

# Q2 Report

30 June 2024



# FLEXION



**“We grow revenue and audiences for games”**



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## Flexion continues to grow. Revenue is up 14% and Gross Profit jumps 51% in the second quarter.

### April-June 2024 performance

- Total revenue increased by 14% to GBP 17.7m (15.5)\*
- Total gross profit increased by 51% to GBP 3.6m (2.4)
- Adjusted EBITDA† increased by 1236% to GBP 1.1m (0.1)
- Operating loss increased to GBP 0.8m (profit 0.03m)
- EPS amounted to GBP -2.22 pence (-1.17 pence)
- Operating cash flow amounted to GBP 0.6m (0.9)
- Cash and cash equivalents increased to GBP 13.9m (12.7)

### January-June 2024 performance

- Total revenue increased by 13% to GBP 36.0m (31.8)\*
- Total gross profit increased by 55% to GBP 7.5m (4.9)
- Adjusted EBITDA† increased by 231% to GBP 2.7m (0.8)
- Operating loss increased to GBP 1.2m (0.2m)

\* Comparison figures for the year-earlier period in brackets.

† 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).

## Q2 2024

### Important events during the quarter

- Launch of EverMerge from Big Fish Games
- Launch of Marvel Contest of Champions from Kabam
- Signing of agreement with Jam City
- Signing of agreement with King
- Filing of 2022 annual accounts

## Q3 2024

### Important events after the quarter

- Launch of two titles from Jam City
- Launch of Candy Crush Saga from King
- Signing of agreement with Fun Formula
- Appointment of Evelyn Partners as new auditors

# Comments from the CEO



Jens Lauritzson  
CEO

**I am pleased with our Q2 performance. Distribution continues to grow, and we keep generating strong gross profit and cash flows. We ended the quarter with almost GBP 14m in cash, which is up by GBP 0.1m compared with Q1-24. With our strong cash position and no interest-bearing debt, we can continue to take advantage of opportunities in our very exciting market segment.**

We grew our gross profit by 51% YoY and for the second quarter in a row, we are at the top range of our quarterly revenue guidance (USD 20m-23m). We ended at USD 22.5m in revenue and would have beaten our guidance if Audiencly had continued its strong performance from Q1-24. However, some of their clients' big budget campaigns and game launches were delayed and are now planned for Q3-24.

I am very excited about our new partnership with King that we announced in June, and we have now launched Candy Crush Saga, one of the most successful online games ever created. This is great timing for the busy year-end period. There are clear opportunities to expand this partnership to new channels and to new titles and beyond King, to other parts of Activision/Microsoft. I have previously mentioned Microsoft's plan to launch a mobile game store.

Our focus on the top publishers in the market is paying off, and we are strengthening our position with every new signing. The sales pipeline remains healthy, and we expect to sign more big games in Q3/Q4 this year. The games that we signed in Q1-24 are now live and have started to contribute to our revenue growth.

In terms of the general market, we continue to see a positive trend in favour of alternative distribution, particularly high margin channels and third-party payments - Direct to Consumer ("D2C") services powered by web stores are top of mind for most developers. As I mentioned in my last update, we are planning to offer developers support in the new direct distribution market. We have now signed agreements with Coda Payments and are preparing for the distribution of our first games in channels such as Digital Turbine using third-party payments, thereby enabling higher margins for both game publishers and independent distributors (as a reminder, developers must pay 30% to Google for processing their payments when using Google Play store for distribution). Our initiative is fully independent of app stores and driven by paid user acquisition. There is strong interest among developers in exploring this together with Flexion, and some of our new game partners will be involved in our beta tests later this year.

Our new Software Development Kit ("SDK"), which will be officially launched this autumn, will play an important part in the new service offering. Our aim is to make our SDK the de facto standard for developers who want to venture outside Google Play and the App Store.

As we have highlighted previously, the overall market is experiencing a paradigm shift as a result of the introduction of the Digital Marketing Act ("DMA") in March of this year. It looks like the EU Commission will potentially

come down hard on Apple's first DMA proposal. They are facing massive fines. Most other big markets are watching the EU precedent, and we expect to hear a final verdict later this year.

As a result of this regulatory pressure, we are seeing increasing interest from European Telecom operators, large US Tech companies like Meta and Microsoft as well as the big game publishers in entering this market. For example, Epic Games is taking the opportunity to launch their newly approved store for both iOS and Android later this year. We hope to hear more on this and the Microsoft store at the world's biggest gaming event, Gamescom, this week when we will be meeting many of our existing and new strategic partners. We can only conclude that all these changes are benefitting the alternative distribution market, which is where Flexion is of course one of the leading players.

We have had a very busy summer period. The China team has just returned from the largest Chinese games conference, China Joy, and they also presented to most of the big Chinese game developers at Huawei's Developer Conference in June. We have just signed Zombie Waves, a top grossing game from China's Fun Formula, which should be live in our channels towards the end of September. I am positive about these Chinese opportunities and more big titles are expected to be signed.

I am relieved that we have concluded the 2022 audit and can put this behind us. Whilst our financial results were strong and were in line with all earlier communication, we remain unhappy with the audit report and disagree with the auditor's opinion on several points. Further details on this can be found in the 2022 Annual Report. Given the circumstances, we asked Grant Thornton to resign as auditor and have recently appointed Evelyn Partners, a Top 10 UK Accountancy firm, as our new external auditor. We have also appointed a new Chairman of our Audit Committee who will focus on concluding the 2023 audit with our new auditors as soon as possible.

