



Mighty Kingdom Limited ACN 627 145 260

PROSPECTUS

For an offer of up to **60 million ordinary shares** at an issue price of **\$0.30 per share** to raise up to **\$18 million**



**LEAD
MANAGER**



**CORPORATE
ADVISER**



**LEGAL
ADVISER**

You should consult your professional adviser if you have any questions regarding the contents of this Prospectus. This Prospectus has been lodged with ASIC under section 718 of the Corporations Act.

Lodging party: Motus Legal Pty Limited
Address: Level 1 175 Hutt Street
Email: hello@motuslegal.com.au

IMPORTANT NOTICES

This Prospectus is dated 10 March 2021 and was lodged with ASIC on the same date.

This Prospectus is issued by the Company. ASIC and ASX take no responsibility for the contents of this Prospectus nor the merits of the investment to which this Prospectus relates.

This document is important and should be read in its entirety.

Offer

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares in the Company. Section 1 provides an overview of the key information relating to the Offer and Section 9 provides further details of the Offer.

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Capitalised terms

Certain terms and abbreviations used in the Prospectus have defined meanings as set out in Section 11.

Electronic prospectus

The Corporations Act prohibits any person passing on to another person an Application Form unless it is attached to a printed copy of this Prospectus or included in or accompanied by the complete and unaltered copy of this Prospectus. The New Shares to which the electronic Prospectus relates will only be issued on receipt of a completed electronic Application Form accompanied by a complete and unaltered copy of this Prospectus. The Application Form may be generated by software accessible by the same means as the Prospectus. You should read this Prospectus in its entirety before completing the Application Form.

The Offer pursuant to an electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

Selling restrictions

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe the requirements of, those laws. Non-observance by such persons may violate securities law. Any recipient of this Prospectus outside Australia should consult their professional advisers on requisite formalities and laws outside Australia. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action



has been taken to register or qualify this Prospectus or to otherwise permit a public offering of New Shares outside Australia.

Exposure Period

This Prospectus may be made available to investors during the Exposure Period.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants before raising funds. Potential investors should be aware that such examination may result in the identification of deficiencies in the Prospectus. In those circumstances, any Application that is received during the Exposure Period may need to be dealt with in accordance with the Corporations Act. Applications made during the Exposure Period will not be accepted or processed until the Exposure Period has expired, with no preference given to persons who lodge their Application Forms during the Exposure Period.

Admission and quotation

The Company will apply to ASX for admission to the Official List and for quotation of the New Shares within 7 days after the Prospectus Date. The fact that ASX may quote the New Shares is not to be taken as an indication of the merits of the Company or the New Shares being issued.

If the application for quotation of the New Shares is refused, no New Shares will be issued, and the Application Amount paid will be refunded to Applicants as soon as practicable without interest.

Risks

There are risks associated with an investment in the Company. The New Shares to which this Prospectus relates carry no guarantee whatsoever with respect to return on capital invested, payment of dividends or future value of the New Shares. Once issued, the prices of

the New Shares can rise and fall. Investors should consider the entire contents of this Prospectus carefully and refer to Section 7 for information about risks.

Before deciding to participate in this Offer, you should carefully read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position, performance, potential profits and losses, and prospects of the Company and the risks and the rights attaching to the New Shares offered in this Prospectus.

Nothing in this Prospectus constitutes financial advice. You should carefully consider the appropriateness of the Offer in light of your own personal circumstances, having regard to the speculative nature of the investment, your objectives, personal financial and taxation situation and needs. The Company recommends that you seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser regarding investment in these New Shares before making an Application.

Forecasts and forward-looking statements

Section 6 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in Section 6.2.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest thousand unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward looking statements, including statements of intentions, statements of opinion and predictions as to possible future events which are identified by words such as “may”, “could”, “believes”, “anticipates”,

“projects”, “estimates”, “expects”, “intends” and other similar words that involve risks and uncertainties.

Any forecasts or forward-looking statements are predictions only and are subject to various inherent risk factors and uncertainties that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these forecasts or statements. Such forecasts or statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors, the Proposed Director and management. Forecasts and forward-looking statements should therefore be read in conjunction with, and are qualified by reference to, the discussion of the pro forma financial statements in Section 6, risk factors as set out in Section 7 and other information in this Prospectus.

The Company, its Directors, the Proposed Director, officers, employees, agents, advisers, representatives, and any person named in, or involved in the preparation of, this Prospectus cannot and do not give any warranty, assurance or representation that the results, performance or achievements expressed or implied by the forecasts and forward-looking statements contained in the Prospectus will actually occur and investors are cautioned not to place undue reliance on these forecasts and forward looking statements. Forecasts and forward-looking statements reflect views held only as at the Prospectus Date. The Company has no intention of updating or revising forecasts or forward-looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information, contained in this Prospectus, except where required by law.

Statements of past performance

This Prospectus includes information regarding the past performance by the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Industry and market data

A range of industry and market data is quoted and used throughout this Prospectus. For the most part, this data is collected from third-party and industry publications. This information has been included in the Prospectus on the basis that the Company believes that such data provides the most comprehensive and independent insight into the global games market.

Images

Any images used in this Prospectus that do not have any descriptions are for illustration only and should not be interpreted to mean that any person in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. The images included in this Prospectus are illustrative only and may not be drawn to scale. All data contained in images within this Prospectus is based on information available as at the Prospectus Date unless otherwise stated.

Intellectual Property

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with the Company.

Website

No document or information included on the Company’s website is incorporated by reference in this Prospectus.

**No cooling-off rights**

Cooling-off rights do not apply to the purchase of New Shares under this Prospectus. This means that, in most cases, you cannot withdraw your Application once it has been accepted.

Currency

References in this Prospectus to currency are to Australian dollars unless otherwise indicated.

Questions

If you have any questions in relation to the Offer, contact the Company by email at hello@mightykingdom.com or the Share Registry on 1300 556 161. If you are unclear in relation to any matter or you are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.







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1 KEY OFFER INFORMATION

1.1 IMPORTANT DATES

Table 1: Important Dates

Event	Date
Lodgement of Prospectus with ASIC	10 March 2021
Opening Date for Applications	17 March 2021
Closing Date for Applications	31 March 2021
Settlement date	13 April 2021
Issue of New Shares	13 April 2021
Expected dispatch of holding statements	14 April 2021
Expected date of quotation of New Shares on ASX	19 April 2021

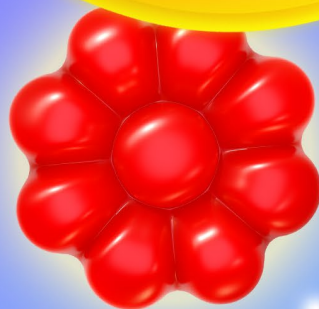
The dates shown in the table above are indicative only and may be varied. The Company, with the consent of the Lead Manager, reserves the right to vary the Closing Date or any of the other dates and times without prior notice, which will have a consequential effect on other dates. The Exposure Period may also be extended by ASIC.

1.2 KEY STATISTICS

Table 2: Key Statistics

The Offer	Minimum Subscription
Current Shares on issue ¹ <i>¹Calculated on the basis that all Seed Preference Shares on issue as at the Prospectus Date have converted to Shares – see Section 8.3(a) for further details.</i>	72,041,659
New Shares being offered under this Prospectus	60,000,000
Issue price per New Share	\$0.30
Shares issued on conversion of Convertible Notes	16,666,667
Shares issued to advisers ² <i>²See Section 8.2(a) for further details</i>	2,974,167
Shares on issue following completion of the Offer	151,682,493
Options on issue following the Offer	18,791,489
Market capitalisation following the Offer (undiluted and based on Offer Price)	\$45,504,748
Market capitalisation following the Offer (fully diluted and based on Offer Price)	\$51,142,194





2.

CHAIR'S
LETTER

10 March 2021

Dear Investor

On behalf of the Directors of Mighty Kingdom Limited, I am pleased to introduce this Prospectus and offer you the opportunity to become a shareholder in the Company.

Founded in 2011, Mighty Kingdom has grown to become Australia's largest independent game developer. Over the past decade, Mighty Kingdom has collaborated with some of the world's largest brands, including Disney, LEGO® and Sony to develop market leading interactive games. The success of these collaborations validated Mighty Kingdom's capabilities on a global stage, setting the foundations for in-licensing and Original brand development opportunities.

Mighty Kingdom's team of over 80 developers focus on creating content rich games with engaging narrative. Over 50 million players worldwide have downloaded Mighty Kingdom's portfolio of more than 50 games, many of which have consistently ranked among the top-10 games for their segments.

Mighty Kingdom's notable work for hire and in-licencing titles include: Disney Imagicademy, LEGO Friends: *Heartlake Rush* and nine games based on the Moose Toys' *Shopkins* brand. Mighty Kingdom has also had recent success with Ava's Manor, a game based on Mighty Kingdom Original IP. Ava's Manor has been downloaded over 1 million times since its release in October 2020.

Mighty Kingdom is offering new investors the opportunity to join the Company's existing Shareholders by investing through this Prospectus.

Mighty Kingdom is seeking to raise up to \$18,000,000 through the Offer to execute its staged growth strategy. The Company will utilise the new capital to scale operations to develop a suite of larger projects, across all gaming platforms. Longer term the Company will focus predominantly on the development of Original concepts and brands as the basis for games.

The price of the New Shares proposed to be issued under this Prospectus is \$0.30 each.

It is an honour to have recently joined the Mighty Kingdom team, who have developed an outstanding culture and passionately grown the Company. Our staff, together with the Board and management team, offer investors a balanced mix of creative, project management, financial and governance skills and established track records in large scale game development and corporate environments.

Although the Directors believe Mighty Kingdom's value drivers are compelling, the Company remains highly speculative and any investment is subject to risks (see Section 7 for further details). It is important that the information contained in this Prospectus is read with diligence and care before making an investment decision.

On behalf of the Directors, I look forward to welcoming you as a Shareholder.

Yours sincerely,



Michelle Guthrie
Chair





3. INVESTMENT OVERVIEW

3.1 DETAILS OF THE OFFER AND USE OF FUNDS

What is the Offer?	This Prospectus is issued by the Company and relates to an initial public offering of up to 60,000,000 New Shares at an issue price of \$0.30 per Share, to raise up to \$18,000,000. The Offer is made on the terms, and subject to the conditions, set out in this Prospectus.		<i>For further details see Section 9</i>
Why is the Offer being conducted?	The Offer is being conducted to provide the Company with sufficient funds and additional working capital flexibility to pursue its growth strategy.		<i>For further details see Section 5.8</i>
What are the key details of the Offer?	Offer Price	\$0.30 per Share	<i>For further details see Section 9.8</i>
	Offer Size	The maximum subscription amount for the Offer is 60,000,000 Shares to raise up to \$18,000,000. There is no minimum subscription amount.	
	Not Underwritten	The Offer is not underwritten.	
	Minimum and maximum Application Amounts	The minimum Application Amount under the Broker Firm Offer is as directed by the Applicant's Broker. There is no maximum number of Shares that may be applied for under the Broker Firm Offer. There is no minimum or maximum Application Amount under the Institutional Offer or the Select Offer.	
	Opening Date	17 March 2021 or such later date as may be prescribed by ASIC.	
	Closing Date	The Offer is expected to remain open until 5.00pm (ACDT) on 31 March 2021. However, the Company, with the consent of the Lead Manager, reserves the right to vary the Closing Date without prior notice.	
	Other Important Dates	See Section 1.1 for other important dates associated with the Offer.	
	Are there any conditions to the Offer?	Yes. The Offer is conditional on ASX granting approval for the Company to be admitted to the Official List on conditions acceptable to the Directors. If this condition is not satisfied, the Offer will not proceed and the Company will repay all Application Amounts received (without interest) within the time prescribed by the Corporations Act.	



Proposed use of funds

As at the Prospectus Date, the Company intends to apply the funds raised from the Offer, together with existing cash reserves, over the first two years following the Listing Date as shown in the table below. However, the actual allocation and use of funds may change according to changing business needs and/or for other reasons.

For further details see Section 9.6

Use of funds	\$
Capital for game development (Original IP projects) – labour costs, software licence fees, hardware costs, working capital and outsourcing expenses (for outsourcing of quality assurance and usability testing, and language localisation, culturalisation and interpretation, functions)	\$7,300,000
Capital for game development (licenced IP projects) - labour costs, software licence fees, hardware costs, working capital and outsourcing expenses (for outsourcing of quality assurance and usability testing, and language localisation, culturalisation and interpretation, functions)	\$5,572,000
Development of self-publishing capabilities – labour costs	\$1,800,000
M&A	\$1,750,000
Expenses of the Offer	\$1,578,000
Total	\$18,000,000

Cleansing Offer

In December 2020, the Company issued Convertible Notes that convert automatically into Shares immediately prior to the issue of New Shares to investors under this Prospectus. The Company has elected to undertake the Cleansing Offer concurrently with the Offer to ensure that any Shares issued on conversion of the Convertible Notes can be freely traded from the date of issue.

For further details see Section 10.12

Under the Cleansing Offer, the Company invites eligible applicants to subscribe for up to a maximum of 50 Shares at the Offer Price, to raise up to \$15.00. Because of the small number of Shares that can potentially be issued under the Cleansing Offer, the potential impact of the Cleansing Offer on the Company's capital structure and financial position has not been factored into the information disclosed in this Prospectus. The Company reserves the right not to allocate or issue any Shares under the Cleansing Offer.

3.2 ABOUT MIGHTY KINGDOM**Who is Mighty Kingdom?**

Mighty Kingdom is Australia's largest independent game developer with over 80 staff. It was named the 2019 Studio of the Year at the 2019 Game Connection Asia Pacific Game Developer Awards, Australia's most prestigious game developer award.

For further details see Section 5

To-date, Mighty Kingdom has released more than 50 games, with more than 50 million downloads.

Its current in-market games include 9 *Shopkins* games, LEGO Friends: *Heartlake Rush*, Snap's *Sugar Slam*, *Wild Life: Puzzle Story* and *Ava's Manor*.

Within the first half of 2021, Mighty Kingdom is scheduled to release *Conan Chop Chop* (its first console game) and Sony Pictures' *Peter Rabbit Run*.

Mighty Kingdom also has several other games in development with release schedules throughout 2021/2022.



What markets does Mighty Kingdom operate in?	Mighty Kingdom operates in the global interactive games market, which spans the mobile, PC and console games segments. Reports indicate that this will be a \$200 billion + market by 2023.¹ Mighty Kingdom develops games across all segments (mobile, console and PC), but has to-date focussed primarily on the development of mobile games. Mighty Kingdom is well positioned to benefit from projected growth in the mobile games segment, as well as from the release of “next generation” consoles that are expected to attract new gamers and increase the available pool of gamers across all segments. Mighty Kingdom has also been able to position itself to take advantage of emerging trends in the global games market such as the increasing numbers of female gamers and rising interest in cloud gaming.	<i>For further details see Section 4</i>
What is Mighty Kingdom's business model	Mighty Kingdom has a diversified business model that involves the development of games across all segments and which is increasingly focussed on developing Original concepts and brands as a basis for games (“Original IP”). Mighty Kingdom's two key revenue streams are milestone payments (for example “work for hire” service fees) and royalties based on the amount of revenue earned from a game (whether through game purchase, in-game purchases or in-game advertising).	<i>For further details see Sections 5.3 and 5.4</i>
What are Mighty Kingdom's key strengths?	Mighty Kingdom's key strengths derive from its innovative approach to workflow management and talent acquisition, and its proprietary technologies that are designed to streamline the game development process and enhance Mighty Kingdom's understanding of its target audience. Another key strength is Mighty Kingdom's diverse and inclusive culture, which fosters an engaged team of creatives and facilitates the development of market leading games. Mighty Kingdom's positive culture is also a key retention tool, critical in a high growth market where Mighty Kingdom is in global competition for the best talent.	<i>For further details see Sections 5.5 and 5.6</i>
What is Mighty Kingdom's growth strategy?	Mighty Kingdom is focussed on investing in the resources necessary to deliver larger, more diverse, projects. Mighty Kingdom is also committed to investing in the development of Original IP, given the potential for a successful game under this model to result in successive releases over numerous years, each leveraging existing mechanics, providing consistent returns with reduced development costs. As part of its growth strategy, Mighty Kingdom intends to develop self-publishing capabilities, which will enable it to bring its games to market without the involvement of a third-party publisher.	<i>For further details see Section 5.8</i>
What impact has COVID-19 had on Mighty Kingdom?	The COVID-19 pandemic and associated social restrictions have enhanced Mighty Kingdom's market opportunity in that it has been one driver of growth in the global games market in 2020. That said, adverse economic conditions caused by the COVID-19 pandemic could prove to have a material adverse impact on Mighty Kingdom and its overall financial position and prospects where those conditions impose constraints on discretionary spending on products such as interactive games.	<i>For further details see Sections 4.2 and 7.2</i>

¹ Newzoo, 2020. Global Games Market Report, p. 17.

3.3 FINANCIAL OVERVIEW

What is Mighty Kingdom's financial performance?

A summary of the financial performance of the Company is set out below:

	FY 2020 \$'000	FY 2019 \$'000	FY 2018 \$'000
Revenue	2,536	2,138	2,599
NPAT	(3,590)	(2,109)	(840)
EBITDA	(3,356)	(1,956)	(426)
Total Equity	(3,193)	(603)	(995)
Net Cash from Operating Activities	(1,353)	(1,937)	28

For further details see Section 6

What is Mighty Kingdom's financial position?

A summary of the balance sheet of the Company immediately post raising is set out below:

Assets	\$'000
Current Assets	19,382
Non Current Assets	1,508
Total Assets	20,891
Liabilities	
Current Liabilities	(4,120)
Non-Current Liabilities	(1,311)
Total Liabilities	(5,431)
Net Assets	15,460

For further details see Section 6

3.4 RISKS

An investment in the New Shares offered under this Prospectus has similar general risks to those associated with any share market investment, as well as a number of risks specific to an investment in the Company. These are set out in detail in Section 7.

You should read this Prospectus in its entirety and consider the risk factors as set out in Section 7 before making a decision to invest in the Company. If you are unclear on the potential risks associated with an investment in the Company, or if you are

uncertain as to whether the New Shares are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

The description of the risks we provide below is not intended to be exhaustive and prospective investors should take note that an investment in the Company is speculative and that there is no guarantee of an investment return.

History of operating losses

Mighty Kingdom has a history of operating losses and there is no guarantee that its future activities (including new game releases) will be commercially successful. There is also a risk that Mighty Kingdom's historical investment in game and Original IP development will not be recovered from future earnings.

For further details see Sections 6 and Section 7.1



Access to capital	The Company's ability to fund capital intensive game development projects is critical to the Company's success and any failure to raise sufficient capital at appropriate times could have a material adverse effect on Mighty Kingdom's financial position and prospects.	<i>For further details see Section 7.1</i>
Project cost overruns and delay	Game development, from idea generation to product release, is a lengthy and complex undertaking that is susceptible to delays and cost overruns. Project cost overruns and delays could have a material adverse effect on Mighty Kingdom's cash flow, margins and overall financial performance.	<i>For further details see Section 7.1</i>
Recruitment and retention of talent	The departure of skilled technical staff and key management, or the inability to attract new, suitably qualified and experienced employees, may adversely affect Mighty Kingdom's ability to service its existing contracts, produce market leading games and remain competitive with top tier developers, preventing Mighty Kingdom from meeting key objectives and achieving the desired growth.	<i>For further details see Section 7.1</i>
Reliance on third-party distributors and software vendors	Any disruption to Mighty Kingdom's access to digital distribution channels or third-party software on which Mighty Kingdom relies, or any variation to the terms and conditions on which those products or services are offered, or any changes to the business practices of those who offer the relevant products or services, could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects.	<i>For further details see Section 7.1</i>
Competition	Significant ongoing investment will be required to ensure that Mighty Kingdom remains competitive in the market in which it operates. There is no assurance that Mighty Kingdom will have the necessary resources to adapt in a timely manner to the evolving games market, meaning that it is possible that its new games will not return the revenues expected or intended, and/or that not all development expenditure on each game will be recovered. This could have a material adverse impact on Mighty Kingdom's overall financial position and prospects.	<i>For further details see Section 7.1</i>
Growth strategy	Execution of Mighty Kingdom's growth strategy will require progressive growth in the scope of Mighty Kingdom's operations (both in terms of people and project size) and increased focus on the development of Original IP. This strategy may place a burden on Mighty Kingdom's management, operations, financial resources and infrastructure. Failure to effectively manage this risk could have an adverse impact on the Company's productive capacity and financial performance. There is no guarantee that Mighty Kingdom will successfully execute its growth strategy as outlined in this Prospectus, or that the revenues generated from the execution of the growth strategy will be sufficient to meet Mighty Kingdom's expenses. Further, there is no guarantee that Mighty Kingdom's investment in this growth strategy will be recovered.	<i>For further details see Section 7.1</i>
Protection of Intellectual Property Rights	While Mighty Kingdom takes all reasonable steps to protect its Intellectual Property Rights, Mighty Kingdom cannot guarantee that all Intellectual Property Rights are adequately or completely protected from misuse or infringement, or that Mighty Kingdom's ownership or exercise of those rights will be uncontested. If Mighty Kingdom was required to take legal action to protect any of its Intellectual Property Rights, or to defend a third-party IP infringement claim against it, then this could have a material adverse impact on Mighty Kingdom's reputation, cash flow and overall financial performance.	<i>For further details see Section 7.1</i>

Material contracts	Several of Mighty Kingdom's core development, licensing and publishing contracts do not include any "cap" on Mighty Kingdom's liability. If Mighty Kingdom were required to meet a claim under any of these contracts then this could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects.	<i>For further details see Section 7.1</i>
Bugs and errors	The presence of a bug or error in a game could negatively impact the Mighty Kingdom brand and reputation, potentially resulting in a loss of revenue and a general deterioration in Mighty Kingdom's financial position and prospects.	<i>For further details see Section 7.1</i>
Security breach	A security breach involving Mighty Kingdom's technology systems or any unauthorised copying of Mighty Kingdom's games or any loss, theft or corruption of Mighty Kingdom data, could have a material adverse effect on Mighty Kingdom's cash flow, margins and overall financial performance.	<i>For further details see Section 7.1</i>
Insurance	Although the Company maintains insurance that it considers adequate, all material risks relevant or applicable to the Company and its business may not be covered, as the relevant insurance may not be available or may only be available on unfavourable terms. In addition, there is no assurance that the Company's insurance will be available in the future on reasonable terms or will provide adequate coverage against claims made. If Mighty Kingdom incurs uninsured losses or liabilities, this may have a material adverse impact on the financial position of Mighty Kingdom.	<i>For further details see Section 7.1</i>
Foreign exchange movements	Adverse exchange rate movements (primarily as against the United States dollar) could have a material adverse effect on Mighty Kingdom's cash flow, margins and overall financial performance.	<i>For further details see Section 7.1</i>
Acquisitions	Any future acquisitions of, or significant investments in, companies, products, technologies and/or products by Mighty Kingdom could expose Mighty Kingdom to additional risks common to transactions of that nature. Failure to appropriately manage these risks could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects.	<i>For further details see Section 7.1</i>
ATO tax debt	Mighty Kingdom has negotiated a payment plan with the ATO for the repayment of outstanding tax debt. If Mighty Kingdom misses a payment under this payment plan or fails to meet any of its other tax obligations, then the payment plan terminates and Mighty Kingdom could be required to pay the outstanding tax debt in full, together with any accrued general interest charges, immediately on demand. This could have a material adverse effect on Mighty Kingdom's cash flow and financial position.	<i>For further details see Sections 7.1 and 10.6(b)</i>
Litigation	While the Company is not aware of any material pending claims against Mighty Kingdom there is always a risk that disputes may arise in future that could result in a material claim being made against Mighty Kingdom causing reputational harm and, potentially, loss of future revenue. Any litigation or dispute could be expensive to defend and/or resolve and could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects.	<i>For further details see Section 7.1</i>



Grant funding and assistance	Mighty Kingdom has been the recipient of Government and industry grants and assistance (including R&D tax incentives and JobKeeper payments), some of which required Mighty Kingdom to have met certain criteria to receive the funds. If such criteria were found subsequently to not have been met, Mighty Kingdom may be required to repay all or part of such grant or assistance funding, and this could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects.	<i>For further details see Section 7.1</i>
Reputational risk	Mighty Kingdom relies on its reputation as a leading independent game developer to create future revenue generating opportunities, develop partnerships for future projects and to attract and retain talent. Any deterioration in Mighty Kingdom's reputation could have a material adverse effect on Mighty Kingdom's overall financial position and prospects.	<i>For further details see Section 7.1</i>
Market risk	As Mighty Kingdom's operations are concentrated in the global games market, Mighty Kingdom is susceptible to risks affecting that market generally. Any deterioration in global games market conditions, including a decline in gamer numbers globally or regionally, could have a material adverse impact on Mighty Kingdom's cash flow, margins and overall financial performance.	<i>For further details see Section 7.2</i>
Changes to regulatory environment	Any changes to consumer protection and data privacy or other laws and regulations to which Mighty Kingdom is subject in the jurisdictions in which Mighty Kingdom operates or distributes products, or any change in their interpretation or application, or any breach of these laws and regulations by Mighty Kingdom, could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects.	<i>For further details see Section 7.2</i>
COVID-19 impact	Although the COVID-19 pandemic has generally had a positive impact on the global games market (see Section 4.2 for further details), there is a risk that this trend may reverse in the case of a prolonged global economic downturn, where consumers seek to limit discretionary spending on items such as games and other forms of entertainment. Economic conditions that generally discourage discretionary spending, including those related to the COVID-19 pandemic, could have a material adverse impact on Mighty Kingdom and its overall financial position and prospects.	<i>For further details see Section 7.2</i>
Other general risks	Other general risks associated with an investment in the New Shares include risks associated with Share price volatility, liquidity, shareholder dilution, changes in tax laws and Accounting Standards and force majeure scenarios.	<i>For further details see Section 7.3</i>

3.5 KEY PEOPLE, INTERESTS AND BENEFITS

Who are Mighty Kingdom's key people?

Personnel are the key asset of a game development company. Mighty Kingdom's growing team of more than 80 developers have significant experience in game and media development.

For further details see Section 8.1

Mighty Kingdom's key people comprise:



Michelle Guthrie
Chair



Philip Mayes
*CEO
& Managing Director*



Anthony Lawrence
*COO
& Executive Director*



Megan Brownlow
Non-Executive Director



Gabriele Famous
*Proposed
Non-Executive Director*



Ella Macintyre
Chief Product Officer



Kim Forrest
Creative Director



Jessica Paulin
Chief Marketing Officer



Mark Thorley
Head of Studios

What significant benefits are payable to Directors and other persons connected with the Offer and what significant interests do they hold?

Directors are entitled to remuneration on the terms disclosed in Section 8.2(b).

For further details see Section 8.2

Other persons connected with the Offer (such as professional advisers) are also entitled to remuneration on the terms disclosed in Section 8.2(a).

It is expected that, on the Listing Date, the Directors, the Proposed Director and other persons connected with the



	Offer will hold the number of Securities (either personally or through an associated entity) indicated in the table below. <table><tr><td></td><td>Shares</td><td>Options</td><td>% of fully diluted share capital</td></tr><tr><td>Philip Mayes¹ ¹ Shares held through the Mayes Lee Family Trust.</td><td>52,500,000</td><td>-</td><td>30.80%</td></tr><tr><td>Anthony Lawrence</td><td>-</td><td>8,019,359</td><td>4.70%</td></tr><tr><td>Michelle Guthrie</td><td>-</td><td>649,252</td><td>0.38%</td></tr><tr><td>Megan Brownlow</td><td>-</td><td>486,939</td><td>0.29%</td></tr><tr><td>Gabriele Famous² ²These Options have been issued conditional on Gabriele's appointment at a Director.</td><td>-</td><td>486,939</td><td>0.29%</td></tr><tr><td>Other persons connected with the offer</td><td>2,974,167</td><td>-</td><td>1.74%</td></tr></table>		Shares	Options	% of fully diluted share capital	Philip Mayes¹ ¹ Shares held through the Mayes Lee Family Trust.	52,500,000	-	30.80%	Anthony Lawrence	-	8,019,359	4.70%	Michelle Guthrie	-	649,252	0.38%	Megan Brownlow	-	486,939	0.29%	Gabriele Famous² ² These Options have been issued conditional on Gabriele's appointment at a Director.	-	486,939	0.29%	Other persons connected with the offer	2,974,167	-	1.74%	For further details see Section 8.2
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What will be the capital structure of the Company on completion of the Offer?	A summary of the anticipated capital structure of the Company on completion of the Offer is set out below: <table><tr><td>Share Price</td><td>\$0.30</td></tr><tr><td>Shares</td><td>151,682,493</td></tr><tr><td>Options</td><td>18,791,484</td></tr><tr><td>Market capitalisation following the Offer (undiluted and based on Offer Price)</td><td>\$45,504,748</td></tr><tr><td>Market capitalisation following the Offer (fully diluted and based on Offer Price)</td><td>\$51,142,193</td></tr></table>	Share Price	\$0.30	Shares	151,682,493	Options	18,791,484	Market capitalisation following the Offer (undiluted and based on Offer Price)	\$45,504,748	Market capitalisation following the Offer (fully diluted and based on Offer Price)	\$51,142,193	For further details see Section 8.3(a)																		
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Will any Shares be subject to restrictions on completion of the Offer?	Yes. Certain persons will be required to enter into escrow arrangements in relation to Securities retained by them after the Listing Date. While these escrow arrangements remain in place, trading in the Shares may be less liquid and the ability of Shareholders to dispose of their Shares may be impacted. The Company is expected to have a “free float” (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates)) which will be approximately 59% on completion of the Offer.	For further details see Section 8.3(d)																												



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4. INDUSTRY OVERVIEW

4.1 BACKGROUND

This Section 4 describes the global interactive games market (“**games market**”) in which Mighty Kingdom operates. This market is generally analysed in terms of segment (i.e., the device used for gaming - mobile, PC or console) and by geography.

