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Jumia Technologies AG
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Participants

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Analysts

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Presentation

Operator

Good morning, ladies and gentlemen. Thank you for standing by. Welcome to Jumia's Results Conference Call for the Fourth Quarter of 2024. [Operator Instructions].

I would now like to turn the call over to Ignatius Njoku, Head of Investor Relations for Jumia. Please go ahead.

Ignatius Njoku - Head of Investor Relations, Jumia Technologies AG

Good morning, everyone. Thank you for joining us today for our fourth quarter 2024 earnings call. With us today are Francis Dufay, CEO of Jumia; and Antoine Maillet-Mezeray, Executive Vice President, Finance and Operations.

We would like to remind you that our discussions today will include forward-looking statements. Actual results may differ materially from those indicated in the forward-looking statements. Moreover, these forward-looking statements may speak only to our expectations as of today. We undertake no obligation to publicly update or revise these statements.

For a discussion of some of the risk factors that could cause actual results to differ from the forward-looking statements expressed today, please see the Risk Factors section of our annual report on Form 20-F as published on March 28, 2024, as well as our other submissions with the SEC.

In addition, on this call, we will refer to certain financial measures, not reported in accordance with IFRS. You can find reconciliations of these non-IFRS financial

measures to the corresponding IFRS financial measures in our earnings press release, which is available on our Investor Relations website.

With that, I'll hand it over to Francis.

Francis Dufay - CEO, Jumia Technologies AG

Good morning, everyone, and thank you for joining us today. I will start the call with an update on the business and greater detail on our growth strategy for 2025 and beyond. I will then turn things over to Antoine for a deeper look at our financials.

Overall, 2024 was a year marked by continued progress against our strategic growth initiatives. Our focus was on building the business and positioning Jumia for long-term success. Throughout the year, we extended our reach beyond main urban centers into upcountry markets, expanded our product assortments, improved our cost structure and enhanced our logistics capabilities, driving higher customer engagement and improved unit economics.

Towards the end of the year, we streamlined operations by consolidating our warehouse footprint and exiting our non-strategic markets, South Africa and Tunisia. Following these exits, we continue to operate in nine countries. These strategic actions have been crucial to our success. Excluding South Africa and Tunisia, our core marketplace business accelerated in Q4 '24. Physical goods order grew by 18% year-over-year with even strong growth in December, highlighting the increased demand on our platform.

Quarterly active customers increased by 8%, underscoring the strength of our platform and the value we deliver. Notably, these results were achieved, while reducing marketing spend from $6.2 million in Q4 '23 to $4.8 million in Q4 '24, demonstrating our commitment to impactful cost efficient marketing strategies. A key growth driver in Q4 '24 was our Black Friday sales event, our largest of the year held across nine countries in November.

The strong performance of the event demonstrates our ability to provide the right product at the right price for Africa's value-conscious customers. In Q4 2024, demand was particularly robust in priority categories such as electronics and phones. In this quarter, our expanding international sourcing played a significant role in the success with 3.4 million gross items sourced from international sellers mostly from China accounting for 31% of gross items up 61% year-over-year.

We also strengthened our Black Friday partnerships with global brands like L'Oreal and Xiaomi, both top sponsors of the events. Operationally, we continue to improve our efficiency in the customer experience. Our Net Promoter Score rose to 63 in Q4 '24, a 17 points year-over-year increase, while our 90-day repurchase rate increased 325 basis points year-over-year, reflecting stronger customer loyalty and satisfaction.

Notably, 40% of our new customers who placed an order in Q3 '24 made another purchase within 90 days, up from 37% in Q3 2023. Despite strong momentum and robust customer demands, macro headwinds continue to affect our performance. GMV declined 12% in USD, but grew 13% year-over-year in constant currency, reflecting the impact of early 2024 currency devaluations and the reduction in corporate sales.

