

# ANNUAL REPORT

AND CONSOLIDATED FINANCIAL  
STATEMENT 2024-2025

1st July 2024 to 30th June 2025

The annual report was submitted and approved  
by the general meeting on the

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Chairman of the meeting

Jagtvænget 2, 2920 Charlottenlund  
Central Business Registration 41305754

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### Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Company Details

### Company:

Mdundo.com A/S

Jagtvangenget 2 2920 Charlottenlund

Company reg. no. 41 30 57 54

Established: 10 April 2020

Domicile: Gentofte Kommune

Financial year: 1 July - 30 June, 6th financial year

### Managing Director:

Martin Møller Nielsen

### Auditors:

EY Godkendt Revisionspartnerselskab

Dirch Passers Allé 36,

Postboks 250,

2000 Frederiksberg

### Subsidiary:

Mdundo Limited, Kenya

## Board of Directors



Jesper Vesten Drescher



Kristopher Mawijena Kris Senau



Joseph Hundah



Jaikaran Sawhny



# Building a Leading Music Service for Africa

**Mdundo.com** A/S continues to strengthen its position as one of Africa's leading music services. The company's mission is to provide legal and affordable access to music while ensuring sustainable income for artists across the continent. Since its IPO in 2020, the company has scaled from 5 million to 40.5 million monthly active users (MAUs) by June 2025, thereby achieving its user growth target for the financial year.

During the financial year, management focused on expanding the subscription business, navigating a challenging advertising market, and maintaining strict cost discipline. Mdundo has established one of the largest music catalogues and audiences in Africa and built strategic partnerships with leading corporations in telecommunications and entertainment. However, it has also become clear that the growth in value per user in Africa is challenged by the current macro economic environment with currency volatility, tougher customer economics for telecoms and increasing pressure on ROI from advertising expenditures. The commercial results of the company's strategic partnerships depend not only on Mdundo's execution but also on the strategic priorities of our partners.

The company acknowledges that some of these challenges are structural to the African digital economy including low average spend per user and volatility in ad pricing and therefore require management action rather than reliance on market recovery alone. As a result, the company is prioritising improvements within its control: **Expanding alternative payment channels, diversifying revenue streams through diaspora markets, strategic brand partnerships and a very tight cost and cash control.**

The broader African music and mobile markets continue to expand, but the macroeconomic environment has created headwinds that impact near-term performance. Even in this context, Mdundo's 14% MAU growth and 18% subscription revenue growth in FY24/25 demonstrate strong underlying demand and willingness to pay when billing and distribution channels function effectively. Management is keeping the organisation lean and disciplined while concentrating resources on the areas of greatest opportunity. This balance of cost control, operational focus, and continued investment in strategic bets underpins management's confidence that Mdundo is positioned to capture the long-term growth of Africa's music streaming market. This approach ensures that Mdundo continues to deliver on immediate priorities such as billing stability and advertising growth, while maintaining momentum on long-term strategic bets that will drive shareholder value.

