



MIGHTY KINGDOM LIMITED (ASX: MKL) ABN 39 627 145 260

ANNUAL FINANCIAL REPORT

YEAR ENDED 30 JUNE 2023



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Directors' Report

The Directors of Mighty Kingdom Limited present their report together with the financial statements of the consolidated entity, being Mighty Kingdom Limited (the "Company" or "Mighty Kingdom") and its controlled entities (the "Group") for the year ended 30 June 2023.

Directors

The following persons were Directors of Mighty Kingdom Limited during or since the end of the financial year:

Michelle Guthrie

From 17 Dec 2020

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 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.

Other ASX Directorships in the last 3 years:

- Catapult Group International Limited (ASX: CAT) since December 2019
- BNK Banking Corporation Limited (ASX: BBC) from July 2021 to July 2023

Interests in shares: 14,198,843

Interest in options: 649,252

Ian Hogg

From 4 August 2022

Independent Non-Executive Director

Ian has 25+ years of executive experience in the media & entertainment industries. A Columbia University alumni, he spent 9 years as CEO of Fremantle with full P&L responsibility for Asia Pacific group operation, as well as sitting on the Global Operating Board. Ian has previously held senior leadership positions at MGM UA, Network TEN, Mediaworks NZ and as CEO of the Singapore based World Sport Group. Ian's passion for storytelling and managing Intellectual property workflows will add immediate strength to MK's business pipelines.

Other ASX Directorships in the last 3 years: Nil

Interests in shares: None

Interest in options: 4,000,000

David Butorac

From 4 August 2022

Independent Non-Executive Director

David is a Harvard Business School alumni, with 35+ years of executive experience spanning some of the world's most successful broadcasting & digital media companies. David has held executive positions at OSN, WIN Corp, Star TV & Astro and spent 14 years in senior managerial roles at the News Corporation's BSkyB and Foxtel. During his tenure at OSN, the company navigated to profitability and became the highest revenue broadcasting business in the MENA region. He is proficient in business & fiscal management, leadership, operations, turnarounds, start-ups, business development & strategic planning.

Other ASX Directorships in the last 3 years: Nil

Interests in shares: None

Interest in options: 4,000,000

Gabriele Famous

From 21 Apr 2021 to 4 August 2023

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, Vamp (Visual Amplifiers), 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 an M.S. in Management from Stanford University Graduate School of Business and a B.A. in Economics from the University of Arizona.

Other ASX Directorships in the last 3 years: Nil

Interests in shares:	571,429
Interest in options:	486,939

Melanie Fletcher

From 4 August 2022 to 11 September 2023

Independent Non-Executive Director

Melanie has a 30-year track record of delivering productions across the globe and is the CEO of Done + Dusted North America. Done+Dusted is a producer of high stakes, high profile global events and content. Melanie has been integral in guiding Done+Dusted from a boutique London-based production company to a global entertainment group. Her track record of fostering relationships & creating a unique company culture attracts & retains the world's best, creatives & clients that span A-List artists, major networks & Fortune 500 companies.

Other ASX Directorships in the last 3 years: Nil

Interests in shares:	None
Interest in options:	4,000,000

Megan Brownlow

From 17 Dec 2020 to 31 January 2023

Independent Non-Executive Director

Megan is an experienced non-executive director, boardroom facilitator and speaker who, in her executive career, held senior leadership positions in strategy, marketing and management consulting for large media and consulting firms. Until April 2019 Megan was a partner with PwC Australia and led the National Telecommunications, Media and Technology (TMT) Industry practice, assisting clients with strategy, due diligence, forecasting and market analysis.

Apart from her role with Mighty Kingdom, Megan is the Deputy Chair of Screen Australia, Deputy Chair of the Media Federation of Australia, Chair of the Industry and the Advisory Board for the School of Communications, University of Technology, Sydney (UTS).

Other ASX Directorships in the last 3 years:
Atomos Limited (ASX: AMS) from July 2021 to June 2023

Interests in shares:	105,263
Interest in options:	486,939

Philip Mayes

Until 18 January 2023

Chief Executive Officer and Managing Director

With more than 15 years of 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. 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.

Other ASX Directorships in the last 3 years: Nil

Interests in shares:	52,928,571
Interest in options:	None

Tony Lawrence

From 20 Aug 2020 to 4 August 2022

Chief Operating Officer and Executive Director

With more than 20 years of senior leadership experience in creative industries, Tony was previously the General Manager and Director of 2K Australia, which developed the internationally acclaimed and commercially successful Borderlands the Pre- Sequel, BioShock Infinite, and BioShock 2 games. Tony is a former Director and Chair of the Audit and Risk committee of the Interactive Games and Entertainment Association (IGEA), Australia's peak 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.

Other ASX Directorships in the last 3 years: Nil

Interests in shares:	352,380
Interest in options:	8,019,359

Company Secretary

From 9 Dec 2020

Kaitlin Smith

Kaitlin Smith is an experienced Company Secretary and corporate governance professional and has held Company Secretary and CFO roles in ASX listed and unlisted entities. Ms Smith is a Chartered Accountant, a fellow member of the Governance Institute of Australia and holds a Bachelor of Commerce (Accounting).

Meetings of directors

The number of meetings of the Company's Board of Directors (the "Board") and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

Name	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Number of meetings		Number of meetings		Number of meetings	
	Held while Director	Attended	Held while committee member	Attended	Held while committee member	Attended
Michelle Guthrie	13	12	7	7	3	3
Megan Brownlow	7	6	5	5	5	3
Gabriele Famous	13	13	7	6	8	8
Ian Hogg	13	12	1	1	5	5
David Butorac	13	13	5	4	-	-
Melanie Fletcher	13	13	-	-	5	4
Philip Mayes	6	6	-	-	-	-
Tony Lawrence	-	-	-	-	-	-

Committee membership

As at the date of this report, the Group has an Audit and Risk Committee and a Remuneration and Nomination Committee. The members of each committee are as follows;

Remuneration and Nomination Committee

Ian Hogg (Chair)
David Butorac
Michelle Guthrie

Audit and Risk Committee

David Butorac (Chair)
Michelle Guthrie
Ian Hogg

Review and results of operations

Financial highlights

- Record games revenue of \$6.932m, a 42% increase in revenue over the previous financial year including record work for hire revenue of \$4.707m.
- Record second half ("H2") FY23 revenue of \$4.426m.
- Total loss for the year reduced by 16% compared to the prior year, increasing to 24% when excluding non-recurring items for restructure and management changes and share based payments.
- Significant reduction in loss for the first half ("H1") FY23 (\$7.171m) versus ("H2") FY23 loss (\$1.700m), representing a 76% reduction in *loss before income tax* for the H2.
- Reduction in underlying operational costs by 20% H2 FY23 compared to H1 FY23.

Review of Operations

- Successful worldwide launch of mobile title Star Trek: Lower Decks – The Badgey Directive with the game winning the prestigious Best Story Telling Award at Pocket Gamer.
- Secured third major project agreement with East Side Games Group.
- Successful delivery of Google project with discussions currently taking place on additional game pitches and future work.
- Development of interactive TV game based on the number 1 fashion doll franchise 'Rainbow High'.
- Contract extension with Spin Master through to FY24 for content associated with Gabby's Dollhouse.
- Complete financial and operational overhaul across all areas of the business.
- Major restructure In October 2022 increasing developer utilisation on revenue generating projects to the targeted 90% in H2 FY23.
- Appointment of non-Executive Directors Ian Hogg, David Butorac and Melanie Fletcher (resigned 11 September 2023).
- Changes within key management including the appointment of Shane Yeend – Chief Executive Officer, Simon Rabbitt - Chief Finance and Operations Officer and Grant Osborne - Chief Technology Officer.

Game Revenue (\$)

6.93M

FY22: 4.90M (+42%)

Total Income (\$)

9.85M

FY22: 8.12M (+21%)

The Company presents its normalised loss after tax as below:

	2023 \$'000	2022 \$'000
Revenue from ordinary activities	6,932	4,897
Loss after income tax	(9,094)	(10,862)
Addback of non-recurring items		
Costs associated with restructure and management changes	614	80
Share-based payment with issuance of options	313	-
Normalised loss after income tax (Non statutory disclosure)	(8,167)	(10,782)

'Normalised loss after income tax' in the table above is a non-IFRS standard term but is used by the Group to assist readers to better understand the financial performance of the underlying operating business.

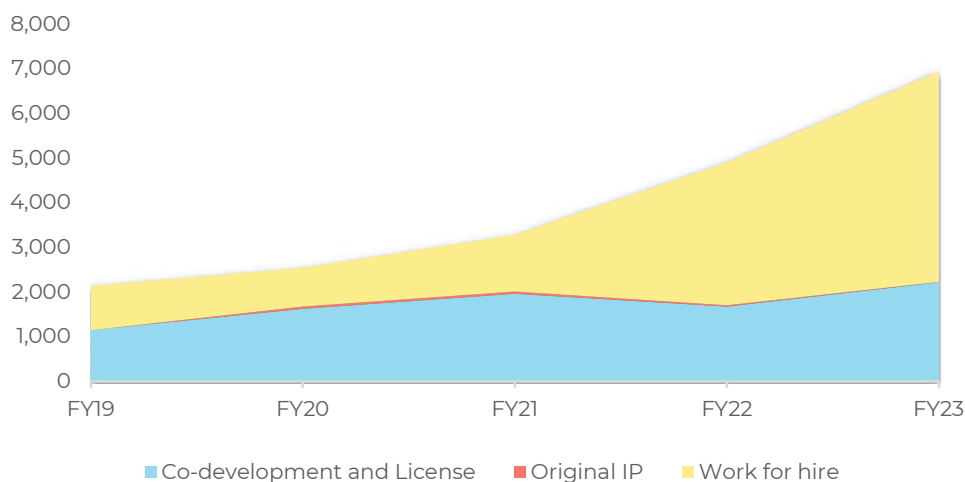
Mighty Kingdom continued to report strong YoY revenue growth achieving record game revenue for the reporting period up 42% YoY. This result included a record half of \$4.4m of game revenue. This revenue growth was driven through a combination of strong on-going partnerships with clients such as East Side Games ("ESG"), with the launch of Star Trek: Lower Decks - the Badgey Directive and securing a further co development deal with ESG for a Global IP Brand. New partnerships delivered through the year included projects for Google LLC and Lion Studios, complemented by new agreements with partners including Apple, Spinmaster and Gamestar+. These significant partnerships contributed to record revenue of \$6.9m for the year with Work for Hire contract revenue accounting for 68% of total game revenue.

