



## Q2 Report — 30 June 2021

Flexion hits the USD 10m quarterly revenue milestone as it makes three consecutive monthly revenue records and reports its best ever quarterly performance. Total revenue grows by 19% quarter on quarter, representing growth of 61% year on year.

### April 2021 to June 2021 performance

- Total revenue increased by 61% to GBP 7.8m (GBP 4.8m)\*
- Gross profit increased by 34% to GBP 0.9m (GBP 0.7m)
- Adjusted EBITDA<sup>‡</sup> remained flat at GBP 0.03m (GBP 0.02m)
- Operating loss remained flat at GBP -0.05m (GBP -0.04m)
- Earnings per share amounted to GBP -0.13 pence (GBP 0.01 pence)
- Cash amounted to GBP 15.6m (GBP 3.7m)

### Important events during the quarter

- Signing of Legendary Game of Heroes from N3TWORK and Guardians of Cloudia from NEOCRAFT
- Launch of War of Magic from Goat Games, Illusion Connect from Superprism Technology and Clash of Empire from Leme Games

### Important events after the quarter

- Launch of Legendary Game of Heroes and Guardians of Cloudia
- Signing of Top Tier title Evony The King's Return from Top Games Inc.
- Alignment of the financial year with the calendar year by closing the current financial year after 9 months in December 2021

\* Comparable number for the same quarter of the previous financial year in brackets

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

# Notes from the CEO



We had a great start to this quarter and the strong momentum continued with three consecutive monthly revenue records. I am of course very pleased that we managed to maintain the strong momentum from last year and hit a new milestone of USD 10 million in quarterly revenue for the first time. This resulted in total revenue growing by 19% quarter on quarter and a very solid 61% year on year, which sets us up nicely for the year ahead. We are maintaining our 40-60% annualised revenue growth guidance on existing services.

Our biggest titles continue to power on in the main channels, but we are also seeing positive trends in most of our portfolio and are expecting more contribution from our newly launched games over the coming quarters. We signed two new games this quarter, *Legendary Games of Heroes* and *Guardians of Cloudia*. The first game comes through a new and exciting partnership with the San Francisco based N3TWORK Inc. *Legendary Game of Heroes* has generated well above USD 100 million in Google Play since its launch and has great monetization KPIs. We think it will be well suited for our biggest channels and have already secured strong promotions for the launch in August. The second title is from the up-and-coming Chinese publisher NEOCRAFT. We have been working with them on *Tales of Wind* and now received the privilege to distribute *Guardians of Cloudia*, which is their newly launched top grossing game.

Over the past six months, we have worked on improvements in our delivery process and capacity. The delivery pace last year was too slow. We have therefore made changes to focus on faster execution and improvements in delivery and on-boarding. We have already seen improved output with three titles launched in this quarter - *War of Magic* from Goat Games, *Illusion Connect* from Superprism Technology and *Clash of Empire* from Leme Games. We have also, since quarter-

end, launched the two games signed during the quarter, *Guardians of Cloudia* and *Legendary Game of Heroes*. This tells me that our work is paying off. To further increase output, we are continuing to develop support tools to increase our capacity going forward.

The strategic position in the marketplace for Flexion continues to improve. I would like to highlight two disruptive events that should benefit Flexion over time. First of all the impact from the deprecation of IDFA (identification for advertisers) on iOS (Apple's operating system) is starting to have a negative impact for the biggest spending publishers as they can no longer target buying customers in the same way. The immediate impact has been a shift in spend to Android where, at least for now, developers can continue with their user targeting. Prices for user acquisition are likely to continue to increase on Android which means that the value of our distribution is getting increasingly more attractive. It is still too early to say how this will pan out, but it is quite likely that Google will face pressure to follow Apple. If this happens it should make alternative distribution and user acquisition in our channels even more appealing to developers.

Secondly, in parallel, the Chinese regulators are continuing to make it more difficult for Chinese developers with new legislation in their domestic market. This puts further pressure on game developers to focus on overseas distribution and partnerships outside China. We are well positioned to take advantage of this trend. We continue to invest in our Chinese Team.

As we communicated in the past, we have started to explore new traffic sources and business models that are evolving in our market. This involves everything from hybrid stores that do not charge a fee on In App Purchases and D2C (direct to consumer) distribution to various forms of User Acquisition and marketing models. Our new M&A Team is mapping out and focusing on the Games Services market which is a large growing global market that is highly fragmented. In parallel, our team is developing a product and service strategy that captures and supports these opportunities going forward. We are also hiring specialist sales professionals to our Commercial Sales Team.

