

Transcript of
Jumia Technologies AG
Jumia 4Q 2025 Earnings Call
February 10, 2026

Participants

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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 2025. At this time all participants are in a listen-only mode. And after the managements 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 - VP and Group Head of Investor Relations, Jumia Technologies AG

Thank you. Good morning, everyone. Thank you for joining us today for our fourth quarter 2025 earnings call. With us today are Francis Dufay, CEO of Jumia; and Antoine Maillat-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

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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 over to Francis.

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Good morning, everyone, and thank you for joining Jumia's fourth quarter and full-year '25 earnings call. 2025 was the year we demonstrated that we can turn the playbook we began building several years ago into tangible results. Over the past two years, Jumia has been building an e-commerce model designed specifically for Africa, adapted to the unique structural, logistical, and consumer realities of our markets. In 2025, we proved that this model positions us to scale with the right economics.

As we shared at our Investor Day in November, the question was never whether Africa is ready for e-commerce. Demand has always existed, and much of it remains underserved. The real question was when e-commerce would be ready for Africa. We believe that Jumia has now answered that question. This foundation drove our strong operating momentum in the fourth quarter.

Physical goods GMV grew 38% year-over-year, adjusted for perimeter effects. Growth accelerated as the quarter progressed, reflecting strengthening demand and improved execution across our markets, with seasonal events, including Black Friday, contributing to volume acceleration during the fourth quarter. At the same time, profitability metrics continued to move in the right direction.

Adjusted EBITDA improved, cash burn was meaningfully reduced, and the business absorbed higher volumes with increased efficiency. Based on the progress we made in 2025 and the momentum exiting the year, we remain focused on achieving our target of adjusted EBITDA breakeven and positive cash flow in the fourth quarter of 2026, and delivering full-year profitability and positive cash flow in 2027.

Let me now walk you through the key highlights of the quarter. Usage trends remain strong across our platform. Adjusted for perimeter effects, physical goods orders grew 32% year-over-year, driven by expanding geographic coverage, improved assortment, and sustained consumer demand. Our focus remains currently on physical goods, which accounted for nearly all of total orders and GMV this quarter.

Digital transactions through the JumiaPay app now represent a residual share of our orders as we continue to prioritize transactions with stronger economics. Adjusting for perimeter effects, quarterly active customers increased 26% year-over-year, reflecting continued traction in both acquisition and retention. Repeat behavior

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continued to improve, with 46% of new customers from Q3'25 making a repeat purchase within 90 days, up from 42% in Q3'24.

Demand was broad-based across electronics, phones, home and living, fashion and beauty, and consistent across both countries, reflecting a similar quality of execution and inputs across our markets. Adjusted for perimeter effects, physical goods GMV grew 38% year-over-year in reported currency. Average order value for physical goods increased to \$37, from \$35 in Q4'24, reflecting a mixed shift towards higher value categories such as appliances.

Revenue totaled \$61.4 million, up 34% year-over-year, driven by higher usage and improved monetization. First-party sales represented 49% of total revenue, supported by continued strength from international partnerships, including Starlink in Nigeria and Kenya.

Now turning to profitability. The progress made over the past three years continues to translate into measurable operating leverage. Cost improvements across general and administrative technology and fulfillment are structural.

In addition, we renegotiated third-party logistics contracts and implemented increases in commissions and take rates across most countries in mid-January '26, reflecting the scale of our platform and improved service levels delivered to vendors. These changes are consistent across markets and reflect stronger marketplace fundamentals.

Headcount declined 7% in '25 to approximately 2,010 employees. This is a more focused organization built to support significantly higher volumes without proportional cost growth. Looking ahead, we are targeting a further reduction in headcount in '26, primarily across technology and G&A, driven by continued efficiency initiatives and organizational streamlining.

Fulfillment cost per order improved to \$1.97, a 12% year-over-year reduction on a reported basis, reflecting productivity gains and economies of scale in fulfillment operations, increased call center automation, and improved logistics partner rates. Technology and content expenses declined 6% year-over-year, reflecting automation, platform simplification, and the benefit of renegotiated vendor agreements, including cloud infrastructure.

As a result, adjusted EBITDA loss narrowed to \$7.3 million from \$13.3 million in the prior year quarter. The loss before income tax was \$9.7 million, a 45% decrease year-over-year, or a 17% decline on a constant currency basis.

Quarterly cash burn declined to \$4.7 million in Q4'25, compared to \$15.8 million in Q3'25, reflecting tighter working capital management and improved operating efficiency. While we may continue to look opportunistically at financing options, based on our current trajectory, we continue to believe our existing liquidity is sufficient to reach profitability without raising additional capital.

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Turning to operational highlights and execution at the country level. Black Friday was a standout moment in our history. The event delivered strong volumes, higher customer engagements, and improved repeat behavior. Performance during and after the event highlighted a strengthening marketplace flywheel, as improvements in assortments, affordability, and reliability reinforced our value proposition for Africa's value-conscious customers.