# Financial Highlights

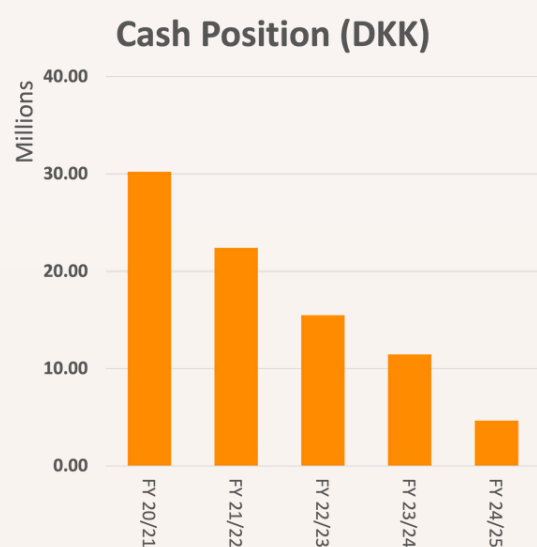
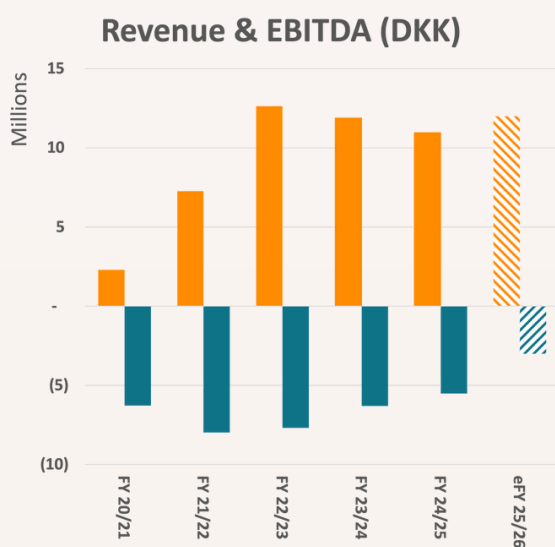
**Revenue for the financial year amounted to DKK 11.0 million** compared to DKK 11.9 million in FY 2023/24. The shortfall was primarily driven by ongoing billing challenges with two major telecom partners, which together accounted for the majority of subscription revenue. These issues sit within the partners' systems and remain outside Mdundo's direct control, though a resolution would have a positive impact on future growth. In addition, African advertising markets experienced sharp declines in CPMs, particularly in Nigeria, reducing network-driven ad revenues despite stable demand. To mitigate these challenges, management has launched new telco and wallet integrations, shifted focus towards direct advertising sales, and optimised its marketing setup to deliver consistent performance at lower acquisition costs.

**EBITDA ended at DKK -5.5 million**, an improvement from DKK -6.4 million in the previous year, but slightly below the guided range of DKK -4 to -5 million. The result includes a one-off adjustment of DKK 0.4 million due to an unexpected provision on account receivables.

DKK	Guidance FY 25/26	Y/Y Change	24/25	23/24	22/23	21/22	20/21
Revenue	12-15M	-8%	11.0	11.9M	12.6M	7.3M	2.3M
Advertising Revenue	2-3M	-51%	2.2M	4.5M	8.2M	6M	2.2M
Subscription Revenue	8-10M	18%	8.7M	7.4M	4.4M	1.3M	0.1M
EBITDA before provision on account receivables		20%	-5.1M	-6.4M	-7.7M	-8.0M	-6.3M
EBITDA	-2 to -3M	14%	-5.5M	-6.4M	-7.7M	-8.0M	-6.3M
MAUs	45M	12.5%	40.5M	36.0M	26.6M	20.3M	8.7M
Cash	1-2M	-58%	4.7M	11.1M	15.5M	7.2M	30.2M
Cash & Cash Equivalent		-51%	5.5M	11.3M	15.5M	22.4M	30.2M

**Cash at year-end was DKK 4.7 million**, compared to DKK 11.1 million in June 2024. In addition DKK 0.8 million is held with the company's operating partner in Nigeria, which is withdrawable at any time and booked as a trade receivable, total cash and cash equivalents amounted to DKK 5.5 million. The increased cash reduction compared to the previous year reflects lower revenue during the period, combined with unusually strong collections in FY 2023/24 due to a high ending trade receivables balance from the previous financial year. Cash burn decreased from DKK 3.5 million in the first half of FY 2024/25 to DKK 2.9 million in the second half, demonstrating improved collections and cost discipline.

**Going concern**, the budget assumes a minimum 9% increase in revenue, primarily from subscription growth, and up to 25% reduction in operating expenses. Trade receivables and payables are expected to follow the same nature as in previous years. Based on these assumptions and the current cash position, management expects the company to have sufficient liquidity to fund operations through to 30 June 2026. In the event that revenue growth is not achieved in line with the budget, management has prepared measures to further improve the cash position, including additional cost reductions and prioritisation of commercial activities with the highest expected return. Management and the Board are also monitoring the situation closely and evaluating potential actions, including a capital injection as part of the ongoing strategic ownership review. On this basis, management believes the company has a reasonable expectation that it can continue as a going concern for the foreseeable future.



# Strategic Focus

The company's near-term focus is built around **three strategic priorities**:

1

## Resolving ongoing telco billing challenges and diversifying payment channels.

Reliability of billing with large telecom partners remains a key driver of stable subscription revenue. In parallel, the company has begun diversifying into wallets, cards, and diaspora subscriptions, reducing dependency on single partners.

