



FLEXION

Flexion Mobile Plc

Company description

for listing on Nasdaq First North

Important information

This company description ("Company Description") has been prepared in connection with the listing of shares ("Listing") in Flexion Mobile Plc, reg. no. 4306881, on Nasdaq First North ("First North").

In this Company Description Flexion Mobile refers to Flexion Mobile Plc with reg. no. 4306881 and the "Company" or "Flexion" refers to Flexion Mobile Plc and all its subsidiaries. "Euroclear" refers to Euroclear Sweden AB. "Törngren Magnell" refers to the law firm Advokatfirman Törngren Magnell KB.

EXEMPTION FROM PROSPECTUS REQUIREMENTS

This Company Description does not fulfil the requirements of being a prospectus and has not been reviewed or approved by the Swedish Financial Supervisory Authority. The reason is that the prospectus rules do not require that a prospectus is prepared for the listing of the shares to which this Company's Description refers. The reason for the exception is that listing does not take place on a regulated market and that the Company Description does not include an offer of shares.

APPLICABLE LAW

Swedish law is applicable in relation to this Company Description. Disputes regarding the Company Description and thereby applicable legal circumstances shall be handled under Swedish law exclusively.

THE COMPANY DESCRIPTION'S AVAILABILITY

The Company Description is available on the Company's website www.flexionmobile.com.

RISKS

An investment in shares is associated with certain risks (investors are therefore encouraged to particularly read the section "Risk Factors"). When an investor makes an investment decision, he or she must rely on his or her own analysis of the Company, including present facts and risks. Prior to an investment, potential investors ought to consult their own professional advisors to diligently evaluate an investment consideration. No individual has been authorised to provide any information or make any other statements other than those included in the Company Description. If given or made, such information or representation may not be relied upon as having been authorised by the Company nor should the Company be held responsible for such information or statements.

FORWARD-LOOKING STATEMENTS

Any forward-looking statements in the Company Description reflects the board of director's current estimates and expectations of future events, as well as financial and operational development which applies at the time for this Company Description. Even if the board of directors believes that the expectations described in such forward-looking statements are reasonable, there is no guarantee that these forward-looking statements will be materialised or be proven to be correct. Potential investors are encouraged to take part of the information in this Company Description and to keep in mind that future earnings and development may differ significantly from the board of director's expectations.

INFORMATION FROM THIRD PARTIES

The Company Description contains information that has been obtained from third parties. All such information has been reproduced correctly. Flexion Mobile's board of directors is responsible for this Company Description and has taken all reasonable precautions to ensure that the information provided in the Company Description complies with the actual facts. Although the board of directors believes that these sources are reliable, no independent verification has been made, so the accuracy or completeness of the information cannot be guaranteed. As far as the board of directors knows and can assure by comparison with other information published by third parties from which the information was collected, no information has been omitted in such a way that could make the information incorrect or misleading.

Some figures in this Company Description have been subject to rounding. This means that some tables do not seem to sum up correctly.

NASDAQ FIRST NORTH

First North is an alternative marketplace operated by an exchange within the Nasdaq group. Companies on First North are not subject to the same rules as companies on the regulated main market. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a Company on First North may therefore be higher than investing in a company on the main market. All Companies with shares traded on First North have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading.

FNCA Sweden AB is the Company's certified adviser.

DEFINITIONS

EUR —Euro

SEK — Swedish krona

USD —US dollars

GBP — British pound sterling

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INFORMATION ABOUT THE SHARE

Number of outstanding shares:
41,132,958 ordinary shares
ISIN code: GB00BZ1MDB19
Short name: FLEXM

IMPORTANT DATES

First day of trading on First North: 13 June 2018
Q4 report for 2017/18: 28 June 2018
Q1 report for 2018/19: 29 August 2018
Annual report for 2017/2018: 4 September 2018
Annual general meeting: 26 September 2018

1. Risk factors

An investment in Flexion Mobile's shares is associated with certain risks. There are several risk factors that can or could affect the Company's business, both directly and indirectly. Described below, without any order and without claim to be exhaustive, are the risk factors and other factors deemed to be material to the Company's business and development.

The risk factors described below are not the only ones Flexion Mobile and its shareholders may be exposed to. Additional risks that are not currently known to the Company, or that the Company currently considers to be immaterial, could later be proven to have a material adverse effect on the Company's business, result or financial position. These risks can negatively affect the value of Flexion Mobile's shares, and investors may risk losing all or a part of their investment.

In addition to this section, investors should take into account the information provided in the Company Description as a whole. The Company Description also includes forward-looking statements that can be affected by future events, risks and uncertainties. The Company's actual results could differ materially from those expressed or implied in the forward-looking statements because of many factors, such as the risks described below and in other parts of the Company Description.

Risks relating to the company

FINANCING AND FUTURE CAPITAL REQUIREMENTS

The Company may, depending on the development of the Company's business and its ability to generate cash flow, require additional capital to be able to acquire assets and to develop assets and new products or services, on for the Company acceptable commercial terms. The conditions for 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 macroeconomic developments and capital markets being prepared to finance companies in the segment where the Company operates. The Company faces the risk that it will be unable to achieve financing (debt and equity) on a timely basis or on satisfactory terms. In any case, it is not ensured that the Company will receive the necessary financial resources in all cases in due time, in the required

amount and/or at acceptable conditions. This could result in the Company not being able to make important investments or that the necessary liquidity for the expansion of the sales and production capacity is not available and that as a result the corporate strategy has to be adjusted or given up completely, putting the Company at a disadvantage compared to its competitors that may be less indebted and subject to less restrictive financial covenants.

DEPENDENCE ON KEY PERSONS AND EMPLOYEES

Within the Company there are key persons and employees who are important for the continuing successful development of the Company's business. The Company is dependent on qualified and motivated personnel within all functions. It is essential that the Company manages to attract and retain existing key personnel and that the personnel experience the Company as a stimulating employer. It is not guaranteed that the Company will manage to retain such key personnel or attract and gain new personnel with the required qualifications in a timely manner. If key personnel and employees leave the Company, this may have a negative impact on the Company's business, result and financial position. This risk may be further increased due to changes made in connection with the United Kingdom's scheduled withdrawal from the European Union on 29 March 2019 ("Brexit").

COMPETITIVE SERVICES AND PRODUCTS

The Company is active in a competitive market where innovation is fast-paced. Increased competition may occur in the future. Product development and innovation by other actors on the market may result in services and products that have better features than the Company's services and products. If the Company is unable to maintain its competitive advantage on its services and products, this could have a material adverse effect on the Company's business, results and financial position.

DEPENDENCE ON IT SYSTEMS

The Company is dependent on IT systems in its business for both its day-to-day operation and in relation to its customers and partners. System failures, data breaches, computer viruses or similar events could have a detrimental effect on the Company's operation, results and financial position. Such events may also in turn cause third parties harm and loss and could therefore lead to the Company being held liable for such harm or loss. Any such event could have a material adverse effect on the Company's business, results and financial position.

THE COMPANY DELIVERS AN IT PRODUCT

The software provided by the Company could be faulty or suffer from failure which may result in users of the software suffering damage to their systems. Further, security gaps in the provided software may lead to business interruption for customers. Customers and partners could claim damages for any such business interruption caused by the Company's software. Any such event may have a material adverse effect on the Company's business, results and financial position.

DEPENDENCY ON KEY CHANNEL PARTNERS

The Company is dependent on several agreements with key channel partners to be able to distribute applications, games and other digital products. If any of the key channel partners were to terminate the agreement with the Company, this could have a material adverse effect on the Company's business, results and financial position.

RISK RELATED TO AGREEMENTS WITH DEVELOPERS

The Company is dependent on agreements with several developers which provide the Company with applications, games and other digital products which the Company then distribute in its channels. If any of the developers were to terminate their agreement with the Company, this could have a material adverse effect on the Company's business, results and financial position.

Following the agreements entered with the developers, the Company may be liable for indirect or consequential damages in the event of certain breaches, such as breaches in confidentiality and breaches in the Company's warranties on intellectual property rights given to the developers. If the Company would be liable for such damages, this could have a material adverse effect on the Company's business, results and financial position.

RISK RELATED AGREEMENTS WITH IT-PROVIDERS

The Company is dependent on certain providers which provide IT-services to the Company, as this provision is material to the operation of the Company's business. If any provider of IT-services were to terminate its agreement with the Company, this could have a material adverse effect on the Company's business, results and financial position.

RISK RELATED TO THIRD PARTIES

If any third party on which the Company is dependent were to experience down-time or other interruptions relating to their services, this might affect the Company's revenue. Any such interruption could have a material adverse effect on the Company's business, results and financial position.

RISK RELATING TO CUSTOMER PAYMENTS

A key part of the Company's business is to manage payments in distributed games. This makes the Company vulnerable to system failures, data breaches, computer viruses or similar events and increases its dependency on functioning IT-security. The handling of payments also in-

creases the Company's dependency on compliance with applicable laws and regulations. If any of these risks were to materialize this could have a material adverse effect on the Company's business, results and financial position.

REPUTATION

Flexion's business is dependent on the Company's reputation. If the Company were to fail to live up to its agreements, comply with laws, rules and regulations, ensure good working conditions or similarly this might hurt the Company's reputation. If the Company's reputation were to be damaged this could have a material adverse effect on the Company's business, results and financial position.

RISKS RELATED TO THE COMPANY'S INTELLECTUAL PROPERTY RIGHTS

The value of the Company's assets is dependent on the ability to obtain and defend intellectual property rights. In countries where the protection of intellectual property is limited or missing, a third party could use the Company's intellectual properties and thereby reducing the value of the Company's registered or unregistered intellectual property rights. If the Company fails to maintain or prevent unauthorized usage of its existing intellectual properties, there is a risk that the Company's intellectual property protection and competitive advantages developed by the Company will be adversely affected. Third parties may also object to, or otherwise challenge, registered and unregistered intellectual properties. As a result, this could adversely affect the Company's business, results and financial position.

RISK OF INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES

There is a risk that the Company has infringed or may infringe intellectual property rights, or that third parties claim that such infringement (also without justification) has taken place. Therefore, it cannot be excluded that competitors enforce their own intellectual property rights against the Company and/or defend themselves against the infringement of intellectual property rights. Legal disputes regarding intellectual property rights can, irrespective of their justification, result in a time consuming and cost intensive defence and can absorb management capacity and other resources. Payment obligations may arise for the Company or the Company may have to enter into licence agreements, which are not available at economically viable conditions, or the Company may not be able to apply certain procedures to the offered software. This could have a material adverse effect on the Company's business, results and financial position.

PROCESSING OF PERSONAL DATA

Flexion registers and processes personal data in connection with its operation. It is of great importance that the Company's registration and processing of personal data is conducted in accordance with applicable data protection legislation. For example, high demands are set out regarding providing information to those who are subject to processing of personal data and that the processing is

conducted in a way that is not inconsistent with the purpose of registering the personal data. If the Company fails to conduct its processing in accordance with applicable data protection legislation, 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.

New EU legislation regarding processing of personal data may result in additional regulations and new trade and platform standards. A new data protection legislation, the regulation (2016/679) on protection of natural person with regards to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) ("GDPR"), has been adopted by the EU and will enter into force on the 25 May 2018. By this date, at the latest, GDPR will be directly applicable in all Member States within the EU.

In addition, GDPR will be accompanied by a number of national laws due to utilisation of the so called opening clauses, which demands or allows for national implementation of GDPR. There is still uncertainty about exactly how the authorities in the countries where the Company operates will interpret and apply the regulatory framework.

GDPR also imposes stricter penalties for those who do not comply with the regulation. In this regard, regulatory authorities are entitled, if certain rules are not complied with, to impose administrative fines up to the higher of EUR 20 million or 4 per cent of the Company's annual worldwide turnover.

There is a risk that the measures Flexion takes and has taken, to ensure and maintain privacy and integrity regarding personal data, prove to be insufficient or otherwise not in accordance with applicable law, such as GDPR. There is also a risk that relevant regulatory authorities under GDPR will apply or interpret the requirements of the GDPR in a different manner compared to the Company, which may cause difficulties for the Company to formulate principles regarding the handling of personal data in a uniform manner that applies to the entire Company, which in turn can result in higher costs and require more resources from the company management. If the Company does not process the personal data in a manner that complies with applicable requirements regarding the handling of personal data in the jurisdictions in which the Company operates, including GDPR, it may have a material adverse effect on the Company's business, financial position and results and may damage the Company's reputation.

RISKS RELATED TO INSURANCE COVERAGE

The Company could be held liable for damages exceeding the Company's insurance coverage, 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. In addition, it may take con-

siderable 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 MAY BECOME INVOLVED IN LEGAL DISPUTES

The Company may, as part of their ordinary business activity, 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 such event, revenues, cash flow and profitability of the Company could be materially adversely affected. Such disputes are also time-consuming and detrimental to the day-to-day operation of the Company's business. This could have a material adverse effect on the Company's business, results and financial position.

RISK OF NON-COMPLIANCE WITH KEY REGULATION

Flexion is required to follow a number of local market regulations. Examples are local regulations in relation to mobile operator based payments and management of end-user data. Flexion is required to adhere to these rules and regulations and a breach of any of these may have a significant impact on Flexion's business, results and financial position.

CURRENCY RISK

Flexion is active on a global market and thus handles a variety of currencies. In addition, a single transaction may involve several currencies as all of end user, channel, developer and Flexion's financial reporting may involve different currencies paid and reported at different times. Any significant fluctuation may have a significant impact on the Company's business, results and financial position.

TAX RISK

The Company is active on a global market. There is a risk that governments and authorities on the markets where the Company operates amend the applicable tax laws or increases tax rates. Any such change could have a material adverse effect on the Company's business, results and financial position.

POLITICAL RISK

The Company operates in many different markets. Changes in regulations and laws relating to, for example, foreign ownership, government participation, royalties, duties and other political and economic risks and uncertainties such as war, terrorist attacks and similar events may adversely affect the Company's operations, results and financial position. The Company is exposed to heightened political risk due to Brexit and its exposure to the Chinese market which may adversely affect the Company's business, results and financial position.

Risks related to the securities

CAPITAL MARKET RISKS

Risk and risk taking is an inevitable part of investing in financial instruments. Since an investment in shares may drop in value there is a risk that an investor might not be able to recover the invested capital. An investment in the Company shall therefore be preceded by a careful analysis of the Company, its competitors and the market, general information about the industry, the general business cycle and other relevant information.

MARKETPLACE

The Company has applied for listing of Flexion Mobile's shares on First North. An investment in a company traded on First North is a riskier investment than an investment in a company on a regulated market. First North does not have the same legal status as a regulated market and does not impose equal demands on the Company regarding for example disclosure of information or corporate governance as for companies on a regulated market. Companies on First North are governed by a specific rule book and not by the legal requirements imposed on companies on a regulated market.

RISK FOR FLUCTUATION IN THE SHARE PRICE

An investment in the Company is associated with risk. The share price may fluctuate over time and the stock market may have a negative trend. The stock market's general development and the performance of Flexion Mobile's shares is due in part to a number of factors beyond the control of the Company. Even if the Company's operations are developing positively, there is a risk that an investor will suffer from a loss on the disposal of its holding.

LIQUIDITY RISK

None of Flexion Mobile's shares have previously been traded on a marketplace. There is a risk that an efficient and liquid market for Flexion Mobile's shares may not develop and that the spread between bid and sell prices might vary. If an efficient and liquid market does not develop there is a risk that shareholders might not be able to sell shares quickly or at all. The spread between bid and sell prices may make it unfavourable to buy and sell Flexion Mobile's shares.

CURRENCY RISK FOR FOREIGN SHAREHOLDERS

The shares will be traded in SEK and any dividend will be given in GBP. As a result, foreign shareholders may experience adverse effects on the value of their shareholding and any eventual dividend when converted to other currencies.

MAJORITY SHAREHOLDERS WITH SIGNIFICANT INFLUENCE

At the date of the Company Description, the four largest shareholders held approximately 54.0 per cent of the votes in Flexion Mobile, which gives them a significant

influence over the Company. These shareholders' interest may differ materially from, or compete with the interests of the Company or other shareholders' interests and these shareholders may exercise influence over the Company in a manner contrary to the interests of the other shareholders.

RESTRICTIONS ON SALES OF SHARES (LOCK-UP)

Directors (which include the two largest shareholders representing 37.9 per cent of the votes) and senior executives have accepted to not dispose of any shares owned at the time of this Company Description, for a period of twelve months after Listing. Such restrictions on share transfers may have an adverse effect on the liquidity of the outstanding shares. Further, at the lapse of the restricted period, the shareholders are free to dispose of any shares. In case of the major shareholders selling significant amounts of shares, there is a risk of a decrease in Flexion Mobile's share price.

FUTURE SALES OF SHARES OF EXISTING SHAREHOLDERS

The price of Flexion Mobile's shares may decrease if there is a significant sale of Flexion Mobile's shares, especially if the shares are sold by Flexion Mobile's directors, senior executives or major shareholders.

NEW ISSUE OF SHARES MAY AFFECT THE PRICE OF OUTSTANDING SHARES AND LEAD TO DILUTION FOR FLEXION MOBILE'S SHAREHOLDERS

Any future share issues may have a material adverse effect on the price of the shares and may reduce earnings per share and net asset value per share. Although existing shareholders according to English law as a rule have pre-emption rights on a share issue, issues may be made without pre-emption in certain circumstances and also if a special resolution is passed to disapply pre-emption rights in relation to an issue, which may lead to a dilution of the existing shareholders' rights.

SHARE OPTIONS MAY AFFECT THE PRICE OF OUTSTANDING SHARES AND LEAD TO DILUTION FOR FLEXION MOBILE'S SHAREHOLDERS

As of the date of the Company Description there are outstanding share options relating to an incentive programme. If any holder of such share options were to exercise these this might have a material adverse effect on the price of the shares, may reduce earnings per share and net asset value per share and may lead to a dilution of the existing shareholders' rights.

FUTURE DIVIDENDS

Any future dividends depend on several factors, such as future results, financial position, cash flow, working capital requirements, future growth and investment strategies and the terms of the Company's outstanding liabilities and other factors. It is therefore not certain that dividends will be proposed or resolved in a given year or that the size of dividends made a certain year will be maintained the following years.



Background and objectives

2. Background to Flexion

Flexion makes it easy for developers to exploit more markets, so they can maximize the growth potential of their mobile games.

Flexion functions as a distribution platform of Android games. The Company’s unique technology has solved a distribution problem for developers and as a result, developers can now reach new channels without having to make any changes to the game code. Flexion’s service makes it profitable for developers to distribute games to multiple stores.

Market

Overall, mobile gaming is today worth USD 66 billion, expected to grow to USD 105 billion in 2021. The Company’s addressable market — Android gaming — is today worth USD 33 billion expected to be worth USD 59 billion in 2021.

The Company’s go to market strategy sees it target a specific segment, “other channels” — Android based stores outside Google Play and China. The Company estimates the segment to be worth USD 2 billion, growing to USD 5 billion in 2021.

Flexion is integrated with global stores such as Amazon and Samsung and leading regional distribution channels in India, South Korea and Japan. The majority of Flexion’s

developer customers have games in the top 100 revenue grossing list in Google Play.

Flexion has built a position as a leader in its segment and aim to further strengthen its position. The Company may in the future choose to increase its target market to include Google Play and China.