With the implicit aim of delivering a more sustainable business model in FY23, the business has continued to focus on maximising the utilisation of developers across revenue generating projects, enacting a cost control strategy, improving efficiencies and overlaying effective financial

frameworks across the entire business. These measures led to a 20% reduction in underlying costs in H2 FY23 compared to H1 FY23.

Record revenue and effective cost management combined to deliver a 16% reduction in the total loss for the year. When assessing the business results over the full 12 months, there was a 76% reduction in underlying losses H1 FY23 (\$7.171m) versus H2 FY23 loss (\$1.700m).

Game Revenue (A\$'000)



Significant changes in the state of affairs

During the year, the following changes occurred within the Group:

(a) Capital raise

On 15 August 2022, the Company issued 27,351,778 fully paid ordinary shares at an issue price of \$0.035 per share to professional and sophisticated investors under the first tranche of an institutional placement.

On 19 January 2023, the Company issued 154,736,572 fully paid ordinary shares at an issue price of \$0.035 per share to professional and sophisticated investors under the second tranche of an institutional placement.

Of the issued shares under the Tranche 2 placement on 19 January 2023, 65,371,429 of the shares are subject to the related party receivable referred to in note 8.

On 1 February 2023, the Company issued 17,340,221 fully paid ordinary shares at an issue price of \$0.035 per share to professional and sophisticated investors under the second tranche of an institutional placement.

Adelaide Equity Partners Pty Limited acted as Lead Manager to the Capital Raise.

Share options

As at 30 June 2023 there were 30,791,489 unissued ordinary shares under option. 19,200,000 options were granted but not yet issued at 30 June 2023. Refer to note 19 of the consolidated financial statements for further details of the Group's share-based payments. No shares were issued during or since the end of the financial year as a result of exercise of options (2022: nil).

Details of the share options outstanding as at the end of the year are set out below:

Issue Date	Options	Expiry Date	Exercise Price	2023	2022
20 Nov 2020	Employee Share Option Plan ('ESOP')	20 Nov 2025	\$0.15	8,019,359	8,019,359
20 Nov 2020	ESOP	20 Nov 2025	\$0.15	2,234,750	2,234,750
20 Nov 2020	ESOP	20 Nov 2025	\$0.15	2,234,750	2,234,750
16 Dec 2020	Non-Executive Director	15 Dec 2023	\$0.30	649,252	649,252
17 Feb 2021	Placement	17 Feb 2026	\$0.15	1,261,400	1,261,400
17 Feb 2021	Placement	17 Feb 2026	\$0.15	3,418,100	3,418,100
3 Mar 2021	Non-Executive Director	2 Mar 2024	\$0.30	486,939	486,939
10 Mar 2021	Non-Executive Director	9 Mar 2024	\$0.30	486,939	486,939
19 Dec 2022	Non-Executive Director	19 Dec 2025	\$0.035	4,000,000	-
19 Dec 2022	Non-Executive Director	19 Dec 2025	\$0.035	4,000,000	-
19 Dec 2022	Non-Executive Director	19 Dec 2025	\$0.035	4,000,000	-
03 May 2023 ²	Employee Share Option Plan ('ESOP')	¹	\$0.080	12,000,000	-
28 Jun 2023 ²	Employee Share Option Plan ('ESOP')	31 Dec 2025	\$0.040	4,000,000	-
28 Jun 2023 ²	Employee Share Option Plan ('ESOP')	31 Dec 2025	\$0.040	3,200,000	-
				49,991,489	18,791,489

¹ These options were intended to be granted under the Independent Contractor Agreement with Shane Yeend, and were subject to seeking shareholder approval at the next general meeting. However as a result of the resignation of Shane Yeend as CEO on 1 September 2023, approval will no longer need to be sought from shareholders and these options will not be granted.

² Granted but not yet issued at 30 June 2023

Events arising since the end of the reporting period

In the interval between the end of the financial year and the date of this report, the Directors note the following:

On 20 July 2023 the Company received \$200,000 as partial settlement of the \$2,288,000 amount receivable from Gamestar Studios Pty Ltd. This amount receivable is for 65,371,429 shares in the Company that were issued pursuant to the Share Subscription Agreement dated on or about 4 August 2022 and varied by the parties on or about 18 January 2023.

On 26 July 2023 the Company received \$200,000 from independent Non-Executive Director and Chair Michelle Guthrie, with the parties entering an unsecured, interest free loan to be repaid on or before 30 June 2024. As the terms of the loan are less favourable to the related party than arm's length terms, the Company takes the view no shareholder approval is required.

On 4 August 2023 independent Non-Executive Director Gabriele Famous resigned from the Board.

On 25 August 2023 the Company entered into a loan facility with Radium Capital, securing a payment of \$1,253,908 representing 80% of the expected R&D tax incentive for FY23. The loan is secured by a security agreement on MKL's FY23 R&D tax rebate from the ATO at an annual Interest rate of 16%.

On 1 September 2023 Shane Yeend resigned as the Chief Executive Officer with immediate effect.

On 11 September 2023 independent Non-Executive Director Melanie Fletcher resigned from the Board.

On 18 September 2023 the Group engaged LK Law, specialist dispute resolution advisors, in conjunction with its existing financial and legal advisors to pursue and expedite an outcome with Gamestar Studios Pty Ltd in relation to the outstanding \$2.1m owed to the Company.

Likely developments and expected results

The Group continues to focus its efforts on work for hire projects and revenue diversification opportunities to expand its pipeline of projects with global partners, working alongside ensuring financial sustainability through effective cost management controls.

The Group's capital position is being carefully managed as the Company seeks to expedite an outcome with Gamestar Studios Pty Ltd for the outstanding balance of proceeds from the Tranche 2 placement. If a satisfactory outcome is not forthcoming the Company will seek to raise additional working capital in order to meet the Group's strategic objectives.

Indemnification and insurance

During the period, the Group paid a premium in respect of a contract to insure the Directors of the Group against a liability to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

Environmental issues

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Proceedings on behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Remuneration Report (audited)

The directors present the Remuneration Report of the Group for the period 1 July 2022 to 30 June 2023. This Report forms part of the Directors' Report and has been audited in accordance with Corporations Act 2001 and the Corporations Regulations 2001.

The remuneration report is set out under the following main headings:

- (a) Key management personnel
- (b) Remuneration governance and framework
- (c) Details of remuneration
- (d) Share based remuneration
- (e) Other information

(a) Key management personnel ("KMP")

The Remuneration Report details the remuneration arrangements for Mighty Kingdom's KMP. KMP are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including all Directors. All KMP have been in office for the whole year unless otherwise stated.

Executive Directors

Philip Mayes	Director (Executive) - resigned 18 January 2023
Tony Lawrence	Chief Revenue Officer (CRO) - resigned as executive director on 4 August 2022 but remains KMP

Non-Executive Directors

Michelle Guthrie	Chair (Non-Executive)
Megan Brownlow	Director (Non-Executive) – resigned 31 January 2023
Gabriele Famous	Director (Non-Executive) - resigned 4 August 2023
Ian Hogg	Director (Non-Executive) – appointed 4 August 2022
David Butorac	Director (Non-Executive) – appointed 4 August 2022
Melanie Fletcher	Director (Non-Executive) - appointed 4 August 2022 and resigned 11 September 2023

Other Key Management Personnel

Shane Yeend	Chief Executive Officer (CEO) – appointed 3 May 2023 and resigned 1 September 2023
Simon Rabbitt	Chief Financial and Operations Officer (CFOO) - appointed 18 January 2023
Ella Macintyre	Chief Product Officer (CPO) – appointed 1 January 2021
Grant Osborne	Chief Technology Officer (CTO) – appointed 4 July 2022
Amy Guan	Chief Financial Officer (CFO) - resigned 29 December 2022

(b) Remuneration governance and framework

(i) Remuneration governance

The Nomination and Remuneration Committee is responsible for reviewing the remuneration arrangements for its Directors and Executives and making recommendations to the Board. The Nomination and Remuneration Committee has the following key functions:

Nomination functions

- Ensure that the Board is an appropriate size and collectively has the skills, commitment and knowledge of Mighty Kingdom and the industry in which it operates, to enable it to discharge its duties effectively and to add value.
- Ensure that appropriate Managing Director, Chief Executive Officer, senior executive, and Board evaluation occurs.
- Ensure that appropriate Managing Director, Chief Executive Officer, senior executive, and Board succession planning occurs.
- Lead searches for a new Chief Executive Officer and Board members.

Remuneration functions

- Ensure that Director remuneration is sufficient to attract and retain high quality directors, and is fair, and responsible.
- Ensure that Managing Director, Chief Executive Officer and senior executive remuneration is sufficient to attract, retain and motivate high quality personnel and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

The Board reviews and assesses the appropriateness of the remuneration on a periodic basis by reference to employment market conditions with the overall objective to ensure shareholder

value and benefit from the recruitment and retention of a high-quality board and executive team.

Further information about remuneration framework and the relationship between remuneration policy and company performance is set out below.

The Board Charter and the Remuneration and Nomination Committee Charter, which outlines the terms of reference under which the Committee operates, are available at www.mightykingdom.com/investors.

(ii) Remuneration framework

Our remuneration framework enables us to attract and retain Executives and Directors who will create value for Shareholders. It aims to reward Executives with a level and mix of fixed and variable remuneration having consideration to the company size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The remuneration structure that has been adopted by the Group consists of the following components:

- Managing Director, Chief Executive Officer and senior executives
 - Annual base salary and superannuation
 - Performance based remuneration - monetary and non-monetary
 - Equity based remuneration - via an employee share and option scheme.

Executive remuneration comprises fixed remuneration (salary) and may include short-term and long-term incentive plan components. These are set with reference to the Company's performance and the market. Fixed remuneration, which reflects the individual's role and responsibility as well as their experience and skills, includes base pay and statutory superannuation. Remuneration at risk may be provided through short-term and long-term incentive plan components, linked to performance measured against operational and financial targets set by the Company, designed to achieve operational and strategic targets for the sustainable growth of the Company and long-term shareholder value.