Mighty Kingdom operates across all segments but has to-date focussed primarily on the development of mobile games.

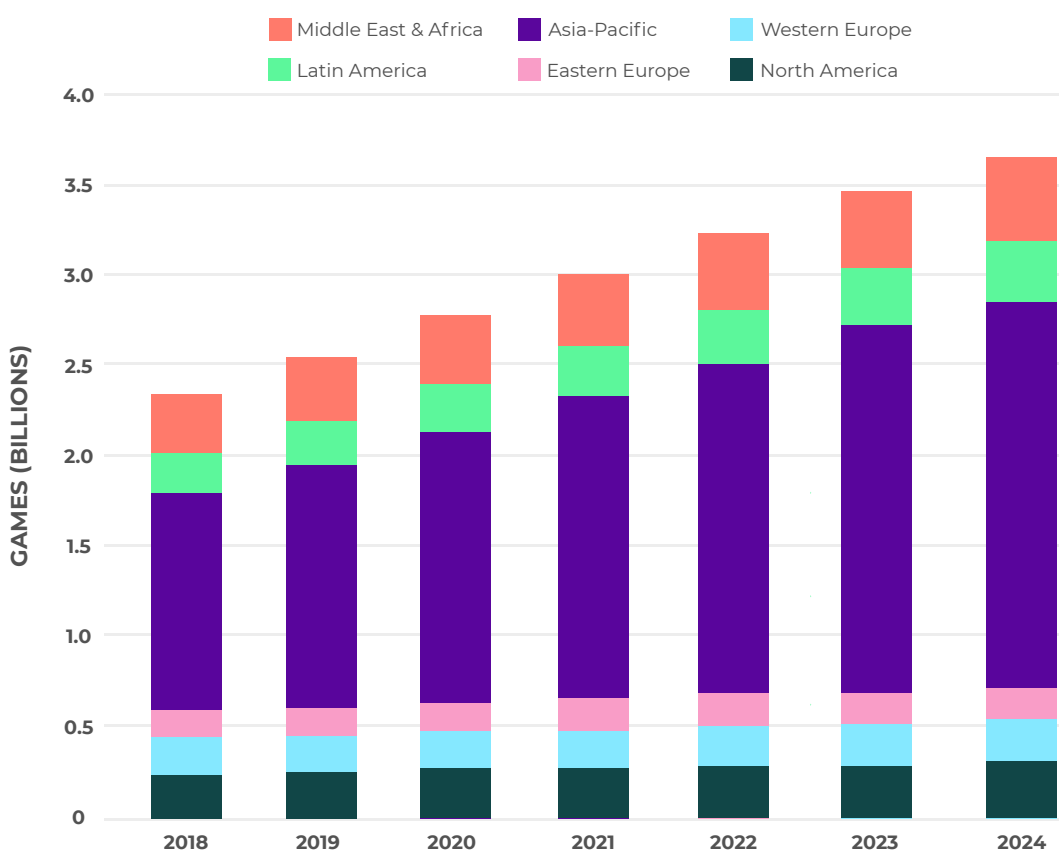
4.2 GLOBAL MARKET OPPORTUNITY

The games market is now the largest entertainment industry in the world with more than 2.7 billion individuals who play some type of interactive game.² The number of gamers is expected to continue to grow to 3.1- 3.5 billion over the next 4 years.³

Newzoo⁴ – one of the industry’s “go-to” sources for games market analytics and insights – estimated that, in 2020, the games market generated US\$159.3 billion in revenue in 2020, up 9.3% on 2019⁵

Table 3: Growth in gamer numbers

Source: ABI Research, Cloud Gaming Report, June 2020



² Newzoo, 2020. *Global Games Market Report*. [online] Available at: <<https://newzoo.com/insights/trend-reports/newzoo-global-games-market-report-2020-light-version/>> [Accessed November 2020].

³ Abbruzzese, E. and Inouye, M., 2020. *Cloud Gaming: Enabling A Next Generation Gaming and Streaming Paradigm*.

⁴ www.Newzoo.com

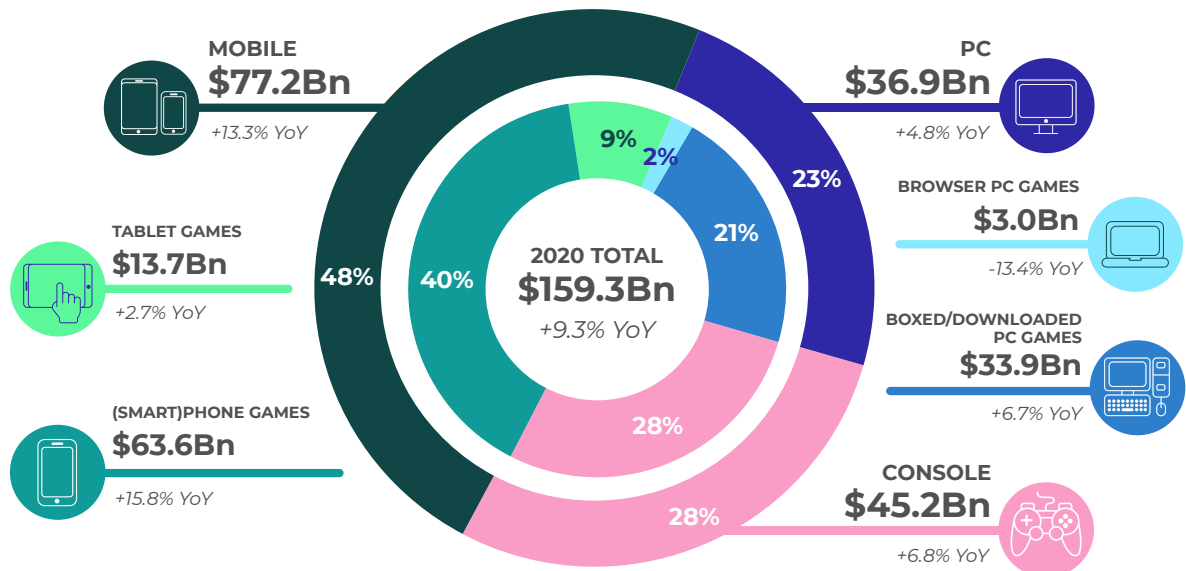
⁵ Newzoo, 2020. *Global Games Market Report*, p. 13.

This growth has been driven not only by lockdown measures enacted due to the COVID-19 pandemic, but also by growth in the mobile games segment, which made up 48% of the total games market in 2020 and generated US\$77.2 billion in revenue.⁶

“The games market is now the largest entertainment industry in the world²”

Table 4: 2020 games market – by device and segment (in USD)⁷
with Year-On-Year Growth Rates

Source: Newzoo, Global Games Market Report, 2020



\$77.2Bn

Mobile game revenues in 2020 will account for 48% of the global market

⁶ Newzoo, 2020. Global Games Market Report, p. 13

⁷ Wijman, T 2020. The World's 2.7 Billion Gamers Will Spend \$159.3 Billion on Games in 2020; The Market Will Surpass \$200 Billion by 2023 [online] Newzoo. Available at: <<https://newzoo.com/insights/articles/newzoo-games-market-numbers-revenues-and-audience-2020-2023/>> [Accessed November 2020].

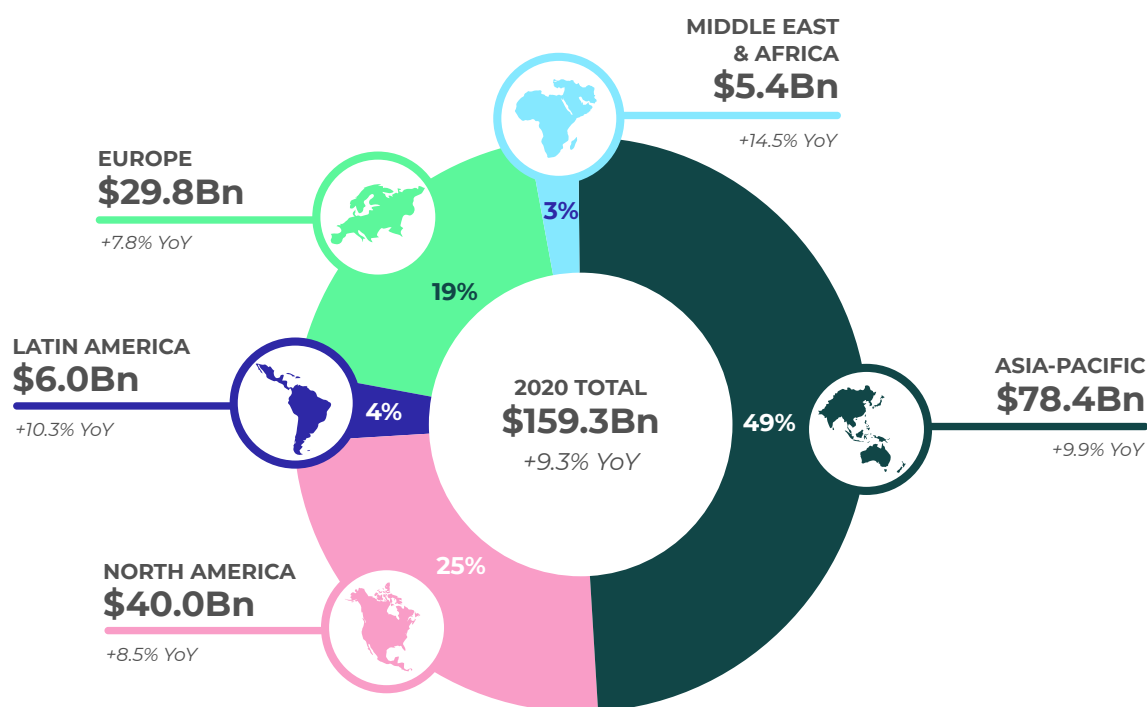
Another contributor to the overall growth in the games market in 2020 is the reported increase in gamer numbers, largely attributable to an increasing number of global smartphone users.

Currently Asia-Pacific game revenue accounts for approximately 50% of the games market (\$78.4 billion, 9.9% YOY). The second largest region, North America, comprised 25% of the market (US\$40 billion), with growth of 8.5% YOY. Europe delivered 7.8% growth YOY, producing

US\$29.6 billion in revenue for 2020.⁸ It is expected that, going forward, these more mature gaming markets will deliver lower growth rates when compared with emerging markets, particularly in the mobile games segment, which is expected to benefit from greater smartphone penetration in countries like India where smartphone user numbers are expected to rise significantly.⁹

Table 5: 2020 games market – by region (in USD)

Source: Newzoo, Global Games Market Report, 2020



“Another contributor to the overall growth in the games market in 2020 is increased smartphone penetration.”

⁸ Newzoo, 2020. Global Games Market Report, p. 15.

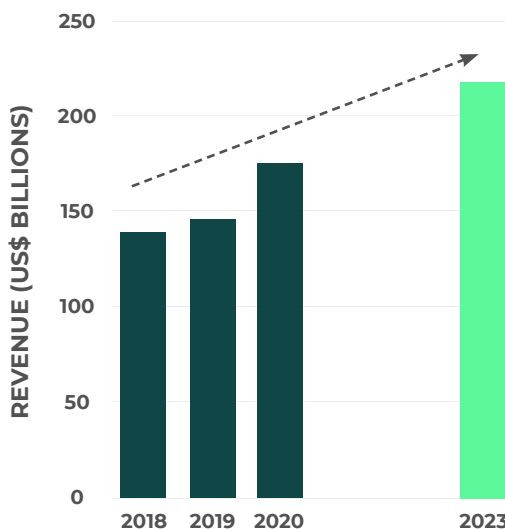
⁹ Newzoo, 2020. Global Games Market Report, p. 15.

4.3 GLOBAL MARKET GROWTH EXPECTATIONS

Newzoo's Global Games Market Report predicts that the global games market will become a \$200bn-plus industry by 2023.¹⁰ The Global Games Market Report forecasts the global games market to have a total market compound annual growth rate ("CAGR") of 7.7% by 2023, primarily driven by growth in the mobile games segment, next generation consoles and accelerated growth in gamer numbers due to the COVID-19 pandemic and associated social restrictions.¹¹

Table 6: Global Game Revenue Forecast, based on a 7.7% Total Market CAGR (2018-2023) (in billions of USD)

Source: Newzoo, Global Games Market Report, 2020



(a) Mobile games segment growth

The following trends and market conditions are expected to drive revenue growth in the mobile games segment going forward:

- the projected increase in the number of smartphone users worldwide;
- the anticipated roll-out of improved mobile network infrastructure; and

- the projected increase in the number of female gamers, a previously "untapped" market.

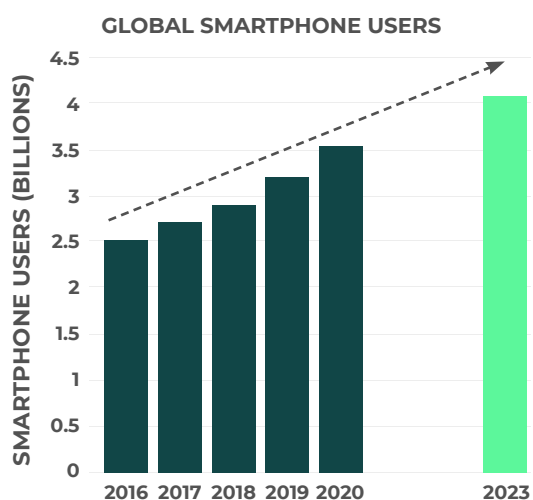
Growth in the mobile games market presents an opportunity for Mighty Kingdom as an experienced mobile games developer. If Mighty Kingdom is successful in acquiring new gamers from this growing pool of mobile gamers then Mighty Kingdom could benefit not only from the potential revenue upside associated with having higher volumes of daily active users, but also from the insights generated through those interactions. Such data can be used by Mighty Kingdom to optimise its user acquisition strategies and refine game content to better capture its target market.

(1) 4.1 billion smartphone users by 2023

It is reported that there are currently 3.5 billion active smartphone users,¹² with that number anticipated to increase to 4.1 billion by 2023.¹³ Growth regions like Central-Southern Asia, Sub-Saharan Africa, Southeast Asia, and Latin America are expected to account for much of that growth.¹⁴

Table 7: Smartphone Users Forecast (2018-2023) (in billions)

Source: Statista 2020 & Newzoo 2020-2023



¹⁰ Newzoo, 2020. Global Games Market Report, p. 17.

¹¹ Newzoo, 2020. Global Games Market Report, p. 14.

¹² Gu, T., 2020. 43% Of Active Smartphones Will Be 5G-Ready By 2023: The Global Mobile Market Is On Track For Substantial Growth And Game-Related Engagement. [online] Newzoo. Available at: <<https://newzoo.com/insights/articles/mobile-game-market-2020-smartphone-users-game-revenues-5g-ready-engagement/#:~:text=The%20number%20of%20smartphone%20users%20worldwide%20will%20skyrocket,totaling%204.1%20billion%20by%202023>> [Accessed November 2020].

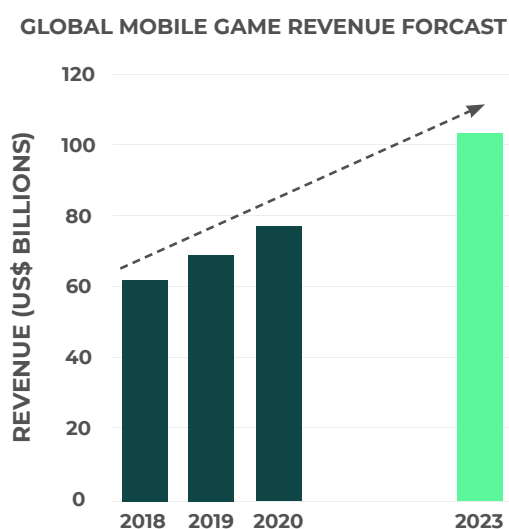
¹³ Newzoo, 2020. Global Games Mobile Games Market Report, p. 18.

¹⁴ Gu, T., 2020. 43% Of Active Smartphones Will Be 5G-Ready By 2023: The Global Mobile Market Is On Track For Substantial Growth And Game-Related Engagement.

As the number of smartphone users, globally, increases, so too does the number of potential mobile gamers. It is estimated that, in 2020, 71% of smartphone users could be considered a mobile gamer (2.5 billion people).¹⁵ This benefits the Company given the positive correlation between the number of mobile gamers and the amount of potential revenue to be earned from mobile games.

Table 8: Global Mobile Game Revenue Forecast (2018-2023) (in billions of USD)

Source: Newzoo, Global Mobile Games Report, 2020.



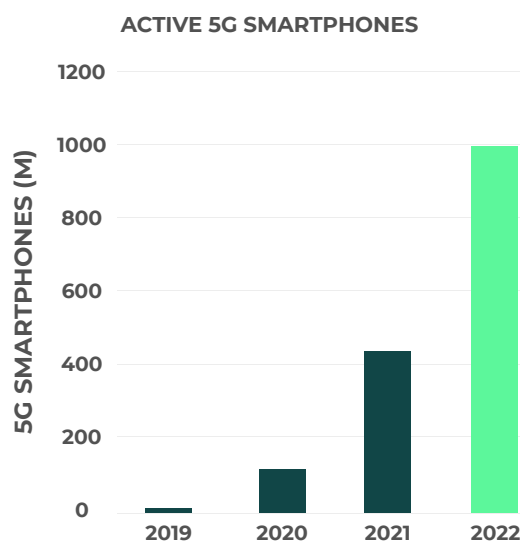
(2) 1 billion 5G-ready smartphones by 2022

The roll-out of improved mobile network infrastructure (such as 5G for developed countries, and improved 3G and 4G networks in developing countries) is already on track to have a dramatic impact on the mobile games segment, with the improved mobile network infrastructure reducing the barriers to entry to popular games (such as *Call of Duty*) which were previously only available on console and PC but, with the power of 5G, can now be accessed via mobile.¹⁶

By the end of 2019, 0.2% of all active smartphones, globally, were 5G-ready (7.5 million devices worldwide).¹⁷ However, this number is predicted to grow significantly at 411% CAGR from 2019 to 2022, to exceed 1.0 billion by 2022.¹⁸

Table 9: Projected number of active 5G smartphones (2019-2022) (in millions)

Source: Newzoo, 5G and the Games Market – How the New Era of Mobile Networks Will Impact Gaming, 2020



Mighty Kingdom is positioned well to benefit from the rollout of improved mobile network infrastructure given its primary focus on mobile game development. 5G in particular will likely attract more mobile gamers and enable Mighty Kingdom to deliver higher quality games without the risk of latency impacting on the user experience.

(3) In 2019, 46% of gamers were female

Gaming had previously been a male dominated activity. However, the rise of mobile gaming has contributed to women now making up almost half of the gamers worldwide.¹⁹

¹⁵ Gu, T., 2020. 43% Of Active Smartphones Will Be 5G-Ready By 2023: The Global Mobile Market Is On Track For Substantial Growth And Game-Related Engagement.

¹⁶ Abbruzzese, E. and Inouye, M., 2020, p. 6.

¹⁷ Gu, T., 2020. 5G And The Games Market: How The New Era Of Mobile Networks Will Impact Gaming. [online] Newzoo. Available at: <<https://newzoo.com/insights/articles/5g-and-the-games-market-data-analytics/>> [Accessed November 2020].

¹⁸ Gu, T., 2020. 5G And The Games Market: How The New Era Of Mobile Networks Will Impact Gaming. [online] Newzoo. Available at: <<https://newzoo.com/insights/articles/5g-and-the-games-market-data-analytics/>> [Accessed November 2020].

¹⁹ Bosman, S., 2020. Women Account For 46% Of All Game Enthusiasts: Watching Game Video Content And Esports Has Changed How Women And Men Alike Engage With Games [online] Newzoo. Available at: <<https://newzoo.com/insights/articles/women-account-for-46-of-all-game-enthusiasts-watching-game-video-content-and-esports-has-changed-how-women-and-men-alike-engage-with-games/>> [Accessed November 2020].

A Newzoo report divides gamers into different segments, ranging from 'the ultimate gamer' and 'the all-round enthusiast' to 'the cloud gamer' and 'the time filler'.²⁰ According to their analytics, the typical female players among female players falls into the 'time filler' category. The players in this group prefer to play games to pass the time, typically by playing mobile games.²¹ **Almost two-thirds of all players in this segment are women.**²²

In response to this trend, Mighty Kingdom has focused on developing "time filler" style games for the female demographic, a segment which has long been underserved. This strategy is supported by data. A comparison of acquisition costs and engagement rates reveals that male gamers cost more to acquire and engage with the game less than female gamers. Conversion rates for female gamers are also 26% higher than for male gamers,²³ and in-app install-to-purchase metrics of female gamers significantly outperform male gamers at 16.7%, which is 79% higher than male gamers.²⁴

(b) Console games segment growth

Mighty Kingdom currently has two console games in development and intends to develop further console games in the future.

The anticipated release of "next-generation" consoles PlayStation 5 (PS5) and Xbox Series X at the end of 2020 is expected to attract new gamers and increase the available pool of gamers across all segments, including console games. These numbers could be significant, with the PS5 predicted to become the best-selling console of all time, eclipsing the PlayStation 2, which sold 158m units.²⁵ A report from Statista indicates that the PS5 may reach 170m total console sales by 2024²⁶, while Japanese analyst Norio Imanaka at the Rakuten Securities Economic Research Institute expects the PS5 to sell more than 300 million in the next 5 to 6 years.²⁷

The continued success of console platforms will provide an opportunity for Mighty Kingdom to access a larger player base of committed gamers.

“The rise of mobile gaming has contributed to women now making up almost half of the gamers worldwide.”¹⁹

²⁰ Bosman, S., 2020.

²¹ Bosman, S., 2020.

²² Bosman, S., 2020.

²³ Liftoff, 2018. Mobile Gaming Apps Report: User Acquisition Trends And Benchmarks 2018. Liftoff, p. 13

²⁴ Liftoff, 2018, p. 13.

²⁵ Plant, M., 2018. *Top 10 Best-Selling Videogame Consoles*. [online] Guinness World Records. Available at: <<https://www.guinnessworldrecords.com/news/2018/12/top-10-best-selling-videogame-consoles-551938>> [Accessed November 2020].

²⁶ Statista. 2020. *Global PS5 Unit Sales 2020* [online] Available at: <<https://www.statista.com/statistics/1124784/unit-sales-ps5-worldwide/#:~:text=Predicted%20unit%20sales%20of%20Sony%20PS5%20worldwide%202020&text=Estimates%20show%20that%20the%20console,66%20million%20units%20in%202024>> [Accessed November 2020].

²⁷ Imanaka, N., 2020. *Special Feature: Nesting Special Demand, PS5, Esports, Home Video Game Industry At A Turning Point* (Nintendo, Sony, Capcom). [online] Rakuten Securities Economic Research Institute. Available at: <<https://media.rakuten-sec.net/articles/amp/28834?page=2>> [Accessed November 2020].



“The rise of cloud gaming is expected to facilitate and accelerate Mighty Kingdom’s growth strategy of developing larger, cross platform games.”

(c) Cloud gaming

Cloud gaming is a method of playing video games utilising remote hardware via the cloud. Instead of downloading and/or installing a game, cloud gaming relies on internet streaming to deliver games on any device. The rising popularity of cloud gaming, along with the availability of enhanced cross-device gaming platforms, is anticipated to drive growth in the global games market. The global cloud gaming market is valued at US\$0.47 billion in 2020 and is expected to grow to US\$7.2 billion by 2027 at a CAGR of 47.9%.

Cloud gaming will enable gamers to access all gaming platforms online, facilitating cross-device gaming (i.e mobile, PC, PlayStation, Xbox) which will naturally expand the global gaming audience. Microsoft has announced that it will include its cloud gaming service,

xCloud, in a special bundle with the Xbox Game Pass. Meanwhile, Sony continues to experiment with new content offerings on its own subscription/cloud gaming service, PlayStation Now. Google released its Stadia cloud gaming platform in 2019 and engaged global publishers such as Ubisoft and released *Assassins Creed Odyssey* as its premier title. Amazon’s Luna cloud gaming platform was announced in October 2020.

The rise of cloud gaming is expected to facilitate and accelerate Mighty Kingdom’s growth strategy of developing larger, cross-device platform games.



5. COMPANY OVERVIEW

5.1 WHO IS MIGHTY KINGDOM?

Mighty Kingdom is Australia's largest independent game developer with over 80 staff. It was named the 2019 Studio of the Year at the 2019 Game Connection Asia Pacific Game Developer Awards, Australia's most prestigious game developer award. To date, Mighty Kingdom has released more than 50 games, with more than 50 million down-loads.

To-date, Mighty Kingdom has released more than 50 games, with more than 50 million downloads.

Its current in-market games include 9 *Shopkins* games, *LEGO Friends: Heartlake Rush*, Snap's *Sugar Slam*, *Wild Life: Puzzle Story* and *Ava's Manor*.

Within the first half of 2021, Mighty Kingdom is scheduled to release *Conan Chop Chop*, its first console game, and Sony Pictures' *Peter Rabbit Run*. Mighty Kingdom also has several other games in development with release schedules throughout 2021/2022.

Having achieved early success working with Disney developing games for the children's casual games market, Mighty Kingdom has since been able to leverage its technology and data-based insights to successfully develop games targeted at females gamers – a growing demographic that now accounts for 46% of the global gamer market (see Section 4.3(a)(3) for further details). Mighty Kingdom

will continue to focus on these key segments after the close of the Offer, while building on its existing capability to diversify its content offerings with confidence across mobile, console and PC platforms.

As Mighty Kingdom's global reputation for developing great games grows, Mighty Kingdom will seek to capitalise on its past successes and to position itself as a significant global games development industry player.

5.2 HISTORY

Mighty Kingdom was established in 2011 to develop applications for the 'new app market' formed by Apple and Google in their smartphone ecosystems. Games quickly became a driving force in these markets, which led Mighty Kingdom to utilise its strong background in game development and switch its focus to meet that demand.

By 2013, Mighty Kingdom had transitioned to become a developer purely focussed on games development.

Mighty Kingdom's strategy was validated in 2014, upon the execution of a 'work for hire' contract with Disney.

Mighty Kingdom worked collaboratively with Disney's team to develop 'Disney Imagicademy' an innovative, gamified learning initiative, designed for families with children. Mighty Kingdom was able



to successfully leverage Disney's brand to develop an engaging game that delivered retention numbers that well exceeded industry standards.

Following the success with Disney, Mighty Kingdom gained an opportunity to work with Australian toy company, Moose, to develop a game based upon their successful collectible figurine toy range, *Shopkins*. This engagement started out as a "work for hire" arrangement but evolved into an arrangement where Mighty Kingdom licensed the *Shopkins* brand for the purposes of the development of games.

To develop the Original *Shopkins* game, Mighty Kingdom observed the market and applied the core premise of the brands to accessible gameplay for the core *Shopkins* audience (girls aged 6-10).

The flagship game was successful, not just in terms of its metrics and the revenue it earned, but also in terms of the insights it gave Mighty Kingdom into how to monetise a game of this nature and how to use third-party brand licensing as a business model going forward. Further to

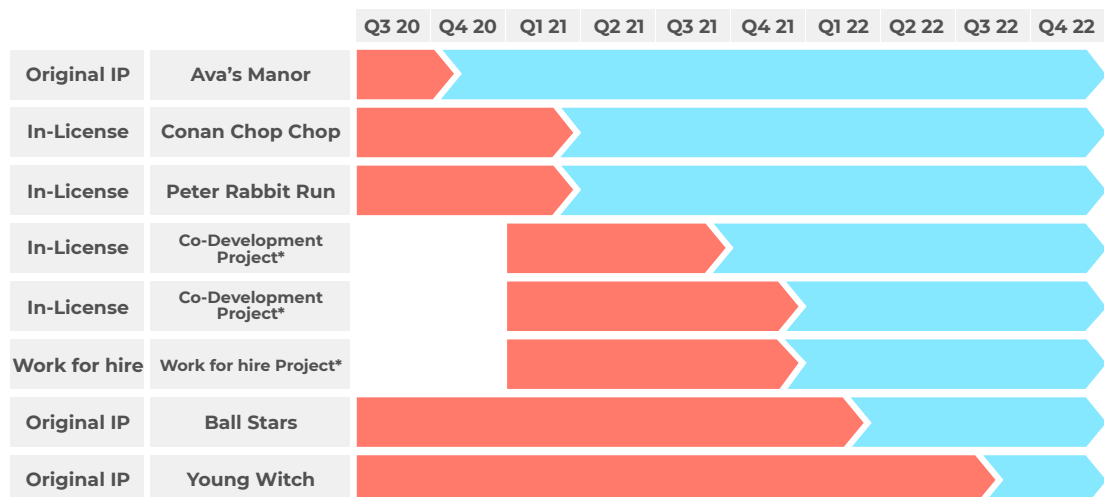
this, Mighty Kingdom was able to apply its insights from the games monetisation ecosystems and determine an effective and ethical way to monetise this audience in a way that it hadn't achieved previously.

