

Q1 Report

31 March 2024



FLEXION



“We grow revenue and audiences for games”



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Flexion reports its strongest first quarter to date with continued momentum in both business areas. Revenue up by 13%, with Adjusted EBITDA and Gross Profit growing by 121% and 58% respectively.

January-March 2024 performance

- Total revenue increased by 13% to GBP 18.3m (16.3)*
- Total gross profit increased by 58% to GBP 4.0m (2.5)
- Adjusted EBITDA[†] increased by 121% to GBP 1.6m (0.7)
- Operating loss increased to GBP 0.4m (0.2m)
- EPS amounted to GBP -0.94 pence (-0.97 pence)
- Operating cash flow amounted to GBP 2.7m (-1.1)[#]
- Cash and cash equivalents increased to GBP 13.8m (12.0)[#]

*Comparison figures for the year-earlier period in brackets

[#] Due to the extended bank holiday (Easter) at the end of the quarter, net cash payments of GBP 0.9m were made directly after the bank holiday.

[†] The Group defines adjusted EBITDA as earnings before interest, tax, depreciation, amortisation, finance costs, impairment losses, foreign exchange gains/losses, corporate acquisitions costs, fair value gains/losses and other extraordinary costs (insolvency related provisions/write-backs & costs).

Other items

- Companies House has given the Company another 28 days (until 10 June 2024) to file the 2022 accounts. The Company is working with Grant Thornton to conclude their work.
- The company will hold its 2024 AGM on 26 June 2024.

Q1 2024

Important events during the quarter

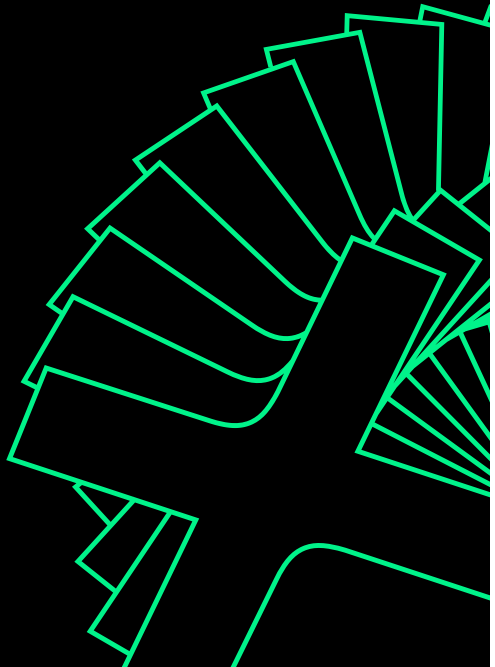
- Signing of agreement with Big Fish Games
- Launch of Klondike Adventures from Vizor Games
- Launch of Immortal Awakening and Chronicle of Infinity from Neocraft

Q2 2024

Important events after the quarter

- Launch of EverMerge from Big Fish Games
- Signing of agreement with Kabam
- Signing of agreement with Jam City

Comments from the CEO



Jens Lauritzson
CEO

I am pleased to say that following our record quarter in Q4-23 we are maintaining our strong momentum in 2024. With quarterly revenue up 13% YoY at almost USD 23m, we hit the higher end of our Q1-24 revenue guidance (USD 21m - 24m). I am also happy to see our gross profit growing 58% YoY resulting in a gross margin of 22% for Q1-24.

Cash conversion remains strong in both business areas (Distribution & Influencer Marketing) with GBP 2.7m in operating cashflow resulting in a cash position of GBP 13.8m at end of Q1-24. Our strong net cash position enables us to negotiate favourable contracts with game developers, invest in strategically important initiatives and selectively pursue acquisition opportunities. We have no interest-bearing debt.

We have already signed several big new games and partnerships this year, including Big Fish, Kabam and Jam City, which will positively impact our performance in the second half of the year and beyond. Signing top grossing games is part of our strategy, which in turn will generate higher revenue and gross profit with limited impact on costs. Our recent success is the result of focus and hard work, and I am pleased that our efforts are paying off. Last year, we strengthened our sales team and while this is now generating positive results, I think it also reflects an underlying increase in demand for our services. In a market where most of the large game publishers are struggling with user acquisition due to lower returns on ad spend, alternatives to their traditional programmatic advertising are becoming increasingly attractive. This clearly favours Flexion as the leader in alternative game distribution and marketing, and it explains why we continue to experience a significant increase in high-quality inbound sales inquiries in both business areas, as game developers adapt to the new reality of mobile games marketing.

The results of Flexion's participation in the industry's leading conference, GDC, which I reported from in March, was our best to date and we closed several deals at the show. A highly noticeable and interesting trend during the conference is the growing web store market. Virtually all big developers now have their own web stores or are in the process of developing one. Aside from regulatory pressure such as the Digital Markets Act, the underlying market driver is that developers are chasing higher margins and closer ties with their player communities. Web stores allow paying customers to top up their player accounts, independently of Google and Apple, through third-party payment services. These stores offer higher margins for developers, and consumers receive better value. Even if this is a win-win for developers and consumers, it is important to point out that this type of service is not for the mainstream. Web stores are not very intuitive as they require consumers to leave the game and make payments through a separate service. It is hard to say how big this market is as it is not officially reported on but some of the biggest developers are already talking about approximately 20% of transactions happening outside the two main app stores. The dominance of Google and Apple is going to decline over time, which leaves more space for Flexion and others to grow faster.

