



mdundo

Report: 3rd Quarter 2020/21

January to March 2021

4th May 2021



Copenhagen, 4th May 2021

Quarterly announcement: Mdundo expects additional telecommunications partnership agreements in the short term

The third quarter of FY20/21 (from January to March '21) started with the implementation of the company's first telecommunications partnership agreement with Vodacom Tanzania. During the third quarter, the company has built up a strong telco pipeline and are expecting to implement an additional 3-4 telecommunications partnership agreements before the end of the calendar year 2021, of which at least one during the fourth quarter 2020/21.

Highlights:

- Mdundo entered into the first **telecommunications partnership** agreement with Vodacom Tanzania in January 2021. During the third quarter, the company has built a strong pipeline and are expecting to implement another 3-4 telecommunications partnership agreements before the end of the calendar year 2021, of which at least one during fourth quarter 2020/21, supporting Mdundo's mission to become the primary Pan-African music platform.
- 41% growth in **monthly active users** from the start of the financial year (5.0 million) to the end of the third quarter (March 7.1 million). Growth from the 2nd to the 3rd quarter was limited, but in line with expectations in the company's half-year announcement.
- Mdundo has entered into **licensing agreements** with three of Africa's leading record labels: Davido Music Worldwide (DMW), Jungle Entertainment and Keyqaad. DMW currently has an estimate of 20% of Top 50 music hits in Nigeria. The agreements are still being implemented and the expected effect on the number of monthly active users are therefore not yet visible in the third quarter figures.
- The **Board of Directors** has proposed two strong profiles for the Board of Directors, they are expected to be elected into the Board at the company's extraordinary general meeting on 12 May 2021. Both candidates (Joseph Hundah and Kris Senanu) have extensive experience with telecommunications company partnerships across Africa. The company anticipates that both profiles will strengthen the Board of Directors and make a significant contribution to the company's growth journey - both in terms of users and earnings.
- **Strong liquidity** of DKK 32.9 million in bank deposits at the end of the quarter.
- During the quarter, Mdundo's **sales** team has closed B2B advertising agreements with global and pan-African brands such as Safaricom, Airtel, 9mobile, Diageo and Diamond Trust Bank. However, the number of agreements is lower than expected.



Outlook

Users:

Mdundo has previously announced that the number of monthly active users is expected to grow to approx. 8.5-9.0 million at the end of the 2020/21 financial year and 18m monthly active users by June 2022. This is still the expectation. The growth from the 3rd to the 4th quarter is expected to be driven by campaigns targeted at users of the company's current and future telecom partnerships and to result in a number of paying users. However, the specific number of users and the proportion of paying users is awaiting implementation and further understanding of the unit economy to acquire and monetize users under future agreements.

Finances:

The company has previously indicated an EBITDA for the financial year 2020/21 of DKK -13.1 million. The expectation is adjusted to a significantly better EBITDA of minus DKK 8-9 million. This is mainly due to lower investment

in international music than previously expected and more focus on African record companies. The expectations for the Company's revenue in the financial year 2021/22 are also adjusted to DKK 2.2 - 2.5 million against previous expectations of DKK 4.1 million. This is partly due to a lower level of activity and partly to an affected B2B market in Kenya due to Covid19 closures in the third quarter. The level is expected to rise again when restrictions in the country are eased.

Strategic Partnerships:

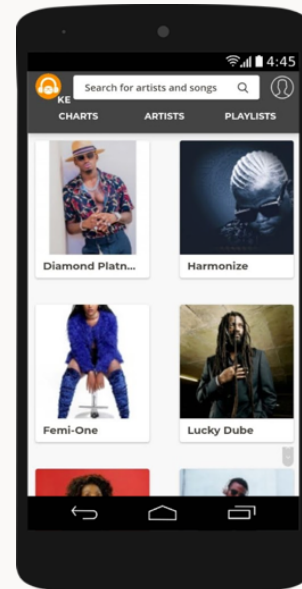
Mdundo expects additionally 3-4 telecommunications partnership agreements before the end of the calendar year 2021, of which at least one during the 4th quarter of 2020/21. This supports 1) Mdundo's mission to become the primary pan-African music platform and 2) to achieve a larger share of paying users over time.