Nine additional *Shopkins* games were developed over the course of 3.5 years and the *Shopkins* portfolio led the market in its segment, attracting more than 38 million downloads in total, with a peak of 5.5 million players in one month.

The success of the *Shopkins* games cemented Mighty Kingdom's reputation as a leading Australian game developer.

From 2018 onwards, Mighty Kingdom has applied the valuable technical expertise and industry know-how generated from its previous tier-1 "work for hire" projects to develop its own games. The 'brand' behind these games are either in-licensed (e.g., *Peter Rabbit Run*), or they are wholly Original concepts developed by Mighty Kingdom (e.g., *Ava's Manor*).

Mighty Kingdom's current "in market" and "in development" projects are identified below.



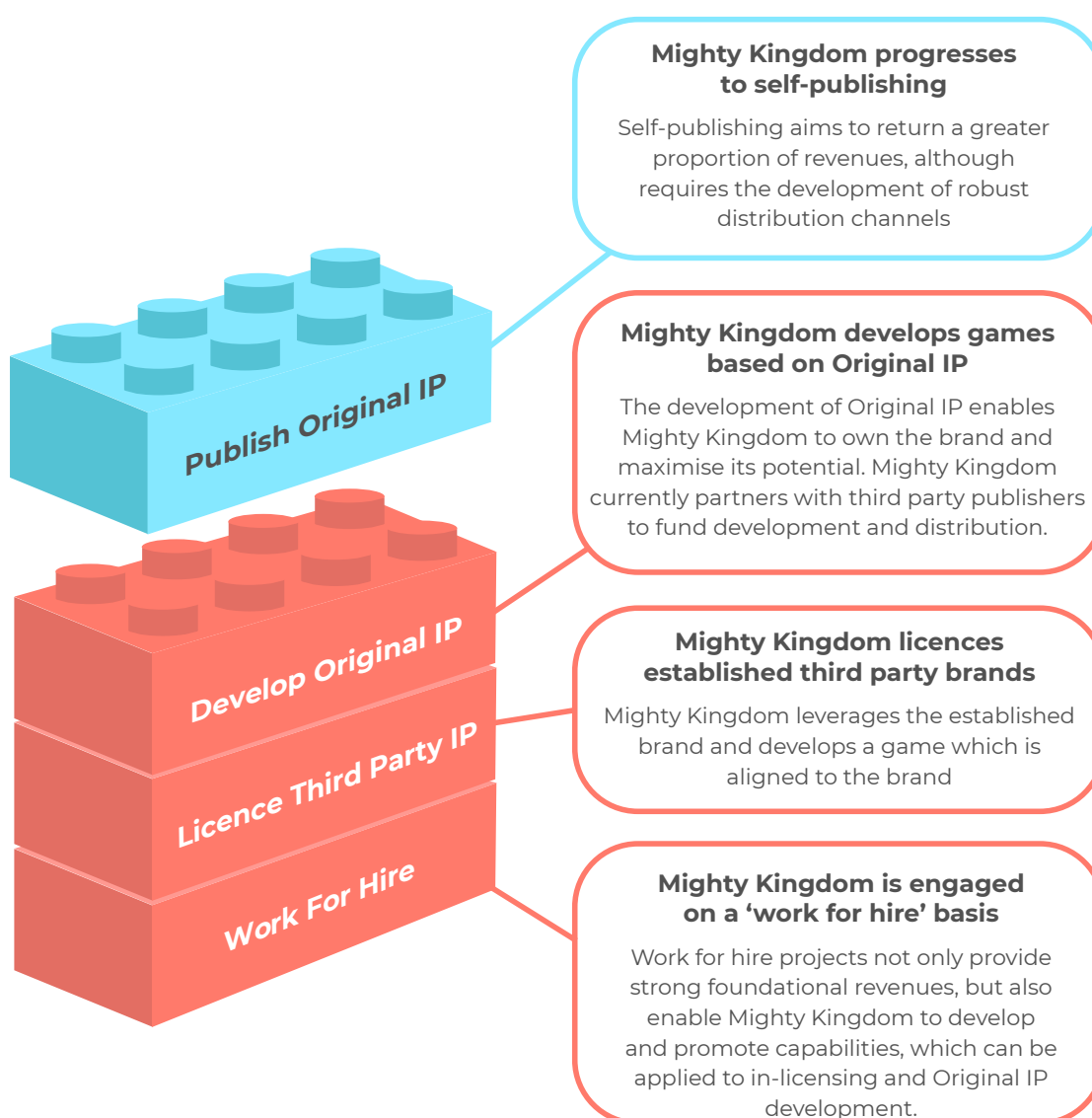
* In advanced discussions with 3rd party development partners.
Projects likely to commence in Q1/Q2 CY21

■ In Development ■ In Market

5.3 BUSINESS MODEL

(a) Overview

Today, Mighty Kingdom operates under a diversified business model that involves the development of games across all segments (mobile, console and PC) and which is increasingly focussed on developing Original IP. Mighty Kingdom is also interested in developing self-publishing capabilities, which would enable it to bring its games to market without the involvement of a third-party publisher.



(b) Work for hire

Under a work for hire arrangement, Mighty Kingdom is either approached or tenders to undertake the development of a proposed game. Mighty Kingdom works collaboratively with the contracting party (such as Disney or the LEGO Group) to create a concept and game based on their brand or product, and Mighty Kingdom is typically paid fixed milestone payments throughout the game's development cycle. Under a work for hire contract, Mighty Kingdom does not typically receive royalties or a revenue split post game release.

Where possible, Mighty Kingdom seeks to retain ownership of all Intellectual Property rights in and to all software code and other background technology of general utility in the development of games, developed in the course of a work for hire engagement (or pre-existing to the engagement). This strategy enables Mighty Kingdom to generate revenues (through work for hire milestone payments), while developing valuable proprietary technology (such as game engines, mechanics and algorithms) that can be applied to the development of future games.

(c) In-licensing third-party brands

For some projects, Mighty Kingdom will licence an established third-party brand to form the basis for a game. Licensing a notable brand facilitates brand recognition and trust, which tends to naturally accelerate the market penetration of a game.

Mighty Kingdom excels at developing an engaging narrative that is core to the in-licensed brand, which feels natural and compels the user to continue to play, driving higher retention rates.

Mighty Kingdom typically pays an upfront fee to licence the brand, then negotiates with either the brand holder or a third-party to share the development and publication costs. Once the game is released and relevant development and initial marketing costs are recovered, Mighty Kingdom receives revenues/royalties based on the amount of revenue generated by the game. See Section 5.4 for further details.

(d) Original IP development

As Mighty Kingdom increases both its technical capabilities and scale, it is expanding its business model to include the development of Original IP that will form the basis for multiple games. Once the Original IP is developed, Mighty Kingdom can then either partner with a third-party developer or publisher to share the costs of the game's development and subsequent marketing or seek to "self-publish" the game (see Section 5.3(e) for further details). In the case of the recent soft launch of *Wild Life: Puzzle Story*, an interactive game based on Mighty Kingdom's Original IP, the data generated by the soft launch was encouraging enough to attract several publishers who ultimately competed for the right to publish the game.

If Mighty Kingdom develops the Original IP for a game, Mighty Kingdom receives a revenue share / royalty based on the amount of revenue generated by the game (see Section 5.4 for further details). Mighty Kingdom's revenue share is generally proportionate to its contribution to the game's content and publishing, with the royalty only being payable once the game is released and relevant development, publishing and initial marketing costs are recovered.





(e) Self-publishing

Mighty Kingdom endeavours to build scale and robust distribution channels that will facilitate “self-publishing” of Original IP. “Self-publishing” would require Mighty Kingdom to bring its core user acquisition, data analytics and marketing activities “in house”, rather than engaging a third-party to provide these services.

Under this model, Mighty Kingdom has the option to retain 100% of net revenue from the game after payment of platform costs. Mighty Kingdom would also save on the initial upfront licence fee that would otherwise be payable to licence a third-party's brand.

Mighty Kingdom is currently developing *Ballstars* (to be renamed), a cross-platform game based on Mighty Kingdom's Original IP. It is intended that Mighty Kingdom will solely develop and publish *Ballstars* to retain all associated Intellectual Property interests, control and potential revenue upside. Such revenue upside could be derived not just from the game but also from licensing the brand for use with other products or media.

5.4 REVENUE STREAMS

Mighty Kingdom's two key revenue streams are milestone payments (for example “work for hire” service fees) and royalties based on the amount of revenue earned from a game (whether through game purchase, in-game purchases or in-game advertising). However, as highlighted above, the development of Original IP also opens up new potential revenue streams, with a Mighty Kingdom brand potentially capable of being licenced not only to form the basis of other games, but also for merchandising and other media and entertainment purposes.

Mighty Kingdom uses game data to model the lifetime value (“LTV”), as well as the cost per install (“CPI”) of each player who downloads their games. Mighty Kingdom can model these statistics against proposed game models to establish whether Mighty Kingdom's projects will be profitable.

(a) Factors influencing the success of a game

The amount of money a player will spend in or on an interactive game – and therefore the amount of potential revenue to be earned from a game - is influenced by, broadly, two key factors; engagement and user acquisition spend.

(1) Engagement

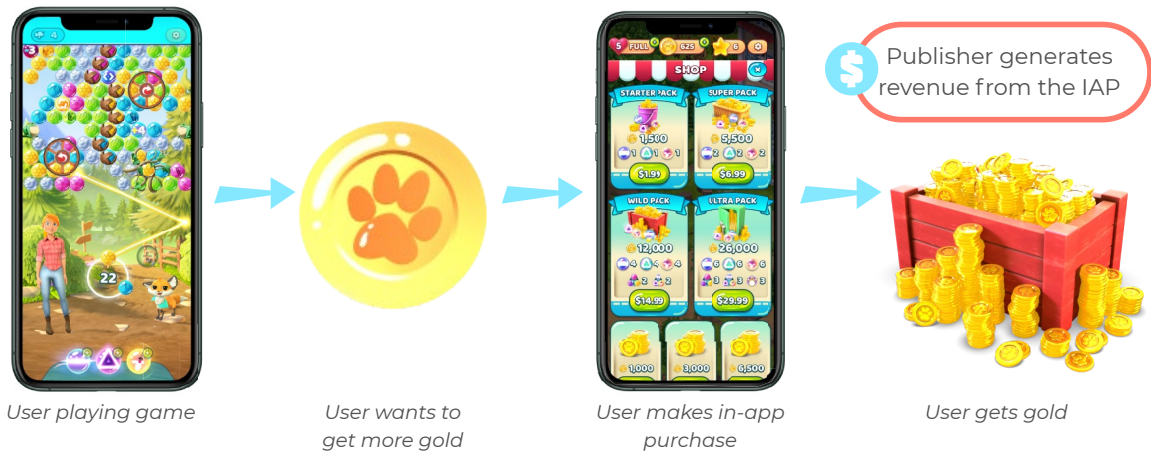
The main driver behind a player's LTV is a game's ability to engage players over time. Player engagement is a desire to continue playing the game for more than one session and/or for longer periods of time.

Mighty Kingdom's data indicates that narrative (or storytelling) is the most compelling long-term driver of engagement, and it also drives brand quality. A player's experience of the game's narrative, that is its storyline, atmosphere, character and gameplay options, dictates the level of engagement of the player.

By engaging the player for longer, there is a greater chance the player will spend money, either directly through in-app purchases, or indirectly through advertisements, driving higher the player's LTV. In terms of advertising revenue, the audience for a game tends to dictate how much you earn from advertising. In-game purchases tend to account for a greater proportion of the overall revenue from a game.

MOBILE GAME MONETISATION MODELS²⁸

In-app purchases:



In-app advertising:

**(2) User acquisition spend**

The user acquisition spend is the money spent on encouraging players to download the game.

A game must be engaging enough to convert an acquired player to becoming a spender within the game, which increases a player's LTV. If the average LTV per customer is greater than the cost to acquire a customer, then the game becomes profitable. The ability for the game to acquire new customers is, in most cases, a function of the publisher's access to capital or willingness to deploy that capital for marketing.

User acquisition is driven by the game's initial ability to engage the player through game mechanics and the game's brand equity. To drive user acquisition, Mighty Kingdom must drive the quality of the game mechanic and metagame, which can be done by enhancing the player's value in the game's short term and long-term rewards.

²⁸ IronSource. Mobile game business models. [online] IronSource. Available at: <<https://www.ironsrc.com/glossary/mobile-game-business-model/>> [Accessed December 2020].



(b) Developing the game narrative

Prior to the development of a game, Mighty Kingdom gathers and analyses market information to identify the most impactful core mechanics and target markets that make the top grossing games in the market so successful. Mighty Kingdom's developers use this information to develop visual art style concepts for future game narratives, including environments and characters.

These insights are designed to ensure the creation of the game's narrative design, including its genre, feature set, artistic style, theming, tone, difficulty, and accessibility, aligns with the expectations of the market and becomes successful.

To develop the most engaging games, Mighty Kingdom also places significant emphasis on:

- investing in technology that streamlines the development process and allows Mighty Kingdom to target its audience more effectively (see Section 5.5 for further details);
- managing workflow and resources in a manner that maximises the time available to be spent on developing high quality and engaging content (see Section 5.6(f) for further details); and
- creating a culture that is conducive to attracting and retaining top talent (see Sections 5.5(c) and 5.6(b) for further details).

The success of game narrative and player engagement also encourages successful brand building, which opens the door to potential future franchising and game sequels and spinoffs, and further reduces acquisition costs and drives higher revenue for the game.

5.5 INNOVATION

(a) Proprietary narrative engine

Mighty Kingdom has developed a proprietary narrative engine ("**Narrative Engine**") that underpins its game development. It is a fully agnostic system that can be applied to any core mechanic - such as jumping, flying or shooting - and which will support many different story structures or metagames - 2D or 3D, multipath or linear.

The Narrative Engine was designed to streamline the process for adding narrative content to a game, by allowing designers, animators and artists to create content in the same environment without substantial input from software engineers. The Narrative Engine also seamlessly integrates narrative content into the game, again, with little input from software engineers.

Overall, the Narrative Engine allows Mighty Kingdom to develop games more efficiently, giving key personnel scope to spend more time working on developing engaging content for a variety of projects.

(b) Data analytics platform

Mighty Kingdom has an in-house database administrator ("**DBA**") programming team whose capability includes the development of a data analytics platform which can then be used by Mighty Kingdom product managers, designers and data scientists to further develop in-game mechanics to better serve its customers and monetise the game. Mighty Kingdom is now providing this technology to third parties as a service in and of itself, creating another potential revenue stream while also increasing Mighty Kingdom's internal data analytics capability.

(c) Talent acquisition

Mighty Kingdom is an Australian industry leader when it comes to progressive and flexible work practices. Mighty Kingdom is the only games company in Australia that offers a suite of policies including unlimited leave, menstrual and menopause leave, paid superannuation through parental leave, as well as flexible work options such as the 4-day working week, over and above the statutory requirements. These policies set Mighty Kingdom apart from other comparable organisations and are a selling point for Mighty Kingdom as a prospective employer.

Mighty Kingdom is particularly committed to diversity as part of its hiring processes. To this end, the DBA team has developed bespoke recruitment software which anonymises applicants and allows for decisions on candidate progression to occur without knowledge of applicant's gender, a known bias in the recruitment process. The Company considers that this has had positive results, with applicants chosen through this process meeting Mighty Kingdom's diversity goals on gender. With Mighty Kingdom seeking to have a 50:50 gender split across all roles, this tool supports this goal. Mighty Kingdom's current gender split is approximately 55:45.

Mighty Kingdom is the only game development studio in Australia that operates a graduate program. With the program now in its fourth year, Mighty Kingdom has taken on 15 graduates on one-year engagements, with all participants to-date becoming employed by Mighty Kingdom once they have completed the program. This program supports Mighty Kingdom's strategy for building the Australian industry's talent base. With Mighty Kingdom being the only

game development studio in Australia with a graduate program such as this, it tends to get the pick of Australia's games graduates, with typically more than 300 applications from Australia and New Zealand each year.

(d) Other

Mighty Kingdom's back-end team has also developed further technology, which has enterprise applications. For example, Mighty Kingdom has its own resource tracking tools which directly interface with MYOB that collects data on all resources used against each product to ensure Mighty Kingdom is able to better control its resource allocation and expenses.

5.6 KEY STRENGTHS

(a) Development and execution guided by data

Mighty Kingdom leverages its proprietary data analytics platform and internal database, which contain years of data from Mighty Kingdom games and other 'business intelligence', to understand and target its audiences more effectively. It is expected that this wealth of historical data will enable Mighty Kingdom to continue to develop engaging and relevant content, even where regulations or platform rules are implemented to prevent data from being collected about players of a particular game (e.g., new rules concerning how data about children is collected).

(b) Culture

A strong and positive culture is the core of Mighty Kingdom. Mighty Kingdom has established a diverse and inclusive workplace, with clear and stated values that promote positive culture and the wellbeing of the team as a whole. This environment fosters an engaged team of creatives, facilitating the development of market leading games. Mighty Kingdom's



positive culture is also a key retention tool, critical in a high growth market like games development which is in global competition for the best talent.

(c) Personnel

Personnel are the key asset of a game development studio. The growing team of more than 80 developers has significant experience in game and media development. Mighty Kingdom has been able to develop a culture that not only attracts and retains tier-1 talent but also fosters individual growth. Going forward, Mighty Kingdom intends to remain focussed on employing and developing quality talent, capable of executing world leading projects. See Section 8.1 for further information about Mighty Kingdom's key people.

(d) Partnerships

Mighty Kingdom has partnered with numerous tier-1 companies, including Disney, Snap, Sony and the LEGO Group. These partnerships have been successful, with contracts typically being extended and renewed, demonstrating Mighty Kingdom's ability to engage and maintain productive relationships with some of the world's largest entertainment companies. Mighty Kingdom's intention is to continue working with the world's biggest and best brands.

(e) Narrative Engine

The Company considers that the Narrative Engine described in further detail in Section 5.5(a) is one of the keys to Mighty Kingdom's success, as it significantly reduces the amount of coding required to develop a game, and allows the development of in-game content to occur much more quickly using fewer resources. This enables Mighty Kingdom to leverage the talents of its employees to work on a broader range of projects and to spend

more time improving the quality of the narrative content of the game (a factor that data shows can improve revenues from a game).

(f) Workflow systems

Mighty Kingdom's workflow management systems invest heavily in collaborative co-ordination of resources across projects. Mighty Kingdom has an agile development culture that sees producers and product managers across all projects coordinate resources between them, ensuring all teams have the resources they need, when they need them. This system is integrated with Mighty Kingdom's proprietary enterprise resource and personnel management technology which measures resource productivity across our projects. These systems allow Mighty Kingdom to develop multiple games simultaneously using the same resource pool and allow it to effectively develop more games than could be achieved by similar sized teams.

5.7 INTELLECTUAL PROPERTY

Mighty Kingdom has developed significant background Intellectual Property (primarily, source code) which underpins much of its game development.

For example, Mighty Kingdom has developed background Intellectual Property for several different styles of game, such as "match three", "bubble shooter", "endless runner", "collectable", "builder" and "adventure" games, which it has then reused as the underlying technology for other games in its catalogue.

Mighty Kingdom has also developed proprietary technology such as the Narrative Engine, data analytics platform and talent acquisition software (discussed further in Section 5.4 above), which

create competitive advantage for Mighty Kingdom when bidding on work for hire and licensing projects, as well as reducing the cost of development of Original IP.

As outlined in Section 7.1, while Mighty Kingdom takes all reasonable steps to protect its Intellectual Property Rights, Mighty Kingdom cannot guarantee that all Intellectual Property Rights are adequately or completely protected from misuse or infringement, or that Mighty Kingdom's ownership or use of those rights will be uncontested.

5.8 GROWTH STRATEGY

The proceeds of the Offer will facilitate execution of Mighty Kingdom's growth strategy. Specifically, Mighty Kingdom is focussed on investing in the resources necessary to deliver larger, more diverse, projects and to develop a self-publishing capability. Execution of the following strategies aims to deliver robust recurring revenue streams and a platform for future growth:

- **Develop a higher proportion of Original IP projects:** Mighty Kingdom is committed to investing further resources into the development of Original IP, given that a successful game under this model has the potential to result in successive releases over numerous years, each leveraging existing mechanics, providing consistent returns with reduced development costs. Ownership of the relevant Intellectual Property also gives Mighty Kingdom the ability to control and maximise the potential of a game/brand.
- **Develop self-publishing capabilities:** Mighty Kingdom intends to utilise a stronger balance sheet to facilitate self-publishing of specific games. Self-publishing has the potential to deliver significantly higher returns.
- **Progressively increase team size and broaden expertise and capabilities:** Expansion will enable Mighty Kingdom to concurrently develop a larger portfolio of projects, across various formats of the Company's business model, thereby creating multiple potential recurring revenue streams.
- **Undertake larger projects:** To date, Mighty Kingdom has developed games with budgets ranging from \$1m-\$3m. Between 2018 and 2020, the average project cost (for predominantly mobile games projects) was \$1m, with returns to be realised in FY21/22. Additional capital will enable Mighty Kingdom to progress discussions with third parties regarding projects with substantially increased budgets, opening the possibility of delivering highly engaging games that may produce higher returns on a relative basis.
- **Mergers and Acquisitions:** Undertaking an IPO will provide Mighty Kingdom with the capital it needs to consider corporate transactions should an opportunity arise. The Australian games industry remains somewhat fragmented, which may present an opportunity to acquire smaller studios with quality Intellectual Property and personnel.
- **Longer-term goals:** Mighty Kingdom's longer-term ambitions include establishing multiple international studio locations with the capacity and scale to undertake AAA+ premium projects with budgets in excess of \$50m and expanding its publishing capacity to include third-party games

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6. FINANCIAL INFORMATION

6.1 INTRODUCTION

The financial information contained in this Section includes:

- audited statutory historical statements of comprehensive income on an aggregated basis for the financial year ended 30 June 2018 (FY18), and on a consolidated basis for the financial years ended 30 June 2019 (FY19) and 30 June 2020 (FY20);
- audited statutory historical cash flow statements on an aggregated basis for FY18, and a consolidated basis for FY19, and FY20;
- audited statutory historical statements of financial position on an aggregated basis as at 30 June 2018, and on a consolidated basis as at 30 June 2019 and 30 June 2020; and
- pro forma historical consolidated statement of financial position as at 30 June 2020 and supporting notes which includes the Pro Forma transactions, subsequent events, consolidation adjustments and capital raising;

together referred to as the “**Historical and Pro Forma Financial Information**”.

The Historical and Pro Forma Financial Information should be read together with the other information contained in the Prospectus, including:

- management’s discussion and analysis set out in this Section;
- key accounting policies;

- the risk factors described in Section 7;
- the Independent Limited Assurance Report on the Historical and Pro Forma Information set out in this Section; and
- the other information contained in this Prospectus.

Investors should also note that historical results are not a guarantee of future performance.

6.2 BASIS OF PREPARATION OF THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

(a) Overview

The Historical and Pro Forma Information is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of Mighty Kingdom, together with the pro forma financial performance, cash flows and financial position. The Directors are responsible for the preparation and presentation of the Historical and Pro Forma Information.

Subject to Section 6.2(b), which details the preparation of the Historical Financial Information, the financial information in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards, which are consistent with the International



Financial Reporting Standards (“IFRS”) and interpretations issued by the International Accounting Standards Board. The Historical and Pro Forma Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

Significant accounting policies applied to the Historical and Pro Forma Financial Information are noted at the end of this section under the heading ‘Significant Accounting Policies’. Mighty Kingdom has applied new accounting standards effective when applicable, this includes AASB 15 “Revenue from contracts with customers” (applicable from 1 January 2018) and AASB 16 “Leases” (applicable from 1 January 2019).

The consolidated general purpose financial statements of the Company will be prepared in accordance with the Corporations Act, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with IFRS as issued by the International Accounting Standards Board.

The Historical and Pro Forma Financial Information is presented in this Section includes an aggregation for FY18 and a consolidation for FY19 and FY20 of the following entities historical financial performance:

- Mighty Kingdom Games Pty Ltd;
- Mighty Kingdom Services Pty Ltd;
- Mighty Kingdom IP Pty Ltd; and
- Rise Games Pty Ltd.

Mighty Kingdom’s key accounting policies are detailed in the Appendix to this

Prospectus. In preparing the Historical and Pro Forma Financial Information, the accounting policies of Mighty Kingdom have been applied consistently throughout the periods presented.

(b) Preparation of Historical and Pro Forma Financial Information

The historical consolidated statement of profit or loss and other comprehensive income has been prepared on an aggregated basis for FY18 and a consolidated basis for FY19 and FY20.

Mighty Kingdom’s historical financial performance has been audited by GT Audit for the periods FY18, FY19 and FY20. An unqualified audit opinion was issued for each of those periods with an “Emphasis of Matter” included in the audit opinion regarding the going concern assumption, which was dependent upon:

- Mighty Kingdom successfully commercialising a number of development contracts leading to a material increase in sales revenue, and accordingly receipts from customers;
- the Company having sufficient cash available for Mighty Kingdom to continue operating until it can raise further capital;
- the Company successfully closing the Offer and gaining admission to the ASX Official List (or raising additional capital through debt/equity funding); and
- the Company having the continued support of its shareholders and financiers as demonstrated by the recent success in pre-IPO capital raising via the Convertible Notes.

The Historical and Pro Forma Financial Information has been reviewed by Grant Thornton, whose Independent Limited Assurance Report is contained in Section 6 of this Prospectus. Investors should note the scope and limitations of that report.

The information in this Section should also be read in conjunction with the risk factors set out in Section 7 and other information contained in this Prospectus.

All amounts disclosed in the tables in this Section are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest thousand dollars. Some numerical figures included in this Prospectus have been subject to rounding

adjustments. Any discrepancies between totals and sum of components in figures contained in this Prospectus are due to rounding.

The Directors are responsible for the inclusion of all financial information in this Prospectus. Investors should note that historical financial performance is not a guide for future financial performance.

6.3 HISTORICAL STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

The table below presents the summarised historical statement of profit and loss and other comprehensive income for FY18, FY19 and FY20.

Table 10: Historical statement of profit and loss and other comprehensive income

\$'000	Audited FY18	Audited FY19	Audited FY20
Revenue	2,599	2,138	2,536
Other income	886	1,410	1,696
Employee benefit expenses	(2,801)	(4,148)	(5,977)
Other expenses	(1,110)	(1,356)	(1,610)
EBITDA	(426)	(1,956)	(3,356)
Impairment of assets	(95)	-	-
Depreciation and amortisation expenses	(19)	(27)	(153)
Finance costs	(34)	(95)	(88)
Loss before income tax	(575)	(2,078)	(3,596)
Income tax (expense) / benefit	(265)	(32)	7
Loss for the year	(840)	(2,109)	(3,590)
Other comprehensive income / (loss)	-	-	-
Total comprehensive loss for the year	(840)	(2,109)	(3,590)

Below is a discussion of the main factors which affected the operations and relative financial performance in FY18, FY19 and FY20 of Mighty Kingdom. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the Company's historical operating and financial performance, nor everything which may affect operations and financial performance in the future.

- Revenue: Mighty Kingdom has historically generated revenue through the development of interactive games. As described in further detail in Section 5.3, this has been achieved through work for hire arrangements with game producers where Mighty Kingdom receives upfront or milestone payments to develop the game. Mighty Kingdom also receives revenue from royalties including app sales, in-app purchases and advertising.

- Other income: Mighty Kingdom has benefited from Government grant funding which has assisted in funding the working capital of the business during the development phase of projects. This has included research and development grants, State development grants, and an Australian Government export market development grant. Other income also includes amounts received from the Government related to COVID-19 including "Jobkeeper" and "Cash Flow Boost" payments.
- Employment benefit expenses: Includes all employee related expenses such as wages and salaries, superannuation and payroll tax.

Mighty Kingdom has not historically capitalised employee costs related to game development.

- Other expenses: Other expenses includes direct costs, occupancy costs, professional fees, computer expenses, insurance, royalties paid and other administration costs.
- Depreciation and amortisation expenses: Expenses in relation to plant and equipment, property improvements as well as right-of-use assets relating to leases. Right of use asset was only recognised in FY20 resulting in an increase in the depreciation and interest expenses but a reduction in operating lease costs within overheads.

6.4 HISTORICAL STATEMENT OF CASH FLOWS

The table below presents the summarised historical statement of cash flows for FY18, FY19 and FY20

Table 11: Historical statement of cash flows

\$'000	Audited FY18	Audited FY19	Audited FY20
Cash flows from operating activities			
Receipts from customers	2,547	2,303	2,108
Payments to suppliers and employees	(3,314)	(4,830)	(5,232)
Interest paid	(25)	(91)	(53)
Research and development incentive	160	436	959
Grant from Department of State Development	480	-	-
Other government stimulus income	179	245	866
Net cash flows from operating activities	28	(1,937)	(1,353)
Cash flows from investing activities			
Purchase of property, plant and equipment	(86)	(83)	(110)
Investment in subsidiaries	(95)	-	-
Net cash flows from investing activities	(181)	(83)	(110)
Cash flows from financing activities			
Proceeds from issue of non-redeemable preference shares	-	2,500	1,000
Issue of new shares for Group reorganisation	-	1	-
Loan repayments made during the year	(27)	(50)	(43)
Loan obtained during the year	250	-	200
Net cash flows from financing activities	223	2,451	1,157
Net change in cash and cash equivalents	70	430	(306)
Cash and cash equivalents at beginning of the year	(238)	(168)	263
Cash and Cash Equivalents at End of the Financial Year	(168)	263	(44)

(a) Operating cash flows

There has been a net operating cash outflow for FY19 and FY20 resulting primarily from the losses incurred as detailed at Section 6.3. These have been partially mitigated by Government grants and incentives.