We also continue to strengthen our international sourcing capabilities, particularly in China. To support this priority, we recently opened a new office in Yiwu, China, our second in the region and located within one of the world's largest wholesale commodity hubs. This expansion strengthens our direct sourcing capabilities and deepens collaboration with a broader set of international suppliers.

This enables us to expand assortment at attractive price points and deliver competitively priced goods to African consumers at scale. In the fourth quarter, we saw 6.1 million gross items internationally, up over 80% year-over-year, reflecting the continued scaling of our Chinese vendor base and the more diversified supply pipeline.

Operationally, we continue to extend our reach beyond major urban centers. Orders from upcountry regions accounted for 61% of total volumes, up from 56% in the prior year quarter. These regions are delivering strong growth while benefiting from a cost structure that we believe scales efficiently with volume. In secondary cities, we are addressing clear customer pain points, including limited product availability and elevated prices from local traders. As a result, our value proposition continues to resonate strongly, driving both adoption and repeat purchase.

Now, at the country level. Nigeria delivered a standard quarter. Physical goods GMV increased 50% year-over-year, while physical goods orders grew 33%, marking the fourth consecutive quarter of double-digit growth. Performance was broad-based across key categories and channels, with geographic expansion continuing to deliver results.

Initiatives launched in the northern region in the third quarter of 2025 are translating into steady, active customer growth, while the South-South and Southeast regions sustained strong performance. This momentum was supported by an improving macro environment in '25, including greater currency stability, as well as the positive effects of structural reforms.

Kenya performed strongly, with physical goods orders up 50% year-over-year and physical goods GMV increasing 48% in reported currency. Performance was driven by a strong shopping season, with Black Friday delivering a clear uplift.

Ivory Coast delivered a strong performance, with physical goods orders up 15% year-over-year and physical goods GMV increasing 31% in reported currency, reflecting higher value baskets and improved mix. Growth was driven by strong momentum in

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home and appliances, as well as TVs, alongside solid performance in beauty. Ivory Coast remains a significant growth opportunity, and our market-leading position supports a continued focus on profitable growth.

Egypt's performance this quarter validated the growth turnaround. Physical goods orders increased 23% year-over-year, while physical goods GMV grew 2% year-over-year, reflecting a return to positive growth. Excluding corporate sales, physical goods GMV grew 56% year-over-year, confirming a full market recovery.

Growth was broad-based across core categories, supported by an optimized mass market assortment and a strong Black Friday campaign that contributed over half of quarterly volume. The Buy Now, Pay Later offering continued to deepen, with record penetration in high-value categories driving stronger conversion and higher ticket sizes. Upcountry expansion remained a tailwind, with volumes shifting further towards these areas.

Ghana delivered an exceptional quarter, with physical goods orders up 82% year-over-year and physical goods GMV increasing 124% in reported currency. This performance was supported by continued expansion of an increasingly loyal customer base, underscoring improving engagements and highlighting the scalability of our model in Ghana.

Our order markets portfolio also performed well, collectively delivering 18% physical goods GMV growth and a 16% increase in physical goods orders. In February '26, we announced our decision to cease operations in Algeria, which represented approximately 2% of GMV in 2025. We expect a short-term impact from employee and lease exit costs and assets liquidation. Over the medium to long term, this decision simplifies our footprint and improves operational focus, allowing us to allocate resources more efficiently towards markets with stronger growth and profitability profiles.

The competitive environment remained rational during the quarter, with competitive intensity continuing to normalize across our markets. We are seeing less aggressive behavior from certain global entrants in selected countries, including Nigeria, while our local market share continues to build. At the same time, we are seeing increased regulatory scrutiny on non-resident and cross-border platforms across several countries.

Recent examples include the introduction of a new tax on the profits of non-resident e-commerce platforms in the Ivory Coast, as well as Ghana's VAT Amendment Act, which requires non-resident digital and e-commerce platforms supplying services into Ghana to register for VAT and comply with local VAT requirements. These regulatory developments contribute to a more level playing field.

As we begin '26, our focus shifts from rebuilding to scaling. First, we plan to accelerate top-line growth across our existing markets. Upcountry regions already represent the majority of our volumes, and we still see significant opportunity to

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deepen penetration by leveraging the infrastructure and partnerships already in place.

Second, we will continue to strengthen our value proposition by expanding and refining our product assortments. Improving availability, affordability, and relevance remain central to driving higher conversion and order frequency.

Third, marketing represents a meaningful growth lever in '26, and an important contributor to operating leverage. After rebuilding and stabilizing our offline channels, we see significant opportunity to scale and optimize online marketing channels that remain underpenetrated, including CRM, paid online marketing, SEO, and affiliate partnerships. As volumes increase, these channels benefit from improving efficiency and targeting, allowing us to support growth while maintaining attractive returns on investment.