We have started this new financial year with some great momentum, and we are looking forward to continue executing our growth strategy over the coming quarters.

Jens Lauritzson — CEO

# Financial Development



## April 2021 to June 2021

### REVENUE

IAP (In-App Purchase) revenue grew by 67% YoY to GBP 7,786,366 (GBP 4,666,130). Non-IAP revenue, which includes store integration fees and non-IAP related revenue from games, decreased by 86% YoY to GBP 24,798 (GBP 171,739) as we did not see any material one-off fees and adjustments this quarter. Total revenue grew by 61% YoY to GBP 7,811,164 (GBP 4,837,869).

Over the quarter, IAP revenue grew by 19% QoQ, non-IAP revenue increased by 62% QoQ and total revenue grew by 19% QoQ.

### GROSS PROFIT

Cost of sales increased by 66% YoY to GBP 6,871,501 (GBP 4,136,573). IAP gross profit grew by 73% YoY to GBP 914,865 (GBP 529,557), non-IAP gross profit decreased by 86% YoY to GBP 24,798 (GBP 171,739) and total gross profit grew by 34% YoY to GBP 939,663 (GBP 701,296). The net effect of FX and other adjustment to revenues and cost of sales were relatively low in this quarter. All non-IAP revenue carried 100% margin to Flexion.

IAP gross profit grew by 14% QoQ. Total gross profit grew by 14% QoQ. Total gross profit margin decreased QoQ from 12.5% to 12.0% and IAP gross profit margin fell from 12.3% to 11.8%. This was primarily driven by less periodic adjustment to the number in this quarter compared to the previous quarter.

### GENERAL AND ADMINISTRATIVE EXPENSES

Headcount increased by 12 to 63 (51) YoY. Over the quarter headcount increased by 5, of which 3 relates to new strategies as highlighted in the KPI section. Staff and contractors' costs increased by 34% YoY to GBP 711,666

(GBP 531,624). Other overheads increased by 35% YoY to GBP 279,837 (GBP 207,215).

General and administrative expenses increased by 34% YoY to GBP 991,503 (GBP 738,839).

Over the quarter, the head count increased by 5 QoQ, staff and contractors' costs increased by 10% or GBP 62,821 QoQ. Other overheads decreased by 30% or GBP 122,104 QoQ.

### ADJUSTED EBITDA AND NET RESULT

Adjusted EBITDA increased by 59% YoY to GBP 28,788 (GBP 18,070) driven by increased gross profit. Operating loss (EBIT) reduced by 64% QoQ to GBP -51,840 (GBP -145,800) and loss after tax decreased by 72% QoQ to GBP -65,158 (GBP -233,828).

### CASH FLOW

Operating cash flow decreased by GBP 70,898 YoY to GBP 1,017,270 (GBP 1,088,168).

### FINANCIAL POSITION

Cash amounted to GBP 15,609,171 (GBP 3,684,053) and no interest-bearing debt was held. Over the quarter (QoQ), cash increased by GBP 900,620. Trade and other receivables amounted to GBP 3,597,776 YoY (GBP 2,850,154). Trade and other payables amounted to GBP 7,856,929 YoY (GBP 4,607,574).

### CHANGES IN NUMBER OF GAMES DURING THE QUARTER

Over the quarter, the number of live top-tier games decreased by 1 to 5 games and the number of live mid-tier games increased by 2 to 13 titles. 1 top-tier game was reclassified as mid-tier game and 1 mid-tier game was moved out of the tier classification. Number of signed top-tier games yet to be launched increased by 1 to 2 and number of signed mid-tier games yet to be launched decreased by 2 to 2 games.

Niklas Koresaar — CFO



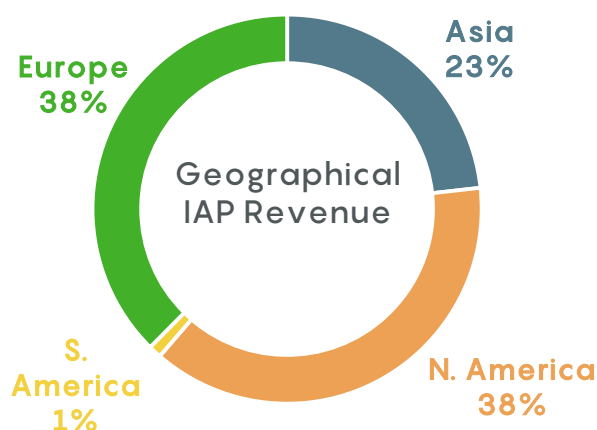
# Other Information

## Segmental information

### IAP REVENUE

Flexion's focus is to grow its business by signing free2play games with In-App Purchase (IAP), integrating more channels and increasing monetization of existing games. IAP revenue is revenue receivable from end-user transactions of sold in-application items within the games. Revenue represents revenue receivable by the Company in respect of end-user transactions of sold in-application items managed by the Company less VAT, bad debt/refunds and discounts.

