ENGLISH TRANSLATION

Annual Report 2019

Table of Contents

To our Shareholders

Report of the Supervisory Board 3

Group Management Report

Group findamentals 8

Economic report 9

Key features of the accounting related internal control an risk management system 18

Declaration on corporate management 26

Events after the balance sheet date 26

Group Financial statement

Independent auditor's report 28

Consolidated Statements of financial position 34

Consolidated Statements of Operations and comprehensive income (Loss) 35

Consolidated Statements of changes in Equitiy 36

Consolidated Statements of Cash-flows 37

Notes to the Consolidated Financial Statements 38

Report of the Supervisory Board

Dear Shareholders,

2019 was a momentous year for Jumia Technologies AG ("Jumia" or the "Company") as the company completed its initial public offering on the New York Stock Exchange in April 2019. Since that time, the Company has remained focused on its mission to improve the quality of everyday life in Africa by leveraging technology to deliver innovative, convenient and affordable online services to consumers, while helping businesses grow as they use our platform to reach and serve consumers.

Below, we would like to inform you about the work of the supervisory board and its committees in fiscal year 2019 to support Jumia in its mission:

Cooperation between Supervisory Board and Management Board

In the financial year 2019, the supervisory board of Jumia has cooperated with the management board on a basis of trust. The main focus was on the financial position of Jumia against the background of the initial public offering and the economic environment, the medium-term corporate planning and the strategic development of the group, the investigation into the sales practices completed in early 2020 and remediation planning following the completion of the investigation, the coordination and monitoring of the company's system of internal controls and the lawsuits filed against the company in the United States. The supervisory board has on a regular basis supervised, and accompanied in an advisory capacity, the work of the management board in compliance with the laws, the company's articles of association and the German Corporate Governance Code [*Deutscher Corporate Governance Kodex*].

The management board has on a regular basis informed the supervisory board promptly and comprehensively, in writing and orally, about the state of Jumia and discussed with it in detail the development of the business and decisions. The management board has fully complied with its duties to inform the supervisory board.

Monitoring of the management board's management activities and other main areas of activity of the supervisory board

The supervisory board has ensured that legal regulations, the articles of association and the rules of procedure of both the supervisory board and the management board have been complied with. It has taken the decisions required by any law and the articles of association. Where a business transaction required the approval of the supervisory board, it has discussed it thoroughly with the management board before adopting a resolution. The cooperation between the supervisory board and the management board always was constructive and target-oriented.

As part of its supervisory functions, the supervisory board dealt with the following focal topics, among others:

- Business development during the year
- Individual and consolidated annual financial statements for the financial year 2019
- Audit planning and reporting of the internal accounting control system, in particular compliance with the provisions of the *Sarbanes-Oxley Act of 2002*
- Strategic considerations regarding communication and course of action in lawsuits of the company in the United States

- Internal investigation into certain sales practices and remediation planning following the completion of the investigation
- Assessment and adjustment of the remuneration components of the management board
- Budget planning of the Jumia group for the financial year 2020
- Declaration of compliance with the German Corporate Governance Code

Changes to the supervisory board

The supervisory board of Jumia Technologies AG had eight (8) members as of 31 December 2019. In the year under report, the structure of the supervisory board was changed and a new member was elected. On 7 March 2019, the general meeting adopted a resolution to increase the number of the supervisory board members from seven (7) to eight (8) and elected Angela Kaya Mwanza to the supervisory board. At the time of this report, one supervisory board member has resigned from the supervisory board. Alioune Ndiaye resigned from the supervisory board on 24 February 2020.

Composition of the supervisory board and the committees

All members of the supervisory board are elected by the general meeting to be representatives of the shareholders. The supervisory board is not subject to the German Co-determination Act [*Gesetz über die Mitbestimmung der Arbeitnehmer*].

In the financial year 2019, the supervisory board had four committees:

- Audit committee
- Remuneration committee
- Executive and nominations committee
- IPO committee (dissolved in April 2019)

Meetings of the supervisory board

In 2019, the supervisory board held four ordinary supervisory board meetings to exercise its functions. Five (5) of seven (7) supervisory board members were represented in the meeting held on 28 February, six (6) of eight (8) in the meeting held on 18 June and seven (7) of eight (8) in each of the meetings held on 10 September and 10 December.

In the year under report, the supervisory board primarily dealt with the development of the business and the general financial and strategic position of the company, the internal investigation into certain sales practices and remediation planning following the completion of the investigation, the planning and definition of the budget targets for the year 2020 and the reports of the committees. The management board also informed the supervisory board in detail about the development of the business and financial situation, the risk situation, the market and competitive situation and the human resources situation. The reports of the management board complied with the legal requirements, the principles of good corporate governance and the requirements defined by the supervisory board.

Activities of the supervisory board committees

The supervisory board has appointed four committees, one of which dissolved following the Company's initial public offering.

- The **remuneration committee** deals with the contracts of employment and personnel matters of the management board. The meetings were attended by all committee members in the course of the financial year. The committee convened seven (7) times during the year. Among

other things, it dealt with the structure of the management board's remuneration. As regards this, particular attention is given to compliance with the requirements of the German Corporate Governance Code.

- The **audit committee** in particular deals with questions regarding the accounting process, risk management and audit planning, communication with the internal audit department, the investigation into certain sales practices and remediation planning following the completion of the investigation, and the lawsuits in the United States. The committee convened eleven (11) times during the year, one meeting serving to prepare the approval of the annual financial statements and the approval of the consolidated annual financial statements. With one exception, the meetings were attended by all committee members.

- The **corporate governance and nominations committee** controls compliance with the rules of the German Corporate Governance Code, nominates members of the management board and proposes members for election to the supervisory board. At the recommendation of the corporate governance and nominations committee, the supervisory board issued the declaration of compliance in accordance with Section 161 AktG [German Stock Corporation Act] on 26 December 2019. The company complies with most of the recommendations of the Code. The few deviations are also explained in the corporate governance report that has been published in connection with the corporate governance declaration on the website www. investor.jumia.com/Corporate_Governance.

- The **IPO committee** existed until completion of the initial public offering in April 2019 and in particular dealt with the examination and approval of all transactions that were carried out by the supervisory board in connection with the company's initial public offering.

Audit of the consolidated annual financial statements of Jumia Technologies AG

The general meeting of Jumia Technologies AG held on 9 April 2019 adopted a resolution to appoint Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor of the consolidated annual financial statements. That audit firm has audited the consolidated annual financial statements and the group management report for the period 1 January to 31 December 2019 and issued an unqualified audit opinion for both.

All supervisory board members have been provided with the auditor's audit report upon preparation and in due time before the meeting in which the annual financial statements were approved. Following preparatory deliberations by the audit committee, the full supervisory board dealt with these documents in its meeting held on 29 April 2020. In addition to the members of the management board, the representatives of the auditor attended this meeting. They reported on the audit generally, the audit focal points they had defined, the essential findings of the audit and the services that the auditor had provided in addition to the auditing services and answered the questions of the members of the supervisory board. The supervisory board had no objections. Accordingly, it acknowledged and agreed with the findings of the audit.

The supervisory board has examined the consolidated annual financial statements and the group management report for the year 2019 and also the auditor’s audit findings. It has not raised any objections after the final results of these audits and has approved the consolidated annual financial statements in its supervisory board meeting held on 29 April 2020.

Berlin, in April 2020

The supervisory board

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Jonathan D. Klein

Chairman of the supervisory board

2019 Group Management Report

Jumia Technologies AG

1. Group fundamentals 8
1.1 Business model and legal basis of financial reporting 8
1.2 Research and development 9
2. Economic report 9
2.1 General economic and sector-specific conditions 9
2.2 Course of business 10
2.2.1 Operating results 10
2.2.2 Financial situation 11
2.2.3 Asset Situation 12
2.2.4 Overall representations concerning the Group´s development of earnings, financial situation and net assets 13
2.3 Financial and non-financial performance indicators 13
3. Outlook, opportunities and risk report 15
3.1 Outlook 15
3.2 Risk report including a description of the accounting related internal control and risk management system 16
3.2.1 Structure of the risk management 16
3.2.2 Key features of the accounting related internal control and risk management system 18
3.2.3 Risks 19
3.3 Opportunities report 25
3.4 Summary of the Group´s risk situation 26
4. Declaration on corporate management 26
5. Events after the balance sheet date 26

1. Group fundamentals

1. 1.1 Business model and legal basis of financial reporting

Jumia Technologies AG, with registered offices at Charlottenstraße 4, 10969 Berlin, Germany, was founded in 2012 and is a leading Internet group doing business in many countries in Africa. Below, Jumia Technologies AG and its affiliates is also referred to as "Jumia", the "Company" or the "Group". In its capacity as group parent company, Jumia Technologies AG renders central functions, including the financing of group-wide and internal services. The Group's business and operational activities are conducted solely by its subsidiary companies located in eleven countries in Africa.

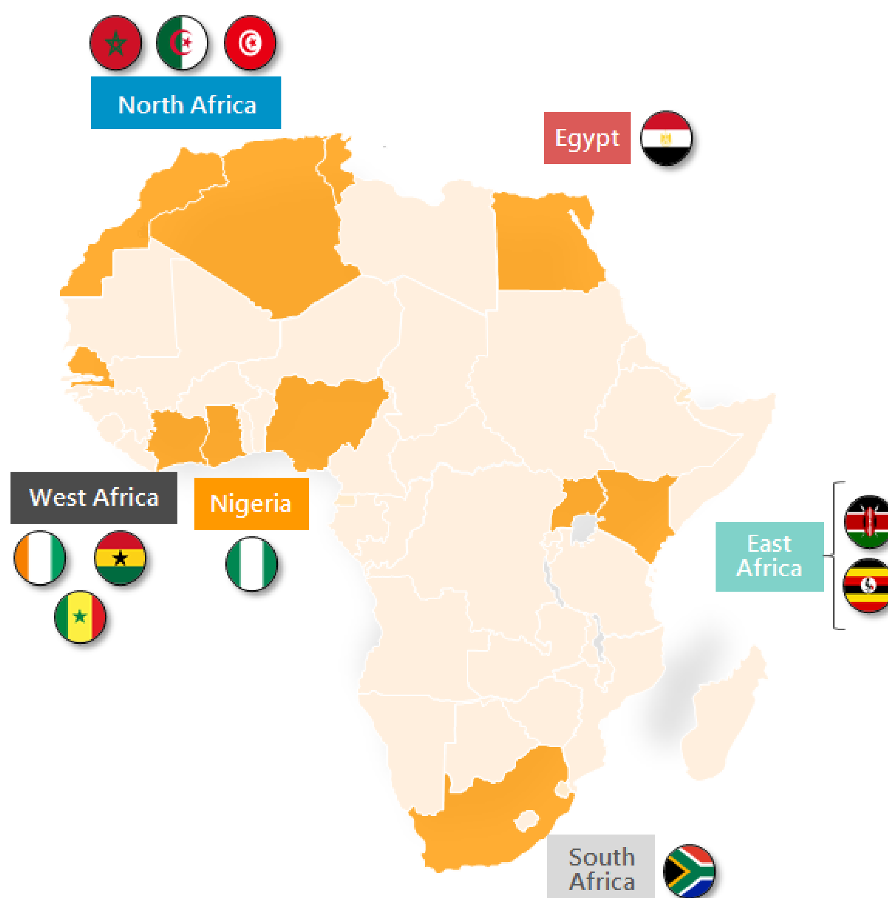
The Company's American Depositary Shares, ("ADS") have been listed on the New York Stock Exchange (NYSE) under the symbol JMIA since April 2019. The Company thus qualifies as a listed corporation within the meaning of Section 3 (2) Corporation Act ("AktG") but for want of a listing on an exchange pursuant to Section 2 (11) Securities Trading Act ("WpHG") is not a capital market-oriented company within the meaning of Section 264d Commercial Code ("HGB").

Under Section 267 (1) HGB, the Company counts as a small incorporated company. Accordingly, the individual financial statements under commercial law, which the Company draws up in compliance with Section 264 (1) HGB, are not subject to the auditing duty pursuant to Section 316 (1) HGB and are produced taking advantage of all commercial-law simplification options. The Jumia Technologies AG consolidated financial statements were drawn up exercising the option under Section 290 in combination with Section 319e (3) HGB in compliance with the International Financial Reporting Standards adopted by the European Union. Pursuant to Section 315 HGB, the Company's consolidated financial statements are supplemented by a group management report which contains all the compulsory information envisaged for listed corporations under the provisions of Sections 289 to 289f HGB. In so far as those provisions give Jumia a legal opportunity to publish information on its homepage and cite this in the group management report, that opportunity is taken up.

Jumia is the leading pan-African e-commerce platform. The Jumia platform comprises a marketplace, which brings sellers and consumers together, a logistics service, which enables the shipping and delivery of packages from sellers to consumers, and a payment service, which simplifies transactions between participants active on the Jumia platform.

The Company is currently doing business in 11 countries. On 31 December 2019, Jumia comprised 71 legal entities (prior year: 78).

The following graphic shows the countries as of 31 December 2019 in which the Group is doing business and has subsidiaries:



1. 1.2 Research and development

We continuously invest in our technology and data collection and analytics capabilities. We operate our technology center in Porto, Portugal, which provides the centralized and harmonized technology backbone for our operations across our regions. Our research and development activities focus on the production, maintenance and operation of new and existing goods and services. We see our technology and content expense as an investment in future growth and seller and consumer experience and satisfaction. Going forward, we intend to maintain or increase our investments into our technology and data capabilities. In 2019, the Company's research and development costs were not material in relation to our overall expenses.

2. Economic report

2.1 General economic and sector-specific conditions

General economic conditions

According to the "World Economic Outlook" of the International Monetary Fund (the "IMF") published in January 2020, the global economy remains in a consolidation process. Global growth is expected to rise from an estimated 2.9 percent in 2019 to 3.3 percent in 2020 and 3.4 percent in 2021.

In Africa south of the Sahara, the IMF expectations envisage growth to pick up to 3.5 percent between 2020 and 2021 (from 3.3 percent in 2019). The forecast is 0.1 percentage points lower than in the World Economic Outlook published in October 2019 and 0.2 percentage points weaker for 2021. This reflects downward adjustments for South Africa (where structural restrictions and deteriorating public finances are impacting business confidence and private investment) and for Ethiopia (where the consolidation in the public sector required to limit the debt ratio will probably impact growth). Weather-related disasters such as tropical storms, floods, heat waves, droughts and forest fires have caused severe humanitarian costs and the loss of livelihoods in several regions in the last few years. Climate change, the driver of the increasing

frequency and intensity of weather-related disasters, is already threatening to have health and economic consequences, not only in the directly affected regions.

These forecasts do not take into consideration the effects of the COVID 19 pandemic which may be profound but which remain uncertain at the time of publication of this report.

Sector-specific conditions

By the end of 2018, the number of mobile telephone subscribers in Sub-Saharan Africa already amounted to 465 million, a year-on-year increase of 20 million and equal to 44% of the total population. Approximately 239 million persons and thus approximately 20% of the total population are regular users of the mobile Internet. The region thus remains the fastest growing region in Africa, with an expected compound annual growth rate (CAGR) of 4.6% and a further 167 million mobile telephone subscribers by 2025.

The demographic structure of the Africa region will continue to ensure that many young consumers will conclude a cell phone contract when they are old enough and thus contribute significantly to the sector's growth. By 2025, over 300 million people will be using the mobile Internet, most of whom will be connected via mobile high-speed broadband networks. The region remains a hot spot for mobile pay services. By the end of 2018, there were already 395.7 million registered mobile payment accounts, which corresponds to almost half of the mobile payment accounts worldwide. (source: GSMA – The Mobile Economy – Sub-Saharan Africa 2019).

2.2 Course of business

In fiscal year 2019, Jumia recorded a 38.7% increase in revenue. This increase fell within the Group's prior-year forecast. In fiscal year 2019, revenue rose from EUR 129.06 million in fiscal year 2018 to EUR 160.41 million. EBIT fell from - EUR 169.5 million to - EUR 226.5 million. EBIT development was thus also in line with the prior-year forecasts.

Altogether, Jumia generated a consolidated group loss of EUR 226.34 million (prior year: EUR 170.62 million).

2.2.1 Operating results

In EUR k	**01.01. – 31.12.2019**	**01.01. – 31.12.2018 Restated**
Revenue	160,408	129,058
Cost of revenue	84,506	84,849
Gross profit	**75,902**	**44,209**
Fulfillment expense	77,392	50,466
Sales and advertising expense	56,019	46,016
Technology and content expense	27,272	22,432
General and administrative expense(2)	144,525	94,925
Other operating income	1,929	172
Other operating expense	496	277
Operating loss	**(227,873)**	**(169,735)**
Finance income	3,959	1,590
Finance costs	2,576	1,349
Loss before income tax	**(226,490)**	**(169,494)**
Income tax expense	575	887
Loss for the year	**(227,065)**	**(170,381)**

The Company's geographical distribution of **revenue** was as follows:

in EUR k	01.01.– 31.12.2019	01.01.– 31.12.2018
West Africa[(1)]	68,919	65,655
North Africa[(2)]	57,238	36,947
East and South Africa[(3)]	32,839	25,947
Portugal	43	509
France	—	—
United Arab Emirates	49	—
Germany	1,320	—
Total	**160,408**	**129,058**

Cost of revenue developed in line with revenue from first-party sales and remained nearly unchanged at €84.5 million in 2019 compared to €84.8 million in 2018. Cost of revenue primarily includes the purchase price of consumer products sold in first-party sales. Certain expenses associated with third-party sales, such as compensation paid to sellers for lost, damaged or late delivery items are also included in cost of revenue.

Gross profit increased by 71.7% from €44.2 million in 2018 to €75.9 million in 2019, primarily due to increased platform monetization with respect to marketplace revenue as well as enhanced promotional discipline and reduced emphasis on consumer incentives which supported margins.

Fulfillment expense increased by 53.4% from €50.5 million in 2018 to €77.4 million in 2019, primarily due to an increase in freight and shipping expense resulting from an increase in volumes and an increase in cross-border sales. Volume increases contribute to fulfillment cost efficiencies as they allow us to achieve lower shipping costs per package on a given route.

Sales and advertising expense increased by 21.7% from €46.0 million in 2018 to €56.0 million in 2019, primarily due to an increase in marketing activity. Sales and advertising expense per Annual Active Consumer decreased by 21.1% from €11.6 in 2018 to €9.2 in 2019, reflecting continued marketing efficiencies, increased share of traffic on our app which helps reduce re-engagement costs, and more effective search marketing investments.

Technology and content expense increased by 21.6% from €22.4 million in 2018 to €27.3 million in 2019, primarily due to technology infrastructure costs and technology license and maintenance fees. This development was mainly driven by an increase in hosting and server costs due to higher traffic on our platform.

General and administrative expense increased by 52.3% from €94.9 million in 2018 to €144.5 million in 2019, primarily due to an increase in staff costs as we enhanced our organizational set-up to operate as a listed company. Share-based compensation expense increased from €17.4 million in 2018 to €37.3 million in 2019 as well as an increase in audit, legal and other advisory fees, which was in part related to preparations for our initial public offering. Higher rental expenses and office costs also contributed to the increase in general and administrative expense. We incurred restructuring related general and administrative expense of €2.2 million in the fourth quarter of 2019 as part of our portfolio optimization and headcount rationalization initiatives, including redundancy benefits, provisions and other business termination costs.

2.2.2 Financial situation

EUR m	01.01.– 31.12.2019	01.01.– 31.12.2018
Net cash flows used in operating activities	(182.588)	(139.012)

[1] West Africa comprises Nigeria, Ivory Coast, Senegal, Cameroon and Ghana.
[2] North Africa comprises Egypt, Tunisia, Morocco and Algeria.
[3] East and South Africa comprises Kenya, Tanzania, Uganda, Rwanda and South Africa.

Net cash flows used in investing activities	(67.701)	(3.633)
Net cash flows from financing activities	316.828	213.249
Net increase in cash and cash equivalents	66.539	70.604
Effect of exchange rate changes on cash and cash equivalents	(2.847)	(0.303)
Cash and cash equivalents at the beginning of the year	**100.635**	**29.728**
Cash and cash equivalents at the end of the year	**170.021**	**100.635**

As in the prior year, cash and cash equivalents comprise the balance sheet items cash in hand, bank credit balances and cheques.