Fourth, '26 is about operating leverage. With our current cost base, we believe the platform can support meaningfully higher volumes. As scale increases, we expect fulfillment, technology, and G&A costs to grow materially slower than revenue, driving margin expansion. We also intend to scale high margin revenue streams. We believe that advertising remains underpenetrated and offers meaningful upside, while Jumia delivery improves asset utilization and contributes incremental margin with limited additional costs.

Taken together, these priorities reinforce our confidence that Jumia has entered its scaling phase, delivering stronger growth with improving profitability, and having what we believe to be a clear path to breakeven.

Let me close with this. Jumia operates in markets that remain significantly underpenetrated for e-commerce. Through years of underground execution, we have built meaningful barriers to entry, a trusted consumer brand, and a playbook that demonstrably works. We believe that we are now in the right markets, at the right time, and finally, with the right product market fit, our four-quarter results reinforce that conviction.

With that, I will now turn the call over to Antoine to walk you through the financials in more detail.

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

Thank you, Francis, and thank you everyone for joining us today. I will now walk you through our financial performance for the fourth quarter. Starting with revenue, fourth quarter revenue reached \$61.4 million, up 34% year-over-year, or up 24% on a constant currency basis. Results reflect sustained consumer demand and consistent execution across our platform.

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Marketplace revenue for the fourth quarter totaled \$31 million, up 36% year-over-year, and up 24% on a constant currency basis. Third-party sales were \$26.7 million, up 33% year-over-year, or 22% on a constant currency basis. Growth was driven by solid performance in the marketplace, including healthy usage trends and higher effective take rates.

Marketing and advertising revenue was \$2.9 million, up 42% year-over-year, or 33% on a constant currency basis. The improvement was driven by continued growth in sponsored products. With advertising revenue currently representing roughly 1% of GMV, we see meaningful opportunity to scale this channel.

Value-added services revenue was \$1.4 million, up 79% year-over-year, or up 64% year-over-year on a constant currency basis. Revenue from first-party sales was \$29.1 million, up 33% year-over-year, or up 23% year-over-year on a constant currency basis, driven by strong momentum with key international brands.

Turning to gross profit, fourth quarter gross profit was \$34.2 million, up 43% year-over-year, or up 31% year-over-year on a constant currency basis. Gross profit margin as a percentage of GMV was 12.2% for the quarter, compared to 11.6% in the fourth quarter of 2024, reflecting continued progress in marketplace monetization.

As we enter 2026, we implemented broad-based increases in commissions across most countries, leveraging the scale and improved service levels we have built with vendors. These changes are expected to support gross profit growth going forward.

Now moving to expenses. We continue to see the benefits of our cost initiatives in the fourth quarter, with additional improvements expected to materialize over the coming quarters. Fulfillment expense for the fourth quarter was \$14.8 million, up 15% year-over-year, and up 5% in constant currency, primarily due to higher volumes.

Fulfillment expense per order excluding JumiaPay app orders was \$1.97, down 12% year-over-year, or down 20% year-over-year on a constant currency basis, reflecting productivity gains and economies of scale in fulfillment operations, increased call center automation, and improved logistics partner rates. In January 2026, we also closed a new cycle of third-party logistics renegotiations, securing meaningful cost savings that are expected to further support fulfillment efficiency and margin progression in 2026.

Sales and advertising expense was \$7 million for the fourth quarter, up 47% year-over-year, and up 39% in constant currency. The increase reflects targeted investment in customer acquisition, particularly across high ROI online channels, supporting efficient top-line growth.

Technology and content expense was \$9.4 million for the fourth quarter, representing a decrease of 6% year-over-year, or a decrease of 8% on a constant currency basis, driven primarily by continued headcount optimization and ongoing renegotiated vendor contracts.

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Fourth quarter G&A expense, excluding share-based payment expense, was \$13 million, up 1% year-over-year, and down 3% on a constant currency basis. Staff costs, within general and administrative expense, excluding share-based compensation expense, decreased by 18% to \$8.2 million.

The fourth quarter of 2025 included a tax benefit of \$4.3 million, compared to \$8.4 million tax benefit in the fourth quarter of 2024.

Turning to profitability, adjusted EBITDA for the quarter was negative \$7.3 million, or negative \$10.2 million on a constant currency basis. Loss before income tax was \$9.7 million, a 45% decrease year-over-year, or 17% decline on a constant currency basis.

Turning to the balance sheet and cash flow, we ended the fourth quarter with a liquidity position of \$77.8 million, including \$76.7 million in cash and cash equivalents, and \$1.2 million in term deposit and other financial assets. Our liquidity position decreased by \$4.7 million in Q4'25, compared to a decrease of \$13.6 million in Q4'24.