Short-term incentive program

On 25 August 2021, Mighty Kingdom Limited approved the Short-term incentives ("STI") program. The program is designed to align the targets of the business with the performance hurdles of the Company. The purpose of the STI plan is to reward and encourage high levels of performance, as well as being a part of Mighty Kingdom's employer value proposition as well as a retention and talent attraction tool. STI payments are granted to all eligible employees based on specific annual targets being achieved and a Company Scorecard being measured. The Company Scorecard includes Commercial, Customer, Client and Culture.

Executives and Departmental Managers will have their own incentive scorecard, uniquely weighted depending on each position's focus and accountabilities. All other employees will have their STI payment determined by achievements against the Company Scorecard, as well as considering their own personal performance and contribution.

Relationship between remuneration and group performance

The Board aims to align executive remuneration to the Company's strategic and business objectives and the creation of shareholder wealth. The table below sets out key metrics in respect of the Group's performance over the past five years. The remuneration framework is designed to take account of a suitable level for the fixed remuneration in the context of balancing the requirements of a rapidly growing company and focussing on strategic and business objectives to ensure shareholder value.

	2023	2022	2021	2020	2019
Revenue (\$)	6,931,554	4,896,569	3,278,029	2,535,915	2,138,230
Loss before income tax (\$)	(8,870,936)	(10,374,097)	(7,205,130)	(3,596,294)	(2,077,689)
Loss after income tax expense (\$)	(9,093,628)	(10,861,988)	(7,145,601)	(3,589,665)	(2,109,318)
No of issued shares	381,773,760	182,345,189	151,682,493	7,500,000	7,500,000
Basic earnings per share (cents) ¹	(0.03)	(0.07)	(0.10)	(0.07)	(0.28)
Diluted earnings per share (cents) ¹	(0.03)	(0.07)	(0.10)	(0.07)	(0.28)
Share price at end of year (cents)	0.02	0.04	0.18	n/a	n/a
Market capitalisation (\$)	6m	7m	25m	n/a	n/a
Interim and final dividend	n/a	n/a	n/a	n/a	n/a

¹ Basic earnings per share and diluted earnings per share have been retrospectively restated to account for a capital restructure of shares. A capital restructure was undertaken on 9 November 2020 and 7 shares were issued for every 1 share. The number of shares issued in the previous financial periods have been multiplied by 7 for the purpose of EPS calculation.

The remuneration of Non-Executive Directors is decided by the Board, without the affected Non-Executive Director participating in that decision-making process.

- Non-Executive Directors
 - Annual fees
 - Equity based remuneration - issues of shares or other securities.

Each of the Non-Executive Directors has entered into an appointment letter with Mighty Kingdom, confirming the terms of their appointment and their roles and responsibilities.

Non-Executive Directors receive a fixed fee for their participation on the Board. No additional fee is paid for service on Board sub-committees. Fees for Non-Executive Directors are not linked to the performance of the Group, other than participation in share options (refer to section (d) share based remuneration).

The determination of Non-Executive Directors' 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.

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.

(iii) Service agreements

Remuneration and other terms of employment for the Executive and other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Executive Officers	Position	Base Salary excl superannuation (\$)	Notice Period By Company	Termination By Executive
Philip Mayes ¹	Executive Director	250,000	4 weeks	4 weeks
Tony Lawrence	Chief Revenue Officer	250,000	4 weeks	4 weeks
Amy Guan ²	Chief Financial Officer	240,000	8 weeks	8 weeks
Ella Macintyre	Chief Product Officer	170,000	4 weeks	4 weeks
Simon Rabbitt	Chief Finance and Operating Officer	250,000	6 months	6 months
Grant Osborne	Chief Technology Officer	200,000	3 months	3 months
Shane Yeend ³	Chief Executive Officer	1	12 weeks	12 weeks

¹ Resigned on 18 January 2023.

² Resigned on 29 December 2022.

³ In addition to base salary, 12,000,000 options to be granted with an exercise price of \$0.08 and an expiry period of 2 years from date of issue. Of the 12,000,000, 6,000,000 options will vest immediately and the other 6,000,000 options vesting over 18 months following the grant, of which 2,000,000 vesting every 6 months until all are granted. These options were intended to be granted under the CEO's Independent Contractor Agreement and were subject to seeking shareholder approval at the next general meeting. However as a result of the resignation of Shane Yeend as CEO on 1 September 2023, approval will no longer need to be sought from shareholders and these options will not be granted.

(c) Details of remuneration

(i) Director and KMP remuneration

Executive KMP remuneration outcomes are determined by the Board. Nomination Committee reviews and recommends Executive remuneration outcomes to the Board with reference to capability, experience, market movements, the remuneration principles, individual and the Group's performance.

		Short-term employment benefits			Post-employment benefit	Long-term benefits	Share-based payments			
		Cash salaries and fees	Annual leave ¹	COVID-19 leave	Superannuation	Long service leave ²	Options ³	Termination Benefits	Total	Performance related
		\$	\$	\$	\$	\$	\$	\$	\$	%
Executive Directors										
Philip Mayes ^{6/13}	2023	200,072	(32,394)	-	21,008	4,496	-	150,000	343,182	0%
	2022	250,000	12,499	43,205	29,321	9,420	-	-	344,445	0%
Tony Lawrence ¹¹	2023	250,962	(12,789)	-	28,300	(4,321)	-	-	262,152	0%
	2022	250,000	7,692	17,308	26,731	1,626	-	-	303,357	0%
Non-Executive Directors										
Michelle Guthrie	2023	125,000	-	-	13,125	-	-	-	138,125	0%
	2022	125,000	-	-	12,500	-	-	-	137,500	0%
Megan Brownlow ⁴	2023	35,000	-	-	3,675	-	-	-	38,675	0%
	2022	60,000	-	-	6,000	-	-	-	66,000	0%
Gabriele Famous ¹²	2023	60,000	-	-	6,300	-	-	-	66,300	0%
	2022	60,000	-	-	6,000	-	-	-	66,000	0%
David Butorac ⁵	2023	55,000	-	-	-	-	77,000	-	132,000	0%
	2022	-	-	-	-	-	-	-	-	0%
Ian Hogg ⁵	2023	55,000	-	-	-	-	77,000	-	132,000	0%
	2022	-	-	-	-	-	-	-	-	0%
Melanie Fletcher ⁵	2023	55,000	-	-	-	-	77,000	-	132,000	0%
	2022	-	-	-	-	-	-	-	-	0%
Other KMP										
Shane Yeend ⁷	2023	1	-	-	-	-	11,493	-	11,494	0%
	2022	-	-	-	-	-	-	-	-	0%
Amy Guan ⁸	2023	119,077	8,733	-	12,503	-	-	-	140,313	0%
	2022	240,000	11,999	-	24,000	323	-	-	276,322	0%
Ella Macintyre	2023	170,654	3,268	-	17,919	10,649	-	-	202,490	0%
	2022	170,000	(4,577)	18,308	18,831	6,008	-	-	208,570	0%
Simon Rabbitt ⁹	2023	113,462	4,290	-	11,914	122	39,295	-	169,083	0%
	2022	-	-	-	-	-	-	-	-	0%
Grant Osborne ¹⁰	2023	200,000	4,319	-	21,000	226	31,436	-	256,981	0%
	2022	-	-	-	-	-	-	-	-	0%
TOTAL KMP	2023	1,439,228	(24,573)	-	135,744	11,172	313,224	150,000	2,024,795	0%
	2022	1,155,000	27,613	78,821	123,383	17,377	-	-	1,402,194	0%

¹ Net movement in annual leave provision for the year.

² Net movement in the long service leave provision for the year.

³ Value of options recognised in the statement of comprehensive income.

⁴ FY23 remuneration represented from 1 July 2022 to 31 January 2023.

⁵ FY23 remuneration represented from 11 August 2022 to 30 June 2023.

⁶ FY23 remuneration represented from 1 July 2022 to 1 March 2023.

⁷ FY23 remuneration represented from 3 May 2023 to 30 June 2023. Resigned 1 September 2023.

⁸ FY23 remuneration represented from 1 July 2022 to 28 December 2022.

⁹ FY23 remuneration represented from 18 January 2023 to 30 June 2023.

¹⁰ FY23 remuneration represented from 4 July 2022 to 30 June 2023.

¹¹ Resigned as executive director on 4 August 2022, remains KMP.

¹² Resigned as director on 31 July 2023.

¹³ Termination lump sum in accordance with termination agreement executed on 18 January 2023.

(d) Share based remuneration

The key terms and conditions of the grant of share options affecting the remuneration of Directors and KMP in the current and future reporting periods are as follows.

	Number granted	Grant date	Term escrowed (months)	Value per option at grant date (\$)	Value of options at grant date (\$)	Vesting date	Exercise date	Expiry date	Exercise price (\$)
Executive Director									
Tony Lawrence	8,019,359	20-Nov-20	24	0.10	817,975	21-Apr-21	21-Apr-21	20-Nov-25	0.15
Non-Executive Directors									
Michelle Guthrie	649,252	16-Dec-20	24	0.15	100,000	16-Dec-20	16-Dec-20	15-Dec-23	0.30
Megan Brownlow	486,939	3-Mar-21	24	0.15	75,000	3-Mar-21	3-Mar-21	2-Mar-24	0.30
Gabriele Famous	486,939	10-Mar-21	24	0.15	75,000	10-Mar-21	10-Mar-21	9-Mar-24	0.30
David Butorac ²	4,000,000	19-Dec-22	-	0.019	77,000	19-Dec-22	19-Dec-22	19-Dec-25	0.035
Ian Hogg ²	4,000,000	19-Dec-22	-	0.019	77,000	19-Dec-22	19-Dec-22	19-Dec-25	0.035
Melanie Fletcher ²	4,000,000	19-Dec-22	-	0.019	77,000	19-Dec-22	19-Dec-22	19-Dec-25	0.035
Other KMP									
Ella Macintyre	2,234,750	20-Nov-20	24	0.1	227,945	21-Apr-21	21-Apr-21	20-Nov-25	0.15
Shane Yeend ^{1/2}	12,000,000	03-May-23	-	0.005	169,505	03-May-23	03-May-23	03-May-25	0.08
Simon Rabbitt ²	4,000,000	28-Jun-23	-	0.010	39,295	28-Jun-23	28-Jun-23	31-Dec-25	0.04
Grant Osborne ²	3,200,000	28-Jun-23	-	0.010	31,436	28-Jun-23	28-Jun-23	31-Dec-25	0.04

¹ These options were intended to be granted under the Independent Contractor Agreement and were subject to seeking shareholder approval at the next general meeting. However as a result of the resignation of Shane Yeend as CEO on 1 September 2023, approval will no longer need to be sought from shareholders and these options will not be granted.