The web store trend is important and relevant to Flexion for several reasons. We believe it is the first step in a shift towards more direct-to-consumer (D2C) lead marketing, which is less dominated by the two big app stores. It is a highly exciting area of the gaming market that is currently being disrupted and we are right at the centre of it. Flexion's leading position and strong game partnerships make us a natural choice for developers who want to explore direct distribution opportunities since they are already integrated

with us and use our services to grow revenue and audiences in alternative markets. We make game developers' lives a lot easier as they continue to explore new distribution opportunities. D2C is a strategic project for us and our work on product development and strategic partnerships is progressing well.

We are currently planning the official launch of our new SDK (software development kit), which will make it easier for developers to support new distribution including support for D2C. As part of this package, we are adding support for alternative payment providers such as Coda Payments who is a market leader in game payments and web stores. This partnership will provide us access to their global payment coverage as well as high margin payment methods, which will benefit game developers that work with us on D2C.

In parallel, it is also exciting that Epic Games and Microsoft are finally confirming their intention to compete in the alternative app store space. Microsoft have confirmed that they will initially launch a web store for first-party titles including Candy Crush before later adding support for third-party titles. It won't happen overnight, but Flexion is well-positioned and in talks with most new app stores to ensure that we evaluate these opportunities. A good recent example of a new promising channel is the Samsung Instant Play service, which we now support with a handful of our top games. This is a new offering from Samsung where end-users can play mobile games instantly from the cloud. We are noting large traffic growth in this channel even though it has not been fully launched. Not all new stores and initiatives will succeed, but our value to developers increases as their opportunity cost to serve the more fragmented distribution market keeps rising, thereby increasing the attraction of Flexion as a single partner.

Audiencly has experienced a very strong start to the year with several important contract renewals for 2024 such as 7vsWild. Quarterly revenue has grown considerably YoY, and we are also starting to note stronger marketing synergies between distribution and influencer marketing as we continue to integrate our services. Overall, I am happy with how our marketing teams are delivering and growth is our priority for 2024.

Our targeted social media PR strategy is also having a positive impact. Our profile is improving with every new game partnership we announce. In the last quarter, all our new game partners announced their Flexion partnerships through their own marketing channels. To get mentioned by some of the biggest game developers in the world through their strong social media channels is the best form of marketing and it drives awareness, which benefits new sales and recruitment. Recruitment and retention of key staff is of increasing importance for us as we continue to grow, and having a strong brand and social media profile really helps. It is highly gratifying to see how well our growing teams are developing. We are now 151 staff, and I just visited the opening of our awesome new offices in Budapest where we have 58 people. It is our biggest office, and I am proud of how well our local management team has executed and contributed to the success of the business.

Our outlook for Q2-24 is positive when compared to the same period last year. We expect revenue to be in the range of USD 20m - 23m.

Jens Lauritzson | CEO

Financial Development

January-March 2024

REVENUE

Total revenue increased by 13% year-on-year to GBP 18,330,166 (16,274,712), of which In-App Purchase (IAP) revenue increased by 9% year-on-year to GBP 15,826,408 (14,457,259), non-IAP revenue decreased to GBP 23,086 (27,432) and Marketing Services revenue increased by 39% to GBP 2,480,672 (1,790,022).

Total revenue for the quarter decreased by 24% compared with the very strong preceding December quarter to GBP 18,330,166 (24,273,801).

GROSS PROFIT

Cost of sales increased by 4% year-on-year to GBP 14,355,505 (13,762,620).

Total gross profit increased by 58% year-on-year to GBP 3,974,661 (2,512,093) with gross profit from Marketing Services contributing GBP 835,563 (586,131) equivalent to a year-on-year growth of 43%. IAP gross profit increased by 64% year-on-year to GBP 3,116,012 (1,898,530) driven by strong performance from high margin contributing games. Non-IAP gross profit decreased to GBP 23,086 (27,432). All non-IAP revenue carried a 100% margin to Flexion.

Total gross profit margin increased from 15.4% to 21.7% year-on-year, with Marketing Services gross profit margin increasing from 32.7% to 33.7% and IAP gross profit margin which increased from 13.1% to 19.7%.

Total gross profit decreased by 20% to GBP 3,974,661 compared with the preceding quarter. IAP gross profit decreased by 6% to 3,116,012 compared with the preceding quarter. Total gross profit margin increased from 20.4% to 21.7%, with Marketing Services gross profit margin increasing from 31.2% to 33.7% and IAP gross profit margin increasing from 17.3% to 19.7% compared with the preceding quarter. The increase in IAP gross profit margin is driven by new titles with relatively high margin contributions.

GENERAL AND ADMINISTRATIVE EXPENSES

The total headcount increased by 20 year-on-year to 151 (131) of which, Distribution's headcount represented 109 (95). There are now 16 (15) strategic and 93 (80) core headcounts within Distribution. Core headcounts include staff for group functions to support with acquisitions. Adjusted staff cost for Distribution increased by 27% from GBP 1,015,409 to GBP 1,286,171. Audiencly had a headcount of 42 (36). Group staff and contractor costs increased by 35% year-on-year

to GBP 1,740,459 (1,284,499) driven by inflationary salary pressure and the increase in headcount in both Distribution and Marketing Services.

