

Flexion Mobile Plc

# Q4 Report

31 December 2024



# FLEXION



“We grow revenue and audiences for games”



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## Flexion records its second best quarterly revenue with GBP 21.9M while adjusted EBITDA and gross profit hit GBP 1.3M and GBP 3.6M in Q4 2024.

### October-December 2024 performance

- Total revenue decreased by 7% to GBP 21.9m (23.5m)\*
- Total gross profit decreased by 14% to GBP 3.6m (4.2m)
- Adjusted EBITDA<sup>†</sup> decreased by 17% to GBP 1.3m (1.6m)
- Operating result amounted to GBP -0.1m (3.4m)
- The operating result is impacted negatively by accounting related adjustments of GBP 3.2m<sup>#</sup> and increased amortisation of game distribution rights driven by strong game performance.
- Total comprehensive income amounted to GBP 0.9m (2.7m)
- EPS amounted to GBP 1.62 pence (4.72 pence)
- Operating cash flow amounted to GBP 1.8m (3.5m)
- Cash and cash equivalents increased to GBP 13.1m (11.1m)

### January-December 2024 performance

- Total revenue increased by 9% to GBP 76.5m (70.0m)\*
- Total gross profit increased by 27% to GBP 14.8m (11.7m)
- Adjusted EBITDA<sup>†</sup> increased by 33% to GBP 5.0m (3.8m)
- Operating result amounted to GBP -2.3m (3.1m)
- Total comprehensive income amounted to GBP -2.4m (1.3m)

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

<sup>†</sup> 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 exceptional costs.

<sup>#</sup> Accounting related adjustments consist of Impairment losses (GBP 2.0m), 2022 Audiency earnout related costs (GBP 0.7m) and foreign exchange losses (GBP 0.5m)

# Q4 2024

### Important events during the quarter

- Filing of 2023 annual audited accounts
- Signing of War Machines from Wildlife Studios
- Signing of War Robots from MY.GAMES
- Signing of Gossip Harbor from Microfun
- Signing of Candy Crush Solitaire® from King.com

# Q1 2025

### Important events after the quarter

- Launch of War Machines from Wildlife Studios
- Launch of War Robots from MY.GAMES
- Launch of Gossip Harbor from Microfun
- Launch of Candy Crush Solitaire® from King.com
- Signing of agreement with Electronic Arts (NASDAQ: EA)

# Comments from the CEO

## Q4 2024 Performance and Strategic Outlook

"2024 was another record-breaking year. Annual revenue reached GBP 76.5 million, a 9% increase from 2023, ahead of industry growth, while gross profit grew 27% to GBP 14.8 million. We met our Q4 revenue targets, showing a 23% revenue increase over the previous quarter. Strong seasonal performance on some major titles with lower margins led to a slight gross margin decrease in the quarter, and we anticipate this trend to continue in 2025 as we launch larger, higher-revenue games. Longer term, we are confident that our focus on bigger games and strategic partnerships is the best way to go. The year was full of strategic achievements, including the development of our new service offering, launching with a new brand in 2025. Encouraging feedback was received on our D2C service at the Game Developers Conference (GDC), which the team recently attended. Our new offering leverages our unique distribution and marketing services with the addition of D2C to drive profitable growth.

## Key Achievements and Partnerships

Our significant partnership with King in June 2024 marked the beginning of strong momentum in game sourcing. The launch of Candy Crush Saga® across all channels took only eight weeks from agreement signing, a process significantly expedited by Flexion. This demonstrates how our technology and services simplify, reduce costs, and increase profitability for game developers in alternative distribution within a fragmented app store market. We adapt and promote successful games, helping developers generate additional revenue outside Google Play in exchange for a revenue share. Our services mitigate the high opportunity cost that hinders developers in the alternative market. Developers are not equipped for a fragmented landscape, positioning Flexion as a critical enabler. This value is increasingly recognized by key players in the industry.

Following the successful King partnership in Q3, Q4 saw the addition of Candy Crush Solitaire® to our framework agreement. Expanding business with major clients is key to our model. The Microsoft acquisition of Activision/King in 2023, and King's integration into the Xbox service organization, presents further growth opportunities within Microsoft's mobile game strategy.

In Q4, agreements were made with Microfun for Gossip Harbour, and the portfolio was strengthened with War Robots (My.Games) and War Machines (Wildlife Studios). All these games have now been launched. These partnerships highlight our focus on top-tier developers, expanding market reach and portfolio. Our live portfolio now includes more than 30 titles, with top-tier games generating on average USD 0.9 million monthly gross revenue each. We believe our portfolio is unparalleled, and it represents several billion USD in gaming IP, benefiting partners like Amazon, Huawei, OneStore, Samsung, and Xiaomi. Recent months saw the most extensive series of game launches in our history, which will drive growth in 2025 and beyond. Our sales pipeline remains strong, and the recent EA partnership reinforces our leadership.

## Distribution and Regulatory Opportunities

Our game distribution partnerships continue to demonstrate robust performance, affirming our value to leading platform providers. Recent engagements with executive management teams from Huawei, Samsung, and Xiaomi at our London headquarters, focused on strategic joint roadmaps, underscore the strength of our collaborative relationships.

The implementation of the Digital Markets Act (DMA) in the EU presents significant strategic opportunities. There are similar initiatives in several other markets, notably the US. Regulators are putting a lot of pressure on both Google and Apple to open their platforms and stores to competition. The latest major market being Brazil, where the authorities have given Apple short notice to comply. The EU Commission recently found both Apple and Google guilty of breaching the DMA on several counts, and the market is now waiting to see what the next steps will be. We expect increased regulatory scrutiny during 2025, and we are well-positioned to capitalize on the evolving regulatory landscape. It was to be expected that we would see the emergence of new market entrants, such as Epic Games with their Epic Store on Android and iOS, and this further validates our strategic direction and opportunity to scale our business further. We are prepared to support their growth with our game portfolio, as well as Microsoft's future Xbox service, as we believe that this will strengthen our market position and reach. Our active partnership with Digital Turbine, including the rollout of ONEstore US to US carriers, as well as Samsung's Instant Play, will further expand our distribution footprint during 2025.

## Influencer Marketing Growth

Audiencly, our influencer marketing agency, had a strong fourth quarter with GBP 3.8 million in revenue, securing six new clients and executing major campaigns for Zynga, among several other gaming clients. This performance resulted in Audiencly's second-best quarter on record in terms of revenue, establishing a strong foundation for 2025 and solidifying its role as an increasingly vital route to market for our game developers.

## Strategic Investments in Direct-to-Consumer (D2C) and Scalability Initiatives

During 2025, our internal focus will be on operational efficiency, scalability, and margin contribution in our core distribution and marketing services. In parallel, we will continue to invest in strategic product initiatives. Our D2C investment, which is central to our new service offering, is gaining momentum, resonating well with the developer community and particularly top-grossing developers who look to increase the return on their marketing spend through higher-margin distribution services. The increasing adoption of web stores by developers signals a significant shift in future distribution models and could, over time, help reshape the industry. We aim to be at the forefront of this and have just successfully completed our payment integration project with Coda Payments, a leading web store and payment company in our industry. We are now preparing to soft launch a few selected titles using Coda Payments in some of the distribution channels. Our short-term ambition is to gather enough data to validate the case for developers to acquire users and monetize them with third-party payments outside the Google Play Store. We also have numerous additional payment and web store partnerships in development. To summarize, our D2C strategy is focused on:

- Expanding the non-Google/Apple ecosystem through the adoption of new distribution models offering enhanced payouts and greater developer autonomy.
- Enhancing developer return on investment in user acquisition through high-margin payment services.
- Empowering developers to optimize their web store performance through comprehensive solutions encompassing user acquisition, payment processing, and game distribution.

It is critical that we make these investments as they will not only provide a strong foundation for scale and profitable growth but also make us more relevant to top-grossing game companies in the evolving market.

Regarding our SDK, which is an important part of our new D2C service, we are now shipping the latest version to all developers. It is great to finally see a two-year development project delivering results, and I am confident that it will help us become more efficient and scalable in our service delivery. Our core business is profitable with strong underlying margins, but due to our major investments, margins have been impacted in the short term. Our focus in 2025 is to further improve service scalability and efficiency to generate better profit margins over time, and we need to continue our strategic investments for long-term growth and profitability. We are, for instance, introducing AI in all aspects of the business, and we have worked hard on the SDK development and rollout, and now on D2C. These investments have impacted our reported margins, but they are needed to provide both scalability, better margins, and long-term attractiveness to our clients. The D2C service powered by our SDK is a driver for gaining new clients in the future but also to improve margins and efficiency. We are confident that these initiatives will generate significant returns over time and further cement Flexion's leadership in game marketing within alternative markets.

## Financial Position and Outlook

Our financial position remains strong with over GBP 13 million in cash and no debt. This has led investors to ask us why we have not performed any share buybacks for which we requested a shareholder mandate. According to UK law, we can only use distributable profits and not capital unless it is raised for this specific purpose. In order to use our capital, we would need to undertake a court-approved capital reduction, which can be done with public accounts in good order. I am therefore pleased that our 2024 audit is on track to be completed during Q2.

Since our IPO in 2018, we have built a fantastically well-positioned business and grown annual revenue 50-fold, something I am very proud of, but we have failed to attract significant interest on the Swedish stock market. Improving our performance and profile in the

equity market is now one of our main priorities. We have therefore appointed an experienced Investor Relations manager in London, who is working with me to attract new investors, particularly in the US and the UK where we see good traction. Besides this, we will continue to invest in our services and take advantage of new market opportunities in the evolving market.

With most of the newly signed games in the pipeline for launch by the end of Q1, we expect sales in the region of USD 21-24 million next quarter. Looking further into 2025, we have good visibility of our sales pipeline, we have new partnerships coming, and we have a very well-established position in the market. Understandably, we are very excited.

We appreciate your continued support and look forward to an exciting 2025."



Jens Lauritzson | CEO

# Financial Development

## OCTOBER - DECEMBER 2024

### REVENUE

Total revenue decreased by 7% year-on-year to GBP 21,933,628 (23,474,948), of which In-App Purchase (IAP) revenue decreased by 5% year-on-year to GBP 18,061,242 (19,054,483) driven by marginally lower year-end performance of our leading games. Marketing Services revenue decreased by 12% to GBP 3,850,536 (4,387,752) driven by a relatively lower contribution from a specific large marketing event. The strengthening of GBP compared to USD and EUR has also negatively impacted the year-on-year growth numbers presented in GBP.

Total revenue for the quarter increased by 23% compared with the preceding quarter to GBP 21,933,628 (17,771,844) as per normal cyclical patterns.

### GROSS PROFIT

Cost of sales decreased by 5% year-on-year to GBP 18,306,904 (19,233,808).

Total gross profit decreased by 14% year-on-year to GBP 3,626,724 (4,241,140) of which IAP gross profit decreased by 17% year-on-year to GBP 2,816,024 (3,385,751) driven by strong performance from low margin contributing games. Marketing Services gross profit decreased by 4% to GBP 788,850 (822,676).

Total gross profit margin decreased from 18.1% to 16.5% year-on-year, driven by IAP gross profit margin which decreased from 17.8% to 15.6% and Marketing services gross profit margin which increased from 18.7% to 20.5%.

Total gross profit decreased by 4% to GBP 3,626,724 compared with the preceding quarter. IAP gross profit decreased by 9% to GBP 2,816,024 and Marketing services increased by 17% to GBP 788,850 compared with the preceding quarter. Total gross profit margin decreased from 21.2% to 16.5%, with Marketing services gross profit margin decreasing from 26.0% to 20.5% and IAP gross profit margin decreasing from 20.3% to 15.6% compared with the preceding quarter.

### GENERAL AND ADMINISTRATIVE EXPENSES AND FAIR VALUE GAINS

The total headcount increased by 25 year-on-year to 163 (138) of which, Distribution's headcount represented 113 (98) and Marketing service's headcount represented 50 (40). Adjusted staff cost for Distribution increased by 20% from GBP 1,133,686 to GBP 1,354,901 and Marketing services staff cost decreased by 23% from GBP 625,484 to GBP 483,271. Group staff and contractor costs decreased by 27% year-on-year to GBP 1,484,123 (2,029,042) driven by GBP 354,049 of capitalised development costs. We have re-introduced capitalisation of development costs in 2024 as it meets the definition under IFRS and now exceeds the threshold of materiality.

Other overheads increased year-on-year to GBP 2,091,330 (1,404,286) driven by GBP 1,483,337 (1,475,065) in increased administrative costs and primarily unrealised foreign exchange net loss to GBP 499,514 (gain of 163,920). The increase in administrative costs were mainly driven by a payout made to the sellers of Audiencly of GBP 676,220, as explained later in this section, a one off fee paid to NASDAQ of GBP 154,617 as well as the increased legal and professional fees of which GBP 82,410 is exceptional cost.

The total amortisation of GBP 1,734,169 (714,068) includes GBP 1,455,112 (434,111) related to game distribution rights, GBP 129,239 (131,381) related to Brand, GBP 85,146 (74,217) related to customer relationships and GBP 65,672 (74,359) 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 accelerated, 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 7,372,222 (4,180,564).

During the quarter, the headcount for Distribution decreased by 2 to 113. Marketing services headcount decreased by 1 to 50. Total staff and contractor costs for distribution decreased by 22% compared with the preceding quarter driven by capitalised development costs. Adjusted staff costs for Distribution, as reported in the KPI section, decreased by 1% QoQ. Staff costs for Marketing services, as reported in the KPI section, increased by 9% QoQ. Other overheads increased by 135% compared with the preceding quarter, driven by an increase in unrealised/realised foreign exchange losses and legal and advisory fees during the quarter.

### ADJUSTED EBITDA AND NET EARNINGS

Adjusted EBITDA for the quarter amounted to GBP 1,309,414 (1,578,677) driven by the performance of both Distribution and Marketing Services. Operating result decreased to GBP -91,830 (3,403,281) and the result after tax for this quarter amounted to GBP 472,873 (2,644,155).

### CASH FLOW

Operating cash flow decreased by GBP 1.7m year-on-year to GBP 1,755,220 (3,481,585) partly due to working capital timing effects on both trade payables and trade receivables. Net cash flow decreased to GBP 845,484 (3,589,489).

### FINANCIAL POSITION

Cash amounted to GBP 13,113,668 (11,084,799) and there were no interest-bearing liabilities. During the quarter, cash increased by GBP 708,284. Trade and other receivables amounted to GBP 12,097,334 (15,608,415). Trade and other payables amounted to GBP 18,576,061 (21,648,468).

### CHANGES IN THE NUMBER OF GAMES DURING THE QUARTER

The average monthly revenue for top-tier games past the ramp-up period increased to USD 921,718 (535,890) compared to the preceding quarter and the number of top-tier games past ramp-up decreased by 4 to 7 titles when compared to the preceding quarter.

The average monthly revenue for mid-tier games past ramp-up increased to USD 55,396 (38,272) 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 decreased to 9 titles with 2 top-tier games signed and yet to be launched. The number of live mid-tier games decreased to 12 titles with 2 mid-tier games signed and yet to be launched.

### JANUARY-DECEMBER 2024

The financial year ending December 2024 showed a 9% growth in total revenue, increasing to GBP 76,544,049 (70,024,081). IAP grew 8% to GBP 65,229,592 (60,305,637) and Marketing services revenue grew by 17% to GBP 11,224,761 (9,601,330). Gross profit increased by 27% to GBP 14,805,756 (11,651,267) during the period. General and administrative expenses increased by 75% to GBP 20,819,639 (11,913,558). Adjusted EBITDA increased by 33% to GBP 5,019,638 (3,783,973). The result after tax decreased to GBP -2,261,001 (1,545,584).

*As this marks my final quarterly report at Flexion, I want to take a moment to express my sincere gratitude to everyone for being part of this incredible journey. When I joined in 2014, we were a small team of 17, generating USD 1 million in revenue. Now, 43 quarterly reports later, we're a team of nearly 170, approaching USD 100 million in revenue. It's been a lot of hard work, but also incredibly rewarding. My deepest thanks to all current and former team members, the board, the amazing finance team, and to Jens, Per, and Carl – it's been a true pleasure working with all of you.*



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 163 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 2023.

### Financial calendar

Q1 report - 2025 financial year	21 May 2025
Q2 report - 2025 financial year	21 Aug. 2025
Q3 report - 2025 financial year	20 Nov. 2025
Q4 report - 2025 financial year	31 Mar. 2026

### Annual general meeting

The next annual general meeting will be held at 14:00 BST on Wednesday 25 June 2025 at: Unit G5 Harbour Yard, Chelsea Harbour, London, SW10 0XD, UK.

### Certified Adviser

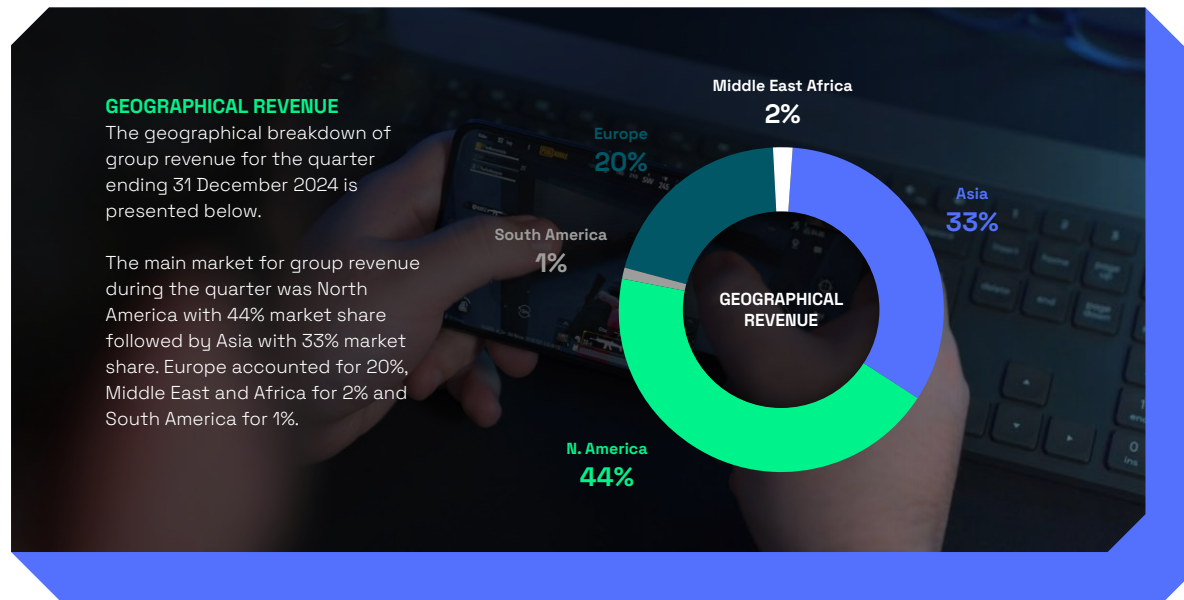
FNCA Sweden AB, info@fnca.se, telephone: +46 8 528 00 399.

### 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 31 March 2025



# Financial reports in brief

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

	Notes	QTD Dec-24 3 months Unaudited GBP	QTD Dec-23 3 months Unaudited GBP	FY Dec-24 12 months Unaudited GBP	FY Dec-23 12 months Restated* GBP
Total revenue	3	21,933,628	23,474,948	76,544,049	70,024,081
Cost of sales		(18,306,904)	(19,233,808)	(61,738,293)	(58,372,814)
<b>Total gross profit</b>	4	<b>3,626,724</b>	<b>4,241,140</b>	<b>14,805,756</b>	<b>11,651,267</b>
General and administrative expenses	5	(7,372,222)	(4,180,564)	(20,819,639)	(11,913,558)
<b>Adjusted EBITDA<sup>a</sup></b>		<b>1,309,414</b>	<b>1,578,677</b>	<b>5,019,638</b>	<b>3,783,973</b>
Depreciation of tangible assets		68,254	33,168	166,022	133,689
Amortisation of intangible assets		1,734,169	714,068	6,831,568	2,585,586
Impairment losses		1,994,345	-	1,994,345	-
Foreign exchange (gain) / loss		499,514	(163,920)	443,418	221,945
Corporate acquisition related costs		676,220	-	676,220	-
Other exceptional costs		82,410	934,784	921,948	1,105,044
Fair value gains		3,653,668	3,342,705	3,653,668	3,342,705
<b>Operating profit / (loss) for the period</b>		<b>(91,830)</b>	<b>3,403,281</b>	<b>(2,360,215)</b>	<b>3,080,414</b>
Share of loss from associate		-	(352,920)	-	(352,920)
Finance income		208,360	68,449	208,360	68,449
Finance costs		(228,533)	(285,923)	(555,381)	(991,764)
<b>Profit / (Loss) before tax for the period</b>		<b>(112,003)</b>	<b>2,832,887</b>	<b>(2,707,236)</b>	<b>1,804,179</b>
Tax		584,876	(188,732)	446,235	(258,595)
<b>Profit / (Loss) after tax for the period</b>		<b>472,873</b>	<b>2,644,155</b>	<b>(2,261,001)</b>	<b>1,545,584</b>
<b>Attributable to:</b>					
Equity holders of the parent		472,873	2,644,155	(2,261,001)	1,545,584
<b>Profit / (Loss) for the period</b>		<b>472,873</b>	<b>2,644,155</b>	<b>(2,261,001)</b>	<b>1,545,584</b>
<b>Other comprehensive income</b>					
Foreign exchange differences		440,945	12,793	(142,431)	(281,066)
<b>Total comprehensive income for the period</b>		<b>913,818</b>	<b>2,656,948</b>	<b>(2,403,432)</b>	<b>1,264,518</b>
<b>Attributable to:</b>					
Equity holders of the parent		913,818	2,656,948	(2,403,432)	1,264,518
<b>Profit / (Loss) for the period</b>		<b>913,818</b>	<b>2,656,948</b>	<b>(2,403,432)</b>	<b>1,264,518</b>

<sup>a</sup> 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 exceptional costs.

\* See note 11 for details regarding the restatement as a result of the prior year adjustment.



# Financial reports in brief

## Consolidated Statement of Financial Position as at 31 December 2024

	Notes	Dec-24 Unaudited GBP	Dec-23 Restated* GBP
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	323,931	257,818
Intangible assets	8	14,782,601	22,334,376
<b>Total non-current assets</b>		<b>15,106,532</b>	<b>22,592,194</b>
<b>Current assets</b>			
Trade and other receivables	9	12,097,334	15,608,415
Cash and cash equivalents		13,113,669	11,084,799
<b>Total current assets</b>		<b>25,211,003</b>	<b>26,693,214</b>
<b>Total assets</b>		<b>40,317,535</b>	<b>49,285,408</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		113,742	112,467
Share premium		17,374,546	17,341,512
Other reserves		5,573,433	5,185,653
Retained earnings		(3,553,643)	(1,025,891)
<b>Total equity</b>		<b>19,508,078</b>	<b>21,613,741</b>
<b>Non-current liabilities</b>			
Deferred Tax liabilities		1,895,257	2,491,826
Lease liabilities		217,363	126,905
Contingent consideration		-	3,284,773
<b>Total non-current liabilities</b>		<b>2,112,620</b>	<b>5,903,504</b>
<b>Current liabilities</b>			
Trade and other payables	10	18,576,061	21,648,468
Lease liabilities		120,776	119,695
<b>Total current liabilities</b>		<b>18,696,837</b>	<b>21,768,163</b>
<b>Total liabilities</b>		<b>20,809,457</b>	<b>27,671,667</b>
<b>Total equity and liabilities</b>		<b>40,317,535</b>	<b>49,285,408</b>

\* See note 11 for details regarding the restatement as a result of the prior year adjustment

# Financial reports in brief

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

	QTD Dec-24 3 months Unaudited GBP	QTD Dec-23 3 months Unaudited GBP	FY Dec-24 12 months Unaudited GBP	FY Dec-23 12 months Restated* GBP
<b>Cash flow from operating activities</b>				
Profit / (Loss) before tax for the period	(112,003)	2,832,887	(2,707,236)	1,804,179
<b>Adjustments for:</b>				
Foreign exchange losses	394,265	2,212	443,418	106,891
Impairment losses	1,994,345	-	1,994,345	-
Share based payments	41,780	(49,635)	225,213	151,441
Depreciation of tangible assets	68,254	33,168	166,022	133,689
Amortisation of intangible assets	1,734,169	676,534	6,831,568	2,585,586
Share of loss from associate	-	352,920	-	352,920
Fair value gains	(3,653,668)	(3,342,705)	(3,653,668)	(3,342,705)
Interest paid	145,300	178,674	553,241	983,121
<b>Working capital:</b>				
Change in trade and other receivables	(115,534)	(7,201,157)	3,049,987	(5,677,748)
Change in trade and other payables	1,258,312	9,998,687	(2,669,851)	4,247,253
<b>Net cash flow from operating activities</b>	<b>1,755,220</b>	<b>3,481,585</b>	<b>4,233,039</b>	<b>1,344,627</b>
<b>Cash flow from investing activities</b>				
Acquisition of a subsidiary, net of cash acquired	-	-	-	(518,571)
Expenditure on property, plant and equipment	(251,638)	22,930	(247,386)	(8,026)
Expenditure on intangible assets	(249,303)	-	(1,155,537)	(3,175,914)
Capitalised development cost	(354,049)	120,000	(354,049)	-
<b>Net cash flow from investing activities</b>	<b>(854,990)</b>	<b>142,930</b>	<b>(1,756,972)</b>	<b>(3,702,511)</b>
<b>Cash flow from financing activities</b>				
Issue of ordinary shares, net of issue costs	-	-	33,200	89,290
Payment of lease liabilities	(54,746)	(35,025)	(157,997)	(133,092)
<b>Net cash flow from financing activities</b>	<b>(54,746)</b>	<b>(35,025)</b>	<b>(124,797)</b>	<b>(43,802)</b>
<b>Net change in cash and cash equivalents</b>	<b>845,484</b>	<b>3,589,489</b>	<b>2,351,270</b>	<b>(2,401,686)</b>
Cash and cash equivalents at beginning of period	12,405,384	7,531,243	11,084,799	13,801,592
Effect of exchange rate fluctuations on cash held during the period	(137,199)	(35,933)	(322,400)	(315,107)
<b>Cash and cash equivalents at end of period</b>	<b>13,113,669</b>	<b>11,084,799</b>	<b>13,113,669</b>	<b>11,084,799</b>

\* See note 11 for details regarding the restatement as a result of the prior year adjustment

# Financial reports in brief

## Consolidated Statement of Changes in Equity for the period ended 31 December 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	735,043	656,890	2,477,349	(2,179,572)	19,051,690
Adjustments to opening retained earnings	-	-	-	-	-	(391,903)	(391,903)
Loss for the period	-	-	-	(281,066)	-	1,545,584	1,264,518
<b>Total comprehensive income</b>	<b>109,309</b>	<b>17,252,671</b>	<b>735,043</b>	<b>375,824</b>	<b>2,477,349</b>	<b>(1,025,891)</b>	<b>19,924,305</b>
<b>Transactions with owners, recorded directly in equity</b>							
Share based payments	-	-	151,441	-	-	-	151,441
Deferred tax on share options	-	-	(69,549)	-	-	-	(69,549)
Issue of share capital	3,158	88,841	-	-	1,515,545	-	1,607,544
<b>Balance at 31 December 2023 (Restated*)</b>	<b>112,467</b>	<b>17,341,512</b>	<b>816,935</b>	<b>375,824</b>	<b>3,992,894</b>	<b>(1,025,891)</b>	<b>21,613,741</b>
Balance at 1 January 2024	112,467	17,341,512	816,935	375,824	3,992,894	(1,025,891)	21,613,741
Adjustments to opening retained earnings	-	-	-	-	-	(266,751)	(266,751)
Loss for the period	-	-	-	(142,431)	-	(2,261,001)	(2,403,432)
<b>Total comprehensive income</b>	<b>112,467</b>	<b>17,341,512</b>	<b>816,935</b>	<b>233,393</b>	<b>3,992,894</b>	<b>(3,553,643)</b>	<b>18,943,558</b>
<b>Transactions with owners, recorded directly in equity</b>							
Share based payments	-	-	225,213	-	-	-	225,213
Deferred tax on share options	-	-	(10,236)	-	-	-	(10,236)
Issue of share capital	1,275	33,034	-	-	315,234	-	349,543
<b>Balance at 31 December 2024</b>	<b>113,742</b>	<b>17,374,546</b>	<b>1,031,912</b>	<b>233,393</b>	<b>4,308,128</b>	<b>(3,553,643)</b>	<b>19,508,078</b>

\* See note 11 for details regarding the restatement as a result of the prior year adjustment



# Notes

## 1. Basis of preparation

The condensed financial statements for the three months ended 31 December 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 audited and therefore the financial information for the 3-months ended 31 December 2024 has been updated. The financial information for the 3-months ended 31 December 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 2023.

## 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 2023. 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

	Dec-24 Unaudited	Dec-23 Unaudited
Revenue disclosed in the statement of profit or loss is analysed as follows:		
<b>Revenue breakdown</b>		
IAP Revenue	18,061,242	19,054,483
Non-IAP Revenue	21,850	32,713
Marketing services	3,850,536	4,387,752
<b>Total Revenue</b>	<b>21,933,628</b>	<b>23,474,948</b>

## 4. Gross profit

	Dec-24 Unaudited	Dec-23 Unaudited
Gross profit disclosed in the statement of profit and loss is analysed as follows:		
<b>Gross profit breakdown</b>		
IAP gross profit	2,816,024	3,385,751
Non-IAP Revenue	21,850	32,713
Marketing services	788,850	822,676
<b>Total gross profit</b>	<b>3,626,724</b>	<b>4,241,140</b>

## 5. General and administrative expenses

	Dec-24 Unaudited	Dec-23 Unaudited
General and administrative expenses disclosed in the statement of profit or loss is analysed as follows:		
<b>General and administrative expenses</b>		
Staff and contractor costs	1,484,123	2,029,042
Impairment losses	1,994,345	-
Depreciation	68,254	33,168
Amortisation	1,734,169	714,068
Other overheads	2,091,331	1,404,286
<b>Total</b>	<b>7,372,222</b>	<b>4,180,564</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:

	Dec-24	Dec-23
	Unaudited	Unaudited
<b>Property, plant and equipment</b>		
Office Equipment	6,816	12,453
Leasehold improvements	3,885	6,217
Right-to-use assets	313,230	239,148
<b>Total</b>	<b>323,931</b>	<b>257,818</b>

In the fourth quarter for the year ending 31 December 2024 depreciation for property, plant equipment amounted to GBP 68,254.

## 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:

	Dec-24	Dec-23
	Unaudited	Unaudited
<b>Intangible asset</b>		
Goodwill	7,364,060	7,695,862
Capitalised development costs	714,193	635,106
Game distribution rights	1,652,987	6,945,767
Customer relationships	1,320,980	2,614,100
Brand	3,730,381	4,443,541
<b>Total</b>	<b>14,782,601</b>	<b>22,334,376</b>

In the fourth quarter for the year ending 31 December 2024 amortisation amounted to GBP 1,734,169.

## 9. Trade and other receivables

	Dec-24	Dec-23
	Unaudited	Unaudited
<b>Assets</b>		
Trade receivables	2,309,601	873,841
Other receivables	616,565	111,854
Prepayments and accrued income	9,171,168	14,622,720
<b>Trade and other receivables</b>	<b>12,097,334</b>	<b>15,608,415</b>

## 10. Trade and other payables

	Dec-24	Dec-23
	Unaudited	Unaudited
<b>Liabilities</b>		
Trade payables	3,989,440	4,985,479
Social security and other taxes	181,965	118,573
Accrued expenses	12,904,982	14,544,936
Other payables	1,499,674	1,849,801
Corporate tax payable	-	149,679
<b>Trade and other payables</b>	<b>18,576,061</b>	<b>21,648,468</b>

## 11. PRIOR YEAR ADJUSTMENTS

Following the publication of the 2023 annual accounts, an error was identified related to an adjustment in the Audiency accruals, which was made during the highly time-sensitive 2023 audit preparation work. As a result, we have restated the comparative balances to accurately reflect these adjustments.

Statement of financial position (extract)	2023 GBP	Increase/ (Decrease) GBP	2023 (Restated) GBP
Trade and other payables	20,802,934	845,534	21,648,468
<b>Net assets</b>	<b>22,459,275</b>	<b>845,534</b>	<b>21,613,741</b>
Retained earnings	(180,356)	(845,534)	(1,025,890)
<b>Total equity</b>	<b>22,459,275</b>	<b>(845,534)</b>	<b>21,613,741</b>
Consolidated statement of profit or loss (extract)	2023 GBP	Increase/ (Decrease) GBP	2023 (Restated) GBP
Cost of Sales	(57,527,280)	(845,534)	(58,372,814)
<b>Loss/Profit for the year</b>	<b>2,391,118</b>	<b>(845,534)</b>	<b>1,545,584</b>
<b>Attributable to:</b>			
Equity holders of the parent	2,391,118	(845,534)	1,545,584
Non-controlling interests	-	-	-
<b>Loss/Profit for the year</b>	<b>2,391,118</b>	<b>(845,534)</b>	<b>1,545,584</b>
Consolidated statement of comprehensive income (extract)	2023 GBP	Increase/ (Decrease) GBP	2023 (Restated) GBP
Loss / profit After Tax	2,391,118	(845,534)	1,545,584
<b>Total comprehensive income for the period</b>	<b>2,110,053</b>	<b>(845,534)</b>	<b>1,264,519</b>



# 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 December	N. of shares and votes	%	Aggregated %
Mobile Sensations Ltd	11,354,862	20.0%	20%
Morgan Stanley Smith Barney LLC	4,575,023	8.0%	28%
Palmstierna Invest AB	3,465,780	6.1%	34%
Clearstream Banking S.A.	2,389,955	4.2%	38%
Palmstierna Fredrik	1,803,000	3.2%	41%
Goldman Sachs & Co. LLC	1,790,392	3.1%	45%
IBKR Financial Services AG, WBIMY	1,675,666	2.9%	48%
Julius Baer & Co Ltd	1,671,000	2.9%	51%
The Bank of New York Mellon	1,581,512	2.8%	53%
Odqvist Joachim	1,560,415	2.7%	56%
<b>Other shareholders</b>	<b>25,003,260</b>	<b>44.0%</b>	<b>100%</b>
<b>Total number of shares</b>	<b>56,870,865</b>	<b>100%</b>	

## Share data

	QTD Dec-24 3 months	QTD Dec-23 3 months	FY Dec-23 12 months
<b>Number of shares at period end</b> (adjusted for share split and bonus issue)	56,870,865	56,233,265	56,233,265
<b>Amount of weighted average shares outstanding for the period</b> (adjusted for share split and bonus issue)	56,360,329	56,233,265	55,912,668
<b>Profit / (Loss) per share</b>			
– basic attributable to ordinary equity holders of the parent (pence) °	1.62	4.72	2.26
– diluted, attributable to ordinary equity holders of the parent (pence) °	1.54	4.53	2.19

° 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 December 2024 totalled 2,939,485 (2,420,062) and are potentially dilutive.




# Main KPI numbers

## Summary of the Company's Key Performance Indicators

		QTD Dec-24 3 months	QTD Sep-24 3 months	QTD Jun-24 3 months	QTD Mar-24 3 months	QTD Dec-23 3 months
Top-tier games pending launch	No.	2	1	1	1	1
Mid-tier games pending launch	No.	2	0	4	0	0
Total top-tier games live	No.	9	11	11	11	10
Total mid-tier games live	No.	12	15	12	12	12
Top-tier games average monthly gross revenue	USD	921,718	535,890	576,605	582,070	744,674
Number of games live past ramp-up period	No.	7	11	10	10	10
Mid-tier games average monthly gross revenue	USD	55,396	38,272	36,008	35,023	33,628
Number of games live past ramp-up period	No.	10	10	10	10	12
Total revenue growth - YoY	%	(7%)	20%	14%	13%	8%
Total revenue growth - QoQ	%	23%	0%	(3%)	(24%)	59%
IAP gross profit growth - YoY	%	(15%)	51%	74%	64%	31%
IAP gross profit growth - QoQ	%	(9%)	1%	(2%)	(6%)	62%
IAP gross profit margin	%	15.6%	20.3%	18.9%	19.7%	17.8%
Total gross profit margin	%	16.5%	22.0%	20.1%	21.7%	18.1%
Adjusted EBITDA margin	%	6.0%	7.8%	6.1%	9.0%	6.7%
Operating profit / (loss) margin	%	(0.4%)	(3.3%)	(4.2%)	(2.4%)	14.5%
Average monthly operational cashflow	GBP	453,652	(314,231)	210,363	948,069	1,154,038
Headcount for Distribution services	No.	113	115	115	109	98
Headcount for Marketing services	No.	50	51	45	42	40
Adjusted staff cost for Distribution services	GBP	1,354,901	1,369,415	1,345,789	1,286,171	1,133,686
Staff cost for Marketing services	GBP	483,271	442,280	412,822	454,288	625,484
Number of shares at period end	No.	56,870,865	56,316,265	56,233,265	56,233,265	56,233,265
Amount of weighted average shares outstanding for period	No.	56,360,329	56,238,950	56,233,265	56,233,265	56,233,265
Profit / (Loss) per share (pence)	GBPp	1.62	(2.12)	(2.22)	(0.94)	0.02

## 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.

The background features a complex, abstract pattern of wavy, parallel lines in shades of green and blue. The lines create a sense of depth and movement, resembling a tunnel or a series of overlapping planes. In the center, a solid black rectangular box contains the word "FLEXION" in a bold, white, sans-serif font.

**FLEXION**