As a reminder, beginning in Q4 '23, Jumia benefited from strong corporate sales to local and regional distributors, particularly in Egypt. However, this trend reversed in Q4 '24, highlighting the cyclical nature of demand. Average order value for physical goods orders decreased from $45.5 in Q4 '23 to $35.5 in Q4 '24.

This decline was driven by currency devaluations and lower corporate sales. We view this mix shift, as an opportunity to improve our relevance in selected categories, improve order level profitability and support healthy usage growth.

Revenue in the quarter was $45.7 million down 23% year-over-year in USD and down 2% in constant currency, driven by the same factors that I've just mentioned. Adjusted EBITDA was negative $13.7 million, compared to negative $0.6 million in Q4 '23. Loss before income tax from continuing operations was $17.6 million in the quarter compared to $17.1 million in Q4 '23. Antoine will elaborate shortly on Q4 '24 loss before income tax from continuing operations.

Cash burn for the quarter was $30.6 million compared to $26.8 million in Q4 '23. This was primarily driven by the following: onetime termination costs of $1.3 million related to the closure of our operations in South Africa and Tunisia, working capital increase of $13.5 million aligned with our strategy to expand assortment and secure more goods at competitive prices.

While we significantly increased our working capital in the second half of '24, we expect smaller adjustments in the future. Capital expenditure of $1.8 million primarily invested in logistics equipment or full shipment centers opened in 2024 and the payment of $2.1 million of equity transaction costs from the August at the market offering.

Looking ahead, we are confident in our path forward. Jumia is a much stronger and much more efficient business than it was just two years ago. We have introduced greater operational discipline, started a clear usage growth trajectory and established a solid foundation to build upon in the coming years.

In 2025, we will continue building on this foundation, with a focus on two key areas: driving top-line growth and achieving broader operational efficiencies, to enhance profitability and strengthen cash flow. We see multiple levers to drive growth.

First, upcountry expansion. We are doubling down on upcountry expansion to unlock new markets and address underserved regions without increasing fixed costs. Demand outside main urban centers remained strong with upcountry orders

accounting for 56% of Q4 '24 and 54% of full year 2024 orders, up from 49% and 48% in Q4 '23, and full year '23, respectively.

Leveraging our differentiated logistics network and deep partnerships with third-party providers, we're expanding pickup stations outside main urban centers. We believe this expansion will drive lower fulfillment costs, while strengthening customer trust and engagements. Our extensive 3PL network represents a competitive moat of our other e-commerce players lacking the necessary infrastructure for delivery beyond major cities. Second, product assortment expansion.

We plan to expand our product assortment at affordable prices by sourcing directly from international sellers. This approach allows us to procure high demand products, directly from key manufacturing countries like China and Turkey. China remains a strong sourcing hub and we are strengthening our teams and deepening supplier relationships.

Our progress in International sourcing is evident in our 2024 full year performance with $9.5 million gross items sold from international sellers mostly from China accounting from 28% of gross items, up 38% year-over-year. Outside China, while diversifying our sourcing network by onboarding new sellers and adding products from other countries including Egypt and Turkey.

In late 2024, we partnered with Hepsiburada, a leading Turkish e-commerce platform to introduce affordable Turkish brands to Jumia. Building on this momentum, we will continue scaling our international sourcing initiative to drive rapid expansion. Third, customer and seller experience. In 2024, we updated our seller platform to streamline and simplify the seller experience.

Beyond growth, driving greater efficiency is critical to achieving breakeven. We remain focused on marketing efficiency by prioritizing low cost or free channels such as our revamped CRM and localized offline channels like paper catalogs reminiscent of the iconic sales catalog in the U.S.

These offline strategies including bottom of the pyramid initiatives, drive strong engagement and credibility. We're also increasing our J-Force presence with the number of active J-Force agents reaching 29,000 in Q4 '24, representing a 39% increase year-over-year. Looking ahead to 2025, we plan to further expand our J-Force presence, particularly in regions outside the main urban centers.

