

MIGHTY KINGDOM QUARTERLY ACTIVITIES UPDATE AND APPENDIX 4C

Quarter Ended 31 March 2024

Mighty Kingdom Limited (ASX: MKL) ("MKL" or the "Company"), is pleased to provide its Quarterly Activities Update and Appendix 4C for the March 2024 Quarter ("Q3 FY24").

QUARTERLY HIGHLIGHTS

Strategic Review Completed:

- 1. Key appointments drive Gaming Sector expertise:**
 - **David Yin appointed as CEO**
 - **Mark Aubrey and Chris Whiteman appointed to the board**
- 2. Strategy for future with focus on profitability, operating stability and growth**
- 3. Capital Raise of \$6.2m via an accelerated renounceable rights entitlement offer (subsequently completed in full with additional \$1.98m placement subject to Shareholder approval)**

CORPORATE

Strategic Review Completed

During the Quarter, MKL announced the transformational outcomes of the Strategic Review process announced in October 2023 with key additions to its management team and board, backed by a capital raise of up to \$6.2m, which allowed all shareholders to participate.

MKL's new direction comprises the following key pillars:

- Delivery of a funding strategy to allow future growth whilst reducing risk.
- Execute on short and long-term strategies within the current business model and expand into higher value opportunities, including accelerating work for hire and joint development initiatives,
- Expansion into higher-value gaming products (licenced games/original IP) and establishing an AI Gaming Lab.

Board and Management Changes

The Company implemented significant board and management changes during the quarter as part of the critical steps in its Strategic Review process.

David Yin was appointed as CEO during the quarter with Interim CEO Simon Rabbitt returning to his CFOO role. Mr Yin is a leader in the mobile gaming industry and recognized for his significant expertise in leading and advising successful mobile gaming studios over the past 25 years. David's appointment has already been instrumental in shaping the company's future strategy and capital.

In addition, two key non-executive director appointments were made. Mark Aubrey, recognised leader in the gaming industry. Mark was the former Managing Director of Activision Blizzard King (ABK) APAC, a senior executive at Warner Bros and a board member of the Interactive Games and Entertainment Association ("IGEA"). Chris Whiteman a Corporate and Commercial Advisor with over 25 years of ASX and private company experience across multiple industries. Chris has been on the Board of Animoca Brands since 2018, and is also a director of iCandy Interactive, one of the largest game studios in SE Asia & Australia (a shareholder of MKL), and OliveX Holdings Limited.

Capital Management

On 18 January 2024, the Company announced a share buyback notice of meeting for the selective buy back of 59,657,143 shares held by Gamestar. 99% of shareholders who voted, voted in favour of the selective buyback at an Extraordinary General Meeting held on 16 February 2024.

On 15 March 2024, the Company announced a capital raising of approximately \$6.2m at \$0.003 via an accelerated renounceable entitlement offer, at a ratio of 5 new fully paid ordinary shares in the Company for every 1 share. There were two components to the issue:

1. An Institutional Entitlement Offer which was completed on 20 March 2024, raising \$735,000 via the issue of 245,000,000 shares.
2. A Retail Entitlement offer which was made available to all shareholders. A retail offer booklet was distributed to all shareholders on 25 March 2025.

As announced on 12 April 2024, MKL received valid applications for 104,445,650 new shares raising a total of \$313,337 from existing shareholders. In total 349,445,650 new shares have been issued from both offers raising a total of \$1,048,337.

With the assistance of Taylor Collison and 708 Capital as joint lead managers, a shortfall bookbuild commenced on 15 April 2024. On 17 April 2024, the Company announced it has raised the targeted \$5.2 million with all retail entitlements taken up by sophisticated investors. Approximately 1,731,887,435 new shares were issued under the retail shortfall bookbuild.

The entitlement offer has raised gross proceeds of \$6.25 million with an ASX release on April 24 2024 outlining additional capital of \$1.98m to be raised via a placement, subject to Shareholder Approval.

OPERATIONAL SUMMARY –

Game Revenue was flat YonY as the Company focused on the on-going development requirements with existing partners. Accelerating work for hire opportunities and strategic partnerships with new studios/partners are a key focus of the new team to lift topline revenue.

On-going operational efficiency and streamlining the organisation to align with current priorities remains a key driver. The quarter delivered a 24% decrease in operating costs compared to pcp and this represents a 31% decrease YonY.

The Company undertook an extensive operational review during the period and will be seeking to streamline its organisational structure to align with current priorities.

PROJECT DEVELOPMENT

Co-Development



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

STLD continues to provide a stable monetisation base across retention rates and 'average revenue per daily active user'. Mighty Kingdom continues to refine and prioritise content, features and events in conjunction with our partner ESGG to maximise the performance of the game's monetisation.

Third Development Project

The team are completing final development as the game soft launch hits various markets with the highly anticipated worldwide launch expected in Q4 2024. Initial soft launch metrics (retention rates and monetisation metrics) have been encouraging and Mighty Kingdom continues to work closely with our partner ESGG to deliver a profitable game.

