Jun-19	Jun-18
	2019/20	2018/19
	Unaudited	Unaudited
	GBP	GBP
Liabilities		
Trade payables	579,268	211,027
Social security and other taxes	63,515	59,110
Accrued expenses	1,731,190	1,592,048
Other payables	8,490	22,990
Trade and other payables	**2,382,464**	**1,885,175**

10. Contingent liabilities

The Company has entered into minimum guarantee commitments with certain developers whereby the Company guarantees: a minimum, pre-defined, monthly amount of revenue to the developer over a defined guarantee period. As the Company has the right to recover any guarantee settlements made over the guarantee period if the relevant game's revenue generation exceeds the guaranteed amount and Flexion's entitled revenue share, these guarantees will not be capitalized but treated as current assets subject to periodic impairment reviews. Based on the impairment reviews performed as at 30 June 2019 no impairment has been identified during the quarter.

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

	Jun-19	Jun-18
	2019/20	2018/19
	Unaudited	Unaudited
	GBP	GBP
Minimum guarantees which expire		
Within one year	3,533,269	-
Within two to five years	870,127	-
Total minimum guarantees	**4,403,396**	**-**

11. Events after the reporting period

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

Main KPIs

Summary of the Company's Key Performance Indicators

		QTD Jun-19 3 months 2019/20	QTD Mar-19 3 months 2018/19	QTD Dec-18 3 months 2018/19	QTD Sep-18 3 months 2018/19	QTD Jun-18 3 months 2018/19
IAP revenue	GBP	1,902,994	1,654,969	1,742,137	1,556,543	1,369,875
Subscription revenue	GBP	10,751	11,600	16,706	23,533	43,317
Total revenue	GBP	1,913,745	1,667,626	1,760,357	1,581,644	1,415,039
Gross profit	GBP	222,041	226,464	222,626	257,990	239,532
Adjusted EBITDA	GBP	(537,977)	(451,335)	(702,147)	(420,357)	(421,322)
Operating loss (EBIT)	GBP	(495,651)	(486,965)	(726,730)	(360,729)	(310,544)
IAP revenue growth[8]	%	39%	83%	243%	274%	445%
Subscription revenue growth[8]	%	-75%	-49%	-81%	-81%	-62%
Total revenue growth[8]	%	35%	78%	180%	174%	236%
Gross profit margin[9]	%	12%	14%	13%	16%	17%
Adjusted EBITDA margin[10]	%	-28%	-27%	-40%	-27%	-30%
Operating loss margin[11]	%	-26%	-29%	-41%	-23%	-22%
Average monthly operational cashflow[12]	GBP	(377,982)	(288,552)	38,953	(136,276)	(50,008)
Runway left[13]	Months	26	55	196	99	103
Number of shares at period end (adjusted for share split and bonus issue)		41,132,958	41,132,958	41,132,958	41,132,958	41,132,958
Amount of weighted average shares outstanding for period (adjusted for share split and bonus issue)		41,132,958	40,954,876	40,900,081	40,779,533	40,417,890
Loss per share — basic and diluted, attributable to ordinary equity holders of the parent (pence)[14]	GBP	(1.16)	(1.13)	(1.73)	(0.84)	(0.73)
Headcount[15]		45	45	44	42	40
Number of top-tier games live[16]		6	4	4	2	2
Number of mid-tier games live[17]		6	5	5	2	2

[8] Growth rates are measured to the comparable period in the previous financial year
[9] Gross profit to total revenue
[10] Adjusted EBITDA to total revenue
[11] Operating loss to total revenue
[12] Average operational cashflow (excl. effects of exchange rate fluctuations on cash held) divided by number of months in the measured period
[13] Cash at end of period divided by average 12 monthly operational cash burn
[14] Basic and diluted earnings are considered the same since, where a loss is incurred, the effect of outstanding share options and warrants is considered anti-dilutive and ignored in the calculation
[15] Headcount is defined by the Company as all staff plus all long-term contractors as at the end of the period
[16] Based on the assessment of number of live top-tier games
[17] Based on the assessment of number of live mid-tier games

All historical KPI's have been restated for IFRS 16 effects, please refer to note 2 in the Notes section further below.

The Flexion share

The share

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

Ownership table

Top 10 shareholders as of 30 June 2019	Number of shares and votes	%	Aggregated %
Mobile Sensations Ltd	11,585,972	28.2%	28.2%
Palmstierna Invest AB	3,735,000	9.1%	37.2%
Avanza Pension	2,288,525	5.6%	42.8%
Industrial Equity AB	1,892,427	4.6%	47.4%
Julius Baer & Co Ltd	1,650,000	4.0%	51.4%
Morgan Stanley & Co Intl	1,307,944	3.2%	54.6%
Palmstierna Frederik	978,018	2.4%	57.0%
HSBC Bank Plc	924,250	2.2%	59.2%
Banque Internationale a Luxembourg	920,000	2.2%	61.5%
Gryningskust Holding AB	900,295	2.2%	63.7%
Other shareholders	14,950,527	36.3%	100.0%
Total number of shares	**41,132,958**	**100.0%**	

Share data

	QTD Jun-19 3 months 2019/20	QTD Jun-18 3 months 2018/19	YTD Mar-19 12 months 2018/19
Number of shares at period end (adjusted for share split and bonus issue)	41,132,958	41,132,958	41,132,958
Amount of weighted average shares outstanding for period (adjusted for share split and bonus issue)	41,132,958	40,417,890	40,954,876
Loss per share — basic and diluted, attributable to ordinary equity holders of the parent (pence)[18].	(1.16)	(0.73)	(4.42)

[18] Basic and diluted earnings are considered the same, since where a loss is incurred, the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The adjusted share options outstanding as at 30 June 2019 totalled 3,696,750 (30 June 2018: 3,321,750) and are potentially dilutive.

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, ONE Store and leading regional channels. Flexion is based in London with a development office in Budapest. The Company employs 45 staff and long-term contractors and is listed on Nasdaq First North in Stockholm with ticker name FLEXM:SS.

Value proposition

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

Market

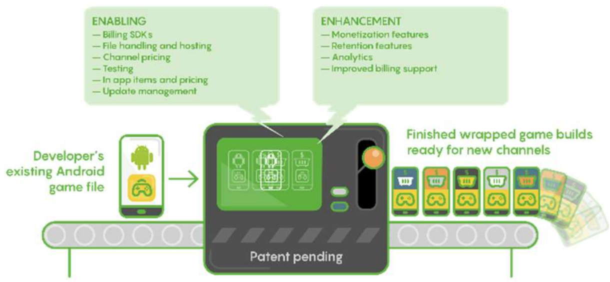
Industry-leading research firm Newzoo estimates the Global Games Market will generate more than $152bn in 2019, with mobile device games accounting almost $55bn. The Alternative Android Market is also estimated to boom thanks to an increasing demand for other app stores and growing mobile devices and app usage. Flexion's addressable market is the Android mobile games market, which covers more than 85% of the world's new mobile devices. The remaining market is served by Apple's iOS and is not currently supported by Flexion.

Flexion's service offer

Flexion provides a full service and manages all steps from existing game file to revenue. This means that the parties involved can benefit from additional distribution and revenue with minimal effort.

Unique technology

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



Business model

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

Go-to-market strategy

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