Then in logistics, we aim to increase productivity and benefit from our more streamlined warehouse footprint established in 2024. We're also increasing productivity with automation in our call centers, where chat bots handle more basic customer inquiries. We believe our tech platforms can scale significantly without material additional costs.

Overall, I'm energized by our progress on business fundamentals, and are clearly visible in usage growth and efficiency metrics. We believe, we have the right strategy and the right team in place to drive meaningful expansion across the business. By driving top-line growth, improving operational efficiencies and maintaining disciplined expense management, we have a clear line of sight to achieve profitability.

We are delivering positive gross profit after deducting all full shipment expenses. In 2024, it was $57.6 million, which is 8% of total GMV. Hence, our focus is on building scale, while further improving efficiency. The usage trends and GMV growth trajectory we delivered this quarter give us confidence that we're on the right path.

To summarize, we're optimistic about Jumia's future as two years of committed efforts are now delivering results. I'd like to thank our employees for their hard work and dedication during this time. We are now well-positioned for growth and acceleration and further progress towards profitability.

I will now turn the call over to Antoine for review of our financials.

Antoine Maillet-Mezeray - Executive Vice President Finance & Operations, Jumia Technologies AG

Thank you, Francis, and thank you everyone for joining us today. Let's start with a review of our top-line performance. Fourth quarter revenue was $45.7 million down 23% year-over-year and down 2% on a constant-currency basis for the quarter. The decline in revenue was primarily due to lower corporate sales in Egypt.

As a reminder, Jumia experienced strong corporate sales in Egypt starting Q4 2023, driven by high volume purchases from local and regional distributors. This trend reversed in Q4 '24 as corporate buyers scaled back purchases having macroeconomic uncertainties and shifting procurement cycles. For the full year, revenue was $167.5 million, down 10% year-over-year, up 17% on a constant-currency basis for the year.

Marketplace revenue for the fourth quarter was $22.8 million, down 31% year-over-year and down 11% on a constant-currency basis. For the full year, marketplace revenue was $89.4 million, down 9% year-over-year and up 21% in constant-currency. Fourth quarter revenue from first party sales was $22.5 million, down 14%, but up 8% on a constant-currency basis. For the full year, revenue from first party sales was $76.5 million, down 11%, but up 14% on a constant-currency basis.

Turning now to gross profits. Fourth quarter gross profit was $23.9 million, down 36% year-over-year or 18% on a constant-currency basis. For the full year, gross profit was $99.5 million, reflecting a 7% decline year-over-year, but up 23% on a constant-currency basis. Gross profit margin was impacted by macroeconomic headwinds, including currency devaluation and reduction in corporate sales as discussed earlier. Gross profit margin as a percentage of GMV for the fourth quarter was 12%,

compared to 16% in Q4 '23. For the full year, gross profit margin stood at 14% compared to 14% in 2023.

Turning to expenses. We are pleased with the progress in reducing costs and remain committed to driving further operational efficiencies in 2025. Fulfillment expense for the quarter was $12.9 million, up 11% year-over-year and up 36% on a constant-currency basis. For the full year, fulfillment expense was $41.9 million, a 4% decrease year-over-year, but a 20% increase on a constant-currency basis, partly driven by external factors such as fuel prices denominated in USD.

Fulfillment expense per order excluding JumiaPay app orders decreased to $2.24 down 4% or up 19% year-over-year on a constant-currency basis. Sales and advertising expense was $4.8 million for the quarter, down 24% year-over-year and up 2% in constant-currency, driven by targeted online marketing spend, as we focus on growing orders through supply expansion with minimal incremental marketing spend.

For the full year, sales and advertising expense was $17.3 million, down 19%, but up 13% on a constant-currency basis. As a percentage of GMV, sales and advertising expense was 2%, a 36 basis points decrease from Q4 2023. For the full year, sales and advertising expense as a percent of GMV was 2% compared to 3% in 2023.