2

## Optimising cost base and building a leaner organisation.

Management has implemented a slimmer organisational structure with a significantly lower cost base, ensuring resources are focused on activities that directly drive revenue and long-term growth. This creates a stronger foundation for achieving profitability and positive cash-flow while maintaining flexibility in a dynamic operating environment.

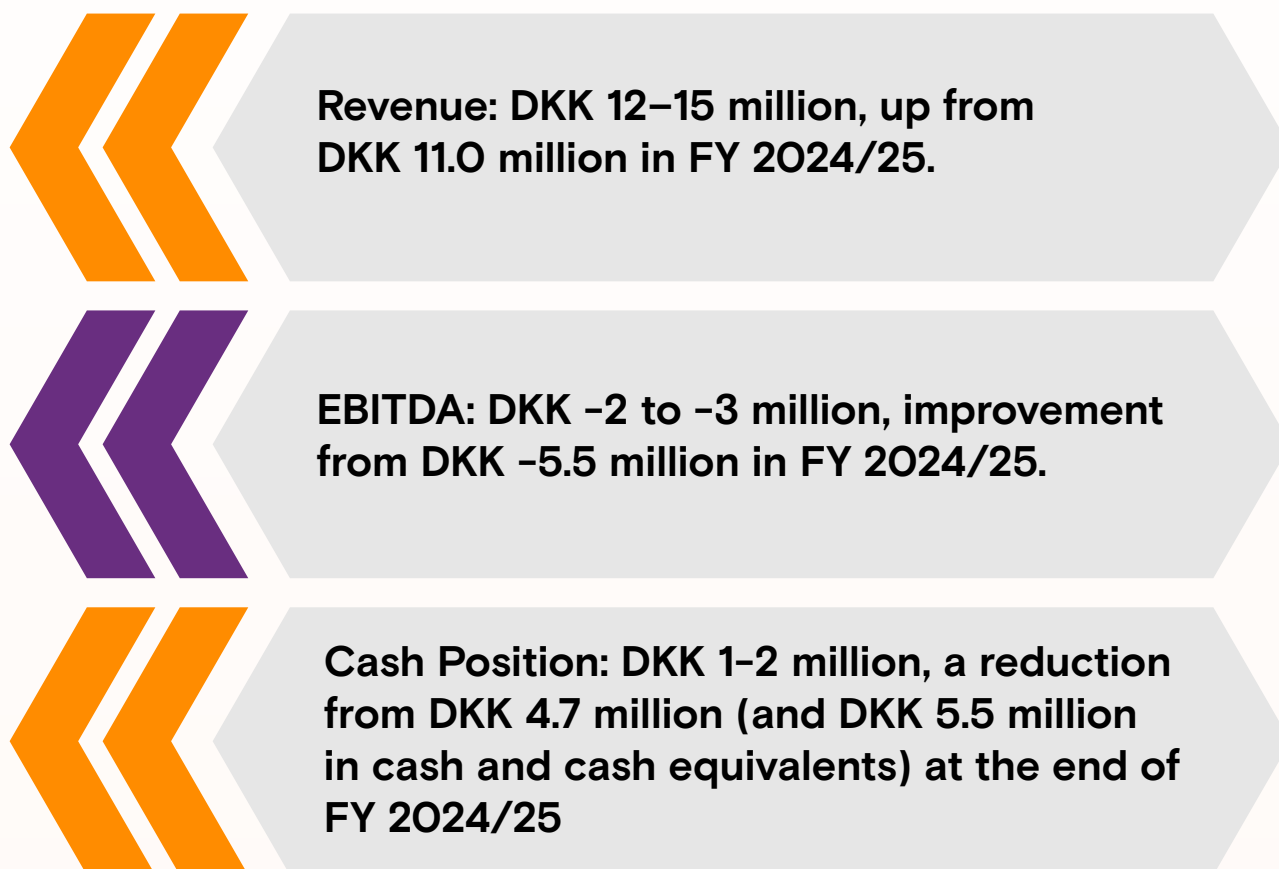
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## Exploring strategic outcomes from the Deloitte-led review.

In April 2025, the Board initiated a strategic review to assess options including new strategic investors, consolidation, or changes of ownership, all aimed at accelerating value creation for shareholders.

# Outlook for FY 2025/26

The company expects to return to revenue growth in FY 2025/26 with guidance of:



Management will continue a strong focus on EBITDA improvements, which includes prioritizing resolving telco billing challenges and diversifying payment channels, strengthening direct ad sales with key brand partners, and a very tight cost and cash-control. Furthermore, board and management keep evaluating options in regards to the strategic review to ensure the best long-term outcome for shareholders.