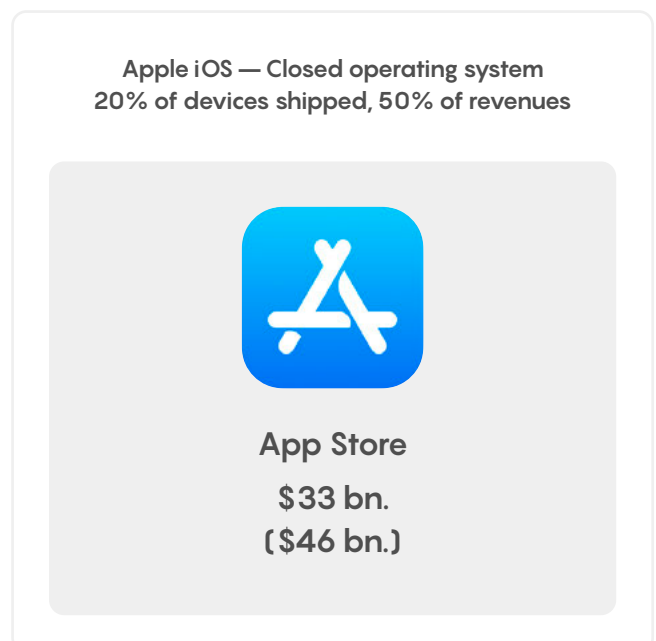
WHY DOESN’T FLEXION TARGET IOS?

80 per cent of all smartphones are Android and the operating system is open. Apple’s iOS is a closed ecosystem — there are no other channels through which developers can reach end users. This in turn means there is no wider ecosystem or fragmentation challenge to overcome. As such, the clearly defined immediate opportunity that exists for Flexion in the Android space does not exist in iOS.

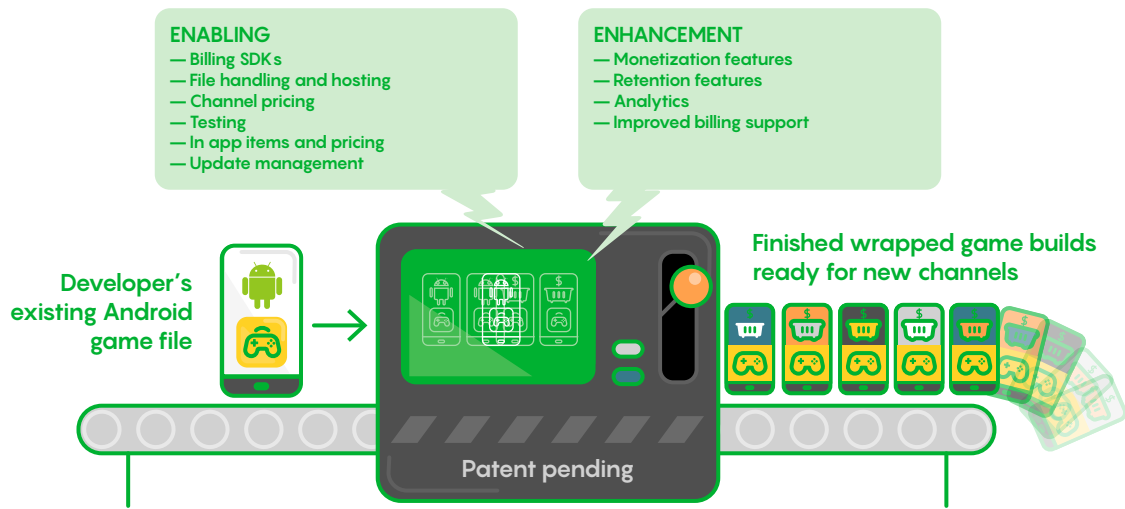
Flexion’s offering

Flexion solves technological and commercial fragmentation. Unique technology makes games compatible with any distribution channel. Integrations and commercial relationships with channels create an aggregated user base to which games can be profitably distributed. Flexion’s service management sees Flexion actively working with a portfolio of games meaning developers can reach new channels without additional work. For channels (i.e. stores) Flexion is a content provider.

Market for mobile games



Automated enabling



UNIQUE TECHNOLOGY

The Company's enabling technology is unique. It makes it possible to add, modify or remove features in games to make them compatible with the requirements of any store.

The technology does not require developers to do any redevelopment work and does not require access to the game's source code. Once processed, games are compatible with the requirements of any supported channel.

The technology can enhance existing applications by adding features and functionality, primarily to drive revenue and user engagement. For example, gifting features can be added which allows distribution channels to create unique user acquisition campaigns and offers.

BUSINESS MODEL

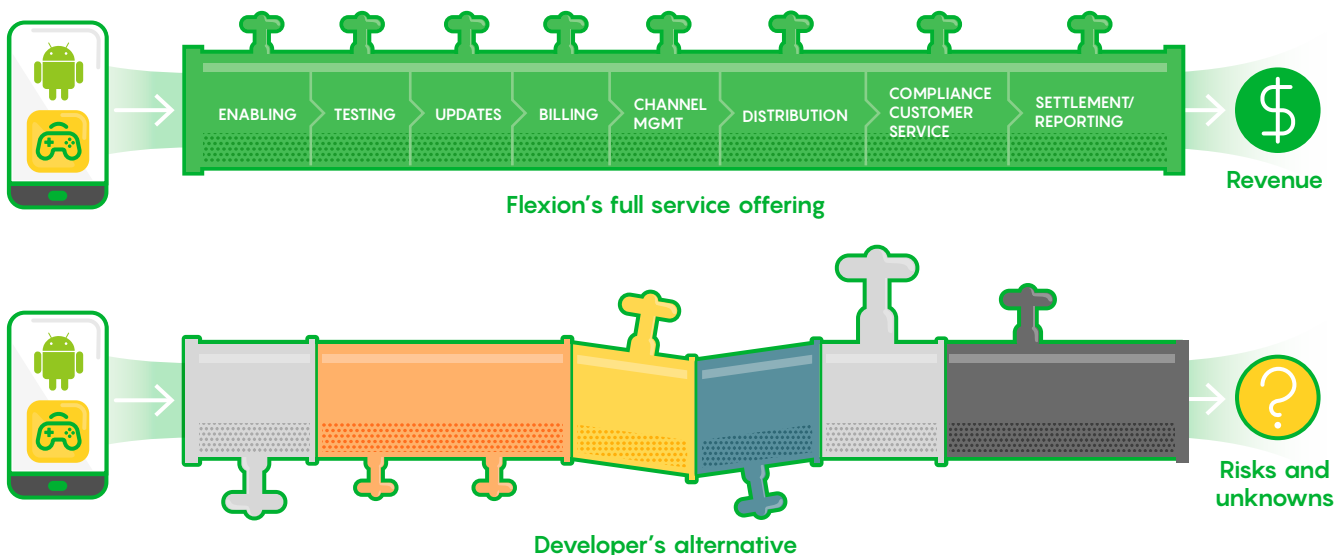
Flexion operates with a simple revenue share model, taking a percentage from payments made in distributed games.

STRONG POSITION AND LIMITED DIRECT COMPETITION

Flexion's value proposition is unique. It is full service and covers everything necessary to make a game successful in a channel. Competition is currently limited in the market segment which Flexion is currently targeting. Other companies offer products/services which cover one or some necessary steps, often with a focus on technology. Developers need to combine multiple providers and/or build own solutions.

Some developers choose to build own solutions or combine multiple 3rd parties. Flexion caters to developers who want a full service offering.

Unique service offering



Existing players may extend their value propositions and new companies may emerge. However, Flexion has a first mover’s advantage with a well-developed and mature service. The amount of time and effort required for presumptive competitors to duplicate Flexion’s service offering and capabilities would be significant.

Flexion’s position is further solidified thanks to the comprehensive knowledge base and skill which exists in the Company. Games distribution to a wider, fragmented ecosystem requires specialised skillsets across a number of disciplines, ranging from technology through to service management, user acquisition, business intelligence and payment & settlement. It also requires a deep understanding of the needs of game developers and distribution channels. This understanding can only be achieved through experience built up over time.

HIGHLY SCALABLE MODEL

Flexion’s business model is highly scalable as it involves multi-dimensional growth opportunities originating from:

1. general market growth
2. increased number of games
3. increased number of channels
4. large growth investment programmes by integrated channels
5. access to new games released by integrated developers
6. higher earning games
7. introduction of new/stronger monetisation models
8. using its first mover advantage to undertake consolidation opportunities

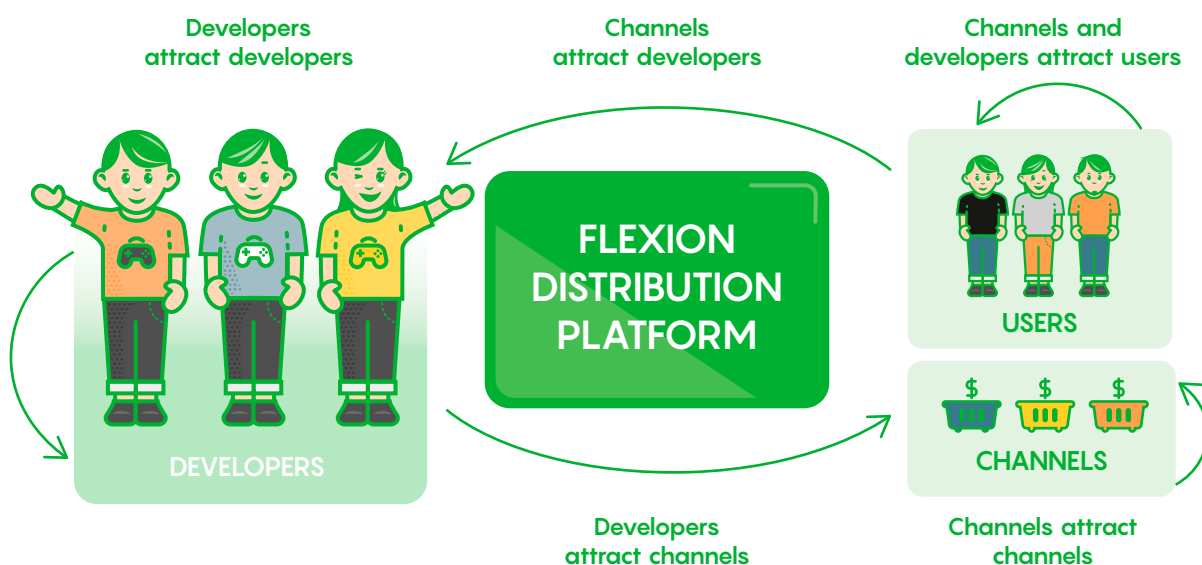
In addition, the business model cultivates network effects. Successful developers and channels will attract other developers and channels to the platform. Flexion will use its first mover’s advantage and strong cash position to focus on building critical mass on its platform to boost network effects and associated business growth.

Assurance from the board of directors

Flexion Mobile’s board of directors is responsible for the information given in this Company Description. The board of directors declares that, to the best of its knowledge, the information provided in the Company Description is accurate and that, to the best of the board of directors’ knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors’ records and other internal documents is included in the Company Description.

The board of directors of Flexion Mobile Plc
 London, June 8, 2018

The business model drives network effects



3. Flexion: History

Flexion Mobile was founded in 2007. The Company’s focus has always been to drive games distribution and monetisation forward.

Initially, the Company supported feature phones, supplying solutions to mobile operators such as Telefonica O2 and Orange and device manufacturers such as Sony Ericsson and Nokia. Using its proprietary wrapping software, Flexion pioneered elements of Freemium gaming long before the term existed. Flexion built a position as a market leader in what used to be a relatively small market.

As the market transitioned towards smartphones, Flexion pivoted its activities to focus exclusively on Android gaming. It did so having predicted the success of Android as well as the challenges the market for Android games would face as it grew. Such was Flexion’s conviction that it committed to investing in solutions for a market which had yet to fully establish itself.

The Company is headquartered in London, with a development studio in Budapest. The Company employs 35 fulltime staff and engages the services of 4 long term contractors. Flexion have sales representation in the larger mobile games markets in the world like for example Japan, Korea and the US and will actively pursue partnerships in other key markets as they arise.

10 years of innovation

Flexion is formed and launches the world’s first connected subscription-based live score Java app — Premierscores with Hutchison 3G.

Sony Ericsson preloads games using Flexion’s software for global distribution.

Samsung selects Flexion as a partner for enabling of their freemium games.

Flexion launches a world leading Try & Buy enabling service for Java games.

Flexion starts development of its freemium wrapper for Android.

Flexion partners with Amazon and is ready for global market grab.



Flexion launches DRM enabling wrapper with Hutchison and Orange Group.

Flexion develops the world’s first fully automated Android wrapper.

Nokia selects Flexion for its global Try&Buy game service.

Flexion machine wraps the first freemium game for open market distribution.

Flexion is awarded a EUR 1.9m grant from the European Commission’s Horizon 2020 programme.

4. Objective: Flexion listing

Why is Flexion listing?

Listing the company on First North is being done as part of a wider, long-term growth strategy. Flexion is well funded and no new capital will be raised as part of the listing.

Over the last five years, the Company has secured three rounds of equity funding and was awarded a European Commission Horizon 2020 grant in 2016. The biggest round – when SEK 68 million worth of shares were issued with a subscription price of SEK 8.30 per share – was closed in February 2018. With existing capital and a relatively low burn rate, the Company has a multi-year runway. Flexion is therefore not raising any capital at the Listing.

Existing capital will be used to drive growth. It will allow the Company to extend its portfolio of games and channels, and ultimately attain a far more extensive reach and end-user base.

There are two key drivers behind the Company's decision to list.

Firstly, a listing will help solidify the Company's standing and credibility. Flexion is a comparatively small company which works with developer and distribution channel customers many times its size. Being a public company solidifies Flexion's position as a credible entity and will help the Company when engaging with future customers.

Secondly, the Company wants to gain access to the Swedish and international capital markets.

Both factors are highly beneficial for Flexion's future growth, operations and ability to undertake potential future market consolidation activities.

Why list in Sweden?

For the Company, a listing in Sweden is a natural choice. Flexion has a clear Swedish connection through its founders and early stage investors. Equally important, the wider Swedish investor landscape comprises experienced investors with an understanding for tech and mobile gaming companies. Many of these have already seen success with companies such as King and Supercell. Thus, the company considers that First North provides the best environment in which to list.

Why invest in Flexion?

Flexion provides a unique opportunity to invest in the mobile games market through a company with a diversified games portfolio, scalable business model, strong and well established relationships with developers and distribution channels and a proven and mature set up.

MOBILE GAMES MARKET

Flexion offers an investment exposure to the mobile games market. This market has seen massive continuous growth since its inception close to two decades ago. The Android game segment is expected to double in size over the next four years. Flexion's go to market segment is estimated to grow even faster during the same period. In addition, mobile gaming is viewed to be relatively uncorrelated to the general economic climate i.e. mobile gamers spend in both good and bad times.

DIVERSIFIED GAMES PORTFOLIO

Flexion manages a diversified catalogue of games. New games are added continuously and games which perform below expectations are replaced. This means that the Company's overall business performance is driven by a portfolio based risk approach. This is in contrast to the majority of game developers, whose financial performance are often dictated by one or a few individual games. Most successful game developers produce a single blockbuster game but few manage to follow this up with additional hit titles.

SCALABLE BUSINESS MODEL

Flexion has a highly scalable distribution platform, unique technology and business model. The Company has also successfully raised capital to build critical mass on its distribution platform to kick-start network effects which are expected to further increase growth. In addition, with access to a very efficient capital market, Flexion will look at consolidation opportunities to speed up its growth.

STRONG AND WELL ESTABLISHED RELATIONSHIPS

Flexion has strong and established relationships with leading distribution channels and game developers. Channels range from global players like Amazon and Samsung through to regional or local stores in emerging markets. The majority of Flexion's developer customers have games in the top 100 revenue grossing charts in Google Play. The existing relationships provide a solid foundation for future growth.

PROVEN AND MATURE SET UP

Flexion has a proven and mature set up and is ready to grow. Over the last decade, the Company has completed and proven its core technology, service and business model. Well-established internal processes and organisational structures have been established. Its management team alone has over 100-man years of mobile gaming experience and an experienced board of directors has been in place since 2011.

5. CEO's statement

I've been in mobile gaming for nearly two decades. I've seen the industry grow from a niche market to a global industry. Mobile is the major segment in video games, and video gaming is bigger than music and movies combined¹.

I don't think mobile gaming has ever been more exciting than it is today. Android alone is huge — in user and as well as revenue terms. The structure of the market is transforming and it has evolved beyond its historical reliance on one dominant store. A new breed of distribution channels has emerged. The ecosystem is becoming open and diverse.



I've seen this transition once before. During the Dot-com era I worked with various Internet start-ups. At that time Internet access was dominated by a handful of players. Portals and search engines such as Yahoo, Lycos and AltaVista and Internet service providers like AOL presented a curated experience. Users had limited choice and an artificially narrow horizon. Market entry for new players was difficult. The ecosystem was effectively closed.

Better search combined with consumers' desire to decide for themselves what content they consumed or bought broke down the walled gardens. Today's Internet is open. I see the market for Android games transitioning in exactly the same way. The natural end-point is the open ecosystem which we're seeing emerge today. We are perfectly positioned to be a driving force in this transition.

We founded Flexion in 2007 with the aim of making it a leading player in games distribution and monetisation. Today game developers need new services to solve fragmentation issues in order to grow in to the wider Android ecosystem.

Over the last ten years, we have laid the foundation for long term growth. Being headquartered in London has given us access to world class talent. Our team is experienced and well connected. We have steadily evolved our business and matured our technology. The combination of successful equity rounds, growing revenue and an EC grant means we are well funded.

Taking the Company public will give us the punching power we want in order to be the driving player in the industry's next growth phase. We will have access to capital if needed. We will be well positioned to drive or engage with consolidation. We will have the credibility that follows from the ongoing intense scrutiny that comes with being a listed company.

Consequently, it is a pleasure for me to invite you to join us on the next stage of our exciting journey.

London, June 8, 2018

Jens Lauritzson, CEO

1. <https://www.nasdaq.com/article/-cm634585>



The market

6. Market:

Mobile games

Mobile gaming is the single largest segment in what is normally referred to as video games (mobile, PC, console) with an estimated market value of USD 66 billion in 2017.

Mobile gaming is expected to be worth around USD 105 billion in 2021. Video gaming is in turn far bigger than traditional entertainment verticals such as music, films and TV.

Revenue in mobile gaming is split equally across two operating systems: Apple's iOS devices and Android. However, in terms of user base, Android dominates with around 80 per cent of all smartphone users globally. Flexion operates in the market for Android games.

Mobile games are an entertainment product. They compete for screen-time with other on-device entertainment, social and productive activities as well as with non-mobile activities e.g. TV or console/PC gaming.

MOBILE GAMES HAVE UNIVERSAL APPEAL

Games are played by all walks of life and mobile gaming penetrates far beyond the conventional "gamer" demographics found in PC or console gaming. This is in part driven by accessibility and cost. End-users do not need to purchase additional hardware (devices are already owned) and games are immediately available through multiple stores on the user's device.

The majority of mobile games utilise the so called "Freemium" monetisation model. Freemium games are free to download and to use. Developers generate revenue (monetise) through selling virtual items in games and/or through displaying advertising within their games.

GAMING COMPLEXITY IS INCREASING

Mobile gaming experiences are increasingly rich and immersive. Multiplayer gaming — long the preserve of PC and console gaming — is now commonplace within mobile gaming and many of the biggest titles are multiplayer only. While multiplayer and rich gaming features improve the end-user experience, they also add technical complexity. Rich gaming experiences make games big and more resource intensive to develop. Multi player features means developers need to run cloud based infrastructures and add connected features to their gameplay.

DEVELOPERS

Game developers range in size, from multi-billion dollar franchises to small person outfits. The industry is truly global. To be profitable developers need volume. Volume comes from scaling within a specific distribution channel and/or through scaling across multiple channels.

Impact and dynamics of the Freemium model

Freemium has transformed the way games are developed and operated.

When games were sold via payment through a store before download, the challenge for the industry was to get users to spend in store. With Freemium games, the challenge for game developers is to retain users and to get them to spend in games. To drive performance, developers need to add many features beyond pure gameplay. As a result, today's mobile games are complex products.