² These options have been granted without performance conditions to attract appropriate talent to the role and to align management's interests with those of the shareholders.

(e) Other information

(i) Shareholdings of key management personnel

	Balance at 1 July 2022	Acquired/(disposed) during the year	Other movements	Balance at 30 June 2023
Executive Directors				
Philip Mayes	52,500,000	428,571	-	52,928,571
Tony Lawrence	66,666	285,714	-	352,380
Non-Executive Directors				
Michelle Guthrie	5,627,414	8,571,429	-	14,198,843
Megan Brownlow	105,263	-	-	105,263
Gabriele Famous	-	571,429	-	571,429
David Butorac	-	-	-	-
Ian Hogg	-	-	-	-
Melanie Fletcher	-	-	-	-
Other KMP				
Amy Guan	-	-	-	-
Ella Macintyre	-	-	-	-
Shane Yeend ¹	-	116,610,908	-	116,610,908
Simon Rabbitt	-	-	-	-
Grant Osborne	-	-	-	-
Total	58,299,343	126,468,051	-	184,767,394

¹ Includes shares held beneficially through Yeend Superannuation Pty Ltd (Yeend Super Fund) and Gamestar Studios Pty Ltd whereby Shane Yeend is the majority shareholder.

Philip Mayes, Tony Lawrence, Michelle Guthrie, and Gabriele Famous acquired their shares in the 19 January 2023 capital raise.

(ii) Option holdings of key management personnel

	Balance at 1 July 2022	Granted	Expired/forfeited	Other movements	Balance at 30 June 2023
Executive Directors					
Philip Mayes	-	-	-	-	-
Tony Lawrence	8,019,359	-	-	-	8,019,359
Non-Executive Directors					
Michelle Guthrie	649,252	-	-	-	649,252
Megan Brownlow	486,939	-	-	-	486,939
Gabriele Famous	486,939	-	-	-	486,939
David Butorac	-	4,000,000	-	-	4,000,000
Ian Hogg	-	4,000,000	-	-	4,000,000
Melanie Fletcher	-	4,000,000	-	-	4,000,000
Other KMP					
Amy Guan	-	-	-	-	-
Ella Macintyre	2,234,750	-	-	-	2,234,750
Shane Yeend ¹	-	12,000,000	-	-	12,000,000
Simon Rabbitt	-	4,000,000	-	-	4,000,000
Grant Osborne	-	3,200,000	-	-	3,200,000
Total	11,877,239	25,200,000	-	-	37,077,239

¹ These options were intended to be granted under the CEO's Independent Contractor Agreement and were subject to seeking shareholder approval at the next general meeting. However, as a result of the resignation of Shane Yeend as CEO on 1 September 2023, approval will no longer need to be sought from shareholders and these options will not be granted.

(iii) Other transactions with Directors and KMP

As at 30 June 2023, Shane Yeend was both CEO of the Company and Founder/CEO of Gamestar Interactive Inc. a related party of Gamestar Studios Pty Ltd. Shane Yeend ceased his role as CEO of the Company on 1 September 2023

During the period, the Company entered into several agreements with associated companies of Shane Yeend (KMP):

1. Gamestar Interactive Inc.: Mighty Kingdom was contracted to develop and deliver an interactive TV game with a total contract value of USD\$300,000 (AUD\$467,570). As at 30 June 2023 - 100% of the contract was recognised as revenue.
2. Gamestar Interactive Inc.: Mighty Kingdom entered into two separate agreements to provide services in relation to testing the Gamestar+ platform and other quality assurance testing on Gamestar+ products. The total contract value for the agreements was USD\$25,250 (AUD\$39,354). As at 30 June 2023 - 100% of the contract was recognised as revenue.
3. Gamestar Studios Pty Ltd: Pursuant to the Share Subscription Agreement dated on or about 4 August 2022 and varied by the parties on or about 18 January 2023. Gamestar Studios Pty Ltd was issued 65,371,429 shares in the Company to the value of \$2,288,000. This amount remains outstanding as at 30 June 2023 and has been recognised as a related party receivable.

Other transactions and outstanding balances with Shane Yeend (KMP)

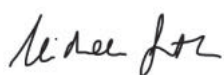
Revenue recognised from Gamestar Interactive Inc	506,924
Amounts owed from Gamestar Interactive Inc	340,290
Amounts owed from Gamestar Studios Pty Ltd	2,288,000

END OF REMUNERATION REPORT

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 18 of this financial report and forms part of this Directors' Report.

Signed by Chair



29 September 2023
Michelle Guthrie

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001
T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Mighty Kingdom Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Mighty Kingdom Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 September 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Revenue	3	6,931,554	4,896,569
Other income	4	2,918,500	3,227,083
Employee benefits expenses	5	(14,426,218)	(14,501,823)
Share-based payment expenses	19	(313,223)	-
Product development support service fees		(976,732)	(1,231,039)
Selling costs		(44,643)	(106,525)
Administrative expenses		(1,791,651)	(1,665,462)
Professional and consultancy fees		(451,650)	(241,256)
Depreciation and amortisation		(659,263)	(609,138)
Other expenses		(40,985)	(74,545)
Loss from operations		(8,854,311)	(10,306,136)
Finance expenses		(31,752)	(74,485)
Finance income		15,127	6,524
Loss before income tax		(8,870,936)	(10,374,097)
Income tax (expense) / benefit	6	(222,692)	(487,891)
Loss after income tax		(9,093,628)	(10,861,988)
Other comprehensive income / (loss) for the year, net of income tax		-	-
Total comprehensive loss for the year		(9,093,628)	(10,861,988)
Loss per share - basic and diluted	17	(0.03)	(0.07)

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The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	301,785	3,754,467
Trade and other receivables	8	6,350,172	3,244,561
Prepayments		437,999	590,641
Contract assets	14	350,508	994,101
Other current assets		272,137	376,860
Total current assets		7,712,601	8,960,630
Non-current assets			
Deferred tax asset	9	-	146,972
Property, plant and equipment	10	553,772	840,335
Right-of-use assets	11	244,076	631,160
Total non-current assets		797,848	1,618,467
Total assets		8,510,449	10,579,097
Liabilities			
Current liabilities			
Trade and other payables	13	2,479,621	2,350,127
Contract liabilities	14	638,216	165,387
Employee benefits	15	1,027,323	1,296,483
Lease liabilities	11	264,942	459,700
Total current liabilities		4,410,102	4,271,697
Non-current liabilities			
Trade and other payables	13	547,146	626,539
Employee benefits	15	299,533	161,937
Lease liabilities	11	-	233,537
Total non-current liabilities		846,679	1,022,013
Total liabilities		5,256,781	5,293,710
Net assets		3,253,668	5,285,387
Equity			
Share capital	16	35,211,572	28,462,886
Share-based payment reserves	18	1,837,087	1,523,864
Retained losses		(33,794,991)	(24,701,363)
Total equity		3,253,668	5,285,387

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Share capital \$	Share-based payment reserve \$	Retained losses \$	Total \$
Balance at 1 July 2021		24,218,367	1,523,864	(13,839,375)	11,902,856
Loss for the year		-	-	(10,861,988)	(10,861,988)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(10,861,988)	(10,861,988)
Transactions with owners in their capacity as owners:					
- Proceeds from issue of ordinary shares		4,446,094	-	-	4,446,094
- Transaction costs		(201,575)	-	-	(201,575)
Balance at 30 June 2022		28,462,886	1,523,864	(24,701,363)	5,285,387
Loss for the period		-	-	(9,093,628)	(9,093,628)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(9,093,628)	(9,093,628)
Transactions with owners in their capacity as owners:					
- Proceeds from issue of ordinary shares		4,692,000	-	-	4,692,000
- Shares issued - related party	8	2,288,000	-	-	2,288,000
- Transaction costs, net of tax		(231,314)	-	-	(231,314)
- Share based payments	16	-	313,223	-	313,223
Balance at 30 June 2023		35,211,572	1,837,087	(33,794,991)	3,253,668

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Operating activities			
Receipts from customers		7,296,368	4,917,311
Payments to suppliers and employees		(17,587,114)	(19,109,117)
Research and development incentive		250,563	1,072,328
Other government grant income		2,748,125	321,641
Other income		(79,127)	242,302
Interest received		15,127	6,524
Interest paid		(4,581)	(16,754)
Tax paid		-	(144,637)
Net cash (used in) operating activities	21	(7,360,639)	(12,710,402)
Investing activities			
Purchase of property, plant and equipment		(21,544)	(716,562)
Net cash (used in) investing activities		(21,544)	(716,562)
Financing activities			
Proceeds from issue of shares		4,692,000	4,446,094
Transaction costs related to the shares issued		(307,033)	(268,765)
Loan repayment made during the year		-	(111,968)
Principal elements of lease payments		(455,466)	(436,972)
Net cash provided by financing activities		3,929,501	3,628,389
Net change in cash and cash equivalents held		(3,452,682)	(9,798,575)
Cash and cash equivalents at beginning of the year		3,754,467	13,553,042
Cash and cash equivalents at end of year	7	301,785	3,754,467

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 General information

Mighty Kingdom Limited (the Company) is a for profit company incorporated and domiciled in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX: MKL).

The Group's principal activities are developing a broad portfolio of video games for console, PC and mobile platforms. Mobile games and apps developed and/or published by the Group are made available for customers on different app stores, including Apple's App Store, Google's Google Play and Valve's Steam Store. In addition to receiving fees for development work from clients, the Group monetises its games and apps through In-App purchases and advertising offered to the consumers within games and apps for smartphones and tablets.