The net cash flow used in operating activities was \$1.7 million in the quarter, including a positive working-cap impact of \$9.6 million. The improvement reflects the continued strengthening of our marketplace flywheel, driven by higher volumes, improved payment flows, and stronger bargaining power with large third-party accounts.

CapEx in Q4'25 was \$1.7 million, compared to \$1.8 million in the fourth quarter of 2024, primarily reflecting investments in supply chain equipment ahead of the end of the year season.

In summary, we delivered another quarter of solid execution and strong top-line growth, while continuing to improve cost efficiency. Progress on structural cost reductions, automation, and cash discipline reinforces our confidence in meeting our near-term objectives and moving closer to profitability.

Looking ahead, we remain focused on operational discipline, margin expansion, and present an informed capital allocation, positioning Jumia for sustainable growth and long-term value creation.

I'll now turn the call back over to Francis for a discussion of our updated guidance.

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Thanks Antoine. Let me now turn to our expectations for '26. As we enter the next phase of scaling, we are refining how we frame profitability. Given our increasing focus on operating leverage and the underlying performance of the business, we believe adjusted EBITDA is the most appropriate metric to assess progress towards profitability. It provides a clearer view of operating performance and unit economics

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as non-operating items and non-cash charges become less representative of the business trajectory.

Importantly, this does not change our underlying profitability objectives and we believe we remain on track to achieve adjusted EBITDA breakeven and positive cash flow in the fourth quarter of '26 and delivering full-year profitability and positive cash flow in 2027.

With that context in mind, our focus for '26 remains on accelerating growth, driving further operating efficiency, and continuing our progress towards profitability. We are seeing encouraging trends early in the year which gives us confidence in establishing our full-year 2026 outlook.

For the full year of 2026, we anticipate GMV to grow between 27% and 32% year-over-year adjusted for perimeter effects. On profitability, we expect adjusted EBITDA to be in the range of negative \$25 million to negative \$30 million. We confirm our strategic goal to achieve breakeven on an adjusted EBITDA basis and positive cash flow in the fourth quarter of '26 and to deliver full-year profitability and positive cash flow in 2027.

Looking specifically at the first quarter, GMV is projected to grow between 27% and 32% year-over-year adjusted for perimeter effects, and we expect higher cash outflows in the first quarter, reflecting typical seasonality and the timing of annual contract renewals for technology and insurance. As part of ongoing operational optimization, the company has announced it will exit Algeria in February '26 and expects to incur related one-time costs.

Thank you for your attention. We will now be happy to take questions.

Operator

Certainly. At this time, we will be conducting a question-and-answer session. [Operator Instructions] Your first question for today is from Brad Erickson with RBC Capital Markets.

Q: Hi, guys. Good morning. I guess just to start, if you had to kind of rank order the accelerants in 2026, you're talking about, I guess, you've got improving assortment, you're going to spend more on marketing, sounds like, and then there's obviously just kind of the rising tide of underpenetrated e-commerce. Which of those is kind of most impactful to the acceleration you see in 2026 and any other clear drivers you'd call along those lines?

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Hi, Brad. Yeah, sure. I think we have three, maybe four main drivers. I mean, the most important one, structurally speaking, would be assortment and our ability to bring more assortment, more availability at lower price points for value-driven customers.

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And that's been an effort and that's been pushed for the past three years. So it's a long-term impact.

Second big driver that's quite structural as well is coverage, market coverage. So we've significantly expanded our network back in '24 and in early '25 as well, and it will continue in '26. And as we cover a greater share of the population, well, the addressable market simply increases. And that's been a big push over the past few years as well.

And then marketing started playing a more important role, I would say, in the second half of the year. And you've seen in the numbers that we've ramped up slightly our marketing investments in Q3 and Q4. And we see very strong return investments, particularly on the online channels that we have kind of revived in the process. And it's been contributing definitely to the acceleration you've seen in the second half of the year.

And then you have a more disused but very important factor, which is the improvement in quality of service and satisfaction. That's really hard to pinpoint in terms of very direct impact, but it's really happening on the ground.

Q: Got it. That's helpful. And then to the point on capacity, you've said, I think, many times, including today, that you have kind of what you need in place to support a lot higher volumes. As we look forward, maybe over the next few years, how should we think about lead times for kind of further investment in capacity expansion?

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

So you can look at it in different ways. I mean, when we talk capacity, usually I think about fulfillment and supply chains. And then you can discuss, well, I mean, you can talk about the platform as well and our tech backbone.

When we look at the fulfillment capacity, which is the usual bottleneck for a growing e-commerce business, we believe we're in the right place in pretty much all countries until the end of '26, or maybe the end of '27. So the next two years should be very manageable with the capacity we have. I'm mostly talking warehouse space and equipment.

We know already that some countries will need to scale and get to simply to move to bigger fulfillment centers, such as Ghana, for example, in '27. But most of the countries should be fine. We don't expect major CapEx on that front because we've done a pretty big work on this topic already in '24 and in '25, moving to new, bigger fulfillment centers in most countries.