(b) Investing cash flows

Key investing cash flows have been proceeds from the issue of Seed Preference Shares in FY19 and FY20.

In FY19 1,909,090 Seed Preference Shares were issued generating funds of \$2,500,000. In FY20 901,515 Seed Preference Shares were issued generating funds of \$1,000,000.

(c) Financing cash flows

The net cash flows for operations and investments have necessitated the raising of finance as follows:

In FY18 Mighty Kingdom negotiated with the CBA to provide finance amounting to \$250,000. This loan is repayable in monthly instalments within five years. See Section 10.6(c) for further details.

In FY20 Mighty Kingdom received a loan from the South Australian Film Corporation amounting to \$200,000. This loan requires repayment by 31 March 2021.

6.5 HISTORICAL STATEMENT OF FINANCIAL POSITION

The table below presents the summarised historical statement of financial position as at 30 June 2018, 30 June 2019 and 30 June 2020.

Table 12: Historical statement of financial position

\$'000	Audited 30 June 2018	Audited 30 June 2019	Audited 30 June 2020
ASSETS			
Current Assets			
Cash and cash equivalents	6	263	82
Trade and other receivables	1,125	1,346	1,646
Other assets	29	10	33
Total Current Assets	1,159	1,619	1,761
Non-Current Assets			
Deferred tax assets	208	265	838
Property, plant and equipment	85	142	202
Right of use assets	-	-	469
Total Non-Current Assets	293	406	1,508
TOTAL ASSETS	1,452	2,025	3,269
LIABILITIES			
Current Liabilities			
Trade and other payables	(567)	(1,176)	(2,694)
Contract liabilities	(307)	(427)	(452)
Employee benefits	(458)	(502)	(1,432)
Income tax payable	(271)	-	-
Loans and borrowings	(229)	(60)	(379)
Lease liabilities	-	-	(94)
Total Current Liabilities	(1,833)	(2,165)	(5,051)

Non Current Liabilities

Deferred tax liabilities	(176)	(264)	(831)
Contract liabilities	(206)	-	-
Employee benefits	(40)	(62)	(91)
Loans and borrowings	(191)	(137)	(100)
Lease liabilities	-	-	(389)

Total Non-Current Liabilities	(614)	(463)	(1,411)
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TOTAL LIABILITIES	(2,447)	(2,628)	(6,462)
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NET LIABILITIES	(995)	(603)	(3,193)
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EQUITY

Share Capital	-	2,501	3,501
Other reserve	0	-	-
Retained losses	(995)	(3,104)	(6,694)

TOTAL EQUITY/(DEFICIT)	(995)	(603)	(3,193)
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6.6 PRO-FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The table below sets out the audited historical statement of financial position of the Company, the pro forma adjustments that have been made to it (further described in Section 6.7) and the pro forma consolidated statement of financial position as at 30 June 2020.

The pro forma statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial position.

Table 13: Pro-forma historical statement of financial position

\$'000	Audited \$'000	Pro Forma Adjustments	Pro Forma \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	82	18,921	19,003
Trade and other receivables	1,646	(1,300)	346
Other assets	33	-	33
Total Current Assets	1,761	17,621	19,382
Non-Current Assets			
Deferred tax assets	838	-	838
Property, plant and equipment	202	-	202
Right of use assets	469	-	469
Total Non-Current Assets	1,508	-	1,508
TOTAL ASSETS	3,269	17,621	20,891
LIABILITIES			
Current Liabilities			
Trade and other payables	(2,694)	100	(2,594)

Contract liabilities	(452)	452	-
Employee benefits	(1,432)	200	(1,232)
Loans and borrowings	(379)	179	(200)
Lease liabilities	(94)	-	(94)
Total Current Liabilities	(5,051)	931	(4,120)
Non Current Liabilities			
Deferred tax liabilities	(831)	-	(831)
Employee benefits	(91)	-	(91)
Loans and borrowings	(100)	100	-
Lease liabilities	(389)	-	(389)
Total Non-Current Liabilities	(1,411)	100	(1,311)
TOTAL LIABILITIES	(6,462)	1,031	(5,431)
NET LIABILITIES	(3,193)	18,652	15,460
EQUITY			
Share Capital	3,501	23,194	26,695
Retained losses	(6,694)	(5,065)	(11,759)
Reserves	-	524	524
TOTAL EQUITY/(DEFICIT)	(3,193)	18,652	15,460

6.7 PRO-FORMA TRANSACTIONS

The following transactions contemplated in this Prospectus which are to take place on or before the completion of the Offer, referred to as the subsequent events and pro-forma adjustments, are presented as if they, together with the Offer, had occurred subsequent to 30 June 2020 and are set out below.

With the exception of the subsequent events and pro-forma transactions noted below no other material transactions have occurred between 30 June 2020 and the date of this Prospectus which the Directors consider require disclosure.

(a) Pro-forma transactions

Relevant pro-forma transactions include:

- **Offer (a):** the issue of a maximum of 60,000,000 Shares at an issue price of \$0.30 per Share, to raise \$18,000,000 under the Offer.
- **Issue of Shares to advisers (b):** the issue of up to 2,974,167 Shares to advisers at an issue price of \$0.30 per

Share, amounting to \$892,250 (see Section 8.2(a) for further details).

- **Offer costs (c):** total expenses associated with the Offers (including broking, legal, accounting and administrative fees as well as printing, advertising and other expenses) are estimated to be \$1,578,000S (exclusive of GST) (see Section 11.1). Those costs which directly related to the issue of New Shares have been offset against contributed equity, while the remaining costs have been expensed to the profit and loss account as detailed as follows:

	\$'000
Offset against contributed equity	698
Expensed to profit and loss	880
Total	1,578

- **Conversion of Convertible Notes (d):** \$4,000,000 of Convertible Notes issued in December 2020 will convert to 16,666,667 Shares immediately prior to prior to the issue of New Shares to investors under this Prospectus at an effective issue price of \$0.24 per Share.

- **Employee Share Options (e):** the issue of 12,488,859 new Employee Share Options to employees which are exercisable at \$0.15 per Employee Share Option (see Section 8.2(c) for further details). The allocation of Employee Share Options to employees are as follows:

Employee	Number of Options
Anthony Lawrence	8,019,359
Ella MacIntyre	2,234,750
Kim Forrest as trustee of the KB PH Forrest Trust	2,234,750
Total	12,488,859

Utilising acceptable finance valuation methodologies the Employee Share Options have a fair value of \$0.102 per option totaling \$1,499,000. The fair value of the Employee Share Options issued have been recognised as a share-based payment in accordance with AASB 2 Share Based Payments.

- **Non-Executive Director and Proposed Director Options (f):** the issue of 1,623,130 new Options to each Non-Executive Director and the Proposed Director, which are exercisable at \$0.30 per Option (see Section 8.2(b)(3) for further details). The allocation of Options to each Non-Executive Director and the Proposed Director are as follows:

Director	Number of Options
Michelle Guthrie	649,252
Megan Brownlow	486,939
Gabriele Famous	486,939 ¹
Total	1,623,130

¹These Options have been issued conditional on Gabriele's appointment as a Director.

Utilising acceptable finance valuation methodologies the Non-Executive Director and Proposed Director Options have a fair value of \$0.154 per Option totaling \$250,000. The fair value of the options issued have been recognised as a share-based payment in accordance with AASB 2 Share Based Payments.

(b) Subsequent events

Relevant subsequent events include:

- **Conversion of Convertible Notes (g):** \$4,000,000 of Convertible Notes issued in December 2020 will convert to 16,666,667 Shares immediately prior to prior to the issue of New Shares to investors under this Prospectus at an effective issue price of \$0.24 per Share. These funds have allowed Mighty Kingdom to address outstanding liabilities.
- **Working capital (h):** since 30 June 2020 there has been a material movement in the working capital of Mighty Kingdom as a result of losses incurred post June 2020.
- **Loans (i):** net repayment of loans of \$279,000.



6.8 REVIEWED PRO-FORMA CASH AND CASH EQUIVALENTS

The reviewed pro-forma cash and cash equivalents is set out below:

Table 14: Reviewed pro-forma cash and cash equivalents

	Subsequent Event/Pro Forma Adjustment	Pro Forma \$'000
Audited and Reviewed cash and cash equivalents at 30 June 2020		82
<i>Pro forma transactions:</i>		
Proceeds from shares issued under the Public Offer	a	18,000
Costs of the Offer	c	(1,578)
<i>Subsequent event transactions:</i>		
Issue of Convertible Notes	g	4,000
Working Capital	h	(1,500)
Pro forma cash and cash equivalents		19,003

6.9 REVIEWED PRO-FORMA CONTRIBUTED EQUITY

The reviewed pro-forma contributed equity is set out below:

Table 15: Reviewed pro-forma contributed equity

	Subsequent Event/Pro Forma Adjustment	Pro Forma \$'000
Audited and reviewed contributed equity at 30 June 2020		3,501
<i>Pro forma transactions:</i>		
Subscription received under the Offer (before costs)	a	18,000
Issue of shares to advisers	b	892
Costs of the Offer	c	(698)
Conversion of Convertible Notes	d	5,000
Pro forma share capital		26,695

6.10 NUMBER OF SHARES

Table 16: Number of Shares

	Pro Forma no. of Shares
Audited and reviewed shares at 30 June 2020	72,041,659
Shares to be issued under the Offer	60,000,000
Shares to be issued on conversion of the Convertible Notes	16,666,667
Shares to be issued to advisers	2,974,167
Shares on issue after the Listing Date	151,682,493
Options on issue following the Offer	18,791,489
Shares and Options on issue after the Listing Date	170,473,982

6.11 ACCUMULATED LOSSES

The reviewed pro-forma accumulated losses is set out below:

Table 17: Reviewed pro-forma accumulated losses

	Pro Forma Adjustment	Pro Forma \$'000
Audited and reviewed accumulated losses at 30 June 2020		(6,694)
<i>Pro forma transactions:</i>		
Shares issued to advisors	b	(892)
Offer costs expensed	c	(880)
Employee options	e	(1,274)
Director options	f	(250)
<i>Subsequent events:</i>		
Working capital	h	(2,048)
Loans	i	279
Pro forma accumulated losses		(11,759)

6.12 RESERVES

Table 18: Reserves as at 30 June 2020

	Pro Forma Adjustment	Pro Forma \$'000
Reserves at 30 June 2020		-
<i>Pro forma transactions:</i>		
Conversion of Convertible Notes	d	(1,000)
Employee Share Options	e	1,274
Non-Executive Director and Proposed Director Options	f	250
Pro-form acquisition reserve		524



6.13 INVESTIGATING ACCOUNTANTS REPORT



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The Board of Directors
Mighty Kingdom Limited
Game Plus, Level 2
44 Pirie Street
ADELAIDE SA 5000

8 March 2021

**Grant Thornton Corporate
Finance Pty Ltd**
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000

PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000

Dear Directors,

MIGHTY KINGDOM LIMITED – INDEPENDENT LIMITED ASSURANCE REPORT AND FINANCIAL SERVICES GUIDE

Introduction

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") has been engaged by Mighty Kingdom Limited ("Mighty Kingdom", or the "Company") to prepare this report for inclusion in the prospectus to be issued by the Company on or about 10 March 2021 (the "Prospectus") in respect of the initial public offering of fully paid ordinary shares in the Company ("the Public Offer") and admission to the Australian Securities Exchange.

Grant Thornton Corporate Finance holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at **Appendix A**.

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

ABN-59 003 265 987 ACN-003 265 987 AFSL-247140

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Scope of this Report

Grant Thornton Corporate Finance Pty Ltd has been engaged by the Directors to perform a limited assurance engagement in relation to the following statutory historical and pro forma historical financial information of Mighty Kingdom included at Section 6 of the Prospectus.

Statutory Historical Financial Information for Mighty Kingdom

- Audited statutory historical statements of comprehensive income on an aggregated basis for the financial year ended 30 June 2018 (FY18), and on a consolidated basis for the financial years ended 30 June 2019 and 30 June 2020 ("FY19" and "FY20") (Statutory Historical Statement of Comprehensive Income included at Section 6.3);
- Audited statutory historical cash flow statements on an aggregated basis for FY18, and a consolidated basis for FY19 and FY20 (Statutory Historical Cash Flows included at Section 6.4); and
- Audited statutory historical statements of financial position on an aggregated basis as at 30 June 2018, and on a consolidated basis as at 30 June 2019 and 30 June 2020 (Statutory Historical Statement of Financial Position included at Section 6.5).

(together, the "Statutory Historical Financial Information")

Pro Forma Historical Financial Information

- The pro forma historical statement of financial position of the Company as at 30 June 2020 which assumes completion of the transactions outlined in Section 6.6 of the Prospectus as though they had occurred at that date.

The Pro Forma Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to the general purpose financial reports prepared in accordance with the Corporations Act 2001.

As described in Section 6.2 of the Prospectus, the stated basis of preparation is the recognition and measurement principles contained in the Australian Accounting Standards and the Company's adopted accounting policies.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information after adjusting for the effects of the pro forma adjustments described in Section 6.7 of the Prospectus ("the Pro Forma Adjustments"). The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Pro Forma Adjustments as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information and does not represent the Company's actual or prospective financial position.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed at Section 3.4 and 7 of the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks and sensitivities set out in Section 3.4 and 7 of the Prospectus.

Directors' Responsibility

The Directors of the Company are responsible for:

- The preparation and presentation of Statutory Historical Financial Information;
- The preparation and presentation of Pro Forma Historical Financial Information, including the selection and determination of the pro forma adjustments included in the Pro Forma Historical Financial Information; and
- The information contained within the Prospectus.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3420: *"Assurance Engagements to Report on the Compilation of Pro Forma Historical Pro Forma Financial Information"* and ASAE 3450: *"Assurance Engagements involving Corporate Fundraisings and/ or Prospective Historical Pro Forma Financial Information"*.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards, and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit reports used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

- Consideration of work papers, accounting records and other documents;
- Consideration of the appropriateness of the pro forma adjustments described in Section 6.7;
- Enquiry of Directors and management in relation to the Statutory Historical Financial Information and the Pro Forma Historical Financial Information;
- Analytical procedures applied to the Statutory Historical Financial Information and the Pro Forma Historical Financial Information;
- A review of the accounting records and other documents of the Company and its auditors; and
- A review of the consistency of the application of the stated basis of preparation and adopted accounting policies as described in the Prospectus used in the preparation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Conclusion

Statutory Historical Financial Information and Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention which causes us to believe that the Statutory Historical Financial Information and Pro Forma Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation and the pro forma adjustments as described in Section 6.7 of the Prospectus.

Restriction on Use

Without modifying our conclusion, we draw attention to Section 6.2 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, this Independent Limited Assurance Report not be suitable for use for another purpose.

Consent

Grant Thornton Corporate Finance has consented to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

Liability

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



Mitesh Ramji

Partner and Authorised Representative

8 March 2021



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Appendix A (Financial Services Guide)

This Financial Services Guide is dated 8 March 2021.

Grant Thornton Corporate Finance Pty Ltd
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000

PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000

1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987 and Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by Mighty Kingdom Ltd ("Mighty Kingdom" or the "Company") to provide general financial product advice in the form of an Independent Limited Assurance Report (the "Report") in relation to the initial public offering of fully paid ordinary shares in the Company (the "Public Offer") and admission to the Australian Securities Exchange. This report is included in the prospectus dated on 8 March 2021 (the "Prospectus"). You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2 This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

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4 General financial product advice

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

5 Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity which engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant Thornton Corporate Finance will receive from the Company a fee of \$50,000 which is based on commercial rates plus reimbursement of out-of-pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, or its related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd. None of those persons or entities receive non-monetary benefits in respect of, or that is attributable to, the provision of the services described in this FSG.

6 Referrals

Grant Thornton Corporate Finance - including its Partners, Directors, employees, associates and related bodies corporate - does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licenced to provide.

7 Associations with issuers of financial products

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

8 Independence

Grant Thornton Corporate Finance is required to be independent of the Company in order to provide this report. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.



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"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Mighty Kingdom Limited (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Public Offer."

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Public Offer, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Public Offer.

Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

9 Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority (AFCA) (membership no. 11800). All complaints must be in writing and addressed to the Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to AFCA who can be contacted at:

Australian Financial Complaints Authority

GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287
Email: info@afca.org.au

Grant Thornton Corporate Finance is only responsible for the report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

10 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

11 Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

Head of Corporate Finance

Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
Sydney, NSW, 2000





7. RISK FACTORS

Section 7 provides an overview of the key risks associated with an investment in the Company. Some of these risks are specific to Mighty Kingdom, others are risks relevant to all participants in the global games market or to investments in Australian company shares generally.

The description of the risks we provide below is not intended to be exhaustive and prospective investors should take note that an investment in the Company is

speculative and that there is no guarantee of an investment return.

If you are unclear on the potential risks associated with an investment in the Company, or if you are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

7.1 KEY RISKS SPECIFIC TO MIGHTY KINGDOM

Table 19: Overview of key risks specific to Mighty Kingdom

History of operating losses	Mighty Kingdom has a history of operating losses and there is no guarantee that its future activities (including new game releases) will be commercially successful. There is also a risk that Mighty Kingdom's historical investment in game and Original IP development will not be recovered from future earnings. See Section 6 for further details on the Company's financial position and past financial performance.
Access to capital	Game development is a capital-intensive undertaking that requires the Company to expend significant resources to develop a game over a substantial period of time, often before any revenue is recouped. Therefore, Mighty Kingdom's ability to fund such projects, and raise additional capital as and when required, is critical to the Company's success. Mighty Kingdom's ability to raise additional funds may be affected by factors beyond the control of the Company. Any failure to raise sufficient capital at appropriate times could have a material adverse effect on Mighty Kingdom's financial position and prospects.
Project cost overruns and delay	Game development, from idea generation to product release, is a lengthy and complex undertaking that is susceptible to delays and cost overruns. Some of these delays and cost overruns may be outside the control of Mighty Kingdom and may be driven by factors such as changing consumer preferences (necessitating a change to the design of the game), technical issues (requiring the attention of highly skilled technical staff) or partner-related issues (e.g., delays in the release of the partner's media or merchandise underpinning the game). Project cost overruns and delays are likely to have an adverse effect on Mighty Kingdom's cash flow, margins and overall financial performance. Under "work for hire" projects (see Section 5.3(b) for further details), project delays can result in the work for hire contract being terminated. If the work for hire contract is terminated, Mighty Kingdom is no longer entitled to milestone payments under that contract and applicable development costs may not be fully recouped.



	Under third-party licensing and Original IP projects, Mighty Kingdom will carry the cost of development while there is a project delay, as Mighty Kingdom does not typically start to earn any substantial revenue from these projects until the game is released (see Section 5.3 for further details).
Recruitment and retention of talent	In order to effectively operate its business, execute its growth strategy and remain competitive, Mighty Kingdom must identify, recruit and retain suitably qualified and experienced personnel. The departure of skilled technical staff and key management, or the inability to attract new, suitably qualified and experienced employees, may adversely affect Mighty Kingdom's ability to service its existing contracts, produce market leading games and to remain competitive with other top tier developers, preventing Mighty Kingdom from meeting key objectives and achieving the desired growth.
Reliance on third parties	Mighty Kingdom relies on third-party distribution channels (such as the virtual App stores operated by Google, Apple and Amazon) and third-party software vendors (such as Photon for online multi-player systems) to operate its business. Any change to the business policies and practices of these third parties could have an adverse impact on Mighty Kingdom and its overall financial position and prospects. In particular, any changes to App store rules that inhibit Mighty Kingdom's ability to collect user data and carry out targeted advertising (such as the changes to the 'Identifier for Advertisers' iOS system rules proposed by Apple in 2020, which Mighty Kingdom anticipates will be replicated by other platform providers) could have a material adverse impact on Mighty Kingdom and its overall financial position and prospects. This adverse impact could involve lower advertising revenues and/or in-app purchases or downloads and increased user acquisition costs. That said, Mighty Kingdom considers itself well positioned to respond to such changes given its experience with developing games for children, a sector where similar rules are applied. Access to the digital distribution channels and third-party software on which Mighty Kingdom relies may be disrupted by events outside of Mighty Kingdom's control (such as server outages, computer viruses, downtime due to unforeseen maintenance, or interference by hackers). Such disruption could materially adversely affect Mighty Kingdom's ability to distribute its mobile games, resulting in loss of revenue and an overall adverse impact on Mighty Kingdom's cash flow, margins and overall financial performance. Mighty Kingdom cannot guarantee that it will always be permitted to distribute its mobile games through the virtual app stores operated by Apple, Google and Amazon. Any restriction on Mighty Kingdom's ability to distribute its mobile games through those platforms would have a material adverse effect on Mighty Kingdom and its overall financial position and prospects. Mighty Kingdom cannot guarantee that third-party software vendors will continue to make their products available to Mighty Kingdom and its customers, or that such products will be offered at the same price or on the same terms. Any variation to the terms and conditions on which third-party software products are offered, or any withdrawal of those products from the market, or any limitation on their distribution, could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects.



Competition	Mighty Kingdom operates in the highly competitive global interactive games market (see Section 4 for further details), where technological innovation is essential to keep up with changing consumer preferences and the emergence of new or competing products, platforms and technologies. Significant ongoing investment will be required to ensure that Mighty Kingdom has the ongoing capacity to develop high quality, market-leading games, including a commitment of resources across key inputs (infrastructure, design, engineering, and human capital). There is no assurance that Mighty Kingdom will have the necessary resources to maintain and develop its technology to the required standards to keep up with its competitors, or that Mighty Kingdom will have the capacity to identify and respond to market changes (including changing consumer preferences) within the required time. If Mighty Kingdom is not able to adapt in a timely manner to the evolving games market, then it is possible that its new games will not return the revenues expected or intended, and that not all development expenditure on each game will be recovered. This could have a material adverse impact on Mighty Kingdom's overall financial position and prospects.
Growth strategy	Execution of Mighty Kingdom's growth strategy will require progressive growth in the scope of Mighty Kingdom's operations (both in terms of people and project size) and increased focus on the development of Original IP (see Section 5.8 for further details). Such growth may place a burden on Mighty Kingdom's management, operations, financial resources and infrastructure. Mighty Kingdom's future success depends heavily on the ability of management to successfully manage such challenges and on the Company's ability to raise additional capital where required. Exceeding its current capacity could hinder Mighty Kingdom's ability to execute current projects, to compete for new work or undertake Original IP development which may, in turn, adversely impact the Company's productive capacity and financial performance. There is no guarantee that Mighty Kingdom will successfully execute its growth strategy as outlined in this Prospectus, or that the revenues generated from the execution of the growth strategy will be sufficient to meet Mighty Kingdom's expenses. Further, there is no guarantee that Mighty Kingdom's investment in this growth strategy will be recovered.
Protection of Intellectual Property Rights	While Mighty Kingdom takes all reasonable steps to protect its Intellectual Property Rights, Mighty Kingdom cannot guarantee that all Intellectual Property Rights are adequately or completely protected from misuse or infringement, or that Mighty Kingdom's ownership or exercise of those rights will be uncontested. If Mighty Kingdom was required to take legal action to protect any of its Intellectual Property Rights, or to defend a third-party IP infringement claim against it, then this could have a material adverse impact on Mighty Kingdom's reputation, cash flow and overall financial performance, given the potentially substantial costs involved in pursuing such legal action and the impact on productivity this could have due to the diversion of resources and management attention.
Material contracts	Mighty Kingdom's core development, licensing and publishing contracts tend to include indemnification provisions under which Mighty Kingdom agrees to indemnify the counterparty for losses suffered or incurred as a result of a various actions or claims including, without limitation, claims relating to IP infringement or violation by Mighty Kingdom of any third-party rights (see Section 10.5(c) for further details). Several of these agreements do not include any "cap" on Mighty Kingdom's liability. If Mighty Kingdom were required to meet a claim under any of these contracts then this could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects.
Bugs and errors	Although Mighty Kingdom takes all reasonable steps to ensure that its games are free of bugs and errors, Mighty Kingdom cannot guarantee that all bugs and errors will be detected or be corrected once detected. The presence of a bug or error in a game could negatively impact the Mighty Kingdom brand and reputation, potentially resulting in a loss of revenue and a general deterioration in Mighty Kingdom's financial position and prospects.

Security breach	A security breach involving Mighty Kingdom's technology systems could cause significant disruption to Mighty Kingdom's operations or damage Mighty Kingdom's reputation, and have a material adverse effect on Mighty Kingdom's cash flow, margins and overall financial performance. Unauthorised copying of Mighty Kingdom's games could have an adverse effect on Mighty Kingdom's ability to generate revenues and maintain its reputation. Although Mighty Kingdom has protections in place to mitigate security breaches and to protect data, these safeguards might not be successful, and complete protection from unauthorised copying of Mighty Kingdom's games (software piracy) and associated risks, or from the loss, theft or corruption of data, cannot be guaranteed.
Insurance	Although the Company maintains insurance that it considers adequate, all material risks relevant or applicable to the Company and its business may not be covered, as the relevant insurance may not be available or may only be available on unfavourable terms. In addition, there is no assurance that the Company's insurance will be available in the future on reasonable terms or will provide adequate coverage against claims made. If the Company incurs uninsured losses or liabilities, this may have a material adverse impact on the financial position of the Company.
Foreign exchange movements	A significant proportion of Mighty Kingdom's receivables are denominated in US dollars, while it has substantial payment obligations in Australian dollars. This means that Mighty Kingdom is exposed to foreign exchange rate risk, primarily as against the US dollar. Adverse exchange rate movements could have a material adverse effect on Mighty Kingdom's cash flow, margins and overall financial performance. Mighty Kingdom will continue to monitor this risk, and implement measures where appropriate to mitigate this risk, however, the Company cannot guarantee this risk will be managed effectively as anticipated by Mighty Kingdom.
Acquisitions	Mighty Kingdom may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to Mighty Kingdom's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as the risks associated with integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff. Failure to effectively manage these risks could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects.
ATO tax debt	Mighty Kingdom has negotiated a payment plan with the ATO for the repayment of outstanding tax debt (see Section 10.6(b) for further details). If Mighty Kingdom misses a payment under this payment plan or fails to meet any of its other tax obligations, then the payment plan terminates and Mighty Kingdom could be required to pay the outstanding tax debt in full, together with any accrued general interest charges, immediately on demand. This could have a material adverse effect on Mighty Kingdom's cash flow and financial position.
Litigation	While the Company is not aware of any material pending claims against Mighty Kingdom there is always a risk that disputes may arise in future that could result in a material claim being made against Mighty Kingdom causing reputational harm and, potentially, loss of future revenue. Any litigation or dispute could be expensive to defend and/or resolve and could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects.
Grant funding and assistance	Mighty Kingdom has been the recipient of numerous Government and industry grants and assistance (including R&D tax incentives and JobKeeper payments), some which required Mighty Kingdom to have met certain criteria to receive the funds.



	If such criteria were found subsequently to not have been met, or if the Government or grant body adopts a different approach to interpreting the grant or assistance criteria, the Government or applicable grant body may have the power to require repayment of all or part of such grant funding or assistance. If Mighty Kingdom was required to repay all or part of any grant or assistance funding, this could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects. As at the Prospectus Date, Mighty Kingdom is not aware of any material non-compliance with the terms of any Government or industry grant or assistance.
Reputational risk	Mighty Kingdom relies on its reputation as a leading independent studio in the interactive games market to create future revenue-generating opportunities, develop partnerships for future projects and to attract and retain talent. Negative publicity (whether true or untrue) and other factors beyond the reasonable control of Mighty Kingdom (such as the conduct of other industry participants) may cause reputational harm to Mighty Kingdom. Any deterioration in Mighty Kingdom's reputation could have a material adverse effect on Mighty Kingdom's overall financial position and prospects.

7.2 KEY GAMES MARKET RISKS

Table 20: Overview of key games market risks

Market risk	As Mighty Kingdom's operations are concentrated in the global games market, Mighty Kingdom is susceptible to risks affecting that market generally. Any deterioration in global games market conditions, including a decline in gamer numbers globally or regionally, could have a material adverse impact on Mighty Kingdom's cash flow, margins and overall financial performance. As a relatively small company in global terms, Mighty Kingdom has very limited capacity to influence such trends and global games market conditions are generally beyond the control of Mighty Kingdom and its management. Furthermore, although the global market has experienced significant growth over the past decade, there is no guarantee that this trend will continue globally, or in the regions in which Mighty Kingdom operates and distributes games.
Change to regulatory environment	Interactive games developers and publishers are subject to a number of consumer protection and data privacy and other laws and regulations in the countries in which they distribute games, including particularly games targeted at minors. Any changes to these laws and regulations in jurisdictions in which Mighty Kingdom operates or distributes products, or any change in their interpretation or application, or any breach of these laws and regulations by Mighty Kingdom, could have a material adverse effect on Mighty Kingdom and its overall financial position and prospects due to resulting fines and/or penalties, increased compliance costs and/or limitations on Mighty Kingdom's ability to carry out its operations in the manner previously conducted.
COVID-19 impact	Although the COVID-19 pandemic has generally had a positive impact on the global games market (see Section 4.2 for further details), there is a risk that this trend may reverse in the case of a prolonged global economic downturn, where consumers seek to limit discretionary spending on items such as games and other forms of entertainment. Economic conditions that generally discourage discretionary spending, including those related to the COVID-19 pandemic, could have a material adverse impact on Mighty Kingdom and its overall financial position and prospects.

