Transcript of
Jumia Technologies AG
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Participants

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Presentation

Operator

Good morning, ladies and gentlemen, and thank you for standing by. Welcome to Jumia's Results Conference Call for the Third Quarter of 2025. At this time, all participants are on a listen-only mode, and after the management's prepared remarks, there will be a question-and-answer session.

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

Ignatius Njoku - Head of IR, Jumia Technologies AG

Thank you. Good morning, everyone. Thank you for joining us today for our third quarter 2025 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 7, 2025, 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 Jumia's third quarter 2025 earnings call. This quarter marks a significant acceleration in customer demand and order growth, reflecting the strong execution across our markets and growing consumer trust in the Jumia brand. What's particularly encouraging is the continued acceleration in usage across our platform.

Physical goods GMV grew by 26%, adjusting for perimeter effects, and by 37% when excluding corporate sales, in line with similar acceleration in physical goods orders and active customers across markets. This momentum is translating into higher order frequency, deeper customer engagement and continued market share gains in our core categories. We believe Jumia has reached an inflection point.

The combination of rising consumer adoption of e-commerce, a compelling value proposition, and improving operational discipline is driving durable momentum. We are building a solid foundation for sustainable, profitable growth, and the results are becoming increasingly visible.

Looking ahead, our focus remains on driving profitable growth through efficiency, disciplined execution and strategic investments in customer acquisition, technology and logistics. These efforts are strengthening our competitive position and creating long-term value for shareholders. And let me reiterate, we remain fully committed to our strategic goal of achieving full year profitability in 2027.

Let me now walk you through some of our key highlights for the quarter. We continue to build momentum in usage trends, driven by solid execution across our markets. Adjusted for perimeter effects, physical goods orders grew 34% year-over-year, driven by strong customer demand, improved product offering, increased marketing efficiency and our expansion into secondary cities. Our core focus remains physical goods, which represented 100% of total orders and nearly all GMV this quarter. The remaining share came from digital products sold through the JumiaPay app, such as airtime and vouchers.

As we scale our core marketplace, we are phasing out these non-core digital transactions to streamline operations and enhance organizational efficiency.

Adjusted for perimeter effects, quarterly active customers increased 22% year-over-year, reflecting healthy customer acquisition and retention, and marked the highest increase in the past three years. Customer loyalty also strengthened, with our NPS

core increasing to 64 from 63 in the prior year period. In addition, 43% of new customers from Q2 '25 made a repeat purchase within 90 days, up from 40% in Q2 '24. Demand remains strong across key categories, including electronics, phones, home and living, fashion and beauty.

Adjusted for perimeter effects, physical goods GMV grew by 26% year-over-year in reported currency and excluding corporate sales, GMV increased 37%, reflecting accelerating momentum in our core consumer business. The average order value for physical goods in Q3 '25 stood at $35, down from $38 in Q3 '24, mainly reflecting reduced corporate sales in Egypt. We expect GMV growth to accelerate over the remainder of the year, as underlying demand remains robust, business fundamentals continue to strengthen and we begin to lap the impact of lower corporate sales.

Revenue reached $45.6 million, up 25% year-over-year, with first-party sales representing 52% of total revenue. In addition to top-line growth, we continue to make progress on monetization initiatives that enhance revenue quality and support margin expansion. Importantly, we believe that acceleration in usage is not coming at the expense of monetization. We're driving both growth and improved unit economics simultaneously.

Our new retail advertising platform, launched in the second quarter of '25, continues to scale across our seller base and represents a strategic high-margin revenue opportunity, supporting our path to profitability. With advertising revenue at 1% of GMV, Jumia has substantial upside potential.

In addition to our third-quarter performance, we are sharing early fourth-quarter trends to provide further visibility into the current momentum. In October, and adjusting for perimeter effects, physical goods orders and GMV each grew over 30% year-over-year. These results highlight sustained customer demand and strong start of the final quarter of the year, reinforcing our confidence in achieving our full-year outlook.

Now let's discuss our progress towards profitability. We remain on track towards our profitability objectives driven by disciplined execution and continued efficiency gains across the business. Our initiatives in G&A, technology and fulfillment are delivering meaningful and sustainable cost improvements.

