

H1 Report FY 2025/26

Mdundo.com A/S:

Improved Profitability and Cash Flow Through Strategic Transition to Paid Subscriptions

Executive Summary

During the first half of the financial year 2025/26, Mdundo continued its transition towards a more focused, subscription-led business model, prioritising paid user growth, predictable revenue streams, and improved cash discipline. Performance for the period is assessed against the updated full-year guidance communicated in the Company Announcement of 27 October 2025, following the strategic refocus towards profitability and recurring revenue.

Revenue for the period amounted to DKK 4.4 million, representing a 25.5% decline year-on-year, primarily driven by a significant reduction in advertising and direct sales revenue. This development reflects both a continued challenging advertising market and a deliberate strategic decision to scale back low-margin advertising activities.

Despite lower revenue, profitability improved materially. EBITDA for H1 FY 2025/26 was DKK -1.1 million, a 46.9% year-on-year improvement compared to DKK -2.1 million in the same period last year. The improvement was driven by decisive cost reductions across the organisation and a leaner operating model following the strategic review, as a reflection hereof the Q2 EBITDA was limited to DKK -300k.

Cash flow performance also improved. Net cash outflow for the period was DKK -1.6 million, compared to DKK -3.5 million in H1 FY 2024/25, representing a 54.3% year-on-year improvement. This reflects lower operating cash burn and disciplined cost management.

DKK	Y/Y Change	H1 FY 25/26	H1 FY 24/25	H1 FY 23/24
Revenue	-25.5%	4.4m	5.8m	5.7m
- Hereof Subscription:	-15.6%	3.8m	4.5m	2.5m
- Hereof Advertising:	-57.1%	0.6m	1.4m	3.1m
EBITDA	+46.9%	-1.1m	-2.1m	-3.5m
Net cash flow	+54.3%	-1.6m	-3.5m	-2.1m
Cash	-59.3%	3.1m	7.6m	13.4m
Cash & Cash Equivalent	-56.6%	3.3m	7.6m	13.4m
90-days Unique Subscribers	n/a	906k	n/a	n/a
90-days Subscription Payments	n/a	9.9M	n/a	n/a

Subscription activity remained the core revenue driver for the business, with subscribers adopted as the primary non-financial metric, replacing MAUs, to better reflect value creation. In the last quarter, 9.9 million subscription payments were processed across the platform.

Music gaming continued to show early progress. Game-related revenue reached approximately DKK 11k year-to-date, with increasing monthly traction towards the end of the period. While still immaterial to overall financial performance, early engagement and willingness to pay validate gaming as a longer-term monetisation opportunity.

Management remains focused on improving billing stability, scaling paid entertainment formats, and maintaining tight cost and cash control as the Company progresses towards EBITDA-positive operation.

Strategic Highlights

- **Shift to paid subscribers as primary KPI:** MAU has been replaced by paying subscription transactions, aligning reporting with long-term value creation.
- **Subscription focus:** Continued prioritisation of telecom, wallet, and diaspora subscriptions as the Company's core revenue driver.
- **Payment diversification:** Expansion of mobile money and wallet integrations to reduce reliance on individual telecom partners.
- **Cost discipline:** Structural reduction in operating expenses following the strategic review.
- **Product innovation:** Early traction from music gaming and paid entertainment formats.



*Martin Moeller Nielsen,
CEO.*



*Jesper Vesten Drescher,
Chairman*

Financial Performance

Revenue Development

Total revenue for H1 FY 2025/26 amounted to DKK 4.4 million, a 25.5% decline year-on-year compared to the same period last year. The decline was primarily driven by a sharp reduction in advertising revenue and lower direct sales activity, reflecting both market conditions and management's decision to scale back low-margin advertising operations.

Subscription revenue remained the largest contributor to total revenue during the period. While subscription revenue declined year-on-year due to billing instability and ARPU pressure with selected telecom partners, management continues to prioritise payment stability, conversion improvements, and diversification of payment channels.

EBITDA Development

EBITDA for H1 FY 2025/26 amounted to DKK -1.14 million, representing a 44.4% improvement year-on-year. The improvement was driven by significant reductions in operating expenses across all departments, including lower marketing spend, reduced promotional activity, and a leaner organisational structure.