Aside from the obvious inclusion of payment solutions, developers add many ancillary features, either by building such features themselves or by integrating code libraries from 3rd parties. Normal examples are features to analyse user behaviour, display advertising, optimise monetisation performance, social networks and sharing, cloud saving, push notifications, support for additional downloads of assets or entire game updates. It is not uncommon for games to contain more raw code relating to these integrated features than what relates to actual gameplay.

FREEMIUM GAMES ARE LIVING SERVICES

To retain users and optimise monetisation performance games need to be run as evolving services. This is done in two ways:

1. Through regular software updates in order to roll out new tweaks and features.
2. Through regular changes ("liveops") in already distributed games (ranging from simple pricing or alterations through to complex specific in-game events).

In support of the continual evolution and optimisation of game performance, developers employ (often sizeable) analytics teams. The industry has become intensively data driven, with competitive advantage being available to the developer with the sharpest analysts.

LIMITATIONS AND WEAKNESSES OF FREEMIUM

While it is the default model for mobile game monetisation and clearly capable of creating a strong industry, Freemium is not perfect. The model has some limitations.

1. Costly to run — as is outlined above, technological complexity makes ongoing development, testing and operations resource intensive. The overall costs of running Freemium games normally outstrip the initial cost of development.
2. Low conversion rates — large overall user numbers are required in order to create a fairly small number of high spending “whales”. Most users (often 90 per cent or more) never spend in games.
3. The model does not monetise well in emerging markets, a segment where smart phone usage is still growing rapidly. Emerging market economies largely lack wide-spread digital payment infrastructure and per capita income levels are 10s or 100s of times lower than in established Android markets.
4. Perhaps most importantly, the large number of non-gaming features integrated in games greatly increase cost and complexity for developers distributing games through multiple channels.

Emerging trends to move past Freemium

The Company sees some emergent trends beyond the market’s transition towards fragmented distribution.

The industry is looking for ways to move past the Freemium model’s limitations. More specifically, the models inability to convert more users to paying customers and its weaknesses in emerging markets. The industry wants to achieve this without sacrificing the positive aspects of Freemium, such as its ability to create high spending whales.

Already emerging are activities in relation to subscription based monetisation. The model is proven in the streaming music and video verticals and has historically been strong in mobile. In relation to gaming, subscription models could drive monetisation from end-users currently not spending in games and/or an ability to generate additional revenue from already spending end-users.

Other developments in this area may include new forms of payments and over the top services. It’s likely that the way the industry solves these challenges will create additional cost or complexity and/or market fragmentation.

7. Market:

Structure and challenges

Android is the dominant smartphone platform with 80 per cent of all smartphones being based on Android. More than 2 billion devices run Android¹.

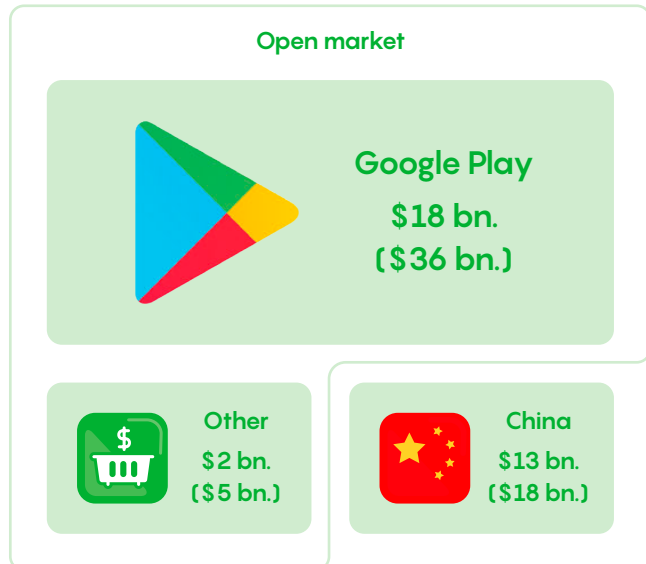
The operating system is open source, available through the Android Open Source Project (AOSP)². Anyone can download the source code and apply it to compatible hardware³. From a technological perspective, anyone is also free to set up and run an app store.

Key growth regions are emerging markets, where users are still transitioning from feature phones to smartphones. The growth is fuelled by lower priced smartphones.

The Android games market can be broken down in to two main segments:

1. **Open market** — all markets and stores outside China
2. **China** — effectively a closed market

Market for Android Games



The open market

There are three main types of distribution channels in the open market.

Firstly, a rich landscape of conventional stores exists, ranging from regional players and mobile operator driven channels to very large over the top services.

Secondly, device manufactures also run distribution or game discovery channels which are available through their handsets.

Thirdly, thanks to chat services and social networks, distribution is also being driven by methods which don't necessarily need a store to work at all. Social features in games drives general game discovery. Chat services such as Line and Kakao have integrated explicit games features, embedding games discovery as part of their core offerings.

GOOGLE PLAY

Google Play is the dominant store. In total around 3.5 million games and apps are distributed to end-users⁴. As a consequence, the environment within that store is fiercely competitive. To attract and retain end-users and maintain chart position developers need to spend heavily on user acquisition advertising. This advertising happens largely in channels outside the store itself — such as through other games, apps and services (e.g. Facebook).

The fierce competition has created a skewed competitive landscape. The cost of user acquisition has risen to levels unattainable for many developers. Weekly advertising spend of millions of dollars is normal. Because Google Play is the biggest store — developers currently build for that store first. The key to continued growth and/or mitigation of the competitive landscape in Google Play lies in diversifying distribution in order to reach end-users through new channels.

OTHER STORES

The number — and size — of stores and channels is growing steadily. As a consequence, the landscape is becoming increasingly technologically and commercially fragmented.

This follows as a result of distribution channels mandating the use of their own technologies, such as proprietary payment systems. Additionally, some features made available to developers within Google Play are only available there — for example features to support additional asset downloads and game upgrades.

1. <https://www.theverge.com/2017/5/17/15654454/android-reaches-2-billion-monthly-active-users>

2. <https://source.android.com/>

3. <https://source.android.com/setup/downloading>

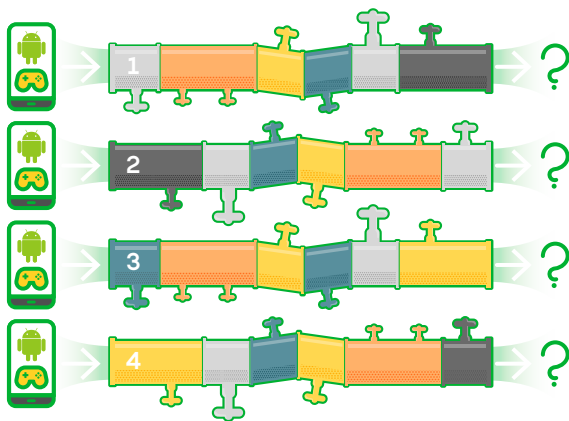
4. <https://www.statista.com/statistics/266210/number-of-available-applications-in-the-google-play-store/>

Fragmentation makes multi-channel distribution costly

Distributing to a new channel involves a set of specific steps, ranging from development through to payment. When distributing to the wider open market, developers are exposed to additional regulation, specifically in relation to payments. For instance, the mobile payment industry will feature market specific regulations which need to be followed. Other regulations, such as those governing the treatment of personal data, are universal, irrespective of distribution channel. This in itself is a costly and complex exercise for developers. Cost and complexity rises sharply when distributing to multiple channels.

Distributing to multiple stores creates duplication of effort. Store specific game variants need to be developed and maintained⁵. Multiple channels need to be analysed and maintained. End-user customer care needs to be scaled. Revenue settlement and payment needs to be secured.

Distributing to many channels is costly



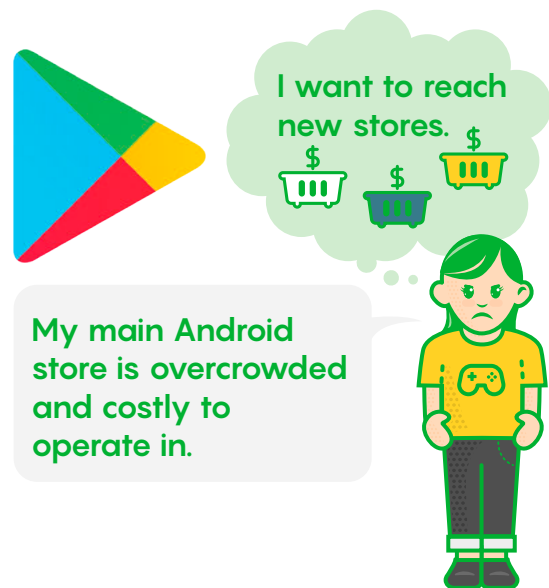
In essence, specific production and distribution lines need to be set up for each distribution channel a developer wants to support.

THE DEVELOPERS' DILEMMA

For developers, the opportunity cost of investing in new distribution and solving fragmentation issues is high. This follows as a consequence of: a) new channel support diverting resources from supporting a developer's position in its existing stores and b) new channel support having far longer payback times than user acquisition or feature investments in existing distribution⁶.

Most importantly — to be successful with distribution to many stores, developers need to divert resources from their core business, making games.

Developer's dilemma



Developers end up with a dilemma: a) invest in long term growth by diversified distribution but risk losing short term momentum in existing stores OR b) defend position in existing stores by foregoing new channel investment. Neither scenario is preferable.

Developers struggle to balance the investment case and many end up foregoing investment in diversified distribution. As a result, many channels are missing out on content. Open market distribution channels could be growing faster with more quality content. With effective ways of eliminating the developers' dilemma, overall market growth could be even stronger than it is today.

China

China is effectively a closed market. Prior to launch, a developer must get approval from the country's culture ministry and State Administration of Press, Publication, Radio, Film and Television (SAPPRFT). This creates legally and commercial challenges which limit the number of non-domestic developers currently targeting China.

Within China no single store dominates. The market is heavily fragmented. Google does not currently operate in China. Device manufacturers feature their own stores, as do mobile operators. In addition, distribution happens through 3rd party stores and social networks and chat. Each channel needs to create its own set of features required by games, such as payments, social features or push notifications.

Developers need to build for fragmentation from the outset — integrating payments and technology specific to target channels. Alternatively, they work with publishers who undertake the conversions on their behalf by re-writing the game's source code. Most developers choose to work with publishers or distribution partners to manage commercial relationships and distribution.

5. Key features requiring rebuilding are: In-app payments, upgrade management, asset file management (OBB) social features and Google sign-in (the latter only if distributing to Amazon Fire devices).

6. Developers get paid from Google Play 60 days after month end, meaning that incremental revenue created by new users or features can be realised quickly.



| The company

8. Flexion: Solving an industry problem

Flexion makes it easy for developers to exploit more markets, so they can maximize the growth potential of their mobile games.

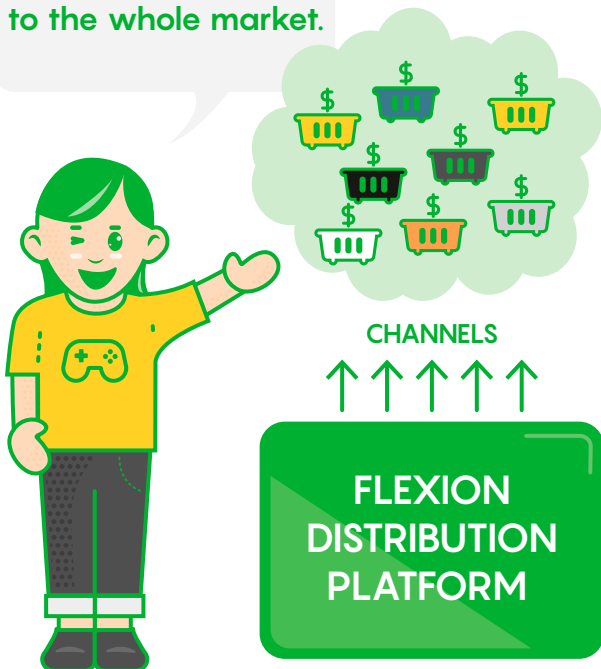
Flexion currently operates in the open market. More specifically, the company is focussing on distribution channels beyond Google Play. This segment is today worth USD 2 billion. The Company expects the segment to grow to be worth around USD 5 billion in 2021.

Three part value proposition

Flexion solves fragmentation through a three-part value proposition, comprising technical enabling, technical enhancement and service management.

Solution

Ahh, through Flexion I get one channel to the whole market.



TECHNICAL ENABLING

Flexion’s technology stack and service platform solves the issue of technical fragmentation. Developers normally build for Google Play first. Rather than get developers to change their code, Flexion works with a developer’s existing Android game file. Machine-based enabling technology modifies games and makes them compatible with requirements of other stores. For example, support for additional payment methods is added. Flexion’s service platform provides additional features and ensures games function as expected once in the hands of end-users.

TECHNICAL ENHANCEMENT

Flexion’s enabling technology allows it to modify a game file. This capability is also used to add new features, not initially present in the game. Such enhancement features can be used to improve a game’s or distribution channel’s performance. An example of an enhancement feature is Flexion’s existing “gifting” feature which allows channels (with a developer’s blessing) to give away an item for free to new users. This offer can in turn be used as part of promotional campaigns to attract or retain end-users.

SERVICE MANAGEMENT

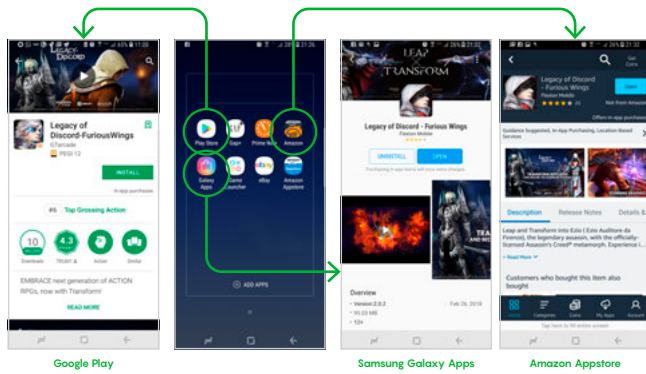
Commercial fragmentation is solved by the Company being a developer’s active distribution partner. Flexion has built up a network of distribution channel partners to which games in Flexion’s portfolio are distributed. The Company manages all operational aspects of the relationship with the channels on the developers’ behalf, including revenue reconciliation and out-payment.

Compliance with local market regulation is ensured as a result of a) Flexion actively monitoring regulatory changes and — if required — adapting products and services accordingly and b) regulatory compliance partially being managed by integrated store or payment partners, who themselves ensure aspects such as purchase flows comply with relevant rules.

Example: How Flexion exists on a device

End-users become Flexion users as part of finding and using games. Below are screenshots taken from a Samsung device.

One game — multiple channels on the same device



Distributed through Google Play by GTarcade

Distributed through Flexion

In addition to Google Play, this end-user has two additional routes through which to find a particular game. Flexion is the reason the game exists in the other two channels.

The user of this device has Samsung's Galaxy Apps store available to it by default (Galaxy Apps is preloaded on all distributed Samsung handsets and tablets). This user has also chosen to install Amazon's appstore.

Business model

Flexion's business model is a revenue share from the payments generated inside the games the Company distributes.

The revenue share model is made possible as a result of Flexion's role in the value chain. The Company and its platform handle all payment transactions in distributed games.

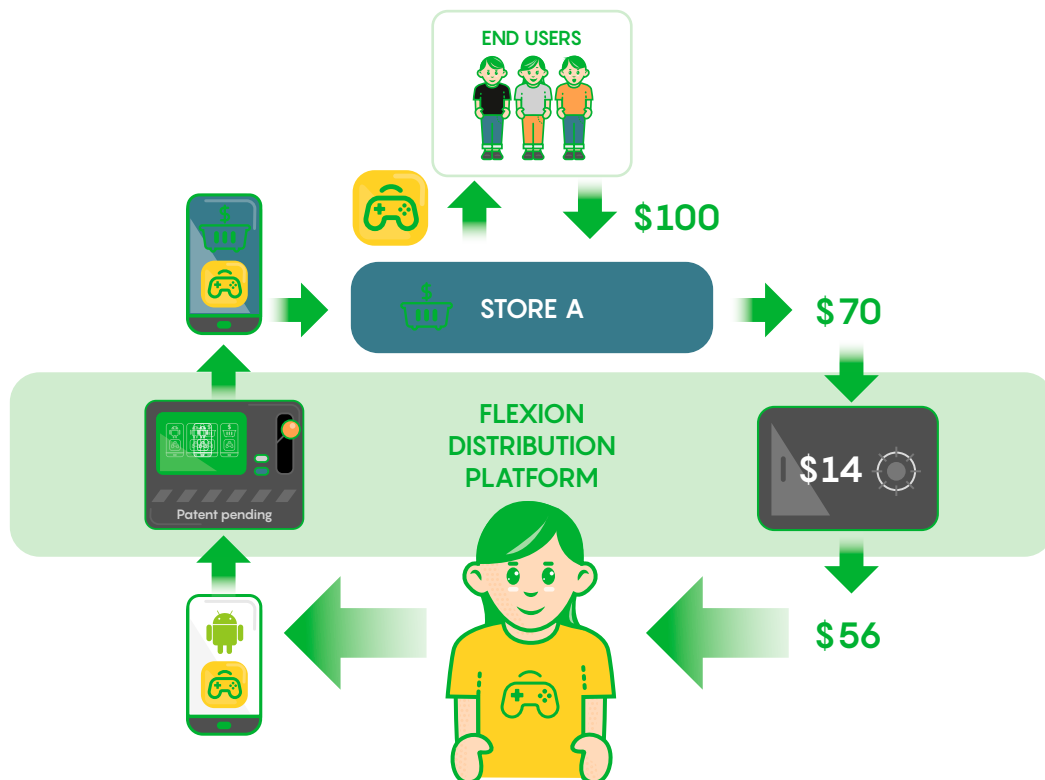
The percentages vary considerably dependent on what role each party has. For illustrative only purposes a typical flow is presented below. It should also be noted that the payment flow may differ if Flexion provides the billing services.

Service offerings and current customers

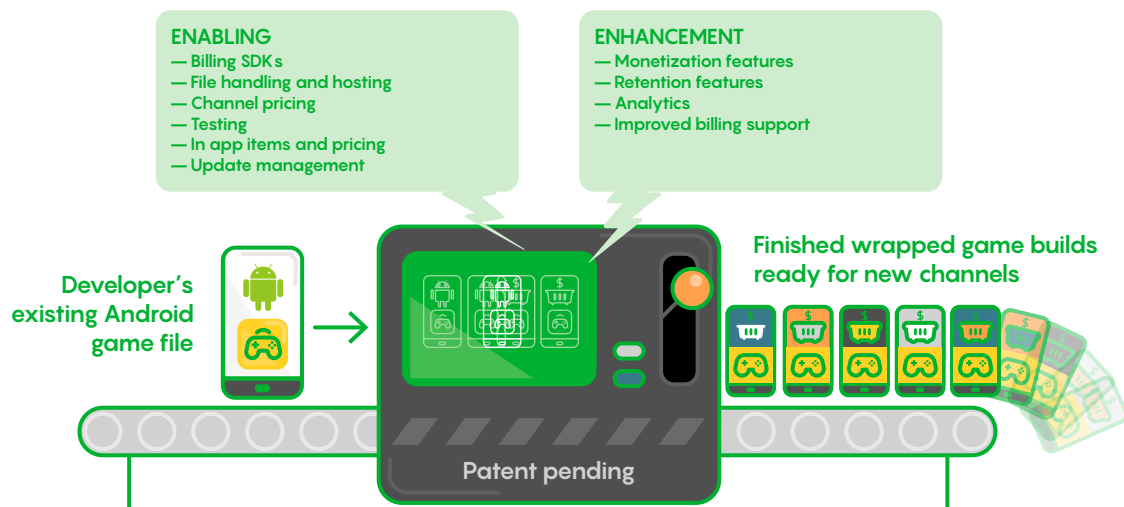
The company has two sets of partners — game developers and distribution channels. In addition, its activities also have a direct — and positive — impact on end-users.