We continue to streamline the organization. The total headcount declined by 7% since December '24, to just over 2,010 employees on payroll at the end of the third quarter, reflecting a leaner, more agile organization and ongoing efforts to strengthen operating leverage. Fulfillment cost per order decreased 22% year-over-year to $1.86, driven by structural efficiencies across our logistics network. Technology and content expenses decreased by 10% year-over-year, benefiting from automation, platform optimization and improved vendor terms.

As a result, adjusted EBITDA loss improved to $14 million compared to $17 million in the same quarter last year, reflecting both operating leverage and continued cost discipline. Loss before income tax was $17.7 million, a 1% decrease year-over-year or 8% decline on a constant currency basis. Cash used in operating activities declined year-over-year to $12.4 million, underscoring our focus on prudent capital management.

We continued to make strong operational progress during the quarter, particularly in two strategic areas that are driving growth. First, our up-country expansion is unlocking meaningful opportunities beyond major urban centers. We're leveraging our logistics and commercial infrastructure to efficiently serve secondary cities in rural regions, which are now driving some of our fastest growth. Orders from up-country regions represented 60% of total volume this quarter, up from 54% in the same quarter last year.

Second, we significantly expanded our international seller partnerships, particularly with suppliers from China. In the third quarter, we sourced 3.4 million growth items from international sellers, representing a 52% year-over-year increase adjusted for perimeter effects. This allows us to offer a broader selection at more competitive prices while maintaining healthy unit economics and strengthening our overall value proposition.

Turning to country-level execution, Nigeria delivered strong performance with physical goods orders up 30% year-over-year and physical goods GMV up 43%, reflecting sustained momentum following the macroeconomic and currency challenges of 2024. Our up-country expansion strategy is driving tangible results, fueling steady growth in our active customer base nationwide. Performance in the southwest and southeast regions remains robust, and we are seeing encouraging traction as we expand to the north, building a more balanced geographic footprint.

Kenya also performed strongly with physical goods orders up 56% year-over-year and physical goods GMV, increasing 38% in reported currency. Growth was driven by our up-country expansion as secondary cities and smaller towns continue to outpace Nairobi and other major urban centers. Operationally, we reduced logistics costs through better shipment consolidation, volume leverage and route optimization, underscoring our ability to scale efficiently. We also launched a new initiative, Jumia Instant, offering four-hour delivery in Nairobi, focusing on more convenience-driven customers.

Ivory Coast delivered a solid performance with physical goods orders up 23% year-over-year and physical goods GMV increasing 22% in reported currency, both accelerating from the second quarter. The growth acceleration demonstrates Jumia's ability to win market share, even in a major market. We remain focused on deepening engagement, improving monetization and expanding penetration from our clear leadership position.

Egypt showed very clear signs of recovery. Physical goods orders increased 27% year-over-year, while physical goods GMV fell 23% in reported currency due to strong corporate sales in Q3 '24. However, excluding corporate sales, physical goods GMV grew 44% year-over-year, marking an important inflection point after several quarters of restructuring.

This improvement was driven by three factors, a rebuilt supply base with broader assortment in both high-value and high-frequency categories, growing adoption of buy-now-pay-later for phones and TV, and early momentum from our upcountry expansion, which is driving higher volumes outside major cities.

Ghana delivered outstanding performance with physical goods orders up 94% year-over-year and physical goods GMV increasing 157% in reported currency. This exceptional growth came despite significant currency volatility and was driven by our upcountry expansion and a broader product assortment that includes both local and international.

Our other markets portfolio also performed well. Collectively, our remaining markets delivered 18% physical goods GMV growth and a 15% increase in physical goods orders. The competitive environment remained stable during the quarter. We continue to see a pullback from certain global entrants in some markets like Nigeria, while we continue to steadily gain local market share. Our localized operating model, built on strong vendor partnerships, cost-efficient logistics, and deep market knowledge remains a clear competitive advantage that is proving to be difficult to replicate.

Looking ahead, we are very encouraged by the progress we are making across the business. Our focus remains on consistent execution, strengthening our unit economics, and capturing the significant growth opportunities ahead of us. We are building a stronger, more efficient, and more trusted Jumia, one that can deliver sustainable, profitable growth and create long-term value for our shareholders, customers, and partners across Africa.

With that, I will hand it over to Antoine to walk you through the financial performance in more detail.

Antoine Mezeray - EVP, Finance & Operations, Jumia Technologies AG

Thank you, Francis, and thank you everyone for joining us today. Let me now walk you through our financial results for the third quarter.

