

Dear Shareholders,



E-commerce has completely changed the game compared to traditional commerce, without cannibalizing the latter. It is a fast-growing sector and more so in Africa, which Jumia strives to exploit out the potentialities. In light of the trust, you placed in our company, we are committed to offering you a report of Jumia's performance and a plan to enhance your return on investment.

COVID-19 did not have a positive impact on e-commerce in Africa because online trading was restricted to essential goods to prevent the importation of the virus through overseas trading. Consequently, Gross Merchandise Volume (GMV) plummeted in 2020 but recovered slightly in 2021 with the lifting of trading restrictions.

From the third quarter of 2020 to 2021, Jumia's revenues sank along with the revenue costs because of the decrease of the sales of goods due to the pandemic and trading restrictions. Moreover, expenses increased in 2021, due to investment in consumer incentives such as free shipping. Consequently, the profit decreased from € 7.6 million in 2020 to € 3.5 million in 2021, leading to a low-profit margin of 8%.

Nonetheless, our Annual Active Users continued to rise steadily each year and reached a record of 7.3 million users in 2021. That increase upgraded our orders to 27.9 million and improved our inventory turnover to 5.7, a testimony of the good health of the company.

Although Jumia is the leading e-commerce platform in Africa, it generated fewer revenues over the last 5 years than its close competitor Takealot.com, although the latter only operates in South Africa. The difference in performance is due to an amazing customer service from Takealot.com who succeeded in gaining the trust and quenching the needs of the south-African people. Some measures need to be undertaken as Takealot.com also plans on entering other markets in Africa in addition to South Africa.

Unfortunately, the challenges do not stop there. Although e-commerce in Africa is growing at the fastest rate in the world, there are still some factors that hinder e-commerce prosperity. Many African don't have access to the internet due to poverty and even for those who have access to it, many ignore how to use it, so shopping online is not on their list of options. In addition, many African don't like to shop online as they can't check up the quality and therefore, prefer shopping in-store.

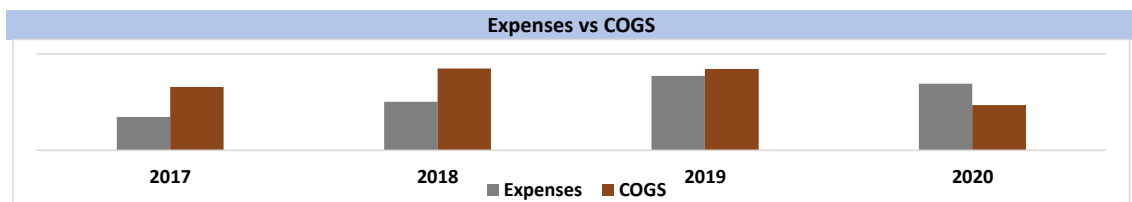
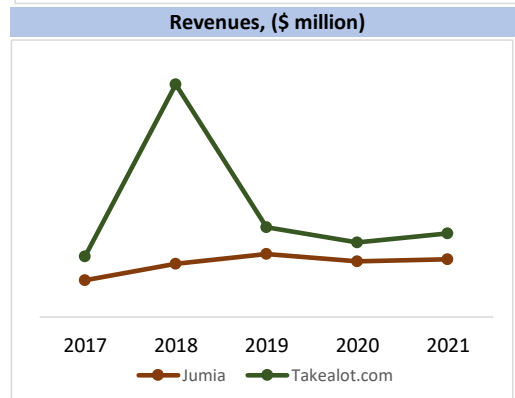
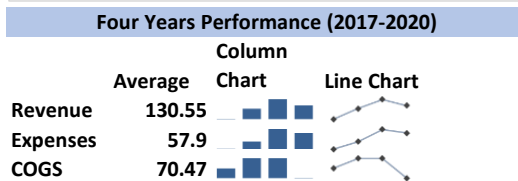
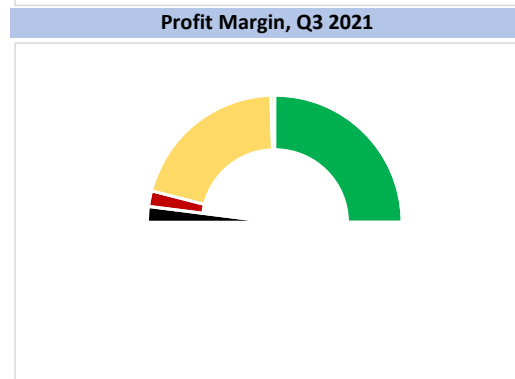
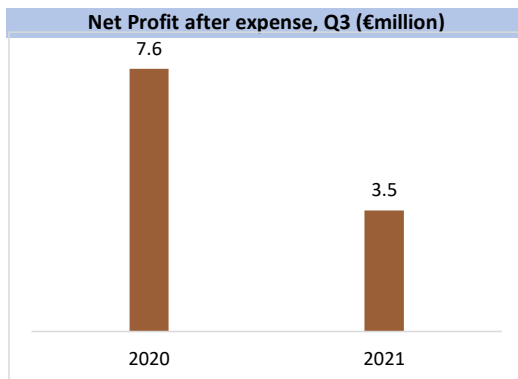
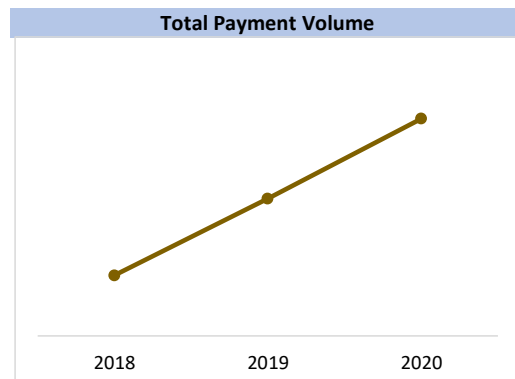
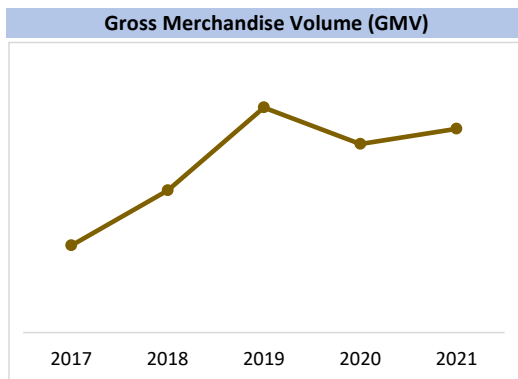
To shield Jumia against all those challenges and remain at our top position in the African market, we planned some solutions.