Net cash flows used in operating activities increased by 31.3% from a cash outflow of €139.0 million in 2018 to a cash outflow of €182.6 million in 2019, primarily driven by an increase in our loss before income tax adjusted for non-cash items. An increase in working capital due to an increase in accounts receivables and a decrease in accounts payables accounted for a net cash outflow of €12.4 million in 2019 compared to a net cash inflow of €1.8 million in 2018.

Net cash flows used in investing activities increased significantly from a cash outflow of €3.6 million in 2018 to a cash outflow of €67.7 million in 2019 due to cash outflows related to the placement of term deposits of €62.7 million in 2019.

Net cash flows from financing activities increased by 48.6% from a cash inflow of €213.2 million in 2018 to a cash inflow of €316.8 million in 2019. In 2018, cash inflows primarily related to proceeds in the amount of €216 million based on existing capital commitments called from our shareholders. In 2019, cash inflows primarily related to proceeds from the April 2019 initial public offering and a concurrent private placement with Mastercard.

On 31 December 2019, cash and cash equivalents amounted to EUR 170.02 million (prior year: EUR 100.64 million).

As of the balance-sheet date, the **equity base** reflects a higher year-on-year equity capital ratio of 61.4% (prior year: 35.1%).

2.2.3 Asset situation

Assets

in EUR k	31 December 2019	%	31 December 2018 *Adjusted*	%
Non-current assets	19,098	6.4	6,638	4.7
Current assets	278,084	93.6	135,382	95.3
Total	**297,182**	100.0	**142,020**	100.0

Equity capital & liabilities

in EUR k	31 December 2019	%	31 December 2018 *Adjusted*	%
Equity	182,574	61.4	49,848	35.1
Liabilities	114,608	38.6	92,172	64.9
Total	**297,182**	100.0	**142,020**	100.0

The **asset side** of the balance sheet is shaped largely by term deposits (EUR 62.42 million; prior year: EUR 0.00), cash and cash equivalents (EUR 170.02 million; prior year: EUR 100.64 million), trade and other receivables of EUR 16.94 million (prior year: EUR 13.03 million), prepaid expenses and other current assets of EUR 12.59 million (prior year: EUR 7.38 million) and also inventories (EUR 10.00 million; prior year: EUR 9.43 million). The increase in trade and other receivables is largely due to higher trade notes and

accounts receivable (EUR 17.78 million; prior year EUR 12.32 million) and also to higher advance to suppliers (EUR 2.36 million; prior year: EUR 0.24 million). The increase in prepaid expense and other current assets was comprised of prepaid server hosting fees and software license fees (EUR 7.79 million; prior year: EUR 1.63 million).

Consolidated equity rose by EUR 132.72 million from EUR 49.85 million to EUR 182.57 million. In total, in 2019, the Group received capital contributions of EUR 329.17 million (prior year: EUR 215.99 million). As of 31 December 2019, the Group had an equity base with an equity capital ratio of 61.4% (prior year: 35.1%).

Liabilities contain mainly short-term liabilities, comprising trade and other payables (EUR 56.44 million; prior year: EUR 47.29 million) and provisions for liabilities and other charges (EUR 27.04 million; prior year: EUR 19.69 million). The increase is in general due to higher business activities.

2.2.4 Overall representations concerning the Group's development of earnings, financial situation and net assets

Jumia Technologies AG and its subsidiary companies addressed multiple challenges in fiscal year 2019. The overall business development can be seen as positive.

2.3 Financial and non-financial performance indicators

We assess the success of our business through a set of key performance indicators including the number of Annual Active Consumers, Orders, Gross Merchandise Value ("GMV"), Total Payment Volume ("TPV"), JumiaPay Transactions and Adjusted EBITDA. These metrics are not derived from the applied accounting standards.

The most important performance indicators at the group level are:

Annual Active Consumers

"Annual Active Consumers" means unique consumers who placed an order for a product or a service on our platform, within the 12-month period preceding the relevant date, irrespective of cancellations or returns. We believe that Annual Active Consumers is a useful indicator for adoption of our offering by consumers in our markets.

Orders

"Orders" corresponds to the total number of orders for products and services on our platform, irrespective of cancellations or returns, for the relevant period. We believe that the number of orders is a useful indicator to measure the total usage of our platform, irrespective of the monetary value of the individual transactions.

GMV

"Gross Merchandise Value" ("GMV") corresponds to the total value of orders for products and services, including shipping fees, value added tax, and before deductions of any discounts or vouchers, irrespective of cancellations or returns for the relevant period. We believe that GMV is a useful indicator for the usage of our platform that is not influenced by shifts in our sales between first-party and third-party sales or the method of payment. We use Annual Active Consumers, Orders and GMV as some of many indicators to monitor usage of our platform.

Total Payment Volume

"Total Payment Volume" ("TPV") corresponds to the total value of orders for products and services processed using JumiaPay including shipping fees, value-added tax, and before deductions of any discounts or vouchers, irrespective of cancellations or returns, for the relevant period. We believe that TPV, which corresponds to the share of GMV for which JumiaPay was used as the relevant payment method, provides a useful indicator of the development, and adoption by consumers, of our payment services offerings.

JumiaPay Transactions

"JumiaPay Transactions" corresponds to the total number of orders for products and services on our marketplace processed using JumiaPay, irrespective of cancellations or returns, for the relevant period. We believe that JumiaPay Transactions provides a useful indicator of the development, and adoption by consumers, of our payment services offerings for orders on our platform irrespective of the monetary value of the individual transactions. We use TPV and the number of JumiaPay Transactions to measure the development of our payment services.

Adjusted EBITDA

We define Adjusted EBITDA as loss for the year adjusted for income tax expense (benefit), finance income, finance costs, depreciation and amortization and further adjusted by share-based payment expense.

Adjusted EBITDA is a supplemental non-IFRS measure of our operating performance that is not required by, or presented in accordance with, IFRS. Adjusted EBITDA is not a measurement of our financial performance under IFRS and should not be considered as an alternative to loss for the year, loss before income tax or any other performance measure derived in accordance with IFRS. We caution investors that amounts presented in accordance with our definition of Adjusted EBITDA may not be comparable to similar measures disclosed by other companies, because not all companies and analysts calculate Adjusted EBITDA in the same manner. We present Adjusted EBITDA because we consider it to be an important supplemental measure of our operating performance. Management believes that investors' understanding of our performance is enhanced by including non-IFRS financial measures as a reasonable basis for understanding our ongoing results of operations. By providing this non-IFRS financial measure, together with a reconciliation to the nearest IFRS financial measure, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives.

Management uses Adjusted EBITDA:

- as a measurement of operating performance because it assists us in comparing our operating performance on a consistent basis, as it removes the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections;
- to evaluate the performance and effectiveness of our strategic initiatives; and
- to evaluate our capacity to expand our business.

Items excluded from this non-IFRS measure are significant components in understanding and assessing financial performance. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation, or as an alternative to, or a substitute for analysis of our results reported in accordance with IFRS, including loss for the year. Some of the limitations are:

- Adjusted EBITDA does not reflect our share-based payments, income tax expense (benefit) or the amounts necessary to pay our taxes;
- although depreciation and amortization are eliminated in the calculation of Adjusted EBITDA, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any costs for such replacements; and
- other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Due to these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these and other limitations by providing a reconciliation of Adjusted EBITDA to the most directly comparable IFRS financial measure, loss for the year.

The following tables provide a reconciliation of loss for the year to Adjusted EBITDA for the periods indicated:

	For the year ended December 31,			
	2017	2018	2019	
	EUR	EUR	EUR	USD
		(in millions)		
				(unaudited)
Loss for the year	(165.4)	(170.4)	(227.1)	(254.9)
Income tax expense	11.5	0.9	0.6	0.6
Finance income	(2.3)	(1.6)	(4.0)	(4.4)
Finance costs	1.5	1.3	2.6	2.9
Depreciation and amortization	1.6	2.2	7.9	8.9
Share-based compensation	26.3	17.4	37.3	41.8
Adjusted EBITDA[1]	**(126.8)**	**(150.2)**	**(182.7)**	**(205.1)**

(1) Unaudited.

The development of the performance indicators is shown in the following table.

	For the year ended December 31,					
	2017		2018		2019	
			(in million)			
Annual Active Consumers		2.7		4.0		6.1
Orders		n/a		14.4		26.5
GMV	EUR	507.1	EUR	828.2	EUR	1,097.6
TPV	EUR	n/a	EUR	54.8	EUR	124.3
JumiaPay Transactions		n/a		2.0		7.6
Adjusted EBITDA	EUR	(126.8)	EUR	(150.2)	EUR	(182.7)

The management has decided to adjust the performance indicators at the group level compared with the prior-year report so that the Company's development can be presented and communicated better.

3. Outlook, opportunities and risks report

3.1 Outlook

Jumia will continue to focus on usage and consumer adoption, in parallel with the development of JumiaPay, while driving cost efficiencies and progressing on our path to profitability.

In 2019, we initiated a business mix rebalancing aimed at supporting our path to profitability while driving long term usage and consumer acquisition. As part of this business mix rebalancing, we reduced promotional intensity on lower consumer lifetime value business while driving growth of high purchase frequency product categories. This resulted in negative GMV growth in the fourth quarter of 2019 compared to the fourth quarter of 2018, while Orders increased by 49% and Annual Active Consumers increased by 54% over the same period.

We expect the effects of the business mix rebalancing to continue playing out over at least the first half of 2020. These effects will be further exacerbated by the COVID-19 outbreak which is causing a number of supply and logistics challenges. As a result, we expect continued GMV weakness over at least the first half of 2020, with better Order and Annual Active Consumers growth.

In parallel, we expect to further develop digital payment on our platform, by enhancing the value proposition of JumiaPay through new features and more payment use cases. We expect double digit growth of both JumiaPay Total Payment Volume and Transactions for 2020.

Cost efficiencies and steady progress on our path to profitability will remain a core part of our financial strategy. In 2019, Adjusted EBITDA loss rose 21.7% from EUR 150.2 million in 2018 to EUR 182.7 million in 2019, as an increase in Gross profit was offset by higher general administrative and logistics expenses. In 2020, we expect to reduce our Adjusted EBITDA loss in absolute terms compared to 2019, thanks to improved Gross profit after Fulfillment expense, more efficient Sales & Advertising expense and G&A cost savings.

The development of earnings of the Company can vary starkly from year to year due to the uncertainty of operating a relatively novel business model – e-commerce and digital payments – in volatile market conditions. This dynamic may be aggravated by the COVID-19 pandemic, which will confront our business with operational and logistics challenges, while adversely affecting the macro conditions in the markets where we operate.

The management board expects the Group to remain a going concern beyond 2020, because it has adequate cash reserves of EUR 170.0 million, in addition to EUR 62.4 million of term deposit as of December 31, 2019.

3.2 Risk report including a description of the accounting-related internal control and risk management system

General description

The early identification, analysis and control of potential risks is a fundamental part of Jumia's corporate strategy. In order to identify risks and opportunities at an early stage and handle them consistently, Jumia uses a risk management system that also includes the early detection system in accordance with Section 91 (2) AktG. The risk management system facilitates the identification, recording, assessment, documentation and reporting of risks across our operations.

Jumia takes a holistic, integrative approach that combines the topics of risk management system, internal control system and compliance management system in one management approach (governance, risk & compliance approach). The structure of the risk management system and internal control system ensures that control and monitoring activities are aligned with corporate goals and their inherent risks.

The internal control system encompasses all regulations, measures, principles and procedures to achieve corporate goals. In particular, it is intended to ensure the security and efficiency of business transactions, the effectiveness, cost-effectiveness and correctness of accounting and compliance with the relevant legal regulations, and to ensure the reliability of financial reporting.

The Management Board is responsible for the risk management, compliance management and internal control systems. The Supervisory Board and Audit Committee, with the involvement of the Internal Audit department, monitor their effectiveness.

1. 3.2.1 Structure of the risk management

Our risk management and compliance structure was implemented only recently and, in 2019, we were in the early stages of building a dedicated centralized risk management function. Our group-wide risk management and compliance program is aimed at preventing corruption, fraud and other criminal or other forms of non-compliance by our management, employees, consultants, agents and sellers.

The aim of Jumia's risk management program is the systematic recording and evaluation and thus the conscious and controlled handling of risks and opportunities in the company in order to identify unfavorable developments at an early stage and to take prompt action to mitigate and actively monitor identified risks. Jumia's risk management program focuses on those activities that are important for Jumia's future earnings and future business operations.

Our risk management system includes processes for identification, assessment, management and mitigation, monitoring, reporting and documentation of risks. These processes are designed centrally and implemented across the Group, and are described more fully below:

- ***Risk identification***. Risks are identified and recorded periodically as part of our ongoing risk management and internal audit processes.
- ***Risk assessment***. The company conducts a risk assessment of identified risks according to the potential impact and the probability of occurrence. The probability assessment is based on a time horizon of one or two years after the assessment date. Risks are assessed on a gross risk basis (before mitigation measures are in place) and a net risk basis (considering mitigation measures already existing).

- ***Risk management and implementation of mitigation procedures***. Identification of early warning indicators and threshold values, determination of mitigation tactics and procedures and definition of communication lines for ongoing and ad hoc reporting.
- ***Risk monitoring***. The company continually monitors identified risks to ensure the implementation of the mitigation measures as well as the systematic recording and reporting of identified risks.
- ***Risk reporting to the Management Board and Supervisory Board.*** Risk reporting is subdivided into standard reporting as part of regular risk management and ad hoc reporting in the event of sudden risks that have a significant impact on the assets, financial position and results of operations.
- ***Documentation.*** Jumia has implemented a system, with its internal audit department, to document and record each identified risk and to monitor mitigation efforts.

All existing risks are divided into five risk levels according to the estimated impact of the risk (*Severe*, *Material*, *Important*, *Moderate* and *Minor*). The level of the risk was determined on the basis of the estimated impact on our operations, financial performance, profitability and cash flows. Each identified risk is also evaluated and assigned an estimated likelihood of occurrence (*Expected*, *Highly Likely*, *Likely*, *Not Likely*, *Remote*).

The risk assessment assigns each identified risk into a risk class (*Critical*, *Very High*, *High*, *Medium*, *Low*) described in the following matrix:

		Likelihood of Occurrence				
		Remote	**Not Likely**	**Likely**	**Highly Likely**	**Expected**
		• *Occurs in exceptional circumstances or in the distant future* • *0% - 4.9% likelihood of occurrence*	• *A small chance of occurring* • *5% - 24.9% likelihood of occurrence*	• *Occurs from time to time* • *25% - 49.9% likelihood of occurrence*	• *Highly likely occur in the near future* • *50% - 74.9% likelihood of occurrence*	• *Expected to occur in the near future* • *75% - 100% likelihood of occurrence*
Impact Levels	**Severe**	Medium	High	Very High	Critical	Critical
	Material	Medium	High	High	Very High	Critical
	Important	Low	Medium	High	High	Very High
	Moderate	Low	Medium	Medium	Medium	High
	Minor	Low	Low	Low	Medium	Medium

The risk matrix facilitates the comparison of each risk's relative priority and increases transparency of our overall risk exposure. The classification of risks from "low" to "critical" is used to determine the required priority of remediation actions as described in the chart below.

Risk Classification	Action Priority
Critical	• Immediate risk mitigation plan required as risk has materialized or is imminent • Defined alternative plans and mitigation procedures also need to be in place
Very High	• Risk action plan must be developed and approved • Defined alternative plans and mitigation procedures also need to be in place
High	• Risk action plan must be developed and approved • Contingency plans and procedures must also be in place
Medium	• Additional controls to be considered to reduce the level of risk
Low	• Manage within routine procedures

Risks were managed centrally for the entire Jumia Group in 2019. The continuous updating and further development of risk management represents an ongoing management task that is pursued with high priority.

3.2.2 Key features of the accounting-related internal control and risk management system

In the light of the major impact of the internal control and risk management system, the Jumia management board has decided to include the information called for under Section 289 (4) HGB in the consolidated financial statements on a voluntary basis.

The objective of the accounting-related internal control and risk management system is to ensure the regularity of the financial reporting in the sense of the consolidated financial statements and the group management report being in compliance with all pertinent provisions.

The accountability for setting up and effective maintenance of reasonable controls over the financial reporting lies with the Jumia management board, which assesses the reasonableness and effectiveness of the control system as of every fiscal year end.

The framework for drawing up the consolidated financial statements is formed in the main by the group-wide uniform accounting policies, which are consistently applied by all group companies. New statutes, accounting standards and other official pronouncements are routinely analysed for their relevance and effects on the consolidated financial statements and the group management report. As and when required, accounting policies are adapted accordingly.

The data basis for drawing up the consolidated financial statements is formed by the accounting information reported by Jumia and its subsidiaries, which in turn is based on the postings entered at the company level. The reported accounting information is used to draw up group financial statements in the consolidation system. The consolidation adjustments and also the monitoring of compliance with concept and deadline requirements are carried out at the group level.

The steps to be carried out for drawing up the consolidated financial statements are subjected to both manual and also system-based checks at all levels. This involves automating the accounting information supplied and checking it for accounting-specific relationships and consistency.

The employees deployed in the accounting process are checked for their technical competence and undergo regular training. Every level applies the fundamental approach of the »two-heads principle«. In addition, the accounting information at every level has to pass through certain release processes. Other control mechanisms include target-actual comparisons and analyses of the content composition and changes in

individual items, not only for the accounting information reported by group units but also the consolidated financial statements.

Access authorisations are defined in the accounting-related IT systems so as to ensure that accounting-related data are protected against unauthorised access, use and changes. Every company included in the consolidated financial statements is subject to the centrally specified rules for information security. This helps to ensure that users of such IT systems only have access to information and systems which they need to carry out their tasks.

The supervisory board is likewise involved in the control system via the audit committee. The audit committee monitors in particular the accounting process, the effectiveness of the control system, the risk management system and the auditing. In addition, it is responsible for reviewing the records for Jumia's individual and consolidated financial statements; and it discusses the consolidated financial statements and the group management reports with the management board and the auditor.

As with the risk management system, the group-wide accounting-related control system was still being set up in fiscal year 2019.

3.2.3 Risks

The risks described below are among the highest risks identified in our risk assessment program. All of the risks described below are deemed to be either "*Critical*" or "*Very High*". You may also refer to our Annual Report on Form 20-F, filed with the US Securities and Exchange Commission (the "SEC") on April 3, 2020, for a detailed discussion of risks that may affect our business. It is available on the SEC's website at www.sec.gov/edgar and on our website at investor.jumia.com.

We assign risks to each of the following critical risk areas:

- Strategic and Operational
- Technology
- Political, Legal and Compliance
- Financial and Reporting

The critical risk area of each "*Critical*" or "*Very High*" risk is described in the chart below and each risk is described in detail in the text that follows.

Risk	Critical Risk Area	Classification
We have incurred significant losses since inception and there is no guarantee that we will achieve or sustain profitability in the future.	Strategic and Operational	**Critical**
We face risks related to health epidemics and other outbreaks such as COVID-19, which could significantly disrupt our supply chain, disrupt our operations and negatively affect our development.	Strategic and Operational	**Critical**
We may experience malfunctions or disruptions of our technology systems and cybersecurity breaches.	Technology	**Critical**
Many of our countries of operation are, or have been, characterized by political instability or changes in regulatory or other government policies.	Political, Legal and Compliance	**Very High**
Failure to deal effectively with any fraud perpetrated and fictitious transactions conducted on our platform could harm our business.	Strategic and Operational	**Very High**
We face competition, which may intensify.	Strategic and Operational	**Very High**
If we fail to implement and maintain an effective system of internal controls over financial reporting, we may be unable to	Financial and Reporting	**Very High**

accurately report our results of operations, meet our reporting obligations or prevent fraud.		
If we are unable to accurately assess our performance through certain key performance indicators, this may adversely affect our ability to determine and implement appropriate strategies.	Strategic and Operational	**Very High**
Our platform may be exposed to money laundering and terrorist financing risk.	Political, Legal and Compliance	**Very High**
Our business is subject to the general tax environment in the countries in which we currently operate, and any changes to this tax environment may increase our tax burden.	Political, Legal and Compliance	**Very High**
We are subject to governmental regulation and other legal obligations related to privacy, data protection and information security. If we are unable to comply with these, we may be subject to governmental enforcement actions, litigation, fines and penalties or adverse publicity.	Political, Legal and Compliance	**Very High**
We may be subject to allegations and lawsuits concerning the content of our platform or claiming that items listed on our marketplace are counterfeit, pirated or illegal.	Political, Legal and Compliance	**Very High**
Required licenses, permits or approvals may be difficult to obtain in the countries in which we currently operate, and once obtained may be amended or revoked arbitrarily or may not be renewed.	Political, Legal and Compliance	**Very High**

We have incurred significant losses since inception and there is no guarantee that we will achieve or sustain profitability in the future.