Starting with our top-line performance, third quarter revenue was $45.6 million, up 25% year-over-year, or up 22% on a constant currency basis. The increase reflects strong consumer demand and ongoing execution. Marketplace revenue for the third quarter was $21.5 million, up 4% year-over-year, and up 1% year-over-year on a constant currency basis. Third-party sales came in at $19 million, up 5% year-over-year, or 2% on a constant currency basis.

Growth was driven by strong momentum in our core marketplace business, where we continue to see healthy usage trends and higher take rates. The strength was partially offset by a $3.5 million decline in third-party corporate sales, mainly in Egypt. Excluding corporate sales, third-party sales were up 30% year-over-year, or 26% on a constant currency basis, reflecting the solid performance of our marketplace platform.

Marketing and advertising revenue totaled $1.3 million, down 24% year-over-year, or 26% on a constant currency basis. The decline reflected lower spending from large sellers as brands reassessed their budgets from '25 and '26. This was partially offset by strong momentum in sponsored products, which continued to ramp up following the launch of our new retail advertising platform in the second half of 2025.

With advertising revenue currently representing just 1% of GMV, we see significant upside potential as this revenue stream continues to scale. Value-added services revenue was $1.1 million, up 59% year-over-year, or up 56% year-over-year on a constant currency basis. Growth was driven by higher usage and improved take rates, partially offset by lower commissions from third-party corporate sales in Egypt.

Revenue from first-party sales was $23.8 million, up 54% year-over-year, or up 50% year-over-year on a constant currency basis, driven by strong momentum with key international brands.

Turning now to gross profits. Third quarter gross profit was $23.8 million, up 4% year-over-year, or up 1% year-over-year on a constant currency basis. Gross profit margin as a percentage of GMV for the third quarter was 12%, compared to 14% in the third quarter of 2024, and 13% in the second quarter of 2025. The year-over-year margin decline is primarily due to reduced corporate sales in Egypt. The sequential decline is mainly driven by currency depreciation in Ghana, which reduced reported revenue and gross profit quarter-over-quarter.

Turning to expenses, while we continue to see benefits from our cost initiatives, we expect further improvements to materialize over the next few quarters. Let me walk you through the key expense lines. The fulfillment expense for the third quarter was $10.4 million, up 1% year-over-year, and down 2% in constant currency. Fulfillment expense per order, excluding JumiaPay app orders, was $1.86, down 22% year-over-year, or down 25% year-over-year on a constant currency basis.

Sales and advertising expense was $5.2 million for the third quarter, up 18% year-over-year, and up 19% in constant currency. The increase reflects targeted investment in sales and marketing, particularly across ILOI social media channels, allowing us to efficiently scale top-line growth. Technology and content expense was $8.7 million for the third quarter, representing a decrease of 10% year-over-year, and down 11% in constant currency. The decrease was primarily driven by ongoing account optimization and savings from recently renegotiated contracts.

Third quarter G&A expense, excluding share-based payment expense, was $16.2 million, down 8% year-over-year, and down 10% on a constant currency basis. The year-over-year decrease was primarily driven by lower tax expenses, partially offset by higher staff costs and professional fees. Staff costs, within general an administrative expense, excluding share-based compensation expense, increased by 1% to $8 million, mainly reflecting currency translation effects.

Turning to profitability, adjusted EBITDA for the quarter was negative $14 million or negative $14.1 million on a constant currency basis. Loss before income tax was $17.7 million, a 1% decrease year-over-year, or 8% decline on a constant currency basis. The loss in the quarter reflects a $0.1 million improvement in gross profit, alongside $1.8 million lower operating expenses, and a $2.6 million reduction in net finance results, driven by lower net foreign exchange gains.

Turning to the balance sheet and cash flow, we ended the third quarter with a liquidity position of $82.5 million, including $81.5 million in cash and cash equivalent, and $1 million in term deposits and other financial assets. Overall, Jumia's liquidity position decreased by $15.8 million in Q3 2025, compared to an increase of $71.8 million in Q3 2024, which included net proceeds from the August 2024 at-the-market offering.

Net cash flow used in operating activities was $12.4 million in the quarter, including a positive working capital impact of $0.4 million. CapEx in Q3 2025 was $1.4 million, compared to $0.9 million in the third quarter of 2024, primarily reflecting investment in supply chain equipment ahead of the end-of-year season.

In summary, we delivered another quarter of solid execution and strong top-line growth while continuing to reduce underlying costs. Our progress on structural cost reductions, automation, and cash efficiency reinforces our confidence in achieving our near-term targets and advancing toward profitability.

Looking ahead, our focus remains on operational discipline, improving margins, and maintaining prudent capital allocation. These priorities will position Jumia for sustainable growth and long-term value creation. I now turn the call back over to Francis for a discussion of our updated guidance.

Francis Dufay - CEO, Jumia Technologies AG

Thanks, Antoine. Based on current business trends, we are refining our 2025 financial guidance as follows. We expect physical goods order growth to be in the 25% to 27% range. GMV is projected to grow between 15% and 17% year-over-year. We anticipate loss-before-income tax to be approximately negative $55 million to $50 million. For 2026, we are maintaining our target for loss-before-income tax to be in the range of negative $25 million to $30 million, reflecting continued improvements.

We confirm our strategy goal to achieve break-even on a loss-before-income tax basis in the fourth quarter of '26 and deliver full-year profitability in 2027.

Thank you all for your attention. We are now ready to take questions.

Operator

Thank you. At this time, we'll be conducting our question-and-answer session. [Operator Instructions] Thank you.

Our first question is coming from Tracy Kivunyu with sbg Securities. Your line is live.

Q: Thank you very much and congratulations to the Jumia team. My first question is on the guidance for PBT. At $55 million at the top end, it is suggesting a very significant drop in costs in the fourth quarter, considering what we've seen in the third quarter already. And I just wanted to get some feedback regarding how you're thinking of the attribution for that. Is it that we're going to see very strong revenue acceleration, considering you're going into a high seasonality period? Or do you also see some additional benefits from cost management?

I think from my view, I feel like the tech expenses and the G&A expenses do not fall off as much as initially expected. So will we see a bit more deceleration in costs from that end, or will we actually see both? My second question would be on fulfillment. How should we think about fulfillment? There was a material deceleration in fulfillment per order in 3Q, quite positive. Is that our new baseline, or should we expect an uptick considering the sale that we're factoring in 4Q? Thanks.

Francis Dufay - CEO, Jumia Technologies AG

Hi, Tracy. Thanks for your questions. I will comment on those two questions and I will let Antoine add to that on some financial topics.

So your first question about Q4, so we're definitely expecting a significant acceleration usage in Q4. There's obviously very strong seasonality in this quarter with the Black Friday that we've already started at the beginning of the month. It actually lasts four weeks for Jumia. And it's a franchise that we really own in Africa that's driving a lot of traffic and a lot of expectations from customers.

And then the Christmas season is usually pretty strong in most of our countries, even in some Muslim countries. So definitely some acceleration usage that will translate in revenue and monetization.

And on the cost side, we are usually confident if you look at the past that further growth in usage will bring economies of scale on the fulfillment side in particular. So you can already see some clear progress on the fulfillment side this quarter at $1.86 per order, 20% down versus last year, same quarter. This is definitely the new baseline.

So answering your second question, there's no specific one-off element that's impacted this figure this quarter. This is really the result of a bit more scale and efficiency across our fulfillment centers and better work with our logistics partners. So this will play in Q4.

I mean, we expect this to play in Q4 as well. We expect also continued improvement on the fixed cost base. So you see that the tech costs are decreasing by about 10% this quarter versus the same quarter last year. We expect to keep on gaining on some items in the fixed cost basis. Antoine, you want to add to that?

Antoine Mezeray - EVP, Finance & Operations, Jumia Technologies AG

Not much to add to what you just said. Q4 is indeed a very strong quarter and we expect better efficiency from scale. And as you mentioned, we'll see also the continuation of the work we've been doing on cost and efficiency, which led us to this guidance.

Q: Thank you. And if I could ask one more question on working capital movements for the fourth quarter. How are you thinking about that and how is that fitting into your liquidity expectations and impact on shareholder equity?

Antoine Mezeray - EVP, Finance & Operations, Jumia Technologies AG

So maybe I can take this one, Francis. On working capital, you see that we showed a small improvement in Q3, which shows that we now are able to ramp up our inventories much faster than in the past. A few years ago, we would have been in a position where we would have started one month ahead of a tier one event such as Black Friday to beef up the offer.

Today, it's no longer the case. We are able to go much faster and that's why we were able to prepare a very good supply for this event without impacting drastically the working capital. Going forward, what we always say is that supply is key in the countries where we are operating and we always capture the opportunity when they present. So it might happen that we have ups and downs in the working capital, but we do not expect significant modification in the working capital.

Q: Sorry for me, just a clarification. Are you saying that most of the working capital requirements for Black Friday have already been factored in and we do not expect a significant shift in terms of working capital management in the fourth quarter?

Antoine Mezeray - EVP, Finance & Operations, Jumia Technologies AG

Sorry, I'm not sure I heard properly. What I said is that we do not expect any significant changes because we are now able to ramp up our inventory much faster and what we're going to buy, let's say, for retail in October will be sold before the end of the quarter. So the movement we'll be seeing probably will be intra-quarter movement.

And to your last point, we do not expect any significant changes in the working capital dynamics of this quarter.

Q: Okay, that's clear. Thank you very much.

Operator

Thank you. Our next question is coming from Brad Erickson with RBC. Your line is live.

Q: Hi, thanks. I have a few. First off, when you look at the 30% order and GMV growth in October you called out, I guess if we kind of run rate that through the quarter, I think that may bring you up maybe a bit below the low end of the guidance, at least for GMV. And so I guess just, is there an implied acceleration in the latter part of the quarter in there? I certainly can be doing the math wrong, but just any color there would be great.

Francis Dufay - CEO, Jumia Technologies AG

Yeah, hi, Brad. Thanks for the question. So we said above 30%. So it's kind of a range if you want to take it this way. We wanted to give some color about the early acceleration of Q4, but we're still in the middle of Q4. So we don't want to create the wrong expectations either. So it's more an indication of the continued momentum and we stick to the refined guidance that we've given. So between 15 and 17 points of GMV growth for the whole year.

Q: Got it, that's great. Thanks for the clarification. And then I guess just with the slight adjustment to the guidance, I guess just generally what changed in your visibility to the end of the year on order growth and GMV? So yeah, start there.

Francis Dufay - CEO, Jumia Technologies AG

Yes, as you mentioned, it's slight adjustments right on growth numbers. It means we're going to be on the lower end of the range that we had provided earlier this year. There's no massive change in the dynamics. We're still factoring in quite an acceleration in the last quarter, as you mentioned. We just refined it based on mid-quarter trends just to make sure that we don't go too bullish -- I mean, we just want to be conservative enough. So it's not a surprise to anyone.

Q: Got it, that's helpful.

Francis Dufay - CEO, Jumia Technologies AG

But no massive shifts in market dynamics. I mean, you can see the trends at country level. I mean, all countries are accelerating. We have no cause for concern if that's what you're asking.

Q: Got it, got it. Yeah, that's helpful. And then just curious on supply, you mentioned, and I think you gave some nice metrics on the acceleration in order growth from China in particular. I just wonder on Q4, are there any puts and takes on access to supply? I know directionally, it's clearly positive, but just curious if there's anything like transitory in the quarter that was occurring where maybe you could have gotten more product and you're not now or something like that.

Francis Dufay - CEO, Jumia Technologies AG

No, I think that the medium to long-term trends remains the same -- I mean the same as the one we started to describe last time. So there are two very positive trends at play. On the one hand, currency stability is really helping us. Of course, it's helping on the demand side of the marketplace, but it's most importantly helping us on the supply side because even both local importers and international sellers are more and more willing to commit more inventory to Africa to commit their hard currency to Africa. And we see that it's really helping to fill the supply pipeline. And it's helping to drive the performance.

So when we say that we see acceleration in October, it's partly driven by better supply. And then we're also still helped by the gradual shift of Chinese manufacturers towards new markets, including Africa. So it's really bringing Africa back on the map.

We see some very positive momentum in China onboarding a lot more new sellers. We see our current sellers willing to ship more assortment to Africa in consignment. In our warehouse, it's kind of taking the risk to commit inventory. So we only see positive trends, and it will continue in the quarters to come. And it will keep on impacting our numbers in the quarters to come. I mean, I would even say that Q3 was a bit early to see the full impact of this trend.

Q: Got it, that's great. And then, when you look at some of the countries where you said your competitors seem to be maybe retreating a little bit. From your perspective, I guess it would just be curious to hear what you think is kind of happening in terms of the competitive environment related to those comments.