The geographical breakdown of IAP revenue for the quarter ending 30<sup>th</sup> June 2021 is presented below.



The two main markets for IAP revenue during the quarter were Europe and North America with 38% market share each followed by Asia (which includes Russia) with 23% market share. South America amounted to 1%.

### NON-IAP REVENUE

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

### Tier-games

On a quarterly basis, Flexion's board 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) impacting contractual terms; and iv) any future events which may affect the revenue potential of a game. A game will be redefined if its performance over a consecutive six-month period, excluding the first three 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 staff and long-term contractors

At the end of the reporting period the company had 63 staff and long-term contractors.

## Material risks and factors of uncertainty

Material risks and uncertainties of the company include but are not limited to risks related to market, technology, contracts, regulatory requirements, key staff, financial requirements and counterparties. A detailed risk description of the Company is given in the audited financial statements for the year ended 31<sup>st</sup> March 2021.

## Financial calendar

Q2 report for FY Dec-21	24 <sup>th</sup> August 2021
Q3 report for FY Dec-21	11 <sup>th</sup> November 2021
Q4 report for FY Dec-21	16 <sup>th</sup> March 2022
Q1 report for FY Dec-22	18 <sup>th</sup> May 2022

## Annual General Meeting

Flexion will hold its AGM for the financial year ended March 2021 at 14.00 on 29<sup>th</sup> September 2021 at Harbour Yard Unit G5, Chelsea Harbour, London, UK.

## Certified Adviser

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

## Further information

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

## MAR Publishing Statement

This statement is information that Flexion Mobile Plc is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 24<sup>th</sup> August 2021.

# Financial reports in brief

## Statement of profit or loss and other comprehensive income for the quarterly period ended 30 June 2021

	Notes	QTD Jun-21 3 months 2021 Unaudited GBP	QTD Jun-20 3 months 2020/21 Unaudited GBP	FY Mar-21 12 months 2020/21 Audited GBP
Total revenue	3	7,811,164	4,837,869	24,437,486
Cost of sales		(6,871,501)	(4,136,573)	(21,200,477)
<b>Total gross profit</b>	4	<b>939,663</b>	<b>701,296</b>	<b>3,237,009</b>
General and administrative expenses	5	(991,503)	(738,839)	(3,316,917)
Other income		-	-	-
<b>Adjusted EBITDA<sup>‡</sup></b>		<b>28,788</b>	<b>18,070</b>	<b>98,684</b>
Depreciation of tangible assets		18,690	18,690	74,760
Amortization of intangible assets		61,938	36,922	187,952
Impairment (write back) / loss		-	-	(84,120)
Other Income		-	-	-
<b>Operating loss for the period</b>		<b>(51,840)</b>	<b>(37,543)</b>	<b>(79,908)</b>
Finance costs		(2,332)	(3,744)	(12,867)
<b>Loss before tax for the period</b>		<b>(54,172)</b>	<b>(41,286)</b>	<b>(92,775)</b>
Tax		(10,986)	45,019	(49,431)
<b>Loss after tax for the period</b>		<b>(65,158)</b>	<b>3,732</b>	<b>(142,206)</b>
Attributable to:				
Equity holders of the parent		(65,158)	3,732	(142,206)
<b>Loss for the period</b>		<b>(65,158)</b>	<b>3,732</b>	<b>(142,206)</b>
<b>Other comprehensive income</b>				
Foreign exchange differences		-	-	-
<b>Total comprehensive loss for the period</b>		<b>(65,158)</b>	<b>3,732</b>	<b>(142,206)</b>
Attributable to:				
Equity holders of the parent		(65,158)	3,732	(142,206)
<b>Loss for the period</b>		<b>(65,158)</b>	<b>3,732</b>	<b>(142,206)</b>