Other overheads increased year-on-year to GBP 969,984 (632,662) driven by GBP 681,298 (103,557) in increased administrative costs and a reduction in unrealised/realised foreign exchange net gains/losses to GBP -141,764 (148,391) thanks to a new settlement structure to reduce unrealised/realised FX effects within settlement and financial reporting. The increase in administrative costs is driven by significant increase in legal and advisory fees.

The total amortisation of GBP 1,679,659 (743,686) includes GBP 1,389,153 (461,304) related to game distribution rights, GBP 132,904 (131,381) related to Brand, GBP 86,025 (74,518) related to customer relationships and GBP 71,576 (76,484) related to capitalised development costs. As a result of the 2023 annual review performed on the expected useful life of game distribution rights, the amortisation profile has been adjusted, from January 2024, to reflect the updated expected useful life of the intangible asset.

As a result, group general and administrative expenses increased year-on-year to GBP 4,422,959 (2,694,598).

During the quarter, the headcount for distribution increased by 14 to 109 of which 16 headcount for new strategies excluding Audiencly. Total staff and contractor costs for distribution decreased by 14% compared with the preceding quarter. Adjusted staff costs for Distribution, as reported in the KPI section, decreased by 19% QoQ. Other overheads decreased by 40% compared with the preceding quarter, driven by a reduction in legal and advisory fees during the quarter.

ADJUSTED EBITDA AND NET EARNINGS

Adjusted EBITDA for the quarter amounted to GBP 1,641,991 (743,322) driven by higher gross profit from both Distribution and Marketing Services. Compared with the preceding quarter, EBIT decreased to GBP -448,298 (224,381) and the result after tax for this quarter amounted to GBP -706,467 (-16,517). Adjusted profit before tax amounted to GBP -81,643 (1,362,778).

CASH FLOW

Operating cash flow increased by GBP 3.7m year-on-year to GBP 2,729,312 (-1,061,321) partly due to working capital timing effects on both trade payables and trade receivables as the quarter ended on an extended bank holiday. Net cash flow increased to GBP 2,694,160 (-1,704,028).

FINANCIAL POSITION

Cash amounted to GBP 13,778,043 (12,025,991) and there were no interest-bearing liabilities. During the quarter, cash increased by GBP 2,693,722, driven by delayed payments of GBP 0.9m as a result of an extended bank holiday at the end of the quarter and stronger working capital. Trade and other receivables amounted to GBP 10,961,768 (8,471,593). Trade and other payables amounted to GBP 17,222,401 (12,610,364).

CHANGES IN THE NUMBER OF GAMES DURING THE QUARTER

The average monthly revenue for top-tier games past the ramp-up period decreased to USD 582,070 (744,674) compared to the preceding quarter and the number of top-tier games past ramp-up remained at 10 titles when compared to the preceding quarter.

The average monthly revenue for mid-tier games past ramp-up increased to USD 35,023 (33,628) compared to the preceding quarter with a decrease of number of mid-tier games past ramp-up from 12 to 10 titles.

During the quarter, the number of live top-tier games increased by 1 to 11 titles with 1 top-tier game signed and yet to be launched. The number of live mid-tier games remained at 12 titles. There are no signed mid-tier games yet to be launched.



Niklas Koresaar | CFO

Other Information

Segmental information

IAP REVENUE

Flexion's focus is on growing its business by signing free-to-play games with In-App Purchase (IAP), integrating more channels and increasing the monetisation of existing games. IAP revenue is revenue receivable from end-user transactions where in-application items are sold within the games. Revenue represents revenue receivable by the company from end-user transactions involving the sale of in-application items managed by the Company less VAT, bad debt/refunds and discounts.

NON-IAP REVENUE

Non-IAP revenue includes revenue from integration fees and minimum guarantees and other revenue that is non-recurring. It includes recurring revenue share from in-game advertising, historical subscription revenue and legacy revenue.

MARKETING SERVICES REVENUE

Marketing services revenue includes all marketing campaigns generated as part of the influencer marketing service offered.

Tier-games

On a quarterly basis, Flexion's Board of Directors defines and reviews the number of live top-tier and mid-tier games based on each game's revenue potential. The key factor is each game's actual performance (or overall Android performance if not yet launched by Flexion) compared to: i) a standard six-month revenue ramp-up period for each tier class; ii) the long-term minimum revenue requirement for each tier class (USD 140,000 per month for top-tier games and USD 40,000 per month for mid-tier games); iii) contractual terms that have an impact; and iv) any future events that could affect the revenue potential of a game. A game will be redefined if its performance over a period of six consecutive months, excluding the first three months after launch, does not qualify for a specific tier class. The number of tier games and their average revenue per month is reported in the Main KPI section.

Review

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

Number of employees and long-term contractors

At the end of the reporting period the group had 151 employees and long-term contractors.

Material risks and uncertainties

The company's material risks and uncertainties include, but are not limited to, risks related to market, technology, contracts, regulatory requirements, key staff, financial requirements and counterparties. A detailed risk description of the Company is given in the audited financial statements for the period ended 31 December 2021.