Work For Hire



The Company secured further on-going work during the quarter extending and reinforcing the commitment between both parties for a strong partnership. Management, led by new CEO David Yin, is exploring additional partnership opportunities with the Google team.



Discussions are being finalised for future work in line with Spring and Fall toy campaigns.

Original IP

As advised previously, the Company has currently ceased all investment in its original IP strategy. Any future investment in original IP will be considered on the basis of its commercial viability and value creation for the company.

OPERATING CASHFLOWS

The Company reported \$1.5m in operating cash outflows for the quarter.

During Q2 FY24, the Company received \$0.95m in cash from customers. This reflects a 35% decrease from the previous quarter, due in large part to the uncertainty being faced by the Company during this period and the impact that had in securing additional contracts with partners..

On 28 March 2024 the Company received final certification in relation to eligible expenditure under the Digital Games Tax Offset ("DGTO") for the period ending 30 June 2023. The Company is awaiting receipt of \$697,559 in relation to this.

The Company utilised financing facilities via its Commonwealth Bank overdraft facility of \$150k with \$36k of available funding as at 31 March 2024.

OUTLOOK

With Mighty Kingdom's financial security now secured, the critical focus on driving to profitability and growth is clear. Growing our work for hire business, further cost reduction initiatives already underway, strategic partnerships with studios/partners and AI Gaming Lab initiatives will supercharge our profitability and growth ambitions.

RELATED PARTY TRANSACTIONS

As noted in Item 6 of the Company's Appendix 4C for Q3 FY24, payments to related parties and their associates represented cash benefits of \$82k for non-executive directors.

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

For further information, please contact.

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ABOUT MIGHTY KINGDOM LIMITED

Since its formation in 2010, Mighty Kingdom has released over 50 games that have been downloaded more than 50 million times. These games include the popular Shopkins, LEGO Friends: Heartlake Rush, Gabby's Dollhouse, Wild Life and Ava's Manor. Mighty Kingdom is one of the largest independent game developers in Australia, working with top tier entertainment and gaming companies including Disney, East Side Games, LEGO, Sony, Google, Mattel, Apple Arcade, Spinmaster and Funcom.

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")

31 March 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	951	4,219
1.2	Payments for		
	(a) research and development	0	0
	(b) product manufacturing and operating costs	(194)	(578)
	(c) advertising and marketing	(19)	(42)
	(d) leased assets	0	0
	(e) staff costs	(2,151)	(7,630)
	(f) administration and corporate costs	(350)	(1,352)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	0	5
1.5	Interest and other costs of finance paid	(3)	(61)
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	219	2,666
1.8	Other (provide details if material)	1	18
1.9	Net cash from / (used in) operating activities	(1,547)	(2,755)
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 (9 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	47	79
	(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	47	79

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	585	1,673
3.2	Proceeds from issue of convertible debt securities	313	726
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	0	1,453
3.6	Repayment of borrowings	(79)	(1,572)
3.7	Transaction costs related to loans and borrowings	0	(1)
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from / (used in) financing activities	819	2,279

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	568	302
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,547)	(2,755)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	47	79
4.4	Net cash from / (used in) financing activities (item 3.10 above)	819	2,279
4.5	Effect of movement in exchange rates on cash held	(1)	(20)
4.6	Cash and cash equivalents at end of period	(114)	(114)

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	36	568
5.2	Call deposits	0	0
5.3	Bank overdrafts	(150)	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(114)	568

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	82
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	150
7.4	Total financing facilities	150	150
7.5	Unused financing facilities available at quarter end		0
7.6	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.		
	Item 7.3: Commonwealth Bank Overdraft: Interest rate: 12.68% p.a.; General Security interest by MIGHTY KINGDOM GAMES PTY LTD ACN 149 485 165.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,547)
8.2	Cash and cash equivalents at quarter end (item 4.6)	(114)
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	(114)
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0
	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	

8.6	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? NO Mighty Kingdom expects its net operating cashflows to improve with new strategy implemented that is expected to deliver improved financial and operational management.
	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? YES On 15 March 2024 Mighty Kingdom announced a capital raising of approximately \$6.2m at \$0.003 via an accelerated renounceable entitlement offer, at a ratio of 5 new fully paid ordinary shares in the Company for every 1 share. On 20 March the Institutional Entitlement Offer was completed raising \$735,000 via the issue of 245,000,000 shares On 12 April 2024, the Retail Entitlement Offer was completed raising \$313,337 via the issue of 104,445,650 shares. On 17 April 2024 Mighty Kingdom announced it has raised the targeted \$5.2 million with all retail entitlements taken up by sophisticated investors. Approximately 1,731,887,435 new shares were issued under the retail shortfall bookbuild. The entitlement offer has raised gross proceeds of \$6.25 million On 24 April 2024 Mighty Kingdom announced it was raising an additional \$1.98 million via the placement of a further 660m shares at the entitlement offer price of \$0.003 to sophisticated shareholders subject to shareholder approval at a General Meeting of Shareholders
	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? YES The completed capital raise as noted in 8.6.2 provides the necessary working capital for the Company to deliver on its strategic objectives
<i>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.</i>		

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: **30 April 2024**

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.