1.1 Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, for the year ended 30 June 2023, the Group was in a net asset position of \$3.3m having made a loss of \$9.1m (2022: loss of \$10.9m) and had cash outflows from operating activities of \$7.4m (2022: cash outflows of \$12.7m).

The Directors have approved a cashflow forecast for approximately 12 months, including related assumptions, which indicate the Group has the ability to continue as a going concern. In forming this view, the Directors note the following:

- Settlement of the outstanding amount owed by Gamestar+ Studios Pty Ltd or raising additional working capital in order to meet the Group's strategic objectives.
- Successfully commercialise a number of development contracts leading to an increase in sales revenue, and accordingly receipts from customers.
- The Group to continue to implement cost control measures including maximising the utilisation of developer resources on revenue generating projects. The cashflow forecast incorporates the cost of anticipated restructure costs to achieve this.
- The Group continues to pursue financing arrangements with relevant providers to bring forward expected refunds against Government rebates for FY23 and FY24.
- The Group continues to meet the repayment plan with the Australian Tax Office (as outlined within Note 13).

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

In the event that the Group is unsuccessful in implementing one or more of the options listed above, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

2.1 Summary of significant accounting policies

(a) Basis of preparation of the financial report

The financial report includes the consolidated financial statements and notes of Mighty Kingdom Limited and Controlled Entities (Consolidated Group or Group).

These financial statements are consolidated financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) and interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit orientated entities. Mighty Kingdom Limited is a for-profit entity for the purpose of preparing the financial statements. The Group's financial statements have been prepared on an accrual basis and under the historical cost conventions.

(b) Basis of consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent (Mighty Kingdom Limited) and all 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. A list of the subsidiaries is provided in Note 12.

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 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.

(c) 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.

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.

(d) Tax consolidation

Mighty Kingdom Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Mighty Kingdom Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Mighty Kingdom Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. The Group has notified the Australian Tax Office that it has formed an income tax consolidation group to apply from 1 July 2020. The Group has not entered into any tax sharing or funding agreements.

(e) Fair value of assets and liabilities

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.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost, 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 in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2.1 (j) 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.

(g) 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 exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(h) Intangible assets

Internally developed game and software

Expenditure on the research phase of projects to develop game and software is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

4. the development costs can be measured reliably;
5. the project is technically and commercially feasible;
6. the Group intends to and has sufficient resources to complete the project;
7. the Group has the ability to use or sell the game and software; and
8. the game and software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on game and software development, development support service fees, along with an appropriate portion of relevant overheads.

(i) 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.

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.

Financial assets

Financial assets are subsequently measured at:

- amortised cost.

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.

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.

(j) Impairment of financial assets

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

- financial assets that are measured at amortised cost; or
- contract assets.

(k) 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.

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.

(l) 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 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 Group'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.

(m) 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.

(n) 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.

(o) 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 from contracts 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 obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
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 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) Work for hire revenue

Work for hire contract is assessed using the five-step method above, with the fair value of revenue allocated against the performance obligations in the contract. Revenue is brought to account at a point of time or on a percentage completion basis as services are provided, depending on the performance obligations which are milestone based. Revenue related to milestones is recognised in accordance with an input method, being hours incurred. Revenue invoiced for incomplete performance obligations is recognised on a percentage of completion basis and is recognised as a liability in contract liabilities.

(ii) Co-development revenue

The Group shares the development costs with game publishers and other game developers in Co-development projects. Co-development revenue generally has two elements, contracted revenue and variable revenue. Contracted revenue is where the transaction price for the performance obligations is fixed. This revenue is brought to account at a point of time or on a percentage completion basis as services are provided, depending on the performance obligations which are milestone based. Variable revenue such as royalties, is recognised as the Group becomes entitled to such variable revenue per contractual entitlements at a point in time.

(iii) Original IP revenue

Where the Group funds its own development of its Original-IP and retains legal title to such IP, it will earn game revenues or similar income derived by in-app purchases, in game advertising and subscription fees. The Group may, at times, license such IP to clients with a view to maximising game revenues. Revenue from original IP games is recognised at a point in time,

(iv) License revenue

License revenue is generated when the Group obtains a license from a licensor with a right to monetise the client's intellectual property through game development. The game will earn revenues or similar income derived by in-app purchases, in game advertising and subscription fees. License revenue is recognised at a point in time.

(p) Other income

(i) Other income

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

(ii) Government grant income

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

- all conditions attaching to the Government grant will be complied with;
- the value of the grant can be determined with reasonable certainty; and
- 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.

(q) 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.

(r) 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 expected credit losses.

(s) 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.

(t) 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 unfavourable 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.

(u) Share-based payments

Equity-settled share-based compensation benefits are provided to employees and directors. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and directors in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Judgements are also applied in relation to estimations of the number of options which are expected to vest, by reference to historic attrition rates and expected outcomes under relevant performance conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated

based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

(v) 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.

(w) Segmental reporting

The Group reports its business activities in one area: video games development, which is reported in a manner consistent with the internal reporting to the Board of Directors, which has been identified as the chief operating decision maker. The Board of Directors consists of the Executive Directors and the Non-Executive Directors.

(x) Comparative figures

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

(y) 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 Group.

(i) Impairment - general

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group 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) 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.

(iii) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax losses carry-forward can be utilised.

(iv) Recoverability of trade and other receivables

Trade and other receivables are reviewed on a regular basis to assess whether there is any impairment risk of a balance not being recoverable, that would give rise to an expected credit loss. The assessment assumptions include recent sales experience and historical collection rates. The Group is currently in the process of resolving the timing of the settlement of the balance of payment from Gamestar Studios Pty Ltd. Based on the

information available to the Group, the Group is not aware of any reason why it is not able to reasonably form the view that the outstanding amount will be received by the Group in full.

2.2 New accounting standards and interpretations adopted during the year

The new and amended accounting standards, and Interpretations which came into effect on 1 July 2022 do not have impact to the Group's financial statements.

The 30 June 2023 financial statements, and respective notes to the financial statements have been prepared in accordance with the new and amended accounting standards. The accounting policies in the notes below have also been updated to reflect the new and amended accounting standards in effect during the period.

2.3 Standards issued but not yet effective

There are a number of new accounting standards and amendments issued, but not yet effective, none of which have been early adopted by the Group in this Financial Report. The new standards and amendments (noted below), when applied in future periods, are not expected to have a material impact on the financial position of the Group.

3 Revenue

	2023 \$	2022 \$
Original IP – Royalty Income	7,343	27,321
External IP – Contract Income	5,669,580	4,609,330
External IP – Royalty Income	1,254,631	259,918
	6,931,554	4,896,569
Recognised over time	6,931,554	4,896,569
Point in time	-	-
	2023 \$	2022 \$
Co-development and License	2,216,933	1,673,443
Original IP	7,343	27,321
Work for hire	4,707,278	3,195,805
	6,931,554	4,896,569

4 Other income

	2023 \$	2022 \$
Government grant income		
- SA video game development grant ⁽ⁱ⁾	504,658	532,178
- Digital Games Tax Offset ⁽ⁱⁱⁱ⁾	674,572	-
Research and development tax incentive ⁽ⁱⁱⁱ⁾	1,739,270	2,447,683
Other income / (loss)	-	247,222
	2,918,500	3,227,083

⁽ⁱ⁾ SA video game development grant enables video games studios to claim a percentage of costs incurred to develop a video game in South Australia. This rebate is administered by the South Australian Film Corporation and will be paid by the South Australian Government during the next financial year.

(ii) The Digital Games Tax Offset (DGTO) is a refundable tax offset which allows eligible Australian companies that develop digital games to claim a percentage of their qualifying costs as a tax offset or tax refund.

(iii) The research and development tax Incentive is a government program that aims to stimulate Australian investment in research and development ("R&D"). The tax incentive reduces company R&D costs by offering tax offsets or tax refund for eligible R&D expenditure.

5 Employee benefit expenses

	2023 \$	2022 \$
Wages and salaries	12,629,983	12,390,912
Contributions to defined contribution superannuation funds	1,231,111	1,240,123
Annual and long service leave expense	(131,564)	(19,889)
Payroll tax expense	657,062	619,783
Other employee benefits	39,626	270,894
	14,426,218	14,501,823

6 Income tax (benefit) / expense

	2023 \$	2022 \$
The components of income tax expense comprise:		
Current tax expense	-	-
Deferred tax expense / (benefit)	222,692	420,418
Under provision from prior year	-	67,473
	222,692	487,891

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

Loss before income tax expense	(8,870,936)	(10,374,097)
Tax at the statutory tax rate of 25% (2022: 26%)	(2,217,734)	(2,593,524)
Income not subject to taxation	(602,530)	(611,921)
Expenses not deductible for taxation	1,254,457	1,434,574
Tax losses and deductible temporary differences not recognised	1,788,499	2,169,456
Change in the tax rate	-	21,833
Under-provision from prior year	-	67,473
Utilisation of unrecognised tax losses	-	-
Income tax (benefit) / expense	222,692	487,891

The Group did not recognise deferred income tax assets in respect of tax losses of \$21,629,979 as at 30 June 2023 (2022: \$15,557,059) that can be carried forward against future taxable income.

Mighty Kingdom Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation from 1 July 2020. The head entity, Mighty Kingdom Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Mighty Kingdom Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

7 Cash and cash equivalents

	2023 \$	2022 \$
Cash and cash equivalents consist of the following:		
Cash at bank and in hand:		
- Held in Australian Dollars	145,994	911,180
- Held in United States Dollars	155,791	2,843,287
	301,785	3,754,467

For the purposes of the consolidated statement of cash flow, the consolidated cash and cash equivalents comprise the following:

Cash and bank balances	301,785	3,754,467
Cash and cash equivalents per consolidated statement of cash flow	301,785	3,754,467

8 Trade and other receivables

	2023 \$	2022 \$
Trade receivables	626,945	350,226
Less: provision for expected credit losses	-	-
Other receivables	1,691,246	564,263
Research and development incentive receivable	1,743,981	2,330,072
Related party receivable ⁽ⁱ⁾	2,288,000	-
	6,350,172	3,244,561

⁽ⁱ⁾ Related party receivable represents the \$2,288,000 amount receivable from Gamestar Studios Pty Ltd for 65,371,429 shares in the Group that were issued pursuant to the Share Subscription Agreement dated on or about 4 August 2022 and varied by the parties on or about 18 January 2023. As the Group announced to the market on 14 June 2023, all conditions to that payment have been met which created an unconditional right to receive payment. The Group has been expecting settlement of that commitment. On 20 July 2023 the Group received \$200,000 as partial settlement of this receivable. The Group is currently in the process of resolving the timing of the settlement of the balance of payment from Gamestar Studios Pty Ltd. Based on the information available to the Group, the Group is not aware of any reason why it is not able to reasonably form the view that the outstanding amount will be received by the Group in full.