As part of the initial phase of its growth, Flexion has elected to focus on quality — both in content and delivery & service provisioning.

Business model (simplified example)



Automated enabling



DEVELOPER OFFERING

For developers Flexion is a distribution partner and platform. Flexion is integrated with a broad spread of distribution channels, ranging from global players like Amazon and Samsung through to regional or local stores in emerging markets. Flexion has arguably the biggest footprint in the market in terms of distribution to stores beyond Google Play and China.

For developers, Flexion is a full-service partner. The Company actively manages a developer's games in its channels in order to ensure maximised revenue and performance.

Activities in detail

More specifically the Company undertakes:

- ✦ Technical enabling
- ✦ Technical provisioning and operations
- ✦ Compatibility validation and testing
- ✦ Ongoing service configuration
- ✦ Retailing and shop keeping
- ✦ Update management
- ✦ End-user customer care
- ✦ Securing promotions and user acquisition
- ✦ Account management with distribution channels
- ✦ Revenue reconciliation and settlement to developers
- ✦ Enhancement of game files

Developers can focus on creating and managing quality games. Flexion provides a full service offering which covers everything else.

DISTRIBUTION CHANNEL OFFERING

For distribution channels Flexion is a content partner. Flexion's portfolio of games is a consolidated source of quality games content for the channels.

Using this portfolio, distribution channels can scale their revenue and content offerings. Flexion manages the relationships with developers. The channels can focus on retailing and ensuring their overall store user numbers grow.

Provisioning of enhancement features

Flexion also provides a second role to distribution channels.

These need to create and promote unique or differentiating services or features which add value to new or existing users and allow channels to grow. Flexion's enhancement capabilities provide channels with features which address these needs.

END-USER OFFERING

Flexion becomes part of its distribution channel customers' service offering to their end-users. As a result, these channels can then offer a wider and deeper content offering. Thanks to Flexion, more channels get stronger content offerings and happier customers.

Flexion is always part of the user experience

Irrespective of from which store an end-user downloads this game, Flexion will be part of — or power — the end-user experience in relation to distribution and monetisation features. End-users interact with Flexion enabled features such as payment or upgrade management.

Flexion's active presence in the games also provides benefits to stores and end-users as it allows for the rapid deployment of new features and game updates. Free-ium games are updated frequently. The upside of this is the fact that new features can be rolled out swiftly to an entire user base — more or less automatically. Flexion controls the upgrade flow in channels through which it has distributed games and can migrate a user base to a new game version within hours.

Flexion’s technology

Flexion’s service offering is powered by a combination of unique enabling/conversion technology and a cloud based service platform.

ENABLING AND ENHANCEMENT TECHNOLOGY

A key strength for Flexion is its ability to take existing game files straight off a developers existing production line and make these compatible with other distribution channels. Flexion achieves this without a game developer needing to undertake any significant development work.

This is made possible thanks to Flexion’s core enabling technology. It allows for the addition, removal or replacement of features in games without requiring access to a developer’s source code. The technology is automated, machine based and operates on already compiled game files. The enabling technology is unique and patent pending in the USA and Europe. The basic conversion process looks as follows.

1. A game file is submitted to Flexion as part of a game’s normal submission or update cycles.
2. The file is processed by Flexion’s enabling technology (often referred to as a wrapper) which creates a number of new versions — one per distribution channel. After initial set up, processing and converting a file takes just minutes to complete and encompasses the following basic steps:
 - a. Flexion’s wrapping engine analyses the game file and identifies required changes based on pre-defined settings.
 - b. Flexion’s wrapping engine undertakes modifications to the game, adds required code for new features and components and also adds Flexion specific components to ensure new features function correctly.
 - c. The process completes with the wrapping engine saving the completed file (which is now ready for distribution without further work).
 - d. Steps b and c are repeated automatically in order to produce a variant for each distribution channel to which the game should be delivered.
3. Flexion’s operations team undertakes automated or manual quality assurance and thereafter delivers converted files to relevant channels.

The process is largely industrialised and Flexion performs thousands of wrapping operations monthly as part of its business operations.

DEVELOPERS CAN BUILD FOR THE OPEN MARKET FIRST

Developers can also choose to build for the open market from the outset. This is achieved through integrating parts of Flexion’s core technology directly in to a game as code library (using Flexion’s so called SDK). This means games are prepared for open market distribution already at build time. Additional flexibility and future proofing is achieved through this second method of enabling.

Games built with Flexion’s SDK still require post-build processing in order to add store specific features. This workflow means developers do not need to test channel specific features or payments — these are managed and tested by Flexion — greatly reducing resource and complexity when testing such features.

SERVICE PLATFORM

Functionality in distributed games is managed by Flexion’s cloud-based service platform. This manages user experience, authentication, authorisation, payments and store independence features. It also manages business intelligence and revenue reporting. The service platform is integrated with 3rd party payments and store payment solutions and other 3rd parties.

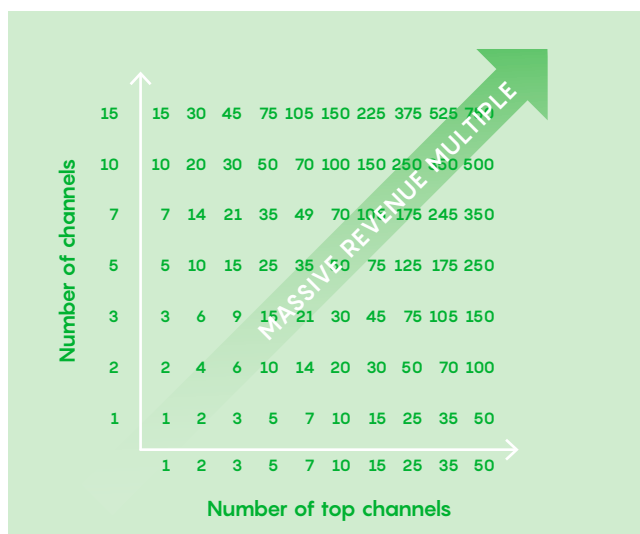
Scaling and future growth

Flexion has laid a foundation for future growth. The infrastructure has been built and critical mass in terms of distribution channel footprint has been achieved. The underlying business model is proven. Individual developers and channels are generating worthwhile revenue through the Company.

HIGHLY SCALABLE MODEL

The Company’s growth strategy will see it scale its user base and revenue.

Highly scalable model



Flexion’s business model includes multiple opportunities to grow:

1. **General market growth** — By offering a distribution platform in a market with high expected growth, Flexion is likely to also benefit from this market growth.
2. **Increased number of games** — By adding games to its platform Flexion can provide a continuously growing offer to distribution channels and their end users.
3. **Increased number of channels** — by adding new channels to its platform, Flexion increases the reach to end users who can play and spend in Flexion’s distributed games.
4. **Large growth investment programmes by integrated channels** — The majority of the channels that Flexion works with have their own growth strategies to increase their user bases. This will directly improve the revenue potential for the games that Flexion has live on the channels.
5. **Access to new games released by integrated channels** — after Flexion having built a strong relationship with a game developer, Flexion is likely to receive new games released by the same developer.
6. **Higher earning games** — as the distribution platform grows, it will be easier and easier to improve the quality of Flexion’s game portfolio. This is likely to have a direct impact on Flexion’s revenues.

7. **Enhancement features that drive performance** — the company’s ability to enhance existing games with new features allows it to drive or capitalise on new industry initiatives and emerging trends. Examples of potential future iterations are features to drive user engagement and retention, games discovery and new monetisation — including subscription based models on a game by game or service basis. As a result of these — and/ or other — features, Flexion may be able to improve overall monetisation performance for its customer and user-base.

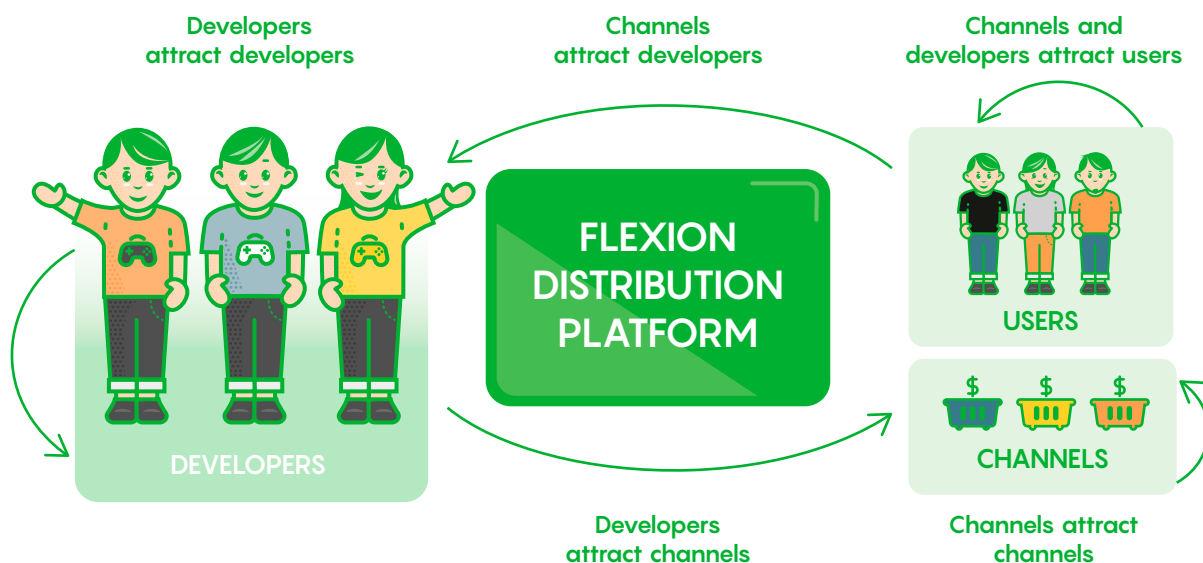
It is worth noting that user and revenue growth may be non-linear. The Company will engage with games and channels which ultimately under-perform, while other games and channels over-perform. Flexion’s model sets the Company up for exponential growth, but that growth may come in the form of spurts and surges.

In addition, the business model creates strong alignment between developers’ and channels’ incentives. This fuels network effects in the platform and platform itself starts to generate growth.

Irrespective of which of the above effects is the strongest, they can all generate significant growth and momentum — in turn driving Flexion’s overall growth.

A key objective for Flexion is to use its first mover advantage and part of its available cash and quickly build critical mass on its platform to fuel network effects and thus increase its growth potential.

The business model drives network effects



9. Flexion: Team strengths

Ensuring successful distribution to a fragmented ecosystem requires a team with specialisation across multiple disciplines. Flexion's strong company culture combined with meticulous recruitment processes creates low staff turnover — in turn ensuring that skills and experience built up over time is retained within the Company.

Business development

Successful business development requires a combination of network, experience and intimate market knowledge. To meet this challenge, Flexion has built up channel and developer relations teams led by industry veterans. Individual team members have previous positions with game developers, distribution channels and mobile operators. Flexion's core London based biz dev team is augmented by local representation in the USA and China.

Technology

Flexion has built development and product teams whose cores comprise senior, area-specific specialists. Agile development methods and proactivity in relation to internal knowledge transfer ensures true team cross functionality. This also allows the company to continually recruit and absorb leading, fresh talent.

Operations and delivery

Flexion's operations are effectively many-to-many. Flexion's operations and delivery team has evolved to execute on two dimensions — high throughput volumes combined with intense attention to detail in all aspects of its activity. Thanks to skilled staff and well established processes, a very small team is capable of undertaking 100s or even 1000s of delivery actions monthly. This approach also creates a solid foundation for ongoing scaling as Flexion's operations grow.

Finance and monetisation

Distribution through the open market poses a set of specific challenges in relation to finance, monetisation and payments. Payment types and channels have varying payout times. Payout currencies differ, reporting quality and timeliness fluctuate, and monetary flows from multiple revenue sources need to be combined. Flexion has operated in this environment since its inception. As a result it has built up processes and team knowhow which are unique in the market. This is evidenced by the fact that Flexion — despite being comparatively small — is fully trusted to reconcile and manage revenue streams by companies 10s or 100s of times its size.



The details

10. Financial overview

This financial summary is derived from the Company's audited annual reports for the financial years of 1 April 2015 to 31 March 2016 and 1 April 2016 to 31 March 2017. These statements have been prepared in accordance with the accounting principles of the Companies Act 2006 and IFRS as adopted by the European Union.

The financial summary has been supplemented with unaudited numbers for the periods 1 April 2016 to 31 December 2016 and 1 April 2017 to 31 December 2017. These have been drawn up for the specific purpose of being included in this Company Description as the Company is yet to publish its annual report for the financial year ended March 2018. These unaudited numbers follow the accounting rules of IAS 34.

The financial summary has also been supplemented with an audited balance sheet for the 17th of May 2018. The balance sheet was created as part of the company's re-registration as a Plc on June 1 2018. The balance sheet is available at the end of this chapter and also from the company's website.

Flexion Mobile has two fully owned dormant subsidiaries and one 50 per cent owned dormant entity. As these are all dormant, there are no material financial differences between group reporting and parent company reporting.

The Company's Revenue is derived from the revenue streams Distribution Revenue and Legacy Revenue. Distribution Revenue further comprises IAP (In App Purchases) Revenue and Subscription Revenue.

Explanations

IAP Revenue (In App Purchase Revenue) represents revenue receivable by the Company in respect of end-user transactions of sold in-application items in games managed by the Company.

Subscription Revenue is typically revenue from game applications distributed through subscription clubs. Subscription Revenue is typically derived from end-user subscription fees but the revenue may also include integration fees and recurring service charges.

Legacy Revenue is typically old non-strategic revenue including revenue from purchases or subscription fees of game applications in feature phones.

Revenue is reported net of VAT, billing transaction costs, local taxes, bad debt/refunds and distribution channel fees deducted at source. Revenue is typically recognized when transactions are deemed to be successful and recorded as accrued income on the balance sheet. The accrued income is subsequently reversed when payment is received and / or an invoice is issued for revenue relating to those successful transactions.

The Company's **Cost of Sales** is typically a percentage of revenue paid out to game developers and — in some instances — distribution channels as per contractual terms. Costs are recognised in the same period as the related revenue.

Staff and Contractors Cost represent associated costs of employees and long-term contractors. Costs are reported net of IFRS qualified development costs which the Company started to capitalise in the financial year ending March 2017.

Other Overheads represent mainly premises, consultancy fees and other administrative costs.

Depreciation/Amortization is applied over the economic life of fixed assets and over five years of Development cost respectively.

Other Income represents primarily grants recognised to match related expenditures.

Tax comprises primarily of R&D Tax Credits received from the UK government to support innovation.

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the period ended 31 December 2017

	Notes	Dec 2017 9 months Unaudited GBP	Dec 2016 9 months Unaudited GBP	Mar 2017 12 months Audited GBP	Mar 2016 12 months Audited GBP
Revenue	3	1,332,256	904,302	1,372,799	863,532
Cost of sales		(788,260)	(589,844)	(886,002)	(400,304)
Gross Profit		543,996	314,458	486,797	463,228
General and administrative expenses	5	(1,467,805)	(1,305,154)	(1,794,435)	(1,580,705)
Share-based payments	8	(2,217)	(10,896)	(11,366)	0
EBITDA		(926,026)	(1,001,592)	(1,319,004)	(1,117,477)
Other income	4	511,497	467,378	642,645	0
Depreciation of tangible assets		(15,938)	(12,106)	(17,418)	(3,690)
Amortization of intangible assets		(18,936)	0	0	0
Operating Profit/Loss (EBIT)		(449,403)	(546,320)	(693,777)	(1,121,167)
Finance income/expenses		0	0	0	0
Tax		62,102	39,530	55,661	183,461
Profit/Loss after Tax		(387,301)	(506,790)	(638,116)	(937,706)
Attributable to:					
Equity holders of the parent		(387,301)	(506,790)	(638,116)	(937,706)
Non-controlling interests		0	0	0	0
Profit/Loss for the period		(387,301)	(506,790)	(638,116)	(937,706)
Exchange translation differences		(6,416)	(5,234)	(9,290)	83,906
Total comprehensive Profit/Loss for the year		(393,717)	(512,024)	(647,406)	(853,800)
Attributable to:					
Owners of the parent		(393,717)	(512,024)	(647,406)	(853,800)
Non-controlling interests		0	0	0	0
		(393,717)	(512,024)	(647,406)	(853,800)
Loss per share:					
Loss per share — basic and diluted, attributable to ordinary equity holders of the parent (pence)	6	(1.23)	(1.60)	(2.03)	(2.87)

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	Dec 2017 Unaudited GBP	Dec 2016 Unaudited GBP	Mar 2017 Audited GBP	Mar 2016 Audited GBP
Assets					
Non-Current Assets					
Property, plant and equipment		42,503	63,754	58,441	1,966
Intangible assets		157,926	75,697	100,929	0
Investments		0	0	0	0
Total Non-Current Assets		200,429	139,451	159,370	1,966
Current Assets					
Trade and other receivables		549,554	856,612	727,926	752,576
Cash and cash equivalents		2,085,936	2,283,733	2,217,767	2,609,734
Total Current Assets		2,635,490	3,140,345	2,945,693	3,362,310
Total Assets		2,835,919	3,279,796	3,105,063	3,364,276
Equity and Liabilities					
Equity					
Share capital	7	63,856	1,277	1,277	1,277
Share premium	7	3,422,130	3,489,752	3,484,709	3,489,752
Other reserves		13,583	10,896	11,366	0
Retained earnings		(1,684,818)	(1,155,719)	(1,291,101)	(643,695)
Total Equity		1,814,751	2,346,206	2,206,251	2,847,334
Non-Current liabilities					
Deferred tax liabilities		42,486	30,069	34,147	0
Total Non-Current Liabilities		42,486	30,069	34,147	0
Current Liabilities					
Trade and other payables		978,682	903,521	864,665	516,942
Total Current Liabilities		978,682	903,521	864,665	516,942
Total Liabilities		1,021,168	933,590	898,812	516,942
Total Equity and Liabilities		2,835,919	3,279,796	3,105,063	3,364,276

Consolidated Statement of Cash Flows

For the period ended 31 December 2017

	Notes	Dec 2017 9 months Unaudited GBP	Dec 2016 9 months Unaudited GBP	Mar 2017 12 months Audited GBP	Mar 2016 12 months Audited GBP
Cash Flows from Operating Activities					
Loss for the year — continuing operations		(449,403)	(546,320)	(693,777)	(1,121,167)
Loss for The Year		(449,403)	(546,320)	(693,777)	(1,121,167)
Adjustments for:					
Finance income		0	0	0	0
Share-based payments	8	2,217	10,896	11,366	0
Depreciation of tangible assets		15,938	12,106	17,418	3,690
Amortization of intangible assets		18,936	0	0	0
Grant income		(511,497)	(467,378)	(642,645)	0
Working capital:					
Change in trade and other receivables		236,147	(109,140)	109,091	586,669
Change in trade and other payables		(230,769)	344,696	406,727	(164,414)
Operating Cash Flow		(918,431)	(755,140)	(791,820)	(695,222)
Grant payment		868,951	583,934	583,935	0
Net Cash Flow from Operating Activities		(49,480)	(171,206)	(207,885)	(695,222)
Cash Flow from Investing Activities					
Expenditure on property, plant and equipment		(0)	(73,864)	(73,863)	0
Capitalised development costs		(75,934)	(75,697)	(100,929)	0
Bank interest received		0	0	0	0
Net Cash Flow from Investing Activities		(75,934)	(149,561)	(174,792)	0
Cash Flow from Financing Activities					
Net proceeds from issue of equity instruments		0	0	0	1,816,883
Net Cash Flow from Financing Activities		0	0	0	1,816,883
Net Change in Cash and Cash Equivalents		(125,414)	(320,767)	(382,677)	1,121,661
Net foreign exchange difference		(6,417)	(5,234)	(9,290)	83,906
Cash and Cash Equivalents At Beginning of Year		2,217,767	2,609,734	2,609,734	1,404,167
Cash and Cash Equivalents At End of Year		2,085,936	2,283,733	2,217,767	2,609,734

Consolidated Statement of Changes in Equity

For the period ended 31 December 2017

	Notes	Share capital GBP	Share premium GBP	Share-based payment reserve GBP	Retained earnings GBP	Foreign currency trans- lation reserve GBP	Total GBP	Non- control- ling interests GBP	Total GBP
Balance at 1 April 2016		1,277	3,489,752	0	(643,695)	0	2,847,334	0	2,847,334
Loss for the year		0	0	0	(512,024)	0	(512,024)	0	(512,024)
Foreign exchange translation reserve		0	0	0	0	0	0	0	0
Total Comprehensive Income		1,277	3,489,752	0	(1,155,719)	0	2,335,310	0	2,335,310
Share-based payments	8	0	0	10,896	0	0	10,896	0	10,896
Issue of share capital		0	0	0	0	0	0	0	0
Balance At 31 December 2016		1,277	3,489,752	10,896	(1,155,719)	0	2,346,206	0	2,346,206
Balance at 1 April 2017		1,277	3,484,709	11,366	(1,291,101)	0	2,206,251	0	2,206,251
Loss for the year		0	0	0	(393,717)	0	(393,717)	0	(393,717)
Foreign exchange translation reserve		0	0	0	0	0	0	0	0
Total Comprehensive Income		1,277	3,484,709	11,366	(1,684,818)	0	1,812,534	0	1,812,534
Share-based payments	8	0	0	2,217	0	0	2,217	0	2,217
Bonus issue	7	62,579	(62,579)	0	0	0	0	0	0
Issue of share capital		0	0	0	0	0	0	0	0
Balance At 31 December 2017		63,856	3,422,130	13,583	(1,684,818)	0	1,814,751	0	1,814,751

Notes to the condensed consolidated financial statements for the period ended 31 December 2017

1. Basis of preparation

The condensed consolidated financial statements for the 9 months ended 31 December 2017 have been prepared in accordance with International Accounting Standard 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 continues 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 2017 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 period ended 31 December 2016 and 31 December 2017 is unaudited. The financial information for the twelve months to 31 March 2016 and 31 March 2017 is audited.

2. Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Company's financial statements for the year ended 31 March 2017.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following accounting policies have changed in the current year. New amendments to IFRS effective as of 1 April 2017 have been reviewed by the Company. These amendments principally related to clarifications and presentation and there has been no material impact on the financial statements as a result. The new amendments include:

- Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7: Disclosure Initiative

ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The main judgements and key sources of estimation uncertainty applied in these interim consolidated financial statements are detailed in the Company's annual financial statements for the year ending 31 March 2017.

3. Segmental information

The Company's revenue reporting format was determined by the traffic segments according to its sales, which are: Distribution Revenue (comprising IAP and Subscription Revenue) and Legacy Revenue.

	Dec 2017 9 months GBP	Dec 2016 9 months GBP
Revenue breakdown		
IAP Revenue	880,387 ¹	502,855
Subscription Revenue	323,704	140,352
Legacy Revenue	128,165	261,095
Total Revenue	1,332,256	904,302

¹ Includes a favourable one-off adjustment of GBP 45,642.

4. Other Income

	Dec 2017 9 months GBP	Dec 2016 9 months GBP
Grant income	511,497	467,378

On 6 April 2016 the Company was awarded up to GBP 1,619,738 in grant funding from the European Union's Horizon 2020 Research and Innovation Programme. In the 9 month period ending December 2017 the Company recognised GBP 511,497 as grant income. The amount of cash the Company received from this grant during the 9 month period ending December 2017 was GBP 868,951.

5. General and Administrative Expenses

	Dec 2017 9 months GBP	Dec 2016 9 months GBP
Staff and Contractors Cost	1,135,430	1,037,950
Other Overheads	332,375	267,205
General and Administrative Expenses	1,467,805	1,305,154

Not included above: The Company has, since March 2017, started to capitalize the following Staff and Contractors Development Cost as part of the IFRS framework:

	Dec 2017 9 months GBP	Dec 2016 9 months GBP
Capitalized software development cost	75,934	75,697

The Company is not capitalizing any Staff and Contractors Cost that is related to the projects that are part funded by the European Union's Horizon 2020 Research and Innovation Programme.

6. Loss per share

Basic 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:

	Dec 2017	Dec 2016
Loss after tax attributable to equity holders of the parent (GBP)	(393,717)	(512,024)
Weighted average number of ordinary shares in issue	31,927,750	31,927,750 ¹
Fully diluted weighted average number of ordinary shares in issue	31,927,750	31,927,750 ¹
Basic and diluted loss per share (GBP)	(0.0123)	(0.0160)

¹ The number of ordinary shares and share options at December 2016 have been adjusted by a factor of 250 to take into account the 5 to 1 Share Split and the 50 to 1 Bonus Issue that took place on the 14 December 2017.

Basic and diluted earnings per share are the same, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The adjusted share options outstanding as at 31 December 2017 totalled 2,404,500 (2016: 2,565,250) and are potentially dilutive.

***7. SHARE CAPITAL**

Date	Details	Number of shares issued GBP	Nominal value per share GBP	Total Share Capital GBP	Total Share Premium GBP
At 1 Apr. 2016	Opening Balance	127,711	0.01	1,277	3,489,752
At 31 Dec. 2016		127,711	0.01	1,277	3,489,752
	Movements in share premium			1,277	(5,043)
At 31 Mar. 2017		127,711	0.01	1,277	3,484,709
14 Dec. 2017	Bonus issue	6,257,839	0.01	62,579	-62,579
14 Dec. 2017	Share split	31,927,750	0.002		
At 31 Dec. 2017		31,927,750	0.002	63,856	3,422,130

7. Share capital

Details of ordinary shares of GBP 0.002 each issued are in the table above*.

On 14 December 2017 the Company undertook the following two share transactions: i) a bonus issue where every 1 existing ordinary share of par value GBP 0.01 in Flexion Mobile at close of business became 50 ordinary shares of par value GBP 0.01; and ii) a share split where every 1 existing ordinary share of par value GBP 0.01 in Flexion Mobile at close of business became 5 ordinary shares of par value GBP 0.002. The rights attaching to the new ordinary shares of GBP 0.002 are identical in all respects to those of the old ordinary shares of GBP 0.01.

8. Share-based payments

The Company operates a share ownership compensation scheme for employees of the Company under which employees may be granted options to purchase ordinary shares in Flexion Mobile.

	Dec 2017	Dec 2016
Share options outstanding (adjusted)	2,404,500 ¹	2,565,250 ¹
Weighted average exercise price (GBP)	0.4423 ¹	0.4151 ¹
Weighted average expiry date	3 August 2025	1 June 2024

¹ The numbers for the share options outstanding as well as the weighted average exercise price at December 2016 and December 2017 have been adjusted by a factor of 250 to take into account the 5 to 1 share split and the 50 to 1 bonus issue that took place on the 14 December 2017.

The charge recognised from equity-settled share-based payments in respect of employee services received during that period was GBP 2,217 (2016 GBP 10,896).

9. Events after the reporting period

On 23 February 2018 the Company closed a round of funding issuing 8,205,208 shares at a nominal value of GBP 0.002 per share. The issue price for these shares was SEK 8.30 per share.

On 16 May 2018 the Company carried out a Capital Reduction of GBP 4.0m to comply with Companies House requirements for re-registration as a Plc company. The result of the Capital Reduction was that GBP 4.0m were moved from the Share Premium Account to the Retained Earnings Account on the Balance Sheet.

On 1 June 2018 the Company re-registered as a public company (changed from being Flexion Mobile Ltd to being Flexion Mobile Plc). To fulfil the re-registration requirements of the Companies Act 2006, the Company undertook an statutory audit of its 17th of May, 2018 balance sheet to confirm an audited balance sheet and that the Company's net assets are not less than the aggregate of its called-up share capital and undisputable reserves. The Audit Statement submitted as part of this process is presented in its entirety overleaf.

On 5 June 2018 the Company issued 1,000,000 shares at a nominal value of GBP 0.002 per share. The issue price for these shares was SEK 8.30 per share less a discount of SEK 2.30 per share on the basis that allotments were limited in sizes of 1,000, 2,000 and 3,000 shares per shareholder. The sole purpose of the share issue was to increase the number of shareholders and the post listing liquidity.

Statement of the Independent auditor to Flexion Mobile Limited for the purpose of Section 92(1)(b) and (c) of the Companies Act 2006

We have audited the balance sheet and related notes of Flexion Mobile Limited as at 17 May 2018 set out on pages 2 to 4 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The company's directors are responsible for the preparation of the balance sheet and related notes.

It is our responsibility to:

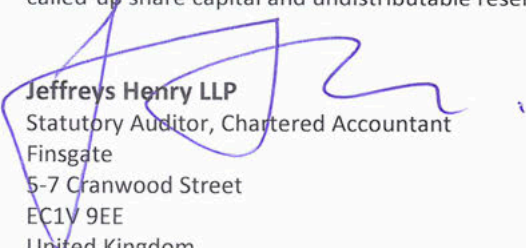
- (a) report on whether the balance sheet has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied if it had been prepared for a financial year of the company with such modifications as are necessary by reason of that fact; and
- (b) form an independent opinion concerning the relationship between the company's net assets and its called-up share capital and undistributable reserves at the balance sheet date.

Opinion concerning preparation of balance sheet

In our opinion the balance sheet and related notes as at 17 May 2018 have been properly prepared in accordance with the provisions of the Companies Act 2006, which would have applied had the balance sheet been prepared for a financial year of the company.

Statement on net assets

In our opinion, at 17 May 2018 the amount of the company's net assets (within the meaning given to that expression by section 831(2) of the Companies Act 2006) was not less than the aggregate of its called-up share capital and undistributable reserves.


Jeffreys Henry LLP
Statutory Auditor, Chartered Accountant
Finsgate
5-7 Cranwood Street
EC1V 9EE
United Kingdom

31 May 2018

Balance Sheet**As at 17 May 2018**

		17 May 2018	31 March 2017
	Notes	£	£
ASSETS			
Non-Current Assets			
Property, plant and equipment		34,448	58,441
Intangible assets		172,708	100,929
Investments		3	3
Total Non-Current Assets		207,159	159,373
Current Assets			
Trade and other receivables	3	987,471	727,926
Cash and cash equivalents		7,404,750	2,217,767
Total Current Assets		8,392,221	2,945,693
Total Assets		8,599,380	3,105,066
Equity and Liabilities			
Equity			
Share capital	4	80,266	1,277
Share premium	4	4,703,183	3,484,709
Other reserves		15,654	11,366
Retained earnings	5	1,939,533	(1,291,101)
Total Equity		6,738,636	2,206,251
Non-Current Liabilities			
Deferred Tax liabilities		11,005	34,147
Total Non-Current Liabilities		11,005	34,147
Current Liabilities			
Trade and other payables	6	1,849,739	864,668
Total Current Liabilities		1,849,739	864,668
Total Liabilities		1,860,744	898,815
Total Equity and Liabilities		8,599,380	3,105,066

The Balance Sheet was approved by the Board of Directors on 31 May 2018 and signed on its behalf by:



Per Lauritzson
Director

DIRECTORS' RESPONSIBILITIES FOR THE BALANCE SHEET

The Directors are responsible for preparing the Balance Sheet and related notes 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 Company financial statements in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the balance sheet unless they are satisfied that they give a true and fair view of the state of affairs of the Company at that date. In preparing the balance sheet, the Directors are required to:

- select suitable accounting policies and then apply them consistently,
- make Judgements and accounting estimates that are reasonable and prudent,
- prepare the balance sheet on a 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.

Notes to the balance sheet as at 17 May 2018

1 Basis of preparation

The balance sheet and related notes at 17 May 2018 have been prepared in accordance with the provisions of the Companies Act 2006, which would have applied had the balance sheet been prepared for a financial year of the Company. The balance sheet of the company has been prepared on the going concern basis, under historical cost convention and in accordance with Section 92 (1)(b) and (c) of the Companies Act 2006. The Company's offices are in London and the registered number of the Company is 04306881.

After making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Board continues to adopt the going concern basis in preparing these statements and notes.

2 Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in the preparation of the balance sheet and notes as were applied in the preparation of the Group's financial statements for the year ended 31 March 2017.

Accounting estimates

The main judgements and key sources of estimation uncertainty applied in the preparation of the balance sheet are detailed in the Group's annual financial statements for the year ending 31 March 2017. There were no changes to accounting policies used in the preparation of the balance sheet and notes.

3 Trade and other receivables

	17 May 2018	31 March 2017
	£	£
Trade receivables	53,787	74,081
Other receivables	198,760	242,811
Prepayments and accrued income	734,924	411,034
Trade and other receivables	987,471	727,926

4 Share capital

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

Date	Details	Number of shares	Nominal value £	Total Share Capital £	Total Share Premium £
At 1 April 2017	Opening Balance	127,711	0.01	1,277	3,484,709
14 December 2017	Bonus Issue	6,257,839	0.01	62,579	-62,579
14 December 2017	Share Split	31,927,750	0.002		
At 31 December 2017		31,927,750	0.002	63,856	3,422,130
	Movements in share premium				(1,677)
23 February 2018	Shares Issued	8,205,208	0.002	16,410	5,282,730
At 31 March 2018		40,132,958	0.002	80,266	8,703,183
16 May 2018	Capital reduction				-4,000,000
At 17 May 2018		40,132,958	0.002	80,266	4,703,183

5 Retained earnings

	17 May 2018	31 March 2017
	£	£
Opening balance	(1,291,101)	(643,695)
Loss for the period	(769,366)	(647,406)
Capital Restructuring	4,000,000	-
Closing balance	1,939,533	(1,291,101)

6 Trade and other payables

	17 May 2018	31 March 2017
	£	£
Trade payables	76,237	65,984
Social Security and other taxes	39,597	37,240
Other payables	58,805	65,793
Accrued expenses	1,675,100	695,651
Trade and other payables	1,849,739	864,668

11. Comments

on the financial development

The information in this section should be read together with the section “Financial overview” and financial statements and accompanying notes which are incorporated in this Company Description by reference.

Comparison of 9 months numbers between Apr—Dec 16 and Apr—Dec 17

IAP Revenue increased by 75% (or GBP 377,532), from GBP 502,855 in Apr—Dec 16 to GBP 880,387 in Apr—Dec 17. This is an early result of the Company’s efforts to increase the number of integrated games and channels on its platform.

Subscription Revenues increased by 131% (or GBP 183,352), from GBP 140,352 in Apr—Dec 16 to GBP 323,704 in Apr—Dec 17. This growth was partly driven by contracts with limited strategic value to the Company.

Old non-strategic **Legacy Revenues** fell (as expected) by 51% (or GBP 132,920) from GBP 261,095 in Apr—Dec 16 to GBP 128,165 in Apr—Dec 17.

Total Revenue increased from GBP 904,302 in Apr—Dec 16 to GBP 1,332,256 in Apr—Dec 17. This represents a 47% (or GBP 427,954) overall growth in revenues for the company.

Gross Profit increased by 73% (or GBP 229,533) from GBP 314,458 in Apr—Dec 16 to GBP 543,996 in Apr—Dec 17.

Operating Loss improved by 18% (or GBP 96,917) from GBP 546,320 in Apr—Dec 16 to GBP 449,403 in Apr—Dec 17 as the growth in Gross Profit was larger than increases in General and Administrative Expenses (primarily Staff and Contractors Costs) during the same period.

Total Comprehensive Loss for the Year improved with 23% (or GBP 118,307) from GBP 512,024 in Apr—Dec 16 to GBP 393,717 in Apr—Dec 17 driven by improved Operating Loss and improved contributions of GBP 44,119 from Other Income (Grant Income) and GBP 22,573 from Tax (R&D Tax rebate).

The Negative Operating Cash Flow increased by 21% (or GBP 163,291) from GBP 755,140 in Apr—Dec 16 to GBP 918,431 in Apr—Dec 17 primarily driven by normalisation of Working Capital flows compared to the previous year.

Net Change in Cash and Cash Equivalents improved by 61% (or GBP 195,353) from GBP -320,767 in Apr—Dec 16 to GBP -125,414 in Apr—Dec 17 driven by improved operational performance and support from Other Income (Grant Income). Cash and Cash Equivalents therefore remained relatively stable at GBP 2,085,936 in Dec 17 compared to GBP 2,283,733 in Dec 16.

Comparison of 12 months numbers between Apr—Mar 16 and Apr—Mar 17

IAP Revenue increased by 231% (or GBP 552,621) from GBP 239,753 in Apr—Mar 16 to GBP 792,374 in Apr—Mar 17.

Subscription Revenue increased by 108% (or GBP 126,737) from GBP 117,712 in Apr—Mar 16 to GBP 244,449 in Apr—Mar 17. Old non-strategic Legacy Revenue fell (as expected) by 51% (or GBP 170,091) from GBP 506,067 in Apr—Mar 16 to GBP 335,976 in Apr—Mar 17.

Total Revenue increased from GBP 863,532 in Apr—Mar 16 to GBP 1,372,799 in Apr—Mar 17. This represents a 59% (or GBP 509,267) growth in Total Revenue for the company.

Gross Profit increased by 5% (or GBP 23,569) from GBP 463,228 in Apr—Mar 16 to GBP 486,797 in Apr—Mar 17. The low increase is due to the loss of high margin contribution from Legacy Revenue.

Operating Loss improved by 38% (or GBP 427,390) from GBP 1,121,167 in Apr—Mar 16 to GBP 693,777 in Apr—Mar 17 mainly due to the contribution of the Grant Income in the period Apr—Mar 17.

Total Comprehensive Loss for the Year improved with 32% (or GBP 206,394) from GBP 853,800 in Apr—Mar 16 to GBP 647,406 in Apr—Mar 17 driven by improved Operating Loss and improved contributions of GBP 642,645 from Other Income (Grant Income).

The Negative Operating Cash Flow increased by 14% (or GBP 96,598) from GBP 695,222 in Apr—Mar 16 to GBP 791,820 in Apr—Mar 17 primarily driven by normalisation of Working Capital flows compared to the previous year.

Net Change in Cash and Cash Equivalents decreased by 34% (or GBP 1,504,388) from GBP 1,121,661 in Apr—Mar 16 to GBP 382,677 in Apr—Mar 17 driven by the fundraise of GBP 1,816,883 in Apr—Mar 16.

Key performance indicators

SUMMARY OF THE COMPANY'S KEY PERFORMANCE INDICATORS

		Dec 2017 9 months	Dec 2016 9 months	Mar 2017 12 months
IAP Revenue Growth ¹	%	75%	197% ²	230%
Subscription Revenue Growth ¹	%	131%	40% ²	108%
Total Revenue Growth ¹	%	47%	22% ²	59%
Gross Profit Growth ¹	%	17%	-31% ²	-34%
EBITDA Growth ¹	%	-37%	6% ²	-26%
Gross Profit Margin	%	41%	35%	35%
EBITDA Margin	%	-70%	-111%	-96%
Average Monthly Operational Cash Burn ³	GBP	102,048	83,904	65,985
Runway Left ⁴	Months	20	27	34
Head Count ⁵		36	28	28

¹ Growth rates are measured to the comparable period in the previous financial year.

² Indicative only. Comparative numbers for the 9 months ended December 2015 have been prepared according to FRSSE (Not adjusted for IFRS).

³ Operational Cash flow divided by number of months in the measured period.

⁴ Cash at End of Period to Average Monthly Operational Cash Burn.

⁵ Head Count is defined by the Company as all Staff plus long-term Contractors.

12. Equity, liabilities and other financial information

The table below accounts for the Company's interest-bearing net indebtedness as at 5 June 2018.