Technology and content expense was $10 million for the fourth quarter, representing an increase of 1% and up 5% in constant currency. For the full year, technology and content expense was $37.5 million, down 10% year-over-year and down 7% year-over-year in constant currency. Fourth quarter G&A expense, excluding share-based payment expense, was $12.9 million, up 5% year-over-year and 9% on a constant-currency basis.

It's important to know that Q4 2023 G&A cost included $9 million of non-recurring tax benefits and for Q4 2024, a 8.2% tax benefit reversal. Staff cost components of G&A expense, excluding share-based compensation expense, increased to $10 million, primarily driven by termination costs associated with our exit from Tunisia and South Africa.

For the full year, G&A expense, excluding share-based compensation expense, was $63.4 million, down 8% year-over-year and 5% on a constant-currency basis. Staff cost components of G&A expense, excluding share-based compensation expense, decreased to $34.6 million down 13% year-over-year.

Turning to profitability. Adjusted EBITDA declined to a negative $13.7 million or negative $12.2 million on a constant currency basis for the quarter. For the full year, adjusted EBITDA was negative $51.3 million. While we use adjusted EBITDA as a supplemental measure of our operational performance, we would like to reiterate that, loss before income tax from continuing operations captures items that are not included in adjusted EBITDA.

One of these items is net finance costs. Net finance costs include effects related to our treasury activities notably the impact of cash repatriation. These effects are not captured in adjusted EBITDA. In Q4 2023, despite adjusted EBITDA being essentially at breakeven level, Jumia's loss for the period was significantly affected by the financial cost incurred from treasury activities repatriating cash to our headquarters.

These costs are helpful in understanding the overall financial health of the company. By focusing on loss before income tax from continuing operations, we include these financial expenses, which helps us get a comprehensive picture of Jumia's financial performance.

In Q4 '24, the lower corporate sales reduced the need for repatriation, thereby lowering financial costs. Adjusted EBITDA does not fully reflect this change, as it does not account for these financial activities. Therefore, loss before income tax from continuing operations, should be considered in order to gain a fuller view of Jumia's financial state, capturing both operational efficiencies and the impact of the financial results, which we believe are important to understand the company's overall progress towards sustainable profitability.

Loss before income tax from continuing operations for the fourth quarter was $17.6 million, a 3% increase year-over-year or 19% decline on a constant-currency basis. The higher loss was primarily driven by a $13.2 million decline in gross profit largely due to reduced corporate sales in Egypt, a $0.3 million decrease in operating expenses, a $12.3 million reduction in net finance costs during the quarter, with both partially offsetting the impact on gross profit compared to Q4 2023. Loss before income tax from continuing operations for the full year was $97.6 million, 1% down year-over-year, an 8% decline on a constant-currency basis.

Turning to the balance sheet and cash flow. We ended 2024 with a solid liquidity position of $133.9 million, including $55.4 million in cash and cash equivalents and $78.6 million in term deposits and other financial assets. This compares to term deposits and other financial assets of $85.1 million in Q4 2023 and $78.8 million in Q3 2024. Jumia's liquidity position decreased by $13.6 million in Q4 2024 compared to a decrease of $26.8 million in Q4 2023.

In the fourth quarter, net cash flow used in operating activities was $26.5 million, driven by approximately $1.3 million in market exit cost related to South Africa and Tunisia, a working capital impact of $13.5 million, which was driven by prepayments to suppliers and payable cycles aimed at expanding the supplier base and overall product assortment.

CapEx in Q4 2024 was $1.8 million, higher than Q4 2023 due to investment to equip the new warehouses where we recently started operations. FX for the full year totaled $3.7 million. We also paid $2.1 million equity transaction costs from the August ATM offering. For the full year, net cash flow used for operating activities was $57.2 million.

In conclusion, despite the challenging macroeconomic environment, we delivered strong usage growth underscoring that our strategy is working. We remain focused on optimizing costs, while positioning the business for long-term growth and profitability. Our ongoing efforts to improve operational efficiency will remain a key priority in 2025.

I will now turn the call back over to Francis for guidance.

Francis Dufay - CEO, Jumia Technologies AG

Thanks, Antoine. Let me turn to our expectations for 2025. Our focus remains on driving healthy growth, improving operational efficiency and positioning Jumia for profitability. We are currently observing favorable trends in the first quarter, giving us confidence in establishing our full year 2025 guidance as follows.

We anticipate physical goods orders to grow between 15% and 20% year-over-year. This reflects the strong demand for physical goods items driven by your strategic initiatives outlined earlier. GMV is projected to be between $795 million and $830 million in 2025, a year-over-year increase of 10% and 15% respectively, excluding foreign exchange impacts.

We forecast loss before income tax to be in the range of negative $65 million to negative $70 million a year-over-year decrease of 33% and 28%, respectively. Thank you all for your attention. We are now ready to take questions.

Operator

[Operator Instructions] We have a question from Brad Erickson with RBC Capital Markets.

Q: Hi, guys. Good morning. Thanks for taking the questions. To start, Francis, just right before this, you said you're observing certain trends in Q1. Can you maybe just give us a little bit more color on kind of what you're seeing right now?

Francis Dufay - CEO, Jumia Technologies AG

Hi, Brad. Yes, of course. So we're seeing in Q1 continued progress on orders growth and usage, which gives us confidence to issue the guidance of 15 to 20 points of growth year-over-year. We're also seeing continued strong execution and discipline on the cost side, which gives us confidence to guide on the net loss, based on the improved efficiency and cost management we continue to see in Q1.

Q: Got it. That's helpful. And then, on order growth, obviously, you saw the nice acceleration with kind of the added inventory for the holiday. I guess question is, like, is there anything preventing you from bringing on say, more selection? It kind of seems like you're in some ways, you're almost supply constrained. So what would be preventing you from kind of bringing on more selection leading to incremental

demand? Or, is that just as simple as that's what we're seeing in kind of your full year guidance?

Francis Dufay - CEO, Jumia Technologies AG

Yes. I mean, I think we've always been very clear that, the challenge is more on the supply side than on the demand side in our markets. We believe, there's ample demand in Africa, but it's poorly supplied overall. And we, as Jumia can really help fix that gap and solve the problem. So most of our focus has been on increasing supply and improving value for money for our customers. I would say there's no magic fix for that. It's a lot of operational improvements and a long list of action to get there. It's not like we can double assortment more it's a long process.

What we see at what's happening at the moment, we're expanding again our customer base. We're growing our orders, because we have more supply, better value for money, better price points. But the result of couple of years of work focusing on that plan, they have a better value for money from onboarding new suppliers, local suppliers, bringing supply from overseas, improving the tools that we give to our vendors, so it's easier for them to list, improving vendor experience, improving operations for them.

It's a very long list of actions. There's no magic fix here, but it's a continued focus to keep on growing supply, keep on growing the vendor base, local and international.

Q: Got it. That's helpful. And then, just on the kind of 1P versus 3P mix, you mentioned the kind of cyclical trends in Egypt that affected things. Can you kind of just elaborate on sort of why that was? How to think about that mix and kind of your opportunities to acquire that first party inventory and how that will kind of continue to evolve in terms of the mix between first party and third-party?

Francis Dufay - CEO, Jumia Technologies AG

I think two parts to my answer. First of all, we indeed see a decline in corporate sales, which are largely first party, partially in Egypt. So we saw reduced bulk purchases from regional distributors in Egypt scaled back amid some level of macroeconomic uncertainty. Purchase cycles have changed. So we're hitting kind of a low point when it comes to our corporate sales, at company level at this stage. We acknowledge the cyclical nature of demand here, but we keep on chasing this opportunity.

And then, when you look at our mix between 1P and 3P, I mean, we're very clear that we're pragmatic here. We're not aiming to increase 1P. We use 1P whenever it gets us better supply and better value for money for our customers. So we don't foresee massive changes in the mix of 1P, excluding for the impact of corporate sales.

Q: Perfect. And then, maybe if you could just unpack the physical order growth from the overall order growth. What's kind of behind that mix shift? And what's the AOV

effect as well from that mix shift? And just kind of how to think about that going forward mix wise?

Francis Dufay - CEO, Jumia Technologies AG

Yes. Of course. So when we look at physical orders growth, it's definitely driven by all the levers we've been pulling over the past two years. So at country expansion, as we explained, better assortment and better value for money in pretty much all the countries, better customer experience, as we explained today and more efficient and more relevant marketing tactics in, I mean, relevant to the countries where we operate.

That translates into growth by category and it drives our mix also in a certain way. So we explained, I think, in one of the previous quarters that, we had a mix shift towards more fashion that decreased the AOV at that time. We explained this quarter that, we saw quite some success in categories such as electronics that has slightly higher AOV. The way we look at it is the following.

The AOV is just a consequence of the mix. We want to be the best, I mean, deliver the best value for money in each of our priority categories fashion, beauty, smartphones, electronics and home and living. And by delivering the best value for money in each category, while we grow the best business in each country. This leads to different I mean to mix sheets and different mix of categories at country level, but we don't see it as a problem.

We don't see a lower AOV as a problem, because we're very, very focused on unit economics at order level. So we make sure that, we maintain the right economics even if the AOV is lower, it depends on the categories. To give you a quick example, for example, for electronic accessories, the AOV would be lower than for appliances, but our take rate, the commissions we'll be making would be obviously significantly higher.

So all-in-all, we make sure that, we are profitable at order level after fulfillment costs, whatever the category and whatsoever the impact of the mix. And with that, we see the mix shift as an opportunity, because it actually enables us to penetrate to increase penetration in specific categories and in our markets.

It enables us to feed I mean to fuel our growth in active customers, our growth in orders this quarter. It's because we're managing to penetrate better specific categories that may have a lower AOV, but it's not a problem for our business.

Q: Yes. Understood. That's great. And then when you talk about consolidating what you've been doing in terms of consolidating your warehouse footprint and some market, can you help us just maybe at like a market level? Like what does that do efficiency wise from like a service level perspective and then, obviously, cost perspective? Anything you can share there, would be helpful.

Francis Dufay - CEO, Jumia Technologies AG

Of course. So we had inherited early '23, a logistics setup with massive inefficiencies. For example, in countries like Egypt or Nigeria, we had three warehouses or more in the same city. So smaller locations that required a lot of moves in between and really prevented us from getting greater efficiencies and economies of scale.

So what happened in 2024 is that, in most of our countries, we have consolidated several small warehouses of fulfillment centers into one big one. That's actually able to store more products and that enables us to have a much better control on efficiency, staff productivity, security and going forward to deliver much better efficiencies when you look at fulfillment costs.

So all those changes have been done mostly in the second half of '24, which took us some time, took us some focus and took us some money. And that's why you also see limited improvement at the end of '24 in terms of fulfillment efficiency, so fulfillment cost per order. But it gives us confidence, when it comes to achieving a lot more savings on fulfillment in 2025, now that the hard work, the structural work has been done.

Q: Got it. That's great. Maybe I have a few more here. Thanks for putting up with me. Maybe one first one. Where are we from a kind of a fixed cost base as we start out 2025? You made a lot of reductions obviously over the past year or two. Just where are we kind of in terms of the fixed cost base here going forward?