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

## Statement of financial position as at 30 June 2021

	Notes	Jun-21 2021 Unaudited GBP	Jun-20 2020/21 Unaudited GBP	Mar-21 2020/21 Audited GBP
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	112,133	186,893	130,823
Intangible assets	8	971,265	741,760	961,580
Deferred tax assets		41,089	-	59,712
<b>Total non-current assets</b>		<b>1,124,487</b>	<b>928,653</b>	<b>1,152,115</b>
<b>Current assets</b>				
Trade and other receivables	9	3,597,776	2,850,154	2,859,203
Cash and cash equivalents		15,609,171	3,684,053	14,708,551
<b>Total current assets</b>		<b>19,206,947</b>	<b>6,534,207</b>	<b>17,567,754</b>
<b>Total assets</b>		<b>20,331,434</b>	<b>7,462,860</b>	<b>18,719,869</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		99,849	82,941	99,849
Share premium		14,841,496	5,082,618	14,841,496
Other reserves		362,525	172,766	364,602
Retained earnings		(2,936,849)	(2,725,753)	(2,871,691)
<b>Total equity</b>		<b>12,367,021</b>	<b>2,612,572</b>	<b>12,434,256</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities		-	55,972	-
Lease liabilities		22,281	107,483	44,163
<b>Total non-current liabilities</b>		<b>22,281</b>	<b>163,455</b>	<b>44,163</b>
<b>Current liabilities</b>				
Lease liabilities		85,203	79,258	83,676
Trade and other payables	10	7,856,929	4,607,574	6,157,774
<b>Total current liabilities</b>		<b>7,942,132</b>	<b>4,686,832</b>	<b>6,241,450</b>
<b>Total liabilities</b>		<b>7,964,413</b>	<b>4,850,288</b>	<b>6,285,613</b>
<b>Total equity and liabilities</b>		<b>20,331,434</b>	<b>7,462,860</b>	<b>18,719,869</b>

## Statement of cash flows for the quarterly period ended 30 June 2021

	QTD Jun-21 3 months 2021 Unaudited	QTD Jun-20 3 months 2020/21 Unaudited	YTD Mar-21 12 months 2020/21 Audited
<b>Cash flow from operating activities</b>			
Loss for the year – continuing operations	(54,172)	(41,286)	(92,774)
<b>Loss for the year</b>	<b>(54,172)</b>	<b>(41,286)</b>	<b>(92,774)</b>
Adjustments for:			
Effect of exchange rate fluctuations on cash held during the period	24,672	(11,727)	77,955
Impairment loss	-	-	(84,120)
Share based payments	15,639	12,717	52,588
Depreciation of tangible assets	18,690	18,690	74,760
Amortisation of intangible assets	61,938	36,922	187,952
Grant income			-
Working capital:			
Change in trade and other receivables	(738,572)	(813,528)	(802,257)
Change in trade and other payables	1,689,075	1,886,380	3,442,211
<b>Operating cash flow</b>	<b>1,017,270</b>	<b>1,088,168</b>	<b>2,856,315</b>
Grant payment	-	-	-
<b>Net cash flow from operating activities</b>	<b>1,017,270</b>	<b>1,088,168</b>	<b>2,856,315</b>
<b>Cash flow from investing activities</b>			
Capitalised development cost	(71,623)	(129,471)	(500,322)
<b>Net cash flow from investing activities</b>	<b>(71,623)</b>	<b>(129,471)</b>	<b>(500,322)</b>
<b>Cash flow from financing activities</b>			
Issue of ordinary shares, net of issue costs	-	-	9,775,786
Interest paid	2,332	3,744	12,912
Payment of lease liabilities	(22,687)	(22,679)	(90,750)
<b>Net cash flow from financing activities</b>	<b>(20,355)</b>	<b>(18,936)</b>	<b>9,697,948</b>
<b>Net change in cash and cash equivalents</b>	<b>925,292</b>	<b>939,761</b>	<b>12,053,941</b>
Cash and cash equivalents at beginning of period	14,708,551	2,732,565	2,732,565
Effect of exchange rate fluctuations on cash held during the period	(24,672)	11,727	(77,955)
<b>Cash and cash equivalents at end of period</b>	<b>15,609,171</b>	<b>3,684,053</b>	<b>14,708,551</b>

## Statement of changes in equity for the period ended 30 June 2021

	Share capital GBP	Share premium GBP	Other reserves GBP	Retained earnings GBP	Total GBP
Balance at 1 April 2020	82,941	5,082,618	107,166	(2,729,485)	2,543,240
Profit for the period	-	-	-	3,732	3,732
<b>Total comprehensive income</b>	<b>82,941</b>	<b>5,082,618</b>	<b>107,166</b>	<b>(2,725,753)</b>	<b>2,546,972</b>