Francis Dufay - CEO, Jumia Technologies AG

Yeah, so that comment is mostly aimed at -- I mean, it's mostly focusing on international non-resident platforms, right, the likes of Shilin and Outemu. What we see in those markets, I mean, it's easy to track on some public data, actually, we see some reduced market investment. We see price points increasing in several markets like Nigeria. The way we read it is the following, and that's our opinion. I don't know exactly how to decide it, but the way we read it is that these markets are pretty hard to operate at scale for these players. The context in Africa is very different from the US or from Europe.

Some Other more major markets where it's relatively straightforward for non-resident platforms to come in. For example, there are a number of prerequisites that do not exist in our markets. These platforms need reliable customs, which we mostly don't have in our markets. And I mean, it can take between one week and two months to get the products through customs in those markets at costs that can be unpredictable. They cannot find a major logistics ecosystem. They cannot find the right partners to distribute their product at scale.

The biggest distribution network in most of those markets like Nigeria is actually managed by us, by Jumia, and we will not really have them in the process. So they're stuck working with smaller 3PLs at much higher costs, which with a much more limited country coverage. And then, I mean, we've adapted much better. Also, I believe we've adapted our playbook to what customers actually need. So we can do payment on delivery, which foreign platforms cannot do. We have customer support on the ground, which in a country like Nigeria is extremely important because there's a lot of suspicion around e-commerce and anything digital.

So you need to be able to talk to someone. And even on the price side, I mean, we're managing to deliver quite a competitive assortment as for our international, mostly Chinese vendors, and we can actually compete against those platforms. So in many ways, we have the right to compete and we believe that our leadership position is actually consolidating in a country like Nigeria.

And yeah, Africa is a challenging market. If you build the right business model, you can serve it in a profitable way. But if your business model is not fully adapted to the unique challenges of the continent, it's difficult to operate. And I think a number of players are realizing this.

Q: Yeah, that's great color. Thanks for that. And then I guess just lastly, from a top line perspective, if we, I guess if we try and remove maybe the impact from Egypt on the corporate sales that you mentioned several times, would we kind of arrive at the right mix that you think about that part of the business versus marketplace here going forward or any other drivers of mix you want to call out?

Francis Dufay - CEO, Jumia Technologies AG

No, I don't see any -- I mean, excluding the corporate sales of Egypt, as you mentioned, I don't see any major shift in the mix to expect. You mean retail versus marketplace, right? So 1P versus 3P. As explained, right, by DNA, we're marketplace. We always prefer to do 3P, but we're tactical about 1P when we have the right opportunities or when we have to do 1P to be able to play in some categories in some countries, but no reason to foresee any major change in the mix.

Q: Got it. And then you mentioned the Jumia Instant product. Talk about how kind of important that can be and particularly talk about the net profit impact from that. And when we balance kind of the incremental demand, maybe offset by any margin differences versus the core.

Francis Dufay - CEO, Jumia Technologies AG

Sure. So Jumia Instant is a pilot that we have started in Nairobi in Kenya a few months back to be able to deliver all of the items that we have in the warehouse. So fulfilled by Jumia within four hours to anyone in Nairobi. So that's the project.

The goal here is to be able to compete against the quick delivery platforms, quick commerce, and to provide more convenience to those customers who are willing to pay for it. So we clearly know that this is only a fraction of our customer base, and that most of our customers are highly value-driven, need amazing value for money, and will be okay for slower delivery at lower cost. But still we want to cover that segment as well without completely pivoting our strategy, obviously.

So that's why we launched this pilot in Kenya with limited resources so that we don't get too distracted during Black Friday. We're seeing early traction that's quite interesting. And it's something that could be scaled in other countries if it's successful enough.

What we say, I mean -- back to your question in terms of margins, it's quite, at this stage it's neutral because we charge more, basically. We're not entering the war for quick commerce with free deliveries. We make sure that we charge the additional cost of quick deliveries, which are of course less efficient and more costly for us than usual deliveries, scheduled deliveries or pick-up station deliveries. So we make sure that we pass those costs to customers who wish to benefit from greater convenience.

Q: Got it. And then on the fulfillment cost, you mentioned the cost per order, I think down 25% cost of currency. Can you talk about the drivers there? You mentioned scale, I think earlier in the call, the drivers. But maybe just give a sense of any of the other important inputs to that kind of output metric and what's the -- continue driving the number down?

Francis Dufay - CEO, Jumia Technologies AG

Yeah, so versus last year, I mean, Q3 last year, we were still in several countries operating across multiple smaller scattered fulfillment centers, which have all been consolidated since then at the end of Q3 last year, actually, for the last countries. So we clearly see the change now in terms of productivity. We have been able to run very strict cost improvement and productivity improvement programs across countries.