Antoine Maillet-Mezeray - Executive Vice President Finance & Operations, Jumia Technologies AG

Hi. Thank you. As you saw that, over 2024, we've been able to reduce drastically the cost, I mean, over the last two years. Where we are now is, for sure, we are not going to divide by two, the level of our staff nor the level of our tech cost. But what we believe is two things. First, we can get another 20% efficiency and that's what we are doing as we speak, so 20% of cost, grossly.

And the second thing is that with this cost structure, we believe we are able to operate to process between 2x and 3x the volumes we have now. So it's a mix of cost reduction and increased efficiency.

Q: Got it. And then, maybe to expand on that just a little bit, that's really helpful on the kind of volume from there. I think you've talked about this in the past of just kind of like some sort of magnitude of order volumes from current levels, what it would be necessary to achieve profitability. Can you just update kind of relative to your comments a minute ago?

Antoine Maillet-Mezeray - Executive Vice President Finance & Operations, Jumia Technologies AG

Yes. I mean, if you look at our gross margin after Fulfillment cost, you'll see that we are in a range between 6% and 8% depending on the quarter and the volumes. And so, what we believe with the fixed cost, which is fixed, sorry, is that we would require the volumes, all things being equal to between double and triple to get to profitability.

Q: Got it. Okay. That's great. And then the last one -- sorry, go ahead.

Antoine Maillet-Mezeray - Executive Vice President Finance & Operations, Jumia Technologies AG

I'd like to take if I take an example of something, which is a big bucket of cost in our P&L, it's hosting. For the hosting is a significant cost, and we have inherited quite expensive setup from the past. Not only, we've been able to reduce the costs of this contract. But the way we have set up our platform, our software now, results in a less consuming operations. So what would take ten, one year ago, consumes today a five.

So it's a double effect of better negotiations for the contract and better utilization of our infrastructure, which results in us believing that, we could do much more volumes and not pay anything more to the hosting provider that we are using.

Q: Got it. And then last one for me. You mentioned the balance sheet obviously feeling better now, given the stronger cash position. Just given kind of your inventory strategy and thinking about your volume growth guidance this year, do you feel like you are kind of where you need to be as we look forward into the year and into the holiday? I know I'm looking a little far ahead at this point, but how are you feeling from that perspective?

Antoine Maillet-Mezeray - Executive Vice President Finance & Operations, Jumia Technologies AG

Maybe I'll take the first part of the question and Francis will take the second one. When you look at the cash flow this year, you can see this quarter, sorry, you can see that the impact of working cap was significant. And this illustrates, what we said we would do when we raised cash in August. We were not going to increase the marketing spend, but we stick to the strategy, which consists in offering better supply.

Offering better supply is buying more products and making sure in prepayments or inventory, making sure that we can be favored by the suppliers and the vendors we are working with and payment terms is very important in Africa to get there. So we have increased the level of our working cap. And as Francis mentioned, we believe that we'll have only adjustment in the future, but that we are not going to increase it as we did in Q4.

Francis Dufay - CEO, Jumia Technologies AG

Yes. Adding on that through your lines, Antoine, we explained that in Q4, we increased working capital by $13.5 million, which is significant and is in line with our strategy and what we said after the ATM. So we are going we were going to push supply and invest in supply. We believe it's a better location of our money than handing it over to, I mean, I think excess margin budget, I would say.

Going forward, we expect this impact quarter-over-quarter to really moderate. I mean, we're not going to increase working capital by such magnitude in the next quarters, definitely. And it puts us, I believe, in the right place. It really helps us to fuel growth, customer acquisition and order growth. It puts us in the right place, so we can attract more vendors, get better value for money and better selection for customers.

Operator

Thank you. This does conclude the end of today's question-and-answer session. So I will hand it back to Mr. Dufay for any closing comments.

Francis Dufay - CEO, Jumia Technologies AG

No further comment. Thank you all for your attention and looking forward to catching up next quarter.

Operator

Thank you. This does conclude today's conference and you may disconnect your lines at this time. And we thank you for your participation.