7.3 GENERAL RISKS

Table 21: Overview of general risks

Price of Shares	The price of Shares may fluctuate due to various factors that affect the Company's financial performance, including some factors beyond the control of the Company (such as global economic conditions). These fluctuations can be significant. There is no guarantee that the Shares will always trade at a price above the Offer Price or that you will be able to sell your Shares for a price that is more than Offer Price.
Liquidity	There is no guarantee that there will be an active market for trading in the Shares once the Company is listed and the Shares are quoted on the ASX, and it is possible that there may be relatively few parties interested in buying or selling Shares at any one time. Further, as outlined in Section 8.3(d), certain Shareholders will be required to enter into escrow arrangements in relation to Securities retained by them after the Listing Date. While these escrow arrangements remain in place, trading in the Shares may be less liquid and the ability of Shareholders to dispose of their Shares may be impacted.
Shareholder dilution	The Company may in future raise additional capital through the issue of Shares, which could cause a Shareholder's holding in the Company to be diluted.
Dividends	The Board will determine from time to time, based on the Company's current financial position and capital and expenditure requirements and other relevant factors, whether to declare or pay a dividend. There is no guarantee that the Board will at any time declare or pay a dividend. See Section 8.4(b)(9) for further details.
Changes to tax laws	The tax laws applicable to Mighty Kingdom and its operations are subject to change in the future. Any changes to the current rate of company income tax may impact Shareholder returns or the availability of franking credits. Changes to R&D tax incentive rules, including in relation to eligibility requirements or refund levels, could adversely affect the Company's cash flow.
Accounting Standards	The Australian Accounting Standards (AAS) are set by the AASB, which is independent of the Company and its Directors. Any changes to the AAS or to the interpretation of those standards may have a material impact on the reported financial performance and position of the Company.
Force majeure events	Events may occur that could impact upon the global or Australian economy, the operations of the Company and the price of Shares. Such events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, pandemic or other natural or man-made events or occurrences that could have a material adverse effect on the Company's business and operations. The Company cannot and does not insure against all of these risks.

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8

KEY PEOPLE,
INTERESTS
AND BENEFITS

8.1 KEY PEOPLE

(a) Board of Directors

(1) Current Directors

Our Board comprises directors with deep experience in the interactive games and entertainment industry, as well as experience in leadership roles across the global technology sector.

Michelle Guthrie

Chair - Independent Non-Executive Director

Michelle has held senior management roles at leading media and technology companies in Australia, the UK and Asia, including BSkyB, Star TV, and Google. She is also a director of Catapult Group International Ltd (ASX:CAT). She has extensive experience and expertise in management, digital media, and the global technology sector. Michelle was the MD of the ABC where she led the transformation of the organisation. Michelle holds a Bachelor of Arts and Law (Honours) from the University of Sydney.

Philip Mayes

CEO – Managing Director

With more than 15 years' experience, Philip has worked on games for many large international brands, including Hellboy, Spyro, Star Wars, LEGO® and Disney. Philip founded Mighty Kingdom in 2011 initially as an app developer but made the decision to focus exclusively on games in 2013. Since then, he has grown the company from 5 to 80, making Mighty Kingdom the largest independent developer in Australia. He is an advocate for the return of large-scale console game development to Australia and has worked to develop the ecosystem required to support it when it does.

Tony Lawrence

COO – Executive Director

With more than 20 years of senior leadership experience in creative industries, Tony is the Chief Operating Officer of Mighty Kingdom, Australia's largest independent game developer. Tony was previously the General Manager of 2K Australia and worked with his team on Borderlands the Pre-Sequel, BioShock Infinite, BioShock 2, and The Bureau: XCOM Declassified. Tony is a board member the Interactive Games and Entertainment Association, Australia's game industry member organisation, and a previous President of the Game Developers Association of Australia. Tony holds an MBA (Executive) from the University of New South Wales and the University of Sydney (AGSM), and a BA, Television and Sound Production from Charles Sturt University.

Megan Brownlow

Independent Non-Executive Director

Megan is a former Partner with PwC Australia and led the national industry practice for Technology, Media and Telecommunications (TMT) until April 2019. She is a Non-Executive Director, board / senior management strategy facilitator and public speaker. Megan is Deputy Chair of Screen Australia and the Media Federation of Australia and Chair of the Industry Advisory Board for the School of Communications, University of Technology, Sydney (UTS). From 2018 to 2020 Megan chaired the advisory board for the Australian Communications and Media Authority's Regional and Small Publisher Innovation Fund.

(2) Proposed Director

It is proposed that Gabriele Famous will be invited to join the Board after the Listing Date, upon completion of any good fame and character checks required by ASX and the Company's Board Member Induction Policy and Board Charter.

As at the Prospectus Date, Gabriele has not formally been appointed as a Director.

Gabriele Famous

Proposed Independent

Non-Executive Director

Gabriele is a technology executive and insightful board member with 20 years of senior leadership experience in Australia, UK and US at global technology leaders including Oracle Aconex, Salesforce, Trustpilot and Zendesk. She has significant expertise in enterprise go-to-market acceleration, digital transformation, and mergers and acquisitions. She has been an active speaker in the technology community discussing growth, data trends, and the impacts to customer engagement. Gabriele holds a Bachelor of Economics degree from the University of Arizona and a Master's of Science in Management from the Graduate School of Business at Stanford.

(b) Senior Management

Mighty Kingdom's growing team of experienced game and media development professionals are led by the Senior Managers named below.

Ella Macintyre

Chief Product Officer

Ella has over 10 years entertainment industry and IP management experience, ranging from television and films to video games. As one of Mighty Kingdom's first employees, she has driven development across multiple genres and platforms and shipped more than 10 titles in 6 years.

As a member of the executive team, she oversees new product development and steers the company's product vision.

Jess Paulin

Chief Marketing Officer

Jess started her career in 2008 in Germany within the browser game Free-To-Play industry as a user acquisition specialist before joining the Australian mobile game industry in 2012.

In Australia, she led the marketing strategy for successful products within independent studios and big corporations including EA Firemonkeys, Hipster Whale and Surprise Attack.

She also worked as the AU/NZ Business Manager for the Apple App Store, advocating for Australian and New Zealand developers within the company to secure worldwide exposure for their products.

Mark Thorley

Head of Studios

Mark has more than 20 years of experience as a senior manager in screen industries, in both private and public sectors. His roles include Executive in Charge of Industrial Light and Magic (ILM) Singapore, COO of Technicolor's Mill Film VFX studios, and Head of Production for Animal Logic. His public sector roles include the COO of the South Australian Film Corporation and Head of Development and Production with Screen Queensland. His depth of operational experience in scaling global studios puts him in good stead to help scale Mighty Kingdom to its next level.

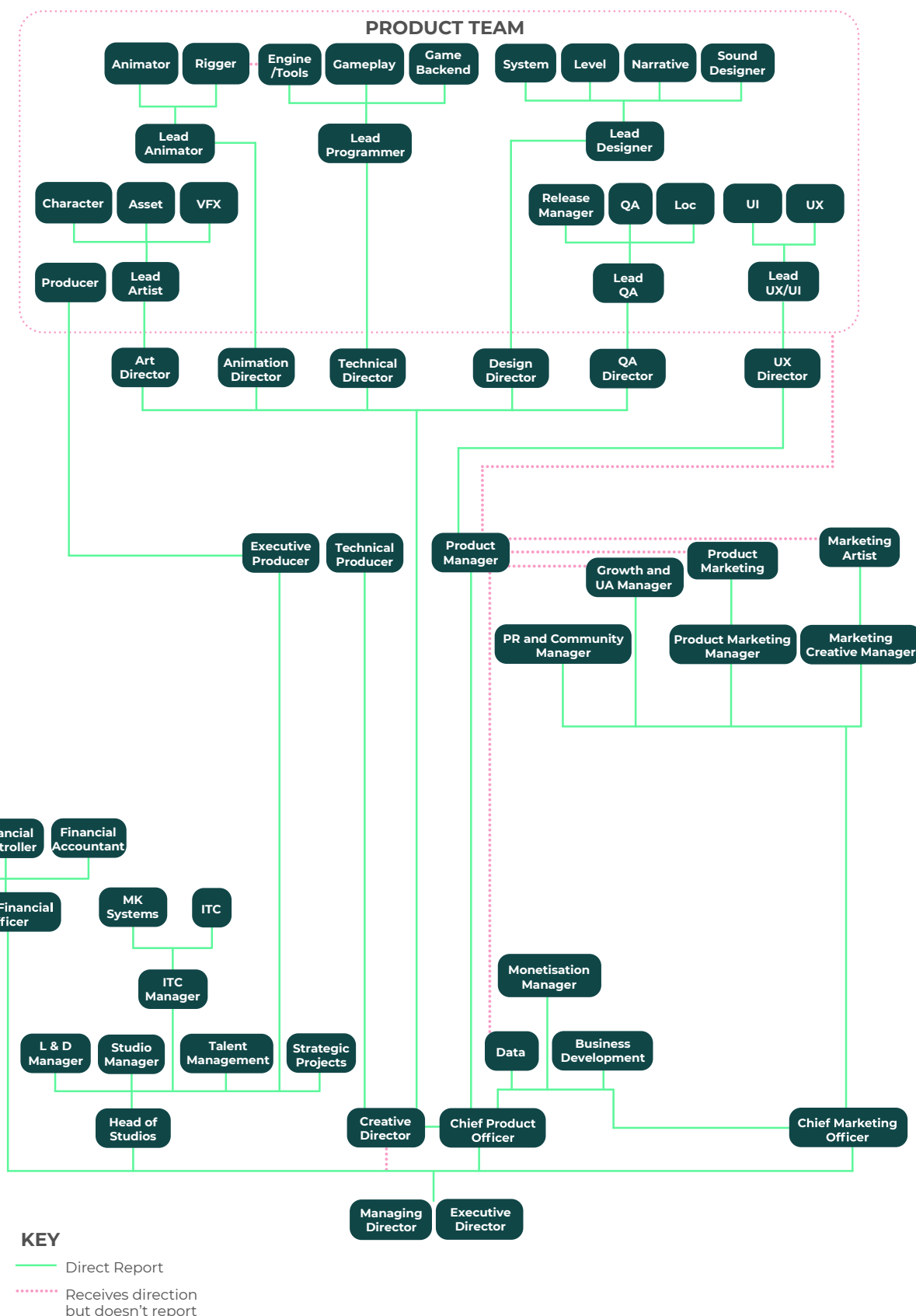
Kim Forrest

Creative Director

Kim has 16 years of experience as a creative leader in the games industry. He has been a driving force behind successful products for companies including Microsoft, Lucas Arts, LEGO and Warner Brothers. Kim directs the creative vision of the studio to align the innovation and creativity of our developers with our business goals. Kim's core objective is to inspire and steer our teams to ensure that our games are the best in the world.

(c) Organisation structure

Table 22: Mighty Kingdom organisation structure



8.2 INTERESTS AND BENEFITS

This Section 8.2 describes the nature and extent of the interests and benefits of persons involved in the Offer.

Other than as identified below and in the remainder of this Prospectus, no Director or Proposed Director, promoter of the Company, person named in this Prospectus as performing a function in a professional, adviser or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which such person is a partner or employed, holds or has held at any time during the last two years, any interest in the Offer, in the formation or promotion

of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer.

(a) Interest of advisers

The Company engaged professional advisers in connection with the Offer as detailed in the table below.

Set out below are the amounts that anyone has paid or agreed to pay, and the nature and value of any benefit anyone has given or agreed to give, to any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this Prospectus, or a promoter of the Company.

Table 23: Summary of adviser benefits

Advisor Role	Advisor Name	Fees/Benefits
Lead Manager	CCZ Statton Equities Pty Ltd	- The Company has paid, or has agreed to pay, to the Lead Manager, a distribution fee equivalent to 1% of the gross proceeds of capital raised prior to the Offer by the issue of the Convertible Notes in December 2020 (\$40,000 plus GST). - In addition, the Company is obliged to pay the Lead Manager a management fee of 5% of the total gross proceeds received by the Company from the Offer (indicatively, \$900,000 plus GST). - Shares equal to 1% of the total issued capital of the Company immediately after the issue of the New Shares (indicatively, 1,487,083 Shares).
Corporate Adviser	Adelaide Equity Partners Ltd	- Shares equal to 1% of the total issued capital of the Company immediately after the issue of New Shares (indicatively, 1,487,083 Shares, which may be held through on or more nominees). - The Company has also paid or agreed to pay the Corporate Adviser \$520,000 (comprising a monthly retainer of \$20,000 per month and a success fee of up to \$380,000 (plus GST)) for corporate advisory services provided up to the Prospectus Date.
Legal Adviser	Motus Legal Pty Ltd	- The Company has paid, or has agreed to pay, to the Legal Adviser, a fee of \$75,000 (excluding GST and disbursements) for professional services in relation to the Offer provided up to the Prospectus Date. - A \$75,000 (excluding GST) fee is also payable conditional upon listing, after the Listing Date. - Further amounts may be paid for engagements subsequent to the Prospectus Date as agreed separately.
Investigating Accountant	Grant Thornton Corporate Finance Pty Limited	- The Company has paid, or has agreed to pay, to the Investigating Accountant a fee of \$50,000 (excluding GST and disbursements) for professional services provided up to the Prospectus Date. - Further amounts may be paid for engagements subsequent to the Prospectus Date as agreed separately.

Auditor	Grant Thornton Australia Limited	- The Company has paid, or has agreed to pay, to the Auditor a fee of \$50,000 (excluding GST and disbursements) for professional services provided up to the Prospectus Date. - Further amounts may be paid for engagements subsequent to the Prospectus Date as agreed separately.
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The fees specified above, and other expenses incurred in connection with the Offer, will be paid out of funds raised through the Offer or available cash (unless otherwise indicated). Further information on the use of proceeds of the Offer is set out in Section 9.6.

(b) Interests of Directors

(1) Directors disclosure of interests

Each Director has undertaken to disclose any conflict of interest (or potential conflict of interest) on appointment and as such conflicts (or potential conflicts) arise.

From time to time, at the request, and with the approval, of the Board, Directors may provide consulting services to Mighty Kingdom over and above their normal duties as Directors.

(2) Non-Executive Director appointment letters

The Company has issued to each Non-Executive Director and the Proposed Director an appointment letter setting out the terms of their appointment as a Director, and each Non-Executive Director and the Proposed Director has accepted those terms of appointment.

The Proposed Director's appointment as a Director is conditional on the completion of any good fame and character checks required by ASX and the Company's Board Member Induction Policy and Board Charter.

A Director (including any Non-Executive Director) will cease to be a Director if they resign, are not re-elected at an annual general meeting (where applicable), or if they are removed as a Director in accordance with the Constitution or applicable law. For further information on Director appointment and rotation, see Section 9.15.

(3) Remuneration of Non-Executive Directors

Under the Constitution, the Company must pay the Directors remuneration for carrying out the duties and responsibilities of a director. The remuneration of Non-Executive Directors must be a fixed sum for each Non-Executive Director. Non-Executive Directors are not paid an additional fee for being a member of a Board Committee, however they are entitled to be reimbursed for travelling and other expenses properly incurred in the course of performing their duties as a director. The Constitution also allows the Company to make payments to retiring Directors where permitted by applicable law.

It is expected that the fees payable to Non-Executive Directors in the first year following the Listing Date will be approximately \$245,000 in aggregate, comprising annual directors' fees as follows:

Table 24: Non-Executive Directors' annual directors' fees

Name	Role	Fee
Michelle Guthrie	Chair	\$125,000
Megan Brownlow	Non-Executive Director	\$60,000
Gabriele Famous	Proposed Non-Executive Director	\$60,000 ¹ ¹ Fee payable on and from Gabriele's appointment as a Director.

Non-Executive Director remuneration is reviewed annually at the discretion of the Board but will not exceed (in aggregate) the amount set by a resolution of Shareholders. As at the Listing Date, this amount has been fixed at \$600,000 per annum.

Each Non-Executive Director and the Proposed Director has also been granted the number of Options specified next to their name in the table below, by way of an initial equity-based sign-on incentive. Each Option issued to Non-Executive Directors entitles the holder to one ordinary share in the Company on exercise and is exercisable within 3 years of the grant date at an exercise price per Option equivalent to the Offer Price.

Table 25: Non-Executive Directors' Options

Name	Options	Grant Date
Michelle Guthrie	649,252	16 December 2020
Megan Brownlow	486,939	3 March 2020
Gabriele Famous	486,939	10 March 2021 ¹ <i>¹These Options have been issued conditional on Gabriele's appointment as a Director.</i>

(4) Remuneration of Executive Directors

The remuneration of executive Directors is decided by the Board, without the affected executive Director participating in that decision-making process. The details of the current executive Directors' remuneration arrangements are outlined below.

The Company may also consider adopting, after the Listing Date, other incentive schemes for executives and/or Directors subject to obtaining the relevant Shareholder approvals.

(A) Philip Mayes

Phil has entered into an employment agreement with the Company under which he is engaged as the Chief Executive Officer. The notice period under Phil's employment contract is four weeks' written notice but there are also provisions that allows Phil's employment to be

terminated without notice for serious misconduct. Phil is subject to a post-employment restraint of trade for a period of 12 months, the enforceability of which is subject to the usual legal limitations.

Phil's remuneration is comprised of an annual salary of \$250,000 (exclusive of superannuation). Phil is also eligible to participate in the Company's Employee Share Option Plan, although he does not currently hold any Employee Share Options.

(B) Anthony Lawrence

Tony has entered into an employment agreement with the Company under which he is engaged as the Chief Operating Officer. The notice period under Tony's employment contract is four weeks' written notice but there are also provisions that allows Tony's employment to be terminated without notice for serious misconduct. Tony is subject to a post-employment restraint of trade for a period of 12 months, the enforceability of which is subject to the usual legal limitations.

Tony's remuneration is comprised of an annual salary of \$250,000 (exclusive of superannuation). Tony is also entitled to participate in the Company's Employee Share Option Plan, and has been granted Employee Share Options, as detailed in Section 8.2(c). The key features of the Employee Share Option Plan Rules are described in Section 8.2(c) (1).

(c) Employee Share Option Plan

In 2020, the Company adopted an Employee Share Option Plan that allows for the grant of Employee Share Options to any employee, contractor or Director of a Group Company selected by the Board ("Eligible Persons").



The objectives of the Employee Share Option Plan are to:

- encourage improvement in the performance of the Company's return to Shareholders; and
- retain and attract skilled and experienced employees and providing them with the motivation to make Mighty Kingdom more successful.

The Employee Share Option Plan has also been designed to be tax effective for Eligible Persons that participate.

Each Employee Share Option entitles the holder to one Share on exercise of the Employee Share Option. Shares issued following an exercise of Employee Share Options ("**Option Shares**") rank equally with other Shares, and holders of Option Shares are entitled to the same rights as other Shareholders, as specified in the Constitution (see Section 9.15 for further details).

An Employee Share Option does not, in itself, confer on an Eligible Person or the holder:

- any voting rights in respect of Shares or other equity securities of the Company;
- the right to participate in new issue of Shares or other equity securities of the Company;
- the right to attend or vote at any general meeting or other meeting of holders of any Shares or other equity securities of the Company;
- the right to receive dividends or other distributions or to receive or otherwise participate in any returns of capital from the Company; or
- the right to participate in the liquidation or winding up of the Company.

(1) Employee Share Option Plan Rules

The key features of the Employee Share Option Plan Rules are described in the table below.

Table 26: Key features of Employee Share Option Plan

Feature	Description
Vesting	The Employee Share Option Plan adopted by Mighty Kingdom operates so that Employee Share Options only "vest" (i.e., become exercisable and convertible into Shares) upon satisfaction of the vesting conditions set out in the invitation issued by the Company to Eligible Persons ("Invitation"). In general, vesting conditions are time-based, meaning that the Employee Share Options issued to an Eligible Person will only vest if the Eligible Person remains an employee, contractor or officer of Mighty Kingdom for the period specified in the relevant Invitation (the "Vesting Period"). However, the Employee Share Option Plan Rules also provide for "accelerated vesting" upon the occurrence of any of the following events (each, an "Exit Event"): • the Company undertaking an IPO; • the sale to a third-party purchaser of all (or substantially all) of the assets and business undertaking of the Mighty Kingdom (including by way of a sale of shares of the Company's directly or indirectly owned subsidiaries; and • the sale by Shareholders (in one transaction or a series of connected transactions) to a third-party purchaser of all of the issued Shares ("Share Sale"). Under "accelerated vesting", all unvested Employee Share Options granted at least one year prior to the Exit Event will automatically vest immediately prior to completion of the Exit Event. The Board also has discretion to determine that unvested Employee Share Options granted less than one year prior to the Exit Event will also vest immediately prior to completion of the Exit Event.

Feature	Description
Exercise period	Once an Employee Share Option has vested, it must be exercised prior to the expiry date specified in the relevant Invitation.
Exercise price	The Employee Share Option must be exercised at the exercise price specified in the relevant Invitation.
Restrictions on Disposal	All Employee Share Options (and Option Shares) are subject to a minimum holding period ("Lock Up Period"), during which they must not be sold or transferred except under an arrangement which meets the requirements in sections 83A-130 of the Tax Act. The Lock Up Period commences on the date on which the Employee Share Options are granted, and continues until the earlier of the date: • which is three years after the date on which the Options are granted; or • on which the relevant Eligible Person ceases employment or engagement. In addition, the Employee Share Option Plan Rules provide that, unless otherwise consented to by the Board in writing, if an Eligible Person or their nominee holds an Option Share as the Listing Date, that Eligible Person (or their nominee) must not Dispose of any legal or beneficial interest in that Option Share until on or after the earlier of: • the date that is 180 days following the Listing Date; or • the expiration of any underwriter-imposed lock-up in connection with the listing (not applicable in the case of this Offer, which is not underwritten). In all other cases, Employee Share Options and Option Share must not be transferred except: • in connection with an Exit Event; • with the prior written consent of the Board; or • by way of a Permitted Disposal (provided that Permitted Disposal occurs outside of the applicable Lock-Up Period).
Treatment of Employee Share Options for leavers	Consistent with the Employee Share Option Plan's objective of attracting and retaining skilled and experienced employees, the Employee Share Option Plan Rules draw a distinction between Good Leavers and Bad Leavers. If an Eligible Person is a Good Leaver, the Board may, in its absolute discretion: • determine that unvested Employee Share Options have vested, despite any vesting conditions applicable to those unvested Employee Share Options; • determine that some or all of unvested Employee Share Options have lapsed; • give notice to the Eligible Person requiring them to sell some of their Employee Share Options to any person nominated by the Board, for Fair Market Value; • allow the Eligible Person (or their nominee) to retain some or all of their unvested Employee Share Options; or • give notice to the Eligible Person giving them 30 days in which to exercise some or all of the Employee Share Options held by that Eligible Person (or their nominee) (failing which exercise, the Employee Share Options will automatically lapse), or any combination of the above. If an Eligible Person is a Bad Leaver all Employee Share Options held by that Eligible Person (or their nominee) will automatically lapse on the date the Eligible Person becomes a Bad Leaver, unless otherwise determined by the Board. If the Board determines that some or all Employee Share Options will not automatically lapse upon the date the Eligible Person becomes a Bad Leaver then the Board may, in its absolute discretion: • give notice to the Eligible Person that one or more of the actions that may be taken with respect to a Good Leaver under the Employee Share Option Plan Rules will be applied to the Eligible Person; and/or • serve notice in writing on the Eligible Person requiring the Eligible Person to sell some or all of their Employee Share Options to any person nominated by the Board at 50% of Fair Market Value (with such Fair Market Value to be determined as at the date that the Eligible Person becomes a Bad Leaver).



Feature	Description
Treatment of Option Shares for leavers	If an Eligible Person becomes a Good Leaver or a Bad Leaver, the Board may buy-back any Option Shares held by that Eligible Person (if permitted to do so under Part 2J.1 of the Corporations Act) for: • 50% of Fair Market Value, if the Eligible Person is a Bad Leaver; or • 100% of Fair Market Value, if the Eligible Person is a Good Leaver. In addition, to the extent permitted by law, from the date an Eligible Person is a Bad Leaver, the rights of that Eligible Person (or their nominee) as holder of Option Shares (including dividend and distribution rights and rights to attend and vote at general meetings and to receive information and documents) are suspended until the Option Shares have been bought back by the Company or the Board notifies the Eligible Person that it does not intend to exercise its buy-back rights.
Treatment of Employee Share Options on Exit Event	Ordinarily, on or prior to an Exit Event, the Board must either: • cancel all or some of the Employee Share Options and pay to the relevant Eligible Person, with respect to each cancelled Employee Share Option, the amount per Share that will be paid under the Exit Event less the Eligible Person's proportionate share of transaction costs and the value of the exercise price that would have otherwise been payable with respect to the cancelled Employee Share Options; and/or • make appropriate arrangements to ensure that all vested Employee Share Options are able to exercised on or prior to the Exit Date. However, in contemplation of the Company's IPO, the above rule has been disapplied with respect to all Employee Share Options on issue as at the Prospectus Date.
Treatment of Option Shares on Exit Event	The Board can require an Eligible Person (or their nominee) to sell all of their Option Shares to a third-party buyer in connection with a Share Sale or IPO, if requested to do so by a majority of Shareholders. Again, in contemplation of the Company's IPO, this rule has been disapplied with respect to all Employee Share Options on issue as at the Prospectus Date.
Amendments	The Board may amend the terms of the Employee Share Option Plan Rules, without the consent of participants, provided that (subject to limited exceptions) the amendments do not reduce the rights of holders of Employee Share Options.

(2) Employee Share Options on issue

The table below details the Employee Share Options on issue as at the Prospectus Date. The Company has lodged an application for a conditional waiver from ASX with respect to the requirements of condition 12 of Listing Rule 1.1 to allow the Employee Share Options to remain on issue after the Listing Date, notwithstanding that their exercise price is less than \$0.20 per Option (see Section 10.9 for further details).

Table 27: Employee Share Options on issue as at the Prospectus Date

Holder	Employee Share Options	Vesting Conditions	Exercise Price	Expiry Date
Anthony Michael Lawrence	8,019,359	Employee Share Options will vest automatically on the Listing Date	\$0.15 per Employee Share Option	20 November 2025
Ella Rosemary MacIntyre	2,234,750	Employee Share Options will vest automatically on the Listing Date	\$0.15 per Employee Share Option	20 November 2025
Kim Bernard Forrest as trustee of the KB PH Forrest Trust	2,234,750	Employee Share Options will vest automatically on the Listing Date	\$0.15 per Employee Share Option	20 November 2025

(d) Deeds of access, indemnity and insurance

The Company has entered into deeds of access, indemnity and insurance with each Director and the Proposed Director in the customary form, as permitted by the Constitution and in accordance with applicable law.

The Company will pay premiums associated with D&O Insurance obtained by the Company in relation to any liability incurred by a Director, Company Secretary or other officer of the Company in their capacity as an officer of the Company.

8.3 CAPITAL STRUCTURE

(a) Overview

The anticipated capital structure of the Company as at the Listing Date is summarised in the table below.

This table has been prepared on the basis that the Seed Preference Shares on issue as at the Prospectus Date have converted to Shares. The Seed Preference Share will convert to Shares immediately prior to the issue of New Shares to investors under this Prospectus in accordance with their terms of issue.

Table 28: Anticipated capital structure as at Listing Date

Share Price	\$0.30
Shares	151,682,493
Options	18,791,489
Market capitalisation following the Offer (undiluted and based on the Offer Price)	\$45,504,748
Market capitalisation following the Offer (fully diluted and based on the Offer Price)	\$51,142,194

(b) Directors' holdings

Although Directors are not required to hold Shares under the Constitution, it is expected that the following Directors and the Proposed Director will hold the following number of Securities (either personally or through an associated entity) on the Listing Date. We anticipate that these Securities will be subject to escrow arrangements as described in Section 8.3(d).

Table 29: Summary of Director and Proposed Director holdings as at the Listing Date

	Shares	Options	% of fully diluted share capital
Philip Mayes ¹	52,500,000	-	30.80%
Anthony Lawrence	-	8,019,359	4.70%
Michelle Guthrie	-	649,252	0.38%
Megan Brownlow	-	486,939	0.29%
Gabriele Famous ²	-	486,939	0.29%

¹ Philip Mayes' Shares are held through the Mayes Lee Family Trust.

² These Options have been issued conditional on Gabriele's appointment as a Director.

(c) Substantial Shareholders

(1) Holdings as at the Prospectus Date

Those Shareholders holding 5% or more of the Shares on issue as at the Prospectus Date, are named in the tables below.