Within *Trade receivables*, \$340,290 relates to agreements with Gamestar Interactive Inc. At the date of this report, the Group is of the view that \$185,265 is immediately due and payable with the balance of \$155,025 being the subject of ongoing discussions regarding the timing of payment and final delivery of the game by the Group to Gamestar Interactive Inc.

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

9 Deferred tax assets / liabilities

	1 July 2022	Impact of tax rate change	Recognised in profit or loss	Recognised in equity	30 June 2023
	\$	\$	\$	\$	\$
Deferred tax assets					
Employee benefits	513,625	-	(513,625)	-	-
Lease liabilities	143,128	-	(143,128)	-	-
Accrued expenses	2,681	-	(2,681)	-	-
Capital raising costs	286,289	-	(362,009)	75,720	-
Unused tax losses	-	-	-	-	-
	945,723	-	(1,021,443)	75,720	
Set-off of deferred tax liabilities					
pursuant to set-off provisions	(798,751)	-	798,751	-	-
	146,972	-	(222,692)	75,720	-
Deferred tax liabilities					
Property, plant and equipment	168,157	-	(168,157)	-	-
Right-of-use assets	191,144	-	(191,144)	-	-
Accrued revenue	248,526	-	(248,526)	-	-
Prepayments	147,659	-	(147,659)	-	-
Unrealised currency	43,265	-	(43,265)	-	-
	798,751	-	(798,751)	-	-
Set-off of deferred tax liabilities					
pursuant to set-off provisions	(798,751)	-	798,751	-	-

The Group has derecognised deferred tax assets as at 30 June 2023, as the recognition criteria within AASB 112 – Income Taxes are no longer met.

10 Property, plant and equipment

	Motor Vehicle \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Gross carrying amount				
Balance at 1 July 2022	-	947,008	279,432	1,226,440
Additions during the year	-	14,379	7,165	21,544
Disposals during the year	-	(100,152)	-	(100,152)
Balance at 30 June 2023	-	861,235	286,597	1,147,832
Depreciation and impairment				
Balance at 1 July 2022	-	(313,166)	(72,939)	(386,105)
Depreciation during the year	-	(136,924)	(120,205)	(257,129)
Disposals during the year	-	49,174	-	49,174
Balance at 30 June 2023	-	(400,916)	(193,144)	(594,060)
Carrying amount at 30 June 2023	-	460,319	93,453	553,772

	Motor Vehicle \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Gross carrying amount				
Balance at 1 July 2021	31,709	509,878	-	541,587
Additions during the year	-	437,130	279,432	716,562
Disposals during the year	(31,709)	-	-	(31,709)
Balance at 30 June 2022	-	947,008	279,432	1,226,440
Depreciation and impairment				
Balance at 1 July 2021	(31,709)	(164,056)	-	(195,765)
Depreciation during the year	-	(149,110)	(72,939)	(222,049)
Disposals during the year	31,709	-	-	31,709
Balance at 30 June 2022	-	(313,166)	(72,939)	(386,105)
Carrying amount at 30 June 2022	-	633,842	206,493	840,335

11 Right of use assets / Lease liabilities

	Property \$	Total \$
Right-of-use assets		
Balance at 1 July 2022	631,160	631,160
Additions during the year	-	-
Lease modifications during the year	(28,009)	(28,009)
Total right-of-use-assets	603,151	603,151
Depreciation during the year	(359,075)	(359,075)
Net carrying value at the end of the year	244,076	244,076

	Property \$	Total \$
Right-of-use assets		
Balance at 1 July 2021	1,315,850	1,315,850
Additions during the year	-	-
Disposals and transfers during the year	(239,133)	(239,133)
Total right-of-use-assets	1,076,717	1,076,717
Depreciation during the year	(445,557)	(445,557)
Net carrying value at the end of the year	631,160	631,160

	2023 \$	2022 \$
Lease liabilities (current)	264,942	459,700
Lease liabilities (non-current)	-	233,537
	264,942	693,237

The Group has leases for office buildings. Each lease is reflected in the consolidated statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 9).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. For leases over office buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the consolidated statement of financial position.

Right-of use asset	No of right-of use asset leased	Range of remaining term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options	Average remaining lease term
Office building	1	1 year	1	Nil	Nil	Nil	1 year

12 Shares in controlled entities

	Equity Interest Held	
	2023 %	2022 %
Name and interest in controlled entity		
Mighty Kingdom Games Pty Ltd	100	100
Mighty Kingdom Services Pty Ltd	100	100
Mighty Kingdom IP Pty Ltd	100	100
Rise Games Pty Ltd	100	100

- (a) The subsidiaries listed above have share capital consisting solely of ordinary shares, which are held directly by the Group.
- (b) Each subsidiary's principal place of business is Australia which is also its country of incorporation or registration.

13 Trade and other payables

	2023 \$	2022 \$
Current		
Trade payables	658,719	769,333
Accrued expenses	298,884	7,499
GST / PAYG payable ⁽ⁱ⁾	829,871	600,000
Payroll liabilities	692,147	865,723
Other payables	-	107,572
	2,479,621	2,350,127
Non-current		
GST / PAYG payable ⁽ⁱ⁾	547,146	629,539

⁽ⁱ⁾ On 12 January 2023, Mighty Kingdom Services Pty Ltd entered into a new interest-free payment plan with the Australian Taxation Office (ATO) to repay the outstanding tax liabilities over the next two years, which related to its outstanding GST and PAYG withholding obligations. ("Payment Plan").

Conditions of the Payment Plan:

- Make payments on due dates stipulated on the arrangement. The dates are regular instalments until February 2025; and
- Lodge and pay all ongoing tax obligations by their due dates.

The breach of any conditions above results in payment of the full amount and any accrued general interest charge (GIC). The Group complied with the above conditions as at 30 June 2023.

14 Contract assets and liabilities**Contract assets**

	2023 \$	2022 \$
Contract assets ⁽ⁱ⁾	350,508	994,101

⁽ⁱ⁾ Contract assets relates to work that has been undertaken in relation to ongoing projects where the revenue is recognised over time but had not been billed as at the reporting date. The amount disclosed above does not include variable consideration which is constrained.

Contract liabilities**Current**

Deferred service revenue ⁽ⁱⁱ⁾	638,216	165,387
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⁽ⁱⁱ⁾ Deferred service income represents customer payments received in advance of performance that are expected to be recognised as revenue in the next financial periods.

Reconciliation of the contract liabilities at the beginning and end of the current and previous financial year are set out below:

	2023 \$	2022 \$
Balance at beginning of the year	165,387	5,275
Payments received in advance	258,177	165,387
Transfer to revenue - performance obligations satisfied during the year	(165,387)	(5,275)
Balance at end of the year	258,177	165,387

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$258,177 as at 30 June 2023 (\$165,387 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	2023 \$	2022 \$
Within 6 months	-	-
6 to 12 months	258,177	165,387
	258,177	165,387

15 Employee benefits

	2023 \$	2022 \$
Current		
Provision for annual leave	760,682	972,687
Provision for long service leave	266,641	323,796
	1,027,323	1,296,483
Non-current		
Provision for long service leave	299,533	161,937

16 Share capital

	Notes	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	(a)	381,773,760	182,345,189	35,211,572	28,462,886

(a) Movements in ordinary share capital

	Number of Shares	Total \$
Balance at beginning of the year	182,345,189	28,462,886
Shares issued, net of transaction costs and tax	199,428,571	6,748,686
Balance at end of the year	381,773,760	35,211,572

(i) On 15 August 2022 the Company issued 27,351,778 fully paid ordinary share at an issue price of \$0.035 per share under the Tranche 1 Placement announced on 4 August 2022.

(ii) On 19 January 2023 the Company issued 154,736,572 fully paid ordinary share at an issue price of \$0.035 per share under the Tranche 2 Placement announced on 4 August 2022 and approved by shareholders at the Company's AGM on 28 November 2022.

Of the issued shares under the Tranche 2 placement on 19 January 2023 65,371,429 of the shares are subject to the related party receivable referred to in note 8. Gamestar Studios Pty Ltd has agreed with the Company that it cannot dispose of, or agree or offer to dispose of, such shares until payment of the outstanding amounts have been paid as referred to in note 8. This is reflected in these shares being held under a holding lock with the share registry.

(iii) On 1 February 2023 the Company issued 17,340,221 new fully paid ordinary shares at an issue price of \$0.035 per share under the Tranche 2 Placement announced on 4 August 2022 and approved by shareholders at the Company's AGM on 28 November 2022.

17 Loss per share

Both the basic and diluted loss per ordinary share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. In accordance with AASB 133, there are not considered to be any dilutive securities on issue.

	2023	2022
Net loss attributable to equity holders of the Company (\$)	(9,093,628)	(10,861,988)
Weighted average number of ordinary shares	277,986,352	165,310,749
Basic loss per share (\$)	(0.03)	(0.07)

18 Share-based payment reserves

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

19 Share-based payments

Employee share options

During 2023 the Company issued 19,200,000 options to employees under "The Employee Share Option Plan ("ESOP)". Under this scheme each employee share option entitles the holder to one share on the exercise of the employee share option. Options have been granted without performance conditions to attract appropriate talent to the role and to align management's interests with those of the shareholders.

Non-Executive Director share options

During 2023 the Company issued 12,000,000 share options to Non-Executive Directors, by way of an initial equity-based sign-on incentive. Each Option issued entitles the holder to one ordinary share in the Company on exercise and is exercisable within 3 years of the grant date. Options have been granted without performance conditions to attract appropriate talent to the role.

The summary of share options are as follows:

	Number granted	Grant date	Vesting date	Expiry Date	Value per option at grant date (\$)	Exercise price (\$)
Employees via ESOP	12,488,859	20 Nov 2020	21 Apr 2021	20 Nov 2025	0.10	0.15
Employees via ESOP ¹	6,000,000	03 May 2023	03 May 2023	03 May 2025	0.005	0.08
Employees via ESOP ¹	2,000,000	03 May 2023	03 Nov 2023	03 Nov 2025	0.005	0.08
Employees via ESOP ¹	2,000,000	03 May 2023	03 May 2024	03 May 2026	0.005	0.08
Employees via ESOP ¹	2,000,000	03 May 2023	03 Nov 2024	03 Nov 2022	0.005	0.08
Employees via ESOP ²	4,000,000	28 June 2023	28 June 2023	31 Dec 2025	0.010	0.04
Employees via ESOP ²	3,200,000	28 June 2023	28 June 2023	31 Dec 2025	0.010	0.04
Non-Executive Director	649,252	16 Dec 2020	16 Dec 2020	15 Dec 2023	0.15	0.30
Non-Executive Director	486,939	3 Mar 2021	3 Mar 2021	2 Mar 2024	0.15	0.30
Non-Executive Director	486,939	10 Mar 2021	10 Mar 2021	9 Mar 2024	0.15	0.30
Non-Executive Directors	12,000,000	19 Dec 2022	19 Dec 2022	19 Dec 2025	0.019	0.035

¹Granted 3 May 2023 but forfeited and unissued at 1 September 2023.

²Granted but not issued as at 30 June 2023.

	Number of options	2023 \$	Number of options	2022 \$
Employees via ESOP	31,688,859	1,511,087	12,488,859	1,273,864
Non-Executive Directors	13,623,130	481,000	1,623,130	250,000
Total share-based payment reserves	45,311,989	1,992,087	14,111,989	1,523,864

The table below shows the number and movement in, share options during the period:

Employees via ESOP	Number of options	
	2023	2022
Balance at beginning of the year	12,488,859	12,488,859
Granted during the period	19,200,000	-
Exercised during the period	-	-
Balance at end of the year	31,688,859	12,488,859

Non-Executive Directors	Number of options	
	2023	2022
Balance at beginning of the year	1,623,130	1,623,130
Granted during the period	12,000,000	-
Exercised during the period	-	-
Balance at end of the year	13,623,130	1,623,130

20 Related party transactions

The Company's related parties are as follows:

(a) Key management personnel of the Company

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the entity, is considered key management personnel.

(b) Other related parties of the Company

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions and outstanding balances with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (i.e., at arm's length) unless the terms and conditions disclosed below state otherwise. The following transactions occurred with related parties:

	2023 \$	2022 \$
Key management personnel		
Key management personnel compensation:		
Short-term employee benefits	1,414,655	1,261,434
Post-employment benefits	135,744	123,383
Long-term employment benefits	11,172	17,377
Share-based payments	313,224	-
Termination benefits	150,000	-
	2,024,795	1,402,194
Other related parties – director-related entities		
Receipts from - Managing Director & close family member	-	24,703
Payment to - Managing Director & close family member	-	4,920
Transactions and outstanding balances with other related parties		
Revenue recognised from Gamestar Interactive Inc	506,924	-
Amounts owed from Gamestar Interactive Inc	340,290	-
Amounts owed from Gamestar Studios Pty Ltd	2,288,000	-

21 Cash flow information

Reconciliation of cash flow from operations with loss after income tax

	2023 \$	2022 \$
Loss after income tax	(9,093,628)	(10,861,988)
Non-cash flows in profit or loss:		
Depreciation expense	659,263	609,138
Interest expense	27,171	57,731
Loss on disposal of assets	(1,989)	-
Employee share options	313,223	-
Deferred tax (income) / expense	222,692	487,891

Changes in assets and liabilities:

Decrease / (increase) in trade and other receivables	(817,611)	(1,758,686)
(Increase) in contract assets	643,593	(477,620)
(Increase) in prepayments and other current assets	257,364	(278,311)
Increase in trade and other payables	88,018	(484,143)
Increase in employee benefits	(131,564)	(19,889)
(Decrease) / increase in contract liabilities	472,829	160,112
(Decrease) / increase in provision for income tax	-	(144,637)
Net cash (used in) operating activities	(7,360,639)	(12,710,402)

22 Events after the reporting period

On 20 July 2023 the Company received \$200,000 as partial settlement of the \$2,288,000 amount receivable from Gamestar Studios Pty Ltd. This amount receivable is for 65,371,429 shares in the Company that were issued pursuant to the Share Subscription Agreement dated on or about 4 August 2022 and varied by the parties on or about 18 January 2023.

On 26 July 2023 the Company received \$200,000 from independent Non-Executive Director and Chair Michelle Guthrie, with the parties entering an unsecured, interest free loan to be repaid on or before 30 June 2024. As the terms of the loan are less favourable to the related party than arm's length terms, the Company takes the view no shareholder approval is required.

On 4 August 2023 independent Non-Executive Director Gabriele Famous resigned from the Board.

On 25 August 2023 the Company entered into a loan facility with Radium Capital, securing a payment of \$1,253,908 representing 80% of the expected R&D tax incentive for FY23. The loan is secured by a security agreement on MKL's FY23 R&D tax rebate from the ATO at an annual Interest rate of 16%. The loan facility is timed to be repaid to coincide with the receipt of the Company's 2023 R&D Tax refund with a repayable by the 31 December 2023. The loan facility may be extended by 30 days on two separate occasions at the discretion of the lender. If, against expectation, there are delays in the receipt of the rebate from the ATO.

On 1 September 2023 Shane Yeend resigned as the Chief Executive Officer with immediate effect.

On 11 September 2023 independent Non-Executive Director Melanie Fletcher resigned from the Board.

On 18 September 2023 the Company engaged LK Law, specialist dispute resolution advisors, in conjunction with its existing financial and legal advisors to pursue and expedite an outcome with Gamestar Studios Pty Ltd in relation to the outstanding \$2.1m owed to the Company.

23 Auditors' remuneration

	2023	2022
	\$	\$
Audit or review of financial statements - Grant Thornton		
Remuneration for audit or review of financial statements	142,841	89,571
Total audit or review remuneration	142,841	89,571
Other services - Grant Thornton		
Tax advisory services	-	12,500 ⁽ⁱ⁾
	-	12,500

⁽ⁱ⁾ Tax advisory services provided in relation to reviewing a proposed plan to issue performance rights.

24 Financial assets and liabilities

Note 2.1 (i) provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Amortised Cost 2023 \$	Total 2023 \$
Financial assets			
Cash and cash equivalents	7	301,785	301,785
Trade and other receivables	8	4,606,191	4,606,191
		4,907,976	4,907,976
Financial liabilities:			
Trade and other payables	13	1,787,474	1,787,474
Lease liabilities	11	264,942	264,942
		2,052,416	2,052,416
	Notes	Amortised Cost 2022 \$	Total 2022 \$
Financial assets			
Cash and cash equivalents	7	3,754,467	3,754,467
Trade and other receivables	8	914,490	914,490
		4,668,957	4,668,957
Financial liabilities:			
Trade and other payables	13	2,003,371	2,003,371
Lease liabilities	11	693,237	693,237
		2,696,608	2,696,608

25 Financial risk management

Financial risk management framework

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

Senior executives meet on a regular basis to analyse financial risk exposure in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade receivables.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment.

(i) Trade receivables

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2023	2022
	\$	\$
Trade Receivables	626,945	350,226
An analysis of the credit quality of trade receivables based on the aging group at 30 June 2023 and 30 June 2022 is as follows:		
Not past due	5,495	-
Past due 0-30 days	366,264	347,110
Past due 31-60 days	-	-
Past due 61-90 days	147,292	3,082
More than 90 days	107,894	34
	626,945	350,226

The allowance for expected credit losses in respect of receivables is used unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

(ii) Cash and cash equivalents

The Group held cash of \$301,785 at 30 June 2023 (2022: \$3,754,467), which represents its maximum credit exposure on these assets. The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. All cash and cash equivalents are held with large reputable financial institutions within Australia and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

As at 30 June 2023, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

		Within six months		Six months to one year		One to five years	
	Notes	2023	2022	2023	2022	2023	2022
		\$	\$	\$	\$	\$	\$
Trade and other payables	13	2,104,621	2,040,189	375,000	309,938	547,146	626,539
Lease liabilities	11	231,064	271,147	33,878	188,553	-	233,537
		2,335,685	2,311,336	408,878	498,491	547,146	860,076

(c) Market risk**(i) Interest rate risk**

Exposure to interest rate risk arises on interest-bearing financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect either the future cash flows (in the case of variable interest instruments) or the fair value financial instruments (in the case of fixed rate instruments).

The Group manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(ii) Currency risk

The Group is exposed to foreign currency risk (i.e. USD) on sales and purchases that are denominated in a currency other than the AUD.

The Group's exposure to foreign currency risk at the end of reporting period, expressed in Australian dollars, was as follows:

	2023 \$	2022 \$
Financial assets		
Cash - US dollars	155,791	2,843,287
Trade and other receivables - US dollars	230,794	339,462
Financial liabilities		
Trade and other payables - US dollars	(46,282)	(63,314)
Net exposure	340,303	3,119,435

At 30 June 2023, had the Australian dollar moved, with all other variables held constant, pre-tax loss would have been affected as follows:

	Pre-tax Loss (\$) (Higher) / Lower	
	2023	2022
Consolidated		
+5% (500 basis points)	(16,205)	(148,545)
- 5% (500 basis points)	17,911	164,181

The impact on the Group's total comprehensive income is due to changes in the fair value of monetary assets and liabilities. Movements in foreign currency exchange rates will result in gains or losses being recognised because of the revaluation of balances. The Group's exposure of foreign currency is immaterial for the current reporting year.