And then when we look at the tech platform, the tech stack, we believe we have the right tech stack to manage two or three times the volumes we've been running in '25. So it does, it would not take any major investment -- additional major investment

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compared to the amount you see today in our fixed cost to be able to sustain two or three times the volumes.

Q: Got it, that's great. And then, yeah, following up kind of on the tech stack and you mentioned the take rate expansion and some of the drivers there. Would you say that was kind of like a step up to what we might consider now a market rate, or is that more like a ongoing, say, annual thing? How should we think about that?

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

So take rate expansion, well, I mean, we're a marketplace so as you scale, you should be able to take more, right? That's the name of the game for all the big players. We see that happening with our customers and vendors as well. So, for example, early this year, we've already renegotiated the rates. I mean, we've enforced new rates with all of our marketplaces in all countries.

We need to look at it as a gradual effect. I mean, we see it as a byproduct of scale, obviously. And the gradual effect comes from improving commissions, which we do on a yearly basis, then improving retail margins, reducing waste, and, very importantly, improving advertising monetization, so retail advertising, which we believe is still pretty low in our case. We're still around 1% of GMV. We believe we should be closer to 2%.

We did not deliver as much as we wanted in '25, but I believe that we've taken the right steps. I mean, we put in place the right structural enablers to be able to scale our retail advertising. We've launched a new platform for sponsored products. We've reorganized the team and we've really scaled volume with key accounts so we can also sell more campaigns to brands. So, definitely, we're looking for an acceleration here in '26.

Q: Got it. And then, just in terms of the guidance for the year, can you just, I guess, a couple things on what you're sort of embedding? First, just around first-party, third-party, corporate mix, and then, second, are there any FX changes in there or is it just assuming FX is the core?

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

I'll take the mix and I will let Antoine elaborate on the FX. I think, high level in the guidance this year, we're not betting on any significant volume in corporate sales. As you know, we've deprioritized that line of business. And then, we expect the mix of marketplace versus retail to be pretty much stable. I would say, if we do well, we should slightly grow the share of marketplace, but we're assuming the mix is pretty much stable.

Antoine, you want to take the FX?

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

Yes. It's a bit of the same. On the FX side, we do not factor any potential improvement in our guidance. And typically, if you look at the recent evolution of naira, this is not taken into account into the way we forecast. So, a very cautious approach.

Q: Got it. That's helpful. And then, just on the exit of Algeria, I wonder, are there other countries that could be exit opportunities and conversely, I guess, are there any countries you'd consider entering?

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

So I'll start with the second half of your question. We're not considering entering any new country until we hit fully our break-even. So we don't want to get distracted. And we don't want to delay the target for break-even because we know that any new country we would open would be loss-making for at least two years. So, that's not part of the plan until we hit fully our break-even.

And then, other countries to exit. At this stage, we believe we have the right footprint with eight core markets that all have pretty big scale and profitability potential. I think the message we gave to the teams as well in all countries is that all countries, all business units are expected to deliver scale and profitability in a very reasonable timeframe. That's the message within the whole company. And we're not shy of taking the tough decisions.

Even though the company is doing a lot better at group level, we'll still be able to reassess the portfolio and take tough decisions if needed. But no other country where we consider taking an exit at this stage, that's big enough.

Q: That's great. And then, one last one for me. Thanks for putting up with me here. You mentioned the balance sheet not needing to raise capital. Obviously, you've been through this kind of period the last couple of years of being just incredibly judicious with your liquidity here. Is there any other reason or areas where you maybe think about playing a little bit more offense at some point where a capital injection might make sense?

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

So it's very important for us not to need to raise capital. We don't want to have to do it. We want to keep control of our future, definitely. If we had more liquidity, and that's a big if, of course, there would be opportunities for us. We could push a bit harder on working capital to secure more assortment and better prices like we did last year after the ATM.

We could be able to invest a bit more in marketing, especially now that we're seeing pretty good retail investment on key online channels. And there would be topic in tech and product where we could be able to invest a bit to get more efficiencies, for example, and get to profitability a little faster. But that's purely hypothetical. And we believe -- as I was saying, we believe we have what we need to take it to profitability without having to raise further cash.

Q: Understood. Thanks for taking all the questions. Appreciate it.

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Pleasure, thanks, Brad.

Operator

Your next question is from Fawne Jiang with Benchmark.

Q: Hey, Francis and Antoine. Thanks for taking my questions. First of all, I just want to focus a bit more on your underlying core markets, tremendous growth momentum across board. Just wonder how should we look at the overall macro and consumption dynamic for 2026? Related to that, Egypt is clearly on the recovery trajectory. Are you expecting Egypt to catch up in terms of the overall growth rate in 2026 or longer term? Or is the market somewhat structurally disadvantaged, growing at a slower pace? Just wanted to get a sense on the potential of that market.