Table 30: Substantial Shareholders as at the Prospectus Date

Shareholder	Shares	Options	% of fully diluted share capital
Mayes Lee Family Trust	52,500,000	-	72.87%
Alium Alpha Fund	14,333,331 ¹	3,418,100	19.90%
Harris-Liang Family Trust	5,208,328 ²	1,261,400	7.23%

¹As at the Prospectus Date, the Alium Alpha Fund holds 2,053,030 Seed Preference Shares that will convert into 14,333,331 Shares immediately prior to the issue of New Shares to investors under this Prospectus.

²As at the Prospectus Date, the Harris-Liang Family Trust holds 757,575 Seed Preference Shares that will convert into 5,208,328 Shares immediately prior to the issue of New Shares to investors under this Prospectus.

(2) Substantial Shareholder Options

The Options identified in the table in Section 8.3(c)(1) above issued to the Alium Alpha Fund and Harris-Liang Family Trust, respectively ("**Shareholder Options**") were issued on substantially the same commercial terms as the Employee Share Options, as outlined in the table below. The Company has lodged an application for a conditional waiver from ASX with respect to the requirements of condition 12 of Listing Rule 1.1 to allow the Share Holder Options to remain on issue after the Listing Date, notwithstanding that their exercise price is less than \$0.20 per Option (see Section 10.9 for further details).

See Section 10.9 for further details.

Table 31: Shareholder Option terms

Key Term	Description
Rights attaching to Shareholder Options	Each Shareholder Option entitles the holder to one Share on exercise of the Shareholder Option. Shares issued following an exercise of a Shareholder Options ("Shareholder Option Shares") rank equally with other Shares, and holders of Shareholder Option Shares are entitled to the same rights as other Shareholders, as specified in the Constitution (as to which see Section 9.15). A Shareholder Option does not, in itself, confer on the holder: • any voting rights in respect of Shares or other equity securities of the Company; • the right to participate in new issue of Shares or other equity securities of the Company; • the right to attend or vote at any general meeting or other meeting of holders of any Shares or other equity securities of the Company; • the right to receive dividends or other distributions or to receive or otherwise participate in any returns of capital from the Company; or • the right to participate in the liquidation or winding up of the Company.
Exercise	A Shareholder Option may be exercised at any time between the Listing Date and the date falling 5 years from the applicable grant date at an exercise price of \$0.15 per Option.
Restrictions on Disposal	All Shareholder Option Shares are subject to a minimum holding period of three years. Shareholder Options may not be transferred except with the prior written consent of the Board.
Vesting	There are no vesting conditions applicable to Shareholder Options.

(3) Holdings as at the Listing Date

Those Shareholders holding 5% or more of the Shares on issue as at the Listing Date are named in the table below.

Table 32: Substantial Shareholders as at the Listing Date¹

Shareholder	Shares	Options	% of undiluted share capital
Mayes Lee Family Trust	52,500,000	-	34.61%
Alium Alpha Fund	14,333,331	3,418,100	9.45%

¹ Subject to change. The Company will announce to the ASX details of its top-20 Shareholders as at the Listing Date, prior to the Shares commencing trading on the ASX.

(d) Escrow arrangements

As at the Prospectus Date, we anticipate that the Securities identified in the table below will be classified by ASX as restricted securities and will therefore be required to be held in escrow for up to 24 months from the Listing Date. While these Securities are prohibited from trading, trading in Shares in general may be less liquid, which could affect the ability of another Shareholder to dispose of their Shares.

Table 33: Anticipated escrow arrangements as at the Prospectus Date¹

Existing Security Holder	Existing Securitized held	Existing Securities subject to escrow (anticipated)	Period of escrow (anticipated; from the Listing Date)
Mayes Lee Family Trust	52,500,00 Shares	52,500,00 Shares	24 months
Anthony Lawrence	8,019,359 Options	8,019,359 Options	24 months
Non-Executive Directors	1,623,130 Options	1,623,130 Options	24 months
Alium Alpha Fund	14,333,331 Shares	6,416,667 Shares	12 months
Alium Alpha Fund	3,418,100 Options	3,418,100 Options	12 months
Harris-Liang Family Trust	1,261,400 Options	1,261,400 Options	12 months
Advisers to the Offer	2,974,167 Shares	2,974,167 Shares	24 months

¹ These details are subject to change pending final ASX determination. The Company will provide full details of the final escrow arrangements before Shares commence trading on the ASX.

It is expected that the Company's free float (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates)) which will be approximately 59% on completion of the Offer.

Table 34: Anticipated free float as at the Prospectus Date

Total Shares	151,682,493
Escrowed Shares	61,890,834
Free Float Shares	89,791,659
% Free Float	59.20%



8.4 CORPORATE GOVERNANCE

(a) Overview

The Company's main corporate governance policies and practices as at the Prospectus Date are outlined below. Those policies, together with the Company's full Corporate Governance Statement, will be available in a dedicated corporate governance information section of the Company's website at www.mightykingdom.com/investors.

(b) Application of the ASX Corporate Governance Council Principles and Recommendations

Under the ASX Listing Rules, the Company will be required to provide a Corporate Governance Statement on its website or in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period.

Details of the Company's policies regarding corporate governance, trading and associated matters are available on Company's website. These policies will be updated and/or amended, as appropriate, in line with business needs.

The Company's compliance and departures from the ASX Recommendations will also be announced prior to admission to the Official List of the ASX.

(1) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops the Company's business strategies, reviews its risk management framework, appoints Directors and senior executives and monitors the Company's performance. The goals of the corporate governance processes are to ensure the Company is a good corporate citizen and the Board is accountable to:

- the Company's Shareholders for the performance of the Company; and
- to the relevant regulators, clients, customers and the broader community.

Consistent with these goals, the Board assumes the following responsibilities:

- setting and reviewing the Company's purpose, strategic plans and the resultant annual plans and budgets;
- setting the financial and non-financial risk profile for the operations of the Company;
- reviewing and approving the risk management policy and maintaining appropriate risk management framework;
- ensuring the Company provides a safe, healthy, and harassment free working environment;
- monitoring and evaluating the Company's own performance and the performance of its committees and individual Directors;
- overseeing the integrity of the Company's accounting and corporate reporting systems;
- overseeing the process for making timely and balanced disclosure of all material information;
- ensuring the Company complies with all relevant laws and regulations;
- appointing the Managing Director who has delegated authority to implement board approved strategy, annual plans, and budgets;
- approving the appointment, remuneration and replacement of Directors, company secretary and senior executives and monitoring their performance;
- ensuring appropriate succession planning for the Managing Director and senior executives;
- setting the delegations for management and ensuring an

appropriate framework exists for relevant information to be reported to the Board;

- maintaining an appropriate mix of skills and experience; and
- providing Shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

(2) Composition of the Board and diversity

The Board undertakes appropriate background checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director. Election of Board members is substantially the province of the Shareholders in general meeting.

The Board currently consists of four directors (two Non-Executive Directors and two executive Directors) of whom Michelle Guthrie and Megan Brownlow are considered independent. A fifth proposed Director, Gabriele Famous, who will also be independent, will be appointed upon completion of any good fame and character checks required by ASX and the Company's Board Member Induction Policy and Board Charter.

Directors are considered independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

The Board considers the current balance of skills and expertise is appropriate for the Company for its currently planned level of activity.

(3) Diversity

The Company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. In its efforts to support diversity, the Company has established a diversity policy which is provided to all staff with responsibility for recruitment.

The Board maintains oversight and responsibility for the Company's continual monitoring of its diversity practices. The Company had adopted a Diversity Policy which provides a framework for the Company to establish, achieve and measure diversity objectives.

(4) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards. Accordingly, the Company has adopted a corporate Code of Conduct.

The Code of Conduct sets out the standard which Directors, senior executives and employees are encouraged to comply with when dealing with each other and the broader community. The Company encourages reporting of actual and suspected violations of the Company's Code of Conduct or other instances of illegal, unethical or improper conduct. In addition, the Company and the Board are committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues as set out in the Company's Anti-Bribery and Anti-Corruption Policy.

The Company prohibits retaliation against any worker who reports or participates in an investigation of a possible violation of Code of Conduct, policies, or the law. The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Policy.

(5) Environmental and social risks

The Board recognises that there are inherent risks associated with the Company's operations. In particular, the Board perceives that there may be social risk associated with Mighty Kingdom's operations in the context of the development of games and content targeted at children. The potential consequences of failure to effectively manage such risks include exposure to fines and other sanctions for non-compliance with applicable industry and data privacy regulations and potential damage to Mighty Kingdom's brand and reputation.

The Board endeavours to mitigate social risks by ensuring that Mighty Kingdom has a policy of only working with reputable third party advertisers that are subject to the same global advertising and privacy regulations. Mighty Kingdom also works with consultants to assist with the development of appropriate compliance policies. To aid compliance with applicable data privacy regulations, Mighty Kingdom has proprietary analytics software that allows it to control the data it collects and how it is stored.

The Directors do not consider that the entity has any material exposure to environmental risks.

(6) Independent professional advice

With the prior approval of the Chair, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings to fulfil their duties and responsibilities as Directors.

(7) Remuneration

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of Non-

Executive Directors will be set by resolution of Shareholders. Subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable.

The determination of Non-Executive Director's remuneration within that maximum cap will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-executive Director. The current amount has been set at an amount not to exceed \$600,000 per annum.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine, where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g., non-cash performance incentives such as options).

Pursuant to the Constitution, Directors are also entitled to be paid reasonable travelling and other expenses incurred by them respectively in the course of the performance of their duties as directors.

The Board reviews and approves the Remuneration Policy to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans, including the appropriateness of performance hurdles and total payments proposed.

(8) Securities Trading Policy

The Board has adopted a Securities Trading Policy that sets out the guidelines on the sale and purchase of securities in



the Company by its Directors, officers, employees and contractors. The trading policy generally provides that for directors, the written acknowledgement of the Chair and Company Secretary (or the Chair of the Audit & Risk Committee and the Company Secretary in the case of the Chairman) must be obtained prior to trading.

(9) Dividend Policy

Payment of dividends by the Company is at the discretion of the Directors. The Company does not expect to pay dividends in the near future as it intends to use available funds to expand its business.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends.

(10) External and Internal Audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company. From time to time, the Board will review the scope, performance and fees of those external auditors. The internal audit function will be managed and provided by an external service provider. The Audit and Risk Committee will oversee the internal audit process, facilitate resolution of any conflicts, and manage communication between the service provider and the Board.

(11) Audit and Risk Committee

The Company has formed an Audit Committee with the following membership:

- Megan Brownlow (Chair)
- Michelle Guthrie
- Anthony Lawrence

The Proposed Director, Gabriele Famous, will join the Audit and Risk Committee replacing Anthony Lawrence, upon her appointment as a Director.

The duties of the Audit Committee include but are not limited to:

- monitoring and reviewing any matters of significance affecting financial reporting and compliance;
- verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor;
- monitoring and reviewing the Company's internal audit and financial control system, risk management systems; and
- managing the Company's relationships with external auditors.

(12) Remuneration and Nomination Committee

The Company has formed a Remuneration Committee with the following membership:

- Michelle Guthrie (Chair)
- Megan Brownlow
- Anthony Lawrence

The Proposed Director, Gabriele Famous, will join the Remuneration and Nomination Committee replacing Anthony Lawrence, upon her appointment as a Director.

The Remuneration Committee reviews and makes recommendations to the Board concerning the Remuneration Policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having



consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Remuneration Committee also responsible for reviewing any employee incentive and equity-based plans, including the appropriateness of performance hurdles and total payments proposed.

8.5 CONTINUOUS DISCLOSURE

The Company has in place a continuous disclosure policy, a copy of which is provided to all Company officers and employees who may, from time to time, be in the possession of undisclosed information that may be material to the price or value of the Company's securities.

The continuous disclosure policy aims to ensure timely and effective continuous disclosure of market sensitive information protects investors and the reputation of the market. Mighty Kingdom will provide investors with equal access to timely, accurate, balanced, and effective disclosures of market sensitive information. Mighty Kingdom will comply with its legal obligations and, where possible, strive to achieve best practice.

At least once in every 12-month period, the Board will review the Company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

The Company's Continuous Disclosure Policy is available on the Company's website.

8.6 RELATED PARTY TRANSACTIONS

As at the Prospectus Date, neither the Company nor any Subsidiary of the Company is party to any material related party transaction other than as set out in this Prospectus.





9

DETAILS OF
THE OFFER**9.1 OFFER**

This Prospectus relates to an initial public offering of 60,000,000 New Shares at an issue price of \$0.30 per Share, to raise up to \$18,000,000.

The Offer is made on the terms, and subject to the conditions, set out in this Prospectus.

The Offer comprises the Broker Firm Offer, the Institutional Offer and the Select Offer, as described in Section 9.9 below.

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares under the Broker Firm Offer.

9.2 CONDITIONS OF THE OFFER

The Offer is conditional on ASX granting approval for the Company to be admitted to the Official List on conditions acceptable to the Directors. If this condition is not satisfied then the Offer will not proceed and the Company will repay all Application Amounts received (without interest) within the time prescribed by the Corporations Act.

9.3 LEAD MANAGER

CCZ Statton Equities Pty Limited ACN 104 843 370 (AFSL 239946) has been appointed as Lead Manager to the Offer. The Lead Manager will be entitled to fees and benefits set out in Section 8.2(a). The offer management agreement is summarised in Section 10.5(a).

9.4 NOT UNDERWRITTEN

The Offer is not underwritten.

9.5 PURPOSE OF THE OFFER

Mighty Kingdom intends to raise up to \$18,000,000 via the Offer. The primary objective of the Offer and application for admission to the Official List to provide the Company with sufficient funds and additional working capital flexibility to pursue its growth strategy over the next two years.

The Directors consider that the amount sought to be raised by this Offer, in conjunction with existing cash reserves, will provide sufficient working capital to achieve the stated objective of the Company during the forecast period. See Section 6 for further information on the current financial position of the Company.

The Board will consider further equity or debt funding, where appropriate, to further accelerate growth or fund a specific project, transaction or opportunity.



9.6 USE OF FUNDS

As at the Prospectus Date, the Company intends to apply the funds raised from the Offer, together with existing cash reserves, over the first two years following the Listing Date as shown in the table below. However, the actual allocation and use of funds may change according to changing business needs and/or for other reasons.

Table 35: Proposed use of funds

Use of Funds	\$
Capital for game development (Original IP projects) – labour costs, software licence fees, hardware costs, working capital and outsourcing expenses (for outsourcing of quality assurance and usability testing, and language localisation, culturalisation and interpretation, functions)	\$7,300,000
Capital for game development (licenced IP projects) - labour costs, software licence fees, hardware costs, working capital and outsourcing expenses (for outsourcing of quality assurance and usability testing, and language localisation, culturalisation and interpretation, functions)	\$5,572,000
Development of self-publishing capabilities – labour costs	\$1,800,000
M&A	\$1,750,000
Expenses of the Offer	\$1,578,000
Total	\$18,000,000

9.7 CONTROL IMPLICATIONS OF THE OFFER

Section 8.3(a) summarises the anticipated capital structure of the Company as at the Listing Date. It is anticipated that, as at the Listing Date, no Shareholder will have a controlling interest (as defined by section 50AA of the Corporations Act) in the Company.

9.8 KEY DETAILS

The key details of the Offer are summarised in the table below.

Table 36: Key details of Offer

Type of security to be offered	New Shares (being new, fully paid ordinary shares in the Company)
Description of the rights and liabilities attaching to the New Shares	The New Shares will rank equally in all respects with other Shares. A summary of the material rights and liabilities attaching to the Shares is set out in Section 9.15.
Offer Price	\$0.30 per Share.
Offer size	The maximum subscription amount for the Offer is 60,000,000 Shares to raise up to \$18,000,000. There is no minimum subscription amount for the Offer.
Oversubscriptions	The Company will not accept oversubscriptions above the maximum subscription amount.
Minimum and maximum Application Amounts	The minimum Application Amount under the Broker Firm Offer is as directed by the Applicant's Broker. There is no maximum number of New Shares that may be applied for under the Broker Firm Offer. There is no minimum or maximum Application Amount under the Institutional Offer or the Select Offer.
Opening Date	17 March 2021 or such later date as may be prescribed by ASIC.
Closing Date	The Offer is expected to remain open until 5.00pm (ACDT) on 31 March 2021. However, the Company, with the consent of the Lead Manager, reserves the right to vary the Closing Date without prior notice.
Other Important Dates	See Section 1.1 for other important dates associated with the Offer.

9.9 OFFER COMPONENTS

The Offer comprises the Broker Firm Offer, the Institutional Offer and the Select Offer, each as described below.

The allocation of New Shares between the Broker Firm Offer, the Institutional Offer and the Select Offer will be determined by the Company and the Lead Manager.

(a) Broker Firm Offer

The details of the Broker Firm Offer are summarised in the table below.

Table 37: Broker Firm Offer

Who can apply?	Persons who have received a firm allocation of New Shares from their Broker and who are entitled to receive the Offer. Applicants who have received a firm allocation of New Shares from their Broker will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of New Shares from them under the Broker Firm Offer.
How to apply?	If you have received an allocation of New Shares from your Broker and wish to apply for those New Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Form or payment to the Share Registry. Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Amount are received by the Lead Manager before 5.00pm (ACDT) on the Closing Date. Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their firm allocation, in accordance with the instructions given to by the Broker and the in-structions set out on the reverse of the Application Form. By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus. The Company, the Lead Manger and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.
Nature and effect of an Application	An Application in the Broker Firm Offer is an offer by the Applicant to apply for the amount of New Shares specified in the Broker Firm Offer Application Form, at the Offer Price, on the terms and conditions set out in this Prospectus and the Application Form. To the maximum extent permitted by law, an Application by an Applicant under the Broker Firm Offer is irrevocable. An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Broker Firm Offer Application Form, or rejected, for any reason and without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of New Shares to Applicants whose Applications are accepted. The Lead Manager, in agreement with the Company, reserves the right to not accept any Application in their sole discretion, including any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer. The Lead Manager, in agreement with the Company, also reserves the right to waive or correct any errors in any Application Form.



Allocation policy	The allocation of New Shares under the Broker Firm Offer will be determined by the Lead Manager, in consultation with the Company, at their discretion. There is no guarantee that you will be allocated any New Shares or that you will be allocated the total number of New Shares that you apply for.
Payment methods	Applicants under the Broker Firm Offer must pay their Application Amounts to their Broker in accordance with instructions provided to you by that Broker.
How are Application Amounts held?	Application Amounts received under the Broker Firm Offer will be held on trust in a special purpose bank account until New Shares are issued to successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied, will be mailed a refund (without interest) for all or part of their Application Amounts, as applicable. No refunds due solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Amounts pending the allocation or refund will be retained by the Lead Manager as the Company's settlement agent for the Offer. To participate in the Offer, the Application Form must be completed and received, together with the Application Amounts, in accordance with the instructions on the Application Form.

(b) Institutional Offer

The details of the Institutional Offer are summarised in the table below.

Table 38: Institutional Offer

Who can apply?	The Institutional Offer consists of an invitation prior to or after the Prospectus Date to certain Institutional Investors. Application procedures for the Institutional Offer have been, or will be, advised to Institutional Investors by the Lead Manager. New Shares acquired by Institutional Investors as part of the Institutional Offer will be issued under this Prospectus.
Allocation policy	The allocation of New Shares for Institutional Investors applying for New Shares in the Institutional Offer will be by the Lead Manager, in consultation with the Company. Participants in the Institutional Offer have been, or will be, advised of their allocation of New Shares, if any, by the Lead Manager. The Company and the Lead Manager have absolute discretion regarding the allocation of New Shares among the Institutional Investors and there is no assurance that any Institutional Investor will be allocated any Shares, or the number of New Shares for which it has applied for.
How are Application Amounts held?	Application Amounts received under the Institutional Offer will be held on trust in a special purpose bank account until New Shares are issued to successful Applicants. Interest will not be paid on any monies refunded and any interest earned on Application Amounts pending the allocation or refund will be retained by the Lead Manager as the Company's settlement agent for the Offer.

(c) Select Offer

The details of the Select Offer are summarised in the table below.

Table 39: Select Offer

Who can apply?	The Select Offer consists of an invitation after the Prospectus Date to certain investors selected by the Company in its sole discretion. Application procedures for the Select Offer will be advised to Select Investors by the Company. New Shares acquired by Select Investors as part of the Select Offer will be issued under this Prospectus.
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Allocation policy	The allocation of New Shares for Select Investors applying for New Shares in the Select Offer will be by the Company in its sole discretion. Select Investors will be advised of their allocation of New Shares, if any, by the Company. The Company has absolute discretion regarding the allocation of New Shares among the Select Investors and there is no assurance that any Select Investor will be allocated any Shares, or the number of New Shares for which it has applied for.
How are Application Amounts held?	Application Amounts received under the Select Offer will be held on trust in a special purpose bank account until New Shares are issued to successful Applicants. Interest will not be paid on any monies refunded and any interest earned on Application Amounts pending the allocation or refund will be retained by the Company.

9.10 BROKERAGE, COMMISSION AND STAMP DUTY

You do not have to pay brokerage, commission or stamp duty if you acquire New Shares under the Offer. Fees are payable by the Company to the Lead Manager and other advisers in relation to the Offer, details of which are set out in Section 8.2(a).

9.11 ASX LISTING

The Company intends to apply for admission to the Official List of ASX and quotation of the Shares on ASX.

No New Shares will be issued unless and until ASX grants approval on conditions acceptable to the Directors for the Company to be admitted to the Official List. The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication by ASX of the merits of the Company or the New Shares offered by this Prospectus. ASX takes no responsibility for the contents of, including any expert's report in, this Prospectus.

Application will be made to ASX within 7 days of the Prospectus Date for quotation of the New Shares. If an application for quotation is not made within 7 days after the Prospectus Date, approval is not granted for the Company to be admitted to the Official List, or permission for

quotation is not granted by ASX within three months after the Prospectus Date or such longer period as is permitted by the Corporations Act, no New Shares offered under the Prospectus will be issued. If no issue is made, all Application Amounts will be refunded to Applicants as soon as practicable and without interest.

9.12 OVERSEAS DISTRIBUTION

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Investors outside Australia should consult their professional advisers as to whether governmental or other consents are required, or other formalities need to be observed, before taking up Shares pursuant to this Prospectus. It is the responsibility of investors outside Australia to obtain all necessary approvals for applying for New Shares pursuant to this Prospectus. The return of a completed Application Form constitutes

a representation and warranty by the Applicant that all approvals necessary in the jurisdiction in which the Applicant resides have been obtained.

No action has been taken to register or qualify the New Shares or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia.

The Offer pursuant to an electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

This Prospectus may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

Nominees applying for New Shares on behalf of overseas residents are responsible for ensuring that such an Application does not breach any regulation applicable to any such overseas resident. If you are a nominee, or a person proposing to act as a nominee, you should seek independent advice as to how you should proceed.

9.13 SHARE REGISTRY

The Company's share register will be maintained by Computershare. Its contact details are:

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000

9.14 CHESS AND ISSUER SPONSORSHIP

The Company will apply to participate in the CHESS system for the clearing and settlement of transactions in the Company's Shares and the transfer of the Company's Shares. CHESS is an automated transfer and settlement system for securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become CHESS-approved securities, a security holder's Shares will be registered in one of two sub-registers, an electronic issuer sponsored sub-register or an electronic CHESS sub-register. The two sub-registers together will make up the Company's register of Shares. Applicants will have the choice of holding their New Shares on an issuer sponsored sub-register or on the CHESS sub-register.

The Company will not be issuing certificates for the New Shares. Instead, Applicants electing to use the issuer sponsored sub-register will be issued with holding statements setting out the number of New Shares they hold. Participants in the issuer sponsored sub-register system will receive a Shareholder Reference Number (SRN). Participants in the issuer sponsored sub-register system will be registered on the issuer sponsored sub-register.

Applicants electing to use the CHESS sub-register will receive a letter from the Company confirming the number of New Shares issued to them and at the end of the month following issue of the New Shares will receive CHESS holding statements confirming the number of New Shares that have been issued. Participants in the CHESS sub-register will receive a Holding Identification Number (HIN). A CHESS participant or a person

sponsored by a CHES participant will have their Shares registered on the CHES sub-register.

Following distribution of these initial holding statements, a holding statement will only routinely be provided to a security holder at the end of any subsequent month during which the balance of the

security holder's holding of securities changes.

Shares that are the subject of a restriction agreement will be subject to a holding lock under the CHES System preventing them being dealt with during the period of restriction.

9.15 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following table summarises the significant rights, liabilities and obligations attaching to Shares and describes other material provisions of the Constitution. It assumes that the Company has been admitted to the Official List. It should not be treated as a definitive statement of the rights and liabilities of Shareholders, which arise under each of the Constitution, the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

Table 40: Summary of material provisions of the Constitution

Material provision	Description (summary)
Meetings of members	Each Shareholder is entitled to receive notice of, and to attend and vote at general meetings of the Company, and to receive all financial and other supporting materials required to be sent to shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.
Voting at a general meeting	At a general meeting of the Company, every Shareholder present in person or by proxy is entitled to one vote on a show of hands and one vote per fully paid Share held, on a poll. In the case of an equality of votes on a resolution at a general meeting, the Chair does not have a second or casting vote.
Dividends	Subject to the Constitution, the Corporations Act and any special conditions or rights as to dividends attaching to any Shares, the Directors shall be entitled to pay, resolve to pay or declare any dividend. The Directors may fix the amount, time and method of payment of dividends (which may be by paying cash, issuing shares, granting options or transferring assets).
Dividend reinvestment plan	The Board may establish a dividend selection plan or bonus Share plan or dividend reinvestment plan on any terms, under which participants may elect in respect of all or part of their Shares to receive a dividend from the Company in whole or in part or to forego a dividend and receive some other form of distribution or entitlement (including Securities) from the Company or another body corporate or trust.
Authority to capitalise profits	The Constitution authorises the Directors to resolve to capitalise profits or other amounts standing to the credit of any reserve account and otherwise available for distribution to Shareholders, and to apply those amounts to benefit Shareholders in the proportions to which those Shareholders would have been entitled if the sum had been distributed by way of a dividend, in all or partly the following manners: • by paying up any amounts unpaid on Share held by Shareholders; or • by paying up in full unissued Shares or debentures to be issued to Shareholders as fully paid.



Material provision	Description (summary)
Transfers of shares	Subject to the Constitution and any restrictions attached to any share or class of shares, Shares may be transferred by proper ASTC transfer (effected in accordance with the ASX Settlement Operating Rules, Corporations Regulations and ASX Listing Rules) or by a written transfer in any usual form or any other form approved by the Directors and permitted by relevant laws and ASX requirements. The Directors may, in circumstances permitted under the ASX Listing Rules or ASX Settlement Operating Rules, decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer. If the Directors decline to register a transfer, the Company must give the party lodging the transfer written notice of the refusal and the reason for the refusal.
Employee share scheme	The Directors may at their discretion introduce an employee share scheme under which the Company may issue Securities in the Company to employees in any manner permitted by the Constitution, the Corporations Act, the ASX Listing Rules and general law.
Issue of further Shares	Subject to the Constitution and the ASX Listing Rules, the Directors may issue new Shares with or without any special conditions, preferences or priority either as to dividends or capital or both, and with any other special rights or advantages, as they think fit.
Winding up	If the Company is wound up then, subject to the rights or restrictions attaching to any share or class of shares, surplus assets must be divided among the Shareholders in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares.
Directors – appointment and rotation	Unless otherwise resolved by a Shareholders at a general meeting, the number of Directors should be not less than three and no more than nine. Directors are elected or re-elected by Shareholders at a general meeting. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors. However, that Director must retire and stand for re-election at the next annual general meeting of the Company. Retirement of Directors will occur on a rotational basis so that no Director (other than the Managing Director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).
Directors - voting	Questions arising at a meeting of the Board must be decided by a majority of the votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the Chair does not have a second or casting vote.
Directors - remuneration	The Company may pay the Directors remuneration for carrying out their duties and responsibilities as a director and Directors are entitled to be reimbursed for travelling and other expenses properly incurred in attending Board meetings or general meetings of the Company, or otherwise in connection with the Company's business. The remuneration of executive Directors will be determined by the Board and must not include a commission on or percentage of operating revenue. The remuneration of Non-Executive Directors must be affixed sum for each Director and the total amount of a Non-Executive Directors fees payable must not exceed the amount set by a resolution of Shareholders. The current maximum aggregate sum of Non-Executive Directors remuneration is \$600,000 per annum. Any changes to this amount must be approved by Shareholders.



Material provision	Description (summary)
Directors - remuneration (continued)	If a Director renders or is called upon to perform extra services, the Directors may arrange for special remuneration to be paid to that Directors. Payments to retiring directors are also permitted in certain circumstances allowed by applicable law. Directors remuneration and benefits are discussed further in Section 8.2(b).
Directors - indemnities	To the extent permitted by law, the Directors may determine that the Company indemnify any Director, Company Secretary or other officer of the Company (including legal costs incurred in defence a claim) in their capacity as an officer of the Company. The Company has entered into deeds of indemnity, access and insurance with each Director and the Proposed Director. See Section 8.2(d) for further details.
Sale of non-marketable parcels	The Company may sell the shares of a Shareholder who holds less than a marketable parcel of shares, in accordance with the procedures set out in the Constitution. A marketable parcel is defined in the ASX Listing Rules and is, generally, a holding of Shares with a market value of less than \$500.
Share buy-backs	The Company may buy back shares in itself in accordance with the Corporations Act and, where applicable, the ASX Listing Rules.
Reduction of share capital	The Company may reduce its share capital in any manner permitted by the Corporations Act.
Proportional takeover provisions	The Constitution contains provisions requiring Shareholder approval before any proportional takeover bid can proceed.
Amendments to Constitution	The Constitution may only be amended in accordance with the Corporations Act, which requires any amendments to be approved by at least 75% of Shareholders present (in person or by proxy) and entitled to vote on the resolution
Variation of class rights	At present, the Company has only one class of shares on issue. If the capital of the Company is divided into different classes of shares in futures then the rights attaching to any class of shares may only be varied by a resolution of 75% of Shareholders present (in person or by proxy) and entitled to vote on the resolution and 75% of the Shareholders holding shares of the relevant class present (in person or by proxy) and entitled to vote on the resolution.