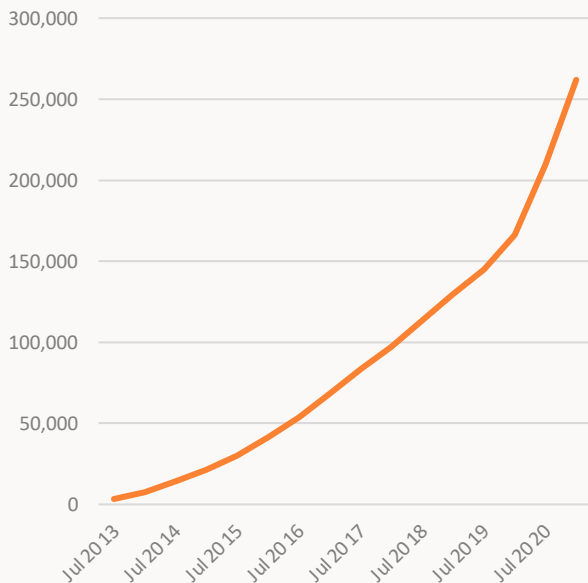
Management Review

New telco partnerships in pipeline

Mdundo announced a partnership with Vodacom Tanzania in January 2021 and throughout Q3 the company has expanded the partnership pipeline further and is expecting to launch an additional partnership in Q4 and a total of 3-4 partnerships within 2021. Telco partnerships is a strong focus for Mdundo's growth and monetisation strategy, the partnerships allow the telco's customers to subscribe to Mdundo bundles providing access to Mdundo Premium as well as exclusively curated DJ mixes only available for paying subscribers. The customer will pay a daily fee for the subscription and the product is co-marketed in collaboration with the telco partner.



Music Tracks Uploaded Directly To Mdundo



Strong Catalogue Growth:

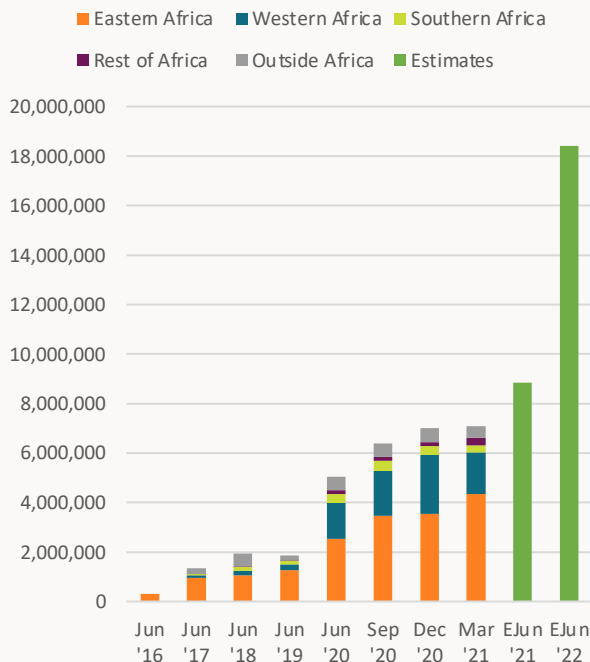
Mdundo has established partnerships with three of Africa's leading record labels, Davido Music Worldwide, Keyqaad and Jungle Entertainment. In this 3rd quarter, total Mdundo catalogue grew by 19% to 279,000 songs from African partners and 1.7m songs from international partners. The agreements are still under implementation meaning the potential effect in user-numbers are not reflected in Q3 figures. The company has not established any new partnerships with international record labels since beginning of the financial year as the parties have not found a financially sustainable partnership model yet. As a result, the company has invested less in content acquisition in the financial year than expected.

500m
Internet Subscribers
In 2022

\$937m
Online Advertisement
in 2022

Management Review

Monthly Active Users



User growth on track:

The company has grown 41% from 5.0m monthly active users in the beginning of the financial year to 7.1m monthly active users in March. The user growth in Q3 was limited but in line with the expectations set in the half-year report. The marketing department has launched new content marketing initiatives within audio, written and curated content and a media campaign was launched in the month of March in Tanzania promoting the Mdundo and Vodacom bundle partnership. A similar promotion is expected in other key markets following closing of new telco-partnerships.

Mdundo Brand Lift Tool for

Ad-clients: The company has launched a new tool for ad-clients on www.mdundoforbrands.com that allows marketers to explore near real-time data of brand performance within the Mdundo audience. During the quarter, Mdundo's sales team has closed advertisement deals with global and pan-African brands like Safaricom, Airtel, 9mobile, Diageo (Guinness and Chrome) and Diamond Trust Bank. The number of closed sales were however lower than expected partly due to lower level of activity in general and partly due to Covid19 lock-down restrictions in the main B2B sales market, Kenya.



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