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Okay, sure. Thanks, Fawne. On the macro side, I think we're now turning cautiously optimistic. Without sarcasm, I think Africa is starting to look like a very stable place related to the rest of the world. But more seriously, what we've seen over the past year and a half across the continent is that the macro is stabilizing. The best KPI for that is currencies. While the FX rate has been stable or slightly improving.

For example, the Nigerian naira is slowly appreciating against the dollar, has been appreciating over more than a year. The Egyptian pound is stable. Most of the other currencies have been stable or appreciating. That's really changing the whole context for us. Having stable currencies gives trust to our customers and it enables massive improvement on the supply side because basically importers can start importing again.

They know their currency will be fairly stable. They know what to expect. Chinese international sellers can ship again to Africa. They have more confidence that they will be paid the right amount six months later. The whole stabilization on the currency front and the macro front is really helping the business. Across our footprint of eight countries now, there should be no major disturbance in 2026. No major election that should disturb the business.

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We're becoming fairly optimistic now about the stability of the macro and possibly slight improvement in many countries. I think the best example is Nigeria. Nigeria has been through hell for three or four years. They've come back. They've taken very tough measures. The political reforms that have been implemented were tough and almost unexpected but it seems to be working. The whole economy is starting to get better. And Jumia will be well positioned to take advantage of that.

And then when we look at Egypt, yes, we do expect Egypt to catch up, right? There's no reason for Egypt to be a slow growth country among Jumia's portfolio. We believe in Egypt. We're still a relatively small business in a big market and there's definitely a lot of room for expansion. It's obviously a competitive market so there's more competition in the big cities, main metropolitan areas but we still have opportunities in those areas and there's a great opportunity to expand a country like we've done successfully in the other countries. So, yeah we have big expectations for Egypt.

Q: Understood. That's helpful. My second question is actually on the operating leverage. You guys have made substantial headway across fulfillment, G&A, R&D. One item, like sales marketing, you guys seem to be still fairly aggressive in 2025. I guess the question here is for 2026, how do you balance your user acquisition and retention, which are important driver for your overall growth versus your marketing efficiency? Are we expecting operating leverage for sales marketing line for 2026? Any color on that, especially your cohort, user behavior, repeated purchase, and any granularity that would be helpful.

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

So, just to explain first, we've indeed scaled our marketing spend in H2 this year, but we believe for the right reasons. When you look at the presentation on Page 19, you have the breakdown of the whole operating leverage. It does make sense for us to push a bit harder on volumes because all unit economics are a lot better. Now with 36% growth, we're able to get plus 100% on gross profit after fulfillment and after marketing.

And so the leverage is working on a slight acceleration in marketing. We believe it does make sense. However, our north star is to become profitable at the end of this year and in full year '27. That's the most important thing to us. We need to hit EBITDA break-even. We'll remain extremely reasonable in the way we spend our marketing money. So I think ballpark H2 this year gives you an idea of what aggressive means for us in terms of marketing spend.

Q: Understood. Francis, another question I have is actually on your sourcing of supply. You mentioned that you opened a new center in Yiwu. How could that impact your potential assortment? Would that change your category exposure? How would that shape up your AOV for 2026 and potential margin impact? Any color on incremental sort of availability?

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Francis Dufay - Chief Executive Officer, Jumia Technologies AG

So that's exactly what you say. It's going to help us improve our category exposure. Until recently in China, we had an office only in Shenzhen, which was the right place to start with. But the Shenzhen area is mostly famous for electronics 3G. We had plenty of suppliers to support us on electronic accessories, devices, and so on. Expanding to Yiwu gives us access to a supplier base more diversified with more fashion, more home products, home improvements. And that will really help us diversify the product mix we're getting from our international vendors.

Of course, that push should help sales of relatively lower value items compared to what we're selling today, but with higher margins in percentage. So it's hard to anticipate the impact on the whole AOV or the whole average item value at Jumia. But expanding China and expanding specifically in this region should help to drive more volumes from Chinese vendors in categories where we know that the average selling point will be lower, but with very strong profitability.

Q: Understood. Last one on my side. If I heard you correctly, you mentioned that Buy Now, Pay Later has been an important driver for your Egypt market. I just wonder, can you remind us, do you offer that product across your market? If not, how do you see the potential of that product services as a driver for future growth?

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Sure. What's specific about Africa when you mentioned FinTech and as part of FinTech consumer finance is that it's heavily fragmented? The regulation is very different market by market and you end up with very different local ecosystems. Typically in Egypt, the ecosystem is very well structured, banking regulation is very strong, enforcement is strong and there has been a very strong ecosystem for Buy Now, Pay Later with strong local providers who are willing to integrate with e-commerce platforms.