So tracking the productivity of pickers and backers, bringing some level of basic automation, not much at this stage, and working pretty hard on the cost centers in particular, where we've been able to automate a lot of the interactions that we used to manage with human agents. So consolidation of the main fulfillment centers, automation and productivity across all operations, so being fulfillment centers and

call centers, and then scale effect. That's helping to leverage the fixed cost base much more efficiently.

Q: Got it, and then one last one, if I can. Thanks for taking these all. When you kind of look at adjusting the range for the pre-tax loss a bit too, versus your prior outlook, is that just a function of the kind of slightly lowered order outlook, or just any other call-outs you'd want to mention that are embedded in that new pre-tax outlook?

Antoine Mezeray - EVP, Finance & Operations, Jumia Technologies AG

No, it's -- hi, once again, it's just a refinement. We have changed the phasing of some costs, notably in G&A, and we want to make sure that we are in the right sense, but there is nothing significant. And this is not linked to the new guidance on the top line.

Q: Got it, okay. Maybe one more, if I could. Just as we look longer term, you kind of reiterated your targets, and as you think about exiting '26, break-even and profitability in '27, can you remind us just, what is the kind of top-line algorithm as you think about that, whether it be order volumes, or anything like that, from where we stand today? Thank you.

Francis Dufay - CEO, Jumia Technologies AG

So at this stage, we've not provided top-line growth guidance for '26 or '27. What I can say, though, is that what you see in Q3 is a strong starting point, right? I mean, to put it differently, there's no reason for the growth rate of '26 to be very different from the exit rate of '25.

Q: Super helpful.

Francis Dufay - CEO, Jumia Technologies AG

I believe we're in a healthy B2C business driven by strong fundamentals, much better supply, efficient and reliable delivery, efficient and relevant marketing. And what we see is pure, clean, healthy B2C growth with the right economics. It doesn't just vanish overnight. We believe that's a long-term trend that we're starting here.

Q: Understood. Thanks for taking all the questions. I appreciate it.

Francis Dufay - CEO, Jumia Technologies AG

Pleasure.

Operator

Thank you. Our next question is coming from Fawne Jiang with The Benchmark Company. Your line is live.

Q: Thank you for taking my question. First, I want to dig a little bit deeper on your active customer growth. It was very solid this quarter. Just wonder what drove the acceleration and also any demographic profile you could share on this new user group and any color, how sustainable this pace of the customer growth might be. That would be very helpful.

Francis Dufay - CEO, Jumia Technologies AG

Sure. Hi Fawne. Thanks for your question. So yes, we're quite happy with the growth in active customers this quarter. It's the highest point that we've had in several years. We really see that as the output of very fundamental changes that we've brought to the business over the past three years. So I mean, that's the combination of much better assortment, much better choice, better price points, being able to reach new markets. So over the past year and a half, we've been opening up hundreds of new cities across our footprint. The biggest push was in Nigeria, which in practice just increased the addressable market, gave us a bigger pool of potential customers.

We've been refining the marketing playbook. So it becomes a lot more relevant to a more diverse group of customers. Some people being fully digital natives who can be targeted with Google Ads, TikTok, and order on the app. But on the other hand, a lot of people are fully offline. For them, we're doing great doing local language, we're printing catalogs, or we incentivizing the sales force on the ground. So all that is -- I mean, all that is adding up and it's just delivering a much better value proposition and it's driving customer growth.

So to us, it's very healthy trends. And that's why we always disclose all three KPIs at the same time. So GMV growth, active customers' growth, and orders growth. And you can see that these numbers are starting to align, right? The one factor that's creating some gap is corporate sales in Egypt. But as we're lapping those quarters of strong corporate sales last year, we really expect to get some alignment in the growth of those three factors, showing that it's very healthy trends.

It's not like one specific category that's killing it. It's not just one specific market. You can see that it's broad based across all of our key markets. So we believe it's fundamental. And for that reason, we believe that there's no reason, I mean, we don't foresee any reason why it should slow down.

Q: Good to hear. Thanks, Francis. My next one is actually on your upcountry expansion. It seems like you emphasized you're going to continue for second tier cities expansion in Africa and view that as a key growth driver. I guess, can you provide a bit more details in terms of your expansion plan? I don't know what is any key milestones you're looking for, potentially tied to the 2026 strategy.

