

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2020  
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report  
Commission file number: 001-38863

**JUMIA TECHNOLOGIES AG**

(Exact Name of Registrant as Specified in its Charter)

N/A

(Translation of registrant's name into English)

Skalitzer Strasse 104  
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(Address of registrant's registered office)

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(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
American Depositary Shares Ordinary Shares, no par value	JMIA N/A	New York Stock Exchange New York Stock Exchange <sup>1</sup>

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

179,259,246 ordinary shares, no par value.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Note—checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated Filer

Non-accelerated filer

Emerging Growth Company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the

Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued  
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

<sup>1</sup> Not for trading, but only in connection with the listing on The New York Stock Exchange of American Depositary Shares.

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## INTRODUCTION

We conduct our business through Jumia Technologies AG, a German stock corporation (Aktiengesellschaft) and its subsidiaries. Except where the context otherwise requires or where otherwise indicated, the terms “Jumia,” the “Company,” the “Group,” “we,” “us,” “our,” “our company” and “our business” refer to Jumia Technologies AG together with its consolidated subsidiaries as a consolidated entity.

### PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

We report under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the “IASB”), which differ in certain significant respects from U.S. generally accepted accounting principles (“U.S. GAAP”).

Our consolidated financial statements are reported in euros, which are denoted “euros,” “EUR” or “€” throughout this Annual Report on Form 20-F (“Annual Report”) and refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the treaty establishing the European Community, as amended. Also, throughout this Annual Report, the terms “dollar,” “USD” or “\$” refer to U.S. dollars. Unless otherwise noted, all translations of euro amounts into dollar amounts were calculated at a rate of €1.00 = \$1.2230, which equals the noon buying rate of the Federal Reserve Bank of New York on December 31, 2020. You should not assume that, on that or any other date, one could have converted these amounts of euros into dollars at this exchange rate.

Financial information in thousands or millions, and percentage figures have been rounded. Rounded total and sub-total figures in tables may differ marginally from unrounded figures indicated elsewhere in this Annual Report or in the consolidated financial statements. Moreover, rounded individual figures and percentages may not produce the exact arithmetic totals and sub-totals indicated elsewhere in this Annual Report.

### MARKET AND INDUSTRY DATA

We obtained the industry, market and competitive position data from our own internal estimates, surveys, and research as well as from publicly available information, industry and general publications and research, surveys and studies conducted by third parties, including, but not limited to, the International Monetary Fund (“IMF”), the African Development Bank, the World Bank, the Central Intelligence Agency (“CIA”), Statista, GSMA, Ovum, the Alliance for Affordable Internet, IDC, the United Nations, and the United Nations Economic Commission for Africa. None of the independent industry publications used in this Annual Report were prepared on our behalf.

Industry publications, research, surveys, studies and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Annual Report. These forecasts and forward-looking information are subject to uncertainty and risk due to a variety of factors, including those described under Item 3. “Key Information—D. Risk Factors.” These and other factors could cause results to differ materially from those expressed in our forecasts or estimates or those of independent third parties.

### TRADEMARKS, SERVICE MARKS AND TRADENAMES

We have proprietary rights to trademarks used in this Annual Report that are important to our business, many of which are registered under applicable intellectual property laws. Solely for convenience, the trademarks, service marks, logos and trade names referred to are without the ® and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names.

This Annual Report contains additional trademarks, service marks and trade names of others, which are the property of their respective owners. All trademarks, service marks and trade names appearing in this Annual Report are, to our knowledge, the property of their respective owners. We do not intend our use or display of other companies’ trademarks, service marks, copyrights or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

## INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements that relate to our current expectations and views of future events. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under Item 3. “Key Information—D. Risk Factors,” which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “believe,” “may,” “will,” “expect,” “estimate,” “could,” “should,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. Forward-looking statements contained in this Annual Report include, but are not limited to, statements about:

- our future business and financial performance, including our revenue, operating expenses and our ability to maintain profitability and our future business and operating results;
- our strategies, plan, objectives and goals; and
- our expectations regarding the development of our industry, internet penetration, market size and the competitive environment in which we operate.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in Item 3. “Key Information—D. Risk Factors,” including the following:

- we have incurred significant losses since inception and there is no guarantee that we will achieve or sustain profitability in the future;
- we rely on external financing and may not be able to raise necessary additional capital on economically acceptable terms or at all;
- our markets pose significant operational challenges that require us to expend substantial financial resources;
- we face risks related to health epidemics and other outbreaks such as COVID-19, which could significantly disrupt our supply chain and our operations, and could negatively affect our development;
- many of our countries of operation are, or have been, characterized by political instability or changes in regulatory or other government policies;
- our business may be materially and adversely affected by an economic slowdown in any region of Africa;
- currency volatility and inflation may materially adversely affect our business;
- uncertainties with respect to the legal system in certain African markets could adversely affect us;
- our business may be materially and adversely affected by violent crime or terrorism in any region of Africa;
- growth of our business depends on an increase in internet penetration in Africa and other external factors, some of which are beyond our control;
- we face competition, which may intensify;

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- we may be unable to adapt to changes in our industry or successfully launch and monetize new and innovative technologies, as a result of which our growth and profitability could be adversely affected;
- we may not be able to maintain our existing partnerships, strategic alliances or other business relationships or enter into new ones. We may have limited control over such relationships, and these relationships may not provide the anticipated benefits;
- we may fail to maintain or grow the size of our consumer base or the level of engagement of our consumers;
- sellers set their own prices and decide which goods they make available on our marketplace, which could affect our ability to respond to consumer preferences and trends;
- we use third-party carriers as part of our fulfillment process, giving us limited control over the fulfillment process and exposing us to challenges should we need to replace carriers;
- we may experience malfunctions or disruptions of our technology systems;
- we may experience security breaches and disruptions due to hacking, viruses, fraud, malicious attacks and other circumstances;
- we conduct a substantial amount of our business in foreign currencies, which heightens our exposure to the risk of exchange rate fluctuations.

The forward-looking statements made in this Annual Report relate only to events or information as of the date on which the statements are made in this Annual Report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this Annual Report and the documents that we have filed as exhibits to this Annual Report completely and with the understanding that our actual future results or performance may be materially different from what we expect.

**PART I**

**Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information**

**A. Selected Financial Data**

The following tables present the selected consolidated financial information for our company. The financial data as of and for the years ended December 31, 2017, December 31, 2018, December 31, 2019 and December 31, 2020 have been derived from our audited consolidated financial statements and the related notes, which are included for the years December 31, 2019 and December 31, 2020 elsewhere in this Annual Report and which have been prepared in accordance with IFRS as issued by the IASB. For fiscal years ended December 31, 2017 and 2018, refer to our previously filed annual reports on Form 20-F and 20 F/A.

The financial data presented below are not necessarily indicative of the financial results to be expected for any future periods. The financial data below do not contain all the information included in our financial statements. You should read this information in conjunction with Item 5. “Operating and Financial Review and Prospects,” and our consolidated financial statements and related notes, each included elsewhere in this Annual Report.

**Consolidated Statement of Operations**

	<b>For the year ended December 31,</b>			
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
	<b>(in millions, except for per share data)</b>			
Revenue	93.1	129.1	160.4	139.6
Cost of revenue	(65.8)	(84.8)	(84.5)	(46.8)
<b>Gross profit</b>	<b>27.2</b>	<b>44.2</b>	<b>75.9</b>	<b>92.8</b>
Fulfillment expense	(34.4)	(50.5)	(77.4)	(69.3)
Sales and advertising expense	(36.9)	(46.0)	(56.0)	(32.5)
Technology and content expense	(20.6)	(22.4)	(27.3)	(27.8)
General and administrative expense <sup>(1)</sup>	(89.1)	(94.9)	(144.5)	(115.7)
Other operating income	1.3	0.2	1.9	3.3
Other operating expense	(2.2)	(0.3)	(0.5)	(0.1)
<b>Operating loss</b>	<b>(154.7)</b>	<b>(169.7)</b>	<b>(227.9)</b>	<b>(149.2)</b>
Finance income	2.3	1.6	4.0	4.9
Finance costs	(1.5)	(1.3)	(2.6)	(14.0)
<b>Loss before income tax</b>	<b>(153.9)</b>	<b>(169.5)</b>	<b>(226.5)</b>	<b>(158.3)</b>
Income tax expense	(11.5)	(0.9)	(0.6)	(2.6)
<b>Net Loss</b>	<b>(165.4)</b>	<b>(170.4)</b>	<b>(227.1)</b>	<b>(161.0)</b>
<b>Net Loss attributable to equity holders of the Company</b>	<b>(161.6)</b>	<b>(170.1)</b>	<b>(226.7)</b>	<b>(160.9)</b>
<b>Net Loss per share</b>				
Basic and diluted	(1.70)	(1.79)	(1.61)	(1.00)
<b>Shares used in loss per share computation</b>				
Basic and diluted	95.0	95.0	140.7	160.7
<b>Loss per American Depositary Share ("ADS", each ADS representing two ordinary shares)</b>				
Basic and diluted	(3.40)	(3.58)	(3.22)	(2.00)
<b>ADSs used in loss per ADS computation</b>				
Basic and diluted	47.5	47.5	70.3	80.3

(1) Includes share-based compensation of €26.3 million in 2017, €17.4 million in 2018, €37.3 million in 2019 and €21.6 million in 2020.

### Consolidated Statement of Financial Position Data

	As of December 31,			
	2017	2018	2019	2020
	EUR	EUR	EUR	EUR
	(in millions)			
Non-current assets	5.0	6.6	19.1	18.5
Current assets	66.5	135.4	278.1	337.4
<b>Total assets</b>	<b>71.5</b>	<b>142.0</b>	<b>297.2</b>	<b>355.9</b>
Share capital	0.1	0.1	156.8	179.3
Share premium	629.8	845.8	1,018.3	1,205.3
Other reserves	50.9	66.1	104.1	108.6
Accumulated losses	(677.7)	(862.0)	(1,096.1)	(1,268.7)
<b>Equity attributable to the equity holders of the Company</b>	<b>3.2</b>	<b>50.0</b>	<b>183.1</b>	<b>224.5</b>
<b>Total equity</b>	<b>(12.6)</b>	<b>49.8</b>	<b>182.6</b>	<b>224.2</b>
Non-current liabilities	-	0.4	7.6	9.2
Current liabilities	84.1	91.8	107.1	122.6
<b>Total liabilities</b>	<b>84.1</b>	<b>92.2</b>	<b>114.6</b>	<b>131.8</b>
<b>Total equity and liabilities</b>	<b>71.5</b>	<b>142.0</b>	<b>297.2</b>	<b>355.9</b>

### Consolidated Statement of Cash Flows

	For the year ended December 31,			
	2017	2018	2019	2020
	EUR	EUR	EUR	EUR
	(in millions)			
Net cash flows used in operating activities	(117.0)	(139.0)	(182.6)	(98.5)
Net cash flows (used in) / from investing activities	(2.6)	(3.6)	(67.7)	60.0
Net cash flows from financing activities	121.6	213.2	316.8	187.1
Net increase in cash and cash equivalents	2.0	70.6	66.5	148.7
Cash and cash equivalents at the beginning of the year	29.8	29.7	100.6	170.0
Cash and cash equivalents at the end of the year	29.7	100.6	170.0	304.9

### Selected Other Data<sup>(1)</sup>

	For the year ended December 31,			
	2017	2018	2019	2020
	(in millions)			
Annual Active Consumers	2.7	4.0	6.1	6.8
Orders	n/a	14.4	26.5	27.9
GMV <sup>(2)</sup>	€ 507.1	€ 828.2	€ 1,097.6	€ 836.5
TPV	n/a	54.8	€ 124.3	€ 196.4
JumiaPay Transactions	n/a	2.0	7.6	9.6
Adjusted EBITDA	€ (126.8)	€ (150.2)	€ (182.7)	€ (119.5)

(1) See “Non-IFRS and Other Financial and Operating Metrics” below.

(2) For information on our GMV as adjusted for perimeter changes as a result of the portfolio optimization undertaken during the fourth quarter of 2019 as further described under Item 4. “Information on the Company—A. History and Development of the Company—Corporate History and Recent Transactions” as well as improper sales practices as further described under Item 4. “Information on the Company—A. History and Development of the Company—Sales Practices Review”, see Item 5. “Operating and Financial Review and Prospects—Operating Results—Comparison of Fiscal Years Ended December 31, 2018, December 31, 2019 and December 31, 2020—Consolidated Statement of Operations—Quarterly Data.”



### **Non-IFRS and Other Financial and Operating Metrics**

We have included in this Annual Report certain financial measures and metrics not based on IFRS, including Adjusted EBITDA, Adjusted EBITDA Margin as well as operating metrics, including GMV, Annual Active Consumers, Orders, TPV and JumiaPay Transactions.

#### ***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.

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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	2020
	EUR	EUR	EUR	EUR
	(in millions)			
Loss for the year	(165.4)	(170.4)	(227.1)	(161.0)
Income tax expense	11.5	0.9	0.6	2.6
Net Finance costs / (income)	(0.8)	(0.3)	(1.4)	9.1
Depreciation and amortization	1.6	2.2	7.9	8.1
Share-based compensation	26.3	17.4	37.3	21.6
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>(126.8)</b>	<b>(150.2)</b>	<b>(182.7)</b>	<b>(119.5)</b>

(1) Unaudited.

	2017 <sup>(1)</sup>			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	EUR	EUR	EUR	EUR
	(unaudited, in millions)			
Loss for the period	(24.8)	(30.1)	(49.9)	(60.6)
Income tax expense	0.0	0.3	0.2	10.9
Net Finance costs / (income)	(0.2)	0.7	(0.1)	(1.2)
Depreciation and amortization	0.5	0.4	0.5	0.3
Share-based compensation	0.4	(0.1)	20.7	5.2
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>(24.1)</b>	<b>(28.7)</b>	<b>(28.6)</b>	<b>(45.4)</b>

(1) Due to rounding, the sum of quarterly amounts may not equal the amounts reported for the relevant full-year period.

	2018 <sup>(1)</sup>			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	EUR	EUR	EUR	EUR
	(unaudited, in millions)			
Loss for the period	(34.1)	(42.3)	(40.9)	(53.1)
Income tax expense	0.1	0.2	0.2	0.4
Net Finance costs / (income)	(0.3)	0.1	0.1	(0.3)
Depreciation and amortization	0.5	0.5	0.6	0.6
Share-based compensation	3.6	5.8	4.3	3.7
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>(30.2)</b>	<b>(35.6)</b>	<b>(35.8)</b>	<b>(48.6)</b>

(1) Due to rounding, the sum of quarterly amounts may not equal the amounts reported for the relevant full-year period.

	2019 <sup>(1)</sup>			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	EUR	EUR	EUR	EUR
	(unaudited, in millions)			
Loss for the period	(45.8)	(67.8)	(49.9)	(63.6)
Income tax expense / (benefit)	0.1	0.2	(0.2)	0.5
Net Finance costs / (income)	0.2	0.9	(4.3)	2.0
Depreciation and amortization	1.7	1.8	2.1	2.3
Share-based compensation	4.3	20.5	7.1	5.3
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>(39.5)</b>	<b>(44.4)</b>	<b>(45.4)</b>	<b>(53.4)</b>

(1) Due to rounding, the sum of quarterly amounts may not equal the amounts reported for the relevant full-year period.

	2020 <sup>(1)</sup>			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	EUR	EUR	EUR	EUR
Loss for the period	(42.3)	(39.4)	(32.4)	(46.9)
Income tax expense	0.1	0.5	0.8	1.2
Net Finance costs / (income)	(1.6)	1.3	3.6	5.7
Finance costs				—
Depreciation and amortization	2.1	2.1	1.9	2.0
Share-based compensation	6.0	2.6	3.4	9.6
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>(35.6)</b>	<b>(32.9)</b>	<b>(22.7)</b>	<b>(28.3)</b>

(1) Due to rounding, the sum of quarterly amounts may not equal the amounts reported for the relevant full-year period.

### *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 for which JumiaPay was used 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, provides a useful indicator of the development, and adoption by consumers, of the payment services offerings we make available, directly and indirectly, through JumiaPay.

### ***JumiaPay Transactions***

“JumiaPay Transactions” corresponds to the total number of orders for products and services on our marketplace for which JumiaPay was used, 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 the cashless payment services offerings we make available 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 and the progressive conversion of cash on delivery orders into prepaid orders.

### **B. Capitalization and Indebtedness**

Not applicable.

### **C. Reasons for the Offer and Use of Proceeds**

Not applicable.

### **D. Risk Factors**

*The following risks may have material adverse effects on our business, financial condition and results of operations. Additional risks and uncertainties of which we are not presently aware or that we currently deem immaterial could also materially affect our business operations and financial condition.*

#### **Summary Risk Factors**

Our business is subject to numerous risks. We may be unable, for many reasons, including those that are beyond our control, to implement our business strategy. In particular, risks associated with our business include, but are not limited to, the following:

- we have incurred significant losses since inception and there is no guarantee that we will achieve or sustain profitability in the future;
- we rely on external financing and may not be able to raise necessary additional capital on economically acceptable terms or at all;
- our markets pose significant operational challenges that require us to expend substantial financial resources;
- we face risks related to health epidemics and other outbreaks such as COVID-19, which could significantly disrupt our supply chain and our operations, and could negatively affect our development;
- many of our countries of operation are, or have been, characterized by political instability or changes in regulatory or other government policies;
- our business may be materially and adversely affected by an economic slowdown in any region of Africa;
- currency volatility and inflation may materially adversely affect our business;
- uncertainties with respect to the legal system in certain African markets could adversely affect us;

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- our business may be materially and adversely affected by violent crime or terrorism in any region of Africa;
- growth of our business depends on an increase in internet penetration in Africa and other external factors, some of which are beyond our control;
- we face competition, which may intensify;
- we may be unable to adapt to changes in our industry or successfully launch and monetize new and innovative technologies, as a result of which our growth and profitability could be adversely affected;
- we may not be able to maintain our existing partnerships, strategic alliances or other business relationships or enter into new ones. We may have limited control over such relationships, and these relationships may not provide the anticipated benefits;
- we may fail to maintain or grow the size of our consumer base or the level of engagement of our consumers;
- sellers set their own prices and decide which goods they make available on our marketplace, which could affect our ability to respond to consumer preferences and trends;
- we use third-party carriers as part of our fulfillment process, giving us limited control over the fulfillment process and exposing us to challenges should we need to replace carriers;
- we may experience malfunctions or disruptions of our technology systems;
- we may experience security breaches and disruptions due to hacking, viruses, fraud, malicious attacks and other circumstances;
- we conduct a substantial amount of our business in foreign currencies, which heightens our exposure to the risk of exchange rate fluctuations.

### **Risks Related to Our Business, Operations and Financial Position**

#### ***Detailed Risks Associated with our Business, Operations and Financial Position***

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

Jumia operates a pan-African e-commerce platform. Our platform primarily consists of our marketplace, which connects businesses with consumers, our logistics service, which enables the shipping and delivery of packages, and our payment service, JumiaPay, which, together with its network of licensed payment service providers and other partners, facilitates transactions among participants active on our platform. We primarily generate revenue from commissions, where third-party sellers pay us fees based on the goods and services they sell, and from the sale of goods where we act directly as seller. Our revenue is, however, not sufficient to cover our operating expenses. Accordingly, since we were founded in 2012, we have not been profitable on a consolidated basis. We incurred a loss for the year of €170.4 million in 2018, a loss for the year of €227.1 million in 2019 and a loss for the year of €161.0 million in 2020. As of December 31, 2020, we had accumulated losses of €1.3 billion.

There is no guarantee that we will generate sufficient revenue in the future to offset the cost of maintaining our platform and maintaining and growing our business. Furthermore, even if we achieve profitability in certain of our more mature markets, where e-commerce is growing rapidly, there is no guarantee that we will be able to break even and achieve profitability in other markets, where e-commerce adoption is slower. We expect that our operating expenses will

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continue to increase as we intend to expend substantial financial and other resources on acquiring and retaining sellers and consumers, growing and maintaining our technology infrastructure and sales and marketing efforts and conducting general administrative tasks associated with our business, including expenses related to being a public company. These investments may not result in increased revenue growth. 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 fail to become and remain profitable, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We rely on external financing and may not be able to raise necessary additional capital on economically acceptable terms or at all.***

Since our inception, we have had negative operating cash flows and have relied on external financing. While we received net proceeds of \$280.2 million from our April 2019 initial public offering, a concurrent private placement with Mastercard Europe SA (“Mastercard”) and the issuance of shares to existing shareholders to protect them from dilution, and net proceeds of \$231.4 million from our December 2020 equity offering, we will require additional capital to finance our operations and/or growth of our platform in the future. 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.

If we choose to raise capital by issuing new shares, our ability to place such shares at attractive prices, or at all, depends on the condition of equity capital markets in general, the performance of our business and the price of our ADSs in particular, and the price of our ADSs may be subject to considerable fluctuation.

Currently, debt financing from independent third parties is unlikely to be available to us due to our loss making history, negative operating cash flows and lack of significant physical assets and collateral. If debt financing were available, such financing may require us to post collateral in favor of the relevant lenders or impose other restrictions on our business and financial position. Such restrictions may adversely affect our operations and ability to grow our business as intended. A breach of the relevant covenants or other contractual obligations contained in any of our current or future external financing agreements may trigger immediate prepayment obligations or may allow the relevant lenders to seize collateral posted by us, all of which may adversely affect our business. In addition, if we raise capital through debt financing on unfavorable terms, this could adversely affect our operational flexibility and profitability.

An inability to obtain capital on economically acceptable terms, or at all, could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our markets pose significant operational challenges that require us to expend substantial financial resources.***

We operate in emerging markets in Africa. While we believe that our markets offer opportunities for an e-commerce company, they are also characterized by fragmented and largely underdeveloped logistics, delivery, and digital payment landscapes, which can differ significantly in the consumer markets in which we operate. This underdeveloped infrastructure restricts and complicates the movement of people and goods, which may make our delivery service too expensive or our delivery times too long to effectively compete with offline stores, in particular outside of main urban centers. Underdeveloped infrastructure may also limit our growth prospects by obstructing access to potential consumers. Lack of an established, secure and convenient cashless payment system in many markets also poses significant challenges for sellers. From our experience, we believe that a large percentage of our consumers either do not have a bank account or do not trust online payments, which is why cash on delivery is still a payment method used by many of our consumers.

In order to overcome the challenges posed by our markets, we have had to develop significant logistics, delivery and payment infrastructures, which include, for example, the operation of warehouses and drop-off centers, the

integration of third-party logistics providers, the establishment of our own delivery and last-mile delivery fleet in certain cities, the design of our independent technology platform and the provision of unconventional payment options. These factors make our operations more complex than those of similar businesses in more developed markets and may place a higher risk on us, for example, due to a higher number of failed orders, the risk of fraud or otherwise. The costs incurred by us to meet these challenges have, and may continue to, put a strain on our financial resources, may be unjustified in light of the benefits they bring us and may make it challenging for us to reach profitability. In particular, there is no guarantee that the markets in which we currently operate will prove to be as attractive as we currently believe them to be, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***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 epidemics or pandemics, such as COVID-19. The COVID-19 pandemic 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 pandemic 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 vendors on our platform have been forced to reduce their hours of operations or shut down for periods of time and some have gone out of business, and this may continue, which may negatively impact our results.
- The COVID-19 pandemic has 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.
- In South Africa, our fulfilment center was shut down due to very strict lockdown restrictions during April 2020. These restrictions were eased from May 2020 onwards and e-commerce businesses have been allowed to operate since then. 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. We may be required, or may decide, to reduce our expenses, including through a review of our size of operations and of the remuneration of our work force. Any decision to reduce expenses may negatively impact our operations and reputation. Further, COVID-19 may lead to unrest, instability and crisis in our countries of operation, which may further impact negatively our business. 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. Protracted negative effects on investor confidence may require us to significantly cut our spending, which may lead to a decline in our usage indicators and revenue.

***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. For example, in periods of intense political turmoil, governments in certain of our markets have restricted access to the internet. Most recently, this occurred in Uganda in advance of the presidential election in January 2021. Any similar shut-down in the future will negatively affect our business and results of operations. In addition, if government or regulatory policies in a market in which we operate were to change or become less business-friendly, our business could be adversely affected.

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. For example, the Central Bank of Nigeria requires foreign investors to obtain a certificate of capital importation (“CCI”) to be able to repatriate imported funds and related proceeds via the Nigerian foreign exchange market. Jumia has transferred about €125 million into Nigeria as of December 31, 2019. While Jumia has obtained valid CCIs for approximately €95.2 million, Jumia currently does not hold CCIs for the remaining amount. Jumia currently does not anticipate any need to repatriate funds from Nigeria in the medium term. In the meantime, Jumia has started working with the Nigerian authorities to obtain the additional CCIs that would allow Jumia to repatriate these funds and related proceeds. As of January 31, 2021, Jumia was awaiting feedback for €0.6 million requested in 2020. However, there can be no assurance that Jumia will be successful in obtaining these certificates. Any failure to obtain the required certificates could impact Jumia’s ability to repatriate these funds and related proceeds or the exchange rate at which a repatriation could be effected.

In the future, the level of intervention by African governments may continue to increase. The COVID-19 pandemic may serve as a catalyst for increasing government intervention. These or other measures could have a material adverse effect on the economy of the countries in which we operate and, consequently, could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our business may be materially and adversely affected by an economic slowdown in any region of Africa.***

The success of our business depends on consumer spending. While we believe that economic conditions in Africa will improve, poverty in Africa will decline and the purchasing power of African consumers will increase in the long term, there can be no assurance that these expected developments will actually materialize. In addition, the COVID-19 pandemic could further negatively impact levels of economic activity and depress consumer demand. The development of African economies, markets and levels of consumer spending are influenced by many factors beyond our control, including consumer perception of current and future economic conditions, political uncertainty, employment levels, inflation or deflation, real disposable income, poverty rates, wealth distribution, interest rates, taxation, currency exchange rates, weather conditions and the COVID-19 pandemic. As our operations in Nigeria and Egypt generate a larger portion of our orders and revenue than any other country in which we currently operate, adverse economic developments in Nigeria or Egypt could have a greater impact on our results than a similar downturn in other countries.

Furthermore, in some of the countries in which we operate, local banks have faced liquidity and funding issues and may face such issues in the future, which could lead to bank failures or systemic collapse potentially resulting in an economic slowdown in the particular region.



An economic downturn, whether actual or perceived, currency volatility, a decrease in economic growth rates or an otherwise uncertain economic outlook in Nigeria, Egypt or any region of Africa could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Currency volatility and inflation may materially adversely affect our business.***

Third-party sellers and consumers transact on our marketplace in local currency. The economies of a number of the African countries in which we operate are affected by high currency exchange rate volatility due to, among other things, inflation, selective tariff barriers, raw material prices, current account balances and widespread corruption and political uncertainty. Currency volatility and high inflation in any of the countries in which we operate could increase the cost of goods to our third-party sellers while decreasing the purchasing power of our consumers. If sellers are unable to pass along price increases to consumers, we could lose sellers from our marketplace. Similarly, if consumers are unwilling to pay higher prices, we could lose consumers.

The occurrence of any of these risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Uncertainties with respect to the legal system in certain African markets could adversely affect us.***

Legal systems in Africa vary significantly from jurisdiction to jurisdiction. Many countries in Africa have not yet developed a fully integrated legal system, and recently-enacted laws and regulations may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. Since local administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be difficult to predict the outcome of administrative and court proceedings and our level of legal protection in many of our markets. Moreover, local courts may have broad discretion to reject enforcement of foreign awards. These uncertainties may affect our ability to enforce our contractual rights or other claims. Uncertainty regarding inconsistent regulatory and legal systems may also embolden plaintiffs to exploit such uncertainties through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from us.

Many African legal systems are based in part on government policies and internal rules, some of which are not published on a timely basis, or at all, and may have retroactive effect. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies and rules until after the violation. In addition, any administrative and court proceedings in Africa may be protracted, resulting in substantial costs and the diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to apply to us in Africa and elsewhere that could restrict our business. Scrutiny and regulation of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing such regulation. Changes in current laws or regulations or the imposition of new laws and regulations in our markets or elsewhere regarding e-commerce may slow our growth and could have a material adverse effect on our business, financial position, results of operations and prospects.

***Our business may be materially and adversely affected by violent crime or terrorism in any region of Africa.***

Many of the markets in which we operate suffer from a high incidence in violent crime and terrorism, which may harm our business. Violent crime has the potential to interfere with our delivery and fulfillment operations, in particular, given the fact that a high proportion of transactions on our marketplace are settled in cash. Our warehouses may also be targets of criminal acts. For example, in late 2018, we experienced an isolated incident in which our warehouse in Kenya was robbed, and merchandise with a value of approximately €500,000 was stolen. Violent crimes may increase as a result of the ongoing COVID-19 pandemic.

Further, the terrorist attacks of Boko Haram have created considerable economic instability in northeastern Nigeria for nearly a decade. Although it is difficult to quantify the economic effect of Boko Haram's terrorist activities, countless markets, shops, and schools have been temporarily or permanently closed over the years out of fear of coordinated attacks. In some of the areas most devastated by terrorism, commercial banks have chosen to remain open for only three hours per day. Many Nigerians have also chosen to migrate from the north to the south, or out of the country altogether. If Boko Haram's terrorist activities were to spread throughout Nigeria, the increasing violence could have material adverse effects on the Nigerian economy. A terrorist attack in Nairobi in January 2019 by Somalia-based militant group al-Shabab drew increased attention to the risks of destabilization in Kenya. An increase in violent crime or terrorism in any region of Africa may interfere with deliveries, discourage economic activity, weaken consumer confidence, diminish consumer purchasing power or cause harm to our sellers and consumers in other ways, any of which could have a material adverse effect on our business, financial position, results of operations and prospects.

***Growth of our business depends on an increase in internet penetration in Africa and other external factors, some of which are beyond our control.***

Our business model relies on an increase in internet penetration and digital literacy in Africa. Even though the main urban centers of Africa typically offer reliable wired internet service, a substantial portion of the population are inhabitants of rural areas, which largely depend on mobile networks. Internet penetration in the markets in which we operate may not reach the levels seen in more developed countries for reasons that are beyond our control, including the lack of necessary network infrastructure or delayed implementation of performance improvements or security measures. The internet infrastructure in the markets in which we operate may not be able to support continued growth in the number of users, their frequency of use or their bandwidth requirements. Delays in telecommunication and infrastructure development or other technology shortfalls may also impede improvements in internet reliability. If telecommunications services are not sufficiently available to support the growth of the internet, response times could be slower, which would reduce internet usage and harm our platform. Internet penetration may decline if providers become insolvent or decide to exit a specific country. The price of personal computers, mobile devices and internet access, particularly with respect to mobile data rates, may also limit the growth of internet penetration in the markets in which we operate. Accordingly, there is no guarantee that internet penetration rates, and in particular, mobile internet penetration rates, will continue to grow as we anticipate. Internet penetration in our target markets may even stagnate or decline. Digital illiteracy among many consumers and vendors in Africa presents obstacles to e-commerce growth.

If internet penetration and digital literacy do not increase in our markets of operation, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

The continued growth of our business and e-commerce will depend on a number of other factors, some of which are beyond our control, including, the trust and confidence level of e-commerce sellers and consumers, changes in demographics and consumer tastes and preferences. Even if internet penetration rates increase, physical retail or face-to-face transactions may remain the predominant form of commerce in our markets due to, among other factors, a lack of trust and confidence in e-commerce offerings. There is no guarantee that consumers will adapt to the use of the internet for consumer transactions on the scale we anticipate.

A failure of e-commerce to continue to grow as we anticipate in the markets in which we operate could have a material adverse effect on our business, financial condition, results of operations and prospects.

***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 and UberEast, while in digital services we face competition from companies such as OPay and PalmPay. Some of our competitors currently copy our marketing campaigns, and such competitors may undertake more far reaching marketing events or adopt more aggressive pricing policies, all of which could adversely impact our competitive position. We also compete with a large and fragmented

group of offline retailers, such as traditional brick-and-mortar retailers and market traders, in each of the markets in which we operate. 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.

Competitive pressure from current or future competitors or our failure to quickly and effectively adapt to a changing competitive landscape could adversely affect demand for the goods available on our marketplace and could thereby adversely affect our growth. Given the early stage of the e-commerce industry in the markets in which we operate, the share of goods sold and purchased via e-commerce may be small and loyalty of sellers and consumers may therefore be low. Current or future competitors may offer lower commissions to sellers than we do, and we may be forced to lower commissions in order to maintain our market share.

With respect to JumiaPay, we face competition from financial institutions with payment processing offerings, credit, debit and prepaid card service providers, other offline payment options and other electronic payment system operators, in each of the markets in which we operate. We expect competition to intensify in the future as existing and new competitors may introduce new services or enhance existing services. New entrants tied to established brands may engender greater user confidence in the safety and efficacy of their services.

If we fail to compete effectively, we may lose existing sellers or consumers and fail to attract new sellers or consumers, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***If we are unable to adapt to changes in our industry or successfully launch and monetize new and innovative technologies, our growth and profitability could be adversely affected.***

The internet and e-commerce industry is characterized by rapidly changing technology, evolving industry standards, new product and service introductions and changing consumer demand. Despite our investment of significant resources in developing our infrastructure, such as our logistics service, changes and developments in our industry may require us to re-evaluate our business model and significantly modify our long-term strategies and business plan.

We constantly seek to develop new and innovative technologies, such as our payment service, JumiaPay. Our ability to monetize these technologies and other new business lines in a timely manner and operate them profitably depends on a number of factors, many of which are beyond our control, including:

- our ability to manage the financial and operational aspects of developing and launching new technologies, including making appropriate investments in our software systems, information technologies and operational infrastructure;
- our ability to secure required governmental permits and approvals and implement appropriate compliance procedures;
- the level of commitment and interest from our current and potential third-party innovators;
- our competitors developing and implementing similar or better technology;
- our ability to effectively manage any third-party challenges to the intellectual property behind our technology;
- our ability to collect, combine and leverage data about our consumers collected online and through our new technology in compliance with data protection laws; and

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- general economic and business conditions affecting consumer confidence and spending and the overall strength of our business.

We may not be able to grow our new technologies or operate them profitably, and these new and innovative technology initiatives may never generate material revenue. In addition, our technology development requires substantial management time and resources, which may result in disruptions to our existing business operations and adversely affect our financial condition, which may decrease our profitability and growth.

***We may not be able to maintain our existing partnerships, strategic alliances or other business relationships or enter into new ones. We may have limited control over such relationships, and these relationships may not provide the anticipated benefits.***

We partner with numerous third parties. For example, more than 100 logistics providers are integrated into our logistics service and help us and our sellers deliver goods to consumers. Additionally, we may enter into new strategic relationships in the future. Such relationships involve risks, including but not limited to: maintaining good working relationships with the other party, any economic or business interests of the other party that are inconsistent with ours, the other party's failure to fund its share of capital for operations or to fulfill its other commitments, including providing accurate and timely accounting and financial information to us, which could negatively impact our operating results, loss of key personnel, actions taken by our strategic partners that may not be compliant with applicable rules, regulations and laws, reputational concerns regarding our partners or our leadership that may be imputed to us, bankruptcy, requiring us to assume all risks and capital requirements related to the relationship, and the related bankruptcy proceedings could have an adverse impact on the relationship, and any actions arising out of the relationship that may result in reputational harm or legal exposure to us. Further, these relationships may not deliver the benefits that were originally anticipated.

Any of these factors may have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may fail to maintain or grow the size of our consumer base or the level of engagement of our consumers.***

The size and engagement level of our consumer base are critical to our success. Our business and financial performance have been and will continue to be significantly determined by our success in adding, retaining, and engaging Annual Active Consumers. We continue to invest significant resources to grow our consumer base and increase participant engagement, whether through innovation, providing new or improved goods or services, marketing efforts or other means. While our consumer base has expanded significantly, we cannot assure you that our consumer base and engagement levels will continue growing at satisfactory rates, or at all. Our consumer growth and engagement could be adversely affected if, among other things:

- we are unable to maintain the quality of our existing goods and services;
- we are unsuccessful in innovating or introducing new goods and services;
- we fail to adapt to changes in participant preferences, market trends or advancements in technology;
- technical or other problems prevent us from delivering our goods or services in a timely and reliable manner or otherwise affect the participant experience;
- there are participant concerns related to privacy, safety, security or reputational factors;
- there are adverse changes to our platform that are mandated by, or that we elect to make in response to, legislation, regulation, or litigation, including settlements or consent decrees;
- we fail to maintain the brand image of our platform or our reputation is damaged; or

- there are unexpected changes to the demographic trends or economic development of the markets in which we operate.

Our efforts to avoid or address any of these events could require us to make substantial expenditures to modify or adapt our services or platform. If we fail to retain or grow our participant base, or if our users reduce their engagement with our platform, our business, financial condition, results of operations and prospects could be materially and adversely affected.

***Sellers set their own prices and decide which goods they make available on our marketplace, which could affect our ability to respond to consumer preferences and trends.***

We do not control the portfolio or pricing strategies of our sellers, which could affect our ability to effectively compete on the breadth of our product assortment or on price with the other distribution channels. Our sellers may be unaware of consumer preferences and trends and fail to offer the products our consumers prefer. Additionally, our sellers may employ different pricing strategies based on the geographical location of consumers, which could lead consumers to look for more competitively priced products on other distribution channels. Our sellers may also engage in fictitious pricing, an advertising tactic wherein sellers exaggerate the level of discounts provided on certain products by comparing the discount price to a prior-reference price at which the product was never really offered for sale. Such tactics, if perpetrated by our sellers, may alienate consumers from our marketplace and harm our reputation. Moreover, sellers that are prevented from engaging in fictitious pricing on our marketplace may choose to list their goods on other channels instead of our marketplace, which could also result in a loss of consumers.

If consumers are unable to purchase their preferred products at competitive prices on our marketplace, they may choose to purchase products elsewhere, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We depend on third-party carriers as part of our fulfillment process.***

We depend on the services of third-party carriers for the delivery of a large number of goods to our warehouses and subsequently to the distribution centers of third-party carriers and from there to our consumers. Even where goods do not enter our warehouses, these goods are handled by third-party carriers who directly receive them from sellers.

Consequently, we have only limited control over the timing of deliveries and the security and quality of the goods while they are being transported. Consumers may experience shipping delays due to inclement weather, natural disasters, employment strikes or terrorism, and/or goods may be damaged or lost in transit. If goods are of a poor quality or damaged or lost in transit, not delivered in a timely manner, or if we are not able to provide adequate consumer support, our consumers may become dissatisfied and cease buying their goods through our marketplace.

It may be difficult to replace any of our current third-party carriers due to a lack of alternative offerings at comparable prices and/or service quality in the relevant geographic area. Given the infrastructure deficiencies in the markets in which we currently operate, experienced and highly qualified third-party carriers are in increasing demand and accordingly, have only limited capacities. As a result, competition for delivery capacities may intensify even further. In addition, our carriers may increase their prices, which would adversely affect our results. Furthermore, as we continue to grow, our existing carriers may be unable to keep up with such growth, and we may have to contract additional carriers. There is no guarantee that their services and prices will be satisfactory to us or our consumers. An inability to maintain and expand a network of high-quality third-party carriers at attractive costs could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may experience malfunctions or disruptions of our technology systems.***

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. For example, certain software we use for our business is based on open source software, which may expose our business to systemic problems if errors in the open source code are not detected in a timely manner.

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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. In particular, as we have not yet completed a full disaster recovery check, we may not be aware of any material weaknesses in our disaster recovery systems. Any failure of or disruptions to our technology systems may lead to significant malfunctions and downtimes of our websites and apps. If our algorithms suffer from programming failures or our technology systems experience disruptions, we may be unable to deliver goods on time or misallocate goods, either of which could adversely affect our business. Furthermore, we do not have an adequate business continuity infrastructure, and any failure of a key piece of infrastructure may lead to extended outages and generally affect our business continuity. In addition, we may not adequately manage malfunctions. If we cannot fix any malfunction ourselves, we may have to pay third parties to fix the malfunction or to license functioning software, which may be costly.

We have experienced and will likely continue to experience system failures, denial-of-service attacks and other events or conditions from time to time that interrupt the availability or reduce the speed or functionality of our websites and mobile applications. Reliability is particularly critical for us because the full-time availability of our payment services is critical to our goal of gaining widespread acceptance among consumers and sellers, in particular with respect to digital and mobile payments. Frequent or persistent interruptions in our services could cause current or potential consumers to believe that our systems are unreliable, leading them to switch to our competitors or to avoid our sites, which could irreparably harm our reputation and brands. To the extent that any system failure or similar event results in damages to our consumers or their businesses, these consumers could seek significant compensation from us for their losses and such claims, even if unsuccessful, would likely be time consuming and costly to address.

In addition, we depend on certain third-party service providers to operate and maintain certain of our technology systems, such as cloud services. If such service providers experience malfunctions or disruptions of their technology or increase their prices, it could adversely affect our business. Furthermore, if we need to switch service providers, for example if certain software is no longer fully compatible with our technology platform or no longer available in any country in which we currently operate (e.g., due to sanctions), there is no guarantee that alternative service providers will be available to us or that we would manage the transition successfully.

As we continue to grow our business, we may be required to further scale our technology platform and technology systems, including by adding and migrating to new systems and proprietary software, replacing outdated hardware and increasing the integration of our technology systems. Such changes may, however, be delayed or fail due to malfunctions or an inability to integrate new software and functions with our existing technology platform, resulting in disruptions to our operations and insufficient scale to support our future growth. In addition, as a provider of payments solutions, we are subject to increased scrutiny by regulators that may require specific business continuity and disaster recovery plans and more rigorous testing of such plans. This increased scrutiny may be costly and time consuming and may divert our resources from other business priorities.

Any malfunctions and disruptions of our technology systems could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may experience security breaches and disruptions due to hacking, viruses, fraud, malicious attacks and other circumstances.***

We operate websites, apps and other technology systems through which we collect, maintain, transmit and store sensitive information, such as credit or debit card information, about our consumers, sellers, suppliers and other third parties. We also store proprietary information and business secrets. Additionally, 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. While we take steps such as the use of password policies and firewalls to protect the security, integrity and confidentiality of sensitive and confidential information, our security practices may be insufficient and

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third parties may access our technology systems without authorization – such as through trojans, spyware, ransomware or other malware attacks – which may result in unauthorized use or disclosure of such information. Such attacks might lead to blackmailing attempts, forcing us to pay substantial amounts to release our captured data or resulting in the unauthorized release of such data. Given that techniques used in these attacks change frequently and often are not recognized until launched against a target, it may be impossible to properly secure our technology systems. In addition, technical advances or a continued expansion and increased complexity of our technology platform could increase the likelihood of security breaches.

Security breaches may also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or third-party service providers. Insufficient security practices, such as inadequate policies to enforce password complexity, the saving of username and password combinations on local browsers, any failure to update permissions granted to current or former employees, any weakness in access controls, the use of default credentials or their reuse coupled with the use of third-party cloud services, the use of unauthorized and unprotected software as well as inadequate physical protection against unauthorized access may make our technology systems vulnerable and lead to unauthorized disclosure of sensitive information.

Any leakage of sensitive information could lead to a misuse of data, including unsolicited emails or other messages based on spam lists fed with such data. Inefficient management of administrator and user accounts may increase the risk of fraud and malfunctions. In addition, any such breach could violate applicable privacy, data security and other laws, and cause significant legal and financial risks or negative publicity, and could adversely affect our business and reputation. We may need to devote significant resources to protect ourselves against security breaches or to address such breaches, and there is no guarantee that our resources will be sufficient to do so. Furthermore, we provide certain information to third-party service providers, such as Google, who help us assess the performance of our business. Consequently, we have only limited control over the protection of such information by the relevant third-party service providers and may be adversely affected by breaches and disruptions of their respective technology systems.

Security breaches and disruptions could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We conduct a substantial amount of our business in foreign currencies, which heightens our exposure to the risk of exchange rate fluctuations.***

We are subject to fluctuations in foreign exchange rates between the Euro, our reporting currency, and currencies of other countries where we market or source our goods, for example the Nigerian Naira, the Egyptian Pound, the Kenyan Shilling and the West African CFA Franc. Such fluctuations may result in significant increases or decreases in our reported revenue and other results as expressed in Euro, and in the reported value of our assets, liabilities and cash flows. In addition, currency fluctuation may adversely affect receivables, payables, debt, firm commitments and forecast transactions denominated in foreign currencies. In particular, transition risks arise where parts of the cost of sales are not denominated in the same currency of such sales. [We currently do not hedge this exposure.] Fluctuation in exchange rates, depreciation of local currencies, changes in monetary and/or fiscal policy or inflation in the countries in which we operate could have a material adverse effect on our business, financial condition, results of operations and prospects.

***The continued growth of our business depends on several external factors, some of which are beyond our control, and there is no guarantee that we can maintain our historical growth rates.***

We have historically experienced growth in our usage indicators, such as Annual Active Consumers, Orders or GMV. There can be no assurance that our growth will be sustainable and that we will continue to experience growth in the future. To support our path to profitability, we may further reduce promotional intensity and consumer incentives, which may negatively affect usage indicators. External effects, such as the COVID-19 pandemic, which caused supply and logistics challenges for our business, may also negatively affect our growth trajectory. In addition, a shift in the relative proportion of first-party sales to third-party sales may significantly and negatively affect any reported revenue growth and could even lead to a decline in reported revenue.

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The growth of our business is dependent on our ability to both retain existing and add new sellers, which we may not be able to continue to do at historic rates and acquisition costs, or at all. As we scale our business, we face the risk that our current sellers may not successfully increase their offers to keep up with increasing consumer demand, which may require us to increase our first-party sales. While any such increase would lead to a significant increase in revenue, our profit margins could be negatively affected, as we have historically recorded lower profit margins on first-party sales than on third-party sales. Alternatively, we could select and onboard new local or international sellers to keep up with the increasing consumer demand; however, doing so might prove more difficult than expected or we may not be able to onboard new sellers at all. Furthermore, if we onboard too many international sellers, we risk alienating local sellers which would compound supply issues. Similarly, we risk alienating small, local sellers as our company grows and we provide increasing exposure to larger sellers who can more easily adapt pricing strategies and product offerings to meet the needs of consumers.

Our local sellers, some of whom rely on imports for supply, may be negatively affected by local currency devaluations. Curtailed access to supply for our local sellers may negatively affect the breadth of assortment on our platform which in turn may affect usage growth and overall performance of the business.

We also face the risk of losing sellers due to seller insolvency. If any of our current sellers were to become insolvent, they would no longer be able to offer products on our marketplace. Additionally, they may not be able to fulfill open orders and deliver products as promised. Furthermore, if we pay a seller before such seller fulfills its obligations to our consumers, we may be unable to recover from such a seller any funds paid for undelivered items, for example if the seller becomes insolvent.

Our business growth may also be affected if we are unsuccessful in retaining our current consumer base or adding new consumers. Any decrease in the number of sellers and product offerings could lead to a corresponding decrease in Annual Active Consumers. Additionally, the costs of consumer retention may increase for various reasons, which could negatively affect our revenue. Our expansion into new markets, although not an immediate priority, may place us in unfamiliar competitive environments or may require us to invest significant resources, and there is no assurance that returns on such investments will be achieved.

The occurrence of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may not be able to manage future growth efficiently, which may adversely affect our business.***

We aim to continue to grow our business and our leadership in the markets in which we operate. If we succeed in significantly increasing the number of our Annual Active Consumers, we will be required to further expand and improve our marketplace, technology systems, fulfillment infrastructure and consumer support, which we may not achieve in a timely and cost-effective manner. If we are unable to successfully manage future growth, consumer satisfaction and our reputation may be negatively affected.

Growth of our business may also place significant demands on our management and key employees, as expansion will increase the complexity of our business and place a significant strain on our management, operations, technical systems, financial resources and internal control over financial reporting functions. Our current and planned personnel, systems, procedures and controls may not be adequate to support and effectively manage our future operations, especially as we employ personnel in numerous geographic locations. Our ability to hire a sufficient number of new employees for our expanding operations depends on the overall availability of qualified employees, and our ability to offer them sufficiently attractive employment terms compared to other employers. Functional experts such as technology experts and compliance specialists are particularly hard to recruit and retain in the markets in which we operate.

If we experience significant future growth, we may be required not only to make additional investments in our platform and workforce, but also to expand our relationships with various partners and other third parties with whom we do business, such as third-party carriers, and to expend time and effort to integrate such parties into our operations. The



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expansion of our business could exceed the capacities of our partners and other third parties willing to do business with us, and if they are unable to keep up with our growth, our operations could be adversely affected.

Any failure to meet such challenges may lead to an increase in the risk of disruptions and compliance violations, could adversely affect our profitability, and could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may fail to effectively monetize our services, which could negatively affect our business and prospects.***

We may fail to effectively monetize our services, particularly as a number of our monetization avenues are nascent or untested. For example, as the competitive landscape in Africa increases, we may need to decrease the rate of our seller commissions in order to retain our seller base. Additionally, effective monetization of our nascent marketing and advertising service depends on our ability to generate sufficient usage on our platform and an attractive return on investment to advertisers. Furthermore, we cannot guarantee the successful monetization of our Jumia Logistics service to third parties or the successful off-platform expansion of JumiaPay. Any failure to successfully monetize these or other of our services could negatively affect our business and prospects.

***We may be unable to maintain and expand our relationships with sellers or to find additional sellers for our marketplace.***

Our sellers range from small merchants and artisans to larger corporations. If we fail to maintain and expand our existing relationships or to build new relationships with sellers on acceptable commercial terms, we will not be able to maintain and expand our broad product and service offering, which could adversely affect our business.

In order to maintain and expand our relationships with our current sellers and to attract additional quality sellers, we need, among other factors, to:

- provide a simple and easy to use platform, on which sellers can attractively present their goods and services;
- demonstrate our ability to help our sellers sell significant volumes of their goods;
- provide sellers with effective marketing and advertising products;
- offer an innovative platform;
- offer sellers a high-quality, cost-effective fulfillment process, including returns; and
- continue to provide sellers with a dynamic and real time view of demand and inventory via data and analytics capabilities.

If we fail to maintain an attractive mix of sellers or fail to find quality sellers of attractive goods, if such sellers refuse to use our platform or if we do not manage these relationships efficiently, we may not be able to grow as anticipated, which could adversely affect our business. Our competitors may seek to enter into exclusivity agreements with certain sellers and thereby prevent us from partnering with such sellers. Competitors or retailers may encourage manufacturers to limit distribution to sellers who sell through us.

Our policy is to delist any goods or sellers who repeatedly fail to meet our performance standards (e.g., product quality, environmental compliance and labor relations standards), which may lead to a significant reduction of sellers on our marketplace. Furthermore, sellers may decide to cease cooperating with us, discontinue their operations, or may face financial distress or other business disruptions. As a result, we may not be able to maintain and expand our product offering and may consequently lose consumers to competitors with a larger seller base.

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An inability to find, engage and retain the right sellers could have a material adverse effect on our business, financial condition, results of operations and prospects.

***In order to offer our consumers an attractive product mix, we may be required to find sellers abroad or to engage in selling goods ourselves.***

The more attractive the product mix on our marketplace, the more consumers visit our marketplace and order from our sellers. However, there can be no assurance that our sellers will offer a product mix that is attractive to our consumers. If we identify gaps in the product offering on our marketplace, we either seek to have sellers from abroad, such as China, offer their goods on our marketplace or, in some cases, decide to sell goods ourselves. Sellers from abroad may, however, only be interested in listing goods with a high value, as low value goods may not allow them to recover the costs incurred for sales over our marketplace. Furthermore, there can be no assurance that sellers from abroad will not face issues with import restrictions or delays in obtaining required customs clearances. As a growing percentage of our revenue stems from cross-border sales, future import restrictions, delays in obtaining required customs clearances, in particular with respect to goods imported from China, or events negatively affecting international trade, such as the COVID-19 pandemic, may have a material adverse effect on our revenue.

Where we engage directly in selling goods, we take on inventory risk. Although many of our inventory-related systems are automated, some internal processes at our warehouses are handled manually, which may result in errors. Consumer preferences regarding price, quality and design of certain goods may change rapidly, making it difficult to accurately forecast future demand. If we fail to correctly anticipate the demand, we may not be able to avoid overstocking or understocking certain goods. If we underestimate demand, this may result in a loss of consumers who are unsatisfied with our delivery times. If we overestimate demand, we may experience excess inventories and may ultimately be forced to record losses for write-offs on inventory. In order to sell such excess inventories, we may choose to sell goods at significant discounts, which may adversely affect our profit margins and the level of prices we can demand for other goods, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

***We face challenges with failed deliveries, excessive returns and voucher abuse, which may materially and adversely affect our business and prospects.***

Most of our orders are home delivery. For home deliveries, consumers need to be present at the point of delivery or need to have made arrangements for drop-off or delivery to a third person. In addition, for orders to be paid in cash on delivery, the relevant consumer must provide payment at the time of delivery. However, there is no guarantee that our consumers will actually be present at scheduled delivery locations at the scheduled delivery times. If a consumer is not present and has not made other arrangements, we schedule a new delivery time. We typically make three delivery attempts, and if all of these attempts fail, we return the product to the seller. If there is a failed delivery, we are required to notify the seller within 21 days of when the package was shipped. If we do not notify the seller within this timeframe, we must take possession of the item and accept the loss as a result of the failed delivery.

Even if the product is successfully delivered to the consumer and delivery is verified, most of our sellers are required, either by local regulations or by our operating standards, to allow consumers to return goods within a certain period of time after delivery. For example, in Egypt, which is one of our largest markets, consumers have a legal right to return any product within fourteen days after delivery so long as the product is in the same condition as when delivered. Furthermore, if our sellers offer more consumer friendly return policies, the number of returns may increase, which could adversely affect our business. We also utilize an algorithm that determines, based upon a number of factors, whether a consumer will receive a refund for a returned item. In some instances, the algorithm might make a refund determination before our after-sales team is able to review and process the refund. Any mistakes or errors in the algorithm could result in mistaken refunds, which in turn could result in loss of sales.

In certain markets, we also offer guarantees in the event that a damaged or defective product is delivered. Although we have instituted these guarantees in an effort to increase consumer satisfaction, consumers may abuse our guarantee policies which could harm our business. Additionally, we seek to increase consumer satisfaction across all markets by offering apology vouchers to our consumers on a case-by-case basis in the event of a failed or incorrect

delivery. However, we have experienced an increase in the incidence of fraud and voucher abuse wherein account owners have managed to receive duplicate apology vouchers for the same transaction.

A significant increase in failed deliveries, excessive or mistaken returns, or voucher abuse – due to changing consumer behavior, consumer dissatisfaction with our goods or consumer service, or otherwise – may force us to allocate additional resources to mitigating these issues, may force us to waive our commission fees and may materially and adversely affect our business, financial condition, results of operations and prospects.

***We face risks associated with our use of third-party delivery agents and our acceptance of cash on delivery as a payment method, which may materially and adversely affect our business and prospects.***

We face risks associated with our use of third-party delivery agents, including the risk that such agents might misappropriate inventory. Additionally, we struggle to verify delivery when our third-party delivery partners deliver packages without obtaining consumer signatures. When goods are delivered without verification, we may be required to deliver a duplicate product.

We also face risks associated with our acceptance of cash on delivery as a payment method. When a third-party delivery agent successfully delivers a product and accepts cash payment from the consumer, we face the risks of late collections (in the event that the third-party delivery agent does not remit the funds to us on time) or unrecoverable receivables (in the event that the third-party delivery agent commits fraud or becomes insolvent). These risks are particularly acute in countries where the percentage of outsourced deliveries is high.

Any significant increase in misappropriated inventory, late collections or unrecoverable receivables, whether due to fraud or otherwise, may force us to allocate additional resources to mitigating these issues, may force us to waive our commission fees and may materially and adversely affect our business, financial condition, results of operations and prospects.

***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. While we have adopted certain measures to verify the authenticity of goods sold on our marketplaces (for example, periodic screening procedures, content verification for new sellers or for sellers who sell goods at prices that seem too low for genuine goods) to minimize potential violations and/or infringement of third-party intellectual property rights, these measures may not always be successful.

When we receive complaints or allegations regarding infringement or counterfeit, pirated or illegal goods, we follow certain procedures to verify the nature of the complaint and the relevant facts in order to be able to determine the appropriate action, which may include removal of the item from our marketplace and, in certain cases, discontinuing our relationship with a seller who repeatedly violates our policies. For example, we do not allow the listing and sale of prescription medication on our marketplace. We delist any seller who does not comply with this policy. We believe these procedures are important to ensure confidence in our marketplace among sellers and consumers. However, these procedures could result in the delay of de-listing of allegedly infringing goods and may not effectively reduce or eliminate our liability. In particular, we may be subject to civil or criminal liability for unlawful activities carried out, including goods listed, by third parties on our platform.

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. Regardless of the validity of any claims made against us, we may incur significant costs and efforts to defend against or settle such claims. 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. These types of claims could force us to modify our business practices and implement further measures in an effort to protect against these potential liabilities, which could lower our revenue, increase our costs or make our platform less attractive and user-friendly. Sellers whose content is removed or services are suspended or terminated by us, regardless of our compliance with the applicable laws, rules and regulations, may dispute our actions and commence action against us for damages based on breach of contract or other causes of action or make public complaints or allegations. Any costs incurred as a result of liability or asserted liability relating to the sale of unlawful goods or other infringement could harm our business.

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.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Harmful goods, product defects and product recalls could adversely affect our business and reputation.***

As the goods offered through our marketplace are manufactured by third parties, we have only limited control over the quality of these goods. We cannot always effectively prevent our sellers from selling harmful or defective goods, which could cause death, disease or injury to our consumers or damage their property. We may be seen as having facilitated the sale of such goods and may be forced to recall such goods. Where we act directly as seller, we may also have to recall harmful goods. In all of these cases, we may not be able to avoid product liability claims and/or administrative fines or criminal charges against us. There is no guarantee that we will be adequately insured against such risks or that we will be able to take recourse against the sellers or suppliers from whom we sourced these goods, in particular if the seller or supplier is located in a foreign country where enforcement of our rights may be difficult, such as China, or does not have sufficient capital to indemnify us. In addition, any negative publicity resulting from product recalls or the assertion that we sold defective goods could damage our brand and reputation.

The sale of harmful or defective goods and product recalls could have a material adverse effect on our business, financial condition, results of operations and prospects.

***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. Although we have implemented various measures to detect and reduce the occurrence of fraudulent activities on our platform, there can be no assurance that such measures will be effective in combating fraudulent transactions or improving overall satisfaction among sellers, consumers and other participants. Additional measures that we take to address fraud could also negatively affect the attractiveness of our platform to sellers or consumers.

For example, we may receive complaints from consumers who may not have received goods that they had purchased, or complaints from sellers who have not received payment for the goods ordered. In addition to fraudulent transactions with legitimate consumers, sellers may also engage in fictitious or “phantom” transactions with themselves or collaborators in order to artificially inflate their own ratings on our marketplace, reputation and search results rankings. This activity may harm other sellers by enabling the perpetrating seller to be favored over legitimate sellers and may harm consumers by deceiving them into believing that a seller is more reliable or trusted than the seller actually is. In early 2019, we also received information alleging that a seller in Morocco paid one of our employees in order to receive favorable marketing treatment and, after an internal review, delisted the seller.

In addition, we received information in early 2019 alleging that some of our independent sales consultants, members of our JForce program (“JForce”) in Nigeria, may have engaged in improper sales practices. Through an

internal review of our sales practices covering all of our countries of operation and data from January 1, 2017 to June 30, 2019, we identified several JForce agents and sellers who collaborated with employees in order to benefit from differences between commissions charged to sellers and higher commissions paid to JForce agents. In mid-2019 and late 2019, we identified instances where improper orders were placed, including through the JForce program, and subsequently cancelled. These transactions had virtually no impact on our financial statements. In aggregate, the improper orders identified generated less than 3% of our GMV in 2018, concentrated in the fourth quarter, and less than 2% of our GMV in 2019.

Illegal, fraudulent or collusive activities by our employees could have a material adverse effect on our business, financial condition, results of operations and prospects and could subject us to liability or negative publicity. We have identified allegations of employee misconduct, which led us to improve our internal controls and our cash reconciliation system. We routinely monitor our internal controls, processes and procedures at a country and group level, but we can provide no assurances that such controls, processes and procedures will prove effective. Any illegal, fraudulent or collusive activity conducted by our employees could adversely affect our profitability and could severely damage our brand and reputation as an operator of a trusted marketplace, which could drive sellers, consumers and other participants away from our marketplace.

Negative publicity and consumer sentiment generated as a result of actual or alleged fraudulent or deceptive conduct on our platform or by our employees could severely diminish consumer confidence in us and in our services, reduce our ability to attract new or retain current consumers, sellers and other participants, discourage banks and card issuers from allowing their payment instruments to be used to conduct transactions on our platform, harm investor confidence, negatively affect our ability to raise additional capital, damage our reputation and diminish the value of our brand; any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition to seller fraud and fraud committed by our employees, partners or other third parties, we face the risk of fraud perpetrated directly by our consumers. For example, a group of consumers in Kenya fraudulently used electronic payment suppliers to acquire approximately €550,000 in goods on our marketplace in December 2017. Consumer fraud may harm seller confidence in the integrity of our marketplace and the certainty of payment.

***We and certain of our management and supervisory board members were named as defendants in several shareholder putative class action lawsuits that await final settlement approval, and additional lawsuits or enforcement proceedings could have a material adverse impact on our business, financial condition, results of operation, prospects and reputation.***

In 2019, several putative class action lawsuits were filed in the U.S. District Court for the Southern District of New York and the New York County Supreme Court against us, certain current and former members of our management and supervisory boards, the underwriters of our initial public offering, our authorized representative and, in New York State court, our auditor. On August 11, 2020, we reached an agreement to fully resolve all of the actions, subject to conditions including court approval. Under this agreement, in which the defendants do not admit any liability or wrongdoing, Jumia will make a settlement payment of \$5 million, \$1 million of which will be funded by insurance coverage. The settlement amounts were paid into an escrow account in January 2021. No shareholders have filed objections to the settlements. The final approval hearings for the settlements are scheduled for March 24 and 18, 2021 before the relevant courts. We anticipate that we may continue to be a target for lawsuits in the future, including putative class action lawsuits brought by shareholders, or actions by government enforcement authorities or regulators. There can be no assurance that we will be able to prevail in our defense or reverse any unfavorable judgment on appeal, and we may decide to settle lawsuits or enforcement actions, potentially on unfavorable terms. Any adverse outcome of these proceedings, including any plaintiffs' appeal of a favorable outcome, could result in payments of substantial monetary damages, penalties or fines, or changes to our business practices, and thus have a material adverse effect on our business, financial condition, results of operation, prospects and reputation. In addition, there can be no assurance that our insurance carriers will cover all or part of the defense costs, or any liabilities that may arise from these matters. Any litigation or enforcement process may utilize a significant portion of our cash resources and divert management's attention from the day-to-day operations of our company, all of which could harm our business.

***We may be subject to chargeback and refund liability if our sellers do not reimburse chargebacks or refunds resolved in favor of their consumers.***

We face risks associated with chargebacks and refunds in connection with payment card fraud or relating to the goods or services provided by sellers on our marketplace. When a billing dispute with respect to a transaction on our platform is resolved in favor of the cardholder, including in instances of fraudulent seller activity, the transaction is typically “charged back” to us and the purchase price is credited or otherwise refunded to the cardholder. If we do not collect chargebacks or refunds from the seller’s account, or if the seller refuses to or is unable to reimburse us for chargebacks or refund due to closure, insolvency, or other reasons, we may lose the amount refunded to the cardholder. Our financial results would be adversely affected to the extent that sellers do not fully reimburse us for the related chargebacks. Additionally, chargebacks occur more frequently with online transactions than with in-person transactions. Any increase in chargebacks or refunds not paid by our sellers may have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may fail to maintain or expand our logistics capabilities.***

The successful operation and expansion of our logistics service is crucial to maintain and enhance consumer satisfaction and to our business and continued growth.

Our warehouses handle a number of functions, including inbound freight, storage, packaging, outbound freight, and handling of returns. These processes are complex and depend on sophisticated know-how and technological infrastructure. Any failure or disruption of our logistics, including due to software malfunctions, inability to renew leases for existing offices or warehouses, theft from or disruptions to the processes within our warehouses, labor strikes, fires, natural disasters, pandemics such as COVID-19, acts of terrorism, vandalism or sabotage could adversely affect our ability deliver goods ordered via our marketplace in a timely manner, increase our logistics costs and harm our reputation.

Furthermore, delivery times for our goods vary due to a variety of factors such as relevant goods, stock levels, location of warehouses from which goods are shipped, speed of our sellers, number of goods included in the relevant order, country in which sellers and consumers are located and the speed of third-party carriers. Consumers may expect faster delivery times and more convenient deliveries than we can provide. If we are unable to meet consumer expectations, or if our competitors are able to deliver goods faster or more conveniently, our reputation and competitiveness may suffer and we could lose consumers, which could adversely affect our revenue.

Additionally, we face the risk that any of our third-party carriers, who often collect cash-on-delivery payments from our consumers, may become insolvent, in which case our delivery capability would be adversely affected, and we would be unable to collect the cash payments such a carrier still held on our behalf. Even though we would not be able to collect from an insolvent third-party carrier, we would still be obligated to pay our sellers whose goods were already delivered to consumers. The insolvency of any of our third-party carriers could harm our business and financial condition.

Our current logistics capacity may prove insufficient if we continue to grow. There is no guarantee that we will be able to open additional warehouses, find delivery partners with sufficient capacity in an efficient and timely manner, lease additional suitable warehouses on acceptable terms, expand other areas of our fulfillment process to the extent necessary or recruit qualified personnel required to operate our warehouses and manage such expansion. Any failure to expand our logistics capacity to meet the demands of our continued growth could prevent us from growing our business.

If we decide to expand geographically, or add new businesses or product categories with different logistics requirements or change the composition of our product offering, our logistics infrastructure may require greater processing capacity, requiring us to adapt our logistics service and to find new partners. Any expansion or difficulties we encounter in our operations may force us to change the current set-up and organization of our logistics network, including by relocating or outsourcing certain capabilities. However, there is no guarantee that the associated transition will be smooth and we may be unable to react to such challenges in a cost-effective and timely manner.

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An inability to efficiently operate and expand our warehouses and logistics capabilities could have a material adverse effect on our business, financial condition, results of operations and prospects.

***If any of our logistics services were to malfunction, suffer an outage or otherwise fail, our business may be materially and adversely affected.***

We cooperate with a number of third-party logistics and delivery companies to help our sellers fulfill orders and deliver their goods to consumers, in particular with respect to last-mile delivery. We have established a logistics information platform that links our information system to those of our logistics partners. Interruptions to or failures in our third-parties' logistics and delivery services, or in our logistics information platform, could prevent the timely or proper delivery of goods to consumers, which could harm our reputation, in particular if such interruptions or failures occur during one of our key sales events, like Black Friday. These interruptions may be caused by events that are beyond our control or the control of these third parties, such as inclement weather, natural disasters, transportation disruptions or labor or other political unrest. Our logistics and delivery services could also be affected or interrupted by industry consolidation, service provider failure, insolvency, change in regulations or government shut-downs.

If the logistics information platform we use were to fail for any reason, our logistics providers may find it more difficult or even impossible to connect with our sellers, and their services and the functionality of our platform could be severely affected. Our existing disaster recovery plans may not be sufficient to ensure a timely remediation of such failures or disruptions.

In addition, in the event of any interruptions to or failures in our third-parties' logistics and delivery services, or in our logistics service, we could be held liable by our sellers and/or consumers for any resulting damage.

If goods sold on our marketplace are not delivered in proper condition, on a timely basis or at shipping rates that marketplace participants are willing to bear, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

***The costs of our logistics service are subject to fluctuation in the prices of raw materials and fuel, and we may not be able to pass on price increases to our sellers and consumers.***

Our logistics service provides solutions for the delivery of goods ordered through our marketplace. Our logistics service includes a number of logistics partners, with whom we agree on certain economical terms and settle the incurred costs. While we seek to pass on to our sellers and consumers most of the costs of these logistic services, we typically bear the risk of cost fluctuation. The costs of our logistics service are typically influenced by a variety of factors, many of which are beyond our control, including raw material and fuel prices, labor costs, rent levels, import tariffs and fluctuation in foreign exchange rates, the capacity and utilization rates of our sellers and carriers, which in turn depend on general demand, as well as the quantities of goods we demand and our specifications. As a result, our costs may vary considerably in the short-term and increase significantly if certain partners experience shortages. There is no guarantee that we will be able to pass on such costs to our sellers or consumers through price increases, and such price increases could adversely affect demand for the goods or services sold on our marketplace. If competitors are able to offer lower prices as they benefit from decreasing raw materials or fuel prices, sellers and consumers may demand that we also lower our prices, irrespective of the actual development of our costs.

Increases in logistics costs and an inability to pass on such increases to our sellers and consumers could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Changes in how consumers fund their transactions using our payment service could harm our business.***

We may pay significant transaction fees when consumers fund payment transactions using credit, debit or prepaid cards, mobile money or via bank transfers, and no fees when consumers fund payment transactions from an existing Jumia account balance or when consumers pay cash on delivery.

The financial success of our payment services is sensitive to changes in the rate at which our consumers fund payments, which can significantly increase our costs. Some of our consumers may prefer to use credit, debit or prepaid cards due to their functionality and/or benefits. An increase in the proportion of more expensive payment forms as compared to less expensive payment forms could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our payment service, JumiaPay, could fail to function properly, and we may not be able to expand or integrate JumiaPay into other online portals.***

JumiaPay, together with its network of licensed payment service providers and other partners, facilitates transactions between sellers and consumers and provides certain participants with access to financial services. Due to the variety and complexity of the payment methods we offer, we may experience failures in our checkout process, such as banks rejecting payment or consumers having insufficient funds, which could adversely affect our conversion rate, defined as the share of potential consumers visiting our marketplace who actually place an order, and our business.

We rely on third parties to provide payment processing services. We also rely on third-party payment processors, and encryption and authentication technology licensed from third parties, to securely transmit consumers' personal information. If these companies become unwilling or unable to provide these services or increase their fees, such as bank and intermediary fees for card payments, our operations may be disrupted and our operating costs could increase. Our invoice and billing systems may malfunction due to the implementation of new payment methods and technology, errors in existing codes or other technology issues. Any such issues may impair our ability to create correct invoices, avoid the recording of duplicate invoices or payments and collect payments in a timely manner, or at all. Even though we aim to contract with multiple providers with overlapping competencies, we cannot guarantee that our third-party vendors will not experience a disruption in their services, increase their costs, or discontinue their services.

In addition, our current payment infrastructure may prove insufficient if we continue to grow. For instance, we may not be able to process high volumes. Any failure of the technology behind our payment solutions could be disruptive.

Malfunctions of our payment systems or our failure to effectively manage the growth of JumiaPay could have a material adverse effect on our business, financial condition, results of operations and prospects.

***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.***

A number of jurisdictions where we operate have enacted legislation regulating money transmitters and/or electronic payments or funds transfers. In many of these countries, the legal framework, its interpretation and/or enforcement has recently changed substantially and we are challenged to adjust our operations. If our operation of JumiaPay were found to be in violation of money services laws or regulations or any tax or anti-money laundering regulations, or engaged in an unauthorized banking or financial business, we could be subject to liability, forced to cease doing business with residents of certain countries, or forced to change our business practices. Any change to our JumiaPay business practices due to current or new legislation that makes the service less attractive to customers or prohibits its use by residents of a particular jurisdiction could harm our business. Even if we are not forced to change our JumiaPay business practices, we could be required to obtain licenses or regulatory approvals that could be very expensive and time consuming, and we cannot assure that we would be able to obtain these licenses in a timely manner or at all.



***Deterioration in the performance of, or our relationship with, third-party payment aggregators may adversely affect JumiaPay and harm our business.***

JumiaPay often relies on payment aggregators to facilitate consumer payments. Payment aggregators collect payment from consumers via credit, debit or prepaid cards, mobile money accounts or bank transfers and then forward payment to the seller, usually within one to three business days. Thus, aggregators allow sellers to collect card or bank transfer payments without establishing a direct relationship with banks and/or card networks used by our consumers. In 2019, in connection with an investment of Mastercard into us, we entered into a commercial agreement with Mastercard Asia/Pacific with a term of ten years, which provides Mastercard Asia/Pacific with priority in delivering payment network-based solutions and technologies related to our business. This agreement could lead to a deterioration of our relationship with other service providers. If our relationship with such other service providers or third-party aggregators weakens, our ability to provide payment services to our consumers may be adversely effected. Additionally, if these third-party aggregators fail to meet certain quality standards, our business and reputation may suffer. If we fail to extend or renew agreements with these aggregators on acceptable terms, this may have a material adverse effect on our business, financial condition, results of operations and prospects.

***Changes to payment card networks or bank fees, rules, or practices, or our inability to allow consumers to use payment cards on our platform could harm our business.***

From time to time, payment card networks or relevant banking regulators have increased the interchange fees and assessments that they charge for each transaction that accesses their networks, and they may further increase such fees and assessments in the future. Although our agreement with Mastercard enables us to use Mastercard Payment Gateway Services to process payment transactions, we face the risk that banks and payment processors might pass on to us any increases in interchange fees and assessments. Any changes in interchange fees and assessments could increase our operating costs and reduce our operating income.

We are required by our processors to comply with payment card network operating rules, including special operating rules for payment service providers to sellers, and we have agreed to reimburse our processors for any fines they are assessed by payment card networks as a result of any rule violations by us or our sellers. The payment card networks set and interpret the card operating rules and could interpret or re-interpret existing rules or adopt new operating rules that we or our processors might find difficult or even impossible to follow, or costly to implement. As a result, we could lose our ability to give consumers the option of using payment cards to fund their payments or the choice of currency in which they would like their card to be charged. Any inability to accept payment cards or any meaningful limitation in our ability to do so, could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may be subject to card fraud or other fraudulent behavior, including as a result of identity theft.***

Under current card practices, we may be liable for fraudulent card transactions. We do not currently carry insurance against this risk.

Furthermore, there is no guarantee that our established fraud scoring and risk handling systems will function properly at all times or that there are no gaps or errors in our algorithms that may result in unauthorized purchases. In addition, increasingly strict legislation on data protection may limit our ability to obtain the data required for our algorithms to function properly. Consequently, we may fail to identify fraudulent transactions before they occur or prevent fraudulent transactions from occurring.

If purchases or payments are not properly authorized or payment confirmations are transmitted in error, the relevant consumer may have insufficient funds or be able to defraud us, which could adversely affect our operations and result in increased legal expenses and fees. Consumers who are victims of fraudulent transactions where outside individuals use valid consumer account data to purchase goods, including as a result of identity theft, generally, have the right to require that we return those funds. In such instances of fraud, we may not be able to, or may not seek to, recover these chargebacks. We operate a delayed settlement regime in an effort to prevent this type of fraud and avoid

distributing funds to insolvent sellers that fail to deliver their products. However, we cannot guarantee that such a regime will always prove effective.

Because our payment service, JumiaPay, is highly automated and allows for instant payment, we experience heightened susceptibility to fraud. We cannot completely guard against internal or external intruders into our data platform who may seek to use or manipulate our systems to create, transfer, or otherwise misappropriate funds belonging to legitimate consumers or to create new accounts or modify or delete existing accounts. We aim to balance convenience and security for sellers and consumers, and we cannot guarantee that we will be completely successful in preventing fraud. Furthermore, permitting new and innovative online payment options may increase the risk of fraud. High levels of fraud could result in an obligation to comply with additional requirements, pay higher payment processing fees or fines, or prevent us from retaining our consumers.

Fraudulent behavior could subject us to liability, damage our reputation and brand and could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Dissatisfaction with our consumer support could prevent us from retaining our consumers.***

As most interactions with consumers and sellers are conducted online, consumers and sellers may become frustrated when they cannot communicate with a representative over the phone. We pursue a multi-channel approach to consumer support, responding to requests by email, through our hotlines and via social media. The satisfaction of our consumers depends on the effectiveness of our consumer service, particularly our ability to deal with complaints in a timely and satisfying manner. As we continue to grow, we may need to add consumer support capabilities and may not be able to do so in a timely manner, or at all. Any unsatisfactory response or lack of responsiveness by our consumer support team, whether due to interruptions of our hotlines or other factors, could adversely affect consumer satisfaction and loyalty.

Dissatisfaction with our consumer support could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Any failure to maintain, protect and enhance our reputation and brand may adversely affect our business.***

The recognition and reputation of our brand among our platform participants are critical for the growth and continued success of our business and for our competitiveness in the markets in which we operate. Any loss of trust in our platform could harm the value of our brand and result in consumers and sellers ceasing to transact business on our marketplace or participants reducing the level of their commercial activity in our ecosystem, which could materially reduce our revenue and profitability. As competition intensifies, we anticipate that maintaining and enhancing our reputation and brand may become increasingly difficult and expensive, and investments to improve our reputation and increase the value of our brand may not be successful. Many factors, some of which are beyond our control, are important for maintaining and enhancing the reputation of our platform and brand, including our ability to:

- maintain and improve the reliability and security of our platform;
- maintain and improve the popularity, attractiveness, diversity, quality and value of the goods and services offered on our platform;
- increase brand awareness through marketing and brand promotion activities;
- preserve our reputation;
- maintain and improve our relationships with sellers;
- maintain and improve consumer satisfaction and loyalty;

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- maintain and improve the efficiency, reliability and quality of our payment and logistics services; and
- manage new and existing technologies and sales channels, including our mobile applications.

Any failure to offer high quality goods and excellent consumer service could subject us to legal action or damage our reputation and brand and lead to a loss of consumers. For example, administrative agencies in several countries in which we operate require certification for various consumer goods before they can be offered for sale on our marketplace. Our third-party sellers are responsible for obtaining these certifications. If we allow third-party sellers to place their goods on our marketplace without proper certification, we might project to our consumers that they cannot always rely on goods available on our marketplace, we might be subject to fines or sanctions and we might face complaints from other compliant sellers. We also have procedures in place to ensure pre-shipping quality control checks, but, there can be no assurance that we will be able to catch all products that do not meet our quality standards, which could result in a loss of consumer confidence and harm our reputation. Our policy of delisting the sellers of noncompliant and/or low-quality goods until they produce the proper certificates and licenses or until their products meet our high quality standards allows us to respond to complaints from administrative agencies and sellers. However, any delisting of sellers limits the total number of sales on our marketplace.

A large percentage of our products are offered by third-party sellers and delivered by third-party companies and are not completely within our control. Consequently, we may receive negative publicity, and in some cases may share liability, in cases of inappropriate actions of such sellers and delivery companies such as violations of product safety regulations, environmental standards, tax compliance, import rules, labor laws or incidents involving drivers and/or consumers that may make it more difficult for us to recruit new employees or may require us to change our business model. We also rely on third parties for information, including product characteristics and availability of goods we offer, which may be inaccurate. While our policy is to delist goods or sellers that fail to meet certain standards, there is no guarantee that we are capable of delisting these goods and sellers in a timely manner, or at all. Any negative publicity relating to an accident or other incident resulting in serious injury or death of consumers, employees or other individuals could have a material adverse effect on our reputation in our industry and in the countries in which we currently operate.

As we rely on a number of marketing channels, in particular social media sites, including Facebook, for the promotion of our brand and marketing efforts, any negative publicity may be accelerated through social media due to its immediacy and accessibility. Such negative publicity, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new or retain existing consumers. Given the rapid nature of social media, we may be unable to react to such negative publicity in a timely manner. Negative publicity may also stem from our association with any of our shareholders or business partners.

We may be the target of anti-competitive behavior, harassment, or other detrimental conduct by third parties, including from our competitors. Such conduct may include complaints, anonymous or otherwise, to regulatory agencies, which may arise from actions taken by third parties or our own commercial actions. As a result of such conduct, we may be subject to government or regulatory investigation and may be required to expend significant time and incur substantial costs to address such conduct. There is no guarantee that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all.

Any failure to maintain, protect and enhance our reputation and brands, whether as a result of our own actions or those of third parties, could have a material adverse effect on our business, financial condition, results of operations and prospects.

### ***Our significant investments in marketing may fail to yield the desired results.***

In order to reach a diverse consumer base in the e-commerce industry and to further build awareness of our brand, we have incurred, and may continue to incur, substantial marketing expenses. While we reduced the intensity of our promotions and consumer incentives in the past year, we may incur a higher level of marketing expenses in the future.

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For purposes of planning our future marketing efforts, including deciding on the mix of marketing channels and setting our marketing budget, we rely on data regarding the effectiveness of marketing measures and channels collected in the past. Any inability to accurately measure the effectiveness of our marketing measures and channels, for example due to the time lag between the first consumer contact and the placement of an order as well as the time of the order and revenue realization, may lead to our marketing efforts not having the desired effect, which may negatively affect our growth and business. Additionally, we may be unable to accurately measure the number of consumers we are reaching with our marketing efforts, as in many instances a single consumer may be associated with multiple phone numbers whereas in other instances multiple consumers determine to jointly use a single account with us. Furthermore, there can be no assurance that our assumptions regarding required consumer acquisition costs and resulting revenue, including those relating to the effectiveness of our marketing investments, will prove to be correct.

We cannot guarantee that our current marketing channels will continue to be effective or generally available to us in the future. Our online partners may not be able to deliver the anticipated number of consumer visits, or visitors attracted to our marketplace by such events may not make the anticipated purchases. For example, in our primary markets, we conduct marketing through targeted TV and radio ads, in addition to our traditional online channels. Any disruption of these channels could affect the number of visitors attracted to our marketplace. New regulation may adversely affect certain marketing channels, in particular regulation aimed at controlling and censoring social media and increasing data protection of natural persons. If we are not able to use our existing marketing channels due to increasing regulatory scrutiny, it could limit our ability to acquire and retain consumers.

An inability to attract sufficient traffic to our platform, have potential consumers download our app to their mobile devices, translate a sufficient number of website visits or app downloads into purchasers with sufficiently large order values, build and maintain a loyal consumer base, increase the purchase frequency of these consumers, or do any of the foregoing on a cost-effective basis, could have a material adverse effect on our business, financial condition, results of operations and prospects.

### ***We may be unable to effectively communicate with our consumers through email, other messages or social media.***

We rely on newsletters in the form of emails and other messaging services in order to promote our marketplace and inform consumers of our product offerings and/or the status of their transactions. Changes in how webmail services organize and prioritize emails, as well as actions by third parties to block, impose restrictions on, or charge for the delivery of emails and other messages, as well as legal or regulatory changes with respect to “permission-based marketing” or generally limiting our right to send such messages, could reduce the number of consumers opening our emails.

Additionally, malfunctions of our email and messaging services could result in erroneous messages being sent and consumers no longer wanting to receive any messages from us. Furthermore, our process of obtaining consent from visitors to our marketplace to receive newsletters and other messages from us and to allow us to use their data may be insufficient or invalid. As a result, such individuals or third parties may accuse us of sending unsolicited advertisements and other messages, and our use of email and other messaging services could result in claims against us.

Since we also rely on social media to communicate with our consumers, changes to the terms and conditions of relevant providers could limit our ability to communicate through social media. These services may change their algorithms or interfaces without notifying us, which may reduce our visibility. In addition, there could be a decline in the use of such social media by our consumers, in which case we may be required to find other, potentially more expensive, communication channels.

An inability to communicate through emails, other messages or social media could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We rely on service providers to drive traffic to our website, and these providers may change their search engine algorithms or pricing in ways that could negatively affect our business.***

Our success depends on our ability to attract consumers in a cost-effective manner. With respect to our marketing channels, we rely heavily on relationships with providers of online services, search engines, social media, directories and other websites to provide content, advertising banners and other links that direct consumers to our websites. We rely on these relationships as significant sources of traffic to our marketplace. We also depend on app store providers to allow potential consumers to download our app to their mobile devices.

Search engine companies change their natural search engine algorithms periodically, and our ranking in organic search results may be adversely affected by those changes. Search engine companies may also determine that we are not in compliance with their guidelines and consequently penalize us in their algorithms. If search engines change or penalize us with their algorithms, terms of service, display and featuring of search results, or if competition increases for advertisements, we may be unable to cost-effectively drive consumers to our website and apps. Any removal of our app from app stores could materially and adversely affect our business operations.

***Investments in our technology platform and technology infrastructure may not yield the desired results.***

We have developed a scalable technology platform to facilitate and integrate our business operations, data gathering analysis and online marketing capabilities and have invested significant capital and time into building and updating our technology platform and infrastructure. In order to remain competitive, we expect to continue to make significant investments in our technology. However, there is no guarantee that the resources we have invested or will invest in the future will allow us to develop suitable technology solutions and maintain and expand our technology platform and technology infrastructure as intended, which may adversely affect our ability to compete or require us to purchase expensive software solutions from third-party developers.

If our investments in our technology platform and technology infrastructure do not yield the desired results, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may fail to operate, maintain, integrate and upgrade our technology infrastructure, or to adopt and apply technological advances.***

Our growth and success depend on our websites and apps being accessible to consumers at all times and to be fault tolerant. It may become increasingly difficult to maintain and improve the availability of our websites and apps, especially during peak usage times and as our product offering becomes more complex and the number of visitors to our marketplace increases. We have experienced disruptions in the past, including temporary downtimes of our websites due to third-party outages, and we may experience disruptions, outages, or other issues in the future, due to changes in our technology infrastructure, software malfunctions, third-party outages, fires, natural disasters, acts of terrorism, vandalism or sabotage. If we fail to effectively address capacity constraints, respond adequately to disruptions or upgrade our technology infrastructure, our mobile apps or websites could become unavailable or fail to load quickly, and consumers may decide to shop elsewhere, and may not return, which could adversely affect our business.

Given that the internet and mobile devices are characterized by rapid technological advances, including advances in the field of machine learning, artificial intelligence, micro-services and server-less architecture, our future success will depend on our ability to adapt our websites, apps and other parts of our technology platform to such advances and to sustain their interoperability with relevant operating systems. As traditional internet penetration is low in Africa, our consumers largely rely on mobile devices to access our offerings. In particular, purchases from mobile devices have increased rapidly since we introduced our apps. However, the variety of technical and other configurations across mobile devices and platforms makes it more difficult to develop websites and apps that are suitable for multiple channels. In addition, any changes in popular operating systems may reduce the functionality of our websites and apps or give preferential treatment to competitors. Any failure to adapt to technological advances in a timely manner and to integrate our offerings through our websites and apps could decrease the attractiveness of our websites and apps and could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our use of open source software may pose particular risks to our proprietary software and systems.***

We use open source software in our proprietary software and systems and intend to continue using open source software in the future. From time to time, we may face claims from third parties claiming infringement of their intellectual property rights, or demanding the release or license of the open source software or derivative works that we developed using such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to purchase a costly license, publicly release the affected portions of our source code, be limited in or cease using the implicated software unless and until we can re-engineer such software to avoid infringement or change the use of, or remove, the implicated open source software.

In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, indemnities or other contractual protections with respect to the software (for example, non-infringement or functionality). Our use of open source software may also present additional security risks because the source code for open source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on open source software.

Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We depend on our personnel to grow and operate our business and may not be able to retain and replace existing personnel or to attract new personnel.***

We are a founder-led business and depend heavily on the continued input of our founders Sacha Poignonnec and Jeremy Hodara. We also depend upon the continued services and performance of our other officers and other key personnel, many of whom have a level of experience and local knowledge that would be difficult to replicate. The unexpected departure or loss of any of our founders, member of our management board and supervisory board or key personnel could have a material adverse effect on our business, financial condition and results of operations, and there can be no assurance that we will be able to attract or retain suitable replacements for such personnel in a timely manner or at all. We may also incur significant additional costs in recruiting and retaining suitable replacements. In addition, from time to time, there may be changes in our management team that may be disruptive to our business.

Our success and growth strategy also depend on our ability to expand our business by identifying, attracting, recruiting, training, integrating, managing and motivating new and talented personnel, which may require significant time, investments, and management attention. Competition for talent is intense, particularly for technology experts and other qualified personnel in our fields of operations. For example, other leading technology platforms also operate technology centers in Porto, Portugal, and compete directly with us for the same talent pool. In addition, certain governments started to promote access of indigenous peoples to better workplaces by limiting the number of expatriates or foreign workers. While our local workforces are mostly comprised of local employees, our group-level management and certain key personnel on a local level are expatriates from countries outside Africa, and any employment and immigration regulations may adversely affect our ability to retain or replace the required personnel. In addition, our employees and/or the third-party service providers with whom we collaborate may experience accidents or become victims of criminal actions in carrying out their duties, which may make it more difficult for us to recruit new employees or may even require us to change our business model.

An inability to retain and replace existing personnel or to attract new personnel could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We manage our operations on a decentralized basis, which presents certain risks, including the risk that we may be slower or less able to identify or react to problems affecting our business than we would in a more centralized environment.***

While we have a number of administrative functions teams located in Dubai, UAE, and a central technology, research and development and data team located in Porto, Portugal, we manage certain of our operations on a decentralized basis. Historically, our executives travelled extensively but they have curtailed travel during the COVID-19 pandemic. Events restricting international travel, such as the COVID-19 pandemic, may negatively affect our ability to effectively manage and grow our business.

Our local managers are given significant freedom concerning day-to-day operations. This structure presents various risks, including the risk that we may be slower or less able to identify or react to problems affecting our business than we would in a more centralized environment. In addition, we may be slower to detect compliance related problems, and “company-wide” business initiatives, such as the integration of disparate information technology systems, may be more challenging and costly to implement, and their risk of failure higher, than they would be in a more centralized environment. Depending on the nature of the problem or initiative in question, such failure could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our corporate culture has contributed to our success, and if we cannot maintain this culture, we could lose the innovation, creativity and teamwork fostered by our culture, which could harm our business.***

We believe that our entrepreneurial and collaborative corporate culture has been an important contributor to our success, which we believe fosters innovation, teamwork and passion among our employees. As we continue to grow, we may have difficulties in maintaining or adapting our culture to sufficiently meet the needs of our future and evolving operations, and we must be able to effectively integrate, develop and motivate a growing number of employees. Any failure to preserve our culture could also negatively affect our ability to retain and recruit personnel, maintain our performance or execute on our business strategy, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We are subject to various risks for which we may not be adequately insured.***

While we have purchased what we consider to be market standard insurance coverage customary in our industry, such insurance does not cover all risks associated with our business. Accidents and other events, including interruptions or security breaches of our technology platform, could potentially lead to interruptions of our operations or cause us to incur significant costs, all of which may not be covered or fully covered by our insurance policies. In addition, our insurance coverage is subject to various limitations and exclusions, retentions amounts and limits. Furthermore, if any of our insurance providers becomes insolvent, we may not be able to successfully claim payment from such insurance provider. In the future, we may not be able to obtain coverage at current levels, or at all, and premiums for our insurance may increase significantly.

A lack of adequate insurance coverage could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may be subject to allegations, enforcement proceedings, and lawsuits concerning anti-money laundering and anti-terrorist financing.***

As cash payments continue to be the most trusted and most widely used payment method in the countries in which we currently operate, our operations mainly depend on our “cash on delivery” payment option, where consumers pay for their order in cash upon delivery. We have implemented and aim to improve our various group-wide policies and procedures, including internal controls and “know-your-customer” procedures, and 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 (“OFAC”) Specially Designated Nationals and Blocked Persons List or other international sanctions. In addition to our own internal procedures, we rely on certain payment and lending service providers, including banks and other financial institutions, to have their own appropriate anti-money laundering compliance policies and procedures. Any strengthening of our know-your-customer efforts as well as penalties for non-compliance with our policies, may deter certain sellers from doing business with us or may cause a number of our existing seller accounts to close, which may negatively affect the development of our business.

We have not been subject to fines or other penalties or suffered business or other reputational harm as a result of actual or alleged money laundering or terrorist financing activities. However, if we were to be associated with money laundering or terrorist financing, our reputation could suffer and we could become subject to regulatory fines, sanctions, potential criminal charges for failure to report such activity, or other forms of legal enforcement, including being added to any “blacklists” that would prohibit certain parties (for example, U.S. banks and financial institutions) from engaging in transactions with us, all of which could have a material adverse effect on our business, reputation, financial condition and results of operations. Even if we and any financial institutions with whom we collaborate continue to seek to comply with applicable anti-money laundering and anti-terrorist financing laws and regulations, we and such financial institutions may not be able to ensure full compliance with anti-money laundering and anti-terrorist financing laws and regulations in light of their complexity and the secrecy of these activities.

Any negative perception of us or our industry, such as that arising from any failure of us or others in our industry to detect or prevent money laundering or terrorist financing activities, even if factually incorrect or based on isolated incidents, could compromise our reputation, undermine the trust and credibility we have established, and negatively impact our business, financial condition, results of operations and prospects.

***Our activities or the activities of our shareholders in countries targeted by economic sanctions may negatively affect our reputation.***

Various members of the international community have targeted certain countries, including Iran, with economic sanctions and other restrictive measures. Within the applicable framework, our travel business historically allowed consumers to book hotels in and flights serving Iran. While the revenue from these offers is immaterial, we cannot rule out that negative publicity around these offers may harm our reputation. Further, any violation by us of applicable economic sanctions laws or regulations or other restrictive measures could result in criminal, civil and/or material financial penalties. In addition, our former indirect shareholder, MTN Group Limited, holds a 49% indirect, non-controlling interest in Irancell, which operates Iran’s second largest mobile network and offers international voice, interconnect and roaming services. MTN Group Limited also has a beneficial interest of about 44% in Iranian e-commerce business Snapp (also known as Iran Internet Group), which includes retail marketplace, ride hailing, travel, delivery and food delivery businesses. These and other activities of our former, current or future shareholders in countries targeted by economic sanctions may have harmed our reputation in the past or may harm our reputation in the future and may lead to us being targeted by divestment and similar initiatives.

***Exchange controls may restrict the ability of our subsidiaries to convert or transfer sums in foreign currencies.***

Our ability to generate operating cash flows at the level of the Company depends on the ability of its subsidiaries to upstream funds. Several of the countries in which we currently operate have exchange controls that can, from time to time, place restrictions on the exchange of local currency for foreign currency and the transfer of funds abroad. These controls generally have not created major operational problems in the past because of our negative profitability, but may become more onerous in the future. These controls and other controls that may be implemented in the future could limit the ability of our subsidiaries to transfer cash to us.

Moreover, in some of the countries in which we currently operate, our sellers have experienced, and may experience in the future, difficulties in converting large amounts of local currency into foreign currency due in particular to illiquid foreign exchange markets, preventing them from importing certain goods and impeding their ability to sell



successfully on our marketplace. In addition, as the cash flows of certain countries are highly dependent on the export of certain raw materials, the ability to convert such currencies can be limited by the timing of payments for such exports, requiring us to organize our currency conversions around such constraints.

We can offer no assurance that additional restrictions on currency exchange will not be implemented in the future or that these restrictions will not limit the ability of our subsidiaries to transfer cash to us, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***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 such as the number of Annual Active Consumers, orders, GMV, TPV and JumiaPay Transaction, as well as Adjusted EBITDA. Our key performance indicators may not be comparable to similarly named indicators used by our competitors and are not verified by an independent third party.

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. TPV includes indirect payments volumes and, accordingly, may not be comparable with similar measures used by other companies. GMV could be inflated due to weak or error-prone data collection processes, misconduct, or malicious seller or consumer behavior. For example, we engaged in a sales practices review in 2019 and 2020, where we identified certain improper orders, which generated less than 3% of our GMV in 2018, concentrated in the fourth quarter, and less than 2% of our GMV in 2019. Furthermore, we obtain certain information from third-party service providers who help us assess the performance of our business, including Google Analytics. Such relevant third-party service providers may not fully disclose the methods of how they compile such information and we cannot guarantee that such information is accurate.

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. Furthermore, if we report key performance indicators that are significantly wrong, investors may lose confidence in the accuracy and reliability of information we report, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may not accurately forecast revenue and appropriately plan our expenses.***

We base our current and future expense levels on our operating forecasts and estimates of future revenue. Revenue and operating results are difficult to forecast because they generally depend on the volume and timing of orders placed on our marketplace and their fulfillment, all of which are uncertain. Additionally, our business is affected by general economic and business conditions around the world and by the COVID-19 pandemic. A softening in revenue, whether caused by changes in consumer preferences, supply and logistics disruption or a weakening in local or global economies, may result in decreased revenue levels, and we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in revenue. This inability could cause our loss after tax in a given quarter to be higher than expected. If actual results differ from our estimates, our financial results for the relevant period may be lower than expected.

We make provisions based on management's risk assessment at the time of finalization of the relevant financial statements. Where risks are estimated as probable, we make provisions in our financial statements. The risk assessment may change from one period to another, and additional risks may emerge. Changes in the risk assessment may lead to the recognition of additional provisions or the reversal of existing provisions, which can have a material impact on our financial results. Further, while the impact of risks that have already been provided for on our financial results is limited,

the materialization of such risks may lead to substantial cash outflows, which may have a material adverse effect on our liquidity. As of December 31, 2020, we had current and non-current provisions for liabilities and other charges of €32.2 million, including tax provisions of €30.0 million.

If we do not accurately forecast revenue or appropriately plan our expenses, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our business is subject to seasonal fluctuation which may have a material impact on our results.***

Our business is seasonal and, consequently, our revenue tends to fluctuate from quarter to quarter. For example, we consider the fourth quarter, which includes Black Friday and in many countries the year-end holidays, as especially important for generating revenue. Certain special events, including elections or Jumia Anniversary, result in increased demand for goods on our marketplace. In the future, such seasonality may become even more pronounced if consumers focus more strongly on certain special events.

As a result of this seasonality, any factor that adversely affects demand for goods on our marketplace during periods where we generally experience particularly high demand, including unfavorable economic conditions or the outbreak of an epidemic at the relevant time, logistics and other fulfillment constraints resulting in higher delivery times, malfunctions of our websites, and special offers from our competitors, may have a disproportionate effect on our performance, and we may incur lower revenue and losses due to write-offs on excess inventory. For example, Ramadan has positive effects, such as a higher orders for certain products prior to Ramadan, and negative effects, such as logistics and fulfillment constraints due to a limited workforce during Ramadan.

In addition, any negative effects of weak overall demand during those periods are likely to be exacerbated by industry-wide price reductions designed to clear out excess merchandise. Seasonality also makes it difficult for us to accurately forecast demand for our goods and source sufficient volumes of these goods. If we fail to anticipate high demand for our goods and do not meet such demand, we may lose consumers and revenue and may be unable to grow our business. Our results of operations have fluctuated and are likely to continue to fluctuate due to these and other factors, some of which are beyond our control. In addition, our rapid growth has masked the seasonality that might otherwise be apparent in our results of operations. If our growth slows, we expect that the seasonality in our business may become more pronounced.

Given that our results may vary from quarter to quarter and year to year, our results of operations for one quarter or year cannot necessarily be compared to another quarter or year and may not be indicative of our future financial performance in subsequent quarters or years. Period to period comparisons of our results of operations may not be meaningful, and you should not rely upon them as an indication of future performance.

***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.

Additionally, we do not have the licenses necessary to operate as a direct payment service provider. Instead, in those jurisdictions where such licenses are required, we typically seek to offer our JumiaPay services through agreements with existing licensed banks or payment service providers. If any of these partners were to lose their license, it might prohibit them from continuing to offer services and could inhibit our operations as well. Any unfavorable interpretation or modification of applicable license requirements 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. For example, the implementation as of January 1, 2021 of the Payment Systems and Services Act

2019 in Ghana introduces new licensing requirements applicable to JumiaPay and its partners. 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.

We can offer no assurance that the relevant authorities will not take any action that could materially and adversely affect these licenses, permits or approvals or our ability to sell goods and provide our services, such as actions to increase license, permit or approval fees or reduce the scope of permitted services. We may experience difficulties in obtaining or maintaining some of these licenses, approvals and permits, which may require us to undertake significant efforts and incur additional expenses. To the extent we operate without a license, we could be subject to fines, criminal prosecution or other legal action including suspension of our operations. Any difficulties in obtaining or maintaining licenses, approvals or permits or the amendment or revocation thereof could have a material adverse effect on our business, financial condition, results of operations and prospects.

### **Legal, Regulatory and Tax Risks**

***Our global operations involve additional risks, and we are subject to or may otherwise face exposure under numerous, complex and sometimes conflicting legal and regulatory regimes.***

Our business is subject to numerous laws in different countries, including laws applicable to the e-commerce sector such as laws with respect to privacy, data protection and data security, online content and telecommunications and laws applicable to public companies in general, in particular laws with respect to intellectual property protection, local employment, tax, finance, money laundering, online payment, consumer protection, product liability and the labeling of our goods, competition, anti-corruption and international sanctions. Operating in foreign countries entails an inherent risk of misinterpreting and incorrectly implementing local laws and regulations. In addition, numerous laws and regulations apply to goods on our marketplace. Since we do not manufacture these goods ourselves, our ability to ensure that such goods comply with all applicable regulations is limited. A change in laws and regulations relating to consumer products, products liability or consumer protection in any of the markets in which we operate could require additional investments in order to develop better quality control measures for our platform, increase product safety, or defend against potential products liability litigation.

We cannot guarantee that we have always been in full compliance with applicable laws and regulations in the past, nor that we will be able to fully comply with them in the future. Additionally, we strive to obtain and retain all necessary business licenses, permissions and clearances in each of the countries in which we operate. However, we cannot guarantee that relevant regulators will agree with our position regarding the adequacy of our existing regulatory licenses and permissions or our legal analyses concerning the requirement to obtain clearances, including anti-trust clearances. We take a dynamic approach with respect to compliance with applicable laws and regulations, relying on senior management in each jurisdiction where we operate to identify and interpret on an ongoing basis the laws and regulations that apply to our business activities. Uncertainties in the legal and regulatory framework may, from time to time, affect our judgment or the legal assessment and opinion of outside legal counsel and lead to incorrect risk-based judgments regarding the relevance of certain legal requirements. For example, past uncertainty regarding proper building licenses in Egypt resulted in us incorrectly obtaining warehouse licenses that permitted manufacturing activities but not storage activities. Additionally, at times we have failed to delist in a timely manner noncompliant products and sellers due to uncertainty regarding the legality or regulatory compliance of certain products. The violation of any of the laws or regulations applicable to us — including laws and regulations relating to consumer products, product liability or consumer protection — may result in litigation, criminal prosecution, damage claims from consumers, business partners and/or competitors or extensive investigations by governmental authorities and substantial fines being imposed on us. Even unfounded allegations of non-compliance may adversely affect our reputation and business.

Any changes in the legal framework applicable to our business could adversely affect our operations and profitability. If we continue to expand our business, we will become subject to new legal frameworks that are even more complex. In the future, we may further expand our geographic footprint, including by entering into adjacent geographic markets. The laws and regulations of various countries in which we currently operate or may operate in the future are

evolving. Consequently, such laws and regulations may change and sometimes may conflict with each other, making it more difficult to observe them.

At any time, authorities in the countries where we currently operate may require us to obtain additional, or extend existing, licenses, permits or approvals. However, there is no guarantee that we will be able to obtain these in a timely and cost effective manner. Authorities may revoke existing licenses, and we may not be able to appeal any such revocations in a timely and/or effective manner, or at all.

These risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

***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 General Data Protection Regulation ("GDPR"), which came into force on May 25, 2018, implemented stringent operational requirements for the use of personal data. These 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. All countries in which we operate have personal data protection laws. . Many of these data protection laws and regulations were only recently enacted and are constantly evolving. In some countries, data protection legislation is not yet fully resourced and operational. Our business collects personal data from users of our websites, customers, sellers, suppliers, contractors and other individuals. Compliance with nascent data protection regulations presents a challenge, particularly where practical guidelines on implementation of new legislation have not yet been issued.

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. In many countries relevant laws also require that a company notify consumers in the event of a personal data breach.

Moreover, many data protection regimes apply based on where a consumer is located, and as we expand and new laws are enacted or existing laws change, we may be subject to new laws, regulations or standards or new interpretations of existing laws, regulations or standards, including those in the areas of data security, data privacy and regulation of email providers and those that require localization of certain data, which could require us to incur additional costs and restrict our business operations.

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 may be adversely affected by changes in the regulations applicable to the use of the internet and the e-commerce sector.***

As the internet continues to revolutionize commercial relationships on a global scale and online penetration increases, new laws and regulations relating to the use of the internet in general and the e-commerce sector in particular may be adopted. These laws and regulations may govern the collection, use and protection of data, consumer protection, online payments, pricing, anti-bribery, tax, country specific prices and website contents and other aspects relevant to our business. The adoption or modification of laws or regulations relating to our operations could adversely affect our business by increasing compliance costs, including as a result of confidentiality or security breaches in case of non-compliance, and administrative burdens. In particular, privacy related regulation could interfere with our strategy to collect and use personal information as part of our data-driven approach along the value chain. We must comply with applicable regulations in all of the countries in which we operate, and any non-compliance could lead to fines and other sanctions.

Changes to the regulation applicable to the use of the internet and the e-commerce sector could have a material adverse effect on our business, financial condition, results of operations and prospects.

***The legal and regulatory environment in certain countries in which we operate can be unstable, which may slow economic development.***

Our business, and the goods and services we offer, are subject to a variety of legislative and regulatory measures in the countries in which we currently operate. Many of the countries in which we currently operate have a less established legal system than the United States.

Weaknesses in legal systems and legislation in many of these countries create uncertainty for investments and business due to changing requirements that may be costly, incoherent and contradictory, limited budgets for judicial systems, questionable judicial interpretations and/or inadequate regulatory regimes. These risks could have a negative impact on economic conditions in the countries in which we currently operate. These factors could also result in the interruption of certain of our businesses or an increase in operating expenses in the relevant countries. Changes in legislative and regulatory provisions in these countries, which we may not be able to anticipate, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, government authorities have a high degree of discretion in many of the markets in which we currently operate, and have sometimes exercised 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. Moreover, many of the governments in the countries in which we currently operate have the power in certain circumstances, by regulation or other government action, to interfere with the performance of contracts or to terminate them or declare them null and void. Governmental actions may include withdrawal of licenses, withholding of permits, criminal prosecutions and civil actions. In some countries, when the economic environment has deteriorated and in order to compensate for the resulting revenue shortages, authorities have imposed new regulations, in particular relating to tax and customs duties, sometimes unexpectedly. There is no guarantee that legislative authorities in the countries in which we currently operate will not pass new laws or regulations or amend existing laws and regulations in a manner that would significantly negatively impact our business model or may even render our business model no longer viable.

The weakness of the legal systems in the emerging countries in which we currently operate could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We do business in certain countries where corruption is considered to be widespread, and we are exposed to the risk of extortion and violation of anti-corruption laws and regulations.***

Anti-corruption laws and regulations in force in many countries generally prohibit companies from making direct or indirect payments to civil servants, public officials or members of governments for the purpose of entering into or maintaining business relationships. In addition, we are subject to certain provisions of the U.S. Foreign Corrupt Practices Act of 1977 (“FCPA”). The FCPA prohibits providing, offering, promising, or authorizing, directly or indirectly, anything of value to government officials, political parties, or political candidates for the purposes of obtaining or retaining business or securing any improper business advantage. We conduct business in, or may expand our business to, certain countries where there is a high risk of corruption and extortion and in some cases, where corruption and extortion are considered to be widespread and where our companies may have to obtain approvals, licenses, permits, or other regulatory approvals from public officials.

Therefore, we are exposed to the risk that our employees, consultants, agents, or other third parties working on our behalf, could make, offer, promise or authorize payments or other benefits in violation of anti-corruption laws and regulations, especially in response to demands or attempts at extortion. We have implemented prevention and training programs as well as internal policies and procedures designed to promote best practices and detect and prevent such violations. However, these prevention and training measures may prove to be insufficient, and our employees, consultants and agents may have been or could be engaged in activities for which we or the relevant officers could be held liable. We can make no assurance that the policies and procedures, even if enhanced, will be followed at all times or effectively detect and prevent all violations of the applicable laws and every instance of fraud, bribery and corruption.

In addition, some anti-corruption laws and regulations, including the FCPA, require that we maintain accurate books and records that reflect the disposition of company assets in reasonable detail, and that we implement appropriate internal controls, to ensure that our operations do not involve corruption, illegal payments or extortion. The great diversity and complexity of these local laws and regulations and the decentralized nature of our business in various countries and markets create a risk that, in some instances, we may be deemed liable for violations of applicable laws and regulations, in particular, in connection with a failure to comply with those laws and regulations relating to books and records, financial reporting, or internal controls, among others.

Any actual or perceived violation or breach of these anti-corruption laws and regulations, including any potential governmental or internal investigations of perceived or actual misconduct, could affect our overall reputation and, depending on the case, expose us to administrative or judicial proceedings, which could result in criminal and civil judgments, including fines and monetary penalties, a possible prohibition on maintaining business relationships with suppliers or consumers in certain countries, and other negative consequences which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may face exposure under certain export controls and trade and economic sanctions laws and regulations that could impair our ability to compete in international markets and subject us to liability for non-compliance.***

Our business activities may expose us to various trade and economic sanctions laws and regulations, including, without limitation, OFAC’s trade and economic sanctions programs (“Trade Controls”). In such circumstances, such Trade Controls may prohibit or restrict our ability to, directly or indirectly, conduct activities or dealings in or with certain countries that are the subject of comprehensive embargoes (i.e., sanctioned countries), as well as with individuals or entities that are the target of Trade Controls-related prohibitions and restrictions (i.e., sanctioned parties). Additionally, our sales and services to certain consumers may at times trigger reporting requirements under U.S. law.

Although we have implemented controls designed to ensure compliance with applicable Trade Controls, our failure to successfully comply therewith may expose us to negative legal and business consequences, potentially including civil or criminal penalties, government investigations, and financial and reputational harm, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Increased labor costs, compliance with labor laws and regulations and failure to maintain good relations with labor unions may adversely affect our results of operations.***

We are required to comply with extensive labor regulations in each of the countries in which we have employees, including with respect to wages, social security benefits and termination payments. If we fail to comply with these regulations we may face labor claims and government fines, which could have a material adverse effect on our business, financial condition, results of operations and prospects. We use the services of freelancers to promote our offerings. There can be no guarantee that the relationship we have with these freelancers will not be viewed as an employment arrangement, which may lead to an increase in our personnel expenses.

Governments may adopt laws, regulations and other measures requiring companies in the private sector to increase wages and provide specified benefits to employees. Additionally, although we currently compensate members of our JForce program as independent sales consultants, it is possible that certain jurisdictions may reclassify them as employees, which would require us to change their compensation and benefits structure. We may face pressure from our labor unions or otherwise to increase employee salaries, and we face the risk that other labor-related disputes may arise. Labor disputes that result in strikes or other disruptions could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our risk management and compliance structure was implemented only recently, and there is a risk that it may prove inadequate.***

We are in the early stages of building a dedicated centralized compliance function. We recently began implementing a group-wide risk management and compliance program that is aimed at preventing corruption, fraud and other criminal or other forms of non-compliance by our management, employees, consultants, agents and sellers. Although we seek to improve the effectiveness and efficiency of this program and the frequency at which we perform systematic compliance checks, given the broad scope of our operations and, in particular, the fact that corruption and extortion are common in some countries in which we currently operate or in which we have operated in the past, such controls may prove to be insufficient to prevent or detect non-compliant conduct. Additionally, certain employees, consultants, agents or sellers may engage in illegal practices or corruption to win business or to conspire in order to circumvent our compliance controls. Similarly, our risk management function may fail to identify, mitigate or manage relevant risk exposures. For example, we have identified failures of our internal controls in the past, including fraudulent behavior by our independent JForce sales consultants, employees and sellers, improper orders placed by employees and JForce consultants and an allegation of fraudulent local management behavior in contravention of company policy with respect to cash management. While we have implemented improvements to, and routinely monitor, our internal controls at a country and group level, we cannot be sure that such internal control procedures will prove effective or that our policies will be followed.

Non-compliance with applicable laws and regulations may harm our reputation and ability to compete and result in legal action, criminal and civil sanctions, or administrative fines and penalties, such as a loss of business licenses or permits, against us, members of our governing bodies and our employees. They may also result in damage claims by third parties or other adverse effects, including class action lawsuits or enforcement actions by national and international regulators resulting in limitations to our business).

Any failure of our compliance structure to prevent or detect non-compliant behavior could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may not be able to adequately protect our intellectual property against infringements from third parties.***

We believe that our intellectual property, including consumer data, copyrights, brands, trademarks, trade secrets and proprietary technology, is critical to our success. We have developed, and will continue to develop, a substantial quantity of proprietary software, processes and other know-how, including assortment related know-how, that are especially important to our operations. However, we may not be able to obtain effective protection for such intellectual

property or other proprietary know-how in all relevant countries. If the laws and regulations applicable to our intellectual property change, this may make it even more difficult to effectively protect such intellectual property.

In addition, we may be required to spend significant funds on monitoring and protecting our intellectual property and there is no guarantee that we can successfully discover all infringements, misappropriations or other violations of our intellectual property and pursue them successfully. We provide certain information to third-party service providers who help us assess the performance of our business, such as Google Analytics. Consequently, we only have limited control to ensure that such information is not misused by the relevant third-party service providers or passed on to other third parties, including our competitors.

If we initiate litigation against infringements of our intellectual property, such litigation may prove costly and there is no guarantee that it will ultimately be successful and that the rulings we obtain will adequately remedy the damage we have suffered. Where we rely on contractual agreements to protect our intellectual property, such agreements may be found to be invalid or unenforceable. Furthermore, some of our intellectual property could be challenged or found invalid through administrative processes or litigation, and third parties may independently develop or otherwise acquire equivalent intellectual property.

An inability to adequately protect our intellectual property could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may be accused of infringing on the intellectual property of third parties.***

As we utilize a variety of intellectual property for our business, consumers, regulatory authorities or other third parties may allege that intellectual property we use infringes on their intellectual property, and we may therefore become subject to allegations and litigation. Even unfounded allegations of infringement may adversely affect our reputation and business and may require significant resources to defend against. If we try to obtain licenses from such third parties to settle any disputes, there is no guarantee that such licenses will be available to us on acceptable terms, or at all, in which case we may be required to alter our brands or change the way we currently operate.

In addition, we may not be able to continue to market certain goods in instances where our suppliers manufacture these goods without regard for the intellectual property rights of third parties. Furthermore, some of the agreements we entered into with third parties may contain clauses regarding the protection of their intellectual property licensed to us. A violation of these clauses, such as the unauthorized sub licensing or disclosure of a confidential source code, may require us to pay significant penalties, prevent us from utilizing such intellectual property in the future and may result in litigation against us. Moreover, some of our proprietary technology was developed on the basis of licensed proprietary and non-proprietary software that we licensed from third parties. If these licenses were to be challenged or found invalid through litigation or other proceedings, we may be unable to continue utilizing such proprietary technology.

Any infringements on the intellectual property of third parties could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may be unable to acquire, utilize and maintain our domains and trademarks.***

We have registered various word and figurative trademarks as well as internet domains and expect to register additional similar rights in the future. These rights are regulated by the relevant regulatory bodies and subject to trademark laws and other related laws in the countries in which we have registered them.

If we cannot obtain or maintain our existing or future word and figurative trademarks as well as internet domains on reasonable terms, we may be forced to incur significant additional expenses or be unable to operate our business as intended. Furthermore, the regulations governing domain names and laws protecting trademarks and similar proprietary rights could change (e.g., through the establishment of additional generic or country code top level domains or changes in registration processes), which may prevent us from using these rights as intended. In addition, we may not



be able to prevent third parties from registering and utilizing domains and trademarks that interfere with those that we have registered.

An inability to maintain our domains and trademarks could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may be involved in litigation or other proceedings that could adversely affect our business.***

In the ordinary course of our business activities, we are regularly exposed to various litigation, particularly in the areas of product warranty, delays of payments or deliveries, competition law, intellectual property disputes, labor disputes and tax matters. Such litigation is subject to inherent uncertainties, and unfavorable rulings could require us to pay monetary damages or provide for an injunction prohibiting us from performing a critical activity, such as marketing certain goods. Even if legal claims brought against us are without merit, defending against such claims could be time-consuming and expensive and could divert management's attention from other business concerns. Additionally, we may decide to settle such claims, which could prove expensive to us.

If we become involved in litigation or other proceedings, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We use standardized documents, contracts and terms and conditions, compounding the negative impact on our business if any clause is held to be void.***

We use standardized documents, contracts and terms and conditions to govern our relationships with a large number of sellers and consumers. If such documents, contracts or terms and conditions are found to contain provisions that are interpreted in a manner disadvantageous to us, or if any clauses are held to be void and thereby replaced by statutory provisions that are disadvantageous to us, a large number of our contractual relationships could be affected.

In addition, standardized terms and conditions must comply with the statutory laws on general terms and conditions in the various countries in which we currently operate, which means that in many countries such standardized terms and conditions are subject to intense scrutiny by the courts. We cannot guarantee that all standardized terms and conditions we use currently comply and will continue to comply with the relevant requirements. Even if terms and conditions are prepared with legal advice, it is impossible for us to guarantee that they are valid, given that changes may continue to occur in the laws applicable to such terms and conditions and/or their interpretation by the courts.

If clauses in our standardized documents, contracts or terms and conditions are found to be void, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We are subject to customs and foreign trade regulations that may require us to modify our current business practices and incur increased costs or could result in a delay in processing goods through customs, which may limit our growth and cause us to suffer reputational damage.***

We import a large number of goods and services as part of our day-to-day business and such imports and exports may be subject to customs or foreign trade regulations. In addition, we rely on third parties, in particular our sellers, to make certain import, export or customs declarations and we therefore only have limited control over such declarations. Any non-compliance with customs or foreign trade regulations could lead to the imposition of fines or result in our goods being seized, in which case delivery of our goods may be delayed or fail entirely. If these laws or regulations were to change or were violated by our management, employees or sellers, we could experience delays in shipments of our goods, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our services and negatively impact our results of operations.

Legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effects on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

Our business depends on our ability to source and distribute goods in a timely manner. As a result, we rely on the free flow of goods through open and operational ports worldwide. Labor disputes or other disruptions at ports create significant risks for our business, particularly if work slowdowns, lockouts, strikes or other disruptions occur. Any of these factors could result in reduced sales or cancelled orders, which may limit our growth and damage our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

***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 addition, court decisions are sometimes ignored by competent tax authorities or overruled by higher courts, which could lead to higher legal and tax advisory costs and create significant uncertainty.

Tax authorities in various countries are currently reviewing the appropriate treatment of e-commerce activities. Recently, several countries in Africa have imposed new, or increased existing, taxes on e-commerce and mobile services. For example, in 2018, Uganda imposed a daily tax of 200 Uganda shillings (equivalent to \$0.05) on Over-the-Top (“OTT”) services including Facebook, WhatsApp and Twitter. Users who fail to make this daily payment are unable to access the designated OTT services. Additionally, Uganda imposed a new mobile money transfer tax in 2018. The tax, originally introduced as a 1% tax on receiving payments and withdrawals, was later reduced to a 0.5% tax on withdrawals only. The Ivory Coast imposed a similar 0.5% tax on mobile money transfers in January 2018. Lastly, Kenya has been taxing mobile money transfers for several years and increased its mobile money transfer tax from 10% to 12% in late 2018. It is possible that other African countries will enact new taxes on OTT services, mobile money transfers or other e-commerce and mobile services or that countries with existing e-commerce and mobile service taxes will raise their current tax rates. Existing or new e-commerce and mobile service taxes may increase the cost of mobile phone usage and data plans for consumers, which may discourage mobile phone usage or slow the rate of mobile phone adoption across our markets. Additionally, taxes on mobile money transfers may increase the costs associated with and discourage the use of JumiaPay.

Moreover, due to the global nature of our e-commerce business, various countries might attempt to levy additional sales, income or other taxes relating to our activities. Such new tax regulation may subject us or our consumers to additional taxes, which would increase our tax burden and may reduce the attractiveness of our online offering. In certain countries in which we operate, VAT rates are especially high. For example, the VAT is 20% in Morocco and 18% in Ivory Coast. In such countries, we face the risk that organizational sellers on our marketplace may attempt to transact as individual sellers in order to avoid the responsibility of collecting VAT. Sellers may also seek to structure their operations in a way that facilitates the non-payment of VAT. New taxes could also result in additional costs necessary to collect the data required to assess these taxes and to remit them to the relevant tax authorities.

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 are subject to audits by tax officials in various jurisdictions in which we operate. For example, in Germany, the authorities challenged the status of some of the Group’s German partnerships as entrepreneurs. A loss of such entrepreneur status would have resulted in substantial additional VAT assessments. We have reached a joint

understanding with the competent tax authorities, according to which the German partnerships in question should be regarded as entrepreneurs, provided certain conditions are met. We cannot guarantee that the tax authorities will not change their view on the status of such partnerships for past or future periods. While we are making good progress toward meeting these conditions, any failure to meet them in a timely manner, or any changes in the tax authorities' view, may result in substantial additional VAT assessments.

We are also in ongoing discussions with the German authorities regarding corporate income tax treatment of services rendered by these partnerships. While we believe the position of the German tax authorities on this issue is not correct and would not be successful if challenged in court, we may be required to pay additional corporate income taxes in an upper single to very low double digit euro million amount if the tax authorities' view were to prevail and have taken provisions accordingly. See also Note 19 to our audited consolidated financial statements included elsewhere in this Annual Report.

Taxes actually assessed in future tax audits for periods not yet covered by this last tax audit may exceed the taxes already paid by us. As a result, we may be required to make significant additional tax payments with respect to previous periods. Furthermore, the competent tax authorities could revise their original tax assessments (e.g., with respect to the recognition of invoiced value added taxes). Any tax assessments that deviate from our expectations could lead to an increase in our tax burden. In addition, we may be required to pay interest on these additional taxes as well as late filing penalties.

Changes in the tax environment and future tax audits could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Certain of our cross-border business dealings may trigger unforeseen adverse tax consequences.***

We are an internationally operating enterprise continuously engaged in cross-border business dealings which may trigger unforeseen adverse tax consequences in Germany and abroad, in particular with respect to transfer pricing and double taxation issues. While our business operations focus on three regions in Africa, our Company is incorporated in Germany and we manage our operations on a decentralized basis. Our technology and data team is predominantly located in Portugal. The decentralized nature of our organization may lead to interpretative questions by tax authorities as to where we have to pay taxes on our income or assets. Any reassessment of our current status could lead to substantial tax claims and/or costly and time consuming administrative and legal proceedings.

This high degree of interconnectivity necessitates the cross-border transfer of certain goods and services including services, from and between us, our subsidiaries and affiliates. Tax authorities often challenge the prices charged for intra-group services. Past and current intra-group transfer prices, particularly those for services rendered by the Company, including the provision of technology, management services, personnel or financing could be deemed to not be at arm's length.

Additionally, in light of the fact that these intra-group services are usually not offered to third parties, it may become difficult for us to mitigate intra-group transfer price risks by documenting the prices, particularly paid in comparable transactions by or with independent third parties. The preparation of customary transfer price documentation may also be delayed due to the need to hire an external advisory team with the resources to prepare such transfer price documentation for us.

In addition, we may be unaware of or infringe upon tariffs, quotas, customs and export control regulations, trading bans or similar restrictions, thereby creating exposure to the risk of fines and sanctions.

The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We are subject to tax laws and regulations in Germany and numerous other countries. Our tax burden may increase as a consequence of future tax treatment of dividend payments, non-deductibility of interest payments, current or future tax assessments or court proceedings based on changes in domestic or foreign tax laws and double taxation treaties or changes in the application or interpretation thereof. We agreed to indemnify the members of our management board against tax liabilities of up to €40 million.***

We are a German tax resident and, accordingly, subject to the tax laws and regulations of Germany. We operate in a number of African countries and have shared service centers in certain European countries as well as in the United Arab Emirates, subjecting several of our entities to the tax laws of these countries. Our tax burden depends on various aspects of tax laws and regulations including double taxation treaties as well as their respective application and interpretation. Amendments to tax laws and double taxation treaties, for example, an increase of statutory tax rates or the limitation of double tax relief, may have a retroactive effect, and their application or interpretation by tax authorities or courts is subject to change and may cause an increase in our tax burden. Furthermore, tax authorities occasionally limit court decisions to their specific facts by way of non-application decrees. This may also increase our tax burden.

Prior to the completion of our initial public offering in April 2019, we streamlined our group structure by exchanging interests held by current or former members of management, employees, supporters or business partners in our subsidiaries into shares of the Company. While we do not believe that these transactions triggered adverse tax consequences for which we are liable, there is no guarantee that tax authorities will agree with this assessment.

We have agreed to indemnify the members of the management board against income tax liabilities they may incur with respect to income received from us, including from share-based payment instruments, in excess of a total tax liability of 25% of the relevant income in countries where they do not have their primary residence up to a total amount of €40 million.

As a holding company, our ability to distribute dividends depends largely on dividend payments made by our subsidiaries. Among other things, these intra-group distributions are subject to withholding tax (*Kapitalertragsteuer*) on multiple intra-group levels. No assurance can be given that the taxation of intra-group distributions may not negatively affect our ability to pay dividends in the future.

Thin-capitalization rules in various countries restrict the tax deductibility of interest expenses and the possibility of companies to carry forward non-deducted interest expenses to future assessment periods. As the interpretation of these rules is not entirely clear in many countries, it cannot be ruled out that the competent tax authorities will take a different view regarding the tax deductibility of interest expenses than our entities.

Our entities are or may become party to tax proceedings. The outcome of such tax proceedings may not be predictable and may be detrimental to us.

The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Economic challenges faced by governments, including due to the COVID-19 pandemic, may lead to an increase in our tax burden.***

Governments may seek to find additional financing, including due to economic challenges as a result of the COVID-19 pandemic. Accordingly, governments may seek to impose additional tax burdens on us. For example, tax authorities may state that platform owners are responsible to account for and pay VAT or sales tax for the goods and services traded via their platform. Jumia is currently engaged in active discussions with the tax authorities in two countries regarding VAT or sales tax collection for the goods and services traded via its platform. The authorities in one of these countries may apply such a mechanism retrospectively. There is no guarantee that this authority will accept our position that we are not responsible to account for and pay VAT for the goods and services traded via our marketplace for the prior periods. The VAT or sales tax of the goods and services traded via our marketplace in the relevant country would amount to a lower double digit euro million amount per year for the relevant prior periods should the tax authorities prevail.

## **Risks Related to the Ownership of our ADSs**

*Investor perceptions of risks in emerging economies could reduce investor appetite for investments in these countries or for the securities of issuers operating in these countries.*

Investing in securities of issuers in emerging markets generally involves a higher degree of risk than investing in securities of corporate or sovereign issuers from more developed countries. Economic crises in one or more emerging market countries may reduce overall investor appetite for securities of emerging market issuers generally, even for emerging market issuers located outside the regions directly affected by the crises. Past economic crises in emerging markets, such as in South America and Russia, have often resulted in significant outflows of international capital from emerging markets and caused emerging market issuers to face higher costs for raising funds, and in some cases have effectively impeded access to international capital markets for extended periods.

Thus, even if the economies of the countries in which we operate remain relatively stable, financial turmoil in any emerging market country could have a material adverse effect on our business, financial condition, results of operations and prospects.

*The market price of our ADSs has fluctuated significantly in the past and may continue to do so in the future and any such fluctuations could result in substantial losses for holders of our ADSs.*

The market price of our ADSs is affected by the supply and demand for our ADSs, which may be influenced by numerous factors, many of which are beyond our control, including:

- fluctuation in actual or projected results of operations;
- changes in projected earnings or failure to meet securities analysts' earnings expectations;
- the absence of analyst coverage;
- negative analyst recommendations;
- changes in trading volumes in our ADSs;
- changes in our shareholder structure;
- changes in macroeconomic conditions;
- the activities of competitors and sellers;
- changes in the market valuations of comparable companies;
- changes in investor and analyst perception with respect to our business or the e-commerce industry in general; and
- changes in the statutory framework applicable to our business.

As a result, the market price of our ADSs may be subject to substantial fluctuation.

General market conditions and fluctuation of share prices and trading volumes could lead to pressure on the market price of our ADSs, even if there may not be a reason for this based on our business performance or earnings outlook. In addition, prices for e-commerce or technology companies have traditionally been more volatile compared to share prices for companies from other industries. The market price of our ADSs has fluctuated substantially in the past. Our ADSs, priced at \$14.50 for our initial public offering in April 2019, rose to a high of \$49.77 in May 2019 before

falling to a low of \$2.15 in March 2020 and then rising again to a high of \$69.89 in February 2021, followed by a significant decline. The market prices of our ADSs may continue to fluctuate substantially in the future.

Any fluctuations in the market price of our ADSs as a result of the realization of any of these risks, investors could lose part or all of their investment in our ADSs. Additionally, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the shares. These lawsuits may result in substantial expenses and could also divert the time and attention of our management board from our business, which could significantly harm our profitability and reputation.

***The interests of certain of our major shareholders may conflict with our interests or those of our other shareholders.***

The interests of certain of our shareholders may deviate from our interests or those of our other shareholders. Certain measures and transactions, including dividend payments, may be impossible to implement without the support of these major shareholders. In addition, some of our shareholders hold various interests in a number of companies, including companies active in the e-commerce industry, and conflicts of interests may arise between these investments and our interests.

Conflicts between the interests of certain of our major shareholders and our interests or those of our other shareholders may have a material adverse effect on our business, financial condition, results of operations and prospects.

***We do not expect to pay any dividends in the foreseeable future.***

We have not yet paid any dividends to our shareholders and do not currently intend to pay dividends for the foreseeable future. Under German corporate law, dividends may only be distributed from our net retained profit (*Bilanzgewinn*). The net retained profit is calculated based on our unconsolidated financial statements prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*). Such accounting principles differ from International Financial Reporting Standards, as issued by the International Accounting Standards Board, in material respects.

Our ability to pay dividends therefore depends upon the availability of sufficient net retained profits. In addition, future financing arrangements may contain covenants that impose restrictions on our business and on our ability to pay dividends under certain circumstances.

Any determination to pay dividends in the future will be at the discretion of our management board and will depend upon our results of operations, financial condition, contractual restrictions, including restrictions imposed by existing or future financing agreements, restrictions imposed by applicable laws and other factors management deems relevant.

Consequently, we may not pay dividends in the foreseeable future, or at all, and any return on investment in our ADSs is solely dependent upon the appreciation of the price of our ADSs on the open market, which may not occur. See “Dividend Policy.”

***We have identified a material weakness in our internal control over financial reporting. Our failure to correct these control deficiencies or our failure to discover and address any other control deficiencies could result in inaccuracies in our financial statements.***

Our management, including our co-chief executive officers and chief financial officer, concluded that our internal control over financial reporting was not effective as of December 31, 2020 due to the presence of a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim consolidated financial statements may not be prevented or detected on a timely basis.

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Specifically, we identified deficiencies in the corporate finance and accounting functions related to the failure to identify accounting adjustments in certain areas, including income taxes, share-based compensation and contractual commitments, and we did not adequately review or oversee the work of external specialists in some of these matters to assist us in the preparation of our financial statements and in our compliance with SEC reporting obligations. Such deficiencies, when considered in the aggregate, constitute a material weakness.

Notwithstanding this material weakness, our management, based on the substantial work performed, concluded that our consolidated financial statements for the periods covered by and included in this Annual Report are fairly stated in all material respects in accordance with IFRS.

We have already made some improvements regarding the remediation of this material weakness on the corporate finance and accounting functions; however, additional effort is required. We have hired and will continue to hire additional accounting and finance personnel. We have implemented extensive documentation and review processes and invested in automation of reporting allowing us to focus more on technical compliance and review; we have standardized our controls over accounting and reporting and formalized our financial statement review process.

However, we cannot assure you that the implementation of these measures will be sufficient to remediate this material weakness or that material weaknesses or significant deficiencies in our internal control over financial reporting will not be identified in the future. Our failure to correct these control deficiencies or our failure to discover and address any other control deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

***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 the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with this Annual Report. As a result, we are required to disclose changes made in our internal controls and procedures and our management is required to assess the effectiveness of these controls annually. In addition, once we cease to be an “emerging growth company” as such term is defined in the Jumpstart Our Business Startups Act (“JOBS Act”), our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management, including our co-chief executive officers and chief financial officer, concluded that our internal control over financial reporting was not effective as of December 31, 2020 due to the presence of a material weakness. Moreover, even if our management concludes that our internal control over financial reporting is effective, when we are no longer an emerging growth company, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. Our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures in the future, in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could, in turn, limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of the ADSs. Additionally, ineffective

internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements for prior periods.

***Future offerings of debt or equity securities by us could adversely affect the market price of our ADSs, and future issuances of equity securities could lead to a substantial dilution of our shareholders.***

We may require additional capital in the future to finance our business operations and growth. The Company may seek to raise such capital through the issuance of additional ADSs or debt securities with conversion rights (e.g., convertible bonds and option rights). An issuance of additional ADSs or debt securities with conversion rights could potentially reduce the market price of our ADSs and the Company currently cannot predict the amounts and terms of such future offerings.

If such offerings of equity or debt securities with conversion rights are made without granting subscription rights to our existing shareholders, these offerings would dilute the economic and voting rights of our existing shareholders. In addition, such dilution may arise from the acquisition or investments in companies in exchange, fully or in part, for newly issued ADSs, options granted to our business partners or from the exercise of stock options by our employees in the context of existing or future stock option programs or the issuance of ADSs to employees in the context of existing or future employee participation programs.

Any future issuance of ADSs could reduce the market price of our ADSs and dilute the holdings of existing shareholders.

***The sale or availability for sale of substantial amounts of the ADSs could adversely affect their market price.***

Sales of substantial amounts of the ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our ability to raise capital through equity offerings in the future. We cannot predict what effect, if any, market sales of securities held by our shareholders or the availability of these securities for future sale will have on the market price of the ADSs.

***An investment in our ADSs by an investor whose principal currency is not the Euro may be affected by exchange rate fluctuation.***

Our ADSs are, and any dividends to be paid in respect of them will be, denominated in euros. An investment in our ADSs by an investor whose principal currency is not the euro will expose such investor to exchange rate risks. Any depreciation of the euro in relation to the principal currency of the respective investor will reduce the value of the investment in our ADSs or any dividends in relation to such currency.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our ADSs and trading volume could decline.***

The trading market for our ADSs depends in part on the research and reports that securities or industry analysts publish about us or our business. If securities or industry analyst coverage results in downgrades of our ADSs or publishes inaccurate or unfavorable research about our business, our ADS price will likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets and demand for our ADSs could decrease, which, in turn, could cause the market price or trading volume for our ADSs to decline significantly.

***Investors may have difficulty enforcing civil liabilities against us or the members of our management and supervisory boards.***

We are incorporated in Germany and conduct substantially all of our operations in Africa through our subsidiaries. In total, five members of our management board and supervisory board are non-residents of the United



States. The majority of our assets and the assets of half of the members of our management board and supervisory board are located outside the United States. As a result, it may not be possible, or may be very difficult, to serve process on company representatives or the company in the United States, or to enforce judgments obtained in U.S. courts against company representatives or the company based on civil liability provisions of the securities laws of the United States.

There is no treaty between the United States and Germany for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be enforceable in Germany unless the underlying claim is re-litigated before a German court of competent jurisdiction.

Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws, against us, members of our management board and supervisory board, or our senior management. In addition, there is doubt as to whether a German court would impose civil liability on us, the members of our management and supervisory board or our senior management in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in Germany against us or such members, respectively.

***Holders of our ADSs may be subject to limitations on transfer of their ADSs.***

Our ADSs are transferable on the books of the depository. However, the depository may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

***The exercise of voting rights of holders of our ADSs is limited by the terms of the deposit agreement.***

For so long as holders of our ADSs do not convert their ADSs into ordinary shares, they may not attend our shareholder's meetings and may exercise their voting rights with respect to the ordinary shares underlying their ADSs only in accordance with the provisions of the deposit agreement. Upon receipt of voting instructions from a holder of our ADSs in the manner set forth in the deposit agreement, the depository for our ADSs will endeavor to vote such holder's underlying ordinary shares in accordance with these instructions. Under our articles of association, the minimum notice period required for convening a shareholders' meeting corresponds to the statutory minimum period, which is currently 36 days. When a shareholders' meeting is convened, a holder of our ADSs may not receive sufficient notice of a shareholders' meeting to permit such holder to withdraw its ordinary shares to allow the holder to cast its vote with respect to any specific matter at the meeting. In addition, the depository and its agents may not be able to send voting instructions to a holder of our ADSs or carry out such holder's voting instructions in a timely manner. We will make all reasonable efforts to cause the depository to extend voting rights to a holder of our ADSs in a timely manner, but such holder may not receive the voting materials in time to ensure that such holder can instruct the depository to vote its shares. Furthermore, the depository and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, a holder of our ADSs may not be able to exercise its right to vote and may lack recourse if the ordinary shares are not voted as requested by such holder.

***The rights of shareholders in companies subject to German corporate law differ in material respects from the rights of shareholders of corporations incorporated in the United States.***

We are a stock corporation (*Aktiengesellschaft*) incorporated under German law. Our corporate affairs are governed by our articles of association and by the laws governing stock corporations incorporated in Germany. The rights of shareholders and the responsibilities of members of our management board and supervisory board may be different from the rights and obligations of shareholders in companies governed by the laws of U.S. jurisdictions and the management or directors of those corporations. In the performance of their duties, our management board and

supervisory board are required by German law to consider the interests of our company, its shareholders, its employees and other stakeholders. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as an ADS holder.

***German and European insolvency laws are substantially different from U.S. insolvency laws and may offer our shareholders less protection than they would have under U.S. insolvency laws.***

As a company with its registered office in Germany, we are subject to German insolvency laws in the event any insolvency proceedings are initiated against us including, among other things, Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings. Should courts in another European country determine that the insolvency laws of that country apply to us in accordance with and subject to such EU regulations, the courts in that country could have jurisdiction over the insolvency proceedings initiated against us. Insolvency laws in Germany or the relevant other European country, if any, may offer our shareholders less protection than they would have under U.S. insolvency laws and make it more difficult for our shareholders to recover the amount they could expect to recover in a liquidation under U.S. insolvency laws.

***We are eligible to be treated as an emerging growth company, as defined in the Securities Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our ADSs less attractive to investors, given that we may rely on these exemptions.***

We are eligible to be treated as an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, presenting only limited selected financial data in this Annual Report and not being required to comply with the auditor attestation requirements of Section 404 in this Annual Report or subsequent annual reports filed on Form 20-F. As a result, our shareholders may not have access to certain information that they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if our total annual gross revenue exceeds \$1.07 billion, if we issue more than \$1.00 billion in non-convertible debt securities during any three-year period, or if we are a large accelerated filer and the market value of our ADSs held by non-affiliates exceeds \$700 million as of the end of any second quarter before that time.

We cannot predict if investors will find our ADSs less attractive if we rely on these exemptions. If some investors find our ADSs less attractive as a result, there may be a less active trading market for our ADSs and our ADS price may be more volatile.

***As a foreign private issuer, we are not subject to U.S. proxy rules and are subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.***

As of the date of this Annual Report, we report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act and although we are subject to German laws and regulations with regard to such matters and intend to furnish quarterly trading updates and half year interim reports to the SEC, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (1) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (2) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (3) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, although we intend to provide certain quarterly information on Form 6-K. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year and U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation FD, which is intended to

prevent issuers from making selective disclosures of material information. As a result of all of the above, holders of our ADSs may not have the same protections afforded to shareholders of a company that is not a foreign private issuer.

***We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.***

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to us on June 30, 2020.

In the future, we would lose our foreign private issuer status if (1) more than 50% of our outstanding voting securities are owned by U.S. residents and (2) a majority of our directors or executive officers are U.S. citizens or residents, or we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of the NYSE. As a U.S. listed public company that is not a foreign private issuer, we would incur significant additional legal, accounting and other expenses that we would not incur as a foreign private issuer. These expenses would relate to, among other things, the obligation to present our financial information in accordance with U.S. GAAP in the future. Additionally, a loss of our foreign private issuer status would divert our management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***As we are a foreign private issuer and intend to follow certain home country corporate governance practices, holders of our ADSs may not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements.***

As a foreign private issuer, we have the option to follow certain home country corporate governance practices rather than those of the NYSE, provided that we disclose the requirements we are not following and describe the home country practices we are following. The standards applicable to us are considerably different than the standards applied to domestic U.S. issuers. For instance, we are not required to:

- have a majority of the board be independent (although all of the members of the audit committee must be independent under the Exchange Act);
- have a compensation committee or a nominating or corporate governance committee consisting entirely of independent directors;
- have regularly scheduled executive sessions with only independent directors; or
- adopt and disclose a code of ethics for directors, officers and employees.

We have relied on and intend to continue to rely on some of these exemptions. As a result, holders of our ADSs may not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements.

***The interpretation of the treatment of ADSs by the German tax authorities is subject to change.***

The specific treatment of ADSs under German tax law is based on administrative provisions by the fiscal authorities, which are not codified law and are subject to change. Tax authorities may modify their interpretation and the

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current treatment of ADSs may change, as the circular issued by the German Federal Ministry of Finance (*BMF-Schreiben*), dated November 8, 2017, reference number IV C 1 – S 1980-1/16/10010 :010 (as amended), shows. According to this circular, ADSs are not treated as capital participation (*Kapitalbeteiligung*) within the meaning of Section 2 para. 8 of the Investment Tax Code (*Investmentsteuergesetz*). Such changes in the interpretation by the fiscal authorities may have adverse effects on the taxation of investors.

***We may become a passive foreign investment company (“PFIC”), which could result in adverse United States federal income tax consequences to United States investors.***

We believe we were not a PFIC in the prior taxable year and do not expect to become a PFIC in the current taxable year or the foreseeable future. However, the determination of whether or not we are a PFIC is made on an annual basis and will depend on the composition of our income and assets from time to time. Specifically, we will be classified as a PFIC for United States federal income tax purposes if either: (1) 75% or more of our gross income in a taxable year is passive income, or (2) the average percentage of our assets by value in a taxable year which produce or are held for the production of passive income (which includes cash) is at least 50%. It is therefore possible that we could become a PFIC in a future taxable year. In addition, our current expectation regarding our PFIC status is based in part upon the value of our goodwill which is based on the market value for our shares and ADSs, and in part on the rate at which our cash and cash equivalents are spent. Accordingly, we could become a PFIC in the future if there is a substantial decline in the value of our shares and ADSs or we spend our cash or cash equivalents at a slower rate than expected.

If we are or were to become a PFIC, such characterization could result in adverse United States federal income tax consequences to a holder of our ADSs if such holder is a United States investor. For example, if we are a PFIC, our United States investors will become subject to increased tax liabilities under United States federal income tax laws and regulations and will become subject to burdensome reporting requirements. We cannot assure that we will not be a PFIC for our current taxable year or any future taxable year.

### **Item 4. Information on the Company**

#### **A. History and Development of the Company**

##### **Corporate History and Recent Transactions**

We were incorporated on June 26, 2012 as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law. On December 17 and 18, 2018, our shareholders resolved upon the change of our legal form into a German stock corporation (*Aktiengesellschaft*) and the change of our company name to Jumia Technologies AG. The change of our legal form and company name became effective upon registration with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Berlin, Germany, on January 31, 2019. The legal effect of the conversion on Africa Internet Holding GmbH under German law is limited to the change in the legal form. Africa Internet Holding GmbH was neither dissolved nor wound up, but continues its existence as the same legal entity with a new legal form and name. Our agent for service of process in the United States is Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware 19711.

On December 18, 2018, our then-existing shareholders entered into an investment agreement with a new investor, Pernod Ricard Deutschland GmbH, pursuant to which the new investor agreed to provide additional capital in the aggregate amount of €75 million against issuance of ordinary shares based on an agreed pre-money valuation of €1.4 billion. As a result, we issued 7,105 shares (corresponding to 5,087,180 shares following the capital increase from own resources resolved upon on February 15, 2019) to such new investor, which corresponded to 5.08% of the shares in the Company as of January 3, 2019.

On April 12, 2019, our ADSs, each representing two of our ordinary shares, commenced trading on the New York Stock Exchange under the symbol “JMIA.” Concurrently with our initial public offering, Mastercard purchased from us €50.0 million of our ordinary shares in a private placement. We received approximately US\$280.2 million in net proceeds from our initial public offering and corresponding private placement with Mastercard and issuance of shares to existing shareholders, after deducting underwriting commissions and discounts and the offering expenses payable by us.

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In late 2019, we decided to exit three geographies, Cameroon, Rwanda and Tanzania with a view to allocating our resources to the geographies that we currently believe present the best opportunities to support our long-term growth and path to profitability. We intend to continue to invest across our 11 geographies of operation, which collectively represent more than 600 million people and approximately 70% of Africa's internet users and GDP. We also entered into a distribution and commercial agreement in relation to Jumia Travel's flight and hotel booking portals. The exited countries and the travel assets collectively accounted for less than 10% of our GMV, gross profit and operating loss for the full year 2019.

In December 2020, we completed an equity offering. We received approximately USD 231.4 million (€194.3 million) in net proceeds from our equity offering, after deducting underwriting commissions and discounts and the offering expenses, payable by us.

On March 11, 2021, our shareholders resolved to replenish our authorized capital, to renew our contingent capital and to renew our authorization to rely on the simplified exclusion of subscription rights in connection with the issuance of shares and/or equity-linked instruments in the future.

### **Sales Practices Review**

We received information in early 2019 alleging that some of our independent sales consultants, members of our JForce program in Nigeria, may have engaged in improper sales practices. Through an internal review of our sales practices covering all of our countries of operation and data from January 1, 2017 to June 30, 2019, we identified several JForce agents and sellers who collaborated with employees in order to benefit from differences between commissions charged to sellers and higher commissions paid to JForce agents. In mid-2019 and late 2019, we identified instances where improper orders were placed, including through the JForce program, and subsequently cancelled. These transactions had virtually no impact on our financial statements. In aggregate, the improper orders identified generated less than 3% of our GMV in 2018, concentrated in the fourth quarter, and less than 2% of our GMV in 2019.

### **Corporate Information**

We are registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Berlin, Germany, under number HRB 203542 B. Our principal executive offices are located at Skalitzer Straße 104, 10997 Berlin, Federal Republic of Germany ("Germany"). Our telephone number is +49 (30) 398 20 34 51. Our website address is <https://group.jumia.com>. The information contained on, or that can be accessed through, our website is not incorporated by reference into this Annual Report, and you should not consider any information contained on, or that can be accessed through, our website as part of this Annual Report or in deciding whether to purchase our ADSs.

## **B. Business Overview**

### **Our Mission**

Our mission is 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.

### **Overview**

We are 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, JumiaPay, which, together with its network of licensed payment service providers and other partners, 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 more than 70% of Africa's GDP of €2.3 trillion in 2020, according to estimates by the International Monetary Fund. Though still nascent, we believe that e-commerce in Africa is well positioned to grow.

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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, 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 across a wide range of categories, such as fashion and apparel, beauty and personal care, home and living, fast moving consumer goods, smartphones and other electronics. We also provide consumers with easy access to a range of on-demand services via our Jumia Food platform, including delivery, from restaurants, grocery shops and convenience outlets. On our JumiaPay app, we offer a number of digital lifestyle services including utility bills payment, airtime recharge, gaming and entertainment, transport ticketing as well as financial services such as micro-loans or savings products. We had 6.8 million Annual Active Consumers as of December 31, 2020. 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 via our marketplace are predominantly sold by third-party sellers, meaning the cost and risk of inventory remains with the seller. In 2020, more than 90% of the items sold on our marketplace were 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 cashless online transactions between participants on our platform, with the intention of integrating additional financial services in the future. JumiaPay encompasses a number of functionalities. JumiaPay, with its network of licensed payment service providers and other partners, provides digital payment processing on our platform allowing for a fast and secure payment experience at checkout. JumiaPay has also a dedicated payment app, the JumiaPay app, through which we offer consumers a number of digital lifestyle services from a broad range of third party service providers. Lastly, 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. As of December 31, 2020, one or more JumiaPay services were available in eight markets: Nigeria, Egypt, Morocco, Ivory Coast, Ghana, Kenya, Tunisia and Uganda. JumiaPay Transactions and Total Payment Volume (“TPV”) have both increased substantially since its launch. The number of JumiaPay Transactions reached 9.6 million in 2020 compared to 7.6 million in 2019. TPV reached €196.4 million in 2020, up 58% compared to 2019.

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.

While usage of our platform has grown substantially in the past, we consider usage as a part of a broader equation where we seek to balance usage growth, platform monetization and cost efficiency. We manage this equation on a dynamic basis. In 2020, we focused on rebalancing our business mix, enhancing cost efficiency and making progress towards breakeven. Annual Active Consumers increased to 6.8 million Annual Active Consumers as of December 31, 2020, up from 6.1 million Annual Active Consumers as of December 31, 2019. Our Orders increased from 26.5 million in 2019 to 27.9 million in 2020. Adjusted for perimeter changes and improper sales practices, our gross merchandise value (“GMV”) decreased from €1,030.9 million in 2019 to €836.5 million in 2020. Our gross profit continued to increase, reaching €92.8 million in 2020, up from €75.9 million in 2019. The rebalancing of our business mix together with structural improvements to enhance cost efficiency resulted in a significant improvement of our unit economics. The increase in gross profit and improvement in unit economics resulted in a significant decrease in our operating loss for the period from a loss of €227.9 million in 2019 to a loss of €149.2 million in 2020.

## **Our Market Opportunity**

Comprised of 54 countries and with a total population of over 1.3 billion people, Africa is the second-largest continent in the world by land mass and population. According to the IMF and Internet World Stats, in 2020, the 11 countries in which we operate counted 624 million people and accounted for approximately 72% of Africa’s GDP and 69% of Africa’s internet users.

The African e-commerce landscape is characterized by favorable macroeconomic and demographic conditions, including strong expected real GDP growth, a young population and an expected rapid increase in mobile internet penetration.

### ***Attractive Fundamentals***

Africa represents a large and growing consumer market that is positioned for growth, driven by the following key macroeconomic facts and trends:

- ***Economic development:*** According to the African Development Bank, aggregate private consumption in Africa grew at an average of 3.7% per annum from 2010 to 2016, and according to McKinsey Global Institute in 2015, spending by consumers and businesses totaled \$4 trillion, with business spending alone totaling \$2.6 trillion in 2015. In 2010, 355 million people, or 34% of the population, were considered “middle class” according to the African Development Bank. By 2060 that number is expected to grow to 1.1 billion people or 42% of the population, representing an average annual growth of approximately 15 million people, according to the same source.
- ***Infrastructure investments:*** Investments in infrastructure, which totaled over \$62.5 billion in 2016, are key to this growth and led by both strong domestic and foreign direct investment, according to the African Development Bank.
- ***Large, fast-growing and young population:*** As of 2020, Africa comprised approximately 17% of the world’s population, according to the IMF report from 2020. According to the United Nations World Population Prospects Report from 2019, the population of sub-Saharan Africa is projected to double by 2050 and the populations of Northern Africa and Western Africa are expected to grow by 46% by 2050. The United Nations also projects that Nigeria will become the third most populated country in the world by 2050, after India and China. The average age across the African continent was 19.7 years in 2019, more than ten years younger than the global average of 30.9 in 2019, according to the United Nations. We believe that this younger generation, born into an “online” world is increasingly seeking access to a wider choice of food, consumer goods and entertainment options as it becomes increasingly connected to, and aware of, global consumer trends.
- ***Increasing urbanization:*** Urban centers play a critical role in driving economic growth. As of 2020, it is estimated that only 43% of Africans lived in urban centers, compared to 82% in North America and 51% in Asia, according to a report from Statista. However, 60% of Africans are expected to be living in urban areas by

2050, indicating an organic and migration-driven growth of over 920 million people to urban centers during that period, according to a 2019 report from the United Nations.

### ***Increasing Internet Penetration***

Africa is rapidly becoming a “connected” market, representing a large opportunity for internet-based businesses. Africa had an estimated 527 million internet users across the continent, 69% of whom lived in the regions in which we operate, as of September 2020 according to Internet World Stats, a site of the Miniwatts Marketing Group. Some of the key factors driving this evolution are:

- ***Investments in mobile network infrastructure:*** Africa has emerged as a “mobile-first” market, in which many consumers access the internet for the first time using a mobile device. Investment in global information and communications technology infrastructure in Africa totaled over \$1.6 billion in 2016, and telecommunication operators across the continent are committed to making additional significant investments in cellular network infrastructure in order to meet rising demand.
- ***Growing mobile internet penetration:*** Mobile broadband penetration in Africa, which was 57%, or 763 million subscribers in 2020, is expected to increase to 77% by 2025, according to the market research firm Ovum. This increase represents approximately 400 million new subscribers, bringing the total number of Africans with 3G or 4G connections to over 1.1 billion, according to the same source.
- ***Increasing smartphone adoption:*** While feature phones are still the most popular phones in Africa, smartphone penetration as a percentage of the total mobile connections is growing, amounting to 46% in 2020, and is expected by Ovum to increase to 67% by 2025. The growth in smartphone adoption is driven by decreasing average selling prices and the availability of lower cost data plans, according to the Alliance for Affordable Internet and IDC, respectively. We believe that smartphones, with larger screens, more intuitive user interfaces and wider availability of apps are a strong driver of mobile e-commerce adoption.

### ***Evolving Shopping Trends from Offline to Online***

As Africa becomes more affluent and “connected,” we believe that African consumers will increasingly become aware of online shopping. Moreover, organized retail is underdeveloped across most of the continent, making the distribution of goods less efficient than in other regions in the world. Against this backdrop, we believe that e-commerce is an attractive alternative to the general lack of organized retail outlets. We believe that the expansion and success of e-commerce solutions across Africa will be driven by the following factors:

- ***Increasing consumer awareness and trust:*** As e-commerce and the internet are both relatively new to Africa, educating African consumers about the benefits of online shopping (including for “non-standard” items such as apparel) will be a key factor driving consumer adoption.
- ***Availability and quality of logistics infrastructure:*** Outside of certain major cities, many Africans live in areas that lack clear addresses, including in rural areas that are often far from the nearest warehouse or distribution center. As infrastructure continues to improve across Africa and urbanization rates increase, we expect increasing availability of reliable, high-quality and cost effective delivery solutions to contribute to the rise of e-commerce in Africa.
- ***Consumer adoption of mobile and digital payments:*** Electronic payments in the form of mobile phone-based solutions, credit, debit or prepaid card or other similar methods are already an important form of payment in Africa. In fact, Africa is the leading continent in terms of mobile money technology adoption. According to data from GSMA, Africa was home to 481 million mobile money accounts in 2019, 46% of mobile money accounts globally. Mobile payment allows consumers to participate in the formal economy while enabling electronic payment of e-commerce orders, driving higher delivery success rate vs. cash on delivery transactions, thus increasing the overall efficiency of e-commerce.



## Our Value Proposition

### *Our Value Proposition to Sellers*

- **Access to a large and growing consumer base:** We believe that our brand has become synonymous with online and mobile shopping in our markets, and we have built a logistics service that provides sellers with access to consumers across a wide delivery footprint. As a result, through our platform, local sellers can efficiently reach consumers across a particular country, and international sellers can efficiently reach a large number of consumers across most major markets in Africa. In 2020, we connected sellers with 6.8 million Annual Active Consumers.
- **Unique data:** We offer our sellers data and analytic services, helping them to more effectively tailor and customize their offerings and marketing efforts. For example, we are able to inform sellers which products have the best conversion rates and at which price points, positioning them to adjust their assortment, price points and marketing campaigns to enhance their performance. This data may also help sellers improve their inventory management processes from forecasting to buying to end-of-life promotions, leading to increased business and capital efficiency.
- **Brand building & advertising:** We offer our sellers and third-party advisers access to millions of users across 11 African countries with the ability to target audiences in a very granular manner. Leveraging extensive user signals data and the multiple touch points we have with consumers, we offer sellers and advertisers a comprehensive range of ad solutions including sponsored product ads, sponsored display banners, CRM ad products and many more. Many sellers have successfully built their brand awareness and run successful advertising campaigns on our marketplace, embracing our platform as a way to distinguish their own brand identities and build brand awareness.
- **Infrastructure & business support:** Sellers rely on our platform for a range of essential support services to operate their businesses, such as content creation facilities and web-based and mobile interfaces to manage listings, orders or promotional campaigns.
- **Financial services:** In selected markets, our sellers have access to attractive financing solutions offered by various third-party financial institutions. This enables our sellers to find the necessary financing to expand their businesses.

### *Our Value Proposition to Consumers*

- **Integrated ecosystem:** We have built an integrated consumer ecosystem around our marketplace, which allows us to offer consumers a broad selection of goods and services that are relevant for their everyday needs. Besides the ability to purchase a wide range of goods from our marketplace, consumers can order food delivery from our partner restaurants, pay their utility bills or recharge their mobile plans. This provides a higher level of convenience to consumers compared to the traditional, fragmented nature of African commerce.
- **Selection, price and convenience:** With a total of approximately 110 thousand sellers active on our platform in 2020, and over 57 million product listings on our marketplace as of December 31, 2020, consumers have access to goods from a wide range of categories, such as fashion and apparel, smartphones, home and living, fast-moving consumer goods, beauty and perfumes and other electronics. Our marketplace includes high volume items as well as more niche, tailored and personalized goods, which we refer to as “long-tail” goods. These long-tail goods offer consumers greater selection and help us increase consumer loyalty. The large number of sellers on our marketplace, and the pricing transparency that is inherent to our platform, lead to competition among our sellers and attractive prices for our consumers. Our consumers can access goods and services on our platform 24-hours a day, 7-days a week through our mobile applications and websites.

- **Product quality and consumer protection:** In order to provide a quality experience, we have implemented standards that encourage our sellers to make quality their priority. Many of our sellers offer consumer protection programs, such as guaranteed returns and product warranties. We have established a data-driven seller scoring program that rewards sellers who consistently offer high-quality goods and are responsive to consumer needs, and we have a policy to delist sellers who violate our defined standards and rules. Our approach provides strong incentives for sellers to improve their operations.
- **Secure and convenient payments:** Given that many consumers in Africa are new to e-commerce, reliability and security are critical in convincing consumers to make purchases online. We have developed tools and processes to enable consumers who prefer not to use cashless payment to pay in cash on delivery for most transactions. We have also developed our own payment solution, JumiaPay, in order to offer our consumers a safe, fast and easy payment solution, whether they shop using a desktop computer or a mobile device. As of December 31, 2020, one or more JumiaPay services were available in eight markets: Nigeria, Egypt, Morocco, Ivory Coast, Ghana, Kenya, Tunisia and Uganda.
- **Reliable and timely delivery:** We have developed an integrated logistics service, Jumia Logistics, enabling us to fulfill and deliver orders even outside main urban centers in a timely and reliable manner. Through Jumia Express, we seek to provide consumers with a superior experience, as we store goods in our warehouses, seek to ensure full availability of all Jumia Express labeled goods and handle the packaging and delivery process, thus providing consumers with even faster delivery and more reliable fulfillment. Real-time information on delivery status makes the delivery process transparent for consumers.

## Our Strengths

We believe that the following competitive strengths have contributed to our success and position us well for future growth.

### *Strengths Related to Our Competitive Position*

**Pan-African leader.** We believe that we are the only e-commerce business successfully operating across multiple regions in Africa. Our reach and capabilities position us as the preferred partner in Africa for sellers, from individuals to large global brands, and as the preferred digital shopping destination for consumers. On our platform, we had a total of 6.8 million Annual Active Consumers as of December 31, 2020.

**Deep local expertise.** Africa has unique economic, technical, geographic and cultural complexities that must be overcome to build a successful business. We operate exclusively in Africa and have invested significant resources to innovate and tailor our platform to reflect local market characteristics since our founding in 2012. Through our operations, we have developed a deep understanding of the needs and preferences of our sellers and consumers, which has enabled us to develop solutions that address those needs 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. Our ability to manage the key complexities in Africa is an advantage relative to potential international entrants, who may lack our on-the-ground capabilities and local seller and consumer insights. We are also well positioned against local competitors within individual markets, who may struggle to expand their reach across multiple markets or build the capabilities necessary to support their operations at scale.

**Trusted brand.** Trust is critical in Africa, where people traditionally rely on face-to-face interaction to transact business. We believe that our targeted marketing efforts and consistent focus on delivering a high-quality seller and consumer experience have helped us to build a strong reputation and create a leading brand that consumers and sellers recognize and trust. Our brand is well known by consumers and sellers and is among the most recognizable in our regions of operation. For example, based on our calculations aggregating the data from aided brand awareness studies we commissioned in four of our largest markets (Nigeria, Morocco, Ivory Coast and Kenya) in February 2019, of the respondents who are online shoppers and who know Jumia, 78% purchased through our site in the 12 months preceding the survey, 88% of these 78% made repeat purchases during the same time frame and 89% would recommend Jumia to a friend.

***Integrated ecosystem driving consumer engagement.*** We have built an integrated consumer ecosystem around our marketplace, which allows us to maximize the lifetime value of our consumers by offering a broad selection of goods and services that address their everyday needs. Besides the ability to purchase a wide range of goods, such as apparel or electronics, on our marketplace, consumers can order food delivery from our partner restaurants, pay their utility bills, recharge their mobile plans and find a new job or sell an old car on one of our classifieds portals. This integrated ecosystem approach, combined with delivering all our goods and services under our recognized brands, allows us to have multiple touch points with our consumers, which leads to increased consumer engagement and time spent on our platform and higher consumer acquisition and engagement efficiency.

***Leading seller platform that fuels powerful network effects.*** From large international brands to smaller local sellers, we are the go-to partner for e-commerce transactions in Africa. We offer sellers a wide variety of services, including integration to our platform and training on e-commerce, content production, pricing, sales and marketing services, payments, logistics and seller support. These services help our sellers' market, sell and deliver goods to consumers across Africa. In addition, we enable certain international sellers from selected non-African countries to list their goods on our marketplace, providing them with efficient and scalable access to African markets. The number and quality of sellers on our platform, including an increasing number of international sellers, and the breadth of their product offerings attract more consumers, increasing traffic and orders, which in turn attracts even more sellers to our marketplace.

***Powerful data insights.*** Our advanced technology platform enables us to collect significant amounts of data that in turn drives our proprietary algorithms, unlocking new capabilities and generating incremental value for our platform. Our data management system, including powerful data analytics services and machine learning algorithms, helps us run our business more efficiently and enables our sellers, consumers and partners to maximize the value of our platform. For example, we provide data to sellers to enable them to better understand demand for their goods, help them optimize their assortment and pricing and target and acquire a broader base of consumers with similar attributes. For consumers, we use our data to create a better shopping experience by personalizing as much as possible every step of the experience, from browsing to delivery. We also leverage our data to help our logistics partners improve their fulfillment and delivery processes.

#### ***Strengths Related to Our Business Model***

***Proven and efficient business model.*** We operate a marketplace that has by design proven successful in many non-African markets. Our operations center predominantly around our e-commerce marketplace. We also directly sell goods in selected categories where we see unmet demand or the need to better control the consumer experience. In response to any sales we make, third-party sellers often decide to offer the same or similar goods, allowing us to discontinue our own sales of the relevant product. Accordingly, we typically hold limited inventory.

***Scalable, asset-light logistics.*** We believe that Jumia Logistics is the leading e-commerce fulfillment and express delivery service in Africa. It seamlessly integrates a significant number of logistics partners across Africa, offering sellers on our marketplace the benefits of a distributed and scalable logistics service and consumers more rapid access to the goods that they desire. Jumia Logistics is technology and data-centric and asset-light given that most of the last-mile deliveries are made by our logistics partners. Jumia Logistics facilitates the delivery of packages generated from transactions on our marketplace, from the large cities to remote rural villages of Africa. We are deeply engaged with our logistics partners and take an active role in designing and monitoring processes and tools that allow them to operate their businesses in a more effective way.

***Efficient, centralized operational footprint.*** We centrally manage our operations, allowing for efficient decision making and planning. Our central functions facilitate organized knowledge and information sharing among our local operations, allowing us to test different versions of new technology, features and goods simultaneously in different markets and learn very quickly and efficiently. Our global technology center in Porto, Portugal, provides the centralized, unified technology backbone for our operations in our three regions.

***Proprietary technology infrastructure.*** We have built a highly reliable and scalable technology infrastructure that can handle the large transaction volumes generated on our platform, and we continue to invest in technology to

support the strong growth of our business and the ongoing evolution of our services. We have focused the development of our technology infrastructure on building a comprehensive platform rather than disconnected products, which we believe support our ability to handle significant increases in traffic and the number of consumers, sellers and orders throughout the Jumia ecosystem.

***“Mobile-first” approach in a mobile-centric market.*** Smartphone penetration in Africa is expected to increase. We have adopted a “mobile-first” approach in our product development and marketing efforts. This allows us to expand the audience for our goods and services, drive up engagement and conversion and reduce our consumer acquisition costs. We believe that we have developed a deep understanding of the shopping habits of mobile consumers in Africa and deliver the mobile experience to our consumers through three types of mobile technologies: native applications, progressive web applications and light browsers (an interface that is compatible with low data consumption browsers). Progressive web applications load like regular web pages but can offer enhanced functionality such as working offline, push notifications, and device hardware access traditionally available only to native mobile applications. We expect the importance of a mobile-first approach to increase even further in the future, as more households use smartphones and tablets as primary devices to access the internet.

***Founder-led management team and strong corporate culture.*** Our founder-led management team is able to draw on years of experience in the African e-commerce market, which we believe is a key driver of our ability to innovate and disrupt our markets. Our stable management team has overseen our expansion into new markets and geographies while managing ongoing strategic initiatives including our significant technology investments. Being led by our original founders also gives us an outstanding combination of stability and a strong entrepreneurial corporate culture. Our corporate culture is central to our success and is based on core values shared by everyone at Jumia. We believe that all our employees are leaders, that every challenge has a solution, that even big organizations need to be innovative and that diversity, meritocracy and team work are paramount to success. We invest in the career development of our employees, knowing that diversity of perspective, backgrounds and talents strengthens our business. We recognize the importance of diversity and are committed to increasing diversity within Jumia taking into account the particular environment in our local markets. As we do not have a majority shareholder, we believe that we have developed a strong corporate governance model focused on long-term success.

## **Our Growth Strategy**

In determining our strategy, we seek to balance usage growth, platform monetization and cost efficiency. The key elements of our growth strategy include:

***Continue to grow our business and leadership position across our current markets.*** We intend to leverage our e-commerce platform to continue expanding our consumer base in each of the markets in which we operate by accelerating the shift towards online and capturing an increased share of our addressable markets. Favorable trends in our markets, such as a growing urban population, increase in the access to mobile phones and broadband networks and an increasing proportion of young, tech-savvy people, as well as growing awareness of the Jumia brand, position us to unlock this potential and to increase the volume of transactions conducted on our platform.

***Drive consumer adoption and usage of our marketplace through increased selection and consumer education.*** Based on our knowledge of the African consumer, we believe selection and convenience are critical drivers of consumer adoption and continuing loyalty in e-commerce. We will continue to focus on selection and convenience to further improve the attractiveness of our marketplace to consumers. We also believe that the main reason consumers do not purchase goods and services online is the lack of understanding of how transactions work in practice, e.g., that having a bank card is not a prerequisite for transacting online, that purchased goods can be returned and that paying a delivery fee can often be more affordable than driving to the physical store. By delivering a positive online shopping experience and by educating African consumers through targeted educational marketing campaigns, we intend to increase the number of consumers regularly transacting on our marketplace.

***Continue to increase the number of sellers and level of seller engagement while increasing the monetization of our services.*** In order to provide our consumers with the best selection and prices, we need to continue attracting more sellers to our marketplace, assist these sellers in growing their businesses and encourage them to increase their

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assortments and decrease the prices of the goods they sell. To this end, we intend to continue to invest in our seller platform, to educate sellers on how to best leverage their online presence, to improve the quality and usage of the data and marketing tools used by sellers, and to expand our seller financing program. As sellers grow their businesses on Jumia, we intend to increase the adoption of our seller services, such as marketing, data, logistics and other business support services, leading to higher monetization.

**Further develop Jumia Logistics in order to better serve consumers and drive economies of scale.** We intend to use various strategies to increase the reliability of deliveries, shorten delivery times and realize fulfillment costs efficiencies. As we continue to scale the number of packages processed through Jumia Logistics, we expect to increase the number of logistics partners and drive further competition amongst them, thereby improving customer experience and reducing shipping costs. We believe Jumia Logistics is a valuable asset in the context of challenging logistics infrastructure in Africa. In 2020, we have started opening up Jumia Logistics to third-party businesses, whether they are sellers on our platform or not, allowing them to leverage the Jumia Logistics platform for their fulfillment needs.

**Drive the development of JumiaPay.** We plan to increase consumer adoption of our various JumiaPay services by increasing the frequency of usage and number of use cases, making it available in more markets and leveraging the high level of trust that our consumers have in Jumia. We believe that the continuing increase in penetration of digital payments on our platform will drive operational efficiencies and increase the rate of successful deliveries, supporting monetization and profitability while enhancing consumer experience and satisfaction. We also aim to use JumiaPay as the cornerstone of a wider financial services platform that is capable of providing our ecosystem participants with a wide variety of digital and financial services. We have taken steps to execute this strategy in selected markets via our payment app, JumiaPay. In the future, we intend to expand the services of JumiaPay beyond the scope of our platform, providing payment processing and financial services to both online and offline third-party merchants.

**Increase cost efficiencies.** We intend to grow usage of our platform and to further develop JumiaPay in a cost effective, cash disciplined manner. Increasing volumes and scale allow us to generate fulfillment expense efficiencies while driving operating leverage on our fixed costs. We intend to further drive the business towards breakeven and have made significant progress in 2020 on our path to profitability.

**Build for the long term.** Our current focus is on maintaining a leading position across existing product categories, services and markets while continuing to scale our business in order to improve our margins and reach profitability. However, we believe that the platform we have built allows us to pursue attractive opportunities in areas adjacent to our current business, such as expansion to new product categories and services and, in the long term, adjacent geographies.

### **Our Geographic Footprint**

We believe that we are the only e-commerce business successfully operating across multiple regions in Africa. We group our operations in three regions. These three African regions are:

- West Africa, which includes Ghana, Ivory Coast, Nigeria and Senegal;
- North Africa, which includes Algeria, Egypt, Morocco and Tunisia; and
- East and South Africa, which includes Kenya, South Africa and Uganda.

Our footprint allows us to reach 48% of Africa's 1.3 billion population and 69% of the 527 million internet users on the African continent. Countries in our footprint account for 72% of Africa's €2 trillion gross domestic product.

Our reach and capabilities position us as the preferred partner in Africa for sellers, from individuals to large global brands, and as the preferred shopping destination for consumers. In terms of GMV, in 2020, West Africa was our most important region followed by North Africa.

While our offerings in these regions are largely similar, we adapt our operations to local demand and market characteristics since competition, logistics and payment landscapes as well as seller and consumer preferences vary from region to region. We operate under the brand “Jumia” in most of our markets, except for South Africa, where we operate under the brand “Zando.”

### **Our Platform**

We believe that our integrated platform, consisting of Jumia Marketplace, Jumia Logistics and JumiaPay, helps sellers and consumers to easily connect and transact with each other.

We have developed our platform based on a centralized approach that allows for strong localized execution. We operate on the basis of standardized principles, software and processes, in particular with respect to our strategy, brand, overall marketing strategy and our technology platform. This allows us to realize synergies and increase efficiency for elements that are best handled centrally as well as to share our knowledge and best practices gained with our local teams in the markets in which we operate.

#### ***Jumia Marketplace***

Our marketplace allows consumers to discover, research and buy goods and services and allows sellers to establish their own online presence and efficiently manage their online operations. Our sellers are comprised of key accounts, local sellers and international sellers. Key accounts are typically local official distributors of one or several international or large local brands, local large manufacturers or assemblers of goods or medium to large local retailers. Local sellers are usually professional traders, shop owners or small manufacturers or individuals, which accounted for the vast majority of our sellers in 2020. A small percentage of our sellers are international sellers based outside of Africa. These sellers are generally experienced in conducting cross-border business and are familiar with the processes of e-commerce.

On our marketplace, sellers offer goods from a wide range of categories, such as fashion and apparel, smartphones, home and living items, fast-moving consumer goods, beauty and perfumes and other electronic items. We also offer consumers easy access to a number of services, such as restaurant food delivery, hotel and flight booking, classified advertisements, airtime recharge and instant delivery services.

The following chart shows the share of items sold by category in 2020:



Source: Company information

(1) Includes services offered via the JumiaPay app

(2) Fast-moving consumer goods

In 2020, we had over 1 billion visits. We believe that our marketplace is a starting point for many consumers to discover, research and buy goods and services.

### *Goods*

We believe that our marketplace has the most extensive and relevant online collection of goods in Africa. In 2020, more than 90% of items sold on our platform were offered by third-party sellers (i.e., third-party sales). However, we also occasionally act as a seller ourselves by offering goods in selected categories (i.e., first-party sales) where we see unmet demand or the need to better control the consumer experience. While the vast majority of our sellers are located in the country in which the relevant transaction takes place, we allow sellers from selected non-African countries such as China to list their goods on our marketplace, providing them with easy access to African markets and valuable data and insights concerning commerce in Africa. Such sellers often offer goods that are not readily available in Africa or have better prices, which improves our attractiveness to African consumers.

We drive consumer engagement by focusing on a product selection along three dimensions: anchor brands (e.g., iconic, sought after brands), bestsellers (e.g., fastest moving goods in the market) and “long-tail” goods (e.g., wide selection of goods not often sought, but that address specific consumer needs). We believe that our offering appeals to consumers, who value ease-of-use, a large product selection and competitive prices.

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Most of our sellers are required, either by local regulations or by our operating standards, to allow consumers to return goods within a certain number of days, providing our consumers with the certainty that they will only keep those goods they actually want to keep. The ability to easily return undesired goods is a fundamental pillar of our value proposition to consumers, and we believe that it helps us to increase consumer trust and loyalty.

We seek to minimize returns and the costs associated with our return policy, in particular by improving the presentation of goods and the information available on goods on our marketplace, offering consumer service through our hotline and other messaging services, seller education and maintaining and improving our strict quality control. Based on our experience, the vast majority of goods returned to us have not been opened or used and may be resold through the original channel at full price.

### *Services*

In addition to physical goods, we offer consumers a number of services through our platform, providing them with different entry points into our ecosystem while supporting consumer lifetime value. When we introduce a new service offering, we typically launch the offering in a specific city or country and then expand its geographic reach over time.

*Food delivery:* Since 2012, we have enabled food ordering and delivery in most of our markets. We provide restaurants with a sophisticated instant delivery network and data-driven insights. For our consumers, we provide access to a large range of local and international restaurants and dishes, from international chains to local restaurants. We have developed an easy-to-use and attractive interface and a proprietary geo-location mapping and rider tracking functionality, which has made delivery quick, transparent and convenient for consumers. As of December 2020, a large number of restaurants we partner with prefer to use our logistics service to deliver food, benefitting from advanced tools, significant scale, and rider training to achieve a high level of consumer experience and cost efficiency. Today, we have partnerships with many local popular restaurants, including international chains.

*On demand delivery services:* Leveraging our logistics infrastructure and a growing demand from our consumers for “on demand instant delivery,” we launched a number of instant delivery services such as groceries, alcoholic beverages and a range of other convenience goods. We operate these services using identical tools to our food delivery service and provide third-party sellers with opportunities to connect and transact with consumers. We currently offer our instant delivery services in eight countries, and we intend to expand our instant delivery service to all ten countries in which we offer food delivery.

*Airtime recharge, bills payment and other digital goods:* Consumers can easily top up credits for their prepaid phone numbers from most major mobile service providers using their JumiaPay payment app. They can also pay their bills for various entities (including utility providers, such as gas, water, electricity, television subscriptions and school tuition payments). We are also offering more and more digital goods, such as coupons (local deals), vouchers (gaming, playstores: iTunes, Google Play) and tickets (e.g. events). We established our JumiaPay app in Nigeria in 2017, in Egypt in 2018 and in Kenya, Ghana and Morocco in 2019 and in Ivory Coast, Tunisia and Uganda in 2020.

*Classifieds:* Our classified portals allow consumers to look for jobs, real estate, vehicles and other items to buy. Sellers include recruiters, real estate professionals, car dealers, individuals who sell used goods and a large number of small businesses that prefer to have direct on-site interaction with buyers, which facilitates price negotiation and cash payment, over online sales. Our classifieds portals were online in more than 40 African countries as of December 2019. We do not seek to monetize this service, but rather generate further user engagement. As we consider our classifieds portals as ancillary to our core business, we adjust the countries of operation from time to time. For example, in March 2019, we agreed to sell our classifieds portals in Algeria, Morocco and Tunisia for a cash consideration of €0.2 million.

### *Jumia Logistics*

The logistics landscape in Africa is characterized by a high degree of fragmentation, often with no clear leading player in a particular country or region, a high degree of variability between regions and players, a general lack of automation of logistic centers and an overall challenging infrastructure. While some of Africa’s major cities are



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reasonably well-served by third-party logistics vendors, such vendors often do not operate with the standards required to ensure a good seller and consumer experience in the context of e-commerce. In addition, many Africans live in settings which lack clear addresses and are often far from the nearest warehouse or distribution center. As a result, logistics and delivery services are not readily available in such areas or may be prohibitively expensive. Furthermore, many local logistics companies operate without the technology required to provide consumers with high quality service (e.g., tracking of their order, timely delivery). Finally, logistics companies may struggle to gain access to financing, making it difficult for them to expand and grow their businesses.

We have built an innovative logistics and delivery infrastructure that we believe is the leading e-commerce fulfillment and express delivery service in Africa. Our technology and data allow us to integrate our service providers, our own logistics management solutions and our partner network solutions. We support local entrepreneurs to help them enter into and succeed in the logistics industry by offering them relevant know-how, data, technology and tools. We have also developed a number of processes to benchmark the performance of service providers and to promote healthy competition between such service providers. Our logistics and delivery infrastructure positions us to effect deliveries not just to primary cities, but also to rural areas. In Jumia's five largest markets (Nigeria, Egypt, Kenya, Morocco and Ivory Coast), about half of the packages were delivered to primary cities, with the remaining half being split roughly equally between secondary cities and rural areas in 2020.

Jumia Logistics covers all stages of the fulfillment chain, including warehousing, inbound deliveries, picking and packing, last-mile and payment, tracking and return handling. Our warehouse infrastructure is based on a standardized model and software technology, operated and executed on a local level, and specifically tailored to e-commerce needs. It is designed to increase mid-mile efficiency and reduce lead times in fulfillment processes. As of December 31, 2020, Jumia Logistics platform consisted of over 300 logistics partners, a proprietary delivery fleet to fulfill express deliveries in select areas, more than 50,000 thousand sqm of warehousing space, more than 100 drop-off stations for sellers and over 1,100 pick-up stations for consumers. All of our warehouse space is leased from third parties. We control the vast majority of inbound deliveries, whether they are made by sellers at our drop-off stations, picked-up from seller facilities, or picked and packed orders on behalf of sellers who use our storage service. Our tracking solution provides full visibility over the package journey. As part of our full-service fulfillment and express delivery infrastructure, we also control the collection and processing of returned merchandise for our sellers. For international sellers, we provide additional support concerning the import/export process.

Through our Jumia Express program, we seek to provide our consumers and sellers with a superior experience. Goods offered under our Jumia Express program are stored in our warehouses, allowing faster delivery to consumers without any involvement from the sellers. Sellers benefit as they do not need to arrange for storage of goods they offer via our marketplace or become involved in the fulfillment of individual consumer orders. Finally, Jumia Express helps us improve our economics, as we charge sellers a premium for this service. In 2020, Jumia Express accounted for more than 36% of the items sold via our platform.

Our current logistics set-up is the result of significant investments we have made to scale our data and technology tools across the value chain, including investments in end-to-end process optimization and back-end fulfillment systems. We believe that our current fulfillment infrastructure positions us well for scaling, in particular due to our standardized model and software technology. When required, we are able to onboard new logistics partners thanks to our automated systems or expand our current warehouse set-up by adding floors. Furthermore, our business operations do not have special requirements that would be hard to meet, which facilitates the opening of additional warehouse facilities. Our current fulfillment set-up generally allows us to keep our operations asset-light, only requiring minimal capital expenditures with respect to our logistics service.

Jumia Logistics set-up has been designed with a view to opening up our logistics services for third-party needs. In 2020, we took steps for the launch of our logistics "as-a-service" offering to allow third party businesses, whether they are sellers on the Jumia marketplace or not, to use the Jumia Logistics platform for their fulfillment needs. In 2020, we conducted a pilot of this service as part of which we shipped almost half a million packages on behalf of more than 270 clients including large corporates such as banks, FMCG companies, mobile network operators as well as SMEs from a broad range of industries.

## *JumiaPay*

The African banking and payment landscape is characterized by a high degree of fragmentation of financial institutions and service providers, a general lack of infrastructure, low consumer trust and high perceived levels of fraud. Consumers are often wary of using bank accounts or other banking platforms, as they are afraid that their money may not reach the intended recipient.

To overcome these challenges, Africa has recently experienced a high degree of innovation in mobile payments and financial services, including so-called “eWallet” (electronic wallet) services, a technology that allows users to receive, store and spend money using a mobile phone. Depending on the relevant operator, users can store or link their bank account, credit or debit card details on such operator’s app or also transfer money to such app. Once the money is deposited in their wallet, they can use it to pay bills or make purchases immediately. Against this backdrop, we continue to develop an advanced and sophisticated payment infrastructure which integrates our payment and certain financial services relevant to our sellers and consumers.

In connection with our initial public offering in April 2019, we entered into a private placement agreement with Mastercard, pursuant to which Mastercard purchased from us €50.0 million of our ordinary shares. In connection with this agreement, we entered into a commercial agreement with Mastercard Asia/Pacific, an affiliate of Mastercard. This commercial agreement has a term of ten years and provides Mastercard Asia/Pacific with priority in delivering payment network based solutions and technologies related to our business. It also positions us to partner with Mastercard on promotional activities. For example, we rolled-out “Mastercard Tuesdays” on our platform in Kenya, Nigeria and Egypt, during which JumiaPay consumers who pay using Mastercard enjoy an additional discount. For more information, see Item 6. “Additional Information—C. Material Contracts—Mastercard Agreements.”

### *Consumer Payment and Financial Services*

Our payment service, JumiaPay, together with its network of licensed payment service providers and other partners, enables sellers and consumers to transact using a diverse variety of payment methods for transactions conducted on marketplace. As of December 31, 2020, JumiaPay was available in eight markets: Nigeria, Egypt, Ivory Coast, Ghana, Kenya, Morocco, Tunisia and Uganda. JumiaPay has been adopted rapidly by consumers. TPV reached €196.4 million in 2020, an increase of 58.0% compared to 2019. The number of JumiaPay Transactions reached 9.6 million in 2020 compared to 7.6 million in 2019, taking on-platform penetration of digital payment as a percentage of orders to 34.5% in 2020, up from 28.7% in 2019.

To further drive consumer engagement and to benefit from the increasing share of mobile internet penetration, we have developed our JumiaPay app, which allows consumers to access a broad range of digital services offered by third-party providers (e.g., airtime recharge or utility payments) as well other Jumia platforms, such as Jumia Food or our physical goods marketplace. We designed our app to offer an easy and efficient mobile-only user experience, with innovative features to optimize consumer experience, drive higher conversion and encourage repeat transactions. To use the app, consumers need to create a JumiaPay account, which they can link to an underlying payment method of their preference, including a credit or debit card, bank account or third-party e-wallet. The JumiaPay app is currently available in five countries: Nigeria, Egypt, Ghana, Morocco and Kenya.

As of the date of this Annual Report, JumiaPay does not operate as a full-fledged eWallet, i.e., it does not provide the full functionality of an eWallet. The current version of our eWallet operates as a pass through with a number of different payment gateways and provides our consumers with cashback and top-ups, which are similar to vouchers and have the primary purpose of encouraging consumer loyalty. Cashback and top ups cannot be withdrawn or transferred from the eWallet. Instead, they can only be used as credit toward subsequent purchases on our platform.

We have built our app to collect, store and use data, with the perspective to integrate financial services for consumers. Through our app as well as the multiple touch points we have with consumers, we are able to track user activity, purchase and payment behavior, and use this data to improve credit scoring of our consumers, cross- and up-sell our services and personalize the consumer experience.

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We believe that the growth of JumiaPay has significantly benefited, and will continue to benefit, from our marketplace, which gives us access to a large potential user base. We intend to continue to add more payment options, digital services and financial services to enhance the relevance of our payment and fintech proposition to consumers.

### *Seller Payment and Financial Services*

Via Jumia Lending, our sellers have access to financing solutions offered by various credit partners (e.g., microcredit institutions, banks). Our financial services offering is designed to cater to the needs of our growing seller base as our sellers are often small businesses with limited to no access to financial institutions but who require financial assistance to grow and expand their businesses. Our financial services are currently available to sellers in Nigeria, Kenya, Ivory Coast, Egypt, Morocco and Ghana and we intend to offer such financing services in other markets in the medium-term. We believe that this initiative is very relevant for our sellers, because it increases their engagement with Jumia and provides them with capital which in turn can help them to grow. It is also a potential additional revenue source for Jumia in the long-term as it helps us develop a broader range of financial services for sellers and SMEs.

Financial institutions often face challenges in providing financial services to individuals and/or small and mid-sized enterprises, in particular due to the lack of credit scoring data. Our unique proprietary data on our sellers enables us to further develop our credit scoring capabilities and allows our partners to benefit from such data and to improve their scoring, distribution and collection of loans and to develop and establish other financial services. Currently, upon a seller's request, we share such seller's data with our partners, enabling them to score the credit of the relevant seller. If the scoring provides favorable results, our partners return a loan offer to such seller. Going forward, we intend to provide the credit scoring data in anonymized form to potential lenders and display the pre-approved offers directly on the Jumia seller platform. Our scoring data would help to significantly increase the speed with which a seller may obtain a loan. This is also highly attractive to potential lenders, as we provide them access to our seller base, which significantly facilitates their distribution efforts. At the same time, we lower collection risk for our lending partners, as our partners are, under certain conditions, able to collect repayments directly from seller accounts.

We intend to offer more opportunities to our sellers, who include a large number of relevant high-traffic sellers such as restaurants and small and large retailers. These sellers are already using our payment service to process the transactions they conduct on our marketplace. We plan to offer these sellers additional opportunities such as the possibility to act as a physical over-the-counter agency or accept payments from retail consumers through our payment service. In return, these sellers will be able to sell goods and online services available on our mobile applications, mobile-optimized websites and traditional websites (e.g., goods from our marketplace or airtime recharge).

We are in the process of developing our JumiaPay Business platform for sellers which encompasses payment, financial services and marketing tools. We expect that this initiative will position us to explore the merchant and small and mid-size enterprise markets starting with the base of sellers active on our platform.

### **Marketing**

We have a coordinated approach to market our offering to sellers and consumers across our geographic footprint.

### *Seller Recruitment and Engagement*

The vast majority of our sellers join our marketplace through a dedicated online portal where they can easily input information to create their seller page, or store, on our marketplace. We use a variety of channels to advertise the opportunity for sellers to open a store, including through online advertising and attending conferences and trade shows where traders and local manufacturers gather. Our objective is to make it easy for sellers to create an online store, while ensuring the quality and the professionalism of the sellers to execute the required operational activities to conduct their online businesses.

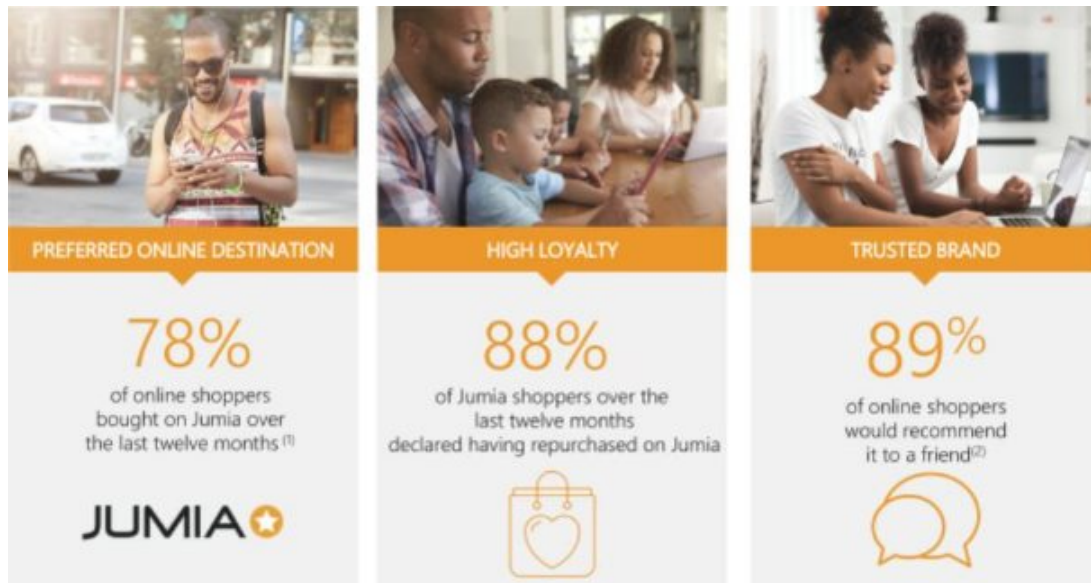
To develop and further drive seller engagement following a seller's successful registration on our platform, we have developed a number of tools that allow our sellers to benefit from our self-managed and scalable platform. For

example, to build their online reputation and brand image, sellers can refer to a “seller score,” which is a data-driven scoring of the seller’s performance. Our advantage scheme, which is a program designed to drive seller engagement, also creates an extra incentive for our sellers to increase both topline and operational performance through rewards. Based on certain performance indicators, such as tenure, seller score, revenue and number of items sold per month, we give our sellers a certain rating, which allows such sellers to gain more visibility as we integrate this criteria in the algorithm that sorts visible goods. Furthermore, we have implemented a fully automated operational performance system designed to drive our sellers’ operational performance and improve consumer experience. Based on seller performance, we set certain limits on order volumes and implement financial penalties in case of cancellations, product quality or return issues. We also send a scorecard to our sellers each week, providing our sellers with simple and relevant data and tools to improve their business operations. Finally, our sellers can benefit from our commercial plan tool, which allows them to participate in and manage certain promotional and commercial events, such as Jumia Anniversary, through their sellers’ interface to drive their businesses.

### ***Consumer Education and Engagement***

We have built a brand that is well known by consumers and among the most recognizable in our regions of operation. Through our consumer education and engagement efforts, we continuously work on turning our strong brand into relevant traffic.

During February 2019, we commissioned aided brand awareness studies in four of our largest markets (Nigeria, Morocco, Ivory Coast and Kenya). We aggregated the results from these surveys. The surveys covered 4,784 consumers and included an approximately equal number of “online shoppers,” (i.e., persons who made an online purchase during the last 12 months prior to the date of the survey), and “non-online shoppers,” (i.e., persons who did not make an online purchase during the last 12 months prior to the date of the survey). We believe that the consumers surveyed are representative of our core consumer target segment in terms of gender, location and revenue bracket. The graphic below illustrates some of the key results of these studies on average:



Sources: Sagaci Research Jumia brand surveys, February 2019

- (1) % of online shoppers who know Jumia and bought on Jumia within the last 12 months prior to the survey date
- (2) % of online shoppers who bought on Jumia within the last 12 months prior to the survey date

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Other key results of these surveys include:

- 81% of the respondents know Jumia, based on aided awareness questions. Aided awareness reached 89% for “online shoppers” and 74% for “non-online shoppers.”
- 62% of “non-online shoppers” who know Jumia would consider trying out Jumia in the next 6-12 months.
- The three main reasons for not buying online for the “non-online shoppers” are that (i) they do not know how to shop online, (ii) they think online products are not genuine and (iii) they cannot verify the quality of online products.

We believe that educating consumers about the options offered by our platform will translate into relevant traffic to our mobile applications, mobile-optimized websites and traditional websites.

With a view to increasing e-commerce adoption and growing consumer engagement, we leverage both performance channels (i.e., marketing channels where we only pay based on measurable results) and non-performance channels in our marketing activities. Some of our performance marketing channels include:

- *Search engine optimization / app store optimization:* By analyzing the relevance of key search terms and ensuring that our mobile applications, mobile-optimized websites and traditional websites are designed to best utilize such relevant terms, we constantly work to improve our design to ensure that our mobile applications, mobile-optimized websites and traditional websites are ranked high in organic searches and the maximum relevant traffic is directed to them.
- *Search engine marketing:* We further selectively rely on search engine marketing that involves the promotion of our websites by increasing their visibility in search engine results pages, primarily through paid advertising.
- *Paid social media:* In our use of social media channels, we rely primarily on Facebook. We also use other social media platforms such as Instagram. Social media channels help us improve our brand recognition and generate additional word-of-mouth referrals and thereby new consumers.
- *Affiliation marketing:* We have developed our own tools, for example a dynamic top selling goods banner tool that changes what is displayed on an affiliate’s site depending on what we want to promote. We are currently developing further tools such as search tools and a leaderboard with affiliate ranking.
- *Consumer relationship management:* Our consumer relationship activities (CRM) serve as a free engine for re-engagement of our visitors and consumers through all type of notifications (e.g., app notifications, web notifications, SMS, emails).
- *Vouchers:* We create specific incentives to encourage consumers to try Jumia for the first time, or to re-engage with consumers who have not been active for a certain period, or to drive certain specific volume to certain categories.
- *Offline marketing:* In certain markets in which we operate, we have launched our sales program JForce, which consists of independent sales consultants that earn commissions by selling the goods and services that we offer on our platform to their personal or professional networks. The profile of our consultants is very diverse, comprising students, young professionals, and moms as well as small shops and retailers. We are also testing a limited number of “physical stores” to allow consumers to directly interact with Jumia in person.

While our marketing efforts primarily focus on performance marketing channels, we also rely on non-performance channels, including the following:

- *Social media influencers:* To strategically increase our overall reach and enhance brand perception, we also selectively work with influencers (e.g., local celebrities, key opinion leaders, niche publishers and content creators) across a large number of social media channels as well as YouTube.
- *YouTube:* We further leverage our YouTube channel to run video campaigns to maximize our coverage, especially during our promotional events. By using videos as a separate marketing channel, we are able to achieve quantifiable impact over our organic channels, while also using video as a market research tool.
- *Offline marketing:* We invest in offline marketing and mass media in order to build awareness of our brand and increase traffic to our platform. For example, we run various TV and radio campaigns and also use billboards to further build trust and awareness. These channels further help us to address another category of consumers which we may not necessarily reach through online marketing. In addition, our on-ground presence through agencies and street activation teams contributes to our offline marketing presence.

As part of our general marketing strategy, we create promotional events that are relevant to consumers. Large campaigns are typically executed simultaneously in all our major markets. However, start dates may vary by a few days due to local holidays. For other campaigns, more flexibility exists as to the dates and the commercial intensity of the campaign.

To enhance the return on our marketing investment, we follow a data-driven approach and leverage the large amount of data collected through our operations. We utilize our data-driven analytics capabilities to link marketing investments with respect to individual marketing channels and events in our various target markets to the relevant benefits we derive from them (i.e., visits to our mobile applications, mobile-optimized websites and traditional websites as well as subsequent orders from the respective consumers) when allocating our marketing budget.

## **Our Support**

### ***Our Seller Support***

We have developed strong seller support processes to help our sellers manage their operations, further grow their businesses and deepen their level of engagement with us. We take the seller experience beyond the traditional “business only” approach by thinking of, and treating, our sellers as a community. Benefiting from our locally deployed teams with deep knowledge of regional market characteristics, we offer our sellers fast and localized operational and technological assistance. For example, our seller support teams provide sellers with personalized assistance and answer questions relating to operations, category management, inventory management and pricing. In addition, we create dedicated online forums such as our “Vendor Hub” and our “Online University” through which new sellers can ask questions and obtain answers from other sellers. We have also developed a tool called “Seller Coach” that provides our sellers with real time and actionable recommendations to enhance their performance, covering areas such as product pricing, replenishment and inventory management, content score and product visibility and advertising.

### ***Our Consumer Support***

In line with our focus on providing a superior consumer experience, we consider consumer support to be a key element of our operations. Our dedicated and locally deployed consumer service teams focus on serving consumers on our marketplace through telephone hotlines, real-time instant messaging and other online inquiry systems. To provide such services, we operate a consumer service center in each of our markets. In order to ensure a consistent and high quality of consumer service, all of our consumer service centers operate based on standardized principles, software and processes. By focusing on the high quality of our consumer service, we seek to ensure that only a comparably small number of consumer complaints result in returns. We believe that the success of our consumer service operations is evidenced by generally high satisfaction among our consumers.

## Technology and Data

We consider ourselves to be a technology company and believe that we have the most advanced and sophisticated e-commerce platform in the markets in which we operate. Our platform is operated by more than 300 technology experts, providing us with significant innovative potential as we continually seek to expand and optimize our technology infrastructure. Our technology experts are predominantly located in our global technology center in Porto, Portugal. Portugal is well located to serve Africa in terms of time zones and travel options, is part of the Schengen area, which allows us to recruit talent on a European level, and provides a favorable cost of living environment. We are in the process of developing a technology center in Cairo, Egypt, primarily focused on payment and fintech.

### *Technology and Data Platform*

We have created a custom- and purpose-built modular technology and data platform that is highly adapted to our markets and highly scalable. Our technology and data platform covers all steps along the value chain, from seller recruitment and support to consumer acquisition and engagement, traffic optimization, payments, logistics, infrastructure and business intelligence and is built with a service-oriented architecture approach for every component.

The following graphic demonstrates the powerful network effects generated by the interactions of our sellers and consumers with our platform:



Source: Company information

To meet consumers' expectations, we have developed our mobile applications, mobile-optimized websites and traditional websites, which are programmed and updated in-house as a resilient storefront for our product offering, focusing on reducing downtime while providing a state-of-the-art consumer experience. Backup servers help us ensure the stability and reliability of our technology backbone. In our technology operations, we rely on a hybrid infrastructure, based on the cloud computing platform provided by third parties, and a private hosting provider for back-office systems for which services we pay licensing fees. Cloud computing helps us to efficiently store data and maintain and speed up the availability of our mobile applications, mobile-optimized websites and traditional websites.

While we offer a variety of different interfaces (e.g., through our mobile applications, mobile-optimized websites and traditional websites), our platform is based on our central authentication system, allowing our consumers to access all our services and platform with one account and password.

As mobile traffic accounted for the majority of our overall platform traffic 2020, our front-end development focuses primarily on features that improve user experience on mobile devices. We specifically optimize our mobile applications for size, in order to make them easier for consumers to download or to upgrade. We also invest significant resources in optimizing the speed of our mobile applications in order to help consumers save time while browsing our mobile applications.

We analyze seller and consumer behavior, and we tailor the design and the content of our mobile applications, mobile-optimized websites and traditional websites to ensure that they stay relevant to consumers. We prioritize all new developments and new features based on local insights that we are able to gather with our local teams.

We make significant investments in our innovation and research and development activities. For example, we currently focus on machine learning and artificial intelligence (e.g., search algorithm, return rate prediction, enhanced programmatic marketing), hybrid infrastructures and operation system virtualization (e.g., enhanced elasticity and resilience of infrastructure, cost optimization and waste reduction) as well as micro-services and server-less architecture (e.g., enhanced agility and speed of development). Those investments typically contribute to improved user experience of our platforms and higher conversion rates.

### ***Payment Services Technology***

JumiaPay integrates relevant local and international payment methods to facilitate payments. This is done either with a direct integration, if the expected transaction volume warrants the effort, or by using aggregators. We generally aim to present a unified experience to our users, irrespective of the payment method used, and process payment information in a secure environment based on the Payment Card Industry Data Security Standard (PCI DSS). At the same time, we offer a unified application programming interface (API) across all payment methods.

We have developed our fraud scoring and risk monitoring processes using what we believe to be industry-leading software that utilizes algorithms that analyze different criteria. We are also developing a proprietary tool for fraud and risk monitoring. Every major use case (purchase or login) is covered by real-time scoring, where over 200 factors are considered. Device fingerprinting is used to track account takeovers and other fraud patterns. Our in-house fraud team employs a number of rule sets to find an appropriate balance between acceptable risk and a high acceptance rate. New rules can be tested against historic data to measure the impact before deploying to the production system. Real-time monitoring allows for detection of coordinated attacks. Our focus on disciplined fraud risk management through our scoring algorithms has allowed us to further reduce the share of bad debts and credit or debit card chargebacks, while at the same time accelerating our growth.

### ***Security***

When expanding and operating our technology platform, we constantly focus on security and reliability. To this end, we undertake administrative and technical measures to protect our systems and the consumer data that those systems process and store (e.g., cloud storage, data encryption, VPN network). We have developed policies and procedures designed to manage data security risks (e.g., disaster recovery systems, penetration and security testing) and implemented various security measures, including password security, firewalls, automated backup systems and high-quality antivirus software. We also store proprietary information and business secrets, and we employ third-party service providers that store, process and transmit such information on our behalf, in particular payment details. We also 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 the security, integrity and confidentiality of sensitive and confidential information that we and our third-party service providers store, process and transmit.



## **Competition**

The African retail landscape is characterized by a high degree of fragmentation, which often exhibits no clear leading player in the markets in which we operate. On a regional or country level, we face competition from both offline and online companies across our broad offering. The vast majority of consumer expenditures is, however, still taking place offline.

Our offline competitors vary from market to market but typically include traditional brick-and-mortar retailers such as local or regional retail chains and informal, local stores. Our main online competitors include Souq.com (a company affiliated with Amazon) and Noon in Egypt, Takealot and Superbalist (all part of the Naspers group) in South Africa, and Konga in Nigeria. Several global websites, such as Amazon, Asos, or AliExpress (part of Alibaba group), also offer shipping services to certain African countries for a selection of products. With respect to JumiaPay, we face competition from a fragmented and growing base of fintech firms such as OPay and PalmPay in Nigeria. With respect to food delivery services, we face competition from Glovo and UberEats.

## **Employees and Culture**

Our employees are based in 16 countries, and 35% of our employees were female and 65% were male as of December 31, 2020. Our corporate culture is anchored in our entrepreneurial and collegial roots, and our employees are deeply committed to our success:

We seek to promote the following core values to drive the action of our employees every day:

- We are a group of leaders committed to winning the digital landscape in Africa.
- We achieve impact by thinking faster and executing better than any other business.
- We grow people who build businesses.

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations. Our employees are not represented by any collective bargaining agreement or labor union, other than standard and non-binding personnel representations. Furthermore, we are committed to establishing and developing our workforce through succession planning, internal development and targeted external recruiting.

## **Intellectual Property**

Our intellectual property, including copyrights and trademarks, is important to our business. We have registered trademarks in most relevant jurisdictions for “Jumia” and for “Zando” in South Africa. Our intellectual property portfolio includes numerous domain names for websites that we use in our business.

We control access to, use and distribution of our intellectual property through confidentiality procedures, non-disclosure agreements with third parties and our employment and contractor agreements. We rely on contractual provisions with our partners to protect our proprietary technology, brands and creative assets. We constantly monitor our trademarks in order to maintain and protect our intellectual property portfolio, including by pursuing any infringements by third parties.

## **Insurance Coverage**

We have taken out a number of group insurance policies that are customary in our industry, such as property and loss of earnings insurance, business liability insurance, including insurance for product liability, transport insurance and environmental liability insurance. We believe that our insurance policies contain market-standard exclusions and

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deductibles. We regularly review the adequacy of our insurance coverage and consider the scope of our insurance coverage to be customary in our industry.

### Facilities

Our headquarters are located at Skalitzer Straße 104, 10997 Berlin, Germany. Our lease is on a monthly basis.

As of the date of this Annual Report, we do not own any real estate property. The following table provides an overview of our material leased real estate property:

<u>Location</u>	<u>Approximate size of effective area (in square meters)</u>	<u>Primary use</u>
Plot 4, Block A, Surulere Industrial road, Ogba Scheme, Ikeja, Lagos, Nigeria	9,566	Warehouse
272/273 the city center ,2nd section, new cairo ,Cairo, Egypt.	2,173	Office
Km13, Douar Lahfakra, Nouaceur, Casablanca	5,724	Warehouse
Godown Space, 202489, Mombasa Road, Nairobi, Kenya	3,277	Warehouse
Zone Industrielle Koumassi, Abidjan, Ivory Coast	9,900	Warehouse
Unit 6, 7, 8, West Building North Precinct, Topaz Boulevard Montagu Park, Cape Town, South Africa	8,037	Warehouse
Rua Ricardo Severo, No. 3 - 1st, 2nd, 3rd and 4th Floor, 4050-515 Porto, Portugal	2,720	Office
Office No. 1702, Plot No. 296, One by Omniyat Tower, Business Bay, Dubai UAE	298	Office
Skalitzer Straße 104, 10997 Berlin, Germany	20	Office
Plot 6, Block A, Ogba Industrial Estate, Ogba ,ikeja Lagos, Nigeria	6,782	Warehouse
349 Herbert Macaulay, Yaba Lagos State, Nigeria	1,898	Office
Real estate no. 19, Golf garden street,Mokatam,Cairo, Egypt	3,100	Warehouse
plot No. 85 - Industrial Zone - New Cairo - Cairo	4,895	Warehouse
Kantaria House, 25 Muindi MbinguStreet, Nairobi	1,180	Warehouse
97 Durham Avenue, Salt River, South Africa	1,500	Office
N°123 Dely Ibrahim, Alger, Algeria	2,100	Office
N°25 commune des eucalyptus wilaya d'Alger, Algeria	5,800	Warehouse
Otublohum Street, Ring Road West, Avenor, Accra-Ghana	1,000	Warehouse
Rue de l'Artisanat à Charguia, Tunisia	2,000	Warehouse
Thiaroye Sud, Dakar, Senegal	3,865	Warehouse

### Legal Proceedings

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations.

As previously disclosed, several putative class action lawsuits were filed in the U.S. District Court for the Southern District of New York and the New York County Supreme Court against us and other defendants, including certain current and former members of our management and supervisory boards. The cases assert claims under federal securities laws based on alleged misstatements and omissions in connection with, and following, our initial public offering. On August 11, 2020, we reached an agreement to fully resolve all of the actions, subject to conditions including court approval. Under this agreement, in which the defendants do not admit any liability or wrongdoing, Jumia will make a settlement payment of \$5 million, \$1 million of which will be funded by insurance coverage. The settlement amounts were paid into an escrow account in January 2021. No shareholders have filed objections to the settlements. Final settlement approval hearings have been scheduled in the U.S. District Court for the Southern District of New York and the New York County Supreme Court cases for March 24, 2021 and March 18, 2021, respectively.

## **Regulatory Environment**

Our business is subject to numerous regulations and requirements under the applicable national laws of the various African countries in which we operate. Many of these jurisdictions are characterized by evolving and sometimes uncertain legal systems and regulatory regimes. Below we summarize a non-exhaustive list of significant regulations or requirements in the jurisdictions where we conduct our material business operations.

### ***Data Protection***

Following the introduction of comprehensive data protection legislation in Nigeria, Kenya and Uganda in 2019, and in Egypt in 2020, all countries in which we operate have personal data protection laws, although the regulatory authorities responsible for implementation of data protection legislation are not yet fully resourced and operational in Egypt, Kenya and Algeria. We are furthermore subject to the EU General Data Protection Regulation which came into force in May 2018 and has extra territorial effect in respect of data collected from individuals situated in the European Union.

The applicable data protection laws regulate the collection, storage, transfer, disclosure and other use of personal data. All the jurisdictions require that personal data transferred outside the jurisdiction is adequately safeguarded. In Morocco, Ivory Coast, Algeria and Tunisia, authorization from the regulatory authority is required for transfer of personal data outside the jurisdiction.

Our business collects personal data from users of our websites, customers, sellers, suppliers, contractors and other individuals. Compliance with nascent data protection regulations presents a challenge, particularly where practical guidelines on implementation of new legislation have not yet been issued. Our group Data Privacy Policy covers the handling of all personal data in accordance with local and international regulatory requirements.

### ***Consumer Protection***

We are subject to several laws and regulations designed to protect consumer rights. These consumer protection laws typically set out basic consumer rights, which often include the right to obtain clear and accurate information about products and services offered on the consumer market, and the right to obtain clear and accurate terms and conditions of the sale of goods. In Egypt and Ivory Coast consumer protection legislation requires customers to be offered free returns up to ten days after delivery, and in Egypt we are required to allow free returns up to fourteen days after delivery.

In 2020, the Standards Organisation of Nigeria published draft E-Commerce Guidelines for consultation, which includes proposals for extensive product warranties in respect of products sold online.

### ***Product Safety***

Product safety laws operate across all our markets, with varying degrees maturity and specificity. Many of the goods sold on our marketplace are offered and delivered by third parties, which makes it difficult for us to predict our liability exposure or establish standard procedures for product safety. Nevertheless, we take a proactive approach to quality control and product safety in all of our markets, with specific quality checks in place based upon the sensitivity of goods and services offered in various markets. We limit liability exposure across markets through standard contractual terms that require all sellers on our marketplace to accept full responsibility for any loss or damage caused by their products and indemnify us accordingly. We also delist sellers who offer prohibited products. Furthermore, we implement country-specific product safety, quality control, and liability-limiting procedures as necessary.

### ***Payment Services***

Africa is characterized generally by the lack of an advanced financial infrastructure, and the percentage of Africans with a bank account, although increasing rapidly, remains relatively low. Accordingly, most of our transactions are completed using a cash on delivery system. Integrated payment and delivery systems are relatively new in Africa, and regulation of such services is constantly evolving.

We offer certain payment and financial services to our consumers and sellers across the various African markets in which we operate. In a number of jurisdictions we offer services as a payment service provider (“PSP”) for our marketplace. While we do not hold licenses to operate as a PSP for third-party merchants, we are permitted to offer JumiaPay services in certain markets for our marketplaces through agreements we have with existing licensed banks or PSPs. We have applied for the necessary licenses that will allow us to operate as an independent PSP in Nigeria. Additionally, we will gradually apply with the relevant authorities in other countries to receive full PSP granting authorization to independently process payments for third parties, where permissible or take other steps to acquire required licenses. We cannot guarantee that such licenses will be granted or, where granted, that they will be retained.

We are currently not offering the full functionality of a full-fledged “eWallet” services in any of our markets.

If we were to begin operating JumiaPay as a full-fledged eWallet, we would be required to comply with the relevant local regulations, which generally require that all e-money is secured by a one-to-one exchange of funds held in an escrow account at a sponsoring bank.

We intend to apply for the licenses necessary to independently operate our eWallet services based on the growth and adoption of these services, in which case we may also face corresponding regulatory capital requirements. We would also need to comply with relevant e-money regulations as explained above.

We currently operate as a direct lender only in Kenya, where current contract law allows us to do so without any specialized license. We have the necessary license to operate as a direct lender in the city of Lagos, Nigeria. We may make arrangements to offer direct loans in certain of our markets. Additionally, our marketplace enables licensed third-party lenders to offer loans to our consumers or sellers in other jurisdictions such as Nigeria and Ivory Coast. Because we only operate as an intermediary in the lending market in these countries, our partners are responsible for the underwriting and credit scoring process. We are closely monitoring any change in various regulations that would require us to obtain a license in order to continue operating our lending marketplace.

Other financial regulations and payment standards in Africa vary greatly from country to country. Certain jurisdictions have enacted legislation to prevent money laundering, fraud and terrorist financing. For example, in 2001, the Egyptian Government established the Information Technology Industry Development Authority and tasked it with regulating online transactions and other aspects of the information technology industry. Other jurisdictions require that we obtain licenses to offer certain of our payment solutions and lending services. Furthermore, in Ghana, the Payment Systems and Services Bill has been implemented allowing the Bank of Ghana to regulate an estimated 150,000 active mobile-money agents and enforce anti-money-laundering and data protection standards. Internet activity in Ghana is currently regulated by the National Communications Authority (“NCA”). The NCA enforces the Electronic Transactions Act of 2008, which provides a comprehensive legal framework for, among other things, electronic transactions, data protection and electronic funds transfer.

The general inconsistency of financial regulations adds to the security concerns of credit worthy consumers that make them reluctant to electronically transfer funds or pre-pay for goods. Resolving the barriers to creating a reliable financial infrastructure would require cooperation between governments, financial institutions and mobile service providers.

### ***Shipping Services***

In some of the countries in which we operate the postal service has monopoly rights. For example, in Morocco, the postal service has monopoly rights for the distribution of letters and parcels weighing no more than one kilogram, limiting our options concerning last-mile delivery.

### ***Disclosure of Iranian Activities under Section 13(r) of the Exchange Act***

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Securities Exchange Act of 1934. Section 13(r) requires an issuer to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, including, among other matters,

transactions or dealings relating to the government of Iran. Disclosure is required even where the activities, transactions or dealings are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

Our former indirect shareholder, MTN Group Limited, holds a 49% indirect, non-controlling interest in Irancell, which operates Iran's second largest mobile network and offers international voice, interconnect and roaming services. MTN Group Limited also has a beneficial interest of about 44% in Iranian e-commerce business Snapp (also known as Iran Internet Group), which includes retail marketplace, ride hailing, travel, delivery and food delivery businesses. We have been informed that these investments were made in accordance with applicable laws and regulations, and these entities are not sanctioned under U.S. law.

### **C. Organizational Structure**

Please refer to Note 5 to our audited consolidated financial statements included elsewhere in this Annual Report for a listing of the company's consolidated subsidiaries, including name, country of incorporation, and proportion of ownership interest.

### **D. Property, Plants and Equipment**

See "—B. Business Overview—Facilities."

### **Item 4A. Unresolved Staff Comments**

Not applicable.

### **Item 5. Operating and Financial Review and Prospects**

The following discussion and analysis should be read in conjunction with the information included under Item 4. "Information on the Company" and Item 18. "Financial Statements". This following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions, including, but not limited to, those described in Item 3. "Key Information—D. Risk Factors." Our actual results may differ materially from those anticipated in these forward-looking statements.

Our consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

For a discussion of the year ended December 31, 2019 compared to December 31, 2018, refer to our Annual Report on Form 20-F/A for the fiscal year ended December 31, 2019, "Item 5: Operating and financial review and prospects".

#### **Overview**

We are 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, JumiaPay, which, together with its network of licensed payment service providers and other partners, facilitates transactions among participants active on our platform in selected markets.

On our marketplace, a large and diverse group of sellers offer goods across a wide range of categories, such as fashion and apparel, beauty and personal care, home and living, fast moving consumer goods, smartphones and other electronics. We also provide consumers with easy access to a range of on-demand services via our Jumia Food platform including delivery from restaurants, grocery shops and convenience outlets. On our JumiaPay app, we offer a number of digital lifestyle services including utility bills payment, airtime recharge, gaming and entertainment, transport ticketing as well as financial services such as micro-loans or savings products. We had 6.8 million Annual Active Consumers as of December 31, 2020. We believe that the number and quality of sellers on our marketplace, and the breadth of their

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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 via our marketplace are predominantly sold by third-party sellers, meaning the cost and risk of inventory remains with the seller. In 2020, more than 90% of the items sold on our marketplace were offered by third-party sellers. To a limited extent, we sell items directly in order to enhance consumer experience in key categories and regions.

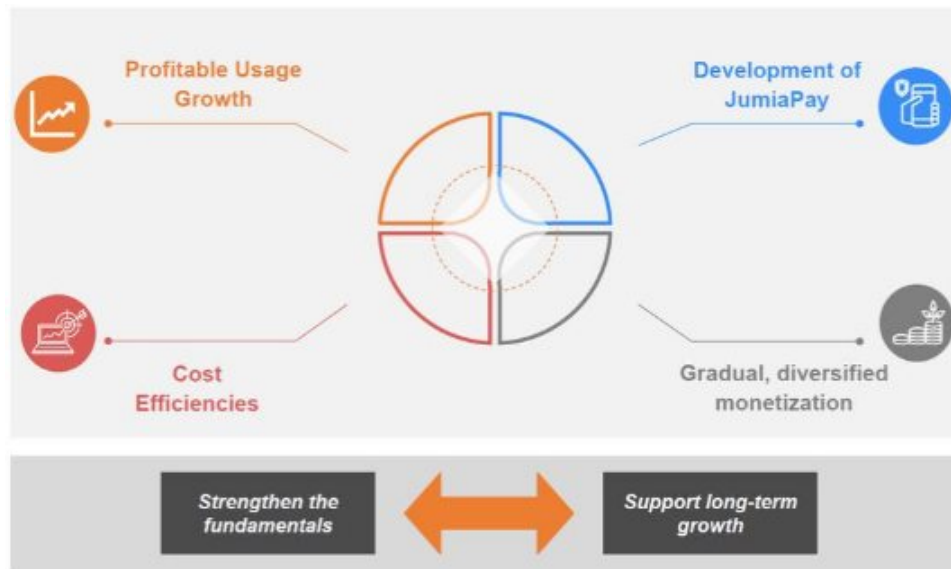
Our logistics service, Jumia Logistics, facilitates the delivery of goods in a convenient and reliable way. It consists of a large network of leased warehouses, pick up stations for consumers and drop-off locations for sellers and a significant number of third-party logistics service providers, whom 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 cashless online transactions between participants on our platform, with the intention of integrating additional financial services in the future. JumiaPay encompasses a number of functionalities. JumiaPay, with its network of licensed payment service providers and other partners, provides digital payment processing on our platform allowing for a fast and secure payment experience at checkout. JumiaPay has also a dedicated payment app, the JumiaPay app, through which we offer consumers a number of digital lifestyle services from a broad range of third party service providers. Lastly, 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. As of December 31, 2020, one or more JumiaPay services were available in eight markets: Nigeria, Egypt, Morocco, Ivory Coast, Ghana, Kenya, Tunisia and Uganda. JumiaPay Transactions and TPV have both increased substantially since its launch. The number of JumiaPay Transactions reached 9.6 million in 2020 compared to 7.6 million in 2019. TPV reached €196.4 million in 2020, up 58% compared to 2019.

As of December 31, 2020, we had 6.8 million Annual Active Consumers, up from 6.1 million Annual Active Consumers as of December 31, 2019. Our GMV was €836.5 million in 2020 compared to €1.0 billion in 2019. For sales by third-party sellers, we retain commissions based on the value of goods and services that such third parties sell to consumers via our marketplace, net of cancellations and returns. We also directly offer and sell goods in selected categories where we see unmet demand or the need to better control the consumer experience. On these first-party sales, we record the full sales price net of returns and VAT as revenue and earn a gross margin equal to the difference between the sales price and cost of goods sold. Shifts in the mix between first-party and marketplace activities trigger substantial variations in our revenue due to the difference in revenue we earn as part of each activity. Accordingly, we steer our operations not on the basis of our total revenue, but rather on the basis of gross profit, as changes between marketplace and first-party sales are largely eliminated at the gross profit level.

Our gross profit increased from €75.9 million in 2019 to €92.8 million in 2020. Our gross profit less fulfillment expense, improved significantly from losses of €1.5 million in 2019, to a positive €23.5 million in 2020, demonstrating improvement in our core unit economics as well as efficiencies in our logistics and fulfillment operations. Our operating loss for the year decreased from €227.9 million in 2019 to €149.2 million in 2020.

While usage of our platform has grown substantially in the past, we consider usage as a part of a broader equation where we seek to balance usage growth, platform monetization and cost efficiency, as illustrated by the graphic below. We manage this equation on a dynamic basis. In 2020, we focused on rebalancing our business mix, enhancing cost efficiency and making progress towards breakeven.



### Our Revenue Model

We distinguish between marketplace revenue and first-party revenue. Marketplace revenue is generated from sales of third-party sellers and from services provided via our platform. First-party revenue is generated from sales where we act directly as the seller. Within our marketplace revenue, we distinguish the following revenue streams:

- *Commissions*, which are charged to third-party sellers based on the value of the goods and services they sell to consumers via our marketplace, net of cancellations and returns. Usually, these fees are a percentage of the value of the transaction. The percentage varies by goods or service category and region. We refer to the sales producing these commissions as third-party sales.
- *Fulfillment*, which comprises delivery fees charged to consumers for delivery of goods purchased on our marketplace.
- *Marketing & advertising*, which corresponds to the revenue generated from the sale of a diversified range of ad solutions to sellers and advertisers.
- *Value added services*, which includes revenue from services charged to our sellers, such as logistics services, packaging or content creation.

Our first-party revenue is derived from activities where we act directly as the seller. We refer to these sales as first-party sales and generally undertake them in an opportunistic manner to complement the breadth of the product assortment on our platform, usually in areas where we see unmet consumer demand.

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The following table shows a breakdown of our revenue for the years ended December 31, 2018, 2019 and 2020 by source:

	For the year ended December 31,		
	2018	2019	2020
	(in EUR millions)		
<b>Marketplace revenue<sup>(1)</sup></b>	<b>46.2</b>	<b>78.5</b>	<b>93.8</b>
Commissions	14.4	25.0	34.6
Fulfillment	15.0	26.9	32.4
Marketing and advertising	2.3	6.1	7.7
Value-added services	14.6	20.5	19.1
<b>First-party revenue<sup>(2)</sup></b>	<b>81.3</b>	<b>81.2</b>	<b>44.2</b>
<b>Platform revenue<sup>(3)</sup></b>	<b>127.5</b>	<b>159.6</b>	<b>138.0</b>
Non-platform revenue <sup>(4)</sup>	1.5	0.8	1.6
<b>Total revenue</b>	<b>129.1</b>	<b>160.4</b>	<b>139.6</b>
Cost of revenue	(84.8)	(84.5)	(46.8)
<b>Gross profit</b>	<b>44.2</b>	<b>75.9</b>	<b>92.8</b>

- (1) Marketplace revenue is the sum of commissions, fulfillment, marketing and advertising and value-added services.
- (2) First-party revenue corresponds to sales of goods shown in Note 21 to our audited consolidated financial statements.
- (3) Platform revenue is the sum of marketplace revenue and first-party revenue.
- (4) Non-platform revenue corresponds to other revenue shown in Note 21 to our audited consolidated financial statements.

Our primary sources of revenue are commissions from third-party sales and first-party revenue from sales of goods. From time to time, based on business priorities, we may decide to vary the share of first-party sales. Over time, it is our goal to reduce the proportion of first-party sales in favor of third-party sales, with the strategy potentially varying from country to country.

Shifts in the relative proportion of third-party and first-party sales do not have an impact on GMV, orders or Annual Active Consumers. However, these shifts trigger substantial variations in our revenue, as we record the full sales price net of returns and VAT as revenue for first-party sales and only a percentage of the sales price (commission) net of returns and VAT as revenue for third-party sales. For first-party sales, we incur cost of revenue, primarily related to the purchase price of the goods sold. For third-party sales, we do not incur comparable cost of revenue as the purchase price of the goods sold is borne by the third-party seller. Accordingly, we steer our operations not on the basis of revenue, but rather on the basis of our gross profit, which corresponds to revenue less cost of revenue, as changes between third-party and first-party sales are largely eliminated on the gross profit level.

### Key Performance Indicators

The following table sets forth our key performance indicators for the years ended December 31, 2018, 2019 and 2020.

	For the year ended December 31,		
	2018	2019	2020
	(in millions)		
Annual Active Consumers	4.0	6.1	6.8
Orders	14.4	26.5	27.9
GMV	€ 828.2	€ 1,097.6	€ 836.5
TPV	€ 54.8	€ 124.3	€ 196.4
JumiaPay Transactions	2.0	7.6	9.6
Adjusted EBITDA <sup>(1)</sup>	€ (150.2)	€ (182.7)	€ (119.5)



(1) See Item 3. “Key Information—A. Selected Consolidated Financial and Operating Data—Selected Other Data” for a reconciliation of Adjusted EBITDA, which is a non-IFRS measure, to the most directly comparable IFRS financial performance measure and an explanation of why we consider Adjusted EBITDA useful.

**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.

**Orders** corresponds to the total number of orders for products and services on our platform, irrespective of cancellations or returns, for the relevant period.

**GMV** (Gross Merchandise Value) 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.

**TPV** (Total Payment Volume) corresponds to the total value of orders for products and services for which JumiaPay was used including shipping fees, value-added tax, and before deductions of any discounts or vouchers, irrespective of cancellations or returns for the relevant period.

**JumiaPay Transactions** corresponds to the total number of orders for products and services on our marketplace for which JumiaPay was used, irrespective of cancellations or returns for the relevant period.

**Adjusted EBITDA** corresponds to loss for the period, adjusted for income tax expense (benefit), finance income, finance costs, depreciation and amortization and share-based payment expense. Adjusted EBITDA provides a basis for comparison of our business operations between current, past and future periods by excluding items that we do not believe are indicative of our core operating performance. Adjusted EBITDA, a non-IFRS measure, may not be comparable to other similarly titled measures of other companies.

### **Factors Affecting our Financial Condition and Results of Operation**

Our financial condition and results of operations have been, and will continue to be, affected by a number of important factors, including the following:

#### **Financial Strategy**

Our financial strategy seeks to balance four main objectives, growing the profitable usage of Jumia alongside the development of JumiaPay while driving gradual monetization of our platform and generating cost efficiencies. We manage this equation on a dynamic basis and place more or less emphasis on each as we progress.

In 2020, we placed strong focus on strengthening the fundamentals of our business to support our long term growth and path to profitability. We undertook a number of initiatives geared towards enhancing our unit economics and generating cost efficiencies, to firmly put the business on track towards breakeven. These initiatives included a business mix rebalancing as part of which we decreased promotional intensity and consumer incentives on lower consumer lifetime value business, while increasing our focus on everyday product categories to drive consumer adoption and usage. This initiative helped us reduce our reliance on phones & electronics which went from contributing 56% of our GMV in 2019 to 43% of our GMV in 2020, while supporting our unit economics and reducing our Adjusted EBITDA loss per Order by 37.8%, from €6.9 in 2019 to €4.3 in 2020. We also implemented cost efficiency initiatives across the full cost structure, including enhancements to our logistics operations and marketing strategy as well as overhead rationalization measures which allowed us to decrease Fulfillment, Sales & Advertising and General & Administrative expenses (excluding share-based compensation) by 10.4%, 42.0% and 12.3% respectively in 2020 compared to 2019.

As a result of our strategic focus in 2020 on making progress towards breakeven, we posted positive gross profit less fulfillment expense of €23.5 million in 2020 compared to a loss of €1.5 million in 2019 and reduced our operating loss by 34.5% from a loss of €227.9 million in 2019 to a loss of €149.2 million in 2020.

### Number of sellers and goods and services offered by those sellers

The success of our marketplace, which is central to our business model, is driven by the breadth and quality of the goods and services offered, which depends largely on the number of sellers on our marketplace and their ability to increase the range of goods and services they offer to our consumers. The number of sellers who received an order on our marketplace within the 12-month period preceding the relevant date, irrespective of cancellations or returns, was approximately 110 thousand as of December 31, 2020. The number of sellers offering similar goods on our marketplace is a key driver of price attractiveness and quality of service, as they compete for market share on our marketplace. Competition between sellers is also essential to our monetization, as it increases the appetite for sellers to use our services that are geared toward enhancing the sellers' visibility or their quality of service.

We are actively focusing on increasing the number of sellers on our marketplace as well as their quality, the range of goods and services they list on our marketplace and their overall level of engagement with us. During the COVID-19 pandemic, e-commerce emerged as an important route to market for brands and sellers at a time when offline channels were disrupted. This helped us further enhance our partnerships with sellers and brands.

In parallel, we are working on diversifying our base of sellers and are developing our cross-border business as part of which we allow international sellers from selected non-African countries to reach African consumers through our marketplace, which has helped accelerate the number and diversity of goods available on our marketplace, as such sellers tend to carry a large assortment of goods. Another ongoing initiative is our seller financing service, which provides sellers in a number of our markets with access to financing options offered by third-party financial institutions, positioning them to grow their businesses. We have observed that our local sellers tend to have difficulty accessing attractive financing options, and if we help them to do so, they are often able to access capital on more attractive terms, driving higher engagement with us. We intend to expand the geographic reach of this service and increase its adoption and usage among our sellers.

### Growth and engagement of our Annual Active Consumers

The acquisition, engagement and retention of users on our platform is a key driver of our financial performance. As of December 31, 2020, we had 6.8 million Annual Active Consumers up from 6.1 million Annual Active Consumers as of December 31, 2019.

The pace of consumer acquisition and level of re-engagements tends to be closely related to the amount and effectiveness of our sales & advertising investments. We monitor the effectiveness of our sales and advertising activities by using a number of measures, which include the following:

	As of December 31,		
	2018	2019	2020
	(unaudited, in EUR)		
Sales and advertising expense per Annual Active Consumer	11.6	9.2	4.8

Over the past two years, we have significantly improved the efficiency of our sales and advertising expense, decreasing the sales and advertising expense per Annual Active Consumer by 21.1% and 48.2% in 2019 and 2020 respectively. This was driven by significant enhancements to our programmatic marketing with more granular segmentation of our target market with differentiated campaigns and content for each segment. It was also supported by the increased depth and relevance of our marketplace assortment. We see an opportunity to continue improving usage and repeat purchase dynamics on our platform by driving the growth of everyday product categories including digital services, fast-moving consumer goods, fashion and beauty which are affordable entry points into the ecosystem and drive higher consumer lifetime value. Potential macroeconomic volatility and an increase in competition may, however, have an offsetting effect.

### **Payment method and return rate**

The ability for consumers to pay cash on delivery is an important feature of our platform, in particular for new consumers who are transacting online for the first time. In case of cash on delivery, the consumer needs to be present at the time of the delivery to pay for the order. While we are constantly improving our operations to make delivery schedules more convenient and predictable, some consumers are not present at the time of the delivery attempt, which means that cash on delivery results in a significantly higher portion of returns than other delivery options. These returns are driving higher fulfillment costs, higher costs of operations for our sellers and lower monetization for us as we are not able to collect commissions for such returns. In comparison, orders that are “pre-paid” electronically tend to drive much lower returns than cash on delivery, driving better monetization for us and, ultimately, lower fulfillment costs and less operational complexities.

We have experienced an improvement in the rate of cancellations, failed deliveries and returns as % of GMV and Orders as a result of the increased penetration of pre-payment on our platform as well as various operational measures aimed at reducing instances of order cancellations. The rate of cancellations, failed deliveries and returns as a percentage of GMV improved from approximately 30% in 2019 to 25% in 2020. The rate of cancellations, failed deliveries and returns as a percentage of Orders improved from approximately 22% in 2019 to 16% in 2020. The ratio is typically lower when expressed as a percentage of Orders than GMV as higher average item value orders tend to show higher CFDR rates.

### **Efficiency of our fulfillment operations**

With Jumia Logistics, we have built an innovative logistics and delivery ecosystem that we believe is the leading e-commerce and express delivery service in Africa. We generate revenue from our fulfillment services mainly through delivery charges charged to our consumers and to our sellers. We incur fulfillment expense mainly for third-party logistics providers and for our network of warehouses, where we provide storage services to our sellers, inbound and outbound logistics services and control and consolidate packages.

Fulfillment expense is influenced by a number of factors including:

- The origin of the goods: for example the cost of shipping a product from a cross-border seller based overseas is higher than shipping from a local seller;
- The destination of the package and type of delivery: for example, the cost of delivery to a secondary city or a rural area is higher than the cost of delivery to a main city and the cost of a home delivery is higher than for pick-up station delivery; and
- The type of goods: for example, the cost of delivery is higher for a large home appliance than a fashion accessory.

Our fulfillment expense consists of expense related to the services of third-party logistics providers, which we refer to as freight and shipping, and expense mainly related to our network of warehouses, including employee benefit expense, which we refer to as fulfillment expense other than freight and shipping.

Freight and shipping used to be a function of the volumes handled and delivered by our third-party logistics providers. In 2020, we changed our volume pricing model from cost per package to cost per stop as a result of which our fulfillment expenses decreased considerably. Generally, we have been able to generate certain economies of scale, as third-party logistics providers are typically prepared to offer us more advantageous conditions as our business volume with them increases.

Increasing cross-border sales, for which we incur significant freight and shipping expense as well as an increased proportion of deliveries outside primary cities, may have an offsetting effect. Fulfillment expense other than freight and shipping is by its nature less variable.

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On a consolidated basis, fulfillment expense decreased by 10.4% between 2019 and 2020 partly as a result of the delivery pricing model change. In addition, gross profit less fulfillment expense improved from a loss of €1.5 million in 2019 to a profit of €23.5 million in 2020.

### **Technology and data**

We continuously invest in our technology, 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 three 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 improved experience and satisfaction for our ecosystem participants. Going forward, we intend to maintain or increase our investments into our technology and data capabilities.

### **Ability to scale our business with our current structure**

We closely monitor the development of the absolute amount of each component of our general and administrative expense excluding share-based payment expense. We intend to continue scaling our business in a cost-effective manner while identifying opportunities for efficiencies in our base of general and administrative costs.

In 2019 we implemented a portfolio optimization initiative as part of which we exited 3 geographies and the flight and hotel booking businesses. We also took selected overhead rationalization measures in 2020. The combined effects of the portfolio optimization initiative, overhead rationalization and continued cost discipline allowed us to decrease our general & administrative expense, excluding share-based compensation expense, by 12.3% in 2020 compare to 2019.

### **Seasonality**

Our business is seasonal and, consequently, our results tend to fluctuate from quarter to quarter. For example, we consider the fourth quarter, which includes Black Friday and in many countries the year-end holidays, as especially important for generating revenue. Certain special events, including Ramadan, elections or Jumia Anniversary, can result in peak or low demand for our products. For example, increased inventory in preparation for special events such as Black Friday can have significant impacts on working capital, cash flow, stock losses and write-downs.

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The following tables show the development of our quarterly GMV, revenue and gross profit for each quarter in 2018, 2019 and 2020:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
	<u>(unaudited, in EUR millions)</u>			
<b>2018<sup>(1)</sup></b>				
GMV	152.4	166.3	198.4	311.0
GMV adjusted for perimeter effects and improper sales practices <sup>(2)</sup>	141.8	151.9	180.6	275.2
Revenue	28.0	24.4	33.4	43.3
Gross profit	8.2	8.6	12.3	15.2
<b>2019<sup>(1)</sup></b>				
GMV	240.2	280.9	275.3	301.2
GMV adjusted for perimeter effects and improper sales practices <sup>(2)</sup>	213.9	263.1	261.1	292.9
Revenue	31.4	38.8	40.9	49.3
Gross profit	15.2	16.8	19.0	24.8
<b>2020<sup>(1)</sup></b>				
GMV	189.6	228.3	187.3	231.1
GMV adjusted for perimeter effects and improper sales practices	n/a	n/a	n/a	n/a
Revenue	29.3	34.9	33.7	41.8
Gross profit	18.4	23.3	23.2	27.9

- (1) Due to rounding, the sum of quarterly amounts may not equal the amounts reported for the relevant full-year period.
- (2) Adjustments relate to perimeter changes as a result of the portfolio optimization undertaken during the fourth quarter of 2019 as further described under Item 4. “Information on the Company—A. History and Development of the Company—Corporate History and Recent Transactions” as well as improper sales practices as further described under Item 4. “Information on the Company—A. History and Development of the Company—Sales Practices Review.”

We believe that our business will continue to show seasonal patterns in the future. For further information on our quarterly performance, see Item 5. “Operating and Financial Review and Prospects—A. Operating Results—Comparison of Fiscal Years Ended December 31, 2019 and December 31, 2020—Consolidated Statement of Operations—Quarterly Data.”

### **Macroeconomic condition and political environment**

Our consumers are primarily located in three African regions comprising 11 countries. Our results of operations and financial condition are significantly influenced by political and economic developments in these countries and the effect that these factors may have on demand for goods and services. The COVID-19 pandemic and the decline in oil prices may in the short to medium term pose significant macroeconomic challenges. We look at the macroeconomic environment based on a number of factors, which include consumer confidence index, business confidence index, GDP growth, currency exchange rates, inflation rates, access to capital and foreign exchange. Our results are positively affected when such factors are developing positively, and negatively affected when such factors are developing negatively.

## Components of our Results of Operations

### Revenue

We generate revenue primarily from commissions, sale of goods, fulfillment, marketing and advertising, and provision of other services:

*Commissions:* Revenue from commissions relates to the online selling platform, which provides sellers the ability to sell goods directly to consumers. We generate a commission fee (normally a percentage of the selling price) which is based on agreements with our sellers. Our performance obligation with respect to these transactions is to arrange the transaction through our platform. We do not have any discretion in setting the price of the goods to be sold, nor do we bear any inventory risk for the goods to be shipped to the consumer. As such, we are considered to be an agent in these transactions and recognize 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 consumer.

*Sales of goods:* Revenue from sales of goods relates to transactions where we act directly as the seller, i.e., where we enter into an agreement with a consumer to sell goods. These goods are sold for a fixed price, as determined by us, and we bear the obligation to deliver those goods to the consumer. As such, we are considered to be the principal in these transactions and recognize 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 us. Therefore, revenue for goods and delivery are recognized at a point in time.

*Fulfillment:* We provide certain fulfillment services on our marketplace and generally charge a “delivery fee” to consumers. The group also provides subscription services to end consumers. The price for all fulfillment services is defined at the time of purchase through our platform, and we have unilateral power in establishing these fulfillment services. We are 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 in all cases except for subscription services where it is recognized over a period of time, generally shorter than one year.

*Marketing:* We provide advertising services to vendors and non-vendors, such as performance marketing campaigns, placing banners on the Jumia platform or sending newsletters and notifications. 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.

*Value added services:* We provide other services to our sellers for which we charge fees such as logistics services, packaging of products ahead of shipment and technical support. 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 packaging of products and technical support is recognized when the respective service is completed.

If the consideration in a revenue contract includes a variable amount, which includes for example purchase price refunds for returned goods, we estimate the amount of consideration to which we will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and will not be changed 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.

We use the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. We then apply 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).

We pay sales commission or fees to parties for each contract that they obtain. We 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 sales and advertising expense.

**Cost of revenue:** Our cost of revenue consists primarily of the purchase price of consumer products where we act directly as the seller. Certain expenses associated with third-party sales, such as compensation paid to sellers for lost, damaged or late delivery items, and payment processing expenses for countries where JumiaPay operates are also included in cost of revenue.

**Fulfillment expense:** Fulfillment expense consists of expense related to services of third-party logistics providers, which we refer to as freight and shipping, and expense mainly related to our network of warehouses, including employee benefit expense, which we refer to as fulfillment expense other than freight and shipping. Fulfillment expense other than freight and shipping represents those expenses incurred in operating and staffing our 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 includes expense relating to consumer service operations.

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

**Technology and content expense:** Technology and content expense consists 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.

**General and administrative expense:** General and administrative expense contains wages and benefits, including share-based payment expense of management, seller management expense, commercial development expense, accounting and legal staff expense, consulting expense, audit expense, lease expense, office related utilities expense, insurance expense, tax expense other than income tax, other overheads and other material general expenses.

## A. Operating Results

### Comparison of Fiscal Years Ended December 31, 2018, December 31, 2019 and December 31, 2020

#### Consolidated Statement of Operations

	For the year ended December 31,		
	2018	2019 (in EUR millions)	2020
Revenue	129.1	160.4	139.6
Cost of revenue	(84.8)	(84.5)	(46.8)
<b>Gross profit</b>	<b>44.2</b>	<b>75.9</b>	<b>92.8</b>
Fulfillment expense	(50.5)	(77.4)	(69.3)
Sales and advertising expense	(46.0)	(56.0)	(32.5)
Technology and content expense	(22.4)	(27.3)	(27.8)
General and administrative expense <sup>(1)</sup>	(94.9)	(144.5)	(115.7)
Other operating income	0.2	1.9	3.3
Other operating expense	(0.3)	(0.5)	(0.1)
<b>Operating loss</b>	<b>(169.7)</b>	<b>(227.9)</b>	<b>(149.2)</b>
Finance income	1.6	4.0	4.9
Finance costs	(1.3)	(2.6)	(14.0)
<b>Loss before income tax</b>	<b>(169.5)</b>	<b>(226.5)</b>	<b>(158.3)</b>
Income tax expense	(0.9)	(0.6)	(2.6)
<b>Loss for the year</b>	<b>(170.4)</b>	<b>(227.1)</b>	<b>(161.0)</b>

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(1) Includes share-based payment expense of €17.4 million in 2018, €37.3 million in 2019 and €21.6 million in 2020.

#### *Revenue*

The following table shows a breakdown of our revenue in 2018, 2019 and 2020 by source:

	For the year ended December 31,		
	2018	2019	2020
	(in EUR millions)		
<b>Marketplace revenue<sup>(1)</sup></b>	<b>46.2</b>	<b>78.5</b>	<b>93.8</b>
Commissions	14.4	25.0	34.6
Fulfillment	15.0	26.9	32.4
Marketing and advertising	2.3	6.1	7.7
Value-added services	14.6	20.5	19.1
<b>First-party revenue<sup>(2)</sup></b>	<b>81.3</b>	<b>81.2</b>	<b>44.2</b>
<b>Platform revenue<sup>(3)</sup></b>	<b>127.5</b>	<b>159.6</b>	<b>138.0</b>
Non-platform revenue <sup>(4)</sup>	1.5	0.8	1.6
<b>Total revenue</b>	<b>129.1</b>	<b>160.4</b>	<b>139.6</b>

(1) Unaudited; marketplace revenue is the sum of commissions, fulfillment, marketing and advertising and value-added services.

(2) First-party revenue corresponds to sales of goods shown in Note 21 to our audited consolidated financial statements.

(3) Unaudited; platform revenue is the sum of marketplace revenue and first-party revenue.

(4) Unaudited; non-platform revenue, corresponds to other revenue shown in Note 21 to our audited consolidated financial statements.

Marketplace revenue increased by 19.6% from €78.5 million in 2019 to €93.8 million in 2020 due to an increase in revenue from commissions by 38.5% and an increase in revenue from fulfillment by 20.7% in 2020 compared 2019. Contributions from sales of goods, i.e., revenue from first-party sales, decreased by 45.6% from €81.2 million in 2019 to €44.2 million in 2020. This decrease was driven by our marketplace gaining more depth, which positioned us to undertake fewer sales on a first party basis.

#### *Cost of Revenue*

Cost of revenue decreased by 44.6% from €84.5 million in 2019 to €46.8 million in 2020, driven by the decrease in first-party sales. 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*

Gross profit increased by 22.3% from €75.9 million in 2019 to €92.8 million in 2020, primarily due to the increase in marketplace revenue.

#### *Fulfillment Expense*

Fulfillment expense decreased by 10.4% from €77.4 million in 2019 to €69.3 million in 2020, primarily due to a number of operational enhancements across our logistics operations. These enhancements included a change in our volume pricing model from cost per package to cost per stop, improvements in our cross-border shipping matrix alongside staff cost savings in our fulfillment centers. Gross profit after fulfillment expense changed from negative €1.5 million in 2019 to positive €23.5 million in 2020, demonstrating our progress with respect to unit economics.



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### *Sales and Advertising Expense*

Sales and advertising expense decreased by 42.0% from €56.0 million in 2019 to €32.5 million in 2020, primarily due to continued enhancements to our performance marketing strategy across search and social media channels, including through more granular segmentation of our target market with differentiated campaigns and content for each segment. These efforts resulted in gross profit less fulfillment expense and sales and advertising expense turning positive in the third quarter of 2020 for the first time.

### *Technology and Content Expense*

Technology and content expense slightly increased by 2.1% from €27.3 million in 2019 to €27.8 million in 2020.

### *General and Administrative Expense*

General and administrative expense decreased by 20.0% from €144.5 million in 2019 to €115.7 million in 2020, primarily due to a decrease in share based compensation expense from €37.3 million in 2019 to €21.6 million in 2020. Share based compensation expense in 2020 included charges for the cash-settled part of the 2020 virtual restricted stock unit program of €10.4 million. The final cash payout under the 2020 virtual restricted stock unit program will depend on the share price development following publication of our annual report for 2020 and may substantially exceed the charges recognized so far.

Excluding share based compensation expense, general and administrative expense would have decreased by 12.3% from €107.3 million in 2019 to €94.0 million in 2020. The overhead rationalization and portfolio optimization initiatives undertaken in late 2019 gradually paid out over the course of 2020.

### *Operating Loss*

Operating loss decreased significantly by 34.5% from €227.9 million in 2019 to €149.2 million in 2020.

Adjusting our operating loss for depreciation and amortization and share-based payment expense, our Adjusted EBITDA loss decreased by 34.6% from €182.7 million in 2019 to €119.5 million in 2020, due to the effects of our business mix rebalancing and enhanced cost efficiency.

### *Finance Income*

Finance income increased from €4.0 million in 2019 to €4.9 million in 2020, primarily due to an increase in realized foreign exchange gains.

### *Finance Costs*

Finance costs increased significantly from €2.6 million in 2019 to €14.0 million in 2020, primarily due to foreign exchange losses on bank deposits in U.S. dollars.

### *Loss before Income Tax*

Loss before income tax decreased by 30.1% from €226.5 million in 2019 to €158.3 million in 2020, primarily due to the effects of our business mix rebalancing and enhanced cost efficiency.

### *Income Tax Expense*

Income tax expense increased from €0.6 million in 2019 to €2.6 million in 2020.

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*Loss for the Year*

Loss for the year decreased by 29.1% from €227.1 million in 2019 to €161.0 million in 2020.

*Quarterly Data*

The following table sets forth certain unaudited financial data for each fiscal quarter for the periods indicated. The unaudited quarterly information includes all normal recurring adjustments that we consider necessary for a fair statement of the information shown. This information should be read in conjunction with the audited consolidated financial statements and related notes thereto appearing elsewhere in this Annual Report. Our quarterly results are not necessarily indicative of future operating results.

	2019 <sup>(1)(2)</sup>				2020 <sup>(1)</sup>			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(unaudited, in EUR millions)							
Revenue	31.4	38.8	40.9	49.3	29.3	34.9	33.7	41.8
Cost of revenue	(16.2)	(22.0)	(21.9)	(24.4)	(10.9)	(11.7)	(10.4)	(13.8)
<b>Gross profit</b>	<b>15.2</b>	<b>16.8</b>	<b>19.0</b>	<b>24.8</b>	<b>18.4</b>	<b>23.3</b>	<b>23.2</b>	<b>27.9</b>
Fulfillment expense	(15.2)	(17.6)	(20.7)	(23.9)	(15.9)	(17.3)	(16.6)	(19.5)
Sales and advertising expense	(11.9)	(14.9)	(13.8)	(15.5)	(8.9)	(7.2)	(6.2)	(10.2)
Technology and content expense	(5.9)	(6.7)	(7.0)	(7.7)	(7.2)	(7.1)	(6.3)	(7.3)
General and administrative expense <sup>(3)</sup>	(27.8)	(44.9)	(32.7)	(39.2)	(30.4)	(31.1)	(22.7)	(31.5)
Other operating income	0.1	0.6	0.7	0.5	0.3	1.8	0.6	0.5
Other operating expense	(0.0)	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)	(0.0)	0.1
<b>Operating loss</b>	<b>(45.5)</b>	<b>(66.7)</b>	<b>(54.6)</b>	<b>(61.1)</b>	<b>(43.7)</b>	<b>(37.6)</b>	<b>(28.0)</b>	<b>(40.0)</b>

- (1) Due to rounding, the sum of quarterly amounts may not equal the amounts reported for the relevant full-year period.
- (2) We reported the cumulative effect of the reclassification of certain types of vouchers, consumer and partner incentives from sales and advertising expense to revenue for the nine months ended September 30, 2019 in our results for the three months ended September 30, 2019. In order to enhance comparability with the quarterly results, quarterly results for 2019 are adjusted in this table to reflect the impact of the reclassification.
- (3) Includes share-based payment expense of €4.3 million in the first quarter of 2019, €20.5 million in the second quarter of 2019, €7.1 million in the third quarter of 2019 and €5.3 million in the fourth quarter of 2019. The fourth quarter of 2019 also included restructuring expenses of €2.2 million incurred as part of our portfolio optimization and headcount rationalization initiatives. Includes share-based payment expense of €6.0 million in the first quarter of 2020, €2.6 million in the second quarter of 2020, €3.4 million in the third quarter of 2020 and €9.6 million in the fourth quarter of 2020.

The following table set forth certain key performance indicators, for each fiscal quarter for the periods indicated.

	2019				2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(unaudited, in millions)							
Annual Active Consumers <sup>(1)</sup>	4.3	4.8	5.5	6.1	6.4	6.8	6.7	6.8
Orders	5.0	6.2	7.0	8.3	6.4	6.8	6.6	8.1
GMV <sup>(2)</sup>	€ 240.2	€ 280.9	€ 275.3	€ 301.2	€ 189.6	€ 228.3	€ 187.3	€ 231.1
GMV adjusted for perimeter effects and improper sales practices	€ 213.9	€ 263.1	261.1	292.9	€ n/a	n/a	n/a	n/a
Adjusted EBITDA	€ (39.5)	€ (44.4)	€ (45.4)	€ (53.4)	€ (35.6)	€ (32.9) <sup>(3)</sup>	€ (22.7)	€ (28.3)

- (1) Adjustments relate to perimeter changes as a result of the portfolio optimization undertaken during the fourth quarter of 2019 as further described under Item 4. “Information on the Company—A. History and Development of the Company—Corporate History and Recent Transactions” as well as improper sales practices as further described under Item 4. “Information on the Company—A. History and Development of the Company—Sales Practices Review”.
- (2) Please see Item 3. “Key Information—A. Selected Consolidated Financial and Operating Data—Selected Other Data” for a reconciliation of Adjusted EBITDA, which is a non-IFRS measure, to the most directly comparable IFRS financial performance measure and why we consider Adjusted EBITDA useful.

## B. Liquidity and Capital Resources

As of December 31, 2020, we had €305.9 million of liquid means on our balance sheet, including cash and cash equivalents of €304.9 million and term deposits of €1.0 million. Most of our liquid means can be freely transferred, for a small fraction of our liquid means we may need authorization or permits for a cross-border transfer.

Since our inception, we have financed our operations primarily through equity issuances. We received net proceeds of \$280.2 million from our April 2019 initial public offering, a concurrent private placement with Mastercard and the issuance of shares to existing shareholders to protect them from dilution. In December 2020, we completed an equity offering, the proceeds of which, net of commissions and expenses, amounted to approximately \$231.4 million (€194.3 million). Our primary requirements for liquidity and capital are to finance working capital, capital expenditures, which primarily consist of computer equipment, office equipment and lease-hold improvements, as well as general corporate purposes. We believe, based on our current operating plan, that our existing cash and cash equivalents and cash flows from operating activities will be sufficient to meet our anticipated cash needs for working capital, capital expenditures, general corporate needs and business expansion for at least the next twelve months. Although we believe that we have sufficient cash and cash equivalents to cover our working capital needs in the ordinary course of business and to continue to expand our business, we may, from time to time, explore additional financing sources.

### Consolidated Statement of Cash Flows

	For the year ended December 31,		
	2018	2019	2020
	(in EUR millions)		
Net cash flows used in operating activities	(139.0)	(182.6)	(98.5)
Net cash flows used in investing activities	(3.6)	(67.7)	60.0
Net cash flows from financing activities	213.2	316.8	187.1
Net increase in cash and cash equivalents	70.6	66.5	148.7
Cash and cash equivalents at the beginning of the year	29.7	100.6	170.0
Cash and cash equivalents at the end of the year	100.6	170.0	304.9

### *Net Cash Used in Operating Activities*

Net cash used in operating activities decreased by 46.1% from a cash outflow of €182.6 million in 2019 to a cash outflow of €98.5 million in 2020, primarily driven by a decrease in our loss before income tax adjusted for non-cash items. An increase in working capital due to a decrease in accounts receivables and an increase in accounts payables accounted for a net cash inflow of €8.6 million in 2020 compared to a net cash outflow of €12.4 million in 2019.

### ***Net Cash Flows from Investing Activities***

Net cash flows from investing activities increased significantly due to a cash outflow of €67.7 million in 2019 to a cash inflow of €60.0 million in 2020 due to term deposits maturing in the amount of €61.7 million in 2020 that had been placed in 2019.

### ***Net Cash Flows from Financing Activities***

Net cash flows from financing activities decreased by 40.9% from a cash inflow of €316.8 million in 2019 to a cash inflow of €187.1 million in 2020. In 2020, we recorded cash inflows from our equity offering completed in December 2020 that amount to €203.0 million, compared to cash inflows from our initial public offering and other capital increases in the amount of €329.2 million in 2019.

## **C. Research and Development, Patents and Licenses, Etc.**

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 three 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.

## **D. Trend Information**

See Item 4. "Information on the Company—B. Business Overview."

## **E. Off-Balance Sheet Arrangements**

We have agreed to indemnify the members of the management board against income tax liabilities they may incur with respect to income received from us, including from share-based payment instruments granted by us in excess of a total tax liability of 25% of the relevant income in countries where they are not tax resident up to a total amount of €40 million. For more information, see Item 6. "Directors, Senior Management and Employees—B. Compensation—Compensation of the Members of our Management Board and Senior Management."

## **F. Contractual Obligations**

We have entered into commercial leases of warehouses, office premises and transportation. The net present value of the future payments under leases amounts to €10.9 million. As of December 31, 2020, we have also committed to future minimum lease payments under short term operating leases that amount to €0.6 million.

The table below summarizes our contractual obligations as of December 31, 2020:

	Payment due by period			
	Total	Less than 1 year	1-5 years	More than 5 years
Lease liability future payments	10.9	3.0	7.7	0.2

## **Changes in Accounting Policies and Disclosures**

### *Amendments to Standards that Became Effective as of January 1, 2020*

We discuss recently adopted and issued accounting standards in Note 4, “New accounting pronouncements—New standards, interpretations and amendments adopted by the Group” of the notes to our audited consolidated financial statements included elsewhere in this Annual Report.

### *Standards Issued But 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 outlined in Note 4, “New accounting pronouncements— Standards issued but not yet effective” of the notes to our audited consolidated financial statements included elsewhere in this Annual Report. We intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

## **Critical Accounting Estimates and Judgments**

The preparation of our consolidated financial statements requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expense, 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. For more information on our critical accounting estimates and judgments, see Note 3 to our audited consolidated financial statements included elsewhere in this Annual Report.

### *Judgments*

There have been no material revisions to the nature and amount of estimates reported in prior periods, except for the effect of the settlement of the lawsuit. However, as presented above, the effects of COVID-19 have required assessment of significant judgments and estimates to be made, including but not limited to:

- Determining the net realizable value of inventory that has become slow moving due to the effects of COVID-19; and,
- Estimates of expected credit losses attributable to accounts receivable arising from sales to customers on credit terms, including the incorporation of forward-looking information to supplement historical credit loss rates.

In the process of applying our accounting policies, our management has made the following judgments. These judgments have the most significant effect on the amounts recognized in the consolidated financial statements:

### *Consolidation of Entities*

In course of our operations, we use services from entities in which we do not hold the majority of voting rights. These entities are either:

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

As of December 31, 2020 and 2019, we have determined that we control these entities as we have power over the investees, rights to variable returns and the ability to use our 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 customization to the leased asset).

***Revenue from Contracts with Consumers***

We apply the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with consumers:

***Principal versus Agent Considerations***

We enter into contracts where we act as a seller, determine the price of goods and bear the obligation to deliver those goods to the consumer. We have determined that, under these contracts, we control the goods before they are transferred to consumers. Thus, we are a principal in these contracts. Additionally, in cases where we enter into transaction wherein we provide fulfillment and marketing services, we are obliged to deliver the services and have discretion to set the price for such services. Thus, we are also considered a principal in such transactions.

In cases where we enter into a contract to provide vendors with access to our selling platform so that they can sell goods directly to consumers, we have no discretion to set the price of such goods and no inventory risk with respect to such goods. Thus, we are considered an 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 us 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.

### *Share-Based Compensation*

For grants subsequent to July 1, 2017, but prior to May 10, 2019, we measured the fair value of our ordinary shares and of our call options as follows: the fair value of our ordinary shares was based on the income approach to estimate our equity value. 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 we operate.

For grants subsequent to May 10, 2019 (grants after our initial public offering), 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 our call options is derived from the fair value of our 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 our shares had not been publicly traded before April 12, 2019, we lack sufficient company-specific historical and implied volatility information for our shares. Therefore, we estimate expected share price volatility based on the historical volatility of publicly traded peer companies and expect to continue to do so until such time as we have adequate historical data regarding the volatility of our own traded share price.

Further details can be found in Note 15, “Share-based compensation” to our audited consolidated financial statements included elsewhere in this Annual Report.

We have agreed to indemnify the members of the management board against income tax liabilities they may incur with respect to income received from us, including from share-based payment instruments granted by us in excess of a total tax liability of 25% of the relevant income in countries where they are not tax resident up to a total amount of €40 million. For more information, see Item 6. “Directors, Senior Management and Employees—B. Compensation—Compensation of the Members of our Management Board and Senior Management.”

### *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 to our audited consolidated financial statements included elsewhere in this Annual Report.

### *Impairment of trade and other receivables*

Receivables from end customers, third party logistics providers and payment services providers are expected to be collected in a very short period following delivery of the goods. If uncollected after 15 days, these balances are fully provisioned unless there is a clear indicator of commitment to pay. This assessment is based on the agreement with these parties as well as the historical expectation of collection. Due to the very short cycle of collection pattern, Management estimates that the application of the above accounting policy would not materially differ from the application of the expected credit losses model (ECL).

On receivables from corporate customers, the Group calculated an allowance for expected credit losses (“ECLs”) applying the simplified method permitted by IFRS 9 for trade receivables at reporting date. The Group did not track changes in credit risk, but instead calculated a loss allowance based on lifetime ECLs. Using the practical expedient that is allowed by the standard, the Group has established provision matrices that are based on its historical credit loss experience for the previous years, adjusted for non-recurring events and for forward-looking factors per country which incorporated several macroeconomic elements such as the countries’ GDP, unemployment rates. As the ECL calculated did not materially differ from the application of the accounting policy of the Group, which is based on the ageing of the balances, no additional expense was recognized within General and administrative expense.

The Group determines the probability of default upon the initial recognition of the asset. 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.

#### ***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).

#### **Quantitative and qualitative disclosures about market risk**

We are exposed to a variety of risks in the ordinary course of our business, including, but not limited to, foreign currency risk. We regularly assess each of these risks to minimize any adverse effects on our business as a result of those factors. For discussion and sensitivity analyses of our exposure to these risks, see “Financial Statements – Note 31”.

#### **G. Safe Harbor**

See “Information Regarding Forward-Looking Statements”.

#### **H. Non-GAAP financial measures**

See “Non-IFRS and Other Financial and Operating Metrics”.

### **Item 6. Directors, Senior Management and Employees**

#### **A. Directors and Management**

##### **Overview**

We are a German stock corporation (*Aktiengesellschaft* or *AG*) with registered seat in Germany. We are subject to German legislation on stock corporations, most importantly the German Stock Corporation Act (*Aktiengesetz*). In accordance with the German Stock Corporation Act, our corporate bodies are the management board (*Vorstand*), the supervisory board (*Aufsichtsrat*) and the shareholders’ meeting (*Hauptversammlung*). Our management and supervisory boards are entirely separate and, as a rule, no individual may simultaneously be a member of both boards.



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Our management board is responsible for the day-to-day management of our business in accordance with applicable laws, our articles of association (*Satzung*) and the management board's internal rules of procedure (*Geschäftsordnung*). Our management board represents us in our dealings with third parties. The authority to direct the Company is vested in the management board by applicable laws.

The principal function of our supervisory board is to supervise our management board. The supervisory board is also responsible for appointing and removing the members of our management board, representing us in connection with transactions between a current or former member of the management board and us, and granting approvals for certain significant matters. The supervisory board is not permitted to make management decisions and, unlike the management board, the supervisory board does not have the authority to direct the Company. As a result, the supervisory board is not the equivalent of a board of directors in the United States.

Our management board and our supervisory board are solely responsible for and manage their own areas of competency (*Kompetenztrennung*); therefore, neither board may make decisions that, pursuant to applicable law, our articles of association or the internal rules of procedure are the responsibility of the other board. Members of both boards owe a duty of loyalty and care to us. In carrying out their duties, they are required to exercise the standard of care of a prudent and diligent businessperson. If they fail to observe the appropriate standard of care, they may become liable to us.

In carrying out their duties, the members of both boards must take into account a broad range of considerations when making decisions, including our interests and the interests of our shareholders, employees, creditors and, to a limited extent, the general public, while respecting the rights of our shareholders to be treated on equal terms. Additionally, the management board is responsible for implementing an internal monitoring system for risk management purposes.

Our supervisory board has comprehensive monitoring responsibilities. To ensure that our supervisory board can carry out these functions properly, our management board must, among other duties, regularly report to our supervisory board regarding our current business operations and future business planning (including financial, investment and personnel planning). In addition, our supervisory board or any of its members is entitled to request special reports from the management board on all matters regarding the Company, our legal and business relations with affiliated companies and any business transactions and matters at such affiliated companies that may have a significant impact on our position at any time.

Under German law, our shareholders have no direct recourse against the members of our management board or the members of our supervisory board in the event that they are believed to have breached their duty of loyalty and care to us. Apart from insolvency or other special circumstances, only we have the right to claim damages against the members of our two boards.

We may waive these claims to damages or settle these claims only if at least three years have passed since a claim associated with any violation of a duty has arisen and only if our shareholders approve the waiver or settlement at a shareholders' meeting with a simple majority of the votes cast; provided that no shareholders who in the aggregate hold one-tenth or more of our share capital oppose the waiver or settlement and have their opposition formally recorded in the meeting's minutes maintained by a German civil law notary.

### **Supervisory Board**

German law requires that the supervisory board consists of at least three members, whereby the articles of association may stipulate a certain higher number. Our supervisory board currently consists of eight members with one seat currently vacant following the resignation of Matthew Odgers in July 2020. German law further requires the number of supervisory board members to be divisible by three if this is necessary for the fulfillment of co-determination requirements. This does not apply to us as we are currently not subject to co-determination. As we grow, this may change and our supervisory board may be required to include employee representatives subject to the provisions of the German One-Third Employee Representation Act (*Drittelbeteiligungsgesetz*), which applies to companies that have at least 500 employees, and the German Codetermination Act (*Mitbestimmungsgesetz*), which applies to companies that

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have at least 2,000 employees. In case the German Codetermination Act (Mitbestimmungsgesetz) applies to a company, 30% of the supervisory board members must be women. This currently does not apply to us.

The supervisory board has set certain targets for the composition of the supervisory board, including:

- at least 37.5% female members serving on our supervisory board by December 31, 2023 and
- an age limit of seventy years at the time of appointment.

The members of our supervisory board are elected by the shareholders' meeting in accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz*). German law does not require the majority of our supervisory board members to be independent and neither our articles of association nor the rules of procedure for our supervisory board provide otherwise. However, the rules of procedure for our supervisory board provide that the supervisory board shall, taken as a whole, comprise of, in its own estimation, an adequate number of independent members.

Under German law, a member of a supervisory board may be elected for a maximum term of up to approximately five years, depending on the date of the shareholders' meeting at which such member is elected. Re-election, including repeated re-election, is permissible. However, the rules of procedure of our supervisory board stipulate that persons having been a member of our supervisory board should not be proposed to the shareholders' meeting for re-election. The shareholders' meeting may specify a term of office for individual members or all of the members of our supervisory board which is shorter than the standard term of office and, subject to statutory limits, may set different start and end dates for the terms of members of our supervisory board.

The shareholders' meeting may, at the same time as it elects the members of the supervisory board, elect one or more substitute members. The substitute members replace members who cease to be members of our supervisory board and take their place for the remainder of their respective terms of office. Currently, no substitute members have been elected or have been proposed to be elected.

Members of our supervisory board may be dismissed at any time during their term of office by a resolution of the shareholders' meeting adopted by at least a simple majority of the votes cast. In addition, any member of our supervisory board may resign at any time by giving one month's written notice of his or her resignation to the chairperson of our supervisory board (in case the chairperson resigns, such notice is to be given to the deputy chairperson) or to the management board. The management board, the chairperson of our supervisory board or in case of a resignation by the chairperson, his/her deputy may agree upon a shorter notice period.

Our supervisory board elects a chairperson and a deputy chairperson from its members. The deputy chairperson exercises the chairperson's rights and obligations whenever the chairperson is unable to do so. The members of our supervisory board have elected Jonathan D. Klein as chairperson, who is independent, and John H. Rittenhouse as deputy chairperson, each for the term of their respective membership on our supervisory board.

The supervisory board meets at least twice during the first half and twice during the second half of each calendar year. Our articles of association and the supervisory board's rules of procedure provide that a quorum of the supervisory board members is present if at least half of its members participate in the vote. Members of our supervisory board are deemed present if they participate via telephone or other electronic means of communication (especially via video conference) or abstain from voting unless the chairperson issues an order deviating therefrom. Any absent member may also participate in the voting by submitting his or her written vote through another member.

Resolutions of our supervisory board are passed by the vote of a simple majority of the votes cast unless otherwise required by law, our articles of association or the rules of procedure of our supervisory board. In the event of a tie, the chairperson of the supervisory board has the casting vote. Our supervisory board is not permitted to make management decisions, but, in accordance with German law and in addition to its statutory responsibilities, it has determined that certain matters require its prior consent, including:

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- material modification of the fields of business of our company and the termination of existing and commencement of new fields of business;
- change of our company's tax residence, registered office or principal place of business or change of the legal form;
- disposition of any of the "Jumia" word marks or any other word and figurative marks currently owned by our company;
- adoption, amendment or rescission of the combined annual business plan for our company including the related investment, budget and financial planning;
- entering into credit or loan agreements or other financing agreements as a borrower in excess of €5.0 million in the individual case as well as changes to our credit line in excess of €5.0 million;
- granting of loans (i) in excess of €1.0 million in the individual case or €2.0 million in the aggregate per year (excluding loans to majority-owned companies or loans granted in the ordinary course of business, e.g., to suppliers or landlords) or (ii) to employees in excess of €100,000 in the individual case excluding wage and salary advances;
- individual investments in fixed assets exceeding €4.0 million in the individual case or exceeding the agreed annual investment budget by more than €8.0 million in total;
- granting of collateral, pledge or transfer as security of assets of our company, assumption or taking over of guarantees or similar liabilities or of sureties or personal guarantees, payment guarantees and of any and all obligations similar to personal guarantees (bürgschaftsähnliche Verpflichtungen), issuance of letters of comfort (Patronatserklärungen) as well as issuance of notes payable (Eingehen von Wechselverbindlichkeiten) in excess of an amount of € 7.0 million or outside the ordinary course of business, provided, however, that statutory and/or customary securities and/or liabilities of the aforementioned kind (e.g. lessor's lien, liens in connection with commercial loan insurances, retention of title, custom and tax deposits, etc.) or securities and/or liabilities for the benefit of majority-owned companies shall always be considered as inside the ordinary course of business;
- futures transactions concerning currencies, securities and exchange traded goods and rights as well as other transactions with derivative financial instruments in excess of €2.0 million and made outside the ordinary course of business, provided, however, that hedging transactions to limit corresponding risks shall always be in the ordinary course of business;
- acquisition or disposal of operational subsidiaries or enterprises, including joint ventures, participations in enterprises or independent divisions of a business, other than the acquisition of shelf companies, exceeding an amount of €1.0 million in the individual case or €2.5 million in total on an annual basis;
- capital measures in companies in which an interest is held, provided that third parties participate in such capital measure and that such third parties pay more than € 3.5 million for the subscription of the shares;
- encumbrance of shares, if such shares secure a claim of more than €7.0 million, as well as liquidation of companies;
- material changes to the business of a subsidiary which accounts for at least € 2.0 million in terms of total assets, revenues or gross profit;
- introduction and amendment of an employee incentive system involving the granting of shares in our company or virtual shares, or other share price-related incentives;
- execution, amendment or termination of agreements with definitively committed payment obligations exceeding €8.0 million unless specifically provided for in an approved business plan, in which case an approval is only required in case the payment obligations exceed € 12.0 million;

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- initiation or termination of court cases or arbitration proceedings involving an amount in controversy greater than €1.0 million in the individual case;
- conclusion, amendment or termination of enterprise agreements pursuant to Sections 291 et seqq. of the German Stock Corporation Act (*Aktiengesetz*); and
- business dealings of our company or its subsidiaries on the one side and a major shareholder or a party related to such major shareholder on the other side, except for (i) transactions that do not exceed (individually or together with related or similar transactions) a market value of €200,000 and (ii) the purchase of merchandise, services and licenses in the ordinary course of business of our company at arm's length terms.

Our supervisory board last updated this list on June 9, 2020 and may further amend the list or designate further types of actions as requiring its approval.

The following table sets forth the names and functions of the current members of our supervisory board, their ages, their terms (which expire on the date of the relevant year's general shareholders' meeting) and their principal occupations outside of our Company:

<u>Name</u>	<u>Age</u>	<u>Term expires</u>	<