26 Capital management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

As disclosed in this report the Group is seeking to expedite a resolution for the related party receivable of \$2,288,000 from Gamestar Studios Pty Ltd for 65,371,429 shares in the Group that were issued pursuant to a Share Subscription Agreement dated on or about 4 August 2022 and varied by the parties on or about 18 January 2023. The Group is currently in the process of resolving the timing of the settlement of the balance of payment from Gamestar Studios Pty Ltd. If such settlement is not fulfilled, the Group would seek to raise additional working capital in order to meet the Group's strategic objectives

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

27 Parent information

The following information has been extracted from books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position

	2023 \$	Company 2022 \$
Current assets	5,052,513	538,471
Total assets	5,052,513	5,285,387
Current liabilities	2,156,026	279,484
Total liabilities	2,156,026	313,494
Equity		
Share capital	35,211,572	28,462,886
Share-based payment reserves	1,837,087	1,523,864
Retained losses	(33,794,991)	(24,701,363)
Total equity	3,253,668	5,285,387
Financial performance		
Loss for the year	(588,815)	(1,261,985)
Other comprehensive income	-	-
Total comprehensive income	588,815	1,261,985

28 Contingent liabilities

The Group has bank guarantees totalling \$272,917 held with Commonwealth Bank of Australia for the lease at 121 King William Street, Adelaide 5000 as at 30 June 2023 (June 2022: \$272,917). There are no other contingent liabilities as at reporting date.

29 Capital commitments – property, plant and equipment

The Group had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Directors' Declaration

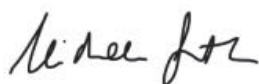
In accordance with a resolution of the Directors of Mighty Kingdom Limited, the Directors of the Company declare that:

In the opinion of the directors:

1. The financial statements and notes, as set out on pages 19 to 47,
 - (a) comply with Australian Accounting Standards which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company and consolidated Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declaration required to be made to the Directors by the Chief Financial and Operations Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

On behalf of the Board



Michelle Guthrie

29 September 2023

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001
T +61 8 8372 6666

Independent Auditor's Report

To the Members of Mighty Kingdom Limited

Report on the audit of the financial report

Qualified Opinion

We have audited the financial report of Mighty Kingdom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, except for the effects of the matter described below in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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Basis for Qualified Opinion

Included within trade and other receivables (Note 8) are amounts totalling \$2,628,290 owing from related parties of one of the key management personnel. The total amount owing includes \$2,288,000 for 65,371,429 Tranche 2 shares issued by the Company to Gamestar Studios Pty Ltd and \$340,290 for services performed in relation to an external IP contract revenue agreement with Gamestar Interactive Inc. These amounts are the subject of a dispute between the Company and the related party. The Directors of Mighty Kingdom Limited have sought relevant legal advice and believe that there is a high chance of recovering the amounts at their carrying values. No expected credit loss provision has been recognised. As at the date of this report, this matter is yet to be resolved.

In the absence of a resolution of the dispute and other audit evidence to substantiate the recoverability of this outstanding amount we are unable to ascertain the extent of recoverability of these amounts owing to the Company and therefore unable to determine whether any adjustments were necessary to trade and other receivables as stated in the consolidated statement of financial position as at 30 June 2023.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 1.1 in the financial statements, which indicates that the Group incurred a net loss of \$9,093,628 and had cash outflows from operating activities of \$7,360,639 during the year ended 30 June 2023. As stated in Note 1.1, these events or conditions, along with other matters as set forth in Note 1.1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section and the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Recognition of game development revenue Note 3 Game development revenue of \$6,931,554 is derived from work-for-hire projects and co-development projects. Revenue is a key performance measure and forms the basis of the key performance metrics of the Group.	Our procedures included, amongst others: documenting and assessing the key business processes and internal controls relating to revenue and its recognition;

Key audit matter	How our audit addressed the key audit matter
Recognition of game development revenue Note 3 (Cont.)	
We consider game development revenue to be a key audit matter due to: - the tailored and complex nature of the game development contracts; and - management judgement involved in identifying performance obligations, determining transaction price and assessing stage of completion at year-end.	- evaluating revenue recognition policies for compliance with AASB 15 <i>Revenue from Contracts with Customers</i>; - for a sample of game development contracts: - inspecting key terms of the contracts; - evaluating appropriateness of performance obligation identification, transaction price determination and allocation of transaction price to performance obligations; - evaluating available evidence to support the stage of completion; and - verifying accuracy of revenue recognised during the year; and - assessing the adequacy of the Group's revenue disclosures in the financial statements.
Research and development tax incentive Notes 4 and 8	
The Group receives a refundable tax offset (corporate tax rate plus 18.5%) of eligible expenditure under the Research and Development (R&D) Tax Incentive scheme if its turnover is less than \$20 million per annum, provided it is not controlled by income tax exempt entities. An R&D plan is filed with AusIndustry in the following financial year, and based on this filing, the Group receives the incentive in cash. Management performed a detailed review of the Group's total research and development expenditure to determine the potential claim under the R&D tax incentive legislation. For the year ended 30 June 2023, the R&D amount being claimed is \$1,743,981. This area is a key audit matter due to the degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.	Our procedures included, amongst others: - inspecting copies of relevant correspondence with AusIndustry and the ATO relating to the claims; - comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger, and testing a selection of expenditure on a sample basis; - comparing the employees included in the computation against the prior year, including the level of capitalised involvement; - discussing and consulting with internal subject matter experts about the form and content of any amounts booked as receivable; - evaluating management expert's involvement in the calculation of the incentive, including understanding any key judgements that have been made in the determination of the calculation; - performing analytical procedures on any change in the estimate from the prior year to understand any movements in estimates; and - assessing the adequacy of the disclosures in the financial statements.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report**Opinion on the remuneration report**

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2023.

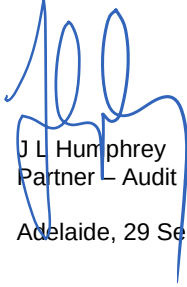
In our opinion, the Remuneration Report of Mighty Kingdom Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

The logo for Grant Thornton, featuring the company name in a blue, cursive script.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A blue ink signature, likely belonging to J L Humphrey, written over the text.

J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 September 2023

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Shareholder Information

Shareholder Information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Report is set out below.

In accordance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, the 2021 Corporate Governance Statement, as approved by the Board, is available on the Company's website at: www.mightykingdom.com/investors.

Substantial shareholders

The number of securities held by substantial shareholders and their associates (as disclosed to the ASX) are set out below.

Name	Number	%*	Date lodged
Gamestar Studios Pty Ltd	114,285,714	29.93	31-Jan-23
Mayes Lee Family	52,928,571	14.52	25-Jan-23
iCandy Games Limited	11,781,362	6.75	30-Dec-21
Phoenix Portfolios Pty Ltd	20,969,225	5.49	29-Aug-23

*percentage of issued capital as at the date the notice was lodged

Number of security holders and securities on issue

Mighty Kingdom Limited has issued the following securities: 381,773,760 fully paid ordinary shares and 30,791,489 options.

Voting rights

Ordinary shares

In accordance with the Mighty Kingdom Limited Constitution and subject to any rights or restrictions attached to any class of shares, at a meeting of members:

- (i) on a show of hands, each Member has one vote; and
- (ii) on a poll, each Member has one vote for each fully paid Share they hold.

Distribution of security holders

Quoted securities

Category	Fully paid Ordinary shares (quoted)		
	Holders	Units	% Units
1 – 1,000	18	6,994	0.00
1,001 – 5,000	240	747,158	0.20
5,001 – 10,000	135	1,078,604	0.28
10,001 – 100,000	498	20,408,543	5.35
100,001 and over	206	359,532,461	94.17
	1,097	381,773,760	100.0

Unmarketable parcels

	Minimum parcel size	Holders	Units
Minimum \$500 parcel at \$0.0130 per unit	38,462	693	8,411,654

Options

	2023 Options
Executive Directors	13,623,130
Employees via ESOP	12,488,859
Other options	4,679,500
Total options issued at 30 June	30,791,489

Twenty largest shareholders of issued capital

Rank	Name	Units	% Units
1	GAMESTAR STUDIOS PTY LTD	98,057,143	25.68
2	PHILIP JAMES MAYES + MICHELLE LEE <MAYES LEE FAMILY A/C>	52,928,571	13.86
3	GAMESTAR STUDIOS PTY LTD	16,228,571	4.25
4	MS MICHELLE LEE GUTHRIE	14,198,843	3.72
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14,039,796	3.68
6	ICANDY GAMES LTD	11,781,362	3.09
7	MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	9,594,167	2.51
8	HACKETT CP NOMINEES PTY LTD <THE HACKETT FAMILY A/C>	8,688,294	2.28
9	TRANter (SA) PTY LTD <TRANter FAMILY A/C>	7,294,357	1.91
10	NATIONAL NOMINEES LIMITED	6,859,729	1.80
11	CERTANE CT PTY LTD <HAYBOROUGH OPP FUND>	6,750,000	1.77
11	JCR INVESTMENTS CO P/L <ADRIAN VENUTI FAMILY 3>	6,750,000	1.77
13	CHRISTOPHER HARRIS + STEPHEN HARRIS + ROSEANNE LIANG <HARRIS-LIANG FAMILY A/C>	5,208,328	1.36
14	MR CHRISTOPHER STEVEN MACROW	3,523,197	0.92
15	MR MICHAEL MCMAHON + MRS SUSAN MCMAHON <THE MCMAHON SUPER FUND A/C>	3,100,000	0.81
16	MR FREDERICK BART	3,064,286	0.80
17	MORE PINK BOWS PTY LTD <LINDSAY SUPER FUND A/C>	2,950,000	0.77
18	RIMOYNE PTY LTD	2,846,998	0.75
19	MR MICHAEL ZOLLO	2,800,000	0.73
20	BOILING POT HOSPITALITY PTY LTD	2,600,000	0.68
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		279,263,642	73.15
Total Remaining Holders Balance		102,510,118	26.85

Corporate Information

Directors

Michelle Guthrie

David Butorac

Ian Hogg

Company secretary

Kaitlin Smith

Registered office

212 Greenhill Road

Eastwood, SA 5063

Principal place of business

Level 4, 121 King William Street

Adelaide, SA 5000

Telephone: (08) 7200 3252

Email: hello@mightykingdom.com

Website: <https://www.mightykingdom.com>

Auditor

Grant Thornton Audit Pty Limited

Grant Thornton House

Level 3, 170 Frome Street

Adelaide SA 5000

Share register

Computershare Investor Services Pty Limited

Level 5, 115 Grenfell Street

Adelaide SA 5000

Stock exchange listing

Mighty Kingdom Limited shares are listed on the Australian

Securities Exchange (ASX code: MKL)