9.16 TAXATION IMPLICATIONS FOR INVESTORS

The taxation obligations and the effects of participating in the Offer can vary depending on the circumstances of each individual investor, the particular circumstances relating to his or her holdings of securities and the taxation laws applicable to investors as residents of different jurisdictions.

Investors who are in doubt as to their taxation position should seek professional advice. It is solely the responsibility of individual applicants to inform themselves of their taxation position resulting from participation in the Offer.



For personal use only



10. ADDITIONAL INFORMATION

10.1 REGISTRATION

The Company was registered in South Australia on 28 June 2018.

10.2 COMPANY'S TAX STATUS AND BALANCE DATE

The Company will be taxed as a public company in Australia.

The Company's balance date is 30 June.

10.3 CORPORATE STRUCTURE CHART

The current corporate structure of the Mighty Kingdom group is shown below.

The Company is a public company registered in Australia on 28 June 2018. Other than in its capacity as the ultimate holding company for the entities identified below, it currently is not involved in any business activities and does not have any material assets.

Table 41: Corporate structure chart

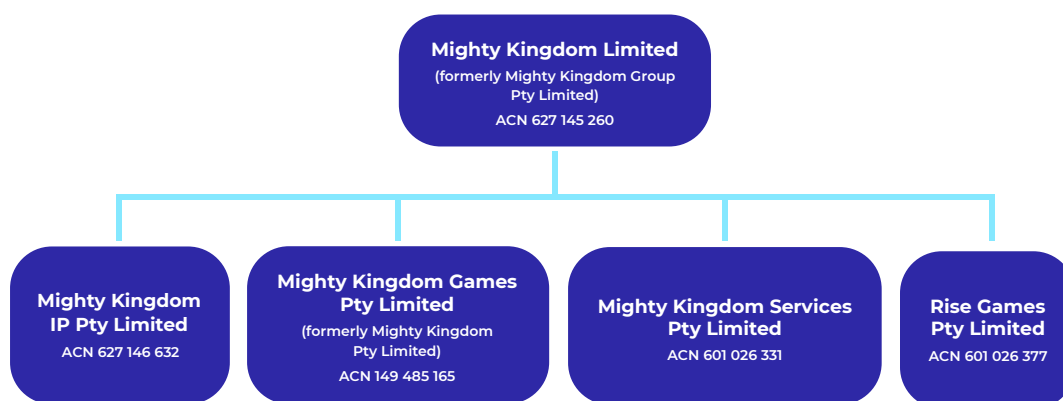


Table 42: Mighty Kingdom Subsidiaries

Company	Function
Mighty Kingdom IP Pty Limited ACN 627 146 632 (wholly owned subsidiary), a proprietary company registered in Australia on 28 June 2018	The entity that holds all of Mighty Kingdom's Intellectual Property assets.
Mighty Kingdom Games Pty Limited ACN 149 485 165 (wholly owned subsidiary), a proprietary company registered in Australia on 23 February 2011	The entity through which all Mighty Kingdom group trading and operations are carried out.
Mighty Kingdom Services Pty Limited ACN 601 026 331 (wholly owned subsidiary), a proprietary company registered in Australia on 1 August 2014	The entity that employs all staff and engages contractors for Mighty Kingdom.
Rise Games Pty Limited ACN 601 026 377 (wholly owned subsidiary), a proprietary company registered in Australia on 1 August 2014	Dormant subsidiary – no current activities.

10.4 CAPITAL STRUCTURE

The anticipated capital structure of the Company as at the Listing Date is outlined in Section 8.3(a).

10.5 MATERIAL CONTRACTS

There are a number of contracts which are significant or material to the Company or of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for the New Shares. Summaries for contracts set out in this Prospectus do not purport to be complete and are qualified by the text of the contracts themselves.

(a) Offer Management Agreement

The Company and the Lead Manager entered into a lead manager mandate on 17 November 2020 and an offer management agreement on the Prospectus Date (together, the “**Offer Management Agreement**”) which provides for the Lead Manager to act as lead manager in relation to the Offer. The key terms of the Offer Management Agreement are summarised in the table below.

Table 43: Offer Management Agreement

Lead Manager role and appointment	The Company appoints the Lead Manager on an exclusive basis to arrange and manage the Offer and settlement with Brokers as part of the Broker Firm Offer. The Lead Manager will, in consultation with the Company, determine the allocation of Shares between the Institutional Offer, the Broker Firm Offer and the Select Offer, to Institutional Investors within the Institutional Offer and to Brokers within the Broker Firm Offer. The Lead Manager is not obliged to, and does not, underwrite the Offer.
Fees	In consideration for acting as lead manager for the Offer, the Lead Manager shall be entitled to: • payment of a distribution fee equivalent to 1% of the gross proceeds of capital raised prior to the Offer by the issue of the Convertible Notes in December 2020 (\$40,000 plus GST); • the issue of Shares equal to 1% of the total issued capital of the Company immediately after the issue of New Shares (indicatively, 1,487,083 Shares) upon successful completion of the IPO.
Expenses	Whether or not the Offer proceeds, the Company is liable to pay or reimburse the Lead Manager for costs of and incidental to the Offer, including legal costs incurred by the Lead Manager in respect of the Offer up to \$20,000 (plus GST and disbursements) and reasonable out-of-pocket expenses incurred by the Lead Manager.
Representations and warranties	The Company provides customary representations and warranties under the Offer Management Agreement, including with respect to corporate authority and approvals and the Company's compliance with relevant laws. The Company also provides a number of more specific warranties in relation to the New Shares, the Offer, the due diligence process undertaken by the Company in connection with the Offer, and this Prospectus.
Indemnity	Subject to certain limited exceptions, including the Lead Manager's gross negligence or wilful misconduct, the Company must indemnify the Lead Manager and its officers, employees, agents and advisers against any and all losses suffered in connection with the Offer or its appointment as Lead Manager.



Termination

Termination rights not subject to materiality

The Lead Manager may, at any time, by notice to the Company, without cost or liability to the Lead Manager, immediately terminate the offer management agreement if any of the following events occur:

- the Company fails to lodge this Prospectus with ASIC in a form approved by the Lead Manager;
- a statement contained in the Prospectus is misleading or deceptive (including by omission) or likely to mislead or deceive or becomes misleading or deceptive or a material matter is omitted from this Prospectus;
- this Prospectus or does not comply with the Corporations Act (including sections 710, 711 and 716), the Listing Rules or any other applicable law.
- any forecast or forward-looking statement in this Prospectus becomes incapable of being met or unlikely to be met in the projected time;
- unconditional approval (or conditional approval subject only to customary conditions as are acceptable to the Lead Manager) is refused or not granted by ASX to:
 - the Company's admission to the Official List of ASX; or
 - the quotation of all of the Shares on ASX,

on or before the date set for ASX approval under the agreement, or if granted, the ASX approval is subsequently withdrawn, qualified (other than by customary conditions as are acceptable to the Lead Manager) or withheld or the ASX indicates to the Company or the Lead Manager that approval is likely to be withdrawn, qualified (other than by customary conditions) or withheld;

- the Company withdraws this Prospectus or the Offer;
- the Lead Manager reasonably forms the view that a supplementary prospectus must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a Supplementary Prospectus with ASIC in the form and with the content, and within the time, reasonably required by the Lead Manager;
- a new circumstance occurs in relation to the Company that has arisen since the Prospectus Date that would have been required to be included in this Prospectus if it had arisen before the Prospectus Date and which is materially adverse from the point of view of an investor within the meaning of section 719 of the Corporations Act;
- ASIC or any other Government agency commences or threatens to commence any hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or the Prospectus;
- a person other than ASIC or any other Government agency commences any inquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or this Prospectus;
- any of the following occur:
 - ASIC applies for an order under section 1324B or 1325 of the Corporations Act in relation to the Offer or this Prospectus, and the application is not dismissed or withdrawn before the date the New Shares are allotted;
 - ASIC gives notice of intention to hold a hearing in relation to the Offer or this Prospectus under section 739(2) of the Corporations Act or makes an order under section 731 of the Corporations Act or an interim order under section 739(3) of the Corporations Act;
 - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or this Prospectus or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or this Prospectus; or

- ASIC or any other Government agency commences or threatens to commence any other form of hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or this Prospectus, and such hearing, inquiry, investigation, proceeding or prosecution is not dismissed, withdrawn or concluded with no adverse finding against the Company prior to the issue of the New Shares;
- any person (other than the Lead Manager) gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of its name in this Prospectus (or any replacement or supplementary prospectus) withdraws that consent;
- any person gives a notice under section 730 of the Corporations Act in relation to this Prospectus;
- the S&P/ASX 200 Index closes at a level that is 10% or more below the level of that index at 5.00pm (Sydney time) on the trading day immediately prior to this Prospectus Date;
- the timetable for the Offer (as disclosed in Section 1) is delayed for more than two business days, unless the Lead Manager consents to a variation (which consent must not be unreasonably withheld or delayed);
- any circumstance arises after lodgement of this Prospectus that results in the Company either repaying the Application Amounts received from Applicants or offering Applicants an opportunity to withdraw their Applications and be repaid their Application Amounts;
- there is a material breach of a Material Contract;
- the Company does not provide a certificate as and when required by this offer management agreement;
- an Insolvency Event occurs with respect to the Company or any Subsidiary;
- the Company is or becomes unable, for any reason, to issue the New Shares on completion of the Offer;
- any of the following occur:
 - a Director or Senior Manager is charged with an indictable offence relating to a financial or corporate matter;
 - any Governmental agency or regulatory body commences any public action against the Company or any Subsidiary, a Senior Manager or any of its Directors or announces that it intends to take such action;
 - any Director is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
 - a Senior Manager or a Director engages in any fraudulent conduct or activity;
- any of the Escrow Documents are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with, without the consent of the Lead Manager.

Termination subject to materiality

The Lead Manager may, at any time, by notice to the Company, without cost or liability to the Lead Manager, immediately terminate the offer management agreement if any of the following events occur and the Lead Manager believes that such event has had or is likely to have a material adverse effect on the marketing, outcome or settlement of the Offer, the willingness of investors to subscribe for the New Shares, or the subsequent market for the New Shares or has given rise to, or is likely to give rise to, a contravention by the Lead Manager of, or the Lead Manager being involved in a contravention of, the Corporations Act or any other applicable law or a liability for the Lead Manager under any applicable law or regulation or rule of any stock exchange or regulatory body:



- the due diligence report or any other information supplied by or on behalf of the Company to the Lead Manager in relation to the due diligence process undertaken by the Company in connection with the Offer, the New Shares, Mighty Kingdom, the Offer, or this Prospectus is or becomes untrue, incorrect, misleading or deceptive (including by omission);
- any material adverse change occurs, or an event occurs which is likely to give rise to a material adverse change in or affecting the general affairs, management, assets, liabilities, financial position or performance, profits, losses, prospects or condition, financial or otherwise of Mighty Kingdom, including:
 - any change in the earnings or prospects of Mighty Kingdom from those disclosed in this Prospectus;
 - any change in the nature of the business conducted by Mighty Kingdom or proposed to be conducted by Mighty Kingdom; and
 - any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those respectively disclosed in this Prospectus;
- a Material Contract:
 - is, without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld), amended or varied;
 - is breached;
 - is terminated (whether by breach or otherwise);
 - ceases to have effect, otherwise than in accordance with its terms; or
 - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal;
- any of the following occurs which does or is likely to prohibit, restrict or regulate the Offer or materially reduce the level or likely level of valid Applications for New Shares:
 - the introduction of legislation into the parliament of the Commonwealth of Australia, any State or Territory of Australia, New Zealand, the United Kingdom, the United States of America, Singapore, Malaysia or the Peoples Republic of China;
 - the public announcement of prospective legislation or policy by the Australian Federal Government or the Government of any Australian State or Territory; or
 - the adoption by ASIC or its delegates or the Reserve Bank of Australia of any regulations or policy.
- the Company or any of its Subsidiaries contravenes the Corporations Act, its constitution, any of the Listing Rules or any other applicable law;
- any of the warranties or representations by Company under the offer management agreement or the mandate entered into with the Lead Manager in relation to the Offer is or becomes materially untrue or incorrect;
- the Company is in default of any of the material terms and conditions of the offer management agreement or breaches any undertaking or covenant given or made by it under the offer management agreement;
- without the prior written consent of the Lead Manager, the Company or Mighty Kingdom:
 - disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

- ceases or threatens to cease to carry on business;
- alters its capital structure (debt or equity), other than as contemplated in this Prospectus;
- amends the Constitution or any other constituent document of the Company; or
- amends the terms of issue of the New Shares;
- any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least one day on which that exchange is open for trading;
 - any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States of America, the European Union or the United Kingdom, or the international financial markets or any adverse change in national or international political, financial or economic conditions; or
 - after the Prospectus Date, a change or development (which was not publicly known prior to the date of this Agreement) involving a prospective adverse change in taxation affecting Mighty Kingdom or the Offer occurs;
- there is an outbreak of hostilities (whether or not war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities occurs, or a major act of terrorism occurs in or involving any one or more of the following:
 - Australia;
 - New Zealand;
 - the European Union;
 - the United Kingdom;
 - the United States of America;
 - Japan;
 - Singapore;
 - Malaysia; or
 - the People's Republic of China,
 or involving any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;
- a change to the Board or Senior Managers occurs;
- the Company or any of its Subsidiaries charges or agrees to charge or creates any Encumbrance over, the whole, or a substantial part of its business or property; or
- a statement in any certificate provided by the Company under the offer management agreement is false, misleading, inaccurate or untrue or incorrect.

Further issues of securities

The Company may not undertake any further issue or disposal of Securities, for a period of 180 days from the Listing Date, without the Lead Manager's prior consent (which consent may not be unreasonably withheld but may be conditional on the Company entering into a mandate on equivalent terms to the existing engagement in relation to the proposed transaction).

The Company must also provide the Lead Manager with the first right of refusal to act as lead manager for any subsequent issue of securities within 12 months of the Listing Date.

(b) Corporate Adviser mandate

The Company entered into a mandate with the Corporate Adviser effective as of 1 August 2020 (“Corporate Adviser Mandate”).

The key terms of the Corporate Adviser Mandate are summarised below.

Table 44: Corporate Adviser Mandate

Services	The Corporate Adviser is obliged to provide corporate advisory and investor relations services in relation to the preparation for, and execution of, the Offer.
Fees	In consideration for the services provided pursuant to the Corporate Adviser Mandate, the Corporate Adviser shall be entitled to: • payment of: • a \$20,000 (plus GST) per month retainer; • a success fee of \$200,000 (plus GST), payable on successful completion of the pre-IPO capital raising via the issue of Convertible Notes; and • a success fee of up to \$180,000 (plus GST), payable on successful completion of the IPO; and • the issue of Shares equal to 1% of the total issued capital of the Company immediately after the issue of New Shares (indicatively, 1,487,083 Shares, which may be held through one or more nominees) upon successful completion of the IPO.
Expenses	The Corporate Adviser is entitled to be reimbursed by the Company for any reasonable out-of-pocket expenses incurred by the Corporate Adviser in connection with the Services including, but not limited to, travel and accommodation expenses and printing and administration fees.
Indemnity	Subject to certain limited exceptions, including the Corporate Adviser’s wilful default or negligence, the Company must indemnify the Corporate Adviser against any and all losses suffered in connection with the Corporate Adviser’s engagement by the Company.
Termination	The Corporate Adviser or the Company may terminate the Corporate Adviser Mandate at any time by written notice to the other.
Exclusivity	The Corporate Adviser has exclusivity in respect of the services set out above until such time as the Corporate Adviser Mandate is terminated.



(c) Game development, licensing and publishing contracts

Mighty Kingdom is party to a number of game development, licensing and publishing contracts that vary in terms, depending on the work and services that Mighty Kingdom has agreed to provide ("Games Contracts"). In general, the Games Contracts are on what the Company considers to be industry standard terms.

Table 45: Summary of key terms of Spin Master Agreement

Contract Details	Development Agreement dated 7 October 2019 between Spin Master Studios, Inc. (" Spin Master ") and Mighty Kingdom Games Pty Limited (" Spin Master Agreement ")
Game	Gabby's Dollhouse
Key terms	Intellectual Property Rights Spin Master owns the Intellectual Property Rights in and to the game, excluding any Mighty Kingdom background Intellectual Property Rights incorporated into the game. Mighty Kingdom background intellectual property rights include any pre-existing software, software tools or other pre-existing technology owned by (or licensed to) MK Games prior to the date of the Spin Master Agreement. Liability and indemnity MK Games indemnifies, defends and holds harmless Spin Master, its affiliates, and their respective officers, directors, employees, agents, successors, licensees and assigns, from and against all claims and liabilities of whatever nature arising out of: (a) a breach of any of MK Games' representations, warranties or covenants contained in the Spin Master Agreement; (b) the acts, omissions or conduct of MK Games; or (c) the infringement by the game of any third-party Intellectual Property Rights, unless such infringement is caused by materials supplied by Spin Master. Claims under this indemnity are not subject to an aggregate liability cap or exclusion of liability for consequential loss or damage. Term and Termination The Spin Master Agreement commenced on 7 October 2019 and will continue until terminated in accordance with its terms. Spin Master has the unilateral right to terminate the Spin Master Agreement in the following circumstances: • for convenience, upon 30 days' written notice to MK Games; or • if MK Games ceases to carry on its business or a substantial part of such business, disposes of the whole or substantial part of its undertaking, property or assets (this does not include a change of control via sale of shares or other equity interests by such party), stops payment of its debts, or if the other party or its creditors file a voluntary or involuntary petition (that is not dismissed within ninety (90) days) for protection under any bankruptcy laws, or upon the institution of receivership proceedings, or in the event of an assignment for the benefit of creditors; or • for cause, if MK Games materially breaches any of its representations, warranties or covenants under the Spin Master Agreement, and that breach is not remedied within any applicable cure period; or • if there is a change of control or ownership of MK Games, or if MK Games is purchased by a competitor of Spin Master. On 1 March 2021 Spin Master acknowledged receipt of the Company's notice of the anticipated change of control and ownership of MK Games that will occur on completion of the transaction contemplated by this Prospectus and agreed to waive its right to terminate the Spin Master Agreement on account of such change of control or ownership. Governing law The Spin Master Agreement is governed by the laws of the State of Ontario, Canada.

Table 46: Summary of key terms of Sony Agreement

Contract Details	Licensing Agreement #304488 dated 8 July 2019 with Sony Pictures Consumer Products Inc. ("Sony") and Mighty Kingdom Games Pty Limited ("Sony Agreement") In the course of due diligence undertaken in preparation for the Offer, the Company identified that the contracting party details for the Sony Agreement have been completed incorrectly. The correct contracting party is Mighty Kingdom Games Pty Limited (rather than "Mighty Kingdom", as specified). As at the Prospectus Date, this error has not been corrected, but the Directors have no reason to believe that this will not be imminently resolved.
Game	Peter Rabbit Run
Key terms	Intellectual Property Rights Sony grants to MK Games a non-exclusive licence to use, for the term of the Sony Agreement, the Intellectual Property Rights in and to the PETER RABBIT name and trademark, character names and associated assets, solely for, or in connection with, the development, marketing, distribution and sale of a mobile application via the Apple app store and the Google Play store throughout the world (excluding Crimea, Cuba, Iran, North Korea, Sudan and Syria). Liability and indemnity MK Games indemnifies, defends and holds harmless Sony, Warne and their respective parents, successors, assigns, subsidiaries, affiliates and co-venturers, representatives, and all other parties associated with the licensed property, and each of their respective director, officers, employees, shareholders, agents, successors and assigns, and all other persons whose name and/or likeness are licensed under the Sony Agreement, from and against all claims and liabilities of whatever nature arising out of MK Games' activities in connection with the Sony Agreement. Claims under this indemnity are not subject to an aggregate liability cap or exclusion of liability for consequential loss or damage. Term and Termination The Sony Agreement commenced on 8 July 2019 and will continue until 30 April 2022 unless terminated earlier in accordance with its terms. Sony has the unilateral right to terminate the Sony Agreement in the following circumstances: • for cause, if MK Games breaches the Sony Agreement and that breach is not remedied within any applicable cure period; or • if MK Games makes, sells, offers for sale, uses or distributes the game without the prior written approval of Sony (or continues to make, sell, offer to sell, use or distribute the game after Sony has withdrawn its consent); or • if MK Games becomes subject to a voluntary or involuntary order involving the recall of the game because of safety, health or other hazards or risks to the public; or • if MK Games becomes subject to US sanctions. Governing law The Sony Agreement is governed by the laws of the State of California, United States of America.

Table 47: Summary of key terms of Funcom Agreement

Contract Details	Software Development Agreement dated 29 March 2019 between Mighty Kingdom Games Pty Ltd and Funcom Oslo AS ("Funcom") (as amended) ("Funcom Agreement")
Game	Conan Chop Chop
Key terms	Intellectual Property Rights Funcom owns the Intellectual Property Rights in and to the game, excluding any Mighty Kingdom background Intellectual Property Rights incorporated into the game. Mighty Kingdom background Intellectual Property Rights include any pre-existing software, software tools or other pre-existing technology owned by (or licensed to) MK Games prior to the date of the Funcom Agreement).



Key Terms	Liability and indemnity MK Games indemnifies, defends and holds harmless Funcom, and its officers, directors and employees, from and against all claims and liabilities of whatever nature arising out of or otherwise relating to any third-party claim based on any breach by MK Games of the warranties, representations and covenants contained in the Funcom Agreement. Claims under this indemnity are not subject to an aggregate liability cap however liability for consequential loss or damage is excluded.
	Term and Termination The Funcom Agreement commenced on 29 March 2019 and will continue until terminated in accordance with its terms. Funcom has the unilateral right to terminate the Funcom Agreement in the following circumstances: • for convenience, at any time upon payment of the current monthly payments plus a fee equivalent to one average monthly payment; or • for cause, if MK Games breaches the Funcom Agreement and that breach is not remedied within any applicable cure period
	Governing law The Sony Agreement is governed by the laws of the State of California, United States of America.

Table 48: Summary of key terms of Snap Agreement

Contract Details	Snap Inc. (" Snap ") Games Platform Terms dated 1 May 2019 (incorporating Snap Developer Terms) (" Snap Agreement ")
Game	Sugar Slam
Key terms	Intellectual Property Rights MK Games grants Snap a perpetual, irrevocable, worldwide, sub-licensable, royalty free and non-exclusive licence to use, host, store, archive, copy, modify, cache, encode, reproduce, distribute, transmit, synchronize, display, create derivative works from materials transmitted to the platform by or through the Mighty Kingdom app known as "Sugar Slam".
	Exclusivity The Snap Agreement contains an "indefinite" exclusivity period during which MK must not publish the game, or any game substantially similar to the game, on any other website, application, platform or distribution channel without Snap consent. This exclusivity arrangement survives termination of the Snap Agreement.
	Term and Termination The Snap Agreement commenced on 1 May 2019 can be terminated by either party giving 60 days' written notice.
	Governing law The Snap Agreement is governed by the laws of the State of California, United States of America.

Table 49: Summary of key terms of Moose Agreement

Contract Details	Licence Agreement dated 11 June 2018 between Moose Enterprises (Int) Pty Ltd (" Moose ") and Mighty Kingdom Games Pty Limited (as amended) (" Moose Agreement ")
Game	Shopkins Games
Key Terms	Intellectual Property Rights Moose grants to MK Games a non-exclusive licence to use, for the term of the Moose Agreement, the Intellectual Property Rights in and to the SHOPKINS line of products and associated assets, as required to design, develop, produce, promote, market and distribute and sell the games via digital distribution channels (iOS and Android) throughout the world (excluding Iran).



Key Terms	Liability and indemnity MK Games releases and indemnifies Moose, and its directors, officers, servants and agents, in respect of all claims and liabilities of whatever nature arising out of (a) the manufacture, promotion, distribution, exploitation or sale of a <i>Shopkins</i> game, (b) a breach of the Moose Agreement by MK Games; or (c) the negligence of MK Games and any agents, employees or subcontractors of MK Games or any other person for whose acts or omission MK Games is vicariously liable, in each case, except to the extent such claims or liabilities are solely due to the acts or omissions of Moose. Claims under this indemnity are not subject to an aggregate liability cap or exclusion of liability for consequential loss or damage.
	Term and Termination The Moose Agreement commenced on 1 April 2018 and will continue until 31 December 2021 unless terminated earlier, or extended, in accordance with its terms. The term of the Moose Agreement may be extended for further period of 12 months, if agreed in writing by Moose in its absolute discretion, within 30 days before the expiry of the then current term if, at the time of the proposed renewal, there is no existing breach or non-observance by MK Games of any of the terms of the Moose Agreement. The Moose Agreement was last renewed on 22 December 2020. • Moose has the unilateral right to terminate the Moose Agreement in the following circumstances: • if for any reason Moose's right to sub-licence any applicable third-party Intellectual Property Rights is terminated; or • if an Insolvency Event occurs in respect of MK Games; or • for cause, if MK Games breaches the Moose Agreement and that breach is not remedied within any applicable cure period; or • if there is a change of control or of MK Games. In accordance with the requirements of the Moose Agreement, the Company has provided written notice of the anticipated change of control of MK Games that would occur on completion of the transactions contemplated by this Prospectus. Although Moose technically has the right to terminate the Moose Agreement on account of such change of control, the Directors consider that the risk of Moose exercising that right to terminate is low.
	Governing law The Moose Agreement is governed by the laws of the State of Victoria, Australia.

Table 50: Summary of key terms of Uken Agreement

Contract Details	Co-Development Agreement dated 21 June 2019 between Uken Inc. ("Uken") and Mighty Kingdom Games Pty Limited (as amended) (" Uken Agreement ")
Game	Ava's Manor
Key Terms	Intellectual Property Rights Uken owns the Intellectual Property Rights in and to the game (other than the Narrative Game Engine) and the Solitaire Game Engine (comprising Uken's proprietary software development environment used to create tri-peaks solitaire-related portions of games for mobile and social media platforms). MK Games owns the Intellectual Property Rights in and to the Narrative Game Engine (comprising Mighty Kingdom's proprietary software development environment used to create narrative-related portions of games for mobile and social media platforms). MK Games grants to Uken, for the term of the Uken Agreement, a fully paid up, royalty free, worldwide, non-exclusive licence to access, use, copy, support, maintain, modify, sublicense, assign, distribute or otherwise exploit Mighty Kingdom's Intellectual Property Rights in and to the Narrative Game Engine for the purpose of developing, publishing or otherwise making available the game known as <i>Ava's Manor</i> .

Key Terms**Liability and indemnity**

MK Games indemnifies, defends and holds harmless Uken, its affiliates, successors and assigns, and their respective directors, officers, shareholders, employees, agents, successors, and assigns, from and against all claims and liabilities of whatever nature arising out of any claim that any Mighty Kingdom Intellectual Property Rights, or the narrative components of the game, infringes, violates, or misappropriates any Intellectual Property Rights of any third-party. Claims under this indemnity are not subject to an aggregate liability cap or exclusion of liability for consequential loss or damage.

Term and Termination

The Uken Agreement commenced on 21 June 2019 and will continue for an initial term of three years, unless terminated earlier, or extended, in accordance with its terms.

The term of the Uken Agreement will automatically renew for successive one-year periods unless the average daily net revenue in any 30 day period during the then current term is less than the prescribed threshold, in which case the Uken Agreement will only renew if mutually agreed by the parties in writing.

Uken has the unilateral right to terminate the Uken Agreement in the following circumstances:

- for cause, if MK Games breaches the Uken Agreement and that breach is not remedied within any applicable cure period; or
- if Uken is unable to officially launch the game within 12 months after the end of Open Beta (as defined in the Uken Agreement) or if Uken reasonably determines during Open Beta that the total project lifetime customer value is less than the total projected cost of user acquisition of the game; or
- if the average daily net revenue in any three month period after the date of the official launch of the game is less than the prescribed threshold; or
- if MK Games makes any assignment for the benefit of creditors or is unable to pay its debts as they mature in the ordinary course of business or any proceedings are instituted by or against Mk Games under any insolvency laws or for reorganization, receivership or dissolution.

Exclusivity

Mighty Kingdom must not, during the term of the Uken Agreement and for a period of 12 months thereafter, create develop, publish, distribute or otherwise make available on any mobile platform any solitaire game other than the game known as *Ava's Manor*.

Governing law

The Snap Agreement is governed by the laws of the State of California, United States of America.

(d) Licence to occupy office space

Mighty Kingdom holds a licence ("Licence") to occupy part of Level 2, 44 Pirie Street, Adelaide SA 5000, having an area of approximately 287.5 square metres (the "Licensed Area"). The key terms of Mighty Kingdom's licence to occupy the Premises are described in the table below.

Table 51: Summary of key terms of licence

Licence	The Licence confers on Mighty Kingdom a personal right of "quiet use" of the Licensed Area. The Licence is not a tenancy and does not confer on Mighty Kingdom any proprietary interest or right in the Licensed Area.
Term	5 years commencing on 16 January 2018 (" Commencement Date "), with one option to renew for a further term of 2 years.
Licence Fee	The Licence Fee is \$133,452 per annum and is subject to a fixed annual 3% increase on each anniversary of the Commencement Date. The Licence Fee is inclusive of outgoings (rates, insurance, cleaning and the like).

Indemnity	Mighty Kingdom releases and indemnifies the head lessor and the licensor of the Licensed Area and their respective employees, agents and contractors from all legal liability arising from the use or occupation of the Licensed Area or the conduct of Mighty Kingdom's business by Mighty Kingdom or any of its employees, agents, contractors or invitees.
Termination or expiry	At the conclusion of the Licence, Mighty Kingdom is obliged to vacate the Licensed Area, reinstate the Licensed Area to an open plan base building configuration and make good any damage. The licensor of the Licensed Area may terminate the Licence by written notice if Mighty Kingdom breaches the Licence and fails to remedy that breach within 7 days.

10.6 FINANCE ARRANGEMENTS

(a) Convertible Notes

Mighty Kingdom raised \$4,000,000 via the issue of Convertible Notes in December 2020. The Convertible Notes convert into Shares immediately prior to the issue of New Shares to investors under this Prospectus, at an effective issue price of \$0.24 per Share. See Section 8.3 for details of the anticipated capital structure of the Company after the Listing Date.

(b) ATO tax debt

On 20 November 2020 the ATO issued a letter to MK Services confirming the terms of the payment plan for repayment of outstanding tax debt owed by Mighty Kingdom ("**Payment Plan**").

The amount of tax debt to be repaid is \$2,269,564.38 and this amount is payable in instalments as follows:

- the first instalment of \$100,000 was required to be paid by 8 December 2020;
- the subsequent instalments of \$50,000 are required to be paid on the 8th of each month until 8 July 2024; and
- the final instalment of \$20,049.89 is to be paid on 8 August 2024.

The letter indicates that the ATO will not charge interest on the outstanding tax debt for so long as MK Services meets the Payment Plan. If MK Services misses a

payment, or fails to meet any of its other tax obligations, then the Payment Plan terminates and MK Services is obliged to pay the outstanding tax debt in full, together with any accrued general interest charges, immediately on demand.

As at the Prospectus Date, MK Services has not missed any payments or failed to meet any of its other tax obligations since the commencement of the Payment Plan.

(c) Overdraft facility

Mighty Kingdom has access to a \$250,000 overdraft facility with CBA (the "**Facility**"). The Facility is subject to CBA's standard business overdraft facility terms and conditions and interest is charged on funds drawn under the Facility at a rate of 8.43% per annum. Mighty Kingdom is also liable to pay a 1.00% per annum line fee (calculated on the higher of the facility limit or the loan balance where it exceeds the limit, during the previous quarter). This loan is repayable in monthly instalments within five years.

10.7 LITIGATION

As at the Prospectus Date, so far as the Directors are aware, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the Company's business or financial position.



10.8 CONSENTS

Each of the following persons (“**Consenting Parties**”) has provided the consent or consents outlined in the table below (each, a “**Consent**”). Each Consenting Party:

- has not, before lodgement of this Prospectus with ASIC, withdrawn its written Consent to be named in this Prospectus in the form and context in which it is named;
- has not, before lodgement of this Prospectus with ASIC, withdrawn its Consent to the inclusion of its respective statements and reports (where applicable) noted next to its name in the table below, and references to those statements or reports in the form and context in which they are included in this Prospectus;
- has not authorised, or caused the issue of, any part of this Prospectus, except as expressly noted next to its name in the table below (and as consented to by that person);
- does not make, or purport to make, any statement in this Prospectus other than those statements noted next to its name in the table below (and as consented to by that person); and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, this Prospectus.

Table 52: Overview of Consents

Consenting Party	Nature of Consent
Investigating Accountant	Grant Thornton has given its written consent to be named as Investigating Accountant in this Prospectus in the form and context in which it is named. Grant Thornton has also given its written consent to the inclusion of the Investigating Accountant's Report in Section 6 in the form and context in which it has been so included.
Auditor	GT Audit has given its written consent to be named in this Prospectus as external auditor in the form and context in which it is named.
Lead Manager	CCZ Statton Equities Pty Limited has given its written consent to be named in this Prospectus as Lead Manager to the Offer in the form and context in which it is named.
Corporate Adviser	Adelaide Equity Partners Limited has given its written consent to be named in this Prospectus as corporate adviser to the Company in relation to the Offer in the form and context in which it is named.
Share Registry	Computershare has given its written consent to be named in this Prospectus as Share Registry in the form and context in which it is named.
Legal Adviser	Motus Legal Pty Limited has given its written consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Offer in the form and context in which it is named.

This Prospectus also includes statements made by, attributed to or based on statements made by the following parties who have not consented to the inclusion of their names in this Prospectus, or to any statement attributed to them or upon which another statement is based:

- Newzoo Limited
- Statista GMBH

- Norio Imanaka of Rakuten Securities Economic Research Institute

These statements are included in this Prospectus in reliance on ASIC Corporations (Consents to Statements) Instrument 2016/72 relating to statements used from books, journals or comparable publications.

10.9 ASX WAIVER

The Company has lodged an application for a conditional waiver from ASX with respect to the requirements of condition 12 of Listing Rule 1.1 to allow the Employee Share Options and Shareholder Options to remain on issue after the Listing Date, notwithstanding that their exercise price is less than \$0.20 per Option (see Sections 8.2(c)(2) and 8.3(c)(2) for further details).

10.10 SELLING RESTRICTIONS

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside of Australia.

10.11 EXPENSES OF THE OFFER

The expenses of the Offer, if completed, are estimated as follows:

Expense	Costs
Broker and Distribution Fees	\$1,090,000
Legal, Advisory, Share Registry and Accounting Fees	\$264,000
Printing, Graphic Design and Marketing/Mailing	\$15,000
ASX Listing Fees (Initial and pro rata annual)	\$122,000
ASIC & Application Fees	\$13,000
Contingency	\$75,000
Total	\$1,578,000

The above estimates exclude GST.

10.12 CLEANSING OFFER

The Company invites eligible applicants to subscribe for up to a maximum of 50 Shares at the Offer Price, to raise up to \$15.00.

The Cleansing Offer opens on the Opening Date and is expected to remain open until 5.00pm (ACDT) on the date falling

14 days from the Listing Date. However, the Company reserves the right to vary the offer period for the Cleansing Offer without prior notice.

The sole purpose of the Cleansing Offer is to ensure that any Shares issued on conversion of the Convertible Notes can be freely traded from the date of issue.

Because of the small number of Shares that can potentially be issued under the Cleansing Offer, the potential impact of the Cleansing Offer on the Company's capital structure and financial position has not been factored into the information disclosed in this Prospectus. The Company reserves the right not to allocate or issue any Shares under the Cleansing Offer.

10.13 PRIVACY

The Application Form accompanying this Prospectus requires you to provide information that may be personal information for the purposes of the Privacy Act. The Company (and the Share Registry on its behalf) may collect, hold and use that personal information in order to assess your Application, service your needs as a Shareholder, provide facilities and services that you request or that are connected with your interest in the New Shares and carry out appropriate administration. If some or all personal information as required in the Application Form is not provided, then your Application may be refused or rejected, you may not be granted any New Shares, or the Company (or the Share Registry) may not be able to adequately service your needs as a Shareholder or provide facilities and services that you request or that are connected with your interest in the New Shares or carry out appropriate administration.

The Company's privacy policy contains information about how you may access your personal information that is held by

the Company and seek correction of such information, and how you may complain about a breach of the Australian Privacy Principles, or a registered code that binds the Company, and how the Company will deal with such a complaint.

The Company will not disclose your personal information to overseas recipients except where required to do so by applicable law, and only to the countries whose laws investors may be subject to.

Under the Privacy Act, you may request access to your personal information held by the Company or the Share Registry by contacting the Company by email at hello@mightykingdom.com or the Share Registry on 1300 556 161.

10.14 GOVERNING LAW

This Prospectus, the Offer and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the laws applicable in South Australia and each applicant submits to the exclusive jurisdiction of the courts of South Australia.

10.15 EXPIRY DATE

No New Shares will be issued on the basis of the Prospectus later than the date that is 13 months after the Prospectus Date.

10.16 STATEMENT OF DIRECTORS

This Prospectus is issued by the Company and under the authority of the Directors.

Each Director and the Proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.



Michelle Guthrie
Chair



Philip Mayes
Managing Director

For personal use only



11

GLOSSARY

Term	Meaning
\$ or AUD	Dollars of the currency of Australia. All amounts in this Prospectus are in Australian dollars unless otherwise stated.
ACDT	Australian Central Daylight Time.
Alium Alpha Fund	Dempsey Capital Pty Limited ACN 632 685 468 as trustee for the Alium Alpha Fund.
Applicant	An applicant for New Shares who submits an Application Form under this Prospectus and pays the applicable Application Amount.
Application	An application for New Shares under the Offer on an Application Form.
Application Amount	The amount of money payable for New Shares pursuant to the Offer, being the Offer Price multiplied by the number of Shares for which an Applicant has applied.
Application Form	Any application form accompanying this Prospectus.
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691, or Australian Securities Exchange, as the context requires.
ASX Listing Rules or Listing Rules	The official listing rules of ASX and any other rules of ASX which apply while the Company is an ASX listed company, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.
ASX Recommendations	The Corporate Governance Principles and Recommendations (4th edition) issued by the ASX Corporate Governance Council.
ASX Settlement	ASX Settlement Pty Limited ACN 008 504 532.
ASX Settlement Operating Rules	The operating rules of ASX Settlement.
ATO	The Australian Taxation Office.
Auditor	GT Audit.
Australian Accounting Standards	The accounting standards as set by the Australian Accounting Standards Board from time to time.
Bad Leaver	A person who has ceased to be employed or engaged by a Group Company in circumstances where they are not a Good Leaver.
Board	The board of Directors as constituted from time to time.
Board Committees	Committees established by the Board, including Audit Committee, Risk Committee and Nominations and Remuneration Committee.
Broker	Any ASX participating organisation acting as a broker for the Broker Firm Offer.
Broker Firm Offer Applicant	An Applicant who submits an Application for New Shares under the Broker Firm Offer.
Broker Firm Offer Application Form	The Application Form for the Broker Firm Offer.
Broker Firm Offer	That component of the Offer described in Section 9.9(a).



Term	Meaning
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, and any other day that ASX declares is not a business day.
CAGR	Compound annual growth rate.
CBA	Commonwealth Bank of Australia ABN 48 123 123 124.
CHESS	ASX's Clearing House Electronic Subregister System.
Cleansing Offer	The offer made by the Company under section 708A(11) of the Corporations Act on the terms set out in Section 10.12.
Closing Date	The last date for receipt of Applications which is 31 March 2021 or such other date and time as the Company, with the consent of the Lead Manager, may, in its absolute discretion, determine.
Company	Mighty Kingdom Limited ACN 627 145 260.
Computershare	Computershare Investor Services Pty Limited ACN 078 279 277.
Constitution	The constitution of the Company.
Convertible Note Holders	Holders of Convertible Notes.
Convertible Notes	The series 'A' convertible notes issued by the Company that will convert into 16,666,667 Shares immediately prior to the issue of New Shares under the Offer.
Corporate Adviser	Adelaide Equity Partners Limited (ACN 119 059 559) (AFSL 313143).
Corporations Act	Corporations Act 2001 (Cth) as amended.
D&O Insurance	Directors' and officers insurance.
Directors	The directors of the Company.
Dispose	In relation to an Employee Share Option or Option Share: • sell, assign, buy-back, redeem, transfer convey, grant an option over, grant or allow a Security Interest over; • enter into any swap arrangement, any derivative arrangements or other similar arrangement; or • otherwise directly or indirectly dispose of a legal, beneficial, economic interest in an Employee Share Option or Option Share, • and Disposal has a corresponding meaning.
Employee Share Option	An Option issued under the Employee Share Option Plan.
Employee Share Option Plan	The Mighty Kingdom employee share option plan, governed by the Employee Share Option Plan Rules.
Employee Share Option Plan Rules	The rules for the Employee Share Option Plan, summarised in Section 8.2(c).
Encumbrance	Any mortgage, charge, whether fixed or floating, pledge, lien, conditional sale agreement, hire or hire purchase agreement, restriction as to transfer, use or possession, easement, subordination to any right of any other person and any other encumbrance or security interest.
Escrow Documents	The Restriction Deeds between the Company and each of the parties identified as having Securities subject to escrow in Section 8.3(d) (and their respective controllers).
Exposure Period	The period of 7 days (or such longer period, being no longer than 14 days, as ASIC may direct) from Prospectus Date.
Fair Market Value	As of any date, the fair market value of an Employee Share Option or Option Share (as applicable), as determined by the Board in good faith on such basis as it deems appropriate and applied consistently with respect to all Employee Share Options or Option Shares (as applicable).

Term	Meaning
FY18	The financial year ended 30 June 2018.
FY19	The financial year ended 30 June 2019.
FY20	The financial year ended 30 June 2020.
Good Leaver	A person who has ceased to be employed or engaged by a Group Company as a result of that person's: • death; • permanent disability or incapacity; or • retrenchment by reason of redundancy, or for any other reason determined by the Board.
Grant Thornton	Grant Thornton Corporate Finance Pty Limited ACN 003 265 987.
Group Company	The Company and each of its Subsidiaries.
GST	Goods and services tax within the meaning of the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
Harris-Liang Family Trust	Christopher Harris, Stephen Harris and Roseanne Liang as trustees for the Harris-Liang Family Trust.
GT Audit	Grant Thornton Audit Pty Ltd ACN 130 913 594.
Insolvency Event	In relation to a party, the occurrence of any on or more of the following events in relation to that party: • except for the purpose of a solvent reconstruction or amalgamation which has the prior written consent of the other party; or • process is filed in a court seeking an order that it be wound up or that a receiver be appointed to it or any of its assets, unless the application is withdrawn, struck out or dismissed within 14 business days of it being filed; or • an order is made that it be wound up or that a receiver be appointed to it or any of its assets; or • a resolution that it be wound up is passed or proposed; or • a liquidator, provisional liquidator, administrator, receiver or any similar official is appointed to, or takes possession or control of, all or any of its assets or undertaking or any step is taken to effect any of these things; or • it enters into, or resolves to enter into, an arrangement, compromise or composition with any class of its creditors, or process is filed in a court seeking approval of any such arrangement, compromise or composition; or • any action is taken by a governmental agency with a view to cancelling its registration or to dissolving it; or • it is insolvent or it otherwise states that it is unable to pay its debts, or it is presumed to be insolvent under any applicable law; or • it stops or suspends the payment of all or a class of its debts; or • it stops or suspends the conduct of all or a substantial part of its business or threatens to do so; or • anything having a substantially similar effect to any of the events specified in the preceding paragraphs happens to it under the law of any jurisdiction.
Institutional Investor	A person to whom an offer or invitation in respect of securities can be made without disclosure (such as prospectus under the Corporations Act or other formality that the Company is not willing to comply with), but not including a person to whom a prospectus does not need to be given because of the application of section 708(1) of the Corporations Act.
Institutional Offer	That component of the Offer described in Section 9.9(b).
Investigating Accountant	Grant Thornton



Term	Meaning
Intellectual Property Rights	Any registered and unregistered Intellectual Property rights such as, but not limited to, patents, designs and trade marks, as well as copyrights, know-how, and trade secrets or any rights of a similar nature under the laws of Australia or anywhere else in the world.
IPO	Initial Public Offering.
Lead Manager	CCZ Statton Equities Pty Limited ACN 104 843 370 (AFSL 239946).
Listing Date	The date on which the Company is admitted to the Official List.
Material Contracts	Those agreements listed in Section 10.5.
Mayes Lee Family Trust	Philip James Mayes and Michelle Lee as trustees for the Mayes Lee Family Trust
Mighty Kingdom	The Company and its Subsidiaries.
MK Services	Mighty Kingdom Services Pty Ltd ACN 601 026 331.
Moose	Moose Enterprises (Int) Pty Ltd ACN 132 345 218.
Narrative Engine	Has the meaning given in Section 5.5(a).
New Share	A Share issued to a successful Applicant under the Offer.
Non-Executive Directors	The non-executive directors of the Company from time to time.
Offer	The offer of up to 60,000,000 New Shares under this Prospectus.
Offer Price	\$0.30 per Share.
Official List	The official list of the ASX.
Opening Date	The Prospectus Date or such later date as may be prescribed by ASIC.
Option	An option to acquire a Share.
Original IP	Has the meaning given in Section 3.2.
Permitted Disposal	The Disposal of a legal or beneficial interest in an Employee Share Option or Option Share pursuant to: - a transfer by a holder of an Employee Share Option or Option Share of any of its Employee Share Options or Option Shares to a nominee, and such nominee may transfer Employee Share Options or Option Share to any other nominee provided that no beneficial interest in the Employee Share Options or Option Shares passes as a result of the transfer; - a transfer of a Employee Share Options or Option Shares by a holder of an Employee Share Option or Option Share (as the case may be) who is a natural person to the trustee or trustees of a family trust set up for the benefit of the person's family provided that a person acquiring Employee Share Options or Option Shares under this transfer is not entitled to transfer Employee Share Options or Option Share except to the person from whom the transferee acquired the Employee Share Options or Option Shares; - in the event of the death of the holder of an Employee Share Option or Option Share (as the case may be), a transfer or transmission of the deceased person's Employee Share Options or Option Shares to the deceased person's estate; or - a transfer by a holder of an Employee Share Option or Option Share (as the case may be) of any of its Employee Share Options or Option Shares where such transfer is otherwise permitted by the Employee Share Option Plan Rules.
Privacy Act	Privacy Act 1988 (Cth).
Proposed Director	Gabriele Famous.
Prospectus	This prospectus (including the electronic form of this prospectus) and any supplementary or replacement prospectus.
Prospectus Date	10 March 2021, being the date on which this Prospectus was lodged with ASIC.
Securities	Shares of any class and Options.

Term	Meaning
Security Interest	An interest or power: • reserved in or over an interest in any asset including any retention of title; or • created or otherwise arising in or over an interest in any asset under a security agreement, a bill of sale, mortgage, charge, lien, pledge, trust or power, • by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to: • any agreement to grant or create any of the above; and • a security interest within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth).
Seed Preference Shares	The seed preference shares on issue by the Company as at the Prospectus Date.
Senior Manager	Those persons named in Section 8.1(b).
Select Investor	Those investors selected by the Company in its sole discretion to participate in the Select Offer.
Select Offer	That component of the Offer described in Section 9.9(c).
Share	A fully paid ordinary share in the capital of the Company.
Share Registry	Computershare.
Shareholder	The holder of a Share.
Subsidiary	Has the meaning given to that term in the Corporations Act.
Tax Act	The Income Tax Assessment Act 1997 (Cth).
United States	United States of America.
USD	United States dollars.
US Person	has the meaning given to that term by Regulation S under the US Securities Act.
US Securities Act	U.S. Securities Act of 1933.
Warne	Frederick Warne & Co Limited and/or Frederick Warne & Co LLC.



12.

CORPORATE DIRECTORY

DIRECTORS

Michelle Guthrie
Non-Executive Chair

Philip Mayes
Managing Director

Tony Lawrence
Executive Director

Megan Brownlow
Non-Executive Director

PROPOSED DIRECTOR

Gabriele Famous
Non-Executive Director

COMPANY SECRETARY

Kaitlin Smith
Company Secretary

REGISTERED OFFICE

212 Greenhill Road
Eastwood, SA 5063

Website:

<https://www.mightykingdom.com>

Office:

Level 2, 44 Pirie Street
Adelaide, SA 5000

Postal:

Mighty Kingdom Limited
Level 2, 44 Pirie Street
Adelaide, SA 5000

Telephone: (08) 7200 3252

Email: hello@mightykingdom.com

Proposed ASX code: MKL

LEGAL ADVISER

Motus Legal Pty Limited
Level 1, 175 Hutt Street
Adelaide SA 5000

LEAD MANAGER

CCZ Statton Equities Pty Limited
AFSL 239946
Level 24, 9 Castlereagh Street
Sydney NSW 2000

CORPORATE ADVISER

Adelaide Equity Partners Limited
AFSL 313 143
Ground Floor, 70 Hindmarsh Square
Adelaide SA 5000

INVESTIGATING ACCOUNTANT

Grant Thornton Corporate Finance Pty Limited
Central Park
Level 43, 152 – 158 St Georges Terrace
Perth WA 6000

AUDITOR

Grant Thornton Audit Pty Limited
Grant Thornton House
Level 3, 170 Frome Street
Adelaide SA 5000

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000

13 APPENDIX: ACCOUNTING POLICIES



The Historical and Pro-Forma Financial Information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. The financial information has been prepared on an accruals basis and is based on historical cost.

Basis of preparation

The consolidated financial statements and notes included in Section 6 of this Prospectus include the results of Mighty Kingdom Limited and Controlled Entities ("**Consolidated Group**" or "**Group**").

The Group has elected to adopt the Australian Accounting Standards - Reduced Disclosure Requirements established by AASB 1053 Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements. Mighty Kingdom Limited is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 9 March 2021.

Group reorganisation

Mighty Kingdom Limited was incorporated on 28 June 2018.

On 1 July 2018, Mighty Kingdom Limited issued shares to the existing shareholder of Mighty Kingdom Games Pty Ltd, Mighty Kingdom Services Pty Ltd, Mighty Kingdom IP Pty Ltd and Rise Games Pty Ltd in exchange for the shares already held in these entities.

Through this transaction effective control of Mighty Kingdom Games Pty Ltd, Mighty Kingdom Services Pty Ltd, Mighty Kingdom IP Pty Ltd and Rise Games Pty Ltd ("**Controlled Entities**") were passed to the shareholders of Mighty Kingdom Limited. The nature and substance of this transaction is a group reorganisation where following the reorganisation Mighty Kingdom Limited took control of Mighty Kingdom Games Pty Ltd, Mighty Kingdom Services Pty Ltd, Mighty Kingdom IP Pty Ltd and Rise Games Pty Ltd with no change in underlying control. This transaction is one referred to as a common control transaction in AASB 3 Business Combinations.

Mighty Kingdom Limited was incorporated specifically for the purpose of this transaction and subsequent equity raising activities, the fair value of the equity instruments issued has been estimated by reference to the consolidated net assets value of Controlled Entities as of 1 July 2018.



Business combinations

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties, both before and after the business combination, and control is not transitory.

Mighty Kingdom Limited (formerly known as Mighty Kingdom Group Pty Limited), Mighty Kingdom Games Pty Ltd (formerly known as Mighty Kingdom Pty Ltd), Mighty Kingdom Services Pty Ltd, Rise Games Pty Ltd, and Mighty Kingdom IP Pty Ltd are controlled by the same shareholders before and after the business combination, and the control is not transitory. Therefore, the business combination represents a common control combination.

Business combination involving entities under common control is scoped out under AASB 3 Business Combination. AASB provides no guidance on the accounting for these types of transactions; however requires an entity to develop and accounting policy. The two most common methods utilised are the acquisition method and the pooling of interest-type method (predecessor method).

Management have determined that the pooling of interest-type method to be the most appropriate. The pooling of interest-type method requires that the financial statements to be prepared using the predecessor book value without any step up to fair value. The differences between any consideration given and aggregate book value of the assets and liabilities of the acquired entity are recorded as an adjustment to equity. This may be recorded in retained earnings / reserve and no additional goodwill is created by the transaction. The comparatives have

been presented as if the combination had occurred from the date when the combining entities first came under the control of the controlling parties.

All transaction costs incurred in relation to the business combination are expenses to the consolidated statement of profit or loss and other comprehensive income.

Basis of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Mighty Kingdom Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or the non-controlling

interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit and loss and other comprehensive income.

Consolidated financial statement presentation

The consolidation financial statements (post combination) incorporate the acquired entity's results as if both entities (acquirer and acquire) had always been combined with incorporate the acquired entity's results as if both entities (acquirer and acquire) had always been combined for the year and the comparative financial year.

Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset



and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the

most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, as indicated, less, where applicable, any accumulated depreciation and impairment losses.

(i) Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if

the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(l) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

(ii) Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Asset category	Useful life	Depreciation Rate
Office equipment	5 Years	20%
Motor Vehicle	4 Years	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses

are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and



- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequently, the lease liability is measured by a reduction to the carrying amount of any payments made and an increase to reflect any interest on the lease liability.

The right-of-use assets is an initial measurement of the corresponding lease liability less any incentives and initial direct costs. Subsequently, the measurement is the cost less accumulated depreciation (and impairment if applicable).

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Financial Instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(ii) Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or



- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

- amortised cost; or
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.



The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the Groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group’s accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder’s contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the

difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amounts due from customers under construction contracts); loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test

is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives.

Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual



leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations due to changes in assumptions for other long term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with Original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings in current liabilities on the statement of financial position.

Revenue

Revenue arises mainly from the development of the interactive entertainment software products, online game services, online advertising services, and licensing services. The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five step model as follows:

1. Identifying the contract with customer.
2. Identifying the performance obligation.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligation
5. Recognising revenue when / as performance(s) obligations are met.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at point in time or over time. When (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group reports revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in a transaction. The Group is a principal if it controls the specified product or service before that product or service is transferred to a customer or it has a right to direct others to provide the product or service to the customer on the Group's behalf. Indicators that the Group is a principal include but not limited to whether the Group (i) is the primary obligor in the arrangement; (ii) has latitude in establishing the selling price; (iii) has discretion in supplier selection; (iv) changes the product or performs part of the service, and (v) has involvement in the determination of product or service specifications

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance

obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than passage of time required before the consideration is due.

(i) Software development revenue

Our software are custom-built according to specific requests of individual customers. Each contract is assessed separately using the five-step method above, with the fair value of revenue allocated against the performance obligations in the contract.

Variable consideration is considered for each contract and constraint is applied where appropriate. A custom-built software does not have any alternative use with provides us an enforceable rights to payments. As the amount of works required to perform under these contracts does not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of goods or services. Development revenue is recognised on a straight-line basis over the term of each contract.

(ii) Online game revenue

The Group operates its online games primarily as a free to play model. Players can purchase online virtual items through third party payment platforms. These providers are entitled to a predetermined percentage of service fees which are withheld and deducted from the gross proceeds collected by these platforms from the players, with the net amounts remitted to the Group. The Group recognises revenue on a gross basis given it is the principle in these transactions. The service fees are recorded as expenses in the statement of profit or loss. We recognize revenue ratably over the estimated average playing period of players for the applicable game.

(iii) Advertising revenue

Advertising contracts are signed to establish the prices and advertising services to be provided based on different arrangements. The major arrangement is display-based advertising and such revenue are recognised on number of display or view impression basis. This performance obligation is satisfied over time as the advertisers receive and consume benefits simultaneously provided by the Group when the advertisements are displayed.



(iv) License revenue

License revenue is generated from granting a licence to a customer with a right to access the Group's Intellectual Property. The license revenue is recognised on a straight-line method over the license period.

(v) Other revenue

The Group recognises other revenues when the respective services are rendered, or when the control of the products are transferred to customers.

Other Income

(a) Other income

Other income is recognised when it is received or when the right to receive payment is established.

(b) Government grant income

Government grants, including non-monetary grants at fair value, are only recognised when there is reasonable assurance that:

- (a) all conditions attaching to the Government grant will be complied with;
- (b) the value of the grant can be determined with reasonable certainty; and
- (c) the grant will be received.

Government grants are recognised in the profit or loss over the periods in which the Group recognises related expenses. Where government grants relate to costs which have been capitalised as non-current assets these are recognised as a reduction to the related non-current asset in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the

Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currencies at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates on the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve, in equity. If the foreign operation is not a wholly owned controlled entity then the relevant proportion of the translation difference is allocated to non-controlling interests.

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Trade and other receivables

Trade and other receivables include amounts due from customers for goods

sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(j) for further discussion on the determination of impairment losses.

Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Share Capital

Ordinary shares, and preference shares which do not result in the Group having a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavorable to the Group, are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable

or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

(i) Impairment - general

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.



(ii) Credit risk

During the current challenging economic environment, credit risk is assessed to be a critical accounting judgement regarding estimations and assumptions over the expected credit loss allowance.

(iii) Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the Group expects that all its employees would use all their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the Directors consider that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

(iv) Research and development incentive

Research and development incentive is recognised at fair value when there is reasonable assurance that the income will be received. The expected future R&D tax incentive, for qualifying R&D expenditure for the current financial year, has been accrued and is also recognised as other income in the statement of profit and loss. It has been established that the conditions of this future R&D incentive have been met and that the expected amount of the incentive can be reliably measured.

(v) Accounting for business combination

The Group assesses the accounting implication of business combination (Refer to Note 2.1 (c)) using AASB 3 Business Combinations. Management have

determined that the pooling of interest-type method to be the most appropriate method to account for the business combination.

(vi) The Novel Coronavirus ('COVID-19')

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.



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