



## **Jumia Issues Shareholder Letter From its co-Founders**

**Lagos, April 17, 2020** – Jumia Technologies AG (NYSE: JMIA) (“Jumia” or the Company) today issued the following letter to shareholders.

April 17, 2020

Dear shareholders,

As the global COVID-19 pandemic continues to spread in Africa, we wanted to update you on this topic as it relates to our business. We are observing the first direct impact of this pandemic on our ecosystem and wanted to share with you our thoughts on the situation. This crisis has demonstrated we have a crucial role to play in providing essential goods to our consumers which we believe will help accelerate the long-term shift towards e-commerce.

This letter is not meant to provide quantitative impact information. Instead, we aim to give an Africa-specific view of the trends impacting, positively or negatively, e-commerce and our broader ecosystem. In this letter, we would like to cover the following:

- What we are doing to keep our teams, consumers and communities safe
- The trends in our business so far
- Risk mitigation strategies we have implemented to enhance business resilience
- Thoughts on outlook and financial strategy

### **What we are doing to keep our teams, consumers and communities safe**

The health and safety of our teams, consumers and communities is our top priority and we took prompt action to adjust our operations to these exceptional circumstances:

- With offices across Africa and a number of remote workers, we have existing tools and processes to facilitate work from home which we quickly extended to our office staff, such that they were able to seamlessly transition to a work from home arrangement.
- We also took actions to operate our logistics infrastructure in accordance with the highest standards of safety and hygiene and to protect our employees who continue work outside of their homes. Measures put in place include checking employees’ body temperatures, sanitizing facilities and requiring our employees to wear masks and gloves and to use sanitizers while handling and delivering orders. All members of our warehouse staff and our delivery partners have been trained on the best practices of personal hygiene and social distancing per WHO guidelines.

- We are facilitating social distancing by implementing “contactless safe delivery”. This has been in part enabled by JumiaPay, which allows consumers to prepay for their orders online and have them delivered without the need for cash exchange or physical contact with the delivery agent.

We are incredibly grateful to our colleagues and delivery partners working on the front lines, carrying out essential duties in our warehouses and delivery hubs during the crisis. As such, we have established a solidarity fund for our #JumiaHeroes funded by voluntary and confidential staff contributions.

### **Commitment to community**

Our mission of facilitating consumers’ access to goods and services, helping sellers reach consumers in a seamless way while making a positive impact on the African continent has never been more relevant. In these difficult times, we have a crucial role to play helping the consumers and communities we serve stay safe and, as much as possible, functioning through the crisis. We have undertaken a number of initiatives to that effect:

- Stay safe campaign: Increased access to affordable basic foods and sanitary essentials through partnerships with several brands, including Reckitt Benckiser in several countries. As part of this partnership, Reckitt Benckiser is financing free shipping across these countries for the relevant products, while Jumia is waiving its commission on such products.
- Focus on fighting price gouging to maintain fair prices on our platform. As part of this effort, we closely monitor pricing on a number of essential products and remove unfairly priced listings that we identify.
- Donations of half a million of CE certified face masks to health ministries across Africa for use by health workers, leveraging our cross-border platform from China.
- Free meal delivery to first responders & health workers in Morocco and Tunisia through our Jumia Food platform.
- Enhanced visibility on our platforms of key health instructions to help amplify the reach of much needed information.

### **Business trends**

At this stage, while we believe it is still early to draw definitive conclusions on business impact, there are nonetheless a number of trends worth highlighting. Most of these trends emerged in the second half of March 2020 and hence will not be fully reflected in our first quarter 2020 results. That said, we expect them to continue playing out over at least the second quarter of 2020.

#### Supply chain challenges

- As indicated in our fourth quarter 2019 earnings release, the early signs of the COVID-19 disruption were felt in our cross-border operations as a result of manufacturing facility shutdowns in China. Supply chain disruption in China also impacted our local sellers, many of whom source their goods from China. We have also encountered cross-border logistics challenges due to country lockdowns impacting cargo operations.

#### Confinement measures in our markets

- With the spread of the virus in Africa, many governments have implemented some form of confinement measures which have been affecting our operations to varying degrees. For example, our food delivery business has been affected by the shutdown of kitchen restaurants as well as the evening curfews. Confinement measures have led to a brief closure of a few hours of our warehouse in Lagos and are also weighing on our sellers' ability to bring their packages to our drop off stations. In South Africa, deliveries of fashion items as part of our Zando platform have been suspended and will resume at the end of the confinement.
- We took a number of actions to mitigate the impact of these dynamics and ensure business continuity. In every country where we are present, we have worked hand in hand with local authorities to ensure we are able to continue operating in the context of stay-at-home orders. In South Africa, we launched our Jumia platform with an assortment of essential products that can be delivered despite the lockdown, leveraging the Zando logistics infrastructure. A number of Fast Moving Consumer Goods ("FMCG") brands have joined forces with Jumia as part of this initiative, including Reckitt Benckiser and Procter & Gamble. Where our Jumia Food operations have been impacted by restaurant closures, we have ramped up our efforts to offer on-demand grocery services by onboarding offline grocery stores on our platform.