Our revenue is not sufficient to cover our operating expenses. Since we were founded in 2012, we have not been profitable on a consolidated basis and we expect that our operating expenses will continue to increase. If we cannot successfully generate revenue at a rate that exceeds the costs associated with our business, we will not be able to achieve or sustain profitability or generate positive cash flow on a sustained basis and our revenue growth rate may decline.

If we are not able to raise the required capital on economically acceptable terms, or at all, or if we fail to project and anticipate our capital needs, we may be forced to limit or scale back our operations, which may adversely affect our growth, business and market share and could ultimately lead to insolvency. COVID-19 may also negatively affect our ability to raise additional capital, as our business results may be negatively affected and as markets and investors may not be willing to invest in companies such as us. To mitigate these risks, we have initiated a number of cost saving measures and are focused on cost discipline and expense reductions across our business. We are planning further Sales & Advertising expense efficiency as well as focusing on further G&A and staff cost reductions.

We face risks related to health epidemics and other outbreaks such as COVID-19, which could significantly disrupt our supply chain, disrupt our operations and negatively affect our development.

Our business could be adversely impacted by the outbreak of epidemics or pandemics, such as COVID-19. The COVID-19 outbreak has significantly negatively impacted our business in many ways:

- As part of our cross-border business, we facilitate orders into Africa from international sellers. The COVID-19 outbreak has disrupted, and may continue to disrupt, the operations of these international sellers. For example, some of these sellers have been forced to temporarily halt production, close their offices or suspend their services.
- Many of our local sellers depend on imported products. The reactions to the COVID-19 pandemic have posed challenges for our sellers to source products and raw materials.
- Certain of our sellers and restaurant venders on our platform may be forced to shut down and may go out of business which may negatively impact our results.

- The COVID-19 pandemic has already negatively impacted consumer sentiment in many of our countries of operation, which has led to a reduction in discretionary spending. While we may benefit from a shift from offline to online trade, there can be no assurance that the effects of this shift will outweigh the negative impact caused by a change in consumer sentiment.
- Any fears among consumers that COVID-19 could be transmitted through goods shipped by us, reduced consumer spending on discretionary items or the economic consequences of administrative measures to limit the spreading of COVID-19 may significantly negatively affect our sales.
- We may incur increased operating costs as we adapt to new demands of operating during the term of the pandemic and we may experience disruptions to our operations including to implement enhanced employee safety procedures.
- We have been required to temporarily shut down our fulfilment center in South Africa. Any further forced or voluntary shut downs of business operations, or other intervention in our business by police and government authorities, in any of the geographies in which we have operations may negatively affect our ability to do business, operate our fulfilment centers, serve our customers and fulfill our administrative tasks.

As a result, the effects of the COVID-19 pandemic have adversely affected, and may continue to adversely affect our business, financial condition, results of operations and prospects. Further, COVID-19 may lead to unrest, instability and crisis in our countries of operation, which may further impact negatively our business. To mitigate the impact of the pandemic on our business, we are implementing plans to reduce our expenses, including through a review of our size of operations and of the remuneration of our work force, and have taken steps to protect our employees, consumers and other partners.

We may experience malfunctions or disruptions of our technology systems and cybersecurity breaches.

We rely on a complex technology platform and technology systems to operate our websites and apps. While we analyze our technology systems regularly, we may not be able to correctly assess their susceptibility to errors, hacking or viruses. Our systems may experience service interruptions or degradation because of hardware and software defects or malfunctions, computer denial-of-service and other cyberattacks, human error, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses, or other events. Our systems are also subject to break-ins, sabotage and intentional acts of vandalism. Some of our systems are not fully redundant, and our disaster recovery planning is not sufficient for all eventualities. To mitigate the risk of malfunctions or disruptions of our technology systems, we continue to invest in the build of an adequate business continuity infrastructure and would work with third parties to fix any malfunction or to address any other disruption in the event that we lack internal resources to do so We collect, maintain, transmit and store personal data and other sensitive information, proprietary information and business secrets through our websites, apps and other technology systems. We employ third-party service providers that store, process and transmit such information on our behalf, in particular payment details. Furthermore, we rely on encryption and authentication technology licensed from third parties to securely transmit sensitive and confidential information. We take steps such as the use of password policies and firewalls to protect data and we undertake periodic reviews of our security practices.

Many of our countries of operation are, or have been, characterized by political instability or changes in regulatory or other government policies.

Frequent and intense periods of political instability make it difficult to predict future trends in governmental policies in our countries of operation. Governments in Africa frequently intervene in the economies of their respective countries and occasionally make significant changes in policy and regulations. Governmental actions have often involved, among other measures, nationalizations and expropriations, price controls, currency devaluations, mandatory increases on wages and employee benefits, capital controls and limits on imports. Our business, financial condition and results of operations may be adversely affected by changes in government policies or regulations, including such factors as exchange rates and exchange control policies, inflation control policies, price control policies, consumer protection policies, import duties and restrictions, liquidity of domestic capital and lending markets,

electricity rationing, tax policies, including tax increases and retroactive tax claims, and other political, diplomatic, social and economic developments in or affecting the countries where we operate. In the future, the level of intervention by African governments may continue to increase, including in response to the COVID-19 pandemic. To seek to mitigate this risk, we engage with our regulators on matters relevant to our business proactively and constructively. We believe that the distribution of our operations across 11 countries in Africa also helps to avoid excessive concentration of political risk in any single state.

Failure to deal effectively with any fraud perpetrated and fictitious transactions conducted on our platform could harm our business.

We face risks with respect to fraudulent activities on our platform. Given the countries in which we operate, the number of participants on our platform and the fragmentation of our business, it is a challenge to anticipate, detect and address fraudulent activities. We have implemented various measures to detect and reduce the occurrence of fraudulent activities on our platform, and we continually implement measures designed to prevent fraud similar to instances we have experiences in the past. As part of our normal business, we continually take steps to strengthen our control environment and enhance our transaction monitoring procedures.

We face competition, which may intensify.

As the e-commerce business model is relatively new in the markets in which we operate, competition for market share may intensify significantly. Current competitors, such as Souq.com (a company affiliated with Amazon) and noon in Egypt, Konga in Nigeria or Takealot and Superbalist, which are both part of the Naspers group, in South Africa, may seek to intensify their investments in those markets and also expand their businesses in new markets. We also face competition for on-demand services from companies such as Glovo, UberEast and OFood while in digital services we face competition from companies such as OPay and PalmPay and some traditional financial institutions. In addition, new competitors may emerge, or global e-commerce companies, such as Amazon, Asos or Alibaba, which already offer shipping services to certain African countries for a selection of products, may expand across our markets, and such competitors may have greater access to financial, technological and marketing resources than we do. We also face competition from transactions taking place through other platforms, including via social media sites such as Instagram or Facebook. We monitor our competition closely in all of our markets of operation and take steps to improve and continue to differentiate our platform from the services offered by our competitors.

If we fail to implement and maintain an effective system of internal controls over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud.

Prior to our initial public offering, we were a private company with limited accounting personnel and other resources with which to address our internal control over financial reporting. Since our initial public offering in 2019, we have been a public company in the United States subject to US law regarding financial reporting and internal controls over financial reporting. Our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. To improve our control environment, and remediate two material weaknesses confirmed by our management, we have taken steps including hiring additional employees with experience in public company accounting, taking steps to improve our controls and procedures including incorporating automated and software-based accounting tools, engaging third parties to support our internal resources related to accounting and internal controls, implementing additional internal training for our accounting and finance teams, investing in our finance IT systems and centralizing and increasing controls around access control.

If we are unable to accurately assess our performance through certain key performance indicators, this may adversely affect our ability to determine and implement appropriate strategies.

We assess the success of our business through a set of key performance indicators. Capturing accurate data to calculate our key performance indicators may be difficult, in particular due to our limited operating history, and there is no guarantee that the information we have collected thus far is accurate or reliable. For example, we use consumer accounts to determine the number of Annual Active Consumers.

The number of consumer accounts may, however, be higher than the number of actual individual Annual Active Consumers. GMV could be inflated due to weak or error-prone data collection processes, fraudulent behavior by employees or independent sales consultants, or malicious seller or consumer behavior. As a result, our key performance indicators may not reflect our actual operating or financial performance and are not reliable indicators of our current or future revenue or profitability. Potential investors should therefore not place undue reliance on these key performance indicators in connection with an investment in our ADSs. The management of our business depends on our key performance indicators and other indicators derived from them, and if any of these indicators are inaccurate, we may make poor decisions. As we take steps to strengthen our internal controls over financial reporting, we are implementing additional controls and oversight procedures applicable to the production of our key performance indicators.

Our platform may be exposed to money laundering and terrorist financing risk.

We aim to comply with all applicable anti-money laundering and anti-terrorist financing laws and regulations for preventing money laundering and terrorist financing. However, our policies and procedures may not be completely effective in preventing other parties from using our platform, or any financial institutions we collaborate with, as a conduit for money laundering (including illegal cash operations) or terrorist financing without our knowledge. Although we take steps to diligence our sellers, we cannot guarantee that our ecosystem is void of individuals and entities (collectively, "persons") who are the target of U.S. sanctions, including persons designated on the U.S. Department of the Treasury's Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List or other international sanctions. We could be subject to liability and forced to change our JumiaPay business practices if we were found to be subject to or in violation of any laws or regulations governing banking, money transmission, tax regulation, anti-money laundering regulations or electronic funds transfers in any country where we operate; or if new legislation regarding these issues were enacted in the countries where JumiaPay operates. We are committed to building an effective financial crimes compliance program and monitoring transactions to mitigate money laundering and terrorist financing risk.

Our business is subject to the general tax environment in the countries in which we currently operate, and any changes to this tax environment may increase our tax burden.

Our business is subject to the general tax environment in the countries in which we currently operate. Our ability to use tax loss carryforwards and other favorable tax provisions depends on national tax laws and their interpretation in these countries. Changes in tax legislation, administrative practices or case law could increase our tax burden and such changes might even occur retroactively. Furthermore, tax laws may be interpreted differently by the competent tax authorities and courts, and their interpretation may change at any time, which could lead to an increase of our tax burden. For example, in a number of countries, tax authorities seek to characterize income from the provision of services as royalties under their domestic legislation and/or tax treaties, which would lead to the imposition of withholding tax and may significantly increase our tax burden. In addition, legislators and tax authorities have changed or may change territoriality rules or their interpretation for the application of value-added tax ("VAT") on cross border services, which could lead to significant additional payments for past and future periods. In some of the countries in which we currently operate, tax authorities may also use the tax system to advance their agenda and may exercise their discretion in ways that may be perceived as selective or arbitrary, or in a manner that could be seen as being influenced by political or commercial considerations. Accordingly, we may face unfounded tax claims in such countries. We actively monitor developments in tax law and regulation in each of our countries of operation.

We are subject to governmental regulation and other legal obligations related to privacy, data protection and information security. If we are unable to comply with these, we may be subject to governmental enforcement actions, litigation, fines and penalties or adverse publicity.

We collect personally identifiable information and other data from our consumers and prospective consumers. We use this information to provide services and relevant products to our consumers, to support, expand and improve our business, and to tailor our marketing and advertising efforts. We may also share consumers' personal data with certain third parties as authorized by the consumer or as described in our privacy policy. As a result, we are subject to governmental regulation and other legal obligations related to the protection of personal data, privacy and information security in certain countries where we do business, and there has been, and we expect there will continue to be, a significant increase

globally in laws that restrict or control the use of personal data. For example, in Europe, the data privacy and information security regime recently underwent a significant change, continues to evolve, and is subject to increasing regulatory scrutiny. The General Data Protection Regulation ("GDPR"), which came into force on May 25, 2018, implemented more stringent operational requirements for the use of personal data. These more stringent requirements include expanded disclosures to inform consumers about the use of personal data, increased controls on profiling consumers and increased rights for consumers to access, control and delete their personal data. In addition, there are mandatory data breach notification requirements and significantly increased penalties of the greater of €20 million or 4% of global turnover for the preceding financial year.

Additionally, the regulatory landscape surrounding data protection, data privacy and information security is rapidly changing across Africa. Among the African countries in which we operate, Ivory Coast, Ghana, Senegal, Morocco, Nigeria, South Africa, Kenya, Uganda and Tunisia have established comprehensive data protection and data privacy laws or regulations. These data protection laws and regulations were only recently enacted. Compliance with the various data protection laws in Africa is challenging due to the complex and sometimes contradictory nature of the different regulatory regimes. Because data protection regulations are not uniform among the various African nations in which we operate, our ability to transmit consumer information across borders is limited by our ability to comply with conditions and restrictions that vary from country to country. In countries with particularly strict data protection laws, we might not be able to transmit data out of the country at all and may be required to host individual servers in each such country where we collect data. For example, Ivory Coast, Ghana, Senegal, Morocco, Nigeria, Kenya, Uganda and Tunisia all restrict data transfer across borders. Ghana, Kenya, Uganda and South Africa also require that a company notify consumers in the event of a personal data breach.

Any failure or perceived failure by us to comply with rapidly evolving privacy or security laws, policies, legal obligations or industry standards or any security incident that results in the unauthorized release or transfer of personally identifiable information or other consumer data may result in governmental enforcement actions, litigation (including consumer class actions), criminal prosecution, fines and penalties or adverse publicity and could cause our consumers to lose trust in us, which could have a material adverse effect on our business, financial condition, results of operations and prospects. We actively monitor developments in data protection law and enforcement in each of our countries of operation.

We may be subject to allegations and lawsuits concerning the content of our platform or claiming that items listed on our marketplace are counterfeit, pirated or illegal.

We operate a marketplace where sellers can offer their goods and directly contact our consumers. Consumers or regulatory authorities may allege that items offered or sold through our marketplace infringe third-party copyrights, trademarks and patents or other intellectual property rights, are pirated or illegal or violate consumer protection laws or regulations. In the event that alleged counterfeit, pirated, illegal or infringing goods are listed or sold on our marketplace, we could face claims for such listings, sales or alleged infringement or for our failure to act in a timely or effective manner to restrict or limit such sales or infringement. If a governmental authority determines that we have aided and abetted the infringement or sale of counterfeit, pirated or illegal goods, we could face regulatory, civil or criminal penalties. Successful claims by third-party rights owners could require us to pay substantial damages or refrain from permitting any further listing of the relevant items. In addition, the public perception that counterfeit, pirated or illegal items are commonplace on our marketplace or perceived delays in our removal of these items, even if factually incorrect, could damage our reputation, result in lower list prices for goods sold through our marketplaces, deter sellers, consumers and brands from doing business via our platform, harm our business, result in regulatory pressure or action against us and diminish the value of our brand. We have adopted certain measures to verify the authenticity of goods sold on our marketplaces (for example, content verification for new sellers or for sellers who sell goods at prices that seem too low for genuine goods, and regular screening of items on our marketplace against a "watch list" of terms) to minimize potential violations and/or infringement of third-party intellectual property rights.

Required licenses, permits or approvals may be difficult to obtain in the countries in which we currently operate, and once obtained may be amended or revoked arbitrarily or may not be renewed.

Given our diversified offering of goods and services, we require numerous approvals and licenses from national, regional, and local governmental or regulatory authorities in the countries in which we currently

operate. For example, we may be required to obtain licenses to be able to continue offering or expand certain of our payment solutions or lending services, and there can be no assurance that we will obtain any such licenses in a timely manner or at all. Even if obtained, licenses are subject to review, interpretation, modification or termination by the relevant authorities. Any unfavorable interpretation or modification or any termination of a required license may significantly harm our operations in the relevant country or may require us to close down parts or all of our operations in the relevant country. We may seek to acquire payment service provider or other licenses related to our JumiaPay services, including by acquiring licensed entities, and any license we may acquire will be subject to review, interpretation, modification or termination by the relevant authorities and will subject our business to oversight and compliance obligations that we may not be able address in a timely manner. To mitigate these risks, we actively monitor our licenses in each of our operating countries and continue to invest in compliance programs including to meet the regulatory standards that will apply to us should we acquire direct licenses related to JumiaPay.

3.3 Opportunities report

Jumia is the leading pan-African e-commerce platform. Our platform consists of our marketplace, which connects sellers with consumers, our logistics service, which enables the shipment and delivery of packages from sellers to consumers, and our payment service, which facilitates transactions among participants active on our platform in selected markets.

We are active in three regions in Africa, which consist of 11 countries that together accounted for approximately 70% of Africa's GDP of €2.2 trillion in 2019, according to estimates by the International Monetary Fund. Though still nascent, we believe that e-commerce in Africa is well positioned to grow.

We intend to benefit from the expected growth of e-commerce in Africa through the investments that we have made and the extensive local expertise that we have developed since our founding in 2012. Through our operations, we have developed a deep understanding of the economic, technical, geographic and cultural complexities that are unique to Africa, and which vary from country to country. We believe that our deep understanding has enabled us to create solutions that address the needs and preferences of our sellers and consumers in the most comprehensive and efficient way. We possess extensive local knowledge of the logistics and payment landscapes in the markets in which we operate, which we consider to be a key component of the success of our company. In addition, we take full advantage of the mobile-centric aspects of the African market by having adopted a "mobile-first" approach in our product development and marketing efforts, which allows us to expand the audience for our goods and services, increase engagement and conversion and reduce our consumer acquisition costs.

On our marketplace, a large and diverse group of sellers offer goods in a wide range of categories, such as fashion and apparel, smartphones, home and living, consumer packaged goods, beauty and perfumes and other electronics. We also provide consumers a restaurant food delivery service, and payment services such as airtime recharge. We believe that the number and quality of sellers on our marketplace, and the breadth of their respective offerings, attract more consumers to our platform, increasing traffic and orders, which in turn attracts even more sellers to Jumia, creating powerful network effects. Our marketplace operates with limited inventory risk, as the goods sold by sellers via our marketplace are predominantly sold by third-party sellers, meaning the cost of inventory remains with the seller. In 2019, the vast majority of the items sold on our marketplace was offered by third-party sellers. To a limited extent, we sell items directly in order to enhance consumer experience in key categories and regions.

Our logistics service, Jumia Logistics, facilitates the delivery of goods in a convenient and reliable way. It consists of a large network of leased warehouses, pick up stations for consumers and drop-off locations for sellers and a significant number of local third-party logistics service providers, whom we integrate and manage through our proprietary technology, data and processes. In certain cities, where we believe it is beneficial to enhance our logistics service, we also operate our own last-mile fleet.

Traditionally, consumers across Africa rely on cash to transact. We have designed our payment service, JumiaPay, to facilitate online transactions between participants on our platform, with the intention of integrating additional financial services in the future. As of 31 December 2019, JumiaPay was available in six markets: Nigeria, Egypt, Ivory Coast, Ghana, Morocco and Kenya.

Our payment service app, Jumia One, also allows consumers to complete online payments for a broad range of every-day services offered by third-party providers, such as airtime recharge or utility payments,

as well as financial services such as micro-loans or savings products. Through Jumia Lending, our sellers can access financing solutions provided by third-party financial institutions, leveraging data from the sellers transactional activity on our platform for credit scoring purposes. We intend to continue expanding the range of payment and financial services offered to both consumers and sellers as part of the Jumia ecosystem, with a view to offering those services beyond our platform in the future.