First of all, it is undeniable that Jumia needs to gain more customer trust than Takealot.com. To reach that goal, Jumia can acquire some companies like Mr. Delivery to add to its logistics, to gain a bigger influence on the market. The company already started investing in consumer incentives such as offering discounts and free shipping to attract customers and build loyalty.

Moreover, Jumia planned to update goods and services to tailor customers' needs, offer a better experience and, build a competitive advantage.

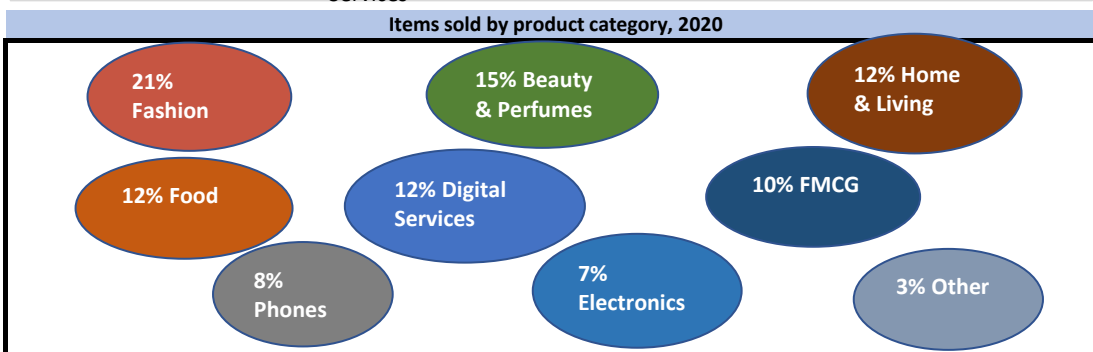
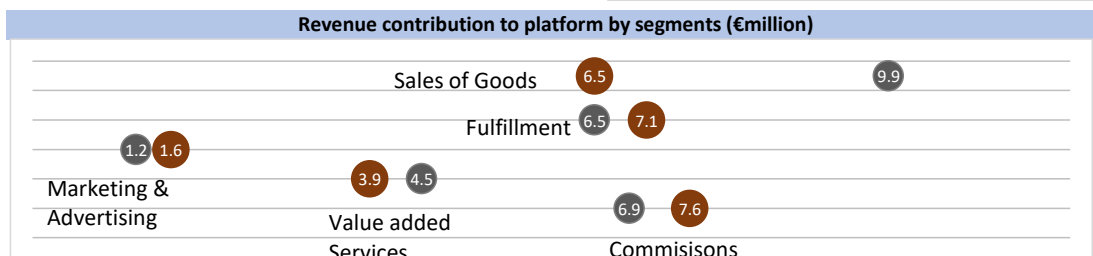
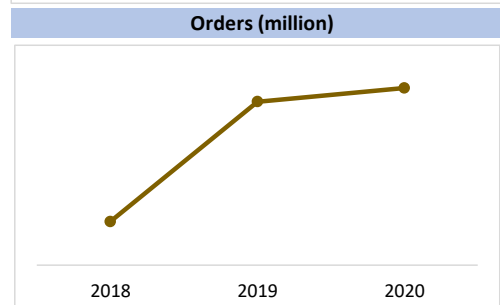
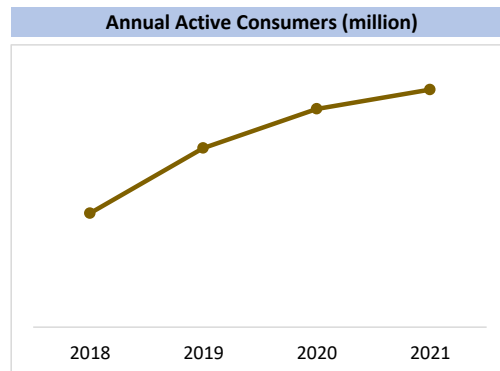
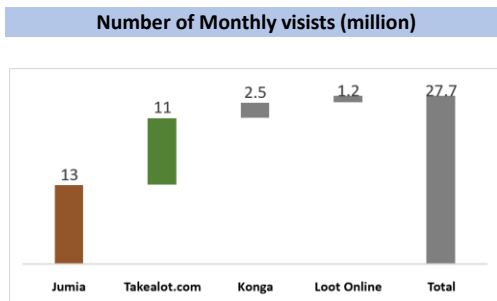
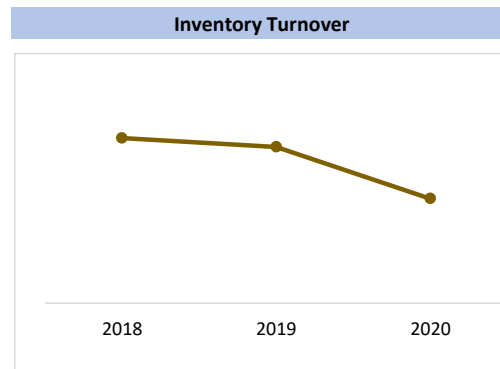
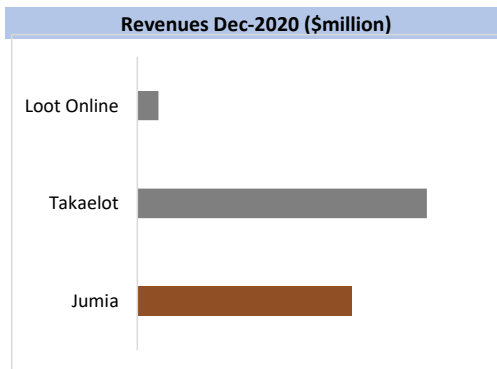
Due to life conditions, Africans are very sensitive to price. Companies like Starbucks are offering premium prices and are still the best coffee brand in the world, because of their product quality, a brand name that gives them a competitive advantage. By elevating brand awareness and perceived products value through an SEO marketing strategy, Jumia will succeed in imposing its brand in the market and have more competitive prices.

Thanks to your trust and the company's employees' dedication, Jumia has offered incredible performance and showed its dominance in Africa e-commerce. We are confident that the company will have an even stronger comeback soon, with the implementation of new strategic policies for better performance results.