#### Accelerated e-commerce and payment adoption opportunity

- Notwithstanding supply challenges, we are seeing increased demand from sellers to join the Jumia platform. As traditional offline distribution channels are affected by confinement measures, a number of sellers seek new routes to market and turn to Jumia to reach consumers online.
- On the demand front, we are seeing encouraging consumption shifts towards e-commerce. We have experienced over the past couple of weeks a surge of usage and demand, notably in the FMCG category. While this helps accelerate e-commerce adoption, it also validates the business mix rebalancing initiated in 2019 in order to drive growth of every-day product categories.
- Finally, JumiaPay is playing an instrumental role in increasing the safety of our deliveries by suppressing the need for the exchange of cash at delivery. We are driving both prepayment penetration via JumiaPay as well as rolling out contactless payment on delivery on JumiaPay.
- We view these dynamics as a unique opportunity to accelerate the shift towards e-commerce and drive payment adoption in our countries.

#### **Outlook and financial strategy**

The COVID-19 pandemic is taking a toll on economies across the world and we believe that this toll will be severe on African economies. We are bracing for challenging economic times ahead. The Nigerian Naira already suffered a devaluation in March. Having operated in Africa for over 8 years, we are used to navigating periods of currency fluctuations. Our pan-African footprint diversifies our FX exposure, while a large part of our costs being denominated in local currency provides us with a natural partial hedge.

We are making contingency plans and are more than ever focused on cost discipline and expense reductions across our business, while being mindful of not hurting the growth engine. As indicated in previous communications, we remain committed to reducing our Adjusted EBITDA loss in absolute terms in 2020 compared to 2019, while driving consumer adoption and usage.

We had already initiated last year a number of cost saving measures. We are now raising the bar even higher for Sales & Advertising expense efficiency as well as focusing on further G&A and staff cost reductions. In fact, both of us are taking a 25% pay cut for the extent of the crisis to further support cost savings.

Historically, during challenging economic times, we have seen consumers turn to Jumia, as we provide price transparency and drive competition among sellers while fighting price gouging to offer consumers the best possible prices. We believe that these factors, combined with extended periods of confinement, position us very strongly to meet consumers' needs and drive consumer adoption and usage.

We look forward to sharing more color with you on business trends and outlook as part of our first quarter 2020 results release, scheduled for May 13<sup>th</sup>, 2020.

We believe that great companies are shaped in times of duress. Jumia has a crucial role to play to support and serve our employees, consumers, sellers and communities. These are great times of solidarity and decisive action at Jumia, guided by our mission and values. We are working every day to ensure that Jumia will emerge from this stronger, both as a team and as a company. And we are walking the talk: as disclosed in our 20-F, each of us has purchased 50,000 Jumia ADSs in March 2020 from our own funds.

The road ahead of us is rocky but full of opportunities. We are ready for this and, more than ever, believe in the relevance of Jumia.

Jeremy and Sacha  
Co-Founders and co-CEOs

## Forward Looking Statements

This letter includes forward-looking statements. All statements other than statements of historical facts contained in this letter, including statements regarding our future results of operations and financial position, industry dynamics, business strategy and plans and our objectives for future operations, are forward-looking statements. These statements represent our opinions, expectations, beliefs, intentions, estimates or strategies regarding the future, which may not be realized. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “believes,” “estimates”, “potential” or “continue” or the negative of these terms or other similar expressions that are intended to identify forward-looking statements. Forward-looking statements are based largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short term and long-term business operations and objectives, and financial needs. These forward-looking statements involve known and unknown risks, uncertainties, changes in circumstances that are difficult to predict and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statement. Moreover, new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this letter may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. We caution you therefore against relying on these forward-looking statements, and we qualify all of our forward-looking statements by these cautionary statements. The forward-looking statements included in this letter are made only as of the date hereof. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither we nor our advisors nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements.

Neither we nor our advisors undertake any obligation to update any forward-looking statements for any reason after the date of this letter to conform these statements to actual results or to changes in our expectations, except as may be required by law. You should read this letter with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.