So we've done a big push and I think we've been the leaders in onboarding as many of those players as possible. We've done a big push in onboarding consumer finance providers fully online and now it's a significant share of our sales in Egypt, particularly for high value items like appliances, TV devices and so on. But that's also quite specific to Egypt. What we see in the other markets is that we don't find the same kind of ecosystem.

There are much fewer players in some countries like in Eastern Africa. It's only assets-backed BNPL, so based on phones that can be disabled and in most of the other countries where we operate, the ecosystem is just not ready at this stage. It's on a country by country basis and I cannot comment about when we would be able to expand that across more countries.

Q: Understood. I appreciate your feedback.

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Operator

Your next question for today is from Ryan Sigdahl with Craig-Hallum Capital Group.

Q: Good day, Francis, Antoine. Thanks for taking our questions. A lot has been asked here. I'm going to ask one and then just one follow-up here. I guess to be clear, very, very strong operational performance, nice acceleration, fundamental, a lot of things going very well. Curious if anything negatively surprised you in Q4? I know we don't want to focus necessarily but just looking at Q4 results relative to your guidance, anything to call out there?

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Of course, not everything went well. I will not give you the whole list. But I think I'll give you one point, for example, the advertising. So the basically, monetization on the advertising side, as I was mentioning earlier, is still lower than our expectations in Q4 included across the whole year actually and that's a reason for deviation on the bottom line on our end, unfortunately. But we did expect more in 2025 and definitely at the end of the year from monetization advertising.

What matters here is that we believe we have taken the right steps. So we've made a lot of changes on sponsored products for retail advertising earlier in the year and we see that revenues are really improving literally on a weekly basis and we've been rebuilding the team and rebuilding the processes so we can now go ahead and also monetize brands with bigger campaigns and we're looking forward to seeing the results in 2026. On the back also of much bigger volumes that definitely help when you want to sell advertising.

Q: Good segue, Francis. My next question is just on the ads. I think it was mentioned 1% of GMV. Where do you think that can go in '26 or what's implied? Where can that go longer term? And then what are you specifically doing today that you're going to improve brand advertising campaigns, etc.? But is this sponsored listings? Is this advertising around the outside of the website? But help explain, I guess, really what you guys are doing and what you're going to do incrementally. Thank you.

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Sure. In Q4, our advertising revenue was about 1% of GMV. We believe that over the medium term, we should get closer to 2% and that's the right benchmark for our e-commerce players and imaging markets. It will not happen in 2026, right? It will take a few years to get to 2%, but that's the right target for us with gradual improvements. What we've done in 2025 to start getting there, so we have two different segments here. We have sponsored products, so retail advertising that we mostly sell to medium size and smaller marketplace vendors. And then we have marketing campaigns that we sell to official distributors and brands.

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On the first topic, so retail advertising, we've rolled out a new tool from a company called Mirakl that was implemented in the first half of the year. It took some time. It was quite well executed, I must say, from their end, but it took some time and it kind of disrupted our operations, of course, due to the transition. But we're now back on track. The teams really like the tool. The vendors give us really good feedback. It's reliable, it's stable, and we see good profitability on the ad. So we're really seeing renewed momentum on that revenue line. And we're clearly going to beat last year's numbers in 2026 by a margin.

And then the second stream of revenue here is campaigns mostly sold to big distributors and brands. '25 has been disappointing, that's for full. Mostly, one of the big drivers has been the reduction of revenues we get from FMCG brands, because we deprioritized FMCG back in '23, '24, and of course the marketing dollars reduced as well in the process. What we've done this year is that we've rebuilt the team, reorganized the teams and the processes, set new targets and the right incentives. We're rolling out a few specific tools and features that will be relevant for brands, such as sponsored brands, for example.

So you can bid for sponsored brands on the platform. Now it's been released only a few weeks back. And now we have a much more focused and better organized team on the back of bigger volumes for our brands on the platform thanks to growth in most of our markets. And so we believe it should put us in a much better place for 2026.

Q: Very helpful. Thanks, Francis. Good luck, guys.

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Thanks, Ryan.

Operator

Your next question is from Deepak Mathivanan with Cantor Fitzgerald.

Q: Hey, guys. Thanks for taking the question. This is Jack on for Deepak. I'll start with just a little bit on competition. I know you said things are relatively rational from a competitive standpoint, but are you kind of seeing any outside competitive pressure more from the local or international side? Can you just talk to that a little bit more about the dynamics you're seeing there?

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Hi, Jack. So to be honest, we haven't seen much change in the fourth quarter. I mean, I would say we've seen some sustaining from international competitors and not much change from local platforms. I mean, there are a few countries where we're competing against local platforms where by far the market leaders in those

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countries there would be Kenya, Nigeria or Morocco, for example. No, really no change.

As usual, as I like to repeat, we believe that we have an edge against those local platforms because of I mean, thanks to our scale, thanks to the learnings we can get across Africa, thanks to our sourcing infrastructure in China and with international brands that are harder for them to reach, and thanks to our tech infrastructure that requires significant investment that's not sustainable for one single market.