The tables below accounts for the Company's interest bearing net indebtedness as of 5th June 2018. The tables include full settlement of the 2018 share issues. The table should be read together with the sections "Financial overview" and "Comments on the financial development" along with the Company's financial statements and accompanying notes which are incorporated in this Company Description by reference. See section "Share capital and ownership structure" for further information about the Company's share capital and shares.

CONSOLIDATED NET INDEBTEDNESS

		As at 5 June 2018 Unaudited GBP
A	Cash	7,419,856
B	Cash equivalents	0
C	Trading securities	0
D	Liquidity A+B+C	7,419,856
E	Current financial receivables	0
F	Current bank debt	0
G	Current portion of non-current debt	0
H	Other current financial debt	0
I	Current debt F+G+H	0
J	Net current liquidity I-E-D	7,419,856
K	Non-current bank loans	0
L	Bonds issued	0
M	Other non-current debt	0
N	Non-current financial indebtedness K+L+M	0
O	Net liquidity J+N	7,419,856

TRENDS AND PROSPECTS

In addition to what has been stated in this Company Description, the Company does not know of any other trends, uncertainties, potential claims or other claims or events, that can be expected to materially affect the Company's business prospects.

In addition to what has been stated in this Company Description, the Company does not know of any public, economic, fiscal, monetary or other factors that, directly or indirectly, can materially affect or could potentially affect the Company's business.

Working capital statement

The board of directors of Flexion Mobile consider that the working capital is sufficient for the current needs for at least the next 12 months counting from the date of this Company Description.

13. Share capital and ownership structure

Share capital

The shares in Flexion Mobile have been issued in accordance with English law and are denominated in GBP and are fully paid. At the date of this Company Description, the share capital amounts to GBP 82,265.92 divided into 41,132,958 shares, each with a nominal value of GBP 0.002. At the general meeting, each share carries one vote. The shares are currently not subject to public trading, but Flexion Mobile has applied for its shares to be admitted for trading on First North. Each share has equal rights to Flexion Mobile's assets and profits. At the general meeting of shareholders, each shareholder is entitled to vote the full number of shares that the shareholder holds in Flexion Mobile, without limitations in the voting rights. All shares have equal preferential rights to subscribe for shares on is-

sue of new shares in Flexion Mobile unless the shareholders' meeting, or the board of directors by authorization by the shareholders' meeting, resolves to deviate from the shareholders' preferential rights. There are no restrictions on the transferability of the shares. Flexion Mobile's shares are not subject to offers as a result of right of redemption.

Share capital development

Flexion Mobile was formed on 18 October 2001 with a trade that was discontinued in 2006, Flexion Mobile was thereafter dormant. From 1 June 2007 Flexion Mobile was reactivated as it commenced with its current trade. The table below shows the changes in the share capital from the 18th of October 2001 and onwards.

Date	Transaction	Number of Issued Shares	Aggregated Number of Issued Shares	Nominal Value Per Share (GBP)	Total Nominal Capital Per Transaction (GBP)	Aggregated Nominal Capital (GBP)	Nominal Quota Value (GBP)
Ordinary Shares — GBP 1.00 Nominal Value Per Share							
18 October 2001	New Share Class	2	2	1.000	2.00	2.00	1.000
29 November 2011	Issue of new shares	998	1,000	1.000	998.00	1,000.00	1.000
29 November 2011	Conversion to GBP 0.01 Ordinary	-1,000	0	1.000	-1,000.00	0.00	1.000
Ordinary Shares — GBP 0.01 Nominal Value Per Share							
29 November 2011	Share split 1:100	100,000	100,000	0.010	1,000.00	1,000.00	0.010
30 April 2014 ¹	Issue of additional shares	15,000	115,000	0.010	150.00	1,150.00	0.010
09 November 2015 ²	Issue of additional shares	7,684	122,684	0.010	76.84	1,226.84	0.010
30 November 2015 ²	Issue of additional shares	961	123,645	0.010	9.61	1,236.45	0.010
18 January 2016 ²	Issue of additional shares	2,653	126,298	0.010	26.53	1,262.98	0.010
23 February 2016 ²	Issue of additional shares	320	126,618	0.010	3.20	1,266.18	0.010
31 March 2016 ²	Issue of additional shares	1,093	127,711	0.010	10.93	1,277.11	0.010
14 December 2017	Bonus issue 1:50	6,257,839	6,385,550	0.010	62,578.39	63,855.50	0.010
14 December 2017	Conversion to GBP 0.002 Ordinary	-6,385,550	0	0.010	-63,855.50	0.00	0.010
Ordinary Shares — GBP 0.002 Nominal Value Per Share							
14 December 2017	Share split 1:5	31,927,750	31,927,750	0.002	63,855.50	63,855.50	0.002
23 February 2018 ³	Issue of additional shares	8,205,208	40,132,958	0.002	16,410.42	80,265.92	0.002
05 June 2018 ⁴	Issue of additional shares	1,000,000	41,132,958	0.002	2,000.00	82,265.92	0.002

¹ Issued at GBP 100 per share (equivalent to GBP 0.40 per share post an assumed share split/bonus issue of 1:250).

² Issued at an average price of GBP 157.35 per share (equivalent to GBP 0.63 per share post an assumed share split/bonus issue of 1:250).

³ Issued at a price of SEK 8.3 per share (ca GBP 0.733 per share).

⁴ Issued at a share price of SEK 8.3 per share less a discount of SEK 2.3 per share on the basis that share allocations were limited in size to 1,000, 2,000 and 3,000 shares per shareholder. The sole purpose was to increase the number of shareholders and liquidity.

Dividend policy

Flexion Mobile's articles of association allow Flexion Mobile by ordinary resolution to declare dividends and that the directors may decide to pay interim dividends. A dividend may not be declared unless the directors have made a recommendation as to its amount, such a dividend must not exceed the amount recommended by the directors. No dividend may be declared or paid unless it is in accordance with members' respective rights.

However, the Company does not currently intend to pay dividends to its Shareholders for the foreseeable future. Instead, it intends to drive growth by investing any future earnings into the Company's business.

Voting rights

On a show of hands every member (shareholder) who is present in person at a general meeting shall have one vote unless a poll is duly demanded. Each ordinary share entitles the holder to one vote.

Ownership structure

The table below shows Flexion Mobile's major shareholders at the day for this Company Description.

Owners	Number of Shares and Votes	%	Aggregated %
Mobile Sensations Ltd	11,585,972	28.1%	28.1%
Palmstierna Invest AB	3,735,000	9.1%	37.2%
Industrial Equity AB	3,582,750	8.7%	45.9%
Zallaz Société Anonyme	3,323,000	8.1%	54.0%
Other shareholders	18,906,236	46.0%	100.0%
Total Number of Shares	41,132,958	100.0%	

Lock-up agreement

Directors and executive management have agreed not to sell any shares in Flexion Mobile until a period of twelve months has elapsed after the date of the Listing of the shares.

SHARES HELD BY DIRECTORS AND EXECUTIVE MANAGEMENT

Name, Position	Shares Held	% Share-holding
Carl Palmstierna, Chairman (Director)	3,735,000	9.1%
Jens Lauritzson, Director/CEO Per Lauritzson, Director/COO	11,585,972 ¹	28.1%
Claes Kalborg, Director	134,250	0.3%
Christopher Bergstresser, Director	0	0.0%
Niklas Koresaar ² , CFO	48,000	0.2%
Andreas Mac Mahon, CPO	73,750	0.2%
Total	15,592,972	37.9%

¹ Owned by Mobile Sensations Limited.

² Participation in a Joint Share Ownership Agreement ("JSOP") with Mobile Sensations Limited. Further details under "Other information about the board of directors and the executive officers".

14. Board of directors, senior executives and auditor

Board of directors

As set out in Flexion Mobile's articles of association, the number of directors of the board of directors shall consist of not less than two and shall not be subject to any maximum number.

The board of directors consists of five members, including the chairman, and is based in London, England. 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 the English law, the articles of association and the board of directors' rules of procedure.

CARL PALMSTIERNA (BORN 1953)

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 We-Mind AB, SPWM Special Clients Services AB, SPWM Special Clients AB, Palmstierna Invest AB, Palmstierna Holding AB, Palmeister & Partners AB, Freemelt AB and ReformTech Heating Holding AB. Member of the board of directors of Chinsay AB, Magine Holding AB, OrganoWood AB, S.P. BECPEL Stockholm AB, Viometrics AB, Viometrics Group AB, Zimpler AB, Sun-pocket AB and B8 Sverige AB.



Previous experience: Chairman of the board of directors and member of the board of directors of Panopticon Software AB, myFC Holding AB (publ), Valbay AB, Valbay International AB. Member of the board of directors of Ankar Sweden AB, Bluefish Pharmaceuticals AB (publ), Byredo AB, Natural Fragrance of Sweden AB, Now Interact Nordic AB, Oculusai Incentive AB, Peepoople AB, Reforce International AB, Svenska allt för föräldrar AB, Universum Group AB and Valbay Förvaltning AB.

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

Shareholding in Flexion Mobile: 3,750,000 shares through Palmstierna Invest AB.

Warrants in Flexion Mobile: N/A.

Independent in relation to Flexion Mobile and Flexion Mobile's management: Independent in relation to the management.

Independent in relation to major shareholders: No.

JENS LAURITZSON (BORN 1970)

Director since 2001.

Other current assignments: Member of the board of directors of FLAC Limited and Gamesmondo Limited. Director, Mobile Sensations. Managing director of Flexion.

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

Education: Bachelor degree in Economics and Finance, University of Lund.

Shareholding in Flexion Mobile: 50% shareholding in 11,585,972 shares through the company Mobile Sensations Limited.

Warrants in Flexion Mobile: 74,000 EMI share options.

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

Independent in relation to major shareholders: No.



PER LAURITZSON (BORN 1974)

Director since 2007.

Other current assignments: Member of the board of directors of Flexion Limited and Gamesmondo Limited. Director, Mobile Sensations.

Previous experience: Business Developer at Polopoly AB and Project Manager at Swedish Trade Council.

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

Shareholding in Flexion Mobile: 50% shareholding in 11,585,972 shares through the company Mobile Sensations Limited.

Warrants in Flexion Mobile: 61,750 EMI share options.

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

Independent in relation to major shareholders: No.



CLAES KALBORG (BORN 1962)

Director since 2014.

Other current assignments: Chairman of the board of directors and member of the board of directors of Barn Storm Media AB and CK TV & Formats AB. Member of the board of directors of Non-Violence Licensing AB and Shoalgames LTD.

Previous experience: CMO at Acute Art, SVP at Rovio Entertainment Ltd and Head of Global Licensing at King.

Education: Various studies at Stockholm University and IHM Business School.

Shareholding in Flexion

Mobile: 134,250 shares through Barn Storm Media AB.

Warrants in Flexion Mobile: 0.

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

Independent in relation to major shareholders: Yes.

**CHRISTOPHER BERGSTRESSER (BORN 1968)**

Director since 2018.

Other current assignments: Partner of MTGx and president of the board of directors of Ludicrous — Zurich Games Festival.

Previous experience: 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 degree in Economics, San Francisco State University.

Shareholding in Flexion Mobile: 0.

Warrants in Flexion Mobile: 0.

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

Independent in relation to major shareholders: Yes.

**Senior executives****JENS LAURITZSON (BORN 1970)**

CEO since 2007.

For more information see above under Board of directors.

PER LAURITZSON (BORN 1974)

COO since 2007.

For more information see above under Board of directors.

NIKLAS KORESAAR (BORN 1972)

CFO since 2014.

Other current assignments: -

Previous experience: Vice President — Asset Backed Investments at Tufton Oceanic Limited (London/Dubai), Vice President at DvB Bank (London) and Account Manager at DnB (London).

Education: Bachelor of Science in Business and Administration, Uppsala University and Master of Science in Shipping, Trade and Finance, CASS Business School, London.

Shareholding in Flexion Mobile: 48,000 shares and participation in a JSOP with Mobile Sensations Limited¹.

Warrants in Flexion Mobile: 437,500 EMI share options.

**ANDREAS MAC MAHON (BORN 1978)**

CPO since 2010 (including building up the monetization function).

Other current assignments: -

Previous experience: Account/Project manager at Popwire AB, independent consultant AMM Consulting.

Education: Master of Science in Politics and Economics, Linköping University, Sweden.

Shareholding in Flexion Mobile: 73,750 shares.

Warrants in Flexion Mobile: 361,750 EMI share options.

**Auditor**

Since the March 2015, Jeffreys Henry LLP is Flexion Mobile's auditor with Sachin Ramaiya acting as Senior Statutory Auditor (Statutory Auditor registration number 2379521). Jeffreys Henry is a London based mid-tier firm with over 20 clients listed on AIM. The firm was awarded mid-size firm of the year by British Accountancy Awards in 2016.

1. Participation in a Joint Share Ownership Agreement ("JSOP") with Mobile Sensations Limited. Further details under "Other information about the board of directors and the executive officers".

Other information about the board of directors and the executive officers

Jens and Per Lauritzson are brothers. None of the other directors or Flexion Mobile's senior executives have any family ties with any of the other directors or senior executives.

The member of the board of directors, Claes Kalborg, is engaged as a consultant since 1 April 2018. The duration of the consultancy agreement is 12 months and Claes Kalborg will receive an annual remuneration of GBP 65,000. Claes Kalborg will assist and drive brand awareness targeting industry stakeholders such as top tier game developers, brand and IP owners.

Niklas Koresaar and Mobile Sensations Limited have signed an Joint Share Ownership Agreement ("JSOP"). The JSOP entitles Niklas Koresaar to any value above a pre-agreed share price on the underlying shares. The underlying shares are 1,250,000 shares in Flexion Mobile. The JSOP lapses on 15 October 2024 and the effect of the lapse is that the JSOP is broken up and the shares are distributed according to the value owned by each party ("Realisation"). Mobile Sensations Limited will hold full voting and dividends right while the JSOP is in place.

Some of the directors, the CEO and senior executives have financial interests in Flexion Mobile because of their shareholding in Flexion Mobile as described above. In addition to what has been described above, there are no conflict of interests or potential conflicts of interests between the directors' or the senior executives' obligations in relation to Flexion Mobile and such directors' or senior executives' private interests and/or other obligations. None of the directors are entitled to any benefits in conjunction with the termination of an assignment as a director.

None of the directors or the executive officers have over the last five years (i) been convicted of a fraud-related case, (ii) represented a company that has been declared bankrupt or has applied for compulsory liquidation, (iii) been subject of sanctions or accused by authorities or bodies acting for particular professional groups under public law, or (iv) been subject to injunctions against carrying on business. All members of the board of directors and the members of the executive management are available at Flexion Mobile's main office at Unit G5, Harbour Yard, Chelsea Harbour, Harbour, London, SW10 0XD, UK.

Remuneration to the directors of the board of directors

Remuneration to the directors of the board of directors is determined by the board of directors. The remuneration to the board of directors during financial year 1st April 2018 to 31st March 2019 is set at GBP 15,000 to the chairman and GBP 10,000 to non-executive directors. The remuneration may be waived if a non-executive director has other assignments with the Flexion Mobile. Executive directors will not receive any board remuneration.

Remuneration to the CEO

Jens Lauritzson receives a salary of GBP 80,000 per annum. In addition, Jens Lauritzson may from time to time be eligible for a discretionary management team bonus if such is decided by the board of directors. Flexion Mobile will make a contribution of 5% of the gross annual salary towards Jens Lauritzson's pension. Jens Lauritzson is not entitled to any severance payment if his employment is terminated.

Incentive program

The Company has a share option scheme which allows its members to be granted options to subscribe for shares. The program complies with the rules set by HMRC (being the UK tax authority) for its Enterprise Management Incentive Scheme which then allows share option holders a reduced tax rate of 10% when selling the option shares if the qualifying conditions are met. The options are required to be issued at market value and the options need to be registered with HMRC. The maximum underlying share value at time of issue is GBP 250,000 per option holder.

Flexion Mobile may issue a maximum of 5,000,000 shares under the scheme. Options may be granted to employees or any other person providing services to the Company or to a member of the Company. This could lead to maximum increase of GBP 10,000 in the nominal share capital. As of the date of this Company Description a total of 3,645,750 options are outstanding. If exercised, these outstanding options would result in an increase in nominal share capital of GBP 7,291.50. Flexion Mobile would at the same time receive a cash contribution of GBP 1,972,521 in share subscription monies, being the aggregate amount receivable by Flexion Mobile from option holders in payment of the exercise prices for the option shares.

The options may be exercised and converted into shares when Flexion Mobile's shares are admitted to trading on First North. However, the Company has introduced a lock up for all existing option participants where 50% of the options can be exercised 6 months after listing date and the remaining 50% 12 month after listing date. Executive management has agreed to a 12 month lock up on all existing options after listing date. The issue of new options includes a 24 month lock up for 50% of shares and a 36 months lock up for the remaining 50%. The options will be cancelled if the relevant option holder's employment with the Company is terminated subject to discretionary extension by Flexion Mobile's board of directors.

15. Corporate governance

Corporate governance rules and codes

Following the Listing on First North, Flexion Mobile will neither be required to comply with the corporate governance rules of the Swedish Companies Act (Swe. Aktiebolagslagen 2005:551) nor the Swedish Corporate Governance Code (Swe. Svensk kod för bolagsstyrning). This is due to the fact that First North is not considered to be a regulated market. The UK Corporate Governance Code is also not applicable to Flexion Mobile as it applies to companies with a premium listing on the London Stock Exchange's Main Market.

First North is an alternative market, operated by the different exchanges within Nasdaq. It does not have the legal status as an EU-regulated market. Companies at First North are subject to the rules of First North and not the legal requirements for admission to trading on a regulated market.

The companies act 2006

The corporate law applicable to Flexion Mobile is the Companies Act 2006 (the "Companies Act"), applicable UK company law, in addition to Flexion Mobile's articles of association.

General meetings

Subject to the provisions of the Companies Act, annual general meetings shall be held at such time and place as the directors may determine. Flexion Mobile must hold an annual general meeting within six months of its financial year end. Member resolutions are passed by the appropriate majority at a properly convened meeting. All general meetings, other than annual general meetings, shall be called general meetings.

The directors may call general meetings. A general meeting shall be called by at least such minimum notice as is required or permitted by the Companies Act. The notice shall be given to all members that are entitled to receive such notices from Flexion Mobile. Flexion Mobile may give such notice by any means or combination of means permitted by the Companies Act.

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice will not invalidate the proceedings at that meeting.

At any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands, unless a poll is duly demanded. At any general meeting every

member who is present in person or by proxy shall have one vote for each share on a poll.

No business shall be transacted at any general meeting unless a quorum is present. If a quorum is not present a chairman of the meeting can still be chosen. Two members present in person or by proxy and entitled to attend and to vote on the business to be transacted shall be a quorum.

In accordance with article 58 of Flexion Mobile's articles of association a general meeting might be held in two or more locations to facilitate the organisation and administration of any general meeting.

Board of directors

Flexion currently has five directors including the chairman who are appointed for the period until the end of the next annual shareholders' meeting.

With the exception of a remuneration committee, the board of directors has not established an audit committee or any other committees. Instead the board of directors fulfills the tasks of such committees in its entirety.

Subject to the Companies Acts, the articles of association and to any directions given by special resolution of Flexion Mobile, the business of Flexion Mobile will be managed by the board of directors, which may exercise all the powers of Flexion Mobile, whether relating to the management of the business or not.

Directors of UK companies have a fiduciary duty owed to Flexion Mobile. In summary, directors owe a duty to:

- Act within the powers conferred by Flexion Mobile's constitution,
- Promote the success of Flexion Mobile,
- Exercise independent judgment, reasonable care, skill and diligence, avoid conflicts of interest, not accept benefits from third parties and declare interests in (proposed) transactions or arrangements.

These duties are codified in the Companies Act and are (save for the duty to exercise reasonable care, skill and diligence) enforceable as a fiduciary duty. The remedies for breach of a fiduciary duty include injunctive relief, setting aside the transaction restitution and account of profits and damages.

The remedy for a breach of the duty to exercise reasonable care, skill and diligence is damages for losses suffered. Directors also owe a duty of confidentiality to Flexion Mobile, and the terms on which they are engaged by Flexion Mobile, especially in the case of executive directors, may impose or give rise to further duties and obligations.

Shares

The articles of association of Flexion Mobile provide for shares to be held in uncertificated form with a central securities depository (CSD). The uncertificated shares are registered in book-entry form in the CSD register operated by CREST. CREST is affiliated with Euroclear Sweden, the Swedish CSD. Euroclear Sweden maintains the operator register of members. Uncertificated shares are registered in book-entry form in a securities account in Euroclear Sweden and are mirrored in CREST. Title to uncertificated shares is ensured exclusively through registration with Euroclear Sweden. No share certificates are issued with respect to the uncertificated shares.

Transfer of shares

After Flexion Mobile's shares have been listed on First North they will be transferable. Article 32 in Flexion Mobile's articles of association stipulates that a transfer of shares shall be made in accordance with and subject to applicable rules of the relevant CSD (i.e. Euroclear rules for issuers and agents) and, when such shares are listed on a stock exchange or market place, their rules and regulations.

Changes in share capital

There is currently one class of shares in Flexion Mobile. The rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the written consent of the holders of three-fourths in nominal value of the issued shares of that class, or with sanctions of a special resolution passed at a separate meeting of the holders of the shares of that class.

The rights attached to any share or class of shares shall not, unless otherwise expressly provided by its terms of issue, be deemed to be varied by the creation of issue of further shares ranking *pari passu* in all respects with or subsequent to those already issued with it or the purchase or redemption by Flexion Mobile of its own shares in accordance with the provisions of Companies Act and the articles of association.

Minority rights

A shareholder owning just one share has some basic powers including inspecting Flexion Mobile's statutory books, attend and be heard at shareholders' meetings and to receive a copy of the annual accounts. A shareholding of 5 per cent of Flexion Mobile's shares gives a shareholder the right to require a resolution to be proposed at shareholders' meetings and require a general meeting to be held. A shareholding of more than 5 per cent of Flexion Mobile's shares has the ability to block the holding of a general meeting of shareholders' on short no-

tice. A shareholder owning 15 per cent of Flexion Mobile's shares has the right to object by application to the Court to any variation of the class rights of the shares he holds.

To pass a special resolution, 75 per cent of shareholders who attend the meeting in person or by proxy must vote in favour of it. Therefore, a special resolution cannot be passed if a minority shareholder owning 25 per cent plus one voting shares in Flexion Mobile votes against the resolution. Special resolutions are required to be passed (amongst other things) to implement the following:

- alteration of articles of association;
- offer to issue shares in Flexion Mobile to existing shareholders other than on a pro-rata basis by disapplying pre-emption rights;
- reduction of share capital (also subject to confirmation by the court);
- to give, revoke, renew or vary the authority for Flexion Mobile to purchase shares in itself;
- change of name;
- re-registration of private company to public company;
- to redeem or purchase own shares out of capital; and
- voluntary liquidation.

Election and removal of directors

Subject to Flexion Mobile's articles of association, Flexion Mobile may by ordinary resolution appoint a person who is willing to be a director. Subject to the articles of association, the board of directors also have the power at any time to appoint any person who is willing to act as a director.

At each annual general meeting of Flexion Mobile every director shall retire from office. A retiring director may offer himself for re-appointment by the members and a director that is so re-appointed will be treated as continuing in office without a break.

According to the articles of association, the board of directors may, but shall not be obliged to, establish before each annual general meeting an election committee consisting of the three largest shareholders in Flexion Mobile as at the close of trading on the date falling three months before the annual general meeting concerned who may express in writing their preferences for the re-election or otherwise of directors at the relevant annual general meeting.

In addition to any power of removal conferred by the Companies Acts, Flexion Mobile may by special resolution, or by ordinary resolution of which special notice has been given in accordance with section 312 of the Companies Act, remove a director before the expiry of his period of office and may by ordinary resolution appoint another person who is willing to act to be a director in his place.

Dividend

Under article 119 of its articles of association, Flexion Mobile may by ordinary resolution declare dividends in accordance with the respective rights of the shareholders, but no dividend shall exceed the amount recommended by the board of directors. Subject to the articles of association, the board of directors may declare and pay such interim dividends as appears to the board of directors to be justified by the profits of Flexion Mobile available for distribution.

Rights of redemption

Shares may be issued which are to be redeemed or which are liable to be redeemed only at the option of Flexion Mobile on such terms and in such way as may be provided for by the articles of association.

Rights attached to newly issued share

Flexion Mobile's articles of association stipulate that, subject to the Companies Act and to any rights attached to existing shares, shares in Flexion Mobile may be issued with such rights or such restrictions, as the Company may from time to time determine by ordinary resolution of the shareholders, or, in the absence of such determination, as the board of directors may determine.

Remuneration to the board of directors

Each of the directors may be paid a fee at such rate as may from time to time be determined by the board of directors. However, the aggregate of all fees payable to the directors must not exceed GBP 50,000 a year or such higher amount as may from time to time be decided by ordinary resolution of Flexion Mobile. Any fees accrues from day to day. Each director may also be paid his reasonable expenses properly incurred by him in or about the performance of his duties as director.

If by arrangement with the board of directors any director shall perform or render any special duties or services outside his ordinary duties as a director he may be paid such reasonable additional remuneration as the board of directors may determine.

Distribution of assets and liquidation

If Flexion Mobile is wound up, the liquidator may, with the authority of a special resolution and any other authority required by law, divide among the members in specie the whole or any part of the assets of Flexion Mobile. This applies whether the assets shall consist of property of one kind or different kinds. For this purpose, the liquidator may set such value as the liquidator considers fair on any asset or assets and may determine how to divide it

between the shareholders or different classes shares. The liquidator may, with the authority of a special resolution and any other authority required by the law, transfer all or any part of the assets to trustees on such trusts for the benefit of shareholders as the liquidator decides. Where the liquidator divides or transfers any assets in pursuance of the powers in this article, no shareholder shall be required to accept any asset in respect of which there is a liability.

Annual reports

The Companies Act requires that the accounts of a public company be sent to members at least 21 days before its annual general meeting. If copies are sent out later than is required they shall, despite that, be deemed to have been duly sent if it is so agreed by all the members entitled to attend and vote at the relevant accounts meeting. It is possible to provide accounts by electronic means provided certain conditions are respected.

Pre-emption rights

Private companies can exclude statutory pre-emption entirely and indefinitely but for public companies, only a more limited disapplication is permitted. Flexion Mobile can by special resolution authorise directors pursuant to section 570 of the Companies Act to allot equity securities, as if section 561(1) of the Companies Act (right of pre-emption) did not apply to any such allotment provided such power is limited to the allotment in value and time. There are also certain statutory exemptions in the Companies Act.

CEO and other executive management

Jens Lauritzson is the CEO and responsible for the ongoing management of Flexion Mobile's affairs according to the board of directors' guidelines and instructions. The board of directors has established a set of instructions for the CEO that clarifies the CEO's responsibilities and powers. The board of directors shall continuously evaluate the CEO's work. According to the instructions, the CEO shall provide the board of directors with the information and documentation which the directors require in order to enable the board of directors to continue to perform its duties and responsibilities, including supervising the management of Flexion Mobile's affairs and following its activities, in each case on a regular and going basis. The board of directors shall delegate the running of Flexion Mobile to the CEO, to the maximum extent permitted under the articles of association and the Companies Act, save that the board of directors shall retain direct responsibility for Flexion Mobile's business plan, budget and CEO instruction, and such other matters as the board of directors may decide from time to time.

16. Legal considerations and supplementary information

General corporate information

Flexion Mobile was incorporated and registered in England and Wales on 18 October 2001 with registered number 4306881 under the Companies Act as a private company limited by shares. On 1 June 2018 Flexion Mobile changed its legal status to a public limited company and thus became Flexion Mobile Plc. The principal legislation under which Flexion Mobile operates and the shares have been created is the UK Companies Act. The registered office and the principal place of business in the United Kingdom of Flexion Mobile is in London.

Group structure

The Company consists of Flexion Mobile as a parent, a Hungarian branch, the wholly-owned dormant subsidiaries Flexion Limited (formed in 2012) and Gamesmondo Ltd (formed in 2013), and the dormant Flac Ltd (incorporated in 2011) of which Flexion Mobile currently owns 50 per cent. However, Flexion Mobile intends to acquire the remaining 50 per cent so that Flac Ltd can be closed down.

Significant agreements

LEASE AGREEMENT

The Company has entered into a lease agreement with Chelsea Harbour Limited regarding a premise located in London, Chelsea Harbour. The lease term is 1 June 2016 – 31 December 2019 and expires at the end of the lease term without prior written notice. The annual base rent amounts to GBP 75,750 per annum for the period 1 November 2016 – 31 May 2017 and GBP 90,750 per annum for the period 1 June 2017 – 31 December 2019. The Company has waived its security of tenure.

Further, the Company has entered into a sublease agreement with New Silk Road Limited regarding sublease of a part of the premises located in London, Chelsea Harbour. The lease term is 16 December 2016 – 28 December 2019 and expires at the end of the lease term without prior written notice. The sublease agreement contains a mutual break clause giving both parties a right to terminate the sublease agreement on 16 December 2018 with six months' prior written notice. The annual base rent amounts to GBP 35,625 per year. New Silk Road Limited has waived its security of tenure and provided deposition in the amount of GBP 10,687.50 as security for the rightful fulfilment of its obligations under the sublease agreement.

GRANT AGREEMENT

In April 2016 the Company was awarded a grant from Executive Agency for Small and Medium-sized Enterprises ("EASME") amounting to a maximum of EUR 1,897,787.50. The grant was received to fund a project aiming to build an open and fair market for Android games. The project is to run for a duration of 28 months.

AGREEMENT WITH KEY CHANNEL PARTNERS

The Company has entered into an agreement with Amazon Media Group LLC, which governs the Company's access to the use of Advertise Your App, a program that allows the Company to advertise applications through Amazon. The agreement can be terminated at any time by either of the parties.

The Company has entered into an app distribution and services agreement with Amazon Digital Services LLC, Amazon Media EU S.a.r.l., Amazon Services International, Inc., Amazon Servicios de Varejo do Brasil Ltda., Amazon.com Int'l Sales Inc., and Amazon Australia Services, Inc. Following the agreement Amazon provides, amongst others, a program that allows end users to purchase, download and access mobile and non-mobile software applications, games and other digital products. The agreement can be terminated at any time by Amazon and the Company can terminate the agreement at any time by giving Amazon a 10 days advance notice.

The Company has entered into a mobile ad network publisher agreement with Amazon Services International, Inc., Amazon Digital Services, Inc. and Amazon Europe Core S.a.r.l. The agreement permits the Company to incorporate advertising made available through Amazon's mobile ad network on the Company's mobile properties. The agreement can be terminated at any time by either of the parties.

The Company has entered into an agreement with Samsung Electronics Co., Ltd. pursuant to the use of Samsung Galaxy Apps and other services provided by Samsung Electronics. The services allow the Company to make applications available to customers. The agreement can be terminated at any time by either of the parties.

The Company has accepted terms and conditions in connections to its use of ONE store Developer Center and e-commerce service respectively provided by ONE Store Co., Ltd, LG Uplus Corp. and KT Corp. Services provided under ONE store Developer Center covers, amongst others, the use of its SDK and API.

AGREEMENTS WITH KEY DEVELOPERS

The Company has entered into billing, distribution and software license agreements with the mobile application producers Scopely, Inc. and Outfit7 Limited respectively. Following the agreements, the Company has agreed to deliver a billing and digital rights management solution on a non-exclusive basis that each of the parties may utilise in content and applications they produce and provide to the Company. The agreement with Scopely is an ongoing agreement which is renewed for 30 days and unless terminated by either of the parties. The agreement with Outfit7 is an indefinite agreement, which may be terminated by giving a two months prior written notice to the other party.

The Company has entered into billing, distribution and software license agreements with the mobile application producers Wargaming Group Limited and Disruptor Beam respectively. Following the agreements, the Company has agreed to deliver a billing and digital rights management solution on a non-exclusive basis that each of the parties may utilise in content and applications they produce and provide to the Company. Further, the Company has agreed to distribute Wargaming Group's and Disruptor Beam's mobile applications through distribution channels which the Company has commercial relationships. The agreement with Wargaming Group is an ongoing agreement which may be terminated at any time by either of the parties upon one month's prior written notice. The agreement with Disruptor Beam is valid until November 2018 and will automatically continue in force until either of the parties terminates the agreement upon two months prior written notice.

The Company has entered into an agreement with YouZu HongKong Co., Ltd., regarding the distribution of mobile games developed by YouZu HongKong or its related parties. The agreement may be terminated by either of the parties with one month's prior written notice provided that the agreement becomes considered as improper to continue based on the situation of the operation of the game product and gross revenues.

IT-AGREEMENT

The Company has accepted terms and conditions set out by Amazon in connection to The Company's use of Amazon Web Services, which provides the Company with cloud computing.

An agreement has been entered between the Company and Hosting Services Inc., following which Hosting Services provides web and server hosting to the Company. The agreement continues until terminated by either of the parties.

Employees

The Company employs 35 fulltime staff and engages the services of 4 long term contractors.

Disputes and legal procedures

The Company is not, nor has it been a party to any legal proceedings or arbitration proceedings, including not yet settled cases or cases that the Company is aware of or that may arise, during the past twelve months that recently has had or will have significant effect on the Company's financial position or profitability.

Agreements and transactions with related parties

Aside from what has been described elsewhere in this company description, there are no agreements or transactions with closely-related parties.

Intellectual property rights

The Company has registered the figurative trademark for the logo of Gamesmondo through an EU trade mark (012435541). Further, the Company has registered the domain names flexionmobile.com, flxn.se, gamesmondo.com, gamesmondo.eu. The Company has to the date no approved patents and has submitted a PCT application (PCT/IB2015/051403) regarding a system and method to modify run-time behaviour of an application by modification of machine-readable instructions.

Certified adviser and advisers

The Company has entered into an agreement with FNCA Sweden AB, who will be the Company's certified adviser. FNCA Sweden AB does not own, and does not intend to own any shares in Flexion Mobile. In connection with the Listing that is described in this Company Description, Törngren Magnell has acted as a legal adviser to Flexion Mobile's board of directors. Törngren Magnell and FNCA Sweden AB receive ongoing compensation for the services rendered in conjunction with the Listing. Törngren Magnell does not own, and does not intend to own any shares in Flexion Mobile.

Liquidity Provider

The Company has entered into an agreement with Pareto Securities under which Pareto Securities acts as a Liquidity Provider in Flexion Mobile Plc's share. According to the agreement, the Liquidity Provider must quote prices corresponding to a defined minimum value, on both buy and sell sides so that the prices do not deviate more than 4 per cent from each other. The prices must be quoted at least 85 per cent of the time during continuous trading.

Insurances

The Company has one for the industry customary insurance coverage and Flexion Mobile's board of directors considers that the Company's current insurance coverage is satisfactory in terms of the nature and the extent of the business.

17. Constitutional documents and legal comparison

The following is a brief summary of the rights of shareholders of Flexion Mobile based upon the corporate law applicable to Flexion Mobile, the Companies Act. It also sets out certain differences between the English and Swedish corporate law. The summary is of a general nature only. It does not claim to give an exhaustive account of the aforementioned corporate documents, nor of all potentially relevant differences between English and Swedish law or corporate governance requirements.

Objective

England

Flexion Mobile was incorporated with a Memorandum of Association allowing it to trade as a general commercial company with wide powers.

Sweden

Under the Swedish Companies Act, the objectives of a company must be set out in the articles of association. These objectives set out the limits which the company can operate within.

Shares

England

At the date of this document, Flexion Mobile's issued share capital only consists of ordinary shares, all of which rank equally with full voting, dividend and capital distribution rights. Subject to passing appropriate shareholder resolutions, Flexion Mobile would be able to issue other classes of shares (including without limitation preferred or deferred shares).

Sweden

Under the Swedish Companies Act, a company may issue different classes of shares provided that such classes of shares are specified in a company's articles of association and that the maximum numbers of shares in the articles of association are not exceeded.

Rights, benefits and limitations attached to the shares

VOTING RIGHTS

England

A shareholder may vote for the full number of shares held, unless otherwise prescribed in the articles of association. Different classes of shares may have different voting rights, if so prescribed in the articles of association.

Sweden

A shareholder may vote for the full number of shares held, unless otherwise prescribed in the articles of association. According to the Swedish Companies Act, different classes of shares may have different voting rights. However, no share may however have a voting right which exceeds the voting rights of any other share by more than ten times.

SHAREHOLDER MEETINGS

England

A public company must hold an annual general meeting within the period of six months following its accounting reference date (financial year end). The main business of an annual general meeting is the laying of and approval of the yearly accounts and appointments of auditors and directors, and the declaration and approval of final dividends. Often companies give renewed authorities to allot new shares in the forthcoming year or to purchase shares in the company on the market. The meeting can be held where and at what time the directors decide.

Sweden

The shareholders' meeting is the highest decision-making body of a Swedish limited company. Each year the company must hold an annual general meeting within six months from the end of the financial year. The meeting must be held within the city, town or village where the registered office of the company is situated. The articles of association may, however prescribe that the meeting shall or may be held at another designated locality in Sweden.

Extraordinary general meeting may, according to the Swedish Companies Act, be convened at any time by the board of directors. In addition, in accordance with the Swedish Companies Act, the company's auditor or shareholders holding 10 per cent or more of all the shares in the company may request the board of directors to convene an extraordinary meeting.

NOTICES

England

A notice of meeting must be sent to all shareholders who are entitled to receive notice which shall include the time, date and place of the meeting, the general nature of the business to be dealt with at the meeting and the full text of any special resolution (one that is required to be passed by a 75% vote). It is normal practice to set out the full text of any ordinary resolutions (that is ones that require just simple majority support) too. 21 clear days notice is required for an annual general meeting and 14 for any other general meetings.

Sweden

Under the Swedish Companies Act, the shareholders shall be given notice to attend a general meeting in the manner prescribed in the articles of association. The notice shall e.g. contain a draft agenda for the meeting where the matters to be considered shall be stated. Notice can be given by, for example by email. However, notice must also be sent by post to the shareholders in some cases, for example if an annual general meeting is to be at a time other than as prescribed in the articles of association or if the general meeting shall address a matter regarding the alteration of the articles of association.

However, public limited companies are legally bound to announce all types of general meetings in the national gazette, (Swe. Post-och inrikes tidningar). The company must also either publish the full notice in a daily newspaper with nationwide circulation or a short form message containing information regarding the notice and where it can be found. The articles of association may also prescribe that the notice must be published on the company's website.

RECORD DATE

England

Flexion Mobile or the board of directors may by resolution specify any date (record date) as the date at the close of business (or such other time as the board of directors may determine) on which persons registered as the holders of shares or other securities shall be entitled to receipt of any dividend, distribution, interest, allotment, issue, notice, information, document or circular. Such record date may be before, on or after the date on which the dividend, distribution, interest, allotment, issue, notice, information, document or circular is declared, made, paid, given, or served.

Sweden

Under the Swedish Companies Act, in order for a shareholder in a central securities depository company, to participate in a general meeting the holder must have his shares registered in his own name in such a printout or other presentation of the share register kept by the central securities depository on the fifth business day prior to the general meeting. Shareholders must also, if provided for in the articles of association, give notice of their intention to attend the general meeting.

VOTING AT GENERAL MEETINGS

England

Shareholders may cast their votes at a meeting on a show of hands or on a poll. The articles and the Companies Act contain provisions allowing shareholders to vote by proxy. Unless a poll is demanded a resolution will be decided on by a show of hands. On a poll every shareholder being present in person or by proxy shall have one vote for every share held by him, her or it.

