

HALF YEAR REPORT 2023/2024

July to December 2023
7th February, 2024




mdundo

Mdundo.com reaches new milestone of 30.8 million monthly active users in December 2023 and limits cash-burn to DKK 2.1 million in 1H 2023/24

Principal activities of the group

Mdundo.com A/S's main activity is to run and develop an online music service, similar to (for example) Spotify, but with a focus on the African market and the more than one billion people living in Sub-Saharan Africa. Like in the Western world, music is currently primarily distributed digitally however, legal digital music services have developed significantly in the last few years, but there is still a huge market to develop and Mdundo has a significant part to play in this development.



VISION
Provide Africa with Easy and Legal Access to Online Entertainment

MISSION
To be the primary pan-African online content service by contributing structure, legality and income to the sector

2025 Goals

50M
Monthly Active Users

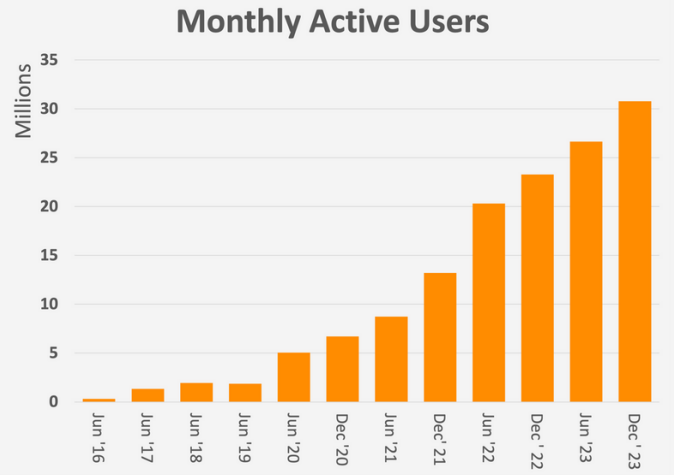
POSITIVE
EBITDA

2025 Focus

-  Delivering a locally relevant service and content.
-  Driving value per user further through telco and premium products.
-  Focus on the biggest markets Kenya, Tanzania, Nigeria, Ghana and South Africa.

Consistent growth in Monthly Active Users

At the end of the half-year period, the company had 30.8 million unique monthly active users (MAU), representing an increase of 16% since 30 June 2023 (26.6M MAU). The milestone is in-line with our 2025 goal of reaching 50 million monthly active users and driving value per user through premium telco products.

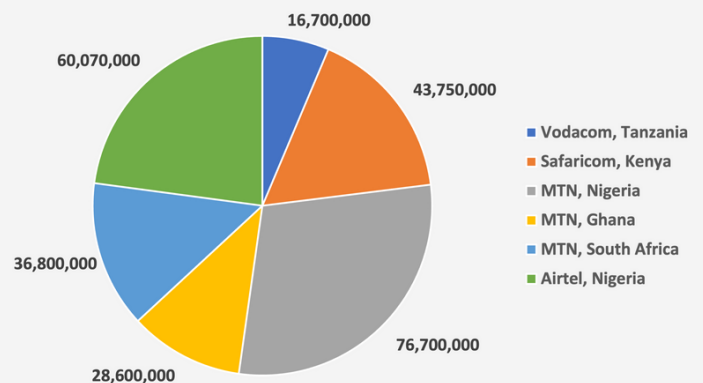


Steep growth in subscription revenue

The company has started a strong focus on driving value per user through the paid music service. Mdundo has entered agreements with a number of telecommunication companies including Vodacom in Tanzania, MTN in Ghana, Nigeria and South Africa, Airtel in Nigeria and Safaricom in Kenya. The partnerships allow customers to purchase access to Mdundo premium directly through their phone bills at a daily or weekly rate. The four partners have a total customer base of 263 million within the five markets. As a result of these partnerships Mdundo has increased revenue from the paid service from none in the year 2019/2020 to 55% of the total revenue in 1h 2023/24.



263 million customers can access Mdundo Premium through our telecommunication partners across Africa



Financial Development towards positive EBITDA

For the period the company improved EBITDA by 21% to negative DKK 3.3M, up from negative 4.2M in the same period last year. The milestone is in-line with our 2025 goal of reaching EBITDA positive.

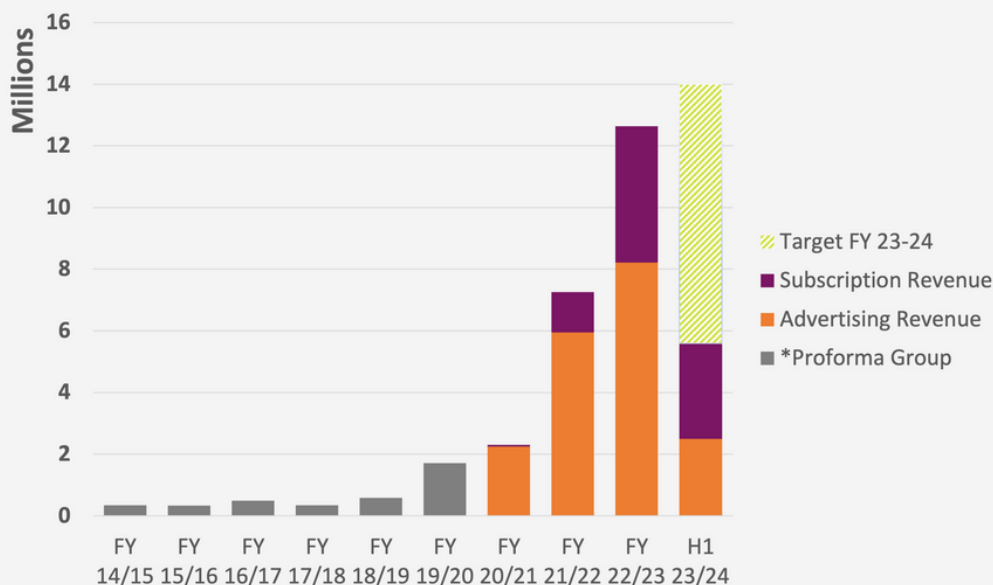
Mdundo is offering customers two tiers: Freemium tier (free service), which is ad-supported, and Premium tier, which is subscription-based.

The focus prior to 2020 was primarily on the free service which is advertisement funded, but since 2020 the Company has started focusing more on expanding the Premium subscriber base together with telecommunication companies. Total revenue for the period is DKK 5.7 million down by 12% compared to the same period last year, however the revenue from the subscription service has improved by 48% to DKK 3.1 million, up from DKK 2.1 million in the same period last year.

There was a decline in advertising revenue of 41% in comparison to the same period last year from DKK 4.3 million to DKK 2.5 million. As explained in Company announcement no. 8 2023, the company entered into a reseller agreement with an established South African partner, a delayed and unsatisfactory execution of the agreement has resulted in significantly lower results than expected. However, Mdundo.com's view of the earning potential and our unique advertising product in the African markets is unchanged, and the prior announced adjustment of expectations for the current financial year in December is mainly due to a timeline shift and not lower purchasing power or appetite for Mdundo's products among customers.

The company is still expecting total revenue of DKK 14-17 million in the financial year ending 30th June 2024, up from DKK 12.2 million last financial year, despite weaker local currencies in major markets.

Annual Revenue (DKK)

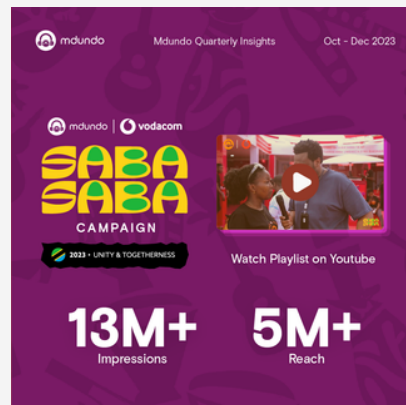


Market Activation and Brand Building

Throughout the period the company has launched a number of marketing campaigns with the objective of brand building and activating the service across the key markets. A number of campaigns are executed in partnership with our telecommunication partners.

In collaboration with Vodacom Tanzania the company did a marketing campaign centered around “saba saba” which is an international trade fair in Dar es Salaam, Tanzania. The campaign reached a total of 5m people online and included Mdundo DJs on ground at the event. In Kenya, Mdundo.com participated in the “hip hop @ 50” a global movement that celebrated the 50th anniversary of Hip hop music, in total more than 80,000 hiphop mixes were downloaded from Mdundo during the campaign. The aim of the campaigns are primarily to promote Mdundo’s paid premium subscription to display the additional value of Mdundo premium.

Mdundo also launched a youtube series with short interviews of key staff and musicians, the interviews were centered around key Mdundo milestones the last 10 years and the series reached a total of 226,000 views across social platforms. The aim of this campaign is to raise awareness and educate about the Mdundo service as well as the vision and mission.



New strong team members joining Mdundo to support continued growth

Within the half year a number of strong individuals has joined the Mdundo team on our mission to reach 50 million monthly active users and be EBITDA positive by 2025:

- **Mark Ndungu, Chief Operating Officer.** Mark brings +10 years of management experience from the digital advertising industry. In his prior role, he was the General Manager with the Kenyan advertising agency Bean Interactive. Mark will bring additional knowledge of the advertising and media industry and as the COO he will oversee our advertising sales team.
- **Israel Oladipupo Ogunseye, Senior Marketing & Partnerships Manager, West Africa.** Israel has a proven track record in digital marketing and partnerships from leading technology companies in Africa. At Mdundo he will oversee the execution of marketing and partnerships in Nigeria to further capitalize on opportunities in the market.
- **Tobechukwu Otuokere, Senior Product Owner.** Tobechukwu is a seasoned product owner with a strong knowledge of data science and analytics. Tobechukwu will drive our product and emphasis on data-driven product decisions inline with our goal of growing value per user.
- **Jaikaran Sawhny, Board Member (elected in January 2024).** Jaikaran Sawhny is the previous Chief Platform Officer at the Indian music service Saavn, where he gained experience in product development, monetization of users in low income regions, building partnerships as well as monetizing emerging market content in developed markets.

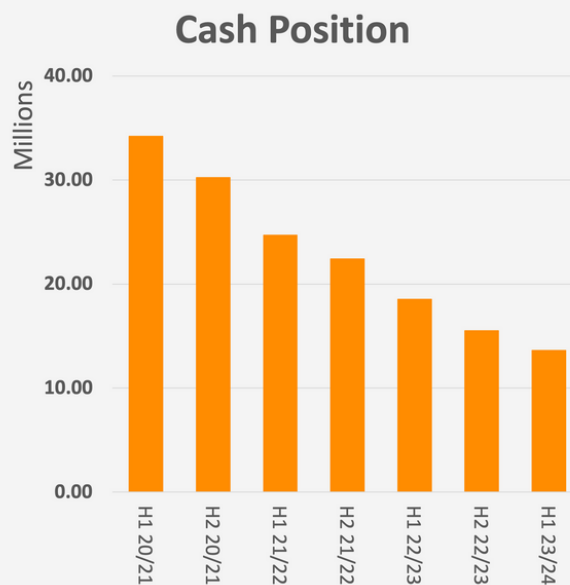
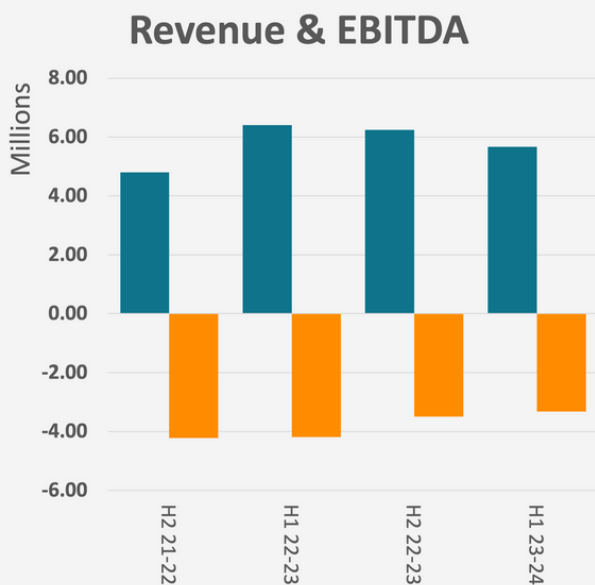


Development in activities and financial matters

The revenue for the period totals DKK 5.7 million, and EBITDA for the H1 is DKK -3.3 million. The cash balances as of 31st December 2023 stand at DKK 13.4 million, this is a reduction of DKK 2.1 million over the last 6 months from a balance of DKK 15.5 million on 30th June 2023. Management considers the loss for the period as well as the cash burn in line with the growth strategy and mission of the company to become the primary pan-African music service with 50 million unique monthly users by 2025. The Company is striving towards positive EBITDA in 2025.

Expected Developments

Mdundo expects growth in revenue from DKK 12.2 million in 2022/23 to DKK 14-17 million in 2023/24 and an improvement of EBITDA of DKK 1-1.5 million to between minus DKK 6.5 - 7.5 million in 2023/24. The improvement in EBITDA is a result of continuously increasing revenue from current activities as well as tight cost-control and a strong focus on positive unit economics.