Despite lower revenue, the improved EBITDA demonstrates the effectiveness of management's cost discipline and supports confidence in delivering EBITDA within the full-year guidance range of DKK -1.5 to -2.5 million.

Cash Flow and Liquidity

Net cash flow for H1 FY 2025/26 was DKK -1.6 million, compared to DKK -3.5 million in the same period last year, representing a 40% year-on-year improvement. The improvement reflects lower operating cash burn driven by cost reductions and reduced investment levels. Management remains confident in ending the financial year within the communicated cash guidance range of DKK 0.5-1.5 million.

Subscription Business

During the last quarter of the calendar year, Mdundo recorded 9.9 million subscription payments across its payment platforms, generated by 906 thousands unique customers. These figures illustrate the scale of paid interactions on the platform while pointing to a substantial opportunity to expand monetisation across a wider portion of the platform's user base.

From a monetisation perspective, management remains focused on improving the growth of the subscriber base as well as the reliability of subscription revenue together with our telecommunication partners. The progress in improving billing stability with existing telecom partners has been slower than anticipated, and as telco billing continues to account for the majority of subscription revenue, this has constrained near-term growth.

Alternative payment methods, including mobile money and wallets, have been launched during the period; however, their financial impact remains limited at this stage. Similarly, new commercial partnerships have not yet translated into material subscription revenue.

Product-market fit for diaspora subscriptions remains under development. To support longer-term monetisation, the Company plans to expand the Progressive Web App across additional African markets, targeting higher-value user segments and improved conversion over time.

Advertising Business

Advertising performance remained weak during H1 FY 2025/26. Compared to the same period last year, the number of executed advertising campaigns was materially lower, and the mix of clients shifted towards fewer, shorter-term activations rather than larger, recurring brand partnerships. While Mdundo continued to work with established regional advertisers and agencies, the overall pipeline was impacted by increased competition for digital spend across African markets and the campaigns were more frequently tactical in nature, focused on one-off launches or short promotional windows, resulting in lower aggregate revenue and reduced predictability.

In parallel, inventory was increasingly prioritised for subscription promotion and music gaming initiatives with clearer monetisation potential. As a result, advertising revenue declined year-on-year, reflecting both market conditions and a conscious strategic shift away from advertising as a primary growth driver.

Product and Platform Development

During H1 FY 2025/26, Mdundo continued to develop its product and platform with a focus on improving engagement, conversion, and monetisation of existing traffic. The product organisation was strengthened with the addition of one senior product team member, increasing management's capacity to execute on product-led growth initiatives.

Several incremental releases were deployed to the Progressive Web App (PWA) during the period, improving performance, navigation, and content discovery. These updates contributed to improved user engagement and prepared the platform for broader rollout across African markets. The PWA was successfully launched in multiple African countries during the period, establishing a scalable foundation ahead of a potential native app release.

The Company also released music-themed games integrated into the platform. These games generated early payment activity and supported increased engagement, validating gaming as a complementary monetisation format.

In parallel, improvements were made to mobile money payment flows, resulting in increased paid transactions via wallets. However, as telco billing continues to represent the majority of subscription revenue, the financial impact of these improvements is not yet materially visible at group level.

Organisational Changes

Following the strategic review in 2025 and continued focus on EBITDA performance, the Company has implemented a number of structural changes during H1 FY 2025/26 aimed at improving execution efficiency and long-term profitability.

The organisation has been restructured, particularly within telco partnership management and licensing operations, to better reflect actual performance and decision-making requirements. Responsibility for key commercial partnerships and licensing relationships has been centralised under the CEO and COO, reducing organisational complexity, improving accountability and lowering costs. The changes are fully executed by early March 2026 and are expected to result in a net EBITDA improvement of approximately DKK 120k in the current financial year. The yearly impact on EBITDA when the changes are fully executed is expected to be ~DKK 720k assuming no change in revenue and a positive impact on cashflow of approximately DKK 1.2 million / yearly.

In parallel, the Company has updated its terms and conditions with rights holders that have an account with Mdundo to more accurately reflect the direct costs of operating the music service. These changes are expected to improve gross margin by 5 percentage points already in H2 and have a positive impact on EBITDA.

Together, these actions are intended to support a more sustainable operating model as the Company progresses towards profitability.