### Transactions with owners, recorded directly in equity

Share based payments	-	-	12,717	-	12,717
Deferred tax on share options	-	-	52,883	-	52,883
Issue of share capital	-	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>82,941</b>	<b>5,082,618</b>	<b>172,766</b>	<b>(2,725,753)</b>	<b>2,612,572</b>

Balance at 1 April 2021	99,849	14,841,496	364,602	(2,871,691)	12,434,256
Loss for the period	-	-	-	(65,158)	(65,158)
<b>Total comprehensive income</b>	<b>99,849</b>	<b>14,841,496</b>	<b>364,602</b>	<b>(2,936,849)</b>	<b>12,369,098</b>

### Transactions with owners, recorded directly in equity

Share based payments	-	-	15,639	-	15,639
Deferred tax on share options	-	-	(17,716)	-	(17,716)
Issue of share capital	-	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>99,849</b>	<b>14,841,496</b>	<b>362,525</b>	<b>(2,936,849)</b>	<b>12,367,021</b>



# Notes

## 1. Basis of preparation

The condensed financial statements for the three months ended 30<sup>th</sup> June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The annual financial statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The Company's offices are in London and the registered number of Flexion Mobile is 04306881. The interim condensed consolidated financial statements are presented in GBP and have been prepared using historical cost accounting. After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the board of directors continue to adopt the going concern basis in preparing the interim reports.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a review by the auditors. The financial information in respect of the year ended 31<sup>st</sup> March 2021 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Company's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the three months ended 30<sup>th</sup> June 2020 and 30<sup>th</sup> June 2021 is unaudited. The financial information for the twelve months ended 31<sup>st</sup> March 2021 is audited.

The interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended 31<sup>st</sup> March 2021.

## 2. Significant accounting policies

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

## 3. Revenue

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

	Jun-21 2021	Jun-20 2020/21
	Unaudited	Unaudited
<b>Revenue breakdown</b>		
IAP Revenue	7,786,366	4,666,130
Non-IAP Revenue	24,798	171,739
<b>Total Revenue</b>	<b>7,811,164</b>	<b>4,837,869</b>

## 4. Gross profit

Gross profit disclosed in the statement of profit and loss is analysed as follows:

	Jun-21 2021	Jun-20 2020/21
	Unaudited	Unaudited
<b>Gross profit breakdown</b>		
IAP gross profit	914,865	529,557
Non-IAP gross profit	24,798	171,739
<b>Total gross profit</b>	<b>939,663</b>	<b>701,296</b>

## 5. General and administrative expenses

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

	Jun-21 2021	Jun-20 2020/21
	Unaudited	Unaudited
<b>General and administrative expenses</b>		
Staff and contractor costs	711,666	531,624
Other overheads	279,837	207,215
<b>Total</b>	<b>991,503</b>	<b>738,839</b>

## 6. Related party transactions

On 27/05/2021 Jens Lauritzson and Per Lauritzson together acquired 110,509 shares through Mobile Sensations Ltd increasing their combined total interest in the share capital of the Company to 22.03%.

## 7. Property, plant and equipment

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

	Jun-21 2021	Jun-20 2020/21
Property, plant and equipment	Unaudited	Unaudited
Right-to-use assets	112,133	186,893
<b>Total</b>	<b>112,133</b>	<b>186,893</b>

In the second quarter for the year ending 31<sup>st</sup> December 2021 depreciation for property, plant equipment amounted to GBP 18,690.

## 8. Intangible assets

Intangible assets comprise of capitalized development costs for internally generated software and had a carrying value of GBP 971,265 (2020: GBP 741,760). In the second quarter for the year ending 31<sup>st</sup> December 2021 amortization amounted to GBP 61,938.

## 9. Trade and other receivables

	Jun-21 2021	Jun-20 2020/21
Assets	Unaudited	Unaudited
Trade receivables	29	16,670
Other receivables	127,255	966,163
Prepayments and accrued income	3,470,492	1,867,721
<b>Trade and other receivables</b>	<b>3,597,776</b>	<b>2,850,154</b>

Other receivables include GBP nil of minimum guarantees (2020: GBP 623,920), GBP nil (2020: GBP 208,581) of corporation tax receivable, GBP 90,367 (2020: GBP 80,851) of advances and GBP 8,958 (2020: GBP 8,958) of other non-material items.