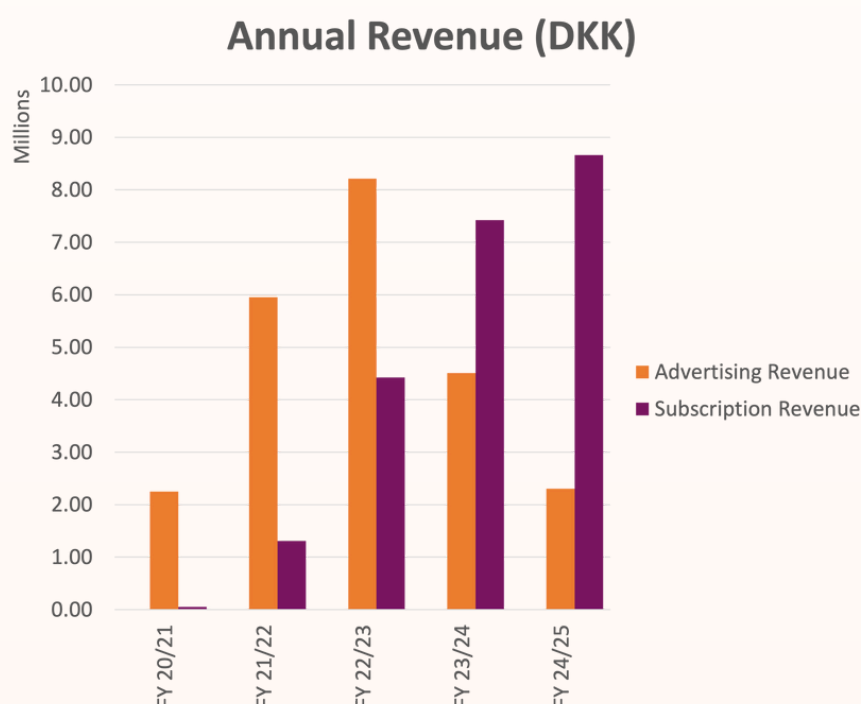


## Subscription Business

Subscription revenue grew 18% year-on-year despite billing disruptions. Three new telecom partnerships were launched, including MTN Cameroon, marking entry into the francophone market. By year-end, Mdundo Premium was distributed through eight operators with a combined reach of over 352 million customers. The integration with Opera MiniPay introduced wallet-based payments, and further focus on card payments and diaspora subscriptions. The company has also demonstrated the ability to achieve consistent performance with much more limited marketing budgets, driven by growth from partners at a significantly lower customer acquisition cost. Management considers the resolution of billing issues with existing partners and the continued diversification of payment methods the most important operational priority for the year ahead.

## Advertising Business

Advertising revenue declined by 51% compared to FY 2023/24. Direct ad sales fell by 14%, while network advertising was significantly impacted by declining CPMs across African markets, particularly Nigeria. To mitigate these developments, Mdundo increased its focus on direct performance campaigns and long-term partnerships. During the year, new campaigns were executed with regional and international clients, and additional resources were added in Tanzania and South Africa to strengthen direct sales; however, this has not yet translated into the expected revenue uplift in these markets.



## User Growth

MAUs grew to 40.5 million by June 2025, up 14% compared to last year, surpassing the company's target of 40 million. Growth was supported by a strong catalogue of African music and continued product optimisation for low-end devices. The launch of a Progressive Web App targeting African diaspora communities outside the continent provides an additional channel for growth and monetisation.

## Product Development

During the financial year, Mdundo made significant progress in strengthening its product to enhance user engagement and support monetisation. The company launched a Progressive Web App (PWA) targeting the African diaspora outside the continent. Integrations with telecom operators remained a major focus, with development resources allocated to MTN Cameroon and Vodacom South Africa. Further improvements were made to user-facing features including enhanced subscription flows, top charts, and content discoverability tools, ensuring that the service remains relevant and competitive. These improvements support the company's focus on more reliable billing flows, improved user monetisation, and diaspora engagement.