Our operations benefit from centralized decision-making and a uniform technology platform coupled with coordinated local presence. Our unified, scalable technology platform has been developed by our technology and data team, which is predominantly located in Portugal. This technology platform covers all relevant aspects of our operations, from data management, business intelligence, traffic optimization and consumer engagement to infrastructure, logistics and payments. We constantly collect and analyze data to help us optimize our operations, make our consumer experience more personal and relevant, and enable us, selected sellers and logistics partners to make informed real-time decisions. Our local teams in each of our countries of operations have access to, and may benefit from, the centralized data collection and analytics and are empowered to use the insights gained from our platform in order to take action locally.

3.4. Summary of the Group's risk situation

The management believes that the critical risks that may impact our business have been recorded in the context of our risk management program and that no risks, other than those identified in our risk assessment, are currently discernible by Jumia that could endanger the continued existence of the Group.

4. Declaration on corporate management / corporate governance report

Jumia exercises the opportunity to summarise the information required under Section 289f HGB in a separate corporate governance report and to publish this on the Company's homepage.

5. Events after the balance sheet date

Concerning events after the balance sheet date we cite the reporting in the notes.

Berlin, April 28, 2020

The Management Board

Sacha Poignonnec Jeremy Hodara

Jumia Technologies AG and subsidiaries

Consolidated financial statement as of and for the years ended December 31, 2019 and 2018

Independent auditor’s report

To: Jumia Technology AG

Opinions

We have audited the consolidated financial statements of Jumia Technologies AG and its subsidiaries (the “Group” or the “Jumia”), which comprise the consolidated balance sheet as of 31 December 2019, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year from 1 January to 31 December 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Jumia Technology AG for the fiscal year from 1 January to 31 December 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with IFRS, as applied in the EU, and the additional requirements of § 315e Abs. 1 of the German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as of 31 December 2019 and of its financial performance for the fiscal year from 1 January to 31 December 2019 in compliance with German legally required accounting principles, and

- the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and of the group management report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial

performance of the Group in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German legally required accounting principles.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, 28 April 2020

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Glöckner	Marsel
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Table of contents

Consolidated financial statements

Consolidated statements of financial position....34
Consolidated statements of operations and comprehensive income (loss) 35
Consolidated statement of changes in equitiy....36
Consolidated statements of cash flows 37

Notes to the consolidated financial statements

1. Corporate information....38
2. Summary of significant accounting polices....38
3. Significant accounting estimates judgments and assumptions in applying accounting policies....48
4. New accounting pronouncements 51
5. Group Information 55
6. Material partly-owned subsidiaries....58
7. Property and Equipment....60
8. Inventories 61
9. Cash and cash equivalents....61
10 Term Deposits....62
11. Trade and other receivables....62
12. Prepaid expense and other current assets....63
13. Share capital and share premium....63
14. Other Reserves 64
15. Share-based compensation 64
16. Trade and other payables....69
17. Borrowings....69
18. Other taxes payable & Other taxes receivable 70
19. Provisions for liabilities and other charges....71
20. Deferred income 71
21. Revenue....72
22. Fulfillment expense 72
23. Sales and advertising expense 72
24. Technology and content expense....72
25. General and administrative expense 73
26. Finance income and finance costs....73
27. Income tax....73
28. Earnings per share 74
29. Transactions and balances with related parties 75
30. Fair Values of Financial Instruments....76

31. **Financial risk management objectives and policies 76**
32. **Reclassification and restatement of comparative figures 79**
33. **Commitments and contingencies 79**
34. **Audit fees 80**
35. **Subsequent events 80**
36. **Release from the provisions of sec. 264a (1) HGB according to sec. 264b HGB 81**
37. **Staff costs and employees 81**

JUMIA TECHNOLOGIES AG

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2019 AND 2018

		As of	
In thousands of EUR	Note	December 31 2019	December 31 2018 *Restated*
Assets			
Non-current assets			
Property and equipment	7	17,434	5,020
Intangible assets		47	180
Deferred tax assets		109	175
Other non-current assets		1,508	1,263
Total Non-current assets		**19,098**	**6,638**
Current assets			
Inventories	8	9,996	9,431
Trade and other receivables	11	16,936	13,034
Income tax receivables		725	726
Other taxes receivable	18	5,395	4,172
Prepaid expenses and other current assets	12	12,593	7,384
Term deposits	10	62,418	—
Cash and cash equivalents	9	170,021	100,635
Total Current assets		**278,084**	**135,382**
Total Assets		**297,182**	**142,020**
Equity and Liabilities			
Equity			
Share capital	13	156,816	133
Share premium	13	1,018,276	845,787
Other reserves	14	104,114	66,093
Accumulated losses		(1,096,134)	(862,048)
Equity attributable to the equity holders of the Company		**183,072**	**49,965**
Non-controlling interests		**(498)**	**(117)**
Total Equity		**182,574**	**49,848**
Liabilities			
Non-current liabilities			
Non-current borrowings	17	6,127	—
Provisions for liabilities and other charges	19	226	389
Deferred income	20	1,201	—
Total Non-current liabilities		**7,554**	**389**
Current liabilities			
Current borrowings	17	3,056	—
Trade and other payables	16	56,438	47,292
Income tax payables	4	10,056	10,882
Other taxes payable	18	4,473	7,425
Provisions for liabilities and other charges	19	27,040	19,692
Deferred income	20	5,991	6,492
Total Current liabilities		**107,054**	**91,783**
Total Liabilities		**114,608**	**92,172**
Total Equity and Liabilities		**297,182**	**142,020**

The accompanying notes are an integral part of these consolidated financial statements.

JUMIA TECHNOLOGIES AG
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

In thousands of EUR	Note	For the year ended December 31 2019	December 31 2018 *Restated*	December 31 2017 *Restated*
Revenue	21	160,408	129,058	93,054
Cost of revenue		84,506	84,849	65,825
Gross profit		**75,902**	**44,209**	**27,229**
Fulfillment expense	22	77,392	50,466	34,436
Sales and advertising expense	23	56,019	46,016	36,944
Technology and content expense	24	27,272	22,432	20,586
General and administrative expense	25	144,525	94,925	89,050
Other operating income		1,929	172	1,313
Other operating expense		496	277	2,193
Operating loss		**(227,873)**	**(169,735)**	**(154,667)**
Finance income	26	3,959	1,590	2,282
Finance costs	26	2,576	1,349	1,517
Loss before Income tax		**(226,490)**	**(169,494)**	**(153,902)**
Income tax expense	27	575	887	11,456
Loss for the year		**(227,065)**	**(170,381)**	**(165,358)**
Attributable to:				
Equity holders of the Company		(226,689)	(170,071)	(161,579)
Non-controlling interests		(376)	(310)	(3,779)
Loss for the year		**(227,065)**	**(170,381)**	**(165,358)**
Other comprehensive income/(loss) to be classified to profit or loss in subsequent periods				
Exchange differences (gain/loss) on translation of foreign operations - net of tax		(19,449)	(9,312)	47,834
Other comprehensive income / (loss) on net investment in foreign operations - net of tax		20,179	9,072	(48,367)
Other comprehensive loss		730	(240)	(533)
Total comprehensive loss for the year		**(226,335)**	**(170,621)**	**(165,891)**
Attributable to:				
Equity holders of the Company		(225,959)	(170,247)	(163,180)
Non-controlling interests		(376)	(374)	(2,711)
Total comprehensive loss for the year		**(226,335)**	**(170,621)**	**(165,891)**
Earnings per share (EPS) in EUR:				
Basic, Loss for the year attributable to ordinary equity holders of the parent	28	(1.61)	(1.79)	(1.70)
Diluted, Loss for the year attributable to ordinary equity holders of the parent	28	(1.52)	(1.68)	(1.65)

The accompanying notes are an integral part of these consolidated financial statements.

JUMIA TECHNOLOGIES AG
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

		Attributable to equity holders of the Company					
In thousands of EUR	**Share Capital**	**Share premium**	**Accumulated losses**	**Other reserves**	**Total**	**Non-controlling interests**	**Total Equity**
As of January 1, 2017	**133**	**509,802**	**(499,474)**	**27,686**	**38,147**	**(31,728)**	**6,419**
Loss for the year	—	—	(161,579)	—	(161,579)	(3,779)	**(165,358)**
Other comprehensive loss	—	—		(1,601)	(1,601)	1,068	**(533)**
Total comprehensive loss for the year	**—**	**—**	**(161,579)**	**(1,601)**	**(163,180)**	**(2,711)**	**(165,891)**
Capital contribution	—	120,000	—	—	120,000	—	**120,000**
Share-based payments	—	—	—	26,258	26,258	—	**26,258**
Derecognition of loan from Rocket	—	—	580	—	580	31	**611**
Change in Non-controlling interests	—	—	(17,222)	(1,426)	(18,648)	18,640	**(8)**
As of December 31, 2017	**133**	**629,802**	**(677,695)**	**50,917**	**3,157**	**(15,768)**	**(12,611)**
Loss for the year	—	—	(170,071)	—	(170,071)	(310)	**(170,381)**
Other comprehensive loss	—	—	—	(176)	(176)	(64)	**(240)**
Total comprehensive loss for the year	**—**	**—**	**(170,071)**	**(176)**	**(170,247)**	**(374)**	**(170,621)**
Capital contribution (Note 13)	—	215,985	—	—	215,985	36	**216,021**
Share-based payments (Note 15)	—	—	—	17,256	17,256	153	**17,409**
Buy back of shares from non-controlling interests	—	—	(350)	—	(350)	—	**(350)**
Change in Non-controlling interests	—	—	(13,932)	(1,904)	(15,836)	15,836	**—**
As of December 31, 2018	**133**	**845,787**	**(862,048)**	**66,093**	**49,965**	**(117)**	**49,848**
Loss for the year	—	—	(226,689)	—	(226,689)	(376)	**(227,065)**
Other comprehensive loss	—	—	—	730	730	—	**730**
Total comprehensive loss for the year	**—**	**—**	**(226,689)**	**730**	**(225,959)**	**(376)**	**(226,335)**
Capital contribution (Note 13)	156,683	172,489	—	—	329,172	—	**329,172**
Share-based payments (Note 15)	—	—	—	37,267	37,267	—	**37,267**
Equity transaction costs			(7,357)	—	(7,357)		**(7,357)**
Change in Non-controlling interests	—	—	(40)	24	(16)	(5)	**(21)**
As of December 31, 2019	**156,816**	**1,018,276**	**(1,096,134)**	**104,114**	**183,072**	**(498)**	**182,574**

The accompanying notes are an integral part of these consolidated financial statements.

JUMIA TECHNOLOGIES AG
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

		For the year ended		
In thousands of EUR	Note	December 31 2019	December 31 2018	December 31 2017
Loss before Income tax		**(226,490)**	**(169,494)**	**(153,902)**
Depreciation and amortisation of tangible and intangible assets	25	7,906	2,166	1,637
Impairment losses on loans, receivables and other assets	11, 25	5,877	4,436	3,270
Impairment losses on obsolete inventories	8	275	288	1,084
Share-based payment expense	15	37,267	17,409	26,258
Net (gain)/loss from disposal of tangible and intangible assets		(149)	52	(238)
Impairment losses on investment in subsidiaries		28	—	—
Change in provision for other liabilities and charges		6,780	5,324	6,905
Cost related to write-off during mergers		—	—	26
Interest (income)/expenses		(682)	(17)	(193)
Net unrealized foreign exchange (gain)/loss		(1,034)	(620)	(571)
(Increase)/Decrease in trade and other receivables, prepayments and VAT receivables		(15,443)	(717)	(20,820)
(Increase)/Decrease in inventories		(509)	(636)	(6,554)
Increase/(Decrease) in trade and other payables, deferred income and VAT payables		4,880	4,606	26,695
Income taxes paid		(1,294)	(1,809)	(573)
Net cash flows used in operating activities		**(182,588)**	**(139,012)**	**(116,976)**
Cash flows from investing activities				
Purchase of property and equipment		(5,658)	(3,508)	(2,150)
Proceeds from sale of property and equipment		51	20	17
Purchase of intangible assets		(109)	(27)	(103)
Proceeds from sale of intangible assets		224	219	231
Payment for acquisition of subsidiary, net of cash acquired		7	—	—
Interest received		795	—	—
Movement in other non-current assets		(295)	(337)	(576)
Placement of term deposits		(62,716)	—	—
Net cash flows used in investing activities		**(67,701)**	**(3,633)**	**(2,581)**
Cash flows from financing activities				
Proceeds from borrowings		—	—	1,556
Repayment of borrowings		(9)	(2,244)	—
Interest settled - financing		(22)	(142)	—
Repayment of lease interest	17	(1,176)	—	—
Repayment of lease liabilities	17	(3,769)	—	—
Equity transaction costs	13	(7,357)		
Capital contributions	13	329,161	215,985	120,000
Buy back of shares from non-controlling interests		—	(350)	—
Net cash flows from financing activities		**316,828**	**213,249**	**121,556**
Net increase in cash and cash equivalents		**66,539**	**70,604**	**1,999**
Effect of exchange rate changes on cash and cash equivalents		2,847	303	(2,060)
Cash and cash equivalents at the beginning of the year	9	**100,635**	**29,728**	**29,789**
Cash and cash equivalents at the end of the year	9	**170,021**	**100,635**	**29,728**

The accompanying notes are an integral part of these consolidated financial statements.

1 Corporate information

The accompanying consolidated financial statements and notes present the operations of Jumia Technologies AG (the "Company" or "Jumia Tech") and its subsidiaries (the "Group" or "Jumia").

The Company was incorporated as Africa Internet Holding GmbH on June 26, 2012, and was transformed into Jumia Technologies AG, a German stock corporation on January 31, 2019. The Company is domiciled in Germany and has its registered office located at Charlottenstraße 4, 10969 Berlin. The Group operates in e-commerce across the African continent.

In April 2019 Jumia Tech became a listed company on New York Stock Exchange (NYSE), under the symbol JMIA, where 19.80% of total shares were listed, with initial value per share of 14.50 USD.

Jumia is the leading pan-African e-commerce platform. Jumia's platform consists of a marketplace, which connects sellers with consumers, a logistics service, which enables the shipping and delivery of packages from sellers to consumers, and a payment service, which facilitates transactions among participants active on Jumia's platform.

The Group has incurred significant losses since its incorporation. According to its business plan, the Group expects to continue generating losses in the coming years as it makes the necessary investments to grow its business and extend its geographical footprint. The Group will therefore continue to require additional funding either from existing or new shareholders.

The consolidated financial statements disclose all matters of which the Group is aware, and which are relevant to the Group's ability to continue as a going concern, including all significant events and mitigating factors. The consolidated financial statements have been prepared on a basis which assumes that the Group will continue as a going concern, and which contemplates the recoverability of assets and the satisfaction of the liabilities and commitments in the normal course of business. The Group has sufficient resources to operate as a going concern for the next 12 months.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The consolidated financial statements of the Group ("consolidated financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

The consolidated financial statements have been prepared on a historical cost basis except for any financial assets or liabilities and share based compensation plan, which have been measured at fair value. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

Subsidiaries are those investees that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over

another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, revenue and expense of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. As of December 31, 2019 and 2018, the Group consolidated 71 and 78 subsidiaries, respectively.

c) Current versus non-current classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle, held primarily for the purpose of trading or expected to be realized within twelve months after the reporting period. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current. A liability is current when it is expected to be settled in the normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities as non-current.

d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses.

Costs of minor repairs and maintenance are expensed when incurred. The cost of replacing major parts or components of property and equipment items are capitalized and the replaced part is written off.

Whenever events or changes in market conditions indicate a risk of impairment of property and equipment, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year.

Depreciation on items of property and equipment is calculated using the straight-line method over their estimated useful lives, as follows:

	Useful life in years
Buildings	Up to 40
Transportation equipment	5 to 8
Technical equipment and machinery	3 to 10
Furniture and office equipment	5 to 15
Leasehold improvements	Shorter of useful life and the term of the underlying lease

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. A recognized item of property and equipment and any significant part derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of operations when the asset is derecognized.

e) Leases

Accounting policy applied in the years ended December 31, 2018 and December 31, 2017:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Leases are classified as either finance or operating leases. Leases that transfer substantially all the risks and rewards incidental to ownership of assets are accounted for as a finance lease, resulting in the recognition of an asset and incurrence of a lease liability at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments (net of any incentives received from the lessor) are recognized in the statement of operations on a straight-line basis over the lease term. The Group had no finance leases during 2018 and 2017.

Accounting policy applied since January 1, 2019 (Note 4):

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group only acts as a lessee.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Offices and Warehouses - 2 to 10 years
- Motor vehicles and other equipment 2 to 6 years

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including, in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

f) Intangible assets

The Group's intangible assets have definite useful lives and primarily include capitalized software licenses. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses. Acquired software licenses and patents are capitalized on the basis of the costs incurred to acquire and bring them to use.

Intangible assets are amortized using the straight-line method over their useful lives:

	Useful life in years
Acquired software licenses	1 to 3

The amortization expense on intangible assets is recognized in the statement of operations in the expense category that is consistent with the function of the intangible assets. If impaired, the carrying amount of intangible assets is written down to the higher of value-in-use and fair value less costs to sell.

g) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the short-term nature of our financial instruments the carrying value approximates fair value.

Financial assets

The Group has financial assets in the form of bank deposits, trade notes and accounts receivable and other receivables.

Initial recognition and subsequent measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost, cash flows need to arise as 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Trade notes and accounts receivable are subsequently measured at amortized cost using the effective interest rate method.

Impairment

The Group recognizes an allowance for expected credit losses ("ECLs") applying the simplified method permitted by IFRS 9 for trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. Using the practical expedient that is allowed by the standard, the Group has established a provision matrix that is based on its historical credit loss experience for the past 2 years, adjusted for forward-looking factors specific to the debtors and the economic environment, which will be adjusted every reporting date based on economic conditions.

To calculate ECL, the group has calculated historical loss rates for the last 2 years for which data was available, adjusted by a forward-looking factor of 10%, which incorporated several macroeconomic elements such as the countries' GDP, inflation and unemployment rates. The ECL charge is recognized within General and administrative expense.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

The Group has financial liabilities in the form of trade and other payables that are initially recognized at fair value which primarily represents the original invoiced amount. They are subsequently measured at amortized cost using the effective interest method. Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

h) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating-unit's (CGU) fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

i) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost of inventory is determined on first-in-first out basis (FIFO) method. The cost of inventory includes purchase costs and costs incurred to bring the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Impairment losses, if any, due to obsolete materials and slow inventory movement have been deducted from the carrying amount of the inventories.

j) Cash and cash equivalents and term deposits

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, for which the risk of changes in value is insignificant.

Term deposits are deposits placed with banks with an original maturity of more than three months and, therefore, not included as 'cash and cash equivalents' in the statement of financial position and consolidated statement of cash flows.

k) Value added tax

Output value added tax ("VAT") related to sales is payable to tax authorities on the earlier of (a) collection of receivables from consumers or (b) delivery of goods or services to consumers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. VAT related to sales and purchases is recognized in the statement of financial position on a gross basis and disclosed separately as an asset and liability. Where a provision has been made for impairment of receivables, the gross amount of the debtor, including VAT, is provided for.

l) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the consolidated statement of operations and comprehensive income (loss) net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

m) Foreign currency translation

Functional and presentation currencies

Amounts included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euros (EUR), which is the Group's presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations within finance costs and finance income.

The Group considers that monetary long-term receivables or loans for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. The related foreign exchange differences and income tax effect of the foreign exchange differences are included in the exchange difference on net investment in foreign operations within equity. In case of repayment, the Group has elected to maintain exchange differences in equity until disposal of the foreign operation. On disposal of a foreign operation, the deferred cumulative amount recognized in equity relating to that particular foreign operation is reclassified to the consolidated statement of comprehensive income (loss).

The following tables present currency translation rates against the Euro for the Group's most significant operations.

Country	Currency	2019	
		Average Rate	Year-end Rate
Algeria	Algerian Dinar (DZD)	133.22	133.06
Cameroon	CFA Franc BEAC (XAF)	655.96	655.96
Ivory Coast	CFA Franc BCEAO (XOF)	655.96	655.96
Egypt	Egyptian Pound (EGP)	18.80	17.96
Ghana	Cedi (Ghana) (GHS)	5.98	6.38
Kenya	Kenyan Shilling (KES)	113.01	112.54
Morocco	Moroccan Dirham (MAD)	10.69	10.61
Nigeria	Naira (NGN)	402.40	404.90
Rwanda	Rwanda Franc (RWF)	1,005.63	1,042.62
Senegal	CFA Franc BCEAO (XOF)	655.96	655.96
South Africa	Rand (ZAR)	16.15	15.75
Tunisia	Tunisian Dinar (TND)	3.22	3.12
United Republic Of Tanzania	Tanzanian Shilling (TZS)	2,573.85	2,558.61
Uganda	Uganda Shilling (UGX)	4,115.60	4,078.89
United Arab Emirates	UAE Dirham (AED)	4.11	4.12
United States of America	US Dollars (USD)	1.12	1.12

Country	Currency	2018	
		Average Rate	Year-end Rate
Algeria	Algerian Dinar (DZD)	137.24	135.02
Cameroon	CFA Franc BEAC (XAF)	655.96	655.96
Ivory Coast	CFA Franc BCEAO (XOF)	655.96	655.96
Egypt	Egyptian Pound (EGP)	21.00	20.46
Ghana	Cedi (Ghana) (GHS)	5.51	5.55
Kenya	Kenyan Shilling (KES)	118.63	115.77
Morocco	Moroccan Dirham (MAD)	11.04	10.89
Nigeria	Naira (NGN)	424.60	415.46
Rwanda	Rwanda Franc (RWF)	1,006.49	995.64
Senegal	CFA Franc BCEAO (XOF)	655.96	655.96
South Africa	Rand (ZAR)	15.60	16.46
Tunisia	Tunisian Dinar (TND)	3.09	3.35
United Republic Of Tanzania	Tanzanian Shilling (TZS)	2,678.57	2,625.28
Uganda	Uganda Shilling (UGX)	4,373.73	4,226.75
United Arab Emirates	UAE Dirham (AED)	4.34	4.20
United States of America	US Dollars (USD)	1.18	1.14

Country	Currency	2017	
		Average Rate	Year-end Rate
Algeria	Algerian Dinar (DZD)	124.87	137.13
Cameroon	CFA Franc BEAC (XAF)	655.96	655.96
Ivory Coast	CFA Franc BCEAO (XOF)	655.96	655.96
Egypt	Egyptian Pound (EGP)	20.12	21.26
Ghana	Cedi (Ghana) (GHS)	4.95	5.42
Kenya	Kenyan Shilling (KES)	114.99	122.47
Morocco	Moroccan Dirham (MAD)	10.81	11.18
Nigeria	Naira (NGN)	375.90	426.92
Rwanda	Rwanda Franc (RWF)	930.62	1,001.13
Senegal	CFA Franc BCEAO (XOF)	655.96	655.96
South Africa	Rand (ZAR)	15.02	14.80
Tunisia	Tunisian Dinar (TND)	2.71	2.94
United Republic Of Tanzania	Tanzanian Shilling (TZS)	2,491.24	2,676.82
Uganda	Uganda Shilling (UGX)	4,036.54	4,329.02
United Arab Emirates	UAE Dirham (AED)	4.15	4.40
United States of America	US Dollars (USD)	1.13	1.20

Translation into presentation currency

On consolidation, the results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

ii. Income and expense for each item of the statement of comprehensive income (loss) are translated at average exchange rates;

All resulting exchange differences arising on translation for consolidation are recognized in other comprehensive income.

n) Revenue from contracts with customers

The Group generates revenue primarily from commissions, sale of goods, fulfillment, marketing and advertising, logistics, payment processing and provision of other services.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group evaluates if it is a principal or an agent in a transaction to determine whether revenue should be recorded on a gross or a net basis, which requires Management judgment. In performing their analysis, the Group considers first whether it controls the goods before they are transferred to the customers and if it has the ability to direct the use of the goods or obtain benefits from them. The Group also considers the following indicators:

- The latitude in establishing prices and selecting suppliers

- The inventory risk borne by the Group before and after the goods have been transferred to the customer

When the Group is primarily obliged in a transaction, subject to inventory risk, has, or has several but not all of the indicators, the Group acts as principal and revenue is recorded on a gross basis. When the Group is not the primary obligor, does not bear the inventory risk and does not have the ability to establish price,

the Group acts as agent and revenue is recorded on a net basis.

Revenue recognition policies for each type of revenue stream are as follows:

(1) Commissions

This revenue is related to the online selling platform which provides sellers the ability to sell goods directly to consumers. In this case, Jumia generates a commission fee (normally a percentage of the selling price) which is based on agreements with the sellers. Jumia's performance obligation with respect to these transactions is to arrange the transaction through the online platform, however the Group does not have any discretion in setting the price of the goods to be sold, nor does it bear any inventory risk for the goods to be shipped to the customer. As such, the Group is considered to be an agent in these transactions and recognizes revenue on a net basis for the agreed upon commission at the point in time when the goods or services are delivered to the end customer.

(2) Sales of goods

Revenue from sales of goods relates to transactions where Jumia acts directly as the seller, where it enters into an agreement with a consumer to sell goods. These goods are sold for a fixed price as determined by the Group and the Group bears the obligation to deliver those goods to the consumer. As such, the Group is considered to be the principal in these transactions and recognizes sales on a gross basis for the selling price at the point in time when the goods are delivered to the consumer. The delivery of the goods is not a separate performance obligation, as the consumer cannot benefit from the goods without the delivery,

which must be performed by Jumia. Therefore, revenue for goods and delivery are recognized at a point in time.

(3) Fulfillment

The Group provides certain fulfillment services to the sellers, and generally charges a "delivery fee" to consumers. Fulfillment services provided to sellers are agreed contractually with each seller and recognized according to the actual consumption of such services. The price for such fulfillment services are defined at the time of purchase through the Jumia platform, and the Group has unilateral power in establishing these fulfillment services. The Group is therefore the principal in these transactions and fulfillment fees are recognized on a gross basis in revenue. The revenue from fulfillment services is recognized at a point in time.

(4) Marketing and advertising

The Group provides advertising services to non-vendors, such as performance marketing campaigns, placing banners on the Jumia platform or sending newsletters. The advertising services are contractually agreed with the advertisers. As Jumia establishes pricing and is primarily obliged to deliver these advertising services, revenue is recognized on a gross basis. The campaigns and banners can be run for a short period as well as be spread over a year and are therefore recognized at a point in time or over the period.

(5) Other services

The Group provides other services to its sellers for which it charges fees such as logistics services, marketing services for marketplace sellers and packaging of products ahead of shipment. As Jumia establishes pricing, revenue is recognized on a gross basis. Revenue for logistics is recognized over time as the performance obligation is being performed while revenue for marketing services and packaging of products is recognized when the respective service is completed.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price).

Cost to obtain a contract

The Group pays sales commission or fees to parties for each contract that they obtain. The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortization period of the asset that would have been recognized is one year or less. As such, sales commissions and fees are immediately recognized as an expense and included as part of marketing costs.

o) Fulfillment expense

Fulfillment expense represents those expenses incurred in operating and staffing the Group's fulfillment and consumer service centers, including expense attributable to procuring, receiving, inspecting, and warehousing inventories and picking, packaging, and preparing consumer orders for shipment, including packaging materials. Fulfillment expense also include expense relating to consumer service operations and amounts paid to third parties who assist us in fulfillment and consumer service operations.

p) Sales and advertising expense

Sales and advertising expenses represent expenses associated with the promotion of our marketplace and include online and offline marketing expenses, promotion of the brand through traditional media outlets, certain expense related to our consumer acquisition and engagement activities and other expense associated with our market presence.

q) Technology and content expense

Technology and content expenses consist principally of research and development activities, including wages and benefits, for employees involved in application, production, maintenance, operation for new and existing goods and services, as well as other technology infrastructure expense.

r) Employee benefits

Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and other benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Group.

s) Share-based compensation

The Group operates equity-settled share-based payment plans, under which directors and employees receive a compensation in form of equity instrument or equity derivative of the Company or one of its subsidiaries for the services provided. Awards are granted with service and/or performance vesting conditions.

The total amount to be expensed for services received is determined by reference to the grant date fair value of the share-based payment award made. For share-based payment awards, we analyze whether the exercise price paid (or payable) by a participant, if any, exceeds the estimated market price of the underlying equity instruments at the grant date. Any excess of (i) the estimated market value of the equity instruments and (ii) the exercise price results in share-based payment expense.

The excess of the fair value and the exercise price, as determined at the grant date is expensed as employee benefits expense on a straight-line basis over the vesting period, based on management's estimate of the number of awards that will eventually vest, with a corresponding credit to equity. For awards with graded-vesting features, each instalment of the award is treated as a separate grant (i.e., each instalment is separately expensed over the related vesting period). Option awards issued by the Group are initially measured using Black-Scholes valuation model on the grant date and are not subsequently re-measured.

No expense is recognized for awards that do not ultimately vest such as in the case of an award forfeited by an employee due to failure to satisfy the vesting conditions. When an award is cancelled (other than by forfeiture for failure to satisfy the vesting conditions) during the vesting period, it is treated as an acceleration of vesting, and the entity recognizes immediately the amount that would otherwise have been recognized for services received over the remainder of the vesting period. When an award is surrendered by an employee (other than by forfeiture for failure to satisfy the vesting conditions), it is accounted for as a cancellation.

When new equity instruments are granted during the vesting period of the currently vesting awards, and on the date that they are granted, they are identified as replacement of the currently vesting awards, they are treated as a modification. The incremental fair value of replacement awards is recognized over its vesting period, and the replaced awards continue to be expensed as scheduled.

t) Income taxes

The income tax charge comprises of current tax and deferred tax and is recognized in profit or loss for the year, unless it relates to transactions that are recognized directly in equity.

Current taxes are measured at the amount expected to be paid to or recovered from the taxation authorities on the taxable profits or losses based on the prevailing tax rates on the reporting date and any adjustments to taxes payable in previous years. Taxable profits or losses are based on estimates if financial statements are authorized prior to filing relevant tax returns. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The calculation of deferred taxes is based on the balance sheet liability method that refers to the temporary differences between the tax bases of assets and liabilities and their carrying amounts. The method of calculating deferred taxes depends on how the asset's carrying amount is expected to be realized and how the liabilities will be paid. However, in accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred taxes are measured at tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets are offset against deferred tax liabilities if the taxes are levied by the same taxation authority and the entity has a legally enforceable right to offset current tax assets against current tax. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that they are believed to be recoverable.

u) Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM), which are the same figures as those presented in the statement of operations. The chief operating decision maker is comprised of two Co-CEOs and the CFO. In the periods presented, the Group had one operating and reportable segment, an e-Commerce platform. Although the e-Commerce platform consists of different business platforms of the Group, the CODM makes decisions as to how to allocate resources based on the long-term growth potential of the Company as determined by market research, growth potential in regions, and various internal key performance indicators. The Group's geographical distribution of revenue and property and equipment was as follows:

Revenue	For the year ended		
in thousands of EUR	December 31, 2019	December 31, 2018	December 31, 2017
West Africa[1]	68,919	65,655	44,934
North Africa[2]	57,238	36,947	28,434
East and South Africa[3]	32,839	25,947	16,808
Portugal	43	509	2,067
France	—	—	623
United Arab Emirates	49	—	—
Germany	1,320	—	188
Total	**160,408**	**129,058**	**93,054**

Property and equipment	As of	
in thousands of EUR	December 31, 2019	December 31, 2018
West Africa[1]	5,201	2,552
North Africa[2]	4,878	1,620
East and South Africa[3]	6,243	680
Portugal	986	109
United Arab Emirates	82	58
Germany	44	1
Total	**17,434**	**5,020**

(1) West Africa covers Nigeria, Ivory Coast, Senegal, Cameroon and Ghana.
(2) North Africa covers Egypt, Tunisia, Morocco and Algeria.
(3) East and South Africa covers Kenya, Tanzania, Uganda, Rwanda and South Africa.

3 Significant accounting estimates, judgments and assumptions in applying accounting policies

The preparation of the Group's consolidated financial statements requires its management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Consolidation of entities

In course of its operations, Jumia uses services from entities in which it does not hold the majority of the voting rights. These entities are either:

- operating services companies for the Group providing payroll and support services,
- operating e-commerce services in countries where a local partner is required to hold majority of the voting rights,
- owned by group executive acting as de-facto agent for the Group.

As of December 31, 2019 and 2018, the Group has determined that it controls these entities as it has power over the investees, rights to variable returns and the ability to use its power over the investee to affect the amount of these returns.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset)

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Principal versus agent considerations

The Group enters into contracts where it acts as a seller and determines the price and bears the obligation to deliver those goods to the consumer. Under these contracts, the Group determines that it controls the goods before they are transferred to customers and hence is a principal. Additionally, in cases where the group enters into transactions wherein it provides fulfillment and marketing services, it is obliged to deliver the services as well as has the discretion to set the price, and hence is considered as a principal in such transactions. In cases where the Group enters into a contract that provides the selling platform to vendors to sell goods directly to consumers, the Group has no discretion in setting the price and has no inventory risk and hence is considered as the agent in such transactions.

Estimates and assumptions

Uncertain tax positions

The application of tax rules to complex transactions is sometimes open to interpretation, both by the Group and taxation authorities. Those interpretations of tax law that are unclear are generally referred to as uncertain tax positions.

Uncertain tax positions are assessed and reviewed by management at the end of each reporting period. Liabilities are recorded for tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment relies on estimates and assumptions and may involve a series of judgments about future events. These judgments are based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes are recognized based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Management's best estimate of the amount to be provided is determined by their judgment and, in some cases, reports from independent experts. Further details can be found in note 19.

Share-based compensation

For grants prior to July 1, 2017, the Group measured the fair value of its ordinary shares and the equity value of each of its subsidiaries. The fair value of the Group's ordinary shares as of each award grant date was determined using the market approach based on external rounds of financing. The Group employed the prior sale of company stock method to estimate its aggregate equity value, which considers any prior arm's length sales of the company's equity securities. Considerations factored into the analysis include: the type and amount of equity sold, the relationship of the parties involved, risk-free rate, the timing compared to the ordinary shares valuation date and the financial condition and structure of the company at the time of the sale. Throughout 2014, 2015 and 2016, the Group held a number of financing rounds which resulted in the issuance of shares. The shares were transacted with existing and new investors, and therefore the Group considered the pricing a strong indication of fair value. The equity value of each subsidiary was estimated using the income approach, based on expected future cash flows. The future cash flows are discounted using a weighted average cost of capital that takes into consideration the stage of development of the business and the industry and geographies in which the Group operates.

For grants subsequent to July 1, 2017, but prior to May 10, 2019, the Group measured the fair value of its ordinary shares and of its call options as follows: the fair value of the Group's ordinary shares was based on the income approach to estimate the equity value of the Group. The future cash flows are discounted using a weighted average cost of capital that takes into consideration the stage of development of the business in each of the countries in which the Group operates.

For grants subsequent to May 10, 2019 (grants after IPO), the fair value of share is derived based on the value per ADS of Jumia Technologies AG traded on the New York Stock Exchange converted into Euro.

For all grants subsequent to July 1, 2017, the fair value of the Group's call options is derived from the fair value of the Group's ordinary shares measured based on the Black-Scholes-Merton formula with the underlying assumptions that:

- The options can be exercised only on the expiry date
- There are no taxes or transaction costs and no margin requirements
- The volatility of the underlying asset is constant and is defined as the standard deviation of the continuously compounded rates of return on the share over a specified period
- The risk-free interest rate is relatively constant over time

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield. These inputs, and the volatility assumption in particular, are considered to be highly complex and subjective. Because the Group's shares had not been publicly traded before April 12th, 2019, it lacks sufficient company-specific historical and implied volatility information for its shares. Therefore, it estimates expected share price volatility based on the historical volatility of publicly traded peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded share price.

Further details can be found in note 15.

Inventories

The valuation of inventory at net realizable value requires judgments, based on currently-available information, about the likely method of disposition, such as through sales to individual consumers, returns to product vendors, or liquidations, and expected recoverable values of each disposition category. These assumptions about future disposition of inventory are inherently uncertain and changes in estimates and assumptions may cause material write-downs in the future. Further details can be found in note 8.

Impairment of trade and other receivables

The Group estimates losses on trade and other receivables based on known troubled accounts and historical experience of losses incurred. Receivables are considered impaired and written off when it is probable that all contractual payments due will not be collected in accordance with the terms of the agreement. Allowances for doubtful accounts are maintained based on an assessment of the collectability of specific consumer accounts, the aging of receivable and other economic information on both a historical and prospective basis. Further details can be found in the Note 11.

The Group recognizes an allowance for expected credit losses (“ECLs”) applying the simplified method permitted by IFRS 9 for trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. Using the practical expedient that is allowed by the standard, the Group has established a provision matrix that is based on its historical credit loss experience for the past 2 years, adjusted for forward-looking factors specific to the debtors and the economic environment, which will be adjusted every reporting date based on economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity under credit risk.

Leases- Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the leases, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

4 New accounting pronouncements

a) New standards, interpretations and amendments adopted by the Group

The Group applied IFRS 16 and IFRIC Interpretation 23 as of January 1, 2019.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The

Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at January 1, 2019 (increase/(decrease)) is as follows:

In thousands of EUR	**As of January 1, 2019**
Assets	
Right-of-use assets	10,546
Prepayments	(1,399)
Total assets	**9,147**
Liabilities	
Borrowings	9,147
Total liabilities	**9,147**

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, vehicles and other equipment.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

- Leases previously classified as finance leases:

At the transition date the Group didn't have any financial leases.

- Leases previously accounted for as operating leases:

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets.

The Group also applied the available practical expedients as follows:

- Applied a single discount rate to the assets with similar characteristics.
- Did not recognize leases for which the term ends within 12 months of the date of initial application – this means the Group did not apply this approach for the contracts which end during 2019.
- Excluded initial direct costs from the measurement of right-of-use assets at the date of initial application.

Based on the above, as at January 1, 2019, the Group recognized:

- Right-of-use assets of EUR 10,546 thousands presented within Property and Equipment in the statement of financial position. This relates to the lease assets recognized previously as operating leases.
- Lease liabilities of EUR 9,147 thousands (included in Borrowings).
- Prepayments of EUR 1,399 thousands related to previous operating leases.

Operating lease* commitments *recognized as lease liability in the consolidated statement of financial position

Set out below, is the reconciliation of the operating lease commitments to lease liabilities upon adoption:

In thousands of EUR	**As of December 31, 2018**
Operating lease commitments as at December 31, 2018	**9,230**
Short-term leases recognized on a straight-line basis as an expense during 2019	(731)
Exercise of renewal option	3,013
Other	478
Total	**11,990**
Discounted using incremental borrowing rate at the date of the initial application	(2,843)
Lease liabilities recognized as at January 1, 2019	**9,147**

Amounts recognized in the consolidated statement of financial position and consolidated statement of operations and comprehensive income (loss)

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

In thousands of EUR	**Right of use assets**	**Lease Liabilities**
As at January 1, 2019	**10,546**	**9,147**
Additions	4,230	4,180
Depreciation	(4,518)	—
Interest expense	—	1,293
Lease modifications	(580)	(598)
Payments	—	(4,945)
Effect of translation	93	106
As at December 31, 2019	**9,771**	**9,183**

The Group recognized rent expense from short-term leases of EUR 1,682 thousands and expenses from leases whose term ends within 12 months of the date of initial application of EUR 135 thousands in the year ended December 31, 2019.

IFRIC 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Group applies significant judgement in identifying uncertainties over income tax treatments.

Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. At December 31, 2019, the assessment by Jumia of uncertainty on its income tax positions accounted for EUR 9,656 thousand (YE 2018: EUR 10,734 thousand).

Income tax payables as of December 31, 2019 comprise the following:

	As of December 31, 2019
Income Tax Payables	
Income Tax Payables	400
Provision for Income Tax	9,656
Total	**10,056**

The Group adopted IFRIC 23 using the retrospective method with the date of initial application of 1 January 2018. The comparative financial statements were adjusted accordingly.

The effect of IFRIC 23 adoption as at January 1, 2018 is as follows:

In thousands of EUR	As of January 1, 2018
Income Tax Provisions	
Income Tax Provisions	10,716
Reclassification	(10,716)
Total	—
Income Tax Payables	
Income Tax Payables	117
Reclassification	10,716
Total	**10,833**

Set out below, are the carrying amounts of the Group's Income Tax payables and the movements during the period:

In thousands of EUR	Income Tax Provisions
As at January 1, 2018	**10,833**
Additions	49
Reclassification	
Effect of translation	—
As at December 31, 2018	**10,882**

b) Standards issued but not yet effective

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

IFRS 17 – Insurance contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IFRS 3: Definition of a business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Amendments to IAS 1 and IAS 8: Definition of Material.

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The group does not expect a material impact upon adoption of any of these standards and is not planning early adoption.

5 Group Information

At December 31, 2019, Jumia consolidated the following subsidiaries:

Company name	Country of incorporation	% equity		Principal activities
		December 31, 2019	December 31, 2018	
Jumia Technologies AG	GERMANY	100.00	100.00	Top Holding
Africa Internet Services SAS	FRANCE	100.00	100.00	Services
African Internet Services S.A.	ANGOLA	99.82	99.82	Online retailer
AIH General Merchandise Algeria UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH General Merchandise Cameroon UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH General Merchandise Egypt UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH General Merchandise Ghana UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH General Merchandise Ivory Coast UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding

AIH General Merchandise Kenya UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH General Merchandise Morocco UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH General Merchandise Nigeria UG (haftungsbeschränkt) & Co. KG	GERMANY	99.71	99.71	Holding
AIH General Merchandise Tanzania UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH General Merchandise UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH Subholding Nr. 10 UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH Subholding Nr. 11 UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH Subholding Nr. 12 UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH Subholding Nr. 15 UG & Co. KG	GERMANY	—	99.82	Holding
AIH Subholding Nr. 17 UG & Co. KG	GERMANY	—	99.82	Holding
AIH Subholding Nr. 8 UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
AIH Subholding Nr. 9 UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
Atol Internet Serviçes Limitada	MOZAMBIQUE	99.82	99.82	Marketplace
Atol Internet Services Ltd.	MAURITIUS	99.82	99.82	Marketplace
Atol Internet Services Ltd. (Zambia)	ZAMBIA	99.82	99.82	Marketplace
Atol Internet Services Nigeria Ltd.	NIGERIA	—	99.71	Marketplace
Atol Internet Services Rwanda	RWANDA	99.82	99.82	Marketplace
Atol Internet Services S.a.r.l. Tunisia	TUNISIA	99.82	99.82	Marketplace
Atol Ivory Coast SARL	COTE D'IVOIRE	99.82	99.82	Marketplace
Atol Services Congo Ltd.	CONGO	99.82	99.82	Marketplace
Atol Services Gabon SARL	GABON	99.82	99.82	Marketplace
Atol Technology PLC	ETHIOPIA	99.82	99.82	Marketplace
Bambino 162. V V UG (haftungsbeschränkt)	GERMANY	100.00	100.00	General Partner
Digital Services XLV (GP) S.à r.l.	GERMANY	100.00	100.00	Services
EasyTaxi Egypt	EGYPT	99.82	99.82	Taxi booking platform
Ecart Internet Services Nigeria Ltd.	NIGERIA	99.71	99.71	Online retailer
Ecart Services Algeria SARL	ALGERIA	99.82	99.82	Online retailer
Ecart Services Cameroon Ltd.	CAMEROON	99.82	99.82	Online retailer
Ecart Services Ghana Ltd.	GHANA	—	99.82	Online retailer
Ecart Services Ivory Coast SARL	COTE D'IVOIRE	99.82	99.82	Online retailer
Ecart Services Kenya Ltd.	KENYA	99.82	99.82	Online retailer
Ecart Services Morocco Sarlau	MOROCCO	99.82	99.82	Online retailer
Ecart Services Tanzania Ltd.	TANZANIA	99.82	99.82	Online retailer
Gabi Internet Services Ltd.	NIGERIA	—	99.71	Online travel agency
Hellopay Africa Integrated Services Ltd. (formerly: Lipco Internet Services Nigeria)	NIGERIA	99.82	99.82	Vehicle marketplace
Jade E-Services Algeria SARL	ALGERIA	99.82	99.82	Marketplace

Jade E-Services Ghana Ltd.	GHANA	99.82	99.82	General Partner for Top Holding
Jade E-Services Kenya Ltd.	KENYA	99.82	99.82	General Partner for Top Holding
Jade E-Services Senegal SARL (formerly: Hellofood Senegal SUARL)	SENEGAL	99.82	99.82	General Partner for Top Holding
Jade E-Services South Africa Proprietary Ltd.	SOUTH AFRICA	99.82	99.82	Online retailer
Jade E-Services Tunisia Suarl	TUNISIA	98.82	99.82	Online real estate marketplace
Jade E-Services Uganda Ltd.	UGANDA	99.82	99.82	General Partner for Top Holding
Jade Internet E-Services Nigeria Ltd.	NIGERIA	—	99.82	General Partner for Top Holding
Jolali Global Resources Ltd.	NIGERIA	99.71	89.74	Services
Jumia Egypt LLC	EGYPT	99.82	99.82	Online retailer
Jumia Eservices SARL	TUNISIA	99.82	99.82	
Jumia Facilities Management Services L.L.C	Dubai	100.00	100.00	Services
Jumia for Trading LLC	EGYPT	100.00	—	Online retailer
Jumia UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	99.82	Holding
Jumia USA LLC	USA	100.00	—	Services
Juwel 162. V V UG (haftungsbeschränkt)	GERMANY	99.82	—	Service Company
Juwel 193. V V UG (haftungsbeschränkt) & Co. Siebte Verwaltungs KG	GERMANY	99.82	99.82	Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. Zwölfte Verwaltungs KG	GERMANY	99.82	99.82	Holding
Juwel 193. V V UG (haftungsbeschränkt)	GERMANY	99.82	99.82	General Partner
Juwel 193. V V UG (haftungsbeschränkt) & Co. 128. Verwaltungs KG	GERMANY	99.82	99.82	Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. 132. Verwaltungs KG	GERMANY	99.82	99.82	Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. 23. Verwaltungs KG	GERMANY	99.82	99.82	Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. 24. Verwaltungs KG	GERMANY	99.82	99.82	Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. Dritte Verwaltungs KG	GERMANY	99.82	99.82	Holding

Juwel 193. V V UG (haftungsbeschränkt) & Co. Fünfte Verwaltungs KG	GERMANY	99.82	99.82	Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. Vierte Verwaltungs KG	GERMANY	99.82	99.82	Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. Zehnte Verwaltungs KG	GERMANY	99.82	99.82	Holding
Juwel 194. V V UG (haftungsbeschränkt)	GERMANY	99.82	99.82	General Partner
Juwel 194. V V UG (haftungsbeschränkt) & Co. Erste Verwaltungs KG/ ZANDO	GERMANY	99.82	99.82	Zando Holding
Juwel E-Services Tanzania Ltd.	TANZANIA	99.82	99.82	Not active
Lendico S.A (PTY) Ltd.	SOUTH AFRICA	99.82	99.82	Not active
Lipco Internet Services Zimbabwe Ltd.	ZIMBABWE	99.82	99.82	Marketplace
Silveroak Internet Services Portugal, Unipessoal Lda	PORTUGAL	100.00	100.00	IT Services
Vamido Global Resources Ltd.	NIGERIA	99.71	99.71	Services

The changes in scope during 2019 result from acquisitions, mergers and abandon of operations.

The group acquired Jumia for Trading LLC and Jumia US LLC was created in the course of this year. Mergers occurred in Nigeria (Atol Internet Serv Nigeria, Gabi Internet Serv. Ltd and Jade Internet E-Services Nigeria) and Germany (AIH Subh Nr 15 KG and AIH Subh Nr 17 KG).

The Group announced the decision to cease operations in four entities starting November 2019, when their activities were fully abandoned – ECART Serv Cameroon Ltd, Atol Internet Serv. Rwanda, Ecart Serv. Tanzania Ltd, Juwel E-Services Tanzania, Ltd. These operations do not represent a major line of business or a geographical area, nor are they a significant part of the group operations and hence, are not separately disclosed as discontinued operations and assets held for sale. The loss of the year was recognized during 2019.

6 Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below.

The proportion of equity interest held by non-controlling interests is as follows:

Name	Country of incorporation and operation	As of December 31, 2019	As of December 31, 2018
ECART Internet Services Nigeria	NIGERIA	0.29 %	0.29 %
Jumia Egypt LLC	EGYPT	0.18 %	0.18 %
ECART Services Morocco Sarl	MOROCCO	0.18 %	0.18 %
ECART Services Kenya Limited	KENYA	0.18 %	0.18 %
ECART Services Ivory Coast SRL	IVORY COAST	0.18 %	0.18 %
Jade E-Services South Africa PTY Ltd	SOUTH AFRICA	0.18 %	0.18 %

Net equity attributed to non-controlling interests of these subsidiaries is as follows:

Name	As of December 31, 2019	December 31, 2018
ECART Internet Services Nigeria	(825)	(608)
Jumia Egypt LLC	(226)	(163)
ECART Services Morocco Sarl	(149)	(110)
ECART Services Kenya Limited	(126)	(92)
ECART Services Ivory Coast SRL	(125)	(96)
Jade E-Services South Africa PTY Ltd	(74)	(63)
Other subsidiaries	1,027	1,015
Total	**(498)**	**(117)**

The statutory financial position and comprehensive income of these subsidiaries attributed to non-controlling interests are shown below:

In thousands of EUR	For the year ended December 31, 2019 Revenue	Loss for the year	Total Comprehensive loss of the year
ECART Internet Services Nigeria	97	(127)	(126)
Jumia Egypt LLC	48	(63)	(64)
ECART Services Morocco Sarl	49	(39)	(39)
ECART Services Kenya Limited	21	(34)	(34)
ECART Services Ivory Coast SRL	46	(29)	(29)
Jade E-Services South Africa PTY Ltd	32	(11)	(11)
Total	**293**	**(303)**	**(303)**

In thousands of EUR	For the year ended December 31, 2018 Revenue	Loss for the year	Total Comprehensive loss of the year
ECART Internet Services Nigeria	80	(103)	(104)
Jumia Egypt LLC	41	(47)	(47)
ECART Services Morocco Sarl	23	(25)	(25)
ECART Services Kenya Limited	16	(30)	(29)
ECART Services Ivory Coast SRL	52	(26)	(26)
Jade E-Services South Africa PTY Ltd	28	(12)	(11)
Total	**240**	**(243)**	**(242)**

In thousands of EUR	As of December 31, 2019 Total Non-current assets	Total Current assets	Total Current liabilities
ECART Internet Services Nigeria	7	26	658
Jumia Egypt LLC	4	20	240
ECART Services Morocco Sarl	4	14	167
ECART Services Kenya Limited	6	8	122
ECART Services Ivory Coast SRL	3	13	142
Jade E-Services South Africa PTY Ltd	5	19	57
Total	**29**	**100**	**1,386**

In thousands of EUR	As of December 31, 2018 Total Non-current assets	Total Current assets	Total Current liabilities
ECART Internet Services Nigeria	4	19	424
Jumia Egypt LLC	2	11	164
ECART Services Morocco Sarl	2	9	120
ECART Services Kenya Limited	1	11	88
ECART Services Ivory Coast SRL	1	12	109
Jade E-Services South Africa PTY Ltd	1	15	41
Total	**11**	**77**	**946**

At the level of the subsidiary that generates the non-controlling interest, operating loss is a fair representation of the operating cash flow of the period.

The statutory net cash flows of these subsidiaries attributed to non-controlling interests are shown below:

	As of December 31, 2019		
	Net cash flows used in		
In thousands of EUR	Operating activities	Investing activities	Financing activities
ECART Internet Services Nigeria	(21)	2	(2)
Jumia Egypt LLC	(26)	(2)	(1)
ECART Services Morocco Sarl	(14)	(1)	(1)
ECART Services Kenya Limited	(24)	(1)	(1)
ECART Services Ivory Coast SRL	(12)	(1)	(1)
Jade E-Services South Africa PTY Ltd	(8)	(1)	(1)
Total	**(105)**	**(4)**	**(7)**

	As of December 31, 2018		
	Net cash flows used in		
In thousands of EUR	Operating activities	Investing activities	Financing activities
ECART Internet Services Nigeria	(36)	(2)	—
Jumia Egypt LLC	(21)	(1)	—
ECART Services Morocco Sarl	(14)	(1)	—
ECART Services Kenya Limited	(10)	—	—
ECART Services Ivory Coast SRL	(14)	(1)	—
Jade E-Services South Africa PTY Ltd	(13)	—	—
Total	**(108)**	**(5)**	**—**

7 Property and Equipment

Movements in the carrying amount of property and equipment were as follows:

In thousands of EUR	Buildings	Technical equipment and machinery	Transportation equipment, office equipment and other equipment	Right of use assets - Office and Warehouse	Total
Cost					
Balance as of January 1, 2018	**997**	**856**	**6,339**	**—**	**8,192**
Additions	377	618	2,513	—	3,508
Disposals	(6)	(1)	(217)	—	(224)
Effect of translation	17	10	125	—	152
Reclassification	109	—	(94)	—	15
Balance as of December 31, 2018	**1,494**	**1,483**	**8,666**	**—**	**11,643**
Additions	1,111	1,011	3,536	3,650	9,308
Disposals	(85)	(135)	(503)	—	(723)
Effect of translation	106	49	265	93	513
Cancelation of leases	—	—	—	(229)	(229)
IFRS 16 adoption	—	4	(15)	10,546	10,535
Balance as of December 31, 2019	**2,626**	**2,412**	**11,949**	**14,060**	**31,047**
Accumulated depreciation					
Balance as of January 1, 2018	**(542)**	**(417)**	**(3,858)**	**—**	**(4,817)**
Depreciation charge	(268)	(273)	(1,319)	—	(1,860)
Accumulated depreciation on disposals	1	—	151	—	152
Effect of translation	(16)	(6)	(66)	—	(88)
Reclassification	(39)	—	29	—	(10)
Balance as of December 31, 2018	**(864)**	**(696)**	**(5,063)**	**—**	**(6,623)**
Depreciation charge	(466)	(488)	(2,225)	(4,518)	(7,697)
Accumulated depreciation on disposals	57	99	458	—	614
Effect of translation	(56)	(23)	(142)	—	(221)

Cancelation of leases	—	—	—	223	223
Reclassification	—	—	85	6	91
Balance as of December 31, 2019	**(1,329)**	**(1,108)**	**(6,887)**	**(4,289)**	**(13,613)**
Carrying amount as of December 31, 2018	**630**	**787**	**3,603**	**—**	**5,020**
Carrying amount as of December 31, 2019	**1,297**	**1,304**	**5,062**	**9,771**	**17,434**

8 Inventories

Inventories are comprised of the following:

	As of	
In thousands of EUR	**December 31, 2019**	**December 31, 2018**
Merchandise available for sale	11,176	10,593
Less: Provision for slow moving and obsolete inventories	(1,180)	(1,162)
Total Inventories	**9,996**	**9,431**

The total cost of inventory recognized as an expense in the consolidated profit or loss was EUR 84,506 thousand (2018: 84,849).

Provision for slow moving and obsolete inventories

The movement in the provision for inventories is as follows:

In thousands of EUR	
Balance as of January 1, 2018	**1,435**
Additions	945
Reversal	(657)
Use of provision	(576)
Effect of translation	15
Balance as of December 31, 2018	**1,162**
Additions	886
Reversal	(611)
Use of provision	(317)
Effect of translation	60
Balance as of December 31, 2019	**1,180**

The provisions are reversed whenever correspondent items are either sold or returned to the vendors.

9 Cash and cash equivalents

Cash and cash equivalents comprised the following:

	As of	
In thousands of EUR	**December 31, 2019**	**December 31, 2018**
Cash at bank and in hand	52,729	100,635
Short-term deposits	117,292	—
Total Cash and cash equivalents	**170,021**	**100,635**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

There is no restricted cash on cash and cash equivalents at December 31, 2019 (December 31, 2018: nil).

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified expected credit loss was immaterial.

10 Term Deposits

Term deposits comprised the following:

	As of	
	December 31, 2019	**December 31, 2018**
Short term deposits in banks	62,418	—
Term Deposits	**62,418**	**—**

Deposits represent interest bearing deposit with a commercial bank for a fixed period of more than 3 months.

11 Trade and other receivables

Trade and other receivables were comprised of the following:

		As of	
In thousands of EUR	**Note**	**December 31, 2019**	**December 31, 2018**
Advances to suppliers		2,356	236
Trade notes and accounts receivable		17,780	12,319
Thereof to related parties	29	*371*	*402*
Less: Allowance for impairment of trade notes and accounts receivable		(8,283)	(4,254)
Unbilled revenues		858	1,518
Accrued marketplace revenue		—	24
Other receivables		4,728	3,675
Thereof to related parties	29	—	*6*
Less: Allowance for impairment of other receivables		(503)	(484)
Trade and other receivables		**16,936**	**13,034**

Allowance for expected credit losses

The movement of allowance for expected credit losses ("ECL") of trade notes and accounts receivables and other receivables (including related parties) is as follows:

In thousands of EUR	**ECL of trade notes and accounts receivable**	**ECL of other receivables**
Balance as of January 1, 2018	**3,221**	**385**
Additions	4,847	119
Reversal	(499)	(31)
Use of provision	(3,405)	—
Effect of translation	90	11
Balance as of December 31, 2018	**4,254**	**484**
Additions	6,178	71
Reversal	(318)	(54)
Use of provision	(2,025)	—
Effect of translation	194	2
Balance as of December 31, 2019	**8,283**	**503**

The ageing analysis of trade notes and accounts receivables is as follows:

In thousands of EUR	Total net	Total gross	Total expected credit losses	Neither past due nor impaired	Past due but not impaired < 30 days	30 - 90 days	>90 days
As of December 31, 2019	9,497	17,780	(8,283)	3,291	1,554	2,515	2,137
As of December 31, 2018	8,065	12,319	(4,254)	5,389	946	1,655	75

See Note 31 for disclosure of how the Group manages and measures credit quality of trade and other receivables that are neither past due nor impaired.

12 Prepaid expense and other current assets

As of December 31, 2019, prepaid expense and other current assets was comprised of prepaid server hosting fees and software licenses EUR 7,788 thousand (2018: 1,625), advance payments to the Group's partners for flight and other online payment services amounting to EUR 2,168 thousand (2018: 1,474) and prepaid fees related to a planned capital transaction amounting to EUR 240 thousand (2018: EUR 1,257 thousand). The remaining amount of EUR 2,397 thousand is related to prepaid rent, insurance and other goods and services (2018: EUR 3,028 thousand).

13 Share capital and share premium

Ordinary shares issued and fully paid as at December 31, 2019

Number of shares	Class	Par value €	Share capital €	Share premium €	Total
156,816,494	Ordinary	1	156,816	1,018,276	1,175,092
Total		**1**	**156,816**	**1,018,276**	**1,175,092**

The total authorized number of ordinary shares is 156,816,494 shares as at December 31, 2019 (2018: 132,631 shares) with a par value of EUR 1.00 per share. All issued ordinary shares are fully paid. Each ordinary share carries one vote.

During 2019, 156,683,863 shares were issued, all fully paid, relating to the entry of a new investor in January 2019 and the Initial Public Offering (IPO) with concurrent private placement in April 2019. The nominal value of all shares issued is €1 each. Transaction costs of EUR 7,357 thousand related to the new investor and IPO are recognized directly in the capital reserve. Additionally, 2,550,066 stock options were exercised in November 2019 which will increase the share capital of the Company by 2,550,066 shares. The capital increase for the stock options will be conducted in 2020. Related transaction costs recognized in prepaid expenses amount to EUR 240 thousand. In total, in 2019, the Group received capital contributions of EUR 329,161 thousand.

Ordinary shares issued and fully paid as at December 31, 2018

Number of shares	Class	Par value €	Share capital €	Share premium €	Total
132,631	Ordinary	1	133	845,787	845,920
Total		**1**	**133**	**845,787**	**845,920**

In 2018, the Group called and received capital contributions amounting to EUR 215,985 thousand.

14 Other Reserves

In thousands of EUR	*Capital reserves*	*Exchange difference on net investment in foreign operations*	*Currency translation adjustment*	**Total other reserves**
As of January 1, 2017	***34,040***	***(49,973)***	***43,619***	**27,686**
Other comprehensive loss	—	*(46,835)*	*45,234*	(1,601)
Total comprehensive loss for the year	**—**	**(46,835)**	**45,234**	**(1,601)**
Share-based payments	26,258	—	—	26,258
Change in Non-controlling interests	(1,426)	—	—	(1,426)
As of December 31, 2017	***58,872***	***(96,808)***	***88,853***	**50,917**
Other comprehensive loss	—	*9,053*	*(9,229)*	(176)
Total comprehensive loss for the year	**—**	**9,053**	**(9,229)**	**(176)**
Share-based payments (Note 16)	17,256	—	—	17,256
Change in Non-controlling interests	—	(1,888)	(16)	(1,904)
As of December 31, 2018	**76,128**	**(89,643)**	**79,608**	**66,093**
Other comprehensive loss	—	*20,179*	*(19,449)*	730
Total comprehensive loss for the year	**—**	***20,179***	***(19,449)***	**730**
Share-based payments (Note 16)	*37,267*	—	—	37,267
Change in Non-controlling interests	—	—	24	24
As of December 31, 2019	***113,395***	***(69,464)***	**60,183**	**104,114**

The share-based payment reserve represents the Group's cumulative equity settled share option expense.

The Currency translation adjustment reserve represents the cumulative exchange differences on the translation of the Group's overseas subsidiaries into the Group's presentation currency.

The foreign exchange reserve represents the cumulative amount of the exchange differences related to a foreign operation that is consolidated.

15 Share-based compensation

2012 Call-Option Plan – the previous agreements

As from 2012, eligible employees of the Company and its subsidiaries were provided with the opportunity to invest indirectly in the equity instruments of a subsidiary of the Company, via a trustee company holding the equity instruments ("Original Trust Interest").

Share-based payment awards were directly tied to the value of the local subsidiaries. The fair value of share-based payment awards made relate to equity instruments of the Company and its subsidiaries. In relation to employees' share investments, the employee and the Company entered into an angel agreement containing certain obligations regarding vesting rights which relate to the indirect share interest holding of the employee in the partnership. Accordingly, the grant date was established no later than the date of the last signature of these agreements since both parties had explicitly agreed to the arrangement as of this date.

The plan remained active until June 30, 2017.

Stock Option Program 2016 (JSOP 2016)

In 2017, a new equity-settled share-based payment plan was adopted, which replaced the eligible awards in the plan rolled out in 2012. The new plan took effect from July 1, 2017.

Under this share-based payment plan, there are two types of awards: option and participation.

Participation awards represent a partnership interest and capital participation in the Jumia UG & Co. which effectively holds the entire business of the Group. These awards ("Jumia Trust Interest") are only given to selected participants to replace their previous indirect share interest holding ("Original Trust Interest"). The previous agreement was modified so that the original Trustee ("Bambino 53. V V UG") ceased to exist and all converted Trust Interests are transferred to the new Trustee ("Juwel. 179 V V UG"). All participation awards vest in full at the grant date.

Option awards are a call-option contract on equity instruments of Jumia UG & Co. which can be exercised in the future to obtain participation in Jumia UG & Co. The call-option agreement includes 2 groups of call-options:

Privileged group: awards which vest in full at the grant date.

Ordinary group: awards with 4 alternative vesting conditions:

Alternative 1: vest in full after a cliff period, generally from 9 to 18 months.

Alternative 2: vest in full once either the Holding or Supported Enterprises reach Profitability.

Alternative 3: vest in full one year after an Exit.

Alternative 4: vest in full when the value of the Holding reaches a target at the Exit date.

Pre IPO Events

In order to facilitate the IPO in April 2019, the Company performed several restructuring steps prior to the IPO, in 2019, which also affected the existing Stock Option Program 2016 ("JSOP 2016").

Prior to the conversion of Africa Internet Holding GmbH ("AIH") into a stock company, all JSOP 2016 participants were instructed to modify their call option agreement with Jumia UG (haftungsbeschränkt) & Co. KG ("Jumia KG") and conclude a revised call option agreement with AIH (the "Roll-up"). The purpose of the Roll-up agreement was to change the counterparty and the underlying shares of the options respectively (AIH instead of Jumia KG) due to the reorganization of the group.

In a next step, AIH was converted into a stock company named Jumia Technologies AG.

Furthermore, in February 2019, Jumia Technologies AG executed a share capital increase by utilizing the Company's own funds by nearly EUR 100m ("Capital Increase"). As a result of the Capital Increase, (i) the nominal value of the Call Option Shares has increased proportionally to the Capital Increase, and (ii) due to legal requirements the Exercise Price had to be increased to reflect the statutory minimum issue price per share of EUR 1.00. All JSOP 2016 participants were put in the same economic position as before the restructuring steps. Therefore, the JSOP had to be modified to ensure that the participants' economic position is not negatively affected.

Jumia Technologies AG accounts for the JSOP 2016 as an equity-settled plan under IFRS 2. The restructuring steps did not change the classification and did not lead to a recognition of an incremental fair value.

With the resolution of the general meeting on 15 February 2019, a new stock option program 2019 ("SOP 2019") and a corresponding capital increase (conditional capital) was approved. The supervisory board has implemented the SOP 2019 on March 11, 2019.

Moreover, the management board and the supervisory board agreed in this meeting, to implement a further share-based payment program – the Virtual Restricted Stock Units Program ("VRSUP 2019")

IPO

After the IPO on the April 12, 2019, the vesting conditions for Ordinary 2 and Ordinary Stock Options of the JSOP 2016 were met. This led to an additional recognition of expenses of EUR 11,200 thousand as the IPO probability was previously assessed at 50%.

In addition, the vesting conditions for Ordinary 4 Stock Options were met. This led to an additional recognition of expenses of EUR 4,400 thousand as the probability for the meeting of the vesting criteria was previously assessed at 50%.

Option Programs 2019

SOP 2019

Jumia Technologies AG granted stock options to beneficiaries under the terms and conditions of the SOP 2019 in May 2019 (May 10, 2019 for most beneficiaries, May 22, 2019 for one individual beneficiary).

Each stock option entitles the holder to receive one share of Jumia Technologies AG for an exercise price of EUR 1 after a waiting period of four years, starting in May 2019, as defined by the individual grant agreements. The exercise period starts directly after the waiting period and ends after seven years. The exercise of stock options is not possible during defined blackout periods.

The stock options can only be exercised, if the average annual growth rate of the Gross Merchandise Volume amounts to at least 10% during the four years waiting period. If this performance target is not met, all options will lapse.

Moreover, the stock options are subject to vesting requirements. The stock options shall generally vest in one or more tranches. The SOP 2019 plan sets out several criteria of bad leaver and good leaver cases. For beneficiaries, who are members of the management board, the total vesting period shall be at least four years and all unexercised options will be forfeited, if the employee resigns and start working for a competitor within six months after the resignation. If other beneficiaries (i.e. not members of the management board) resign before the vesting date as specified in the individual grant agreements and are classified as good leaver, all stock options will remain and be exercisable.

However, all unexercised stock options will be forfeited, if a beneficiary terminates the employment within four years after the IPO on April 12, 2019.

According to the individual grant agreements, the stock options will vest on May 10, 2023 and are not subject to further performance conditions. Except for one individual beneficiary who received two tranches under the SOP 2019 with stock options that vest on May 23, 2021 and stock options that vest on May 23, 2023.

If Jumia Technologies AG pays dividends during the waiting period or exercise period, the beneficiaries are entitled to receive a dividend payment for each vested but not yet exercised stock option. However, Jumia Technologies AG does not expect to pay dividends during the next years.

The stock options of the SOP 2019 are an equity-settled plan as the beneficiaries receive one share for each exercised option. For equity-settled awards, the expenses to be recognized are determined based on the grant date fair value of the awards. The fair value will not be subsequently remeasured after the grant date.

The expenses are recognized over the relevant vesting period. The vesting period started on the grant date. As a beneficiary will forfeit all options if the beneficiary terminates the employment four years after the IPO, the beneficiary has to render services at least until the end of the four years. This date is April 12, 2023.

The recognition of the expenses for the beneficiaries depends mainly on the specific vesting requirements in the grant agreements. According to the individual grant agreements, the stock options will vest on May 10, 2023, which is after the above mentioned four years after the IPO.

The fair values of the call options are derived from the Black-Scholes-Merton model with the following inputs:

Grant Date	**May 10, 2019**	**May 22, 2019**
Fair value of shares (i)	EUR 10.90	EUR 10.02
Exercise price	EUR 1	EUR 1
Risk-free interest rate (ii)	0%	0%
Expected dividend yield (iii)	0%	0%
Expected life (years) (iv)	4 years	4 years
Expected volatility (v)	40%	40%
Fair value of options	**EUR 9.90**	**EUR 9.02**

(i) The Fair value of share is derived based on the value per ADS of Jumia Technologies AG traded on the New York Stock Exchange converted into Euro.
(ii) Risk-free interest rate is based on German government bond yields consistent to the expected life of options. A risk-free rate of 0% is considered as a floor.

(iii) Expected dividend yield is assumed to be 0% based on the fact that the Group has no history or expectation of paying a dividend
(iv) Expected life of share options is based on the vesting period.
(v) Expected volatility is assumed based on the historical volatility of comparable companies in the period equal to the expected life of each grant.

VRSUP

Jumia Technologies AG granted Restricted Stock Units (each a RSU) to beneficiaries under the terms and conditions of the VRSUP 2019 on May 8 and 10, 2019 (May 10, 2019 for those beneficiaries, who received also stock options under the SOP 2019), and May 22, 2019 for one beneficiary.

Jumia Technologies AG is entitled to elect, at its sole discretion, issuing one share for each vested RSU instead of a settlement in cash. The general meeting approved conditional capital for the VRSUP 2019 on April 1, 2019. If Jumia settles the RSUs in cash, the beneficiaries will receive a payment in the amount of the average share price (closing prices) on the ten trading days prior to the last half year report of Jumia (cf. Sec. 2.6 of the VRSUP 2019).

The VRSUP 2019 gives Jumia Technologies AG a choice of settlement between cash and equity. As Jumia Technologies AG has no past practice to settle in cash nor has legal restrictions nor intends to settle in cash when a participant requests it, the VRSUP 2019 is accounted for as an equity-settled plan.

Each beneficiary received an individual grant agreement that includes the individual number of RSUs as well as possible vesting conditions, such as performance conditions and a possible maximum payout amount.

All RSUs will be forfeited if a beneficiary, who is a member of the board of management, resigns and starts working for a competitor within twelve months after the resignation. Beneficiaries, who are not a member of the board of management, need to remain employed with Jumia Technologies AG until the vesting date as specified in the individual grant agreement.

According to the individual grant agreements, the RSUs vest on May 10, 2021 for those beneficiaries who have also a grant of stock options under the SOP 2019. The RSUs for the other beneficiaries (only RSUs are granted to these beneficiaries) vest on May 8, 2020.

The specific RSUs granted in 2019 are not subject to any performance conditions or a maximum payout amount (Cap).

The fair values of the RSUs are derived from the Black-Scholes-Merton model with the following inputs:

Grant Date	May 8, 2019	May 10, 2019	May 22, 2019
Fair value of shares (i)	EUR 14.79	EUR 10.90	EUR 10.02
Exercise price	EUR 1	EUR 1	EUR 1
Risk-free interest rate (ii)	0%	0%	0%
Expected dividend yield (iii)	0%	0%	0%
Expected life (years) (iv)	1 year	2 years	2.25 years
Expected volatility (v)	40%	40%	40%
Fair value of options	**EUR 13.79**	**EUR 9.90**	**EUR 9.02**

(i) The Fair value of share is derived based on the value per ADS of Jumia Technologies AG traded on the New York Stock Exchange converted into Euro.
(ii) Risk-free interest rate is based on German government bond yields consistent to the expected life of options. A risk-free rate of 0% is considered as a floor.
(iii) Expected dividend yield is assumed to be 0% based on the fact that the Group has no history or expectation of paying a dividend
(iv) Expected life of share options is based on the vesting period.
(v) Expected volatility is assumed based on the historical volatility of comparable companies in the period equal to the expected life of each grant.

As a result, for the twelve months ended December 31, 2019, the Group has recognized in total EUR 37,267 thousand of share-based payment expense in the statement of operations (December 31, 2018: EUR 17,409 thousand).

Summary of awards

Due to the capital increase in February 2019 (please refer to Pre-IPO events above) the number of awards was multiplied by the factor 7.93.

In 2019, 2,550,066 of options were exercised. Summary of awards as of December 31, 2019 and the development during the year is as follows:

	Number of awards	Weighted average remaining life (years)	Weighted average exercise price (euro)	Weighted average fair value (euro)
Unvested awards outstanding at January 1, 2019	589,208	1.0	1.8	83.8
Multiplication/division factor	*7.93*	-	-	*7.93*
Unvested awards outstanding at January 1, 2019 after modification factor	4,671,733	1.0	1.8	10.6
Granted during the period	2,531,640	1.9	1.0	11.1
Exercised during the period	(2,550,066)			
Forfeited during the period	(419,283)			
Cancelled during the period	(8)			
Vested during the period	(1,613,079)		1.0	10.8
Unvested awards outstanding at December 31, 2019	**2,620,937**	**1.0**	**1.0**	**10.8**
Vested awards outstanding at January 1, 2019	307,154			83.4
Multiplication/division factor	*7.93*			*7.93*
Vested awards outstanding at January 1, 2019 after modification factor	2,435,373		1.8	10.5
Cancelled during the period	(54)			
Reclassification vested options	1,705			
Vested during the period	1,613,079		1.0	10.8
Vested awards outstanding at December 31, 2019	**4,050,103**	—	**1.0**	**10.7**

Summary of awards as of December 31, 2018 and their valuation during the year is as follows:

	Number of awards	Weighted average remaining life (years)	Weighted average exercise price (euro)	Weighted average fair value (euro)
Unvested awards outstanding at January 1, 2018	601,591	2.1	1.9	83.3
Granted during the period	84,128	1.0	2.8	89.0
Granted as a replacement during the period	13,328	0.9	1.0	93.8
Replaced during the period	(313)		1.0	2,308.4
Forfeited during the period	(34,379)		1.0	83.3
Cancelled during the period	(85)		1.0	6,676.0
Vested during the period	(75,062)	0.4	1.8	85.1
Unvested awards outstanding at December 31, 2018	**589,208**	**1.0**	**1.8**	**83.8**
Vested awards outstanding at January 1, 2018	233,479		2.2	82.6
Cancelled during the period	(594)		0.6	1,007.4
Forfeited during the period	(146)		2.2	82.9
Replaced during the period	(647)		1.0	1,559.8
Vested during the period	75,062		1.8	85.1
Vested awards outstanding at December 31, 2018	**307,154**	**—**	**1.8**	**83.4**

16 Trade and other payables

Trade and other payables comprise the following:

In thousands of EUR	Note	As of December 31, 2019	As of December 31, 2018
Trade payables		15,762	9,653
Invoices not yet received		19,292	18,155
Accrued employee benefit costs		7,943	6,488
Sundry accruals		13,441	12,996
Thereof to related parties	30	*—*	*191*
Trade and Other Payables		**56,438**	**47,292**

Sundry accruals relate principally to consultancy, legal, marketing, IT and logistics services.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 0-90 day terms
- Other payables are non-interest bearing and have an average term of 1-2 months
- For terms and conditions with related parties, refer to Note 29.

For explanations on the Group's credit risk management processes, refer to Note 31.

17 Borrowings

Lease liabilities are presented in the statement of financial position as follows:

In thousands of EUR	As of December 31, 2019	As of December 31, 2018
Current	3,056	—
Non-current	6,127	—
Total Lease liabilities	**9,183**	**—**

Set out below is the maturity of the lease liabilities classified as non-current:

In thousands of EUR	One to five years	More than five years	Total
Lease liability future payments	5,389	738	6,127

The Group has several lease contracts that include extension and termination options. Whenever the contracts do not include a mutual agreement clause, the extension options are assumed to be exercised and, therefore, are included in our lease liabilities.

Changes in liabilities arising from financing activities

In thousands of EUR	January 1, 2019	Additions	Payments	Reclassification	Effect of translation	December 31, 2019
Current lease liabilities	3,116	3,731	(4,945)	1,127	27	3,056
Non-current lease liabilities	6,031	1,144		(1,127)	79	6,127
Total liabilities from financing activities	**9,147**	**4,875**	**(4,945)**	**—**	**106**	**9,183**

Additions include EUR 1,293 thousand of accrued interest.

In thousands of EUR	January 1, 2018	Additions	Payments	Reclassification	Effect of translation	December 31, 2018
Current borrowings	2,244	—	(2,244)	—	—	—
Non-current borrowings	—	—	—	—	—	—
Total borrowings	**2,244**	**—**	**(2,244)**	**—**	**—**	**—**

Lease payments not recognized as a liability

The group has elected not to recognize a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

In thousands of EUR	As of December 31, 2019
Short-term leases	1,817
Variable lease payments	154
Total expense	**1,971**

At December 31, 2019 the Group was committed to short-term leases and the total commitment at that date was EUR 158 thousand.

18 Other taxes payable & Other taxes receivable

Other taxes payable relates to Value added taxes amounting to EUR 58 thousand (2018: EUR 739 thousand) and Withholding Tax amounting to EUR 4,415 thousand (2018: EUR 6,686 thousand).

Other taxes receivable relates to Value added taxes amounting to EUR 5,395 thousand (2018: EUR 4,172 thousand).

19 Provisions for liabilities and other charges

Movements in provisions for liabilities and other charges are as follows:

In thousands of EUR	Tax risks	Marketplace and consignment goods	Provision for other expenses	Total
Balance as of January 1, 2018	**14,143**	**241**	**560**	**14,944**
Additions	5,860	—	60	5,920
Reversals	(453)	(180)	(216)	(849)
Use of provision	—	—	(324)	(324)
Reclassification	—	—	389	389
Effect of translation	125	8	5	138
Balance as of December 31, 2018	**19,675**	**69**	**474**	**20,218**
Additions	6,700	480	584	7,764
Reversals	(611)	—	(184)	(795)
Use of provision	(21)	—	(1)	(22)
Effect of translation	97	—	4	101
Balance as of December 31, 2019	**25,840**	**549**	**877**	**27,266**
Current	25,840	549	651	27,040
Non-current	—	—	226	226

The balance as of January 1, 2018 is reconciled in Note 4.

Tax risks

Tax risk provision includes provisions related to VAT for EUR 10,329 thousand (2018: EUR 8,221 thousand), provisions related to Withholding Tax (WHT) for EUR 15,362 thousand (2018: EUR 11,456 thousand) and provisions related to other taxes for EUR 97 thousand (2018: nil). Provision is calculated based on the detailed review of uncertain tax positions completed by management across the group and in consideration of the probability of a liability arising, within the applicable statute of limitations.

Marketplace and consignment goods

The provision for marketplace and consignment goods relates to the lost and damaged items, to be reimbursed to the vendors. Provision is calculated based on the detailed review of these items, and it is expected to be utilized during the exercise period of 2020.

Provision for other expenses

Provision for other expense mainly includes restructuring provision of EUR 173 thousand (2018: nil), the provision end of service benefits of EUR 226 thousand (2018: EUR 389 thousand), and various litigation and penalty provisions of EUR 483 thousand (2018: EUR 85 thousand). The provisions are calculated based on our best estimate considering past experience.

20 Deferred income

Deferred income consists of EUR 1,571 thousand related to a depositary fee from BNY Mellon, deferred over the course of 5 years and thus, EUR 1,201 thousand classified as non-current in the consolidated statement of financial position. Other amounts include individual payments received from end customers in advance for goods that have been ordered but are not yet delivered. In 2018, the balance included EUR 1,166 thousand related to a prepayment from MTN in Nigeria disclosed in the Note 29.

21 Revenue

Revenue is comprised of the following:

In thousands of EUR	For the year ended December 31, 2019	December 31, 2018 *Restated*	December 31, 2017 *Restated*
Sales of goods	81,164	81,340	67,971
Commissions	25,011	14,394	10,764
Fulfillment	26,855	14,980	6,297
Value added services	20,492	14,553	—
Marketing and Advertising	6,089	2,262	1,716
Other revenue	797	1,529	6,306
Revenue	**160,408**	**129,058**	**93,054**

No single customer amounted for more than 5% of Group revenues (2018: none, 2017: none).

The disaggregation of the Group's revenue from contracts with customers by region is disclosed in the Note 2 n) Segments.

22 Fulfillment expense

Fulfillment expense is comprised of the following:

In thousands of EUR	For the year ended December 31, 2019	December 31, 2018	December 31, 2017
Fulfillment staff costs	20,872	16,970	15,970
Fulfillment centers expense	4,920	3,573	3,326
Freight and shipping expense	51,600	29,923	15,140
Fulfillment expense	**77,392**	**50,466**	**34,436**

23 Sales and advertising expense

Sales and advertising expense is comprised of the following:

In thousands of EUR	For the year ended December 31, 2019	December 31, 2018 *Restated*	December 31, 2017 *Restated*
Sales and advertising staff costs	8,183	5,830	5,125
Sales and advertising campaigns	47,836	40,186	31,819
Sales and advertising expense	**56,019**	**46,016**	**36,944**

24 Technology and content expense

Technology and content expense is comprised of the following:

In thousands of EUR	For the year ended December 31, 2019	December 31, 2018	December 31, 2017
Staff Costs - Technology and content	13,136	11,691	10,930
Technology license and maintenance expenses	14,136	10,741	9,656
Technology and content expense	**27,272**	**22,432**	**20,586**

25 General and administrative expense

General and administrative expense is comprised of the following:

In thousands of EUR	For the year ended		
	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Staff Costs	80,494	47,644	51,273
Occupancy Costs	1,582	5,091	3,989
Professional fees	14,300	9,830	5,257
Travel and entertainment	5,232	3,596	3,171
Office and related expenses	7,494	5,354	4,274
General sub-contracts	5,168	2,835	2,214
Bank fees & payment costs	2,893	2,980	1,699
Bad debt expense / reversal	5,877	4,436	3,270
Tax expenses	5,538	4,778	4,615
Tax provisions	6,068	5,271	6,989
Depreciation and amortization	7,906	2,166	1,637
Other general and administrative expense	1,973	944	662
General and administrative expense	**144,525**	**94,925**	**89,050**

Staff costs expense includes share options granted to eligible employees of EUR 37,267 thousand (2018: EUR 17,409 thousand).

26 Finance income and finance costs

Finance income and finance costs comprise of the following:

In thousands of EUR	For the year ended		
	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Foreign exchange gain	523	1,369	1,978
Interest and similar income	3,436	221	304
Finance income	**3,959**	**1,590**	**2,282**
Foreign exchange loss	—	1,145	1,406
Interest and similar expense	2,576	204	62
Other	—	—	49
Finance costs	**2,576**	**1,349**	**1,517**

27 Income tax

The reconciliation of tax expense and the effective tax rate was as follows:

In thousands of EUR	For the year ended		
	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Loss before income tax	**(226,490)**	**(169,494)**	**(153,902)**
Statutory tax rate	27.39 %	29.04 %	28.34 %
Expected income tax benefit	**62,036**	**49,226**	**43,615**
Non deductible expenses	(26,063)	(18,826)	(29,513)
Non taxable income	3,874	890	344
Deferred tax asset not recognized	(40,271)	(32,170)	(25,909)
Deferred tax asset (used) / recognized	(151)	(7)	7
Income tax expense	**(575)**	**(887)**	**(11,456)**
Effective tax rate	**0.25 %**	**0.52 %**	**7.44 %**

Income tax expense is comprised of the following:

In thousands of EUR	For the year ended December 31, 2019	December 31, 2018	December 31, 2017
Current tax	(424)	(880)	(11,463)
Deferred tax	(151)	(7)	7
Total Income tax expense	**(575)**	**(887)**	**(11,456)**

Tax losses available for offsetting against future taxable profits, and for which no deferred tax assets were recognized, were as follows:

In thousands of EUR			As of		
			December 31, 2019	December 31, 2018	December 31, 2017
Country	Duration	Rate	Accumulated tax loss [gross]	Accumulated tax loss [gross]	Accumulated tax loss [gross]
Germany	Indefinite	30.2 %	(8,961)	—	—
Morocco	4 years	30.0 %	(25,342)	(25,848)	(20,569)
Egypt	5 years	22.5 %	(90,148)	(61,942)	(17,693)
Nigeria	Indefinite	30.0 %	(203,482)	(145,143)	(82,049)
South Africa	Indefinite	28.0 %	(34,327)	(28,267)	(23,050)
Kenya	9 Years	30.0 %	(64,812)	(39,135)	(28,594)
Ivory Coast	5 years	25.0 %	(27,005)	(19,962)	(18,298)
Ghana	3 years	25.0 %	(9,848)	(5,228)	(4,791)
Other	N/A	N/A	(63,829)	(32,974)	(51,697)
Total			**(527,754)**	**(358,499)**	**(246,741)**

Deferred tax assets have not been recognized in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group. They have arisen in subsidiaries that have been loss- making for some time, and there is no other tax planning opportunities or other evidence of recoverability in the near future.

28 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

In thousands of EUR	For the year ended December 31, 2019	December 31, 2018	December 31, 2017
Numerator			
Loss for the year	(227,065)	(170,381)	(165,358)
Less: net loss attributable to non-controlling interest	(376)	(310)	(3,779)
Loss attributable to Equity of the Company	**(226,689)**	**(170,071)**	**(161,579)**
Denominator			
Weighted average number of shares for basic EPS	140,655,697	94,963,796	94,963,796
Effects of dilution from:			
Share options	*8,419,896*	*6,497,213*	*3,119,765*
Weighted average number of shares adjusted for the effect of dilution	149,075,593	101,461,009	98,083,561
Loss per share - basic	**(1.61)**	**(1.79)**	**(1.70)**
Loss per share - diluted	**(1.52)**	**(1.68)**	**(1.65)**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

29 Transactions and balances with related parties

Terms and conditions of transactions with related parties

The following is a description of related party transactions the Group has entered into since January 1, 2018, with members of our supervisory or management board, executive officers or holders of more than 10% of any class of our voting securities.

Transactions with MTN

The Group engages in several initiatives with affiliates of our shareholder Mobile Telephone Networks Holdings (Pty) Ltd. For example, consumers may pay for transactions on Jumia's platform with MTN's mobile money. The Group has also set up dedicated MTN branded online stores on our platform.

In 2019 and 2018, the Group also entered into an agreement in which MTN prepaid for their employees' purchases in Jumia's platform through the wallet top-ups, which amounted to EUR 890 thousand (2018: EUR 1,166 thousand), which have all been converted into revenue during 2019.

The outstanding balances with MTN (current trade and loan receivables and payables) are as follows:

		As of	
In thousands of EUR	**Note**	**December 31, 2019**	**December 31, 2018**
Trade and other receivables	11	371	262
Total Assets		**371**	**262**
Trade and other payables	16	—	191
Deferred income	20	—	1,166
Total Liabilities		**—**	**1,357**

The income and expense amounts with MTN were as follows:

	As of	
In thousands of EUR	**December 31, 2019**	**December 31, 2018**
Revenue	—	661
Expenses	(478)	(487)
Net profit and loss	**(478)**	**174**

Transactions with Key management

Key management includes the senior executives. The compensation paid or payable to key management for employee services is shown below:

	For the year ended	
In thousands of EUR	**December 31, 2019**	**December 31, 2018**
Short-term employee benefits	8,036	3,204
Other benefits	47	25
Share-based compensation	13,771	11,034
Total	**21,854**	**14,263**

See Note 15 for additional information regarding the share-based compensation plans.

Transactions with Jeremy Hodara

In October 2018, Jeremy Hodara, co-CEO and a member of the management board, sold his entire participation in Jumia Facilities Management Services LLC ("Jumia Facilities") to the Group. Jumia Facilities is a company based in Dubai, United Arab Emirates, and was incorporated by an individual local shareholder holding 51% on our behalf and Jeremy Hodara, who held the remaining 49%. The purpose of Jumia Facilities is limited to the provision of operational services to the Group, such as marketing and support services. According to Jumia Facilities' Memorandum of Association, Jeremy Hodara was appointed managing director of the Jumia Facilities. Jumia Facilities' operations are financed through loans

granted by the Group. Profits and losses of the company are to be borne by the Group as well. The sale of participation did not result in a change in consolidation or control.

30 Fair Values of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of bank balances and cash, receivables and due from related parties. Financial liabilities consist of trade payables and due to related parties.

Management considers that the carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair values.

31 Financial risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The risks are monitored by appropriate management at each level. The Group's financial risk activities are governed by appropriate policies and procedures, and financial risks are identified, measured and managed in accordance with the Group's policies. The Supervisory Board reviews and approves the policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risk relates to foreign currency risks. Financial instruments affected by foreign currency risk include cash and cash equivalents, trade and other receivables and trade and other payables. The Group does not hedge its foreign currency risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. As the Group operates in multiple countries, the exposure to foreign currency is inherent and is part of the day to day business. The principle characteristics are summarized below:

- Cash is held in Euros and US dollars at the Group level
- Each foreign entity is funded by Group loans, in Euros or US dollars, on average every six weeks based on a detailed cash flow forecast
- Foreign exchange risk occurs only at the Group-level.

Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in Euros and US dollars and major currencies by the Group (EGP, ZAR, NGN, MAD, GHS, KES, AED), with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

The Group assessed a possible change of +/- 5% to the all mentioned currencies, and a potential change of +/- 10% to Egyptian Pound (EGP) and Ghananian Cedi (GHS) due to valuation fluctuations in 2019 of 2% to 4.28% of all mentioned currencies except for Egypt (EGP) with 13.32% fluctuation and Ghana (GHS) with 10.92% fluctuation. Intercompany loans bear the majority of the Group's foreign currency risk as they are issued and are repayable in Euro or US dollars. Fluctuation of various exchange rates in Africa and the resulting related foreign exchange gains or losses are recognized in other comprehensive income.

The impacts in the major local currencies are as follows:

In thousands of EUR		Effect on pre-tax equity	Effect on profit before tax
Change in EGP/EUR rate			
	10 %	2,315	110
	(10)%	(2,315)	(110)
Change in ZAR/EUR			
	5 %	(1,003)	(1)
	(5)%	1,003	1
Change in NGN/EUR			
	5 %	(1,199)	(51)
	(5)%	1,199	51
Change in MAD/EUR			
	5 %	(1,955)	189
	(5)%	1,955	(189)
Change in GHS/EUR			
	10 %	558	80
	(10)%	(558)	(80)
Change in KES/EUR			
	5 %	663	32
	(5)%	(663)	(32)
Change in EGP/USD rate			
	10 %	(2,585)	365
	(10)%	2,585	(365)
Change in ZAR/USD			
	5 %	(36)	24
	(5)%	36	(24)
Change in NGN/USD			
	5 %	(418)	73
	(5)%	418	(73)
Change in GHS/USD			
	10 %	(623)	201
	(10)%	623	(201)
Change in KES/USD			
	5 %	(739)	97
	(5)%	739	(97)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and foreign exchange transactions.

Trade receivables

The Group's exposure to credit risk of trade receivables is primarily on transactions with corporate consumers. The Group evaluates this risk through detailed ageing analysis and also detailed analysis of the credit worthiness of the consumers at each reporting date. The Group follows risk control procedures to assess the credit quality of the customers taking into account their financial position, past experience and

other factors. The compliance with credit limits by corporate customers is regularly monitored by management.

Sales to retail consumers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to Individual consumers, specific industry sectors and/or regions.

The Group recognizes an allowance for expected credit losses ("ECLs") applying the simplified approach permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

On December 31, 2019, certain Group entities (Jumia Facilities, Ecart Internet Services Nigeria Limited, Ecart Services Ivory Coast SARL, Ecart Services Kenya Limited, Ecart Services Morocco and Jumia Egypt LLC) entered into the account compensation and settlement agreements with certain international marketplace vendors. Therefore, the Group has offset associated trade receivables and payables for an amount f EUR 1,802 thousand as of December 31, 2019. (December 31, 2018, EUR 324 thousand).

The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

As of December 31, 2019, the Group has as an allowance for uncollectible receivables of EUR 8,283 thousand (2018: EUR 4,254 thousand) as set out in the Note 11. Additionally, the Group has as an allowance for uncollectible other receivables of EUR 503 thousand (2018: EUR 484 thousand). The total ECL provision represents 69% (2018: 36%) of the total trade and other receivables.

Cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group's maximum exposure to credit risk for the components of the statement of financial position as of December 31, 2019 and 2018 is the carrying amount as illustrated in cash and cash equivalents in the consolidated statement of financial position.

The expected credit losses ("ECL") from cash and cash equivalents, are estimated by the Group as immaterial as of January 1, 2018. Therefore, cash and cash equivalents and opening accumulated losses have not been adjusted accordingly. On December 31, 2019, the impact of measuring ECL for cash and cash equivalents remains immaterial and therefore not recognized in the consolidated financial statements.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The majority of the Group's cash deposit balances are maintained in Germany. German bank accounts are secured via the deposit protection fund, which secures all bank deposits up to 20% of the liable equity of the bank.

Liquidity risk

The primary objective of the Group's liquidity and capital management is to monitor the availability of cash and capital in order to support its business expansion and growth. The Group manages its liquidity and capital structure with reference to economic conditions, performance of its local operations and local regulations. Funding is managed by a central treasury department that monitors the amounts of funds to be granted according to Management and Shareholder approval. All funding follows strict operational and legal monitoring executed by the treasury and legal departments.

In 2019 the Group as secured funding via IPO as described in Note 13. Most of funding is transferred to operating entities in the form of loans which are eliminated in consolidation.

As all funds come exclusively from the shareholders and there are no external borrowings, the Group mitigates the risk of interest.

Based on the cash flow forecast for 2020, the Group has sufficient liquidity as of December 31, 2019 for the next twelve months.

32 Reclassification and restatement of comparative figures

The comparative figures in the statement of financial position have been reclassified to reflect the adoption of IFRIC 23.

The prior year figures in the Statement of Operations and comprehensive income (loss) have been restated to reflect the change in accounting for certain types of vouchers and incentives.

Such reclassifications and restatements have no effect on the previously reported profit or equity of the Company.

The reclassifications and restatements are summarized as follows:

In thousands of EUR	**2018 As previously reported**	**2018 As reclassified / restated**	**Difference**
Statement of financial position			
Non current liabilities			
Provisions for liabilities and other charges	—	389	389
Current liabilities			
Trade and other payables	47,681	47,292	(389)
Income tax payables	147	10,882	10,735
Provisions for liabilities and other charges	30,427	19,692	(10,735)
Statement of operations and comprehensive income (loss)			
Revenue	130,569	129,058	(1,511)
Sales and advertising expense	47,527	46,016	(1,511)

In thousands of EUR	**2017 As previously reported**	**2017 As restated**	**Difference**
Statement of operations and comprehensive income (loss)			
Revenue	94,036	93,054	(982)
Sales and advertising expense	37,926	36,944	(982)

Restatements

2017 and 2018 periods have been restated to reflect the impact of the reclassification of certain types of vouchers, consumer and partner incentives from Sales & Advertising expense to Revenue. The vouchers are consideration payable to a customer in accordance with IFRS 15, and are hence accounted for as a reduction of revenue.

33 Commitments and contingencies

Tax contingencies

The Group has contingent liabilities related to potential tax claims arising in the ordinary course of business. As of December 31, 2019, there are ongoing tax audits in various countries. Some of these tax enquiries have resulted in re-assessments, whilst others are still at an early stage and no re-assessment has yet been raised. Management is required to make estimates and judgments about the ultimate outcome of these investigations or litigations in determining legal provisions. Final claims or court rulings may differ from management estimates.

As of December 31, 2019, the Group has accrued for net tax provisions (excluding Uncertainty over Income Tax reported above in Note 4 under IFRIC 23 interpretation) in the amount of EUR 25,788 thousand (2018: EUR 19,675 thousand) as a result of the assessment of potential exposures due to uncertain tax positions as well as pending and resolved matters with the relevant tax authorities (Note 19).

In addition to the above tax risks, in common with other international groups, the conflict between the Group's international operating model, the jurisdictional approach of tax authorities and some domestic tax requirements in relation to withholding tax and VAT compliance and recoverability rules, could lead to a further EUR 8,184 thousand in additional uncertainty on tax positions. The likelihood of future economic outflows with regard to these potential tax claims is however considered as only possible, but not probable. Accordingly, no provision for a liability has been made in these consolidated financial statements.

The Group may also be subject to other tax claims for which the risk of future economic outflows is currently evaluated to be remote.

Legal Proceedings with shareholders

Since May 2019, several class action lawsuits have been filed against the company and certain officers in the U.S. District Court for the Southern District of New York and the Kings County Supreme Court in New York. The claims in these cases relate to alleged misstatements and omissions of non-financial information in our initial public offering prospectus and statements made by our company in connection with our initial public offering. These actions remain in their preliminary stages.

Lease commitments

As disclosed in Note 17, the Group was committed to short term leases which at December 31, 2019 amounts to EUR 158 thousand (2018: EUR 9,230 thousand, Note 4).

Others

The Group is involved in several ongoing cases with suppliers and employees. The Group continuously reviews and assesses these claims and records provisions based on management judgments and estimates from consultant at each reporting date.

When assessing the possible outcomes of legal claims and contingencies, the Group takes into consideration the advice of the legal counsel, which are based on the best of their professional judgment and take into consideration the current stage of the proceedings and legal experience accumulated with respect to the various matters. As the results of the claims may ultimately be determined by courts, or otherwise settled, they may be different from such estimates.

34 Audit fees

	As of	
In thousands of Euro	December 31, 2019	December 31, 2018
Audit fees	45	23
Total	**45**	**23**

35 Subsequent events

The recent outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a pandemic, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity. Our business could be adversely impacted by the outbreak of COVID-19.

As part of our cross-border business, we facilitate orders into Africa from international sellers. The COVID-19 outbreak has disrupted, and may continue to disrupt, the operations of these international sellers some of which have been forced to temporarily halt production, close their offices or suspend their services. In addition, many of our local sellers depend on imported products. The reactions to the COVID-19 pandemic have posed challenges for our sellers to source products and raw materials. We may incur increased operating costs as we adapt to new demands of operating during the term of the pandemic and we may experience disruptions to our operations including to implement enhanced employee safety procedures. Further, the COVID-19 pandemic has already negatively impacted consumer sentiment in many of our countries of operation, which has led to a reduction in discretionary spending. While we may benefit from a shift from offline to online trade, there can be no assurance that the effects of this shift will outweigh the negative impact caused by a change in consumer sentiment. Any fears among consumers that COVID-19 could be transmitted through goods shipped by us, reduced consumer spending on discretionary items or the economic consequences of administrative measures to limit the spreading of COVID-19 may significantly negatively affect our sales. We have also been required to temporarily shut down our fulfilment center in South Africa. Any further forced or voluntary shut downs of business operations in any of the geographies in which we have operations may negatively affect our ability to do business, operate our fulfilment centers, serve our customers and fulfill our administrative tasks.

We are monitoring the potential impact of the outbreak of COVID-19, which could negatively impact our global business and results of operations in future reporting periods. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

36 Release from the provisions of sec. 264a (1) HGB according to sec. 264b HGB

The companies listed under Section 5 (“Group Information”) make use of the exemption in accordance with section 264b of the German Commercial Code (HGB) and do not prepare, have audited and disclose annual financial statements and a management report. The requirements of Section 264b HGB have been met.

37 Staff costs and employees

The expenses for employee benefits for the fiscal year are as follows:

	As of	
In thousands of Euro	December 31, 2019	December 31, 2018
Wages and salaries	80,246	60,011
Share options granted (Note 15)	37,267	17,409
Social security costs	5,172	4,714
Total	**122,685**	**82,134**

The average number of employees as of December 31, 2019 was 5,460 (2018: 4,622).

Berlin, April 28, 2020

The Management Board

Sacha Poignonnec Jeremy Hodara