## 10. Trade and other payables

	Jun-21 2021	Jun-20 2020/21
Liabilities	Unaudited	Unaudited
Trade payables	1,968,683	739,508
Social security and other taxes	97,461	213,911
Accrued expenses	5,745,270	3,417,088
Other payables	45,514	237,067
<b>Trade and other payables</b>	<b>7,856,929</b>	<b>4,607,574</b>

## 11. Contingent liabilities

The Company has entered into minimum guarantee commitments with certain developers whereby the Company guarantees: a minimum, pre-defined, monthly amount of revenue to the developer over a defined guarantee period. As the Company has the right to recover any guarantee payments made over the guarantee period if the relevant game's revenue generation exceeds the guaranteed amount and Flexion's entitled revenue share, these guarantees will not be capitalized but treated as current assets subject to periodic impairment reviews.

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

	Jun-21 2021	Jun-20 2020/21
Contingent MG payments	Unaudited	Unaudited
Minimum guarantees which expire:		
Within one year	-	928,199
Within two to five years	-	-
<b>Total minimum guarantees</b>	<b>-</b>	<b>928,199</b>

## 12. Events after the reporting period

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

# The Flexion share

## The share

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

## Ownership table

Top 10 shareholders as of 30 <sup>th</sup> June 2021	N. of shares and votes	%	Aggregated %
Mobile Sensations Ltd	10,997,181	22.03%	22%
BNY Mellon NA	3,601,381	7.21%	29%
Palmstierna Invest AB	3,455,280	6.92%	36%
Palmstierna Fredrik	2,298,172	4.60%	41%
Credit Suisse AG	1,829,748	3.67%	44%
Julius Baer & Co Ltd	1,771,888	3.55%	48%
Joachim Odqvist	1,560,415	3.13%	51%
Industrial Equity AB	1,188,792	2.38%	53%
Avanza Pension	1,047,403	2.10%	56%
Nordic Small Cap Fund	1,032,600	2.07%	58%
Other shareholders	21,141,812	42.35%	100%
<b>Total number of shares</b>	<b>49,924,672</b>	<b>100%</b>	

## Share data

	QTD Jun-21 3 months 2021	QTD Jun-20 3 months 2020/21	YTD Mar-21 12 months 2020/21
<b>Number of shares at period end</b> (adjusted for share split and bonus issue)	49,924,672	41,470,458	49,924,672
Amount of weighted average shares outstanding for the period (adjusted for share split and bonus issue)	49,924,672	41,470,458	48,917,336
Profit/(Loss) per share — basic and diluted, attributable to ordinary equity holders of the parent (pence). <sup>◇</sup>	(0.13)	0.01	(0.48)

<sup>◇</sup> Basic and diluted earnings are considered the same, since where a loss is incurred, the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The adjusted share options outstanding as at 30<sup>th</sup> June 2021 totalled 3,389,562 (2020: 3,696,750) and are potentially dilutive.

# Main KPI numbers

## Summary of the Company's Key Performance Indicators

		QTD Jun-21 3 months 2021	QTD Mar-21 3 months 2020/21	QTD Dec-20 3 months 2020/21	QTD Sep-20 3 months 2020/21	QTD Jun-20 3 months 2020/21
Top-tier games pending launch	No.	2	1	1	1	2
Mid-tier games pending launch	No.	2	4	3	2	3
Total top-tier games live	No.	5	6	7	8	6
Total mid-tier games live	No.	15	13	13	11	10
Top-tier games average monthly gross revenue	USD	565,818	399,720	469,011	393,086	224,125
Number of games live past ramp-up period	No.	5	6	5	5	4
Mid-tier games average monthly gross revenue	USD	55,403	51,941	56,145	52,579	81,425
Number of games live past ramp-up period	No.	11	11	10	7	8
Total revenue growth - YoY	%	61%	136%	176%	168%	153%
Total revenue growth - QoQ	%	19%	(4%)	11%	28%	74%
IAP gross profit growth - YoY	%	73%	174%	215%	238%	149%
IAP gross profit growth - QoQ	%	14%	(6%)	7%	51%	80%
IAP gross profit margin	%	11.7%	12.3%	12.6%	13.0%	11.3%
Total gross profit margin	%	12.0%	12.5%	13.2%	13.1%	14.5%
Adjusted EBITDA margin	%	0.4%	(2.4%)	2%	2%	0.4%
Operating profit / (loss) margin	%	(0.7%)	(2%)	1%	1%	(1%)
Average monthly operational cashflow	GBP	330,866	211,855	284,737	62,893	367,880
Headcount	No.	63	58	55	56	51
Of which headcount for new strategies	No.	3	N/A	N/A	N/A	N/A
Adjusted staff cost	GBP	783,290	747,043	704,078	708,009	661,095
Number of shares at period end	No.	49,924,672	49,924,672	48,260,972	41,498,958	41,470,458
Amount of weighted average shares outstanding for period	No.	49,924,672	48,917,336	43,050,928	41,479,516	41,470,458
Profit/(Loss) per share — basic and diluted, attributable to ordinary equity holders of the parent (pence)	GBP	(0.13)	(0.29)	0.13	0.08	0.01