Financial calendar

2024 AGM	26 Jun. 2024
Q2 report - 2024 financial year	21 Aug. 2024
Q3 report - 2024 financial year	20 Nov. 2024
Q4 report - 2024 financial year	19 Mar. 2025
Q1 report - 2025 financial year	21 May 2025

Certified Adviser

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Further information

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

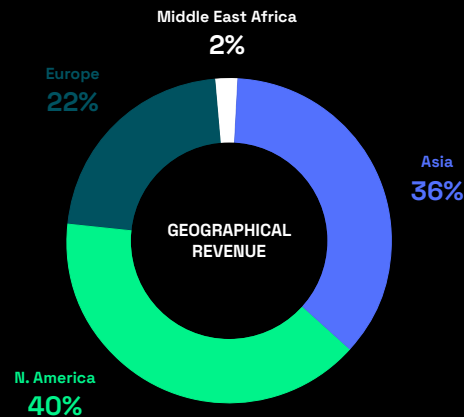
MAR Publishing Statement

This statement is information that Flexion Mobile Plc is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 am CEST on 21 May 2024.

GEOGRAPHICAL REVENUE

The geographical breakdown of group revenue for the quarter ending 31 March 2024 is presented below.

The main market for group revenue during the quarter was North America with 40% market share followed by Asia with 36% market share. Europe accounted for 22% and Middle East and Africa for 2%.



Financial reports in brief

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the quarterly period ended 31 March 2024

	Notes	QTD Mar-24 3 months Unaudited GBP	QTD Mar-23 3 months Unaudited GBP	Dec-23 12 months Unaudited GBP
Total revenue	3	18,330,166	16,274,713	70,822,934
Cost of sales		(14,355,505)	(13,762,620)	(58,461,110)
Total gross profit	4	3,974,661	2,512,093	12,361,824
General and administrative expenses	5	(4,422,959)	(2,694,598)	(12,682,584)
Adjusted EBITDA*		1,641,991	743,322	4,064,294
Depreciation of tangible assets		32,857	33,751	133,689
Amortisation of intangible assets		1,679,659	743,686	2,615,555
Impairment (gain) / loss		-	-	338,520
Foreign exchange (gain) / loss		(141,765)	148,390	192,246
Corporate acquisition related costs		-	-	-
Other extraordinary costs		519,538	-	1,105,044
Operating profit / (loss) for the period		(448,298)	(192,505)	(320,760)
Share of profit / (loss) from associate		-	-	(14,400)
Finance costs		(230,048)	(320,770)	(986,909)
Profit / (Loss) before tax for the period		(678,346)	(503,275)	(1,322,069)
Tax		(28,121)	(3,520)	(107,821)
Profit / (Loss) after tax for the period		(706,467)	(506,795)	(1,429,890)
Attributable to:				
Equity holders of the parent		(706,467)	(506,795)	(1,429,890)
Profit / (Loss) for the period		(706,467)	(506,795)	(1,429,890)
Other comprehensive income				
Foreign exchange differences		175,687	(22,516)	19,770
Total comprehensive profit / (loss) for the period		(530,780)	(529,311)	(1,410,120)
Attributable to:				
Equity holders of the parent		(530,780)	(529,311)	(1,410,120)
Profit / (Loss) for the period		(530,780)	(529,311)	(1,410,120)

* The Group defines adjusted EBITDA as earnings before interest, tax, depreciation, amortisation, finance costs, impairment losses, foreign exchange gains/losses, corporate acquisitions costs, fair value gains/losses and other extraordinary costs (Insolvency related provisions/write-backs & costs).

Financial reports in brief

Consolidated Statement of Financial Position as at 31 March 2024

	Notes	Mar-24 Unaudited GBP	Mar-23 Unaudited GBP	Dec-23 Unaudited GBP
Assets				
Non-current assets				
Property, plant and equipment	7	225,421	283,591	257,668
Intangible assets	8	20,820,988	21,098,561	22,342,605
Investments		-	400,327	-
Deferred tax assets		-	-	-
Total non-current assets		21,046,409	21,782,479	22,600,273
Current assets				
Trade and other receivables	9	10,961,768	8,471,593	14,852,983
Cash and cash equivalents		13,778,043	12,025,991	11,084,321
Total current assets		24,739,811	20,497,584	25,937,304
Total assets		45,786,220	42,280,063	48,537,578
Equity and liabilities				
Equity				
Share capital		113,342	111,070	113,342
Share premium		21,333,530	20,232,928	21,333,530
Other reserves		640,192	386,172	350,163
Retained earnings		(3,657,015)	(2,630,960)	(3,781,462)
Total equity		18,430,049	18,099,210	18,015,573
Non-current liabilities				
Deferred Tax liabilities	11	2,415,405	2,584,522	2,454,348
Lease liabilities		138,674	164,234	148,781
Contingent consideration	11	3,679,872	6,000,534	3,679,872
Total non-current liabilities		6,233,951	8,749,291	6,283,001
Current liabilities				
Trade and other payables	10	17,222,401	12,610,364	19,517,167
Lease liabilities		77,626	99,582	99,424
Deferred consideration	11	-	1,026,612	-
Contingent consideration	11	3,822,193	1,695,003	4,622,413
Total current liabilities		21,122,220	15,431,562	24,239,004
Total liabilities		27,356,171	24,180,853	30,522,004
Total equity and liabilities		45,786,220	42,280,063	48,537,578

Financial reports in brief

Consolidated Statement of Cash Flows for the quarterly period ended 31 March 2024

	QTD Mar-24 3 months Unaudited	QTD Mar-23 3 months Unaudited	Dec-23 12 months Unaudited
Cash flow from operating activities			
Profit / (Loss) before tax for the period	(678,346)	(503,275)	(1,322,069)
Profit before tax for the period	(678,346)	(503,275)	(1,322,069)
Adjustments for:			
Foreign exchange losses / (gains)	(114,896)	8,101	133,959
Impairment (gain) / loss	-	-	338,520
Share based payments	33,298	23,680	103,665
Depreciation of tangible assets	32,857	33,751	133,689
Amortisation of intangible assets	1,679,659	743,686	2,615,555
Share of (profit) / loss of associate	-	-	(48,633)
Interest paid	238,559	320,808	1,046,716
Working capital:			
Change in trade and other receivables	3,404,797	2,964,667	(3,959,316)
Change in trade and other payables	(1,866,616)	(4,652,739)	2,320,751
Net cash flow from operating activities	2,729,312	(1,061,321)	1,362,837
Cash flow from investing activities			
Investment in associate	-	-	-
Acquisition of a subsidiary, net of cash acquired	-	(518,571)	(518,571)
Expenditure on property, plant and equipment	749	(32,220)	(28,319)
Expenditure on intangible assets	-	-	(3,175,914)
Capitalised development cost	-	(60,000)	-
Payment of game distribution rights	-	-	-
Net cash flow from investing activities	749	(610,791)	(3,722,804)
Cash flow from financing activities			
Issue of ordinary shares, net of issue costs	-	-	89,290
Payment of lease liabilities	(35,901)	(31,916)	(131,487)
Net cash flow from financing activities	(35,901)	(31,916)	(42,197)
Net change in cash and cash equivalents	2,694,160	(1,704,028)	(2,402,164)
Cash and cash equivalents at beginning of period	11,084,321	13,801,592	13,801,592
Effect of exchange rate fluctuations on cash held during the period	(438)	(71,573)	(315,106)
Cash and cash equivalents at end of period	13,778,043	12,025,991	11,084,322

Financial reports in brief

Consolidated Statement of Changes in Equity for the period ended 31 March 2024

	Share capital GBP	Share premium GBP	Other reserves GBP	Foreign currency translation reserve GBP	Retained earnings GBP	Total GBP
Balance at 1 January 2023	109,309	19,730,020	318,531	23,062	(2,124,165)	18,056,757
Adjustments to opening retained earnings	-	-	-	-	-	-
Loss for the period	-	-	-	(22,516)	(506,795)	(529,311)
Total comprehensive income	109,309	19,730,020	318,531	546	(2,630,960)	17,527,446
Transactions with owners, recorded directly in equity						
Share based payments	-	-	23,680	-	-	23,680
Deferred tax on share options	-	-	43,415	-	-	43,415
Issue of share capital	1,761	502,908	-	-	-	504,669
Balance at 31 March 2023	111,070	20,232,928	385,626	546	(2,630,960)	18,099,210
Balance at 1 January 2024	113,342	21,333,530	307,331	42,832	(3,781,462)	18,015,573
Adjustments to opening retained earnings	-	-	87,646	-	830,914	918,560
Loss for the period	-	-	-	175,687	(706,467)	(530,780)
Total comprehensive income	113,342	21,333,530	394,977	218,519	(3,657,015)	18,403,353
Transactions with owners, recorded directly in equity						
Share based payments	-	-	33,298	-	-	33,298
Deferred tax on share options	-	-	(6,602)	-	-	(6,602)
Issue of share capital	-	-	-	-	-	-
Balance at 31 March 2024	113,342	21,333,530	421,673	218,519	(3,657,015)	18,430,049

Notes

1. Basis of preparation

The condensed financial statements for the three months ended 31 March 2024 have not been prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements of the Group are prepared in accordance with applicable UK law and UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006. The Company's offices are in London and the registered number of Flexion Mobile is 04306881. The interim condensed consolidated financial statements are presented in GBP and have been prepared using historical cost accounting. After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the board of directors continue to adopt the going concern basis in preparing the interim reports.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a review by the auditors. The financial information in respect of the financial year ended 31 December 2023 is unaudited. The financial information for the 3-months ended 31 March 2023 and 31 March 2024 is unaudited.

The interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's financial statements for the period ended 31 December 2021.

2. Significant accounting policies

Except where disclosed below, the accounting policies adopted in the preparation of the interim condensed financial statements for the Group are consistent with those followed in the preparation of the Company's annual financial statements for the period ended 31 December 2021. The accounting policies applied herein are consistent with those expected to be applied in the financial statements for the period ended 31 December 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Revenue

	Mar-24	Mar-23
	Unaudited	Unaudited
Revenue disclosed in the statement of profit or loss is analysed as follows:		
Revenue breakdown		
IAP Revenue	15,826,408	14,457,259
Non-IAP Revenue	23,086	27,432
Marketing services	2,480,672	1,790,022
Total Revenue	18,330,166	16,274,713

4. Gross profit

	Mar-24	Mar-23
	Unaudited	Unaudited
Gross profit disclosed in the statement of profit and loss is analysed as follows:		
Gross profit breakdown		
IAP gross profit	3,116,012	1,898,530
Non-IAP gross profit	23,086	27,432
Marketing services	835,563	586,131
Total gross profit	3,974,661	2,512,093

5. General and administrative expenses

	Mar-24	Mar-23
	Unaudited	Unaudited
General and administrative expenses disclosed in the statement of profit or loss is analysed as follows:		
General and administrative expenses		
Staff and contractor costs	1,740,459	1,284,499
Depreciation	32,857	33,751
Amortisation	1,679,659	743,686
Impairment (gain) / loss	-	-
Other overheads	969,984	632,662
Total	4,422,959	2,694,598

6. Related party transactions

The Company is not aware of any significant related party transactions during the quarter excluding PDMMR share transactions which are reported separately on the Company's website.

7. Property, plant and equipment

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

	Mar-24 Unaudited	Mar-23 Unaudited
Property, plant and equipment		
Office Equipment	11,683	16,333
Leasehold improvements	5,634	7,965
Right-to-use assets	208,104	259,293
Total	225,421	283,591

In the first quarter for the year ending 31 March 2024 depreciation for property, plant equipment amounted to GBP 32,857.

8. Intangible assets

Intangible assets comprise of goodwill, capitalised development costs for internally generated software, game distribution rights, computer software, customer relationships and brand according to below carrying value analysis:

	Mar-24 Unaudited	Mar-23 Unaudited
Intangible asset		
Goodwill	7,319,994	7,242,550
Capitalised development costs	563,530	920,761
Game distribution rights	5,556,613	4,766,808
Computer software	-	-
Customer relationships	3,131,713	3,438,736
Brand	4,249,138	4,729,706
Total	20,820,988	21,098,561

In the first quarter for the year ending 31 March 2024 amortisation amounted to GBP 1,679,659.

9. Trade and other receivables

	Mar-24 Unaudited	Mar-23 Unaudited
Assets		
Trade receivables	2,980,687	1,901,376
Other receivables	430,763	284,847
Prepayments and accrued income	7,550,318	6,285,370
Trade and other receivables	10,961,768	8,471,593

Other receivables include GBP 367,728 (65,923) of VAT receivables, GBP 2,578 (190,493) of advances and GBP 60,456 (28,432) of other non-material items.

10. Trade and other payables

	Mar-24 Unaudited	Mar-23 Unaudited
Liabilities		
Trade payables	3,932,964	1,191,183
Social security and other taxes	40,660	101,803
Accrued expenses	11,939,278	9,945,175
Other payables	1,173,756	991,471
Corporate tax payable	135,743	380,732
Trade and other payables	17,222,401	12,610,364

11. Acquisitions

On 5 April 2022, the Group completed the acquisition of the entire issued capital of Audiency GmbH, an influencer marketing agency registered in Germany, thereby obtaining control.

With this acquisition Flexion improves its competitive advantage in the gaming market. The company benefits from the acquisition with the expansion into the influencer marketing sector and potential synergies between the companies.

The Company has undertaken a valuation with a leading global accounting firm to determine the purchase price and its asset allocations. The purchase price of the acquired company was fair valued at EUR 16.66m (GBP 14.10m). The purchase price allocation, based on the fair value of the net assets at the acquisition date, results in the recognition of intangible assets such as customer relationships, brand value and goodwill.

According to the valuation, residual goodwill arising from the acquisition totals GBP 7,24m which includes, but is not limited to values from new sales, influencer management and synergies with the Company.

The purchase agreement included an additional maximum consideration of EUR 10.73m, payable only if the EBITDA of Audiency for the financial years ending 2022, 2023 and 2024 achieve the threshold agreed by both parties. The additional consideration will be paid in three separate annual instalments after completion of the related audited accounts. The EUR 7.36m of contingent consideration liability recognised represents the present value of the Group's estimate of the cash outflow which has been discounted using an interest rate of 16.4%, equivalent to the valuation's assessed project IRR. The book value of the contingent consideration liability (ie without NPV adjustment) is EUR 10.47m. As at 31 March 2024, there have been no changes in the estimate of the probable cash outflow but the liability has increased to EUR 9.8m due to the change in fair value. The Company has not yet finalised its assessment of additional consideration for 2022 as it is dependent on audited accounts for 2022.

The customer relationships intangible asset will be amortised on a slightly adjusted (concave) curve over 10 years to match the forecasted earnings as per the undertaken valuation. The brand value intangible asset will be amortised over 10 years as per the undertaken valuation. Goodwill has an indefinite useful life and as such is not amortised according to IFRS.

Costs arising directly from the acquisition of Audiency (such as legal fees) amount to GBP 0.2m, which form part of general and administrative expenses, however, have been excluded from Adjusted EBITDA due to the nature of the costs.

The details of the business combination as follows:	Fair Value GBP	Fair Value GBP
Fair value of consideration transferred		
Amount settled in cash	3,405,434	
Amount settled in equity	500,374	
Deferred consideration	3,961,376	
Contingent consideration	6,233,655	
Total		14,100,839
Acquired net assets		
Fixed Assets	20,313	
Working capital	407,959	
Net (debt)/cash	245,453	
Total acquired net assets	673,725	
Excess consideration for allocation		13,427,114
Identified intangible assets		
Customer relationships	3,736,807	
Brand	5,255,229	
Intangible assets	8,992,036	
Deferred tax on intangible assets	(2,807,472)	
Residual goodwill		7,242,550
Consideration settled in cash	3,924,005	
Cash and cash equivalents acquired	(520,529)	
Net cash outflow from acquisition		3,403,476
Acquisition costs charged to expenses		223,574

The Flexion share

The share

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

Ownership table

Top 10 shareholders as of 31 March 2024	N. of shares and votes	%	Aggregated %
Mobile Sensations Ltd	11,354,862	20.2%	20%
Palmstierna Invest AB	3,465,780	6.2%	26%
Goldman Sachs & Co. LLC	2,351,456	4.2%	31%
Palmstierna Fredrik	2,008,211	3.6%	34%
UBS Switzerland AG	1,858,372	3.3%	37%
Julius Baer & Co Ltd	1,825,888	3.2%	41%
Clearstream Banking S.A.	1,708,788	3.0%	44%
The Bank of New York Mellon	1,581,512	2.8%	47%
Joachim Odqvist	1,560,415	2.8%	49%
IBKR Financial Services AG	1,497,195	2.7%	52%
Other shareholders	27,020,786	48.1%	100%
Total number of shares	56,233,265	100%	

Share data

	QTD Mar-24 3 months	QTD Mar-23 3 months	FY Dec-23 12 months
Number of shares at period end (adjusted for share split and bonus issue)	56,233,265	55,097,529	56,233,265
Amount of weighted average shares outstanding for the period (adjusted for share split and bonus issue)	56,233,265	54,751,659	55,012,700
Profit / (Loss) per share			
- basic attributable to ordinary equity holders of the parent (pence) °	(0.94)	(0.97)	(2.56)
- diluted, attributable to ordinary equity holders of the parent (pence) °	(0.94)	(0.97)	(2.56)

° Basic and diluted earnings are considered the same where a loss has been 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 March 2024 totalled 2,670,062 (2023: 2,564,312) and are potentially dilutive.



Main KPI numbers

Summary of the Company's Key Performance Indicators

		QTD Mar-24 3 months	QTD Dec-23 3 months	QTD Sep-23 3 months	QTD Jun-23 3 months	QTD Mar-23 3 months
Top-tier games pending launch	No.	1	1	0	2	2
Mid-tier games pending launch	No.	0	0	0	0	1
Total top-tier games live	No.	11	10	10	10	10
Total mid-tier games live	No.	12	12	18	16	15
Top-tier games average monthly gross revenue	USD	582,070	744,674	541,700	610,814	646,148
Number of games live past ramp-up period	No.	10	10	8	8	8
Mid-tier games average monthly gross revenue	USD	35,023	33,628	34,344	42,041	38,717
Number of games live past ramp-up period	No.	10	12	16	13	13
Total revenue growth - YoY	%	13%	12%	(20%)	(12%)	54%
Total revenue growth - QoQ	%	(24%)	64%	(5%)	(5%)	(25%)
IAP gross profit growth - YoY	%	44%	31%	(16%)	(22%)	34%
IAP gross profit growth - QoQ	%	(17%)	62%	16%	(7%)	(25%)
IAP gross profit margin	%	16.4%	17.3%	15.7%	12.7%	13.1%
Total gross profit margin	%	21.7%	20.4%	17.1%	15.3%	15.4%
Adjusted EBITDA margin	%	9.0%	8.8%	3.2%	3.3%	4.6%
Operating profit / (loss) margin	%	(2.4%)	0.9%	(3.1%)	0.5%	(1.1%)
Average monthly operational cashflow	GBP	948,069	1,152,380	(695,524)	309,245	(356,474)
Headcount for Distribution services	No.	109	98	97	94	95
Of which headcount for new strategies	No.	16	16	17	16	15
Adjusted staff cost for Distribution services	GBP	1,286,171	1,133,686	1,098,363	1,094,286	1,015,409
Number of shares at period end	No.	56,233,265	56,233,265	56,233,265	56,175,515	55,097,529
Amount of weighted average shares outstanding for period	No.	56,233,265	56,233,265	56,210,388	55,356,447	54,751,659
Profit / (Loss) per share (pence)	GBPp	(0.94)	0.08	(1.24)	(0.43)	(0.97)

Definitions

Number of top-tier games pending launch	Number of games generating at least USD 140,000 per month for which a contract has been signed but which are not live yet.
Number of mid-tier games pending launch	Number of games generating at least USD 40,000 per month for which a contract has been signed but which are not live yet. Minor games that are part of multi-games distribution contracts are also classified as mid-tier games.
Number of total top-tier games live	Number of games generating at least USD 140,000 per month, live in at least one of our distribution channels, including games in ramp-up period.
Number of total mid-tier games live	Number of games generating at least USD 40,000 per month, live in at least one of our distribution channels, including games in ramp-up period. Minor games that are part of multi-games distribution contracts are also classified as mid-tier games.
Average monthly gross revenue	Average monthly IAP revenue generated over the quarter - excluding games in initial six months ramp-up period and games not qualifying as tier games. Average number based on sales data and excluding settlement reconciliation adjustments.
Ramp-up period	Six-month period from launch date to reach a stable revenue inflow level.
Growth rates - YoY	Rates measured to the comparable period in the previous financial year.
Growth rates - QoQ	Rates measured to the comparable period in the previous quarter.
IAP gross profit margin	IAP revenue gross profit to total revenue.
Total gross profit margin	Total revenue (IAP and non-IAP) gross profit to total revenue (IAP and non-IAP).
Adjusted EBITDA margin	Adjusted EBITDA to total revenue (IAP and non-IAP).
Operating profit / (loss) margin	Operating profit/(loss) to total revenue (IAP and non-IAP).
Average monthly operational cashflow	Average operational cashflow (excl. effects of exchange rate fluctuations on cash held) divided by number of months in the measured period.
Headcount	Number of all staff plus all long-term contractors as at the end of the period.
Adjusted staff cost	Total cost of all staff and long-term contractors before any deduction for capitalised development cost.
Number of shares at period end	Number of shares at period end adjusted for share split and bonus issue.
Amount of weighted average shares outstanding for the period	Amount of weighted average shares outstanding for period, adjusted for share split and bonus issue.
Profit/(Loss) per share (pence)	Basic and diluted earnings are considered the same where a loss has been incurred. The effect of outstanding share options and warrants is considered anti-dilutive and ignored in the calculation.