Francis Dufay - CEO, Jumia Technologies AG

Yeah, good question and tough one. So as you see, the share of orders we're shipping to outside of the capital cities has increased now to 60%. This is a result of the push we've made to secondary cities over the past two to three years. It's something that started back in the days, like eight years ago, actually in the Ivory Coast and that we're now replicating across markets. What I can tell you to give you some indication, and I hope we can provide a bit more tomorrow during our Investor Day, we see that in most countries where we operate, we're still covering a fairly low fraction of the population in terms of distribution network.

So there are still a lot of cities that are not reached, not yet covered by our distribution network. And we have a lot of upside, a lot of potential customers to come and serve that we cannot reach today. The country where we have the densest network, obviously is the Ivory Coast because it started way earlier, back in 2016.

And in a country like Nigeria, which is a good example for us because of the potential customer base we can have there, we're actually starting the expansion only one and a half years ago, more or less. And so there's still a lot more to be done. We've made a big push into Eastern Nigeria and Western Nigeria, or mostly Eastern actually over the past year. We're just pushing now into Northern Nigeria. We've expanded to give you like some tangible examples. A few months back, we opened the route to Sokoto on the Northwest and to Maiduguri on Northeast, which are very big cities that were not reached by Jumia in the past.

So this keeps on adding to our adjustable market. We have big plans to further expand in countries like Nigeria, obviously into the North with our local partners, Kenya, Ghana, but also Egypt in the coming year. So it's hard for me to provide you hard facts and concrete numbers here, but I think the message is just, we're just halfway through, right? There's still a lot we can do to cover millions more customers -- many, many millions of additional customers.

Q: Understood, great color. My last question is actually on your advertising opportunities. Seems like your penetration is still very low. Also, I think for the quarter specifically, if I'm not mistaken, seems to be on the softer side. So I know there's probably a quarterly factor if you can define it. And more importantly, can you help us to think about your advertising monetization opportunity?

I don't know, like for late, long-term without boxed down to the specific guidance. How should we think about and how you're going to shaping your advertising monetization on the strategic side?

Francis Dufay - CEO, Jumia Technologies AG

Yes, of course. So on the advertising revenue, so yes, as you mentioned, we're still around 1% of GMV, which is low. I mean, by any standard, it's low for an e-commerce platform. Year-over-year, I mean, the numbers in Q3 are not very strong because Q3 is not a very strong quarter in terms of commercial activity and marketing activity. Typically brands will focus their investment on Black Friday and all the Jumia

anniversary that happened in June this year. So it's not the best quarter usually for advertising.

We also see that year-over-year, some brands have been a lot tougher on their budget. We see that with the bad economic situation in '24, a lot of big spenders have rationalized their budgets in Africa in '25. But I mean, that's to explain the current situation in the past. But looking ahead, we believe we have quite an important runway for growth here. If we look at other platforms in emerging markets, I think the right benchmarks would be around 2% of GMV rather than one. So that gives us a target.

And we're looking to reach that target with a few priorities. So the main priority is on the retail advertising. So selling basically performance advertising to medium size and smaller sellers, the local marketplace, as well as our Chinese seller base. We see great upside from our international sellers because they're already well accustomed, well used to these tools from other platforms that they're using like Amazon, eBay, and so on. So they're usually pretty strong spenders on those sponsored ads. So we're quite confident that we'll be able to deliver much bigger volumes -- much bigger returns on retail advertising.

And we're of course working with key African brands and international brands to negotiate better budgets for the year of '26. And in this regard, of course, I mean, for both segments of the advertising spend, the big driver is scale, right? The bigger, the more scale you get, the bigger you get, the more you're able to get from your vendors on performance advertising because there's more competition in the marketplace and it's more important for them to show at the top of the page.

And it's also making us a lot more relevant for big brands and big importers and enabling us to negotiate a better rate, a better take rate on advertising contributions. So in short, we're confident that we can scale this revenue line driven by better tools that we've rolled out recently, strong execution and scale from our core business.

Q: Understood. Thanks for the color. Appreciate your time.

Francis Dufay - CEO, Jumia Technologies AG

Pleasure.

Operator

Thank you. Ladies and gentlemen, we have reached the end of our question-and-answer session. This will also conclude today's call. You may disconnect your lines at this time and we thank you for your participation.