And then regarding international platforms, I think no meaningful change. We've seen Temu still active in Nigeria, still active in Ghana, active in Morocco, but we've seen the pressure slightly decreasing actually over the past two, three quarters. We've seen big pushes and then a slowdown through the year of '25. What we're seeing now that's interesting is that local regulators are looking into the issue of international platforms, non-resident platforms. It took a bit of time, like everywhere in the world, but basically local regulators are starting to address the fact that international non-resident platforms are not really contributing at all to the local economy.

So we've seen new regulations in the Ivory Coast, in Ghana, to make sure that VAT is implemented on their sales, that there's a tax on their profits. And it all, I mean, it's good news for us, right, because it contributes to a more level playing field for e-commerce players, and some of the slightly unfair advantage that these guys used to have will be removed because they have to compete while also paying their taxes like everyone else.

Q: Great, no, that makes a lot of sense. And then just my second question, sort of around fulfillment, obviously, down again year to year, including the digital, how much runway is there for kind of more structural improvements through efficiency gains and whatnot, versus do you guys expect to get leverage just from pure order volumes going forward?

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Yeah, so on that front, we have two things at play. We have productivity improvement, like pure productivity improvement, and then we have well, benefiting from scale effects and doing some work on it. So on pure productivity improvement, we still have some room to go. So we can still push more automation to our call centers so we can manage more volumes with fewer people. We are looking to rebuild some of our warehouse management system features this year to have faster picking, faster packing, faster inbound, and so on. So still a lot we can do on pure productivity topics, and we've massively improved tracking as well on those matters.

And then we benefit from scale in many ways. Of course, in the fulfillment operations, there's a dimension of fixed costs, and scale definitely helps. But also in the logistics, so distribution operations, we are actually able to get much better

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prices from our 3PL, thanks to volumes. A lot of our third-party logistics are running pickup stations, so they're running mostly fixed costs in those pickup stations. So when we increase volumes for them, we're actually able to discuss a new profit sharing kind of, and reduce their fees for each package.

We're also able to optimize our moves for middle mile, for the truck moves, and we can renegotiate better fees, better costs, for all that part of logistics. So this is actually what we've been doing through the month of January and early February as well. So we've renegotiated lower fees with most of our 3PLs in all countries, both for last mile, for door delivery and pickup stations, but also for middle mile, for the truck moves. And that's definitely a byproduct of scale again, and that will keep on improving over time as we're able to sustain this growth rate.

Q: Oh, yeah.

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

Sorry, Jack. Ballpark, we're looking for about 10% year-over-year improvements in unit costs per package delivery.

Q: Great. Thank you.

Operator

Your next question is from Tracy Kivunyu with SBC Securities.

Q: Thank you very much for your presentation. One question from me on GMV guidance for next year. Considering -- I appreciate the feedback you've given on the question on whether you're looking at constant currency performance or not, but even on a constant currency basis, the guidance looks quite light considering there's the low base effect of corporate sales in the first quarter of 2025 that should help to boost that year-on-year comparison. So I was just wondering if there are any risks to that guidance in the markets that you're factoring in, or are you just taking a more conservative approach than you were possibly when you were releasing your third quarter results? Thanks.

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

So we're not factoring any specific risk at market level. I think, as I was mentioning, we're fairly confident with macro environments. There are no specific events in the countries where we operate that will take place this year that might disrupt the market, as far as we know. So I would say we've been providing a guidance that's realistic and hopefully a bit conservative.

Q: Thank you.

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

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Sorry, and Tracy, I would add to that as well. We're providing this guidance, and to your question, maybe it looks a bit shy compared to the growth rate we're delivering in Q4. But it's also a guidance that we want to deliver while improving the take rate. So we're increasing commissions, we're increasing fees, we'll be tighter on some dimensions of spend, so we'll be looking for better marketing ratios and so on. So we're adding additional constraints on that growth, so we believe it's the right balance here.

Q: Okay. Thank you so much.

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

Maybe also corporate sales GMV was not extremely high in 2025, so less than \$20 million, which is not very material.

Q: Okay. Okay. And what is the scope of the commission increasing percentage times, if you could share, that you've implemented this year?

Francis Dufay - Chief Executive Officer, Jumia Technologies AG

So we have not disclosed, but actually it's public information in each country, because we communicate those numbers to vendors. So it depends on countries. In some countries, we've increased by a few decimals. In some other countries, we've increased by almost two points. We've had a more aggressive increase on our international vendors, because we believe that we're providing now a much better service with much better volumes for them. So we need to maintain that a little bit as well, but make sure it remains profitable for them. So all in all, at group level, I mean, we should be between half a point and a full point over GMV, ballpark.

Q: Thank you.

Operator

This concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation.