

MIGHTY KINGDOM QUARTERLY ACTIVITIES UPDATE AND APPENDIX 4C

Quarter Ended 31 December 2024

Mighty Kingdom Limited (ASX: MKL) ("MK" or the "Company"), is pleased to provide its Quarterly Activities Update and Appendix 4C for the December 2024 Quarter ("Q2 FY25").

QUARTERLY NOTES

- **Net cash used in operating activities improved 60% versus Q1 FY25**
- **Quarterly game revenue \$1.3m (10% increase vs Q1FY25)**
- **Successful completion of debt facility for up to \$1.2m**

OPERATIONAL SUMMARY

The Company reported a 10% QoQ increase in revenue generated from games during the quarter. Driven by the newly launched Power Rangers Mighty Force, and continued work with Google, East Side Games Group ("ESGG"), and Spin Master.

The Company reported receipts of \$1.6m generated from games during the quarter with total operating outflows of \$1.0m. Whilst operating outflows has improved by 60% quarter on quarter, a potentially stronger overall cashflow performance was hindered by the continued delayed receipts of government incentives.

State and Federal Government grants and tax incentives owed to Mighty Kingdom at 31 December 2024 for FY24, totals to \$2.0m.

CAPITAL MANAGEMENT SUMMARY

In December 2024, Mighty Kingdom successfully received commitments for a secured debt facility up to the value of \$1.2m. This facility provides the company with the funds for ongoing working capital and supports the business until the currently owed \$2.0m government incentives are received.

PROJECT HIGHLIGHTS

Both games we've created in partnership with ESGG are now in the live operations part of their lifecycle. *Star Trek Lower Decks - The Badgey Directive* continued to maintain its quality, player base and revenue with constant content deliveries. *Power Rangers Mighty Force* added content to its experience and iterated on its early game and player-versus-player gameplay (among other iterations) to improve its performance in market. The team collaborated closely with ESGG to learn from their experience with similar games and proposed improvements to the games'

features. Some of those bigger improvements started development and have a release target of Q3 FY25.

MK continued the development of two games for Google's Fitbit Ace LTE. The team successfully delivered on providing support for previously delivered games while making headway on new development to Google's overt satisfaction.

MK wrapped up the latest work on *Gabby's Dollhouse* for Spin Master with its biggest release just in time for the holiday season. With two new rooms, a new character and an updated look for the dollhouse, the release received positive ratings from users. Spin Master and MK are in the process of defining scope of work for future contracts with the goal of finalising these arrangements during Q3 FY25.

The Company continued conversations with potential work-for-hire clients, including several meetings during Melbourne International Games Week with a range of potential partners.

RELATED PARTY TRANSACTIONS

As noted in Item 6 of the Company's Appendix 4C for Q2 FY25 payments to related parties and their associates represented cash benefits of \$113k for executive and non-executive directors. These payments include payments to a previous executive director who resigned on 22 November 2024 and non-executive director that was not reappointed on 22 January 2025.

OUTLOOK

MKL's current contracts continue to be serviced effectively with ongoing initiatives underway to drive profitability and minimising cash burn.

In addition, the Company is actively progressing corporate opportunities that it believes have the potential to add significantly to shareholder value.

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

For further information, please contact.

Duncan Gordon

Chair – Non-Executive Director

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ABOUT MIGHTY KINGDOM LIMITED

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

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

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

We want you to be part of it.

APPENDIX 4C

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

Name of entity

Mighty Kingdom Limited

ABN

39 627 145 260

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,570	2,250
1.2	Payments for		
	(a) research and development	0	0
	(b) product manufacturing and operating costs	(162)	(406)
	(c) advertising and marketing	(5)	(5)
	(d) leased assets	0	0
	(e) staff costs	(1,809)	(4,013)
	(f) administration and corporate costs	(405)	(896)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	3	16
1.5	Interest and other costs of finance paid	(4)	(9)
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	0	0
1.8	Other – ATO repayment of outstanding tax liabilities	(150)	(299)
1.9	Net cash from / (used in) operating activities	(957)	(3,362)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	1	2
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	1	2

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities	325	325
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	(62)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from / (used in) financing activities	325	263

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	891	3,367
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(957)	(3,362)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1	2

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	325	263
4.5	Effect of movement in exchange rates on cash held	15	5
4.6	Cash and cash equivalents at end of period	275	275

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	275	891
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	275	891

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	113
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

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

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify) – debt facility with converting loan	1,200	325
7.4	Total financing facilities	1,200	325
7.5	Unused financing facilities available at quarter end		875
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. Secured debt facility of up to \$1.2m with sophisticated and professional investors. Interest of 20% of the face value, capitalised and added to face value on draw down. Maturity of 18 April 2025 or when the company has received the R&D and DGTO rebates (whichever is earlier).		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(957)
8.2	Cash and cash equivalents at quarter end (item 4.6)	275
8.3	Unused finance facilities available at quarter end (item 7.5)	875
8.4	Total available funding (item 8.2 + item 8.3)	1,150
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.2
	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	

- 8.6 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
- No, the company continues to reassess its cost base and expectations around future financial performance based on the outlook for itself and the industry as a whole. There is an expectation that net operating cash burn will continue to reduce as efficiency gains are made within the business and new products monetise in market.*
- 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
- The company has recently successfully executed debt financing via a convertible note. Further equity raising is possible on an as needs basis, the company has a proven record of being able to raise equity as it is required. In addition, subsequent to the end of the quarter, the company received cash inflows from outstanding state and federal government grants of \$2m.*
- 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
- The company has a strong expectation that future operations will continue unimpeded with continuing Business Development and corporate initiatives aiming to grow overall revenue and profitability.*

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

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

Date: **31 January 2025**

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.