## Licensing and Content Development

Mdundo continues to expand its catalogue and strengthen its licensing operations across Africa. The total songs available on the service is now 839k directly from artists, complemented by 3.9 million licensed global tracks. A key priority was to deepen the platform's hyperlocal music offering, with a particular focus on genres such as Fuji, Highlife, Luo (Ohangla), Singeli, Kalenjin, and Bongo Flava. DJ Mixes remain a cornerstone of the Mdundo Premium offering, and continued investments were made to expand and refresh this catalogue. Royalty distributions to artists exceeded DKK 4.8, underlining Mdundo's role in providing sustainable income opportunities for African creators. These initiatives strengthen Mdundo's positioning as the most locally relevant music service in Africa, while addressing catalogue completeness and improving long-term subscription and advertising monetisation.

## Organisation and Operations

Operational discipline was maintained throughout the year, with improvements in EBITDA reflecting cost control and reduced marketing expenditure in markets where customer acquisition costs were high. Key hires were made in licensing, sales, and product to strengthen the organisation's ability to deliver on strategic priorities, especially within direct ad sales and payment diversification.



**Martin Nielsen**  
Chief Executive Officer



**Mark Ndungu**  
Chief Operations Officer



**Sowari Akosionu**  
Chief Marketing Officer

The company also implemented a leaner operating model with a lower cost base compared to the previous year. Management reduced headcount in Kenya from 18 to 12 people redirecting the focus from licensing operations and marketing activities towards product development and sales execution. Operating expenses were brought down by 19%, with administrative and overhead costs reduced by DKK 0.9M. Trade receivables remained stable, with no long outstanding debts beyond the provision already recognised, reflecting stronger financial discipline. Promotional spending, historically focused on our subscription service, was cut significantly, but without a material reduction in revenue, demonstrating greater marketing effectiveness. At the same time, targeted increases in sales expenditure have been directed towards strengthening the sales organisation with the aim of re-building momentum and improving client acquisition across advertisers and telcos. Overall, these actions illustrate management's determination to respond decisively to market conditions, while ensuring the organisation remains focused on driving future growth.

The company has begun embedding AI tools across licensing, product, sales, and marketing to increase efficiency and output. The focus is on using AI to drive business impact within current restrictions, cut manual work, speed up decision-making, and strengthen creativity. Management views AI as a practical tool to raise productivity while improving the quality and speed of execution across the organisation.



## Market Environment

The global recorded-music market delivered its tenth consecutive year of growth in 2024, increasing by 4.8% to US\$29.6 billion. Streaming surpassed US\$20 billion and now accounts for 69% of recorded-music revenues, with subscriptions representing 51%. Sub-Saharan Africa (SSA) was among the fastest-growing regions, expanding by 22.6% and crossing US\$100 million in revenues, with South Africa contributing around 75%. These developments reinforce Mdundo's focus on scalable, low-cost streaming models and subscription-led monetisation aligned to regional market dynamics.

The mobile ecosystem in SSA continues to expand and will remain the foundation for music consumption. By 2030, 4G is expected to cover around 50% of connections and 5G around 17%. Smartphone adoption is forecast to rise materially, and mobile data usage per connection is projected to quadruple compared to 2023. At the same time, affordability challenges and a persistent usage gap continue to shape the opportunity. These realities validate Mdundo's strategy of prioritising lightweight user experiences, offline functionality, and close integration with telco partners.

Macroeconomic headwinds, however, remain a significant challenge. Currency volatility, particularly in Nigeria and Tanzania, and a weaker advertising market with a high increasing supply of advertising inventory across the continent. On the telecom side, rising operational costs, driven by energy price volatility, import inflation, and weak infrastructure, squeeze margins. Added to this are new regulatory burdens like high spectrum fees and taxation which further restrict operational flexibility.

Management recognises that lower advertising yields, billing frictions, and limited monetisation per user reflect structural features of the African digital economy. In response, Mdundo is actively diversifying revenue beyond volatile channels by expanding wallet and card payments and developing diaspora-focused subscriptions. These initiatives are designed to reduce exposure and build more predictable revenue streams.

Despite near-term pressures, the long-term fundamentals of the African market remain intact. Recorded music is growing faster in SSA than in any other region, smartphone penetration and data usage are rising, and African music continues to attract global demand. With its scaled audience, established telco and wallet integrations, and a leaner cost base, Mdundo is positioned to benefit disproportionately as these fundamentals continue to unfold.