### 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
<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
<b>Average monthly gross revenue</b>	Average IAP revenue generated in a calendar month - 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 loss margin</b>	Operating 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 - basic and diluted, attributable to ordinary equity holders of the parent</b>	Basic and diluted earnings are considered the same since, where a loss is incurred, the effect of outstanding share options and warrants is considered anti-dilutive and ignored in the calculation

# Quarterly figures

## Income statement

GBP, 000	Dec '21		2020/21			2019/20		
	Q2	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19
IAP revenue	7,786	6,542	6,812	6,173	4,666	2,684	2,475	2,260
Non-IAP revenue	25	15	52	6	172	91	11	43
<b>Total revenue</b>	<b>7,811</b>	<b>6,557</b>	<b>6,864</b>	<b>6,179</b>	<b>4,838</b>	<b>2,775</b>	<b>2,486</b>	<b>2,303</b>
IAP gross profit	915	806	856	801	530	294	272	237
Non-IAP gross profit	25	15	52	6	171	90	9	41
<b>Total gross profit</b>	<b>940</b>	<b>821</b>	<b>908</b>	<b>807</b>	<b>701</b>	<b>384</b>	<b>281</b>	<b>278</b>
<b>Adjusted EBITDA</b>	<b>29</b>	<b>(154)</b>	<b>126</b>	<b>110</b>	<b>18</b>	<b>(210)</b>	<b>(522)</b>	<b>(450)</b>
<b>Operating profit / (loss) (EBIT)</b>	<b>(52)</b>	<b>(146)</b>	<b>57</b>	<b>48</b>	<b>(38)</b>	<b>(1,339)</b>	<b>(569)</b>	<b>(492)</b>
Finance cost	(2)	(3)	(3)	(4)	(4)	(4)	-	-
<b>Loss before tax</b>	<b>(54)</b>	<b>(148)</b>	<b>54</b>	<b>45</b>	<b>(41)</b>	<b>(1,344)</b>	<b>(569)</b>	<b>(492)</b>
Tax	(11)	(85)	4	(13)	45	25	18	24
<b>Profit / (Loss) after tax</b>	<b>(65)</b>	<b>(234)</b>	<b>58</b>	<b>32</b>	<b>4</b>	<b>(1,318)</b>	<b>(550)</b>	<b>(468)</b>

## Balance Sheet

GBP, 000	Dec '21		2020/21			2019/20		
	Q2	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19
Property, plant and equipment	112	131	150	168	187	206	-	22
Intangible assets	971	962	920	843	742	649	554	481
Other non-current assets	41	60	239	66	-	-	-	-
<b>Total non-current assets</b>	<b>1,124</b>	<b>1,152</b>	<b>1,309</b>	<b>1,077</b>	<b>929</b>	<b>855</b>	<b>554</b>	<b>503</b>
Trade and other receivables	3,598	2,859	3,889	3,743	2,850	1,982	2,944	3,069
Cash and cash equivalents	15,609	14,709	12,394	3,719	3,684	2,733	2,436	3,085
<b>Total current assets</b>	<b>19,207</b>	<b>17,568</b>	<b>16,283</b>	<b>7,463</b>	<b>6,534</b>	<b>4,715</b>	<b>5,381</b>	<b>6,154</b>
<b>Total equity</b>	<b>12,367</b>	<b>12,434</b>	<b>11,028</b>	<b>2,805</b>	<b>2,613</b>	<b>2,543</b>	<b>3,850</b>	<b>4,309</b>
<b>Total non-current liabilities</b>	<b>22</b>	<b>44</b>	<b>66</b>	<b>87</b>	<b>163</b>	<b>233</b>	<b>86</b>	<b>14</b>
Trade and other payables	7,857	6,158	6,416	5,567	4,608	2,716	1,999	2,334
Lease liabilities	85	84	82	81	79	78	-	-
<b>Total current liabilities</b>	<b>7,942</b>	<b>6,241</b>	<b>6,498</b>	<b>5,648</b>	<b>4,687</b>	<b>2,793</b>	<b>1,999</b>	<b>2,334</b>