Finally, I am pleased to see that we grew our distribution revenue in the first half year by 25% measured in USD as constant currency, and we are now looking forward to an even busier second half with a strong line up of games. For the third quarter, we are expecting sales of approximately USD 22m-USD 25m.

Jens Lauritzson | CEO

# Financial Development

## April-June 2024

### REVENUE

Total revenue increased by 14% year-on-year to GBP 17,709,498 (15,497,411), of which In-App Purchase (IAP) revenue increased by 17% year-on-year to GBP 16,183,636 (13,812,951) and non-IAP revenue decreased to GBP 23,099 (28,416). Marketing Services revenue decreased by 9% to GBP 1,502,763 (1,656,044) as a result of a delay in some big budget campaigns that have been moved into Q3.

Total revenue for the quarter decreased by 3% compared with the preceding quarter to GBP 17,709,498 (18,330,166) as per normal cyclical patterns.

### GROSS PROFIT

Cost of sales increased by 8% year-on-year to GBP 14,144,653 (13,130,793).

Total gross profit increased by 51% year-on-year to GBP 3,564,845 (2,366,618) of which IAP gross profit increased by 74% year-on-year to GBP 3,058,556 (1,759,460) driven by strong performance from high margin contributing games. Marketing Services gross profit decreased by 17% to GBP 483,189 (578,742). Non-IAP gross profit decreased to GBP 23,099 (28,416) and is carried at a 100% margin to Flexion.

Total gross profit margin increased from 15.3% to 20.1% year-on-year, with IAP gross profit margin which increased from 12.7% to 18.9%, and offset by Marketing Services gross profit margin which decreased from 34.9% to 32.2%.

Total gross profit decreased by 10% to GBP 3,564,845 compared with the preceding quarter. IAP gross profit decreased by 2% to 3,058,556 compared with the preceding quarter. Total gross profit margin decreased from 21.7% to 20.1%, with Marketing Services gross profit margin decreasing from 33.7% to 32.2% and IAP gross profit margin decreasing from 19.7% to 18.9% compared with the preceding quarter. The decrease in IAP gross profit margin is mainly driven by the reduction in revenue from titles with relatively high margin contributions.

### GENERAL AND ADMINISTRATIVE EXPENSES

The total headcount increased by 28 year-on-year to 160 (132) of which, Distribution's headcount represented 115 (94) and Marketing service's headcount represented 45 (38). Adjusted staff cost for Distribution increased by 23% from GBP 1,094,286 to GBP 1,345,789 and Marketing Services staff cost increased by 41% from GBP 292,672 to GBP 412,822. Group staff and contractor costs increased by 27%

year-on-year to GBP 1,758,612 (1,386,789) driven by inflationary salary pressure and the increase in headcount in both Distribution and Marketing Services.

Other overheads increased year-on-year to GBP 829,424 (363,110) driven by GBP 550,145 (345,512) in increased administrative costs and an increase in unrealised/realised foreign exchange net losses to GBP 111,425 (-97,821). The increase in administrative costs were mainly driven by the increased legal and professional fees.

The total amortisation of GBP 1,696,491 (557,910) includes GBP 1,389,153 (250,885) related to game distribution rights, GBP 132,444 (140,737) related to Brand, GBP 104,760 (90,638) related to customer relationships and GBP 70,133 (75,649) 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 4,317,093 (2,341,564).

During the quarter, the headcount for Distribution increased by 6 to 115. Market service's headcount increased by 3 to 45. Total staff and contractor costs for distribution increased by 1% compared with the preceding quarter. Adjusted staff costs for Distribution, as reported in the KPI section, increased by 5% QoQ. Staff costs for Marketing Services, as reported in the KPI section, decreased by 9% QoQ. Other overheads decreased by 14% 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 1,088,234 (81,454) driven by higher gross profit from both Distribution and Marketing Services. EBIT decreased to GBP -752,248 (25,054) and the result after tax for this quarter amounted to GBP -902,137 (-247,664).

### CASH FLOW

Operating cash flow decreased by GBP 0.3m year-on-year to GBP 583,780 (909,566) partly due to working capital timing effects on both trade payables and trade receivables. Net cash flow decreased to GBP 156,733 (885,157).

### FINANCIAL POSITION

Cash amounted to GBP 13,916,157 (12,739,903) and there were no interest-bearing liabilities. During the quarter, cash increased by GBP 138,113, driven by delayed payments of GBP 0.9m as a result of an

extended bank holiday at the end of the previous quarter. Trade and other receivables amounted to GBP 11,418,995 (8,011,863). Trade and other payables amounted to GBP 17,578,797 (13,202,842).

### 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 576,605 (582,070) 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 36,008 (35,023) compared to the preceding quarter and the number of mid-tier games past ramp-up remained at 10 titles.

During the quarter, the number of live top-tier games remained at 11 titles with 1 top-tier game signed and yet to be launched. The number of live mid-tier games remained at 12 titles with 4 mid-tier games signed and yet to be launched.

## January- June 2024

The first six months of the financial year ending December 2024 showed a 13% growth in total revenue, increasing to GBP 36,039,664 (31,772,123). IAP grew 13% to GBP 32,010,044 (28,270,210) and Marketing services revenue grew by 16% to GBP 3,983,435 (3,446,066). Gross profit increased by 55% to GBP 7,537,506 (4,878,711) during the period. General and administrative expenses increased by 74% to GBP 8,740,052 (5,036,162). Adjusted EBITDA increased by 231% to GBP 2,730,225 (824,776). The result after tax decreased to GBP -1,608,603 (-754,458).



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 160 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 year ended 31 December 2022.

### Financial calendar

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

### Certified Adviser

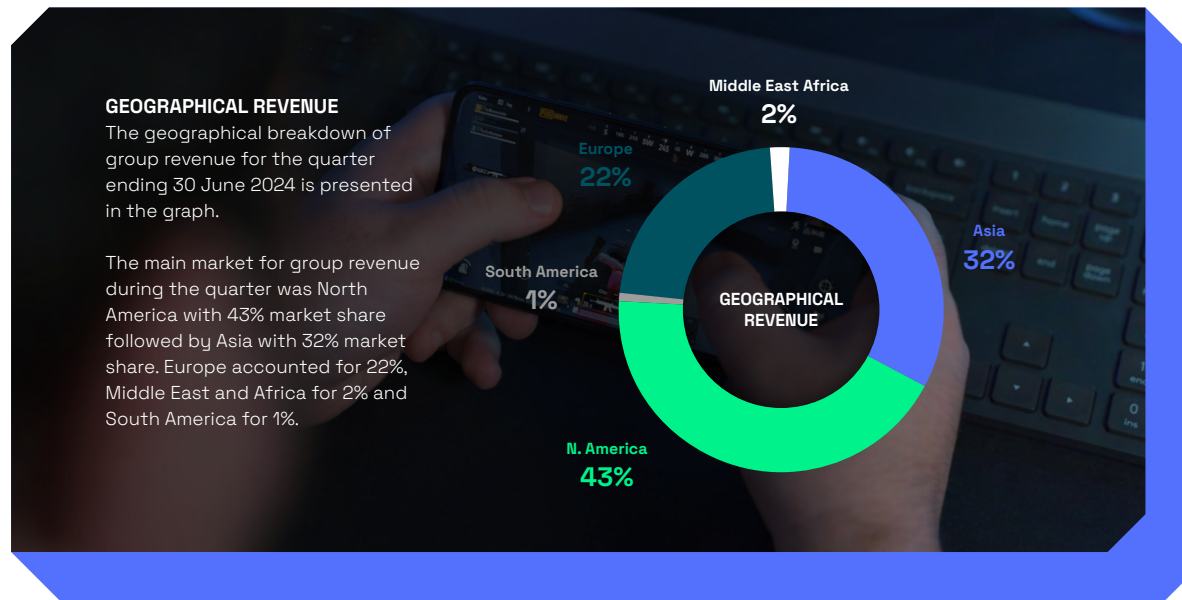
FNCA Sweden AB, info@fnca.se, telephone: +46 8 528 00 399.

### Further information

For further information please visit the company's website: [www.flexion.games](http://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 August 2024.



### GEOGRAPHICAL REVENUE

The geographical breakdown of group revenue for the quarter ending 30 June 2024 is presented in the graph.

The main market for group revenue during the quarter was North America with 43% market share followed by Asia with 32% market share. Europe accounted for 22%, Middle East and Africa for 2% and South America for 1%.

# Financial reports in brief

## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the quarterly period ended 30 June 2024

	Notes	QTD Jun-24 3 months Unaudited GBP	QTD Jun-23 3 months Unaudited GBP	YTD Jun-24 6 months Unaudited GBP	YTD Jun-23 6 months Unaudited GBP	Dec-23 12 months Unaudited GBP
Total revenue	3	17,709,498	15,497,411	36,039,664	31,772,123	70,822,994
Cost of sales		(14,144,653)	(13,130,793)	(28,500,158)	(26,893,412)	(58,460,999)
<b>Total gross profit</b>	4	<b>3,564,845</b>	<b>2,366,618</b>	<b>7,539,506</b>	<b>4,878,711</b>	<b>12,361,995</b>
General and administrative expenses	5	(4,317,093)	(2,341,564)	(8,740,052)	(5,036,162)	(12,540,686)
<b>Adjusted EBITDA*</b>		<b>1,088,234</b>	<b>81,454</b>	<b>2,730,225</b>	<b>824,776</b>	<b>4,239,600</b>
Depreciation of tangible assets		32,566	33,586	65,423	67,337	133,689
Amortisation of intangible assets		1,696,491	120,635	3,376,150	864,321	2,639,217
Impairment (gain) / loss		-	-	-	-	338,520
Foreign exchange (gain) / loss		111,425	(97,821)	(30,340)	50,569	201,821
Corporate acquisition related costs		-	-	-	-	-
Other extraordinary costs		-	-	519,538	-	1,105,044
<b>Operating profit / (loss) for the period</b>		<b>(752,248)</b>	<b>25,054</b>	<b>(1,200,546)</b>	<b>(157,451)</b>	<b>(178,691)</b>
Share of profit / (loss) from associate		-	-	-	-	(14,400)
Finance costs		(125,070)	(230,745)	(355,118)	(551,514)	(986,909)
<b>Profit / (Loss) before tax for the period</b>		<b>(877,318)</b>	<b>(205,691)</b>	<b>(1,555,664)</b>	<b>(708,965)</b>	<b>(1,180,000)</b>
Tax		(24,819)	(41,973)	(52,939)	(45,493)	(112,151)
<b>Profit / (Loss) after tax for the period</b>		<b>(902,137)</b>	<b>(247,664)</b>	<b>(1,608,603)</b>	<b>(754,458)</b>	<b>(1,292,151)</b>
<b>Attributable to:</b>						
Equity holders of the parent		(902,137)	(247,664)	(1,608,603)	(754,458)	(1,292,151)
<b>Profit / (Loss) for the period</b>		<b>(902,137)</b>	<b>(247,664)</b>	<b>(1,608,603)</b>	<b>(754,458)</b>	<b>(1,292,151)</b>
<b>Other comprehensive income</b>						
Foreign exchange differences		(346,926)	(400,437)	(171,239)	(422,953)	(290,889)
<b>Total comprehensive profit / (loss) for the period</b>		<b>(1,249,063)</b>	<b>(648,101)</b>	<b>(1,779,842)</b>	<b>(1,177,411)</b>	<b>(1,583,040)</b>
<b>Attributable to:</b>						
Equity holders of the parent		(1,249,063)	(648,101)	(1,779,842)	(1,177,411)	(1,583,040)
<b>Profit / (Loss) for the period</b>		<b>(1,249,063)</b>	<b>(648,101)</b>	<b>(1,779,842)</b>	<b>(1,177,411)</b>	<b>(1,583,040)</b>

\* 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 30 June 2024

	Notes	Jun-24 Unaudited GBP	Jun-23 Unaudited GBP	Dec-23 Unaudited GBP
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	192,199	253,444	257,818
Intangible assets	8	19,387,604	20,855,719	22,710,246
Investments		-	352,920	-
Deferred tax assets		-	-	-
<b>Total non-current assets</b>		<b>19,579,803</b>	<b>21,462,083</b>	<b>22,968,064</b>
<b>Current assets</b>				
Trade and other receivables	9	11,418,995	8,011,863	14,814,087
Cash and cash equivalents		13,916,157	12,739,903	11,084,799
<b>Total current assets</b>		<b>25,335,152</b>	<b>20,751,766</b>	<b>25,898,886</b>
<b>Total assets</b>		<b>44,914,955</b>	<b>42,213,849</b>	<b>48,866,950</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		112,467	112,417	112,467
Share premium		17,341,512	17,323,236	17,341,512
Other reserves		4,606,186	4,585,671	4,708,169
Retained earnings		(4,801,125)	(2,714,814)	(3,252,508)
<b>Total equity</b>		<b>17,259,040</b>	<b>19,306,510</b>	<b>18,909,640</b>
<b>Non-current liabilities</b>				
Deferred Tax liabilities	11	2,311,534	2,616,730	2,523,988
Lease liabilities		131,737	159,597	148,781
Contingent consideration	11	-	3,379,660	3,679,872
<b>Total non-current liabilities</b>		<b>2,443,271</b>	<b>6,155,987</b>	<b>6,352,641</b>
<b>Current liabilities</b>				
Trade and other payables	10	17,578,797	13,202,842	19,793,384
Lease liabilities		54,457	75,054	97,819
Deferred consideration	11	-	-	-
Contingent consideration	11	7,579,390	3,473,456	3,713,466
<b>Total current liabilities</b>		<b>25,212,644</b>	<b>16,751,352</b>	<b>23,604,669</b>
<b>Total liabilities</b>		<b>27,655,915</b>	<b>22,907,339</b>	<b>29,957,310</b>
<b>Total equity and liabilities</b>		<b>44,914,955</b>	<b>42,213,849</b>	<b>48,866,950</b>



# Financial reports in brief

## Consolidated Statement of Cash Flows for the quarterly period ended 30 June 2024

	QTD Jun-24 3 months Unaudited GBP	QTD Jun-23 3 months Unaudited GBP	YTD Jun-24 6 months Unaudited GBP	YTD Jun-23 6 months Unaudited GBP	Dec-23 12 months Unaudited GBP
<b>Cash flow from operating activities</b>					
Profit / (Loss) before tax for the period	(877,318)	(205,691)	(1,555,664)	(708,965)	(1,180,000)
<b>Profit before tax for the period</b>	<b>(877,318)</b>	<b>(205,691)</b>	<b>(1,555,664)</b>	<b>(708,965)</b>	<b>(1,180,000)</b>
<b>Adjustments for:</b>					
Foreign exchange losses / (gains)	(47,309)	(18,167)	(162,205)	(10,066)	144,462
Impairment (gain) / loss	-	-	-	-	338,520
Share based payments	36,442	24,199	69,740	47,879	103,665
Depreciation of tangible assets	32,566	33,586	65,423	67,337	133,689
Amortisation of intangible assets	1,696,491	542,954	3,376,150	1,286,639	2,639,217
Share of (profit) / loss of associate	-	-	-	-	14,400
Interest paid	136,234	243,171	374,793	563,979	1,046,716
<b>Working capital:</b>					
Change in trade and other receivables	(600,885)	(49,247)	2,803,913	2,915,419	(4,129,666)
Change in trade and other payables	207,559	338,760	(1,659,059)	(4,313,979)	2,253,937
<b>Net cash flow from operating activities</b>	<b>583,780</b>	<b>909,565</b>	<b>3,313,091</b>	<b>(151,757)</b>	<b>1,364,940</b>
<b>Cash flow from investing activities</b>					
Investment in associate	-	-	-	-	-
Acquisition of a subsidiary, net of cash acquired	-	-	-	(518,571)	(518,571)
Expenditure on property, plant and equipment	2,293	(1,353)	3,043	(33,573)	(28,340)
Expenditure on intangible assets	(395,751)	-	(395,751)	-	(3,175,914)
Capitalised development cost	-	(60,000)	-	(120,000)	-
Payment of game distribution rights	-	-	-	-	-
<b>Net cash flow from investing activities</b>	<b>(393,458)</b>	<b>(61,353)</b>	<b>(392,708)</b>	<b>(672,144)</b>	<b>(3,722,825)</b>
<b>Cash flow from financing activities</b>					
Issue of ordinary shares, net of issue costs	-	70,965	-	70,965	89,290
Payment of lease liabilities	(33,590)	(34,020)	(69,490)	(65,936)	(133,092)
<b>Net cash flow from financing activities</b>	<b>(33,590)</b>	<b>36,945</b>	<b>(69,490)</b>	<b>5,029</b>	<b>(43,802)</b>
<b>Net change in cash and cash equivalents</b>	<b>156,732</b>	<b>885,157</b>	<b>2,850,893</b>	<b>(818,872)</b>	<b>(2,401,687)</b>
Cash and cash equivalents at beginning of period	13,778,044	12,025,991	11,084,799	13,801,592	13,801,592
Effect of exchange rate fluctuations on cash held during the period	(18,619)	(171,245)	(19,535)	(242,817)	(315,106)
<b>Cash and cash equivalents at end of period</b>	<b>13,916,157</b>	<b>12,739,903</b>	<b>13,916,157</b>	<b>12,739,903</b>	<b>11,084,799</b>

# Financial reports in brief

## Consolidated Statement of Changes in Equity for the period ended 30 June 2024

	Share capital GBP	Share premium GBP	Other reserves GBP	Foreign currency translation reserve GBP	Merger reserve GBP	Retained earnings GBP	Total GBP
Balance at 1 January 2023	109,309	17,252,671	318,531	665,514	2,477,349	(1,960,356)	18,863,018
Adjustments to opening retained earnings	-	-	-	-	-	-	-
Loss for the period	-	-	-	(422,953)	-	(754,458)	(1,177,411)
<b>Total comprehensive income</b>	<b>109,309</b>	<b>17,252,671</b>	<b>318,531</b>	<b>242,561</b>	<b>2,477,349</b>	<b>(2,714,814)</b>	<b>17,685,606</b>
<b>Transactions with owners, recorded directly in equity</b>							
Share based payments	-	-	47,879	-	-	-	47,879
Deferred tax on share options	-	-	(16,193)	-	-	-	(16,193)
Issue of share capital	3,108	70,565	-	-	1,515,544	-	1,589,217
<b>Balance at 30 June 2023</b>	<b>112,417</b>	<b>17,323,236</b>	<b>350,217</b>	<b>242,561</b>	<b>3,992,893</b>	<b>(2,714,814)</b>	<b>19,306,510</b>
Balance at 1 January 2024	113,342	17,340,637	340,651	374,624	3,992,894	(3,252,508)	18,909,640
Adjustments to opening retained earnings	(875)	875	-	-	-	59,986	59,986
Loss for the period	-	-	-	(171,239)	-	(1,608,603)	(1,779,842)
<b>Total comprehensive income</b>	<b>112,467</b>	<b>17,341,512</b>	<b>340,651</b>	<b>203,385</b>	<b>3,992,894</b>	<b>(4,801,125)</b>	<b>17,189,784</b>
<b>Transactions with owners, recorded directly in equity</b>							
Share based payments	-	-	69,740	-	-	-	69,740
Deferred tax on share options	-	-	(484)	-	-	-	(484)
Issue of share capital	-	-	-	-	-	-	-
<b>Balance at 30 June 2024</b>	<b>112,467</b>	<b>17,341,512</b>	<b>409,907</b>	<b>203,385</b>	<b>3,992,894</b>	<b>(4,801,125)</b>	<b>17,259,040</b>

# Notes

## 1. Basis of preparation

The condensed financial statements for the three months ended 30 June 2024 have not been prepared in accordance with IAS 34 Interim Financial Reporting. The annual 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 30 June 2023 and 30 June 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 year ended 31 December 2022.

## 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 year ended 31 December 2022. The accounting policies applied herein are consistent with those expected to be applied in the annual financial statements for the year 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

	Jun-24	Jun-23
Revenue disclosed in the statement of profit or loss is analysed as follows:	Unaudited	Unaudited
<b>Revenue breakdown</b>		
IAP Revenue	16,183,636	13,812,951
Marketing services	1,502,763	1,656,044
Non-IAP Revenue	23,099	28,416
<b>Total Revenue</b>	<b>17,709,498</b>	<b>15,497,411</b>

## 4. Gross profit

	Jun-24	Jun-23
Gross profit disclosed in the statement of profit and loss is analysed as follows:	Unaudited	Unaudited
<b>Gross profit breakdown</b>		
IAP gross profit	3,058,556	1,759,460
Marketing services	483,190	578,742
Non-IAP gross profit	23,099	28,416
<b>Total gross profit</b>	<b>3,564,845</b>	<b>2,366,618</b>

## 5. General and administrative expenses

	Jun-24	Jun-23
General and administrative expenses disclosed in the statement of profit or loss is analysed as follows:	Unaudited	Unaudited
<b>General and administrative expenses</b>		
Staff and contractor costs	1,758,612	1,386,958
Depreciation	32,566	33,586
Amortisation	1,696,491	557,910
Other overheads	829,424	363,110
<b>Total</b>	<b>4,317,093</b>	<b>2,341,564</b>

## 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:

	Jun-24 Unaudited	Jun-23 Unaudited
<b>Property, plant and equipment</b>		
Office Equipment	9,390	17,687
Leasehold improvements	5,051	7,382
Right-to-use assets	177,758	228,375
<b>Total</b>	<b>192,199</b>	<b>253,444</b>

In the second quarter for the year ending 30 June 2024 depreciation for property, plant equipment amounted to GBP 32,566.

## 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:

	Jun-24 Unaudited	Jun-23 Unaudited
<b>Intangible asset</b>		
Goodwill	7,253,170	7,357,000
Capitalised development costs	493,397	905,112
Game distribution rights	4,563,211	4,515,923
Computer software	-	-
Customer relationships	2,999,052	3,406,694
Brand	4,078,774	4,670,990
<b>Total</b>	<b>19,387,604</b>	<b>20,855,719</b>

In the second quarter for the year ending 30 June 2024 amortisation amounted to GBP 1,696,491.

## 9. Trade and other receivables

	Jun-24 Unaudited	Jun-23 Unaudited
<b>Assets</b>		
Trade receivables	2,242,730	1,673,821
Other receivables	601,105	219,290
Prepayments and accrued income	8,575,160	6,118,752
<b>Trade and other receivables</b>	<b>11,418,995</b>	<b>8,011,863</b>

Other receivables include GBP 480,601 (76,168) of VAT receivables and GBP 120,504 (16,078) of other non-material items.

## 10. Trade and other payables

	Jun-24 Unaudited	Jun-23 Unaudited
<b>Liabilities</b>		
Trade payables	2,867,584	1,994,511
Social security and other taxes	(31,702)	79,484
Accrued expenses	12,956,870	10,342,421
Other payables	1,640,026	675,055
Corporate tax payable	146,019	111,371
<b>Trade and other payables</b>	<b>17,578,797</b>	<b>13,202,842</b>

## 11. Acquisitions

On 5 April 2022, the Group completed the acquisition of the entire issued capital of Audiencly 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 Audiencly 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 30 June 2024, there have been no changes in the estimate of the probable cash outflow but the liability has increased to EUR 9.4m 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 Audiencly (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
<b>Fair value of consideration transferred</b>		
Amount settled in cash	3,405,434	
Amount settled in equity	500,374	
Deferred consideration	3,961,376	
Contingent consideration	6,233,655	
<b>Total</b>		<b>14,100,839</b>
<b>Acquired net assets</b>		
Fixed Assets	20,313	
Working capital	407,959	
Net (debt)/cash	245,453	
<b>Total acquired net assets</b>	<b>673,725</b>	
<b>Excess consideration for allocation</b>		<b>13,427,114</b>
<b>Identified intangible assets</b>		
Customer relationships	3,736,807	
Brand	5,255,229	
<b>Intangible assets</b>	<b>8,992,036</b>	
<b>Deferred tax on intangible assets</b>	<b>(2,807,472)</b>	
<b>Residual goodwill</b>		<b>7,242,550</b>
Consideration settled in cash	3,924,005	
Cash and cash equivalents acquired	(520,529)	
<b>Net cash outflow from acquisition</b>		<b>3,403,476</b>
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 30 June 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%
Morgan Stanley Smith Barney LLC	2,696,622	4.8%	31%
Palmstierna Fredrik	2,008,211	3.6%	35%
UBS Switzerland AG	1,858,372	3.3%	38%
Goldman Sachs & Co. LLC	1,790,392	3.2%	41%
Clearstream Banking S.A.	1,708,788	3.0%	44%
Julius Baer & Co Ltd	1,706,401	3.0%	47%
The Bank of New York Mellon	1,581,512	2.8%	50%
Joachim Odqvist	1,560,415	2.8%	53%
<b>Other shareholders</b>	<b>26,501,910</b>	<b>47.1%</b>	<b>100%</b>
<b>Total number of shares</b>	<b>56,233,265</b>	<b>100%</b>	

## Share data

	QTD Jun-24 3 months	QTD Jun-23 3 months	FY Dec-23 12 months
<b>Number of shares at period end</b> (adjusted for share split and bonus issue)	56,233,265	55,356,447	55,012,700
<b>Amount of weighted average shares outstanding for the period</b> (adjusted for share split and bonus issue)	59,217,750	57,888,009	57,432,762
<b>Profit / (Loss) per share</b>			
– basic attributable to ordinary equity holders of the parent (pence) <sup>◊</sup>	(2.22)	(1.17)	(2.88)
– diluted, attributable to ordinary equity holders of the parent (pence) <sup>◊</sup>	(2.22)	(1.17)	(2.88)

<sup>◊</sup> 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 30 June 2024 totalled 2,984,485 (2023: 2,531,562) and are potentially dilutive.



# Main KPI numbers

## Summary of the Company's Key Performance Indicators

		QTD Jun-24 3 months	QTD Mar-24 3 months	QTD Dec-23 3 months	QTD Sep-23 3 months	QTD Jun-23 3 months
Top-tier games pending launch	No.	1	1	1	0	2
Mid-tier games pending launch	No.	4	0	0	0	0
Total top-tier games live	No.	11	11	10	10	10
Total mid-tier games live	No.	12	12	12	18	16
Top-tier games average monthly gross revenue	USD	576,605	582,070	744,674	541,700	610,814
Number of games live past ramp-up period	No.	10	10	10	8	8
Mid-tier games average monthly gross revenue	USD	36,008	35,023	33,628	34,344	42,041
Number of games live past ramp-up period	No.	10	10	12	16	13
Mid-tier games pending launch						
Total revenue growth - YoY	%	14%	13%	12%	(20%)	(12%)
Total revenue growth - QoQ	%	(3%)	(24%)	64%	(5%)	(5%)
IAP gross profit growth - YoY	%	74%	64%	31%	(16%)	(22%)
IAP gross profit growth - QoQ	%	(2%)	(6%)	62%	16%	(7%)
IAP gross profit margin	%	18.9%	19.7%	17.3%	15.7%	12.7%
Total gross profit margin	%	20.1%	21.7%	20.4%	17.1%	15.3%
Adjusted EBITDA margin	%	6.1%	9.0%	8.8%	4.5%	0.5%
Operating profit / (loss) margin	%	(4.2%)	(2.4%)	1.0%	(1.8%)	0.2%
Average monthly operational cashflow	GBP	210,363	948,069	1,154,038	(699,982)	309,244
Headcount for Distribution services	No.	115	109	98	97	94
Headcount for Marketing services	No.	45	42	40	42	38
Adjusted staff cost for Distribution services	GBP	1,345,789	1,286,171	1,133,686	1,098,363	1,094,286
Staff cost for Marketing services	GBP	412,822	454,288	625,484	468,912	473,960
Number of shares at period end	No.	56,233,265	56,233,265	56,233,265	56,233,265	56,175,515
Amount of weighted average shares outstanding for period	No.	56,233,265	56,233,265	56,233,265	56,210,388	55,356,447
Profit / (Loss) per share (pence)	GBPp	(2.22)	(0.94)	0.02	(0.74)	(1.17)

## Definitions

<b>Number of top-tier games pending launch</b>	Number of games generating at least USD 140,000 per month for which a contract has been signed but which are not live yet.
<b>Number of mid-tier games pending launch</b>	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.
<b>Number of total top-tier games live</b>	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.
<b>Number of total mid-tier games live</b>	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.
<b>Average monthly gross revenue</b>	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.
<b>Ramp-up period</b>	Six-month period from launch date to reach a stable revenue inflow level.
<b>Growth rates - YoY</b>	Rates measured to the comparable period in the previous financial year.
<b>Growth rates - QoQ</b>	Rates measured to the comparable period in the previous quarter.
<b>IAP gross profit margin</b>	IAP revenue gross profit to total revenue.
<b>Total gross profit margin</b>	Total revenue (IAP and non-IAP) gross profit to total revenue (IAP and non-IAP).
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA to total revenue (IAP and non-IAP).
<b>Operating profit / (loss) margin</b>	Operating profit/(loss) to total revenue (IAP and non-IAP).
<b>Average monthly operational cashflow</b>	Average operational cashflow (excl. effects of exchange rate fluctuations on cash held) divided by number of months in the measured period.
<b>Headcount</b>	Number of all staff plus all long-term contractors as at the end of the period.
<b>Adjusted staff cost</b>	Total cost of all staff and long-term contractors before any deduction for capitalised development cost.
<b>Number of shares at period end</b>	Number of shares at period end adjusted for share split and bonus issue.
<b>Amount of weighted average shares outstanding for the period</b>	Amount of weighted average shares outstanding for period, adjusted for share split and bonus issue.
<b>Profit/(Loss) per share (pence)</b>	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

	2024		2023				2022	
	Q2 Jun	Q1 Mar	Q4 Dec	Q3 Sep	Q2 Jun	Q1 Mar	Q4 Dec	Q3 Sep
GBP, 000								
IAP revenue	16,184	16,665	19,056	12,981	13,813	14,457	18,260	16,449
Marketing Services Revenue	1,503	2,481	33	29	28	27	3,382	2,069
Non-IAP revenue	23	23	5,185	1,768	1,656	1,790	71	31
<b>Total revenue</b>	<b>17,709</b>	<b>18,330</b>	<b>24,274</b>	<b>14,777</b>	<b>15,497</b>	<b>16,275</b>	<b>21,713</b>	<b>18,549</b>
IAP gross profit	3,059	2,739	3,299	2,035	1,759	1,899	2,521	2,435
Non-IAP gross profit	23	23	33	29	28	27	71	31
Marketing Services Revenue	483	836	1,620	468	579	586	1,066	560
<b>Total gross profit</b>	<b>3,565</b>	<b>3,975</b>	<b>4,952</b>	<b>2,531</b>	<b>2,367</b>	<b>2,512</b>	<b>3,658</b>	<b>3,026</b>
<b>Adjusted EBITDA</b>	<b>1,642</b>	<b>2,148</b>	<b>2,148</b>	<b>1,267</b>	<b>81</b>	<b>743</b>	<b>1,551</b>	<b>1,482</b>
<b>Operating profit / (loss) (EBIT)</b>	<b>(752)</b>	<b>(448)</b>	<b>247</b>	<b>(268)</b>	<b>25</b>	<b>(183)</b>	<b>1,881</b>	<b>(294)</b>
Share of profit / (loss) from associate	-	-	(14)	-	-	-	-	-
Finance cost	(125)	(230)	(217)	(218)	(231)	(321)	(350)	(306)
<b>Profit / (Loss) before tax</b>	<b>(877)</b>	<b>(678)</b>	<b>15</b>	<b>(486)</b>	<b>(206)</b>	<b>(503)</b>	<b>1,530</b>	<b>(600)</b>
<b>Adjusted profit / (loss) before tax</b>	<b>(82)</b>	<b>1,374</b>	<b>191</b>	<b>(81)</b>	<b>(140)</b>	<b>1,061</b>	<b>294</b>	
Tax	(25)	(28)	(19)	(48)	(42)	(4)	(69)	(34)
<b>Profit / (Loss) after tax</b>	<b>(902)</b>	<b>(706)</b>	<b>(4)</b>	<b>(533)</b>	<b>(248)</b>	<b>(507)</b>	<b>1,461</b>	<b>(634)</b>

## Cash flow

	2024		2023				2022	
	Q2 Jun	Q1 Mar	Q4 Dec	Q3 Sep	Q2 Jun	Q1 Mar	Q4 Dec	Q3 Sep
GBP, 000								
Cash flow from operating activities before changes in working capital	977	1,191	1,357	353	620	627	2,443	838
Changes in working capital	(393)	1,538	2,055	(2,532)	290	(1,688)	(1,269)	1,098
<b>Cash flow from net operating activities</b>	<b>584</b>	<b>2,729</b>	<b>3,502</b>	<b>(1,985)</b>	<b>910</b>	<b>(1,061)</b>	<b>1,174</b>	<b>1,936</b>
<b>Cash flow from investing activities</b>	<b>(393)</b>	<b>1</b>	<b>123</b>	<b>(3,173)</b>	<b>(61)</b>	<b>(611)</b>	<b>(25)</b>	<b>(279)</b>
<b>Cash flow from financing activities</b>	<b>(34)</b>	<b>(36)</b>	<b>(35)</b>	<b>(14)</b>	<b>37</b>	<b>(32)</b>	<b>2,185</b>	<b>85</b>
Net change in cash and cash equivalents	157	2,694	3,589	(5,172)	885	(1,704)	3,334	1,742
<b>Cash and cash equivalents at end of the period</b>	<b>13,916</b>	<b>13,778</b>	<b>11,084</b>	<b>7,531</b>	<b>12,740</b>	<b>12,026</b>	<b>13,802</b>	<b>10,457</b>

## Balance Sheet

	2024		2023				2022	
	Q2 Jun	Q1 Mar	Q4 Dec	Q3 Sep	Q2 Jun	Q1 Mar	Q4 Dec	Q3 Sep
GBP, 000								
Property, plant and equipment	192	225	258	291	253	284	79	112
Intangible assets	19,388	20,821	22,710	23,553	20,856	21,099	21,782	22,173
Other non-current assets	-	-	-	353	353	400	400	425
<b>Total non-current assets</b>	<b>19,580</b>	<b>21,046</b>	<b>22,968</b>	<b>24,197</b>	<b>21,462</b>	<b>21,782</b>	<b>22,261</b>	<b>22,710</b>
Trade and other receivables	11,419	10,962	14,814	8,974	8,012	8,472	11,497	9,845
Cash and cash equivalents	13,916	13,778	11,085	7,531	12,740	12,026	13,802	10,457
<b>Total current assets</b>	<b>25,335</b>	<b>24,740</b>	<b>25,899</b>	<b>16,505</b>	<b>20,752</b>	<b>20,498</b>	<b>25,299</b>	<b>20,302</b>
<b>Total equity</b>	<b>17,259</b>	<b>18,430</b>	<b>18,910</b>	<b>18,878</b>	<b>19,307</b>	<b>18,099</b>	<b>18,057</b>	<b>13,495</b>
<b>Total non-current liabilities</b>	<b>2,443</b>	<b>6,234</b>	<b>6,353</b>	<b>6,357</b>	<b>6,156</b>	<b>8,749</b>	<b>8,503</b>	<b>7,999</b>
Trade and other payables	17,579	17,222	19,793	11,778	13,203	12,610	17,273	16,497
Lease liabilities	54	78	98	80	75	100	29	35
Deferred consideration	-	-	-	-	-	1,027	2,056	3,062
Contingent consideration	7,579	3,822	3,713	3,609	3,473	1,695	1,642	1,924
<b>Total current liabilities</b>	<b>25,213</b>	<b>21,122</b>	<b>23,605</b>	<b>15,467</b>	<b>16,751</b>	<b>15,432</b>	<b>21,000</b>	<b>21,518</b>



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 clean, modern appearance. The overall composition is dynamic and visually striking due to the high contrast between the vibrant colors and the central black box.

**FLEXION**