No changes to the Outlook for FY 2025/26

REVENUE

DKK 9– to
11 million.

EBITDA

DKK –1.5 to
–2.5 million.

CASH AT YEAR END

DKK 0.5 to
–1.5 million.



Financial Reports

Consolidated Income Statement

	<u>Group</u>	
DKK	01.07.2025 -31.12.2025	01.07.2024 - 31.12.2024
Revenue	4,359,944	5.846.776
Cost of sales	-2,454,482	-2.956.022
Other operating income	220,775	0
Other external expenses	<u>-2,423,966</u>	<u>-3.374.184</u>
Gross profit	-297,730	-483.430
Staff costs	<u>-844,475</u>	<u>-1.629.106</u>
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-1,142,205	-2.112.536
Depreciation and amortisation	<u>-1,179,470</u>	<u>-1.157.963</u>
Profit/loss before net financials	-2,321,675	-3.270.499
Financial income	112,985	471.773
Financial expenses	<u>-139,604</u>	<u>-194.561</u>
Profit/loss before tax	-2,348,294	-2.993.287
Tax for the year	<u>0</u>	<u>0</u>
Profit/loss for the year	<u>-2,348,294</u>	<u>-2.993.287</u>

Consolidated Balance Sheet

	<u>Group</u>	
DKK	01.07.2025 -31.12.2025	01.07.2024 -30.06.2025
Assets		
Intangible assets	12,422,960	12,930,273
Tangible assets	6,213	14,013
Investments	0	0
Total non-current assets	<u>12,429,173</u>	<u>12,944,286</u>
Total receivables	2,982,341	3,869,014
Cash	3,086,310	4,670,045
Total current assets	<u>6,068,651</u>	<u>8,539,059</u>
Total Assets	<u>18,497,824</u>	<u>21,483,345</u>
Equity	7,822,288	10,162,271
Long term Liabilities other than provisions	0	0
Short term liabilities other than provisions	10,675,536	11,321,074
Total liabilities other than provisions	10,675,536	11,321,074
Total Equity and Liabilities	<u>18,497,824</u>	<u>21,483,345</u>
Consolidated Equity Explanations	01.07.2025 -31.12.2025	01.07.2024 -30.06.2025
Equity at 1 July 2025	10,162,271	18.803.048
Net profit or loss for the period	-2,348,294	-2.993.287
Exchange rate adjustment	<u>8,311</u>	<u>2.576</u>
Equity at 31 December 2025	7,822,288	<u>15.812.336</u>

Consolidated Cash flow statement

	<u>Group</u>	
DKK	01.07.2025 -31.12.2025	01.07.2024 - 31.12.2024
Profit/loss for the year	-2,348,294	-2.993.287
Adjustments	<u>1,206,089</u>	<u>880.751</u>
Cash generated from operations (operating activities)	-1,142,205	-2.112,536
Changes in working capital	<u>81,926</u>	<u>-1.101.020</u>
Cash generated from operations (operating activities)	-1,060,279	-3,213,556
Financial income	112,985	277.212
Financial expenses	-139,604	-0
Income taxes paid	<u>159,212</u>	<u>-0</u>
Cash flows from operating activities	<u>-927,686</u>	<u>-2.936.344</u>
Cash flows from investing activities	<u>-672,157</u>	<u>-560.432</u>
Cash flows from financing activities	<u>0</u>	<u>0</u>
Cash, 1st July 2025	4,670,045	11,068,199
Foreign exchange adjustments	<u>16,108</u>	<u>66,638</u>
Cash, end of period	3,086,310	<u>7.571.424</u>

Accounting Related Figures

DKK	<u>Group</u>	
	01.07.2025 -31.12.2025	01.07.2024 -31.12.2024
Accounting related key figures		
Profit margin (EBIT-margin)	-0.53	-0.56
Acid test ratio	0.57	1.24
Solvency ratio	0.42	0.61
Share related key figures		
	01.07.2025 -31.12.2025	01.07.2024 -31.12.2024
Book value per share	0.77	1.55
Earnings per share ratio before dilution	-0.23	-0.29
Earnings per share ratio after dilution	-0.23	-0.29
Total number of shares	10,196,668	10,196,668
Average number of shares in the period	10,196,668	10,196,668