Quarterly figures

Income statement

GBP, 000	2024	2023				2022		
	Q1 Mar	Q4 Dec	Q3 Sep	Q2 Jun	Q1 Mar	Q4 Dec	Q3 Sep	Q2 Jun
IAP revenue	16,665	19,056	12,981	13,813	14,457	18,260	16,449	15,369
Non-IAP revenue	23	33	29	28	27	71	31	35
Marketing Services Revenue	2,481	5,185	1,768	1,656	1,790	3,382	2,069	2,303
Total revenue	18,330	24,274	14,777	15,497	16,274	21,713	18,549	17,707
IAP gross profit	2,739	3,299	2,035	1,759	1,899	2,521	2,435	2,251
Non-IAP gross profit	23	33	29	28	27	71	31	35
Marketing Services Revenue	836	1,620	468	579	586	1,066	560	632
Total gross profit	3,975	4,952	2,531	2,367	2,512	3,658	3,026	2,918
Adjusted EBITDA	1,642	2,136	666	519	743	1,551	1,482	1,375
Operating profit / (loss) (EBIT)	(448)	224	(433)	70	(183)	1,881	(294)	(393)
Share of profit / (loss) from associate	-	(14)	-	-	-	-	-	-
Finance cost	(230)	(217)	(218)	(231)	(321)	(350)	(306)	(303)
Profit / (Loss) before tax	(678)	(7)	(650)	(161)	(503)	1,530	(600)	(696)
Adjusted profit / (loss) before tax	(82)	1,363	27	(72)	(149)	1,061	294	393
Tax	(28)	(9)	(49)	(47)	(4)	(69)	(34)	(20)
Profit / (Loss) after tax	(706)	(17)	(699)	(207)	(507)	1,461	(634)	(716)

Balance Sheet

GBP, 000	2024	2023				2022		
	Q1 Mar	Q4 Dec	Q3 Sep	Q2 Jun	Q1 Mar	Q4 Dec	Q3 Sep	Q2 Jun
Property, plant and equipment	225	258	291	253	284	79	112	130
Intangible assets	20,821	22,343	23,187	20,616	21,099	21,782	22,173	23,278
Other non-current assets	-	-	400	400	400	400	425	233
Total non-current assets	21,046	22,600	23,879	21,269	21,783	22,261	22,710	23,641
Trade and other receivables	10,962	14,853	9,224	8,408	8,472	11,497	9,845	9,363
Cash and cash equivalents	13,778	11,084	7,531	12,740	12,026	13,802	10,457	8,435
Total current assets	24,740	25,937	16,755	21,148	20,498	25,299	20,302	17,798
Total equity	18,430	18,016	18,073	18,910	18,099	18,057	13,495	13,038
Total non-current liabilities	6,234	6,283	6,099	6,081	8,749	8,503	7,999	8,003
Trade and other payables	17,222	19,517	11,664	12,937	12,610	17,273	16,497	14,871
Lease liabilities	78	99	80	75	100	29	35	62
Deferred consideration	-	-	-	-	1,027	2,056	3,062	3,992
Contingent consideration	3,822	4,622	4,717	4,414	1,695	1,642	1,924	1,473
Total current liabilities	21,122	24,239	16,461	17,426	15,432	21,000	21,518	20,398

Cash flow

GBP, 000	2024	2023				2022		
	Q1 Mar	Q4 Dec	Q3 Sep	Q2 Jun	Q1 Mar	Q4 Dec	Q3 Sep	Q2 Jun
Cash flow from operating activities before changes in working capital	1,191	1,357	353	665	627	2,443	838	403
Changes in working capital	1,538	2,140	(2,335)	245	(1,688)	(1,269)	1,098	635
Cash flow from net operating activities	2,729	3,497	(1,983)	910	(1,061)	1,174	1,936	1,038
Cash flow from investing activities	1	125	(3,176)	(61)	(611)	(25)	(279)	(2,997)
Cash flow from financing activities	(36)	(33)	(14)	37	(32)	2,185	85	(33)
Net change in cash and cash equivalents	2,694	3,589	(5,172)	885	(1,704)	3,334	1,742	(1,992)
Cash and cash equivalents at end of the period	13,778	11,084	7,531	12,740	12,026	13,802	10,457	8,435

The image features a complex, abstract background composed of numerous overlapping, wavy lines in shades of bright green and dark teal. These lines create a sense of depth and movement, resembling a stylized, distorted architectural space or a series of concentric, undulating bands. In the center of the image, there is a solid black rectangular box. Inside this box, the word "FLEXION" is written in a bold, white, sans-serif typeface. The letters are evenly spaced and have a slight shadow or drop effect, making them stand out prominently against the dark background of the box.

FLEXION