## Cash flow

GBP, 000	Dec '21		2020/21			2019/20		
	Q2	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19
Cash flow from operating activities before changes in working capital	67	(19)	57	165	19	(137)	(578)	(457)
Changes in working capital	951	777	719	69	1,073	638	(113)	(1,369)
<b>Operating cash flow before grant payments</b>	<b>1,017</b>	<b>758</b>	<b>776</b>	<b>234</b>	<b>1,092</b>	<b>501</b>	<b>(692)</b>	<b>(1,826)</b>
Grant payments	-	-	-	-	-	-	-	-
<b>Cash flow from net operating activities</b>	<b>1,017</b>	<b>758</b>	<b>776</b>	<b>234</b>	<b>1,092</b>	<b>501</b>	<b>(692)</b>	<b>(1,826)</b>
<b>Cash flow from investing activities</b>	<b>(72)</b>	<b>(98)</b>	<b>(128)</b>	<b>(144)</b>	<b>(129)</b>	<b>(125)</b>	<b>(98)</b>	<b>(100)</b>
<b>Cash flow from financing activities</b>	<b>(20)</b>	<b>1,777</b>	<b>7,949</b>	<b>(9)</b>	<b>(23)</b>	<b>(14)</b>	<b>70</b>	<b>(23)</b>
Net change in cash and cash equivalents	925	2,437	8,597	81	940	362	(719)	(1,948)
<b>Cash and cash equivalents at end of the period</b>	<b>15,609</b>	<b>14,709</b>	<b>12,394</b>	<b>3,719</b>	<b>3,684</b>	<b>2,733</b>	<b>2,436</b>	<b>3,085</b>



# At a glance

About Flexion Mobile Plc (“Flexion” or the “Company”)

## Introduction

Flexion runs the leading distribution platform for third-party free-to-play (freemium) games on the Android market outside Google Play and China (“Alternative Android Market”). The Company distributes many of the leading games on a growing number of channels such as Amazon, Samsung, Huawei, ONE Store and leading regional channels. Flexion is based in London with a development office in Budapest. The Company employs 63 staff and long-term contractors and is listed on Nasdaq First North Growth Market in Stockholm with ticker name FLEXM:SS.

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



## Value proposition

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

## Market

Industry-leading research firm Newzoo estimates the Global Games Market will generate \$174.3bn in 2021, with mobile games accounting \$86.3bn. The Alternative Android Market is also estimated to boom owing to an increasing demand for other app stores, growing mobile devices and app usage.

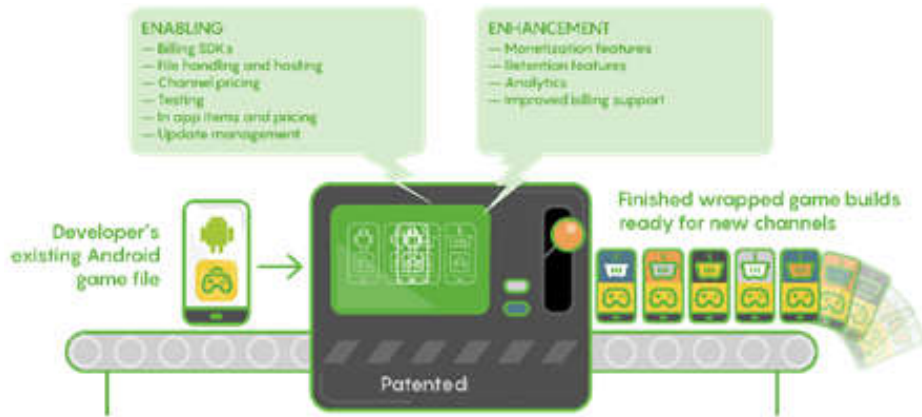
Flexion’s addressable market is the Android mobile games market, which covers more than 85% of the world’s new mobile devices. The remaining market is served by Apple’s iOS and is not currently supported by Flexion.

## Flexion’s service offer

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

## Unique technology

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



## Business model

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