	<i>Group</i>	<i>Group</i>
	01.07.2023	01.07.2022
Consolidated Income statement		
DKK	- 31.12.2023	-31.12.2022
<i>Revenue</i>	5,663,325	6,401,914
<i>Direct costs / Artist Payments</i>	-2,860,680	-3,375,709
<i>General and Administrative expenses</i>	-4,684,068	-5,983,397
Gross profit	-1,881,423	-2,957,192
<i>Staff costs</i>	-1,465,817	-1,235,789
Profit / loss before depreciation, amortisation, interest and tax (EBITDA)	-3,347,240	-4,192,981
<i>Depreciation, amortisation and impairment</i>	-1,103,989	-1,103,989
Operating profit	-4,451,229	-5,296,970
<i>Income from equity investment in group enterprise</i>	0	0
<i>Other financial income</i>	94,068	357,299
<i>Other financial costs</i>	-196,233	-152,067
Pre-tax net profit or loss	-4,553,394	-5,091,738
<i>Tax on ordinary results</i>	-296,002	0
Net profit or loss for the period	-4,849,396	-5,091,738

Consolidated Balance Sheet
DKK

	<i>Group</i> 31.12.2023	<i>Group</i> 30.06.2023
<i>Intangible assets</i>	14,910,702	15,712,888
<i>Tangible assets</i>	14,203	13,862
<i>Investments</i>	<u>0</u>	<u>0</u>
<i>Total non-current assets</i>	14,924,905	15,726,750
<i>Total receivables</i>	3,516,119	4,969,594
<i>Cash on hand and demand deposits</i>	<u>13,411,310</u>	<u>15,503,013</u>
<i>Total current assets</i>	<u>16,927,429</u>	<u>20,472,607</u>
<i>Total assets</i>	<u>31,852,334</u>	<u>36,199,357</u>
<i>Equity</i>	23,700,611	28,469,820
<i>Long term liabilities other than provisions</i>	0	0
<i>Short term liabilities other than provisions</i>	<u>8,151,724</u>	<u>7,729,537</u>
<i>Total liabilities other than provisions</i>	<u>8,151,724</u>	<u>7,729,537</u>
<i>Total equity and liabilities</i>	<u>31,852,335</u>	<u>36,199,357</u>

	<i>Group</i>	<i>Group</i>
	01.07.2023	01.07.2022
Consolidated Cash flow statement		
DKK	<u>- 31.12.2023</u>	<u>-31.12.2022</u>
<i>Net profit or loss for the period</i>	-4,849,396	-5,091,738
<i>Adjustments</i>	1,196,814	987,324
<i>Change in working capital</i>	1,862,680	15,590,397
<i>Interests paid etc.</i>	<u>0</u>	<u>335</u>
Cash flow from operating activities	-1,789,902	11,486,318
<i>Cash flow from investing activities</i>	-301,800	-232,093
<i>Cash flow from financing activities</i>	<u>0</u>	<u>0</u>
Change in cash and cash equivalents	<u>-2,091,702</u>	<u>11,254,225</u>
<i>Cash and cash equivalents, beginning of period</i>	<u>15,503,013</u>	<u>7,272,056</u>
Cash and cash equivalents, end of period	<u>13,411,311</u>	<u>18,526,281</u>

	<i>Group</i>	<i>Group</i>
	31.12.2023	31.12.2022
Consolidated Equity explanation		
DKK	<u>31.12.2023</u>	<u>31.12.2022</u>
<i>Equity 1 July</i>	28,469,820	38,870,474
<i>Net profit or loss for the period</i>	-4,849,396	-5,091,738
<i>Exchange rate adjustment</i>	<u>80,188</u>	<u>-126,991</u>
Equity 31 December	<u>23,700,612</u>	<u>33,651,745</u>

<i>Accounting related key figures</i>	<i>Group</i> 31.12.2023	<i>Group</i> 31.12.2022
<i>Profit margin (EBIT-margin)</i>	-0.79	-0.83
<i>Acid test ratio</i>	2.08	3.83
<i>Solvency ratio</i>	0.74	0.85
<i>Share related key figures</i>	<i>Group</i> 31.12.2023	<i>Group</i> 31.12.2022
<i>Book value per share</i>	2.32	3.30
<i>Earnings per share ratio before dilution</i>	-0.48	-0.50
<i>Earnings per share ratio after dilution</i>	-0.48	-0.50
<i>Total shares</i>	10,196,668	10,196,668
<i>Average shares in the period</i>	10,196,668	10,196,668

Note: The above numbers for 1st half year 2023/24, has not been audited or reviewed by the company's auditor.



Questions? Contact us.

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