Shareholders who hold the requisite number of shares have rights to request that the board of directors puts additional resolutions on the agenda of an annual general meeting.

The chairman of the meeting does not usually have a second or casting vote.

Sweden

Under the Swedish Companies Act, shareholders as of the record date are entitled to vote at a general meeting. Shareholders who have their shares registered through a nominee and wish to exercise their voting rights at a general meeting must request to be temporarily registered as a shareholder in the record at the record date.

A shareholder who is not personally present at the general meeting may exercise his or her rights at the meeting through a proxy or proxies. A shareholder or a proxy may be accompanied by one or two advisors. However, a share that is held by the company itself or a subsidiary may not be represented at a general meeting.

ISSUE OF SHARES

England

The articles of association provide that the board of directors may with the authority of the shareholders in a general meeting offer, allot or grant options over shares at such times and on such terms as the board of directors may decide. Normally Flexion Mobile will by resolution authorise the board of directors to do so up to a stated number of shares for the forthcoming year at an annual general meeting.

Sweden

A rights issue is initiated by the board of directors or somebody else, for example a shareholder, who writes a proposal for the new share issue. Thereafter, the resolution has to be adopted by the shareholders' meeting, the board of directors after authorisation in advance of the shareholders' meeting, provided that the authorisation is within the limits of the number of shares and share capital set out in the company's articles of association, or by the board of directors with the approval of the shareholders' meeting afterwards.

PRE-EMPTIVE RIGHTS

England

English public companies are required under the Companies Act to offer new shares to their existing shareholders on a proportionate pre-emptive basis. There are exemptions for certain issues- for non-cash consideration (say on a takeover by way of a share for share offer), bonus issues and employee share scheme issues. Also, the shareholders may waive their pre-emption rights in relation to a proposed issue by a special resolution that is supported by shareholders carrying at least 75% of the votes at a general meeting.

Public companies operate pre-emptive issues typically by using one of two routes. Either a rights issue which involves giving shareholders nil paid rights that they can either take up and pay the subscription price on or potentially sell or through an open offer where shareholders respond to the offer by filling in a subscription application letter saying whether they wish to take up their proportionate entitlement or whether they would if possibly take up more than their entitlement if others decline.

Sweden

The share issue can either be with or without pre-emption right. Normally the issue is a rights issue which means that the existing shareholders have a pre-emption right to the newly issued shares where the existing shareholders receive subscription rights in proportion to their respective holding.

However, the share issue can divert from the existing shareholder's pre-emption rights if the shares are to be paid for with non-cash consideration or if the pre-emption rights is to be governed in another manner as a consequence of provisions in the company's articles of association or according to terms and conditions in the actual share issue or an earlier issue. However, the pre-emption right to subscribe for new shares may be set aside by the terms and conditions of the share issue, only if it is approved by two thirds of the votes cast and shares represented at the general meeting resolving upon the issue.

DIVIDENDS

England

Public companies typically declare a final dividend for each of their financial years at their annual general meeting. Companies may declare interim dividends throughout the year as well.

The directors recommend the amount of the final dividend at the annual general meeting and the shareholders approve by a majority vote. The shareholders may not declare a final dividend that is more than that recommended by the directors.

Interim dividends are normally declared by the board of directors alone.

Dividends may only be paid out of profits that are available for distribution. Certain reserves such as the share premium account are not distributable.

Public companies declare dividends by reference to their year end financial reports and, in the case of interim dividends, specifically prepared interim accounts.

The directors are not required to recommend the distribution of all the company's distributable profits and can balance the ongoing financial needs of the business with the desire to distribute.

The directors will normally select a record date for payment of any dividend. Each person who is listed as a shareholder in the share register as of the record date for the dividend will be entitled to receive the dividend distribution.

Sweden

A resolution regarding a company's profit distribution is usually taken at an annual general meeting where the annual accounts are adopted. However, a profit distribution may also be resolved at an extraordinary general meeting. A resolution to pay dividends may, with some exceptions, not exceed the amount recommended by the board of directors.

However, a dividend may only be made if, after the dividend is distributed, there is sufficient coverage for the company's restricted equity. To the proposal, a reasoned statement from the board of directors shall be added, that describes how the proposed profit distribution is in accordance with the so-called prudence rule (Swe. försiktighetsregeln). The prudence rule means that a dividend distribution only can be made if it is considered to be justified taking into consideration; the demands with respect to size of shareholders' equity which are imposed by the nature, scope and risks associated with the operations and the company's need to strengthen its balance sheet, liquidity and financial position in general.

Each person who is listed as a shareholder in the share register as of the record date for the dividend will be entitled to receive the dividend distribution. However, a company may include a provision in the articles of association that different classes of shares should have different rights to receive dividend. A common difference is that dividend is paid out to preferred stock holders before holders of common stock.

REDEMPTION PROVISION

England

Flexion Mobile's ordinary shares at the date of this document are not redeemable but Flexion Mobile does have the power subject to any necessary shareholder consents being obtained to issue shares that are redeemable by it.

Sweden

As a general rule, the general meeting resolves upon a redemption of the company's shares as well as authorise the board of directors to adopt such resolution. A qualified majority of the votes cast representing shares at the meeting is required. The general meeting can delegate to the board of directors to determine certain terms of such redemption.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

England

A special resolution (ie 75% of the votes cast) of the shareholders at a general meeting is required to amend the articles of association of Flexion Mobile.

Sweden

Alterations of the articles of association shall be resolved upon by the general meeting. An amendment of the articles of association generally requires approval by a majority of not less than two-thirds of both the votes cast and the shares represented at the general meeting. A resolution regarding alterations of the articles of association shall be reported immediately for registration in the Swedish Companies Register and may not, other than in certain exceptional cases, be effected prior to registration.

Directors and the board of directors

NUMBER OF DIRECTORS

England

The minimum number of directors is 2 and there is no maximum set.

Sweden

Under the Swedish Companies Act, a public company shall have a board of directors consisting of at least three directors. More than half of the directors shall be resident within the European Economic Area (unless otherwise approved by the Swedish Companies Registration Office). The actual number of directors shall be determined by a general meeting, within the limits set out in the company's articles of association.

NOMINATION, APPOINTMENT AND REMOVAL OF DIRECTORS

England

The directors will normally be appointed by ordinary resolution of the shareholders at each annual general meeting. The board of directors has the right to co-opt new directors in the intervening period.

The Companies Act contains a procedure pursuant to which the shareholders may by ordinary resolution remove a director before the expiration of his term of office.

Sweden

The board of directors shall be appointed by a general meeting. The articles of association may prescribe that one or more members of the board of directors shall be appointed in another manner. The right to appoint members of the board of directors may not be delegated to the board of directors or to a member of the board of directors. However, in a public limited liability company, more than one-half of the members of the board of directors shall be appointed by the general meeting.

The members of the board of directors are usually elected for the period until the end of the next annual general meeting, unless a longer term of up to four financial is set out in the articles of association. It is possible for the director to be re-elected for a new term of office.

POWERS OF THE BOARD OF DIRECTORS AND DELEGATION OF THE BOARD OF DIRECTORS

England

The board of directors has the power and authority to manage the affairs and trading of Flexion Mobile. The board of directors acts by majority decision with each director having one vote. The chairman at meetings of the board of directors has a casting vote under Flexion Mobile's articles of association.

The board of directors can constitute committees of directors to deal with certain matter as it requires. The articles of association permit the board of directors to delegate any of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit to any committee of directors.

The board of directors may allocate responsibilities between the respective directors. For instance, a CEO will

normally have a different focus to a COO or a CFO but in general the board of directors have a collective responsibility to work together.

The articles of association permit the board of directors to delegate to and confer on any director holding executive office (i.e. a full board director, as opposed to a non-executive director) such of its powers, authorities and discretions (with power to sub-delegate) for such time, on such terms and subject to such conditions as it thinks fit. The articles of association also permit the board of directors to revoke, withdraw, alter or vary all or any of such powers.

Although the articles of association contain the delegation powers which are summarised above, in practice, UK public companies only tend to delegate limited matters (e.g. audit matters or remuneration matters) to a smaller committee of directors which has been set up to handle such matters, rather than seeking to delegate to a committee of directors or a particular director responsibility for the general running of the company.

Subject to the articles of association and the Companies Act, the directors are responsible for the management of Flexion Mobile's business, for which purpose they may exercise all the powers of Flexion Mobile.

Sweden

Under the Swedish Companies Act, the board of directors is responsible for the organisation of the company and the management of the company's affairs. The board of directors shall regularly assess the company's financial position and, where the company is the parent company in a group, the group's financial position. The board of directors shall ensure that the company's organisation is structured in such a manner that accounting, management of funds, and the company's finances in general are monitored in a satisfactory manner.

The board of directors in a public company shall appoint a CEO, whom may not also be the chairman of the board of directors, and may also appoint one or more deputy managing directors. The CEO is responsible for the day-to-day management of the company in accordance with law, which normally includes appointing the other senior executives.

The CEO shall be resident within the European Economic Area (unless otherwise approved by the Swedish Companies Registration Office).

18. Tax considerations

General

This chapter (17 Tax Considerations) is a short summary of certain tax aspects that may arise as a result of holding shares in Flexion Mobile and is not intended to be a complete analysis of all potential tax consequences of acquiring, holding or dispose of shares in Flexion Mobile. This chapter should therefore not be considered a legal advice. **Any prospective holder of shares or holder of shares who is in any doubt about their tax position should consult their own professional tax advisors.**

United Kingdom

GENERAL

The following is intended to be used as a summary of certain tax issues that may arise as a result of holding shares in Flexion Mobile and are not intended to be a complete analysis of all potential UK tax consequences of acquiring, holding or dispose of shares. The following statements are based on current UK tax law and HMRC published practice both of which may change, possibly with retrospective effect. It is intended only as general information for shareholders, who are resident and in the case of individuals domiciled in the UK for tax purposes, if not otherwise stated.

The statements apply only to persons who hold their shares directly and who are the absolute beneficial owner of the shares (and who do not hold their shares through a Self-Invested Personal Pension or and Individual Savings Account). The summary does not cover situations where shares are held as current assets in business operations or by a partnership. The tax position of certain categories of shareholders who are subject to special rules (such as persons acquiring their shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is also not considered.

Any prospective subscriber for shares who is in any doubt about their tax position or who is subject to tax in any jurisdiction other than the United Kingdom should consult their own professional tax advisors.

TAXATION OF DIVIDENDS

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by Flexion Mobile.

UK COMPANIES

UK Corporate shareholders would generally not be liable to UK Corporation tax on dividends from Flexion Mobile provided the dividends fall within an exempt class and certain conditions are met. Subject to anti avoidance rules, almost all dividends received should fall within an exempt dividend class.

In the event that dividends are not exempt, they will become subject to corporation tax. The current rate of corporation tax in the UK is 19%, which will reduce to 17% from 1 April 2020.

UK RESIDENT INDIVIDUAL SHAREHOLDERS

UK resident individual shareholders will be subject to income tax on dividends received. The individuals will not pay income tax on the first GBP 5,000 of dividends received per tax year, i.e. 6 April to 5 April. Thereafter, the tax rate for individual shareholders who receive dividends over GBP 5,000 will be 7.5%, 32.5% and 38.1% for basic, higher and additional rate tax payers respectively (rates effective for dividends received after 6 April 2016). In calculating into which tax band any dividend income over the GBP 5,000 allowance falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

Dividends payable to trustees of interest in possession trusts or personal representatives will be subject to income tax at 7.5%. Trustees do not qualify for the GBP 5,000 dividend allowance available to individuals.

Where a dividend is paid to a discretionary trust, the individuals will not be able to benefit from the GBP 5,000 tax free dividend allowance and will be taxed at 38.1%.

NON-UK RESIDENT SHAREHOLDERS

Non-UK resident shareholders may be subject to non-UK income tax on dividends received. Therefore non-UK resident shareholders should seek professional advice to confirm their liability in respect of dividends received. There is no withholding tax or tax credit available on dividends paid by UK companies under domestic law.

TAXATION OF CHARGEABLE GAINS

The acquisition of shares on a placing by either a corporate or individual shareholder will be deemed an acquisition in a new holding of share capital for Flexion Mobile. To the extent that a shareholder acquires shares allotted to them, the shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

A disposal of the shareholding may give rise to a liability to UK taxation on chargeable gains, depending on the circumstances and any available reliefs or exemptions. Invariably shareholders will be subject to taxation on chargeable gains unless they are not UK tax resident.

UK RESIDENT CORPORATE SHAREHOLDERS

UK resident Corporate shareholders who are subject to UK corporation tax may be liable to corporation tax arising on the disposal of shares depending on individual circumstances and subject to any available exemption or relief.

Corporation tax will be liable at the prevailing rate on any chargeable gain, which currently is 19%, reducing to 17% from 1 April 2020.

It is important to note that legislation was introduced in Finance No. 2 Bill 2017-19 to amend the indexation allowance rules in the Taxation and Chargeable Gains Act 1992. This amendment, effective for disposals from 1 January 2018, means that the indexation allowance that historically was applied to determine the amount of a chargeable gain will only be calculated up to December 2017, instead of being calculated up to the month in which the disposal event takes place (assuming Finance (No.2) Bill 2017-19 receives Royal Assent).

UK RESIDENT INDIVIDUAL SHAREHOLDERS

In the event an individual shareholder disposes of shares resulting in a chargeable gain, the individual will be subject to capital gains tax to the extent the capital gain exceeds the annual exemption limit (GBP 11,300 for 2017/18 for individuals and GBP 5,560 for 2017/18 for other trustees). After taking the offset of chargeable losses and other exemptions into account, basic rate taxpayers are subject to capital gains tax at 10% whereas individuals who are higher and additional rate tax payers are subject to capital gains tax at 20%. Note: no indexation allowance is available to individual shareholders.

NON-UK RESIDENT SHAREHOLDERS

Non-UK resident shareholders may not be liable to UK taxation on chargeable gains, arising from a sale or disposal of shares unless they carry on a trade or profession or vocation in the UK through a branch or agency or, in the case of a company, a permanent establishment with which their shares are connected and professional advice should be sought to confirm an individual position.

STAMP DUTY AND STAMP DUTY RESERVE TAX ("SDRT")

No stamp duty or SDRT will be payable on the issue of shares.

An Exemption from stamp duty and SDRT came into effect on 28 April 2014 in respect of securities admitted to trading on a Recognised Growth Market and which are not listed on a Recognised Stock Exchange ("Exemption").

First North Stockholm has been classified as a Recognised Growth Market since 8 August 2017 and therefore Exemption should apply in dealings in the shares of Flexion Mobile. No liability to stamp duty or SDRT should arise from admission in respect of any transfers on sale of the shares.

Swedish tax considerations

GENERAL

The following is a summary of certain tax issues that may arise as a result of holding shares in Flexion Mobile. The summary is based on Swedish tax legislation currently in force and is intended only as general information for shareholders, who are resident or domiciled in Sweden for tax purposes, if not otherwise stated.

The summary does not cover situations where shares are held as current assets in business operations or by a partnership. Furthermore, the summary does not cover special regulations governing tax exempt capital gains, shareholding in companies that are, or have previously been, closely held companies (Swe. fåmansföretag) or on shares acquired based on such holdings, shares held through a life insurance (Swe. kapitalförsäkring) or an investment savings account (Swe. investeringssparkonto) or other specific situations and rules. The summary also does not cover tax issues related to holdings in unlisted shares. Shares are considered listed for tax purposes if the shares are subject to continuous publicly available listing on the basis of marketable trade in the share.

The summary is not applicable to shareholders that have ever been resident in the UK for tax purposes, carried on business or maintained a permanent establishment in the UK, as defined in the Sweden-UK Double Taxation Convention (2015).

Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies, mutual funds, insurance companies and persons who are not resident or domiciled in Sweden. Each shareholder is recommended to consult a tax adviser for information on the specific tax consequences that may arise as a result of holding shares in Flexion Mobile, including the applicability and effect of foreign or other rules, tax treaties or from foreign exchange rate fluctuations between currencies which may be applicable.

TAXATION OF CAPITAL GAINS

General

The main rule under the tax treaty between UK and Sweden is that capital gains are taxed in Sweden only as far as Swedish residents are concerned.

Individuals

Individuals who sell their shares, are subject to capital gains tax. The current tax rate is 30 per cent of the gain. The capital gain is calculated to equal the difference between the sales proceeds, after deduction for sales expenses, and the shares' acquisition cost for tax purposes. The acquisition cost is determined according to the "average cost method". This means that the costs for all shares of the same type and class are added together and determined collectively, with respect to changes to the holding. Alternatively, "the standard rule" according to which the acquisition cost is deemed to be equal to 20 per cent of the net sales price may be applied on the disposal of listed shares.

Capital losses on listed shares are fully deductible against taxable capital gains on shares during the same fiscal year. The losses are also deductible against gains on other listed securities that are taxed in the same manner as shares (except for shares in mutual funds containing only Swedish receivables (Swe. räntefonder)). A loss exceeding the above-mentioned gains is deductible with 70 per cent against any other taxable capital income.

If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business, as well as the tax on real estate, is allowed. The tax reduction allowed amounts to 30 per cent of any deficit not exceeding SEK 100,000 and 21 per cent of any deficit exceeding SEK 100,000. Deficits may not be carried forward to a later fiscal year.

Limited Liability Companies

Swedish limited liability companies (Swe. aktiebolag) are taxed on all income as income from business activities at a flat rate of 22 per cent currently. Regarding the calculation of capital gains or losses and the acquisition cost, see above under section "Taxation of capital gains – Individuals".

A capital loss on shares incurred by a corporate shareholder may be offset only against gains on shares or other securities that are taxed in the same manner as shares. Such capital losses may, under certain circumstances, also be deductible against capital gains on such securities within the same group of companies, provided the requirements for exchanging group contributions are met. Capital losses on shares or other such securities, which have not been deducted from capital gains within a certain year, may be carried forward and be offset against similar capital gains in future years without any limitation in time.

TAXATION OF DIVIDENDS

Individuals

For Individuals dividends on shares are taxed as income from capital at a rate of 30 per cent.

Limited Liability Companies

In general, dividends, if any, on shares to limited liability companies are taxed in Sweden at a rate of 22 per cent as ordinary income from business activities.

CERTAIN TAX CONSIDERATION FOR SHAREHOLDERS WHO ARE NOT TAX RESIDENT IN SWEDEN

Individual shareholders who are not resident or domiciled in Sweden for Swedish tax purposes are generally not subject to tax in Sweden for dividends and capital gains upon a sale or other disposal of shares. Shareholders may, however, be subject to taxation in their country of domicile and elsewhere.

Under a domestic Swedish tax provision, non-Swedish tax resident individuals may be subject to Swedish capital gains taxation upon a sale or other disposal of shares in non-Swedish corporate entities if the shares were acquired during their tax residency in Sweden if they have been resident or lived permanently in Sweden at any time during the calendar year of such disposal or during the previous ten calendar years preceding the year of disposal. The applicability of this provision may however be limited by an applicable tax treaty between Sweden and other countries.

Foreign legal entities are not liable to Swedish tax on dividends or capital gains upon a sale or other disposal of shares, provided that the shares are not pertaining to a permanent establishment in Sweden.

19. Documents

incorporated by reference

The information below is incorporated into the Company Description by reference:

- ✦ Flexion Mobile Limited's annual report, including the audit report, for 2015/16
- ✦ Flexion Mobile Limited's annual report, including the audit report, for 2016/17
- ✦ Flexion Mobile Limited's balance sheet 17 May 2018, including audit letter

The information, to which the reference is made should be seen as a part of this Company Description. The information and Flexion Mobile's articles of association are available at the Company's website www.flexionmobile.com. The memorandum of association can be obtained from the Companies house.

20. Contact details

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