COVID-19 did not have a positive impact on e-commerce in Africa because online trading was restricted to essential goods to prevent the importation of the virus through overseas trading. Consequently, Gross Merchandise Volume (GMV) plummeted in 2020 but recovered slightly in 2021 with the lifting of trading restrictions.

From the third quarter of 2020 to 2021, Jumia's revenues sank along with the revenue costs because of the decrease of the sales of goods due to the pandemic and trading restrictions. Moreover, expenses increased in 2021, due to investment in consumer incentives such as free shipping. Consequently, the profit decreased from € 7.6 million in 2020 to € 3.5 million in 2021, leading to a low-profit margin of 8%.



References

Chevalier, S. (2021, July 7). *The Statistics Portal*. Statista. Retrieved November 26, 2021, from <https://www.statista.com/search/?q=Jumia&Search=&qKat=search>.

Jumia. (2021, November 16). *Jumia reports third quarter 2021 results*. Jumia Technologies AG. Retrieved November 26, 2021, from <https://investor.jumia.com/financial-news/press-release/2021/Jumia-Reports-Third-Quarter-2021-Results/default.aspx>.

Pitchbook. (n.d.). *Jumia group*. Pitchbook. Retrieved November 26, 2021, from https://my.pitchbook.com/profile/58104-46/company/financials/INCOME_STATEMENT.

Pitchbook. (n.d.). *Takaelot.com*. Pitchbook. Retrieved November 26, 2021, from https://my.pitchbook.com/profile/63454-51/company/financials/KEY_METRICS.

Similarweb. (2021, September). *Jumia.com market share & traffic analytics*. Similarweb. Retrieved November 27, 2021, from <https://www.similarweb.com/site/jumia.com/#competitors>.