

MIGHTY KINGDOM QUARTERLY ACTIVITIES UPDATE AND APPENDIX 4C

Quarter Ended 30 September 2023

Mighty Kingdom Limited (ASX: MKL) ("MK" or the "Company"), is pleased to provide its Quarterly Activities Update and Appendix 4C for the September 2023 Quarter ("Q1 FY24").

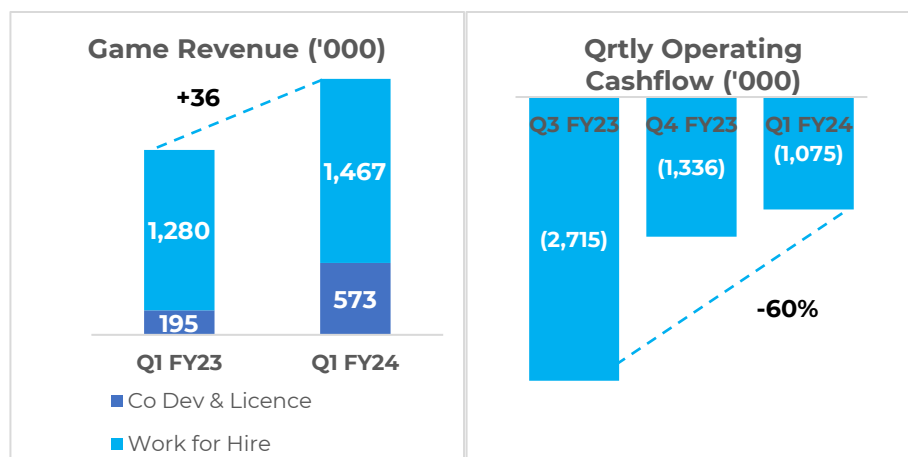
QUARTERLY HIGHLIGHTS

- **Quarterly operating cash outflow \$1.08m (20% reduction Q4 FY23, 65% reduction pcq)**
- **Quarterly Games revenue \$2m (38% increase pcq)**
- **Further reduction in operating costs (13% reduction Q4 FY23, 31% reduction pcq)**
- **Company continues to deliver on key contracts with East Side Games, Google and Spinmaster**

OPERATIONAL SUMMARY

The Company reported a 38% YoY increase in revenue generated from games during the quarter. On-going contract delivery with the Company's multiple partners assisted the continued growth in baseline revenue to ensure long term sustainability. The on-going cost control strategy also accounted for a further 13% reduction in costs Qtr on Qtr, this result reflects a 31% reduction in costs compared to the pcq.

Notwithstanding the capital challenges faced due to the non-settlement of \$2.08m of capital obligations owed by Gamestar+ Studios Pty Ltd ("Gamestar"), the Company continued to deliver a reduction in operating cash outflows for the quarter.



PROJECT HIGHLIGHTS

The below represents some of the great work delivered by the team at Mighty Kingdom over the quarter:

Co-Development

East Side Games Group ("ESGG") Partnership

Star Trek: Lower Decks ("STLD") Mobile Game

STLD continues to outperform key monetisation metrics with ARPDau (average revenue per daily active user), IAP (in application purchase), conversion rate (% of players who purchase IAP's) and ad Views per user all outperforming expectations. Mighty Kingdom has reduced its live ops operational spend during the quarter to increase margin for the product while maintaining the performance of the game's monetisation efforts.

STLD has continued to expand the content in the game and has also worked with ESGG and Paramount to introduce cross promotion in the game from the Paramount television series with success. The series itself has been renewed for a 5th season.

Third Development Project

MK's third major project with ESGG, based on a cross generational, evergreen IP. is nearing the end of its production phase and the Company is excited for its intended release in 2024.

Licensed IP

ZAG Entertainment

The Company is working with ZAG Entertainment on the development of this game from the Miraculous Ladybug & Cat Noir series for mobile platforms. The Company is strengthening the business model of the game to ensure its success in market.

Work For Hire

Apple Arcade

The Company has concluded its work on development of an Apple Arcade game and remains engaged in discussions with Apple Arcade to develop further games for the subscription service platform.

DreamWorks Gabby's Dollhouse

Work has continued throughout the quarter on Gabby's Dollhouse, with the inclusion of several new features associated with physical product from the Spinmaster Gabby's Dollhouse toylines. Work has also been ongoing focusing on improving the player experience which has seen a positive response, with future work now in discussion with Spinmaster in line with the next season of the Dreamworks/Netflix series.

Google Project

The Company's work on this project has delivered against all milestones, with the Company anticipating work will continue through the 3rd Quarter of FY24. This exciting project continues to meet the high-quality expectations of Google and the Company is focused on a long-term partnership to deliver further games experiences for a key partner.

Original IP

Whilst the Company has paused material investment in its original IP strategy until it has the appropriate capital position to take these steps, MK continues to seek publishers and partners to monetise the original IP it owns. The material discussions include:

Rush (HyperRush-Ball Stars)

The team continues to refine the gameplay to better meet current expectations for the game. This refocus has seen further interest from funding partners. Discussions with potential funding partners are ongoing, with MK being selected to pitch at an exclusive event at the upcoming G-STAR conference in Korea.

Broken Ridge

Broken Ridge has seen a pivot in its development to VR, with its key gameplay of mystery and horror being a great match for VR platforms. The Company has shifted development to the Unity Game Engine successfully, and has developed further content to demonstrate and align the capability of the MK team with opportunity the game has for VR platforms.

OPERATING CASHFLOWS

The Company reported \$1.08m in operating cash outflows for the quarter. This reduction in outflow aligns with the operational changes enacted over the last 9 months and the continued reduction in underlying costs. The alignment of future cash and the resources required to operate and deliver on projects continues to be a key focus.

During Q1 FY24, the Company received \$1.9m in cash from customers.

The Company had \$0.8 million cash at bank as of 30 September 2023.

OUTLOOK

The business continues to demonstrate the steps taken over the last 9 months are delivering improvement in performance. Key initiatives focused on business development pipeline and conversion working alongside operational efficiencies and cost management are improving financial performance.

In addition, the recent appointment of Simon Rabbitt as Interim CEO, a successful capital raise and the announcement of a strategic review process are critical steps to further MK's growth and business turnaround.

RELATED PARTY TRANSACTIONS

As noted in Item 6 of the Company's Appendix 4C for Q1 FY24, payments to related parties and their associates represented cash benefits of \$0k for executive and non-executive directors. This reduction in related party transactions reflects the short-term deferral of fees paid to Directors.

This announcement has been authorised for release by the Board of Mighty Kingdom Limited.

For further information, please contact.

Simon Rabbitt

Interim CEO

Mighty Kingdom Limited

T: +61 8 7200 3252

E: simon.rabbitt@mightykingdom.com

Duncan Gordon

Investor Relations

T: +61 404 006 444

ABOUT MIGHTY KINGDOM LIMITED

Mighty Kingdom delights more than 7 million players every month and designs game experiences with the world's most recognised brands such as LEGO, Disney, Mattel, Paramount, Moose Spin Master and more, as well as developing its own original games.

Our portfolio of games is crafted from our Adelaide headquarters, with a diverse team of 110 developers from across Australia. Led by a desire to engage and delight players, we make exceptional experiences that connect our diverse talent with millions of people around the world.

We make games with heart. We Love Fun. We want to share it with the world.

We want you to be part of it.

APPENDIX 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Mighty Kingdom Limited

ABN

39 627 145 260

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,917	1,917
1.2	Payments for		
(a)	research and development	0	0
(b)	product manufacturing and operating costs	(214)	(214)
(c)	advertising and marketing	(11)	(11)
(d)	leased assets	0	0
(e)	staff costs	(2,905)	(2,905)
(f)	administration and corporate costs	(429)	(429)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	3	3
1.5	Interest and other costs of finance paid	(7)	(7)
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	555	555
1.8	Other (provide details if material)	17	17
1.9	Net cash from / (used in) operating activities	(1,075)	(1,075)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
(a)	entities	0	0
(b)	businesses	0	0
(c)	property, plant and equipment	0	0
(d)	investments	0	0
(e)	intellectual property	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	24	24
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	24	24

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	200	200
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	1,453	1,453
3.6	Payments of lease liabilities	(119)	(119)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from / (used in) financing activities	1,534	1,534

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	302	302
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,075)	(1,075)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	24	24
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,534	1,534
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	785	785

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	785	302
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	785	302

Other cash or cash equivalents includes partial payment of Tranche 2 Placement as approved by shareholders at the AGM on 28 November 2022 where allotment had not yet occurred. Allotment of Equity Securities was finalised on 19 January 2023 (See ASX release dated 19 January 2023).

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	0
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	150	0
7.4	Total financing facilities	150	0
7.5	Unused financing facilities available at quarter end		150
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Item 7.1: Commonwealth Bank Business Loan: Interest rate: Variable Base Rate minus a margin of 0.96% p.a.; Maturity date: 4 July 2023; General Security interest by MIGHTY KINGDOM GAMES PTY LTD ACN 149 485 165.</p> <p>Item 7.3: Commonwealth Bank Overdraft: Interest rate: 8.43% p.a.; General Security interest by MIGHTY KINGDOM GAMES PTY LTD ACN 149 485 165.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,075)
8.2	Cash and cash equivalents at quarter end (item 4.6)	785
8.3	Unused finance facilities available at quarter end (item 7.5)	150
8.4	Total available funding (item 8.2 + item 8.3)	935
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.9
	<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	

- 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:
- 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
- Answer: No, Mighty Kingdom expects its net operating cashflows to improve in the coming period with increased receipts from customers and Government rebates as well as a reduction in costs that flow from a reduced staff headcount. .
- 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
- Answer: Yes, Mighty Kingdom completed a capital raise totalling \$1.17m in October 2023 to fund operations. Further, Mighty Kingdom continue to work with its legal advisors regarding recovery of \$2.088m owed by Gamestar Studio Pty Ltd.
- 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
- Answer: Yes, as well as the capital raise mentioned at 8.6.2, Mighty Kingdom is currently performing a strategic review process to explore opportunities in the market which will enable the business to continue to meet its business objectives.
- Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **31 October 2023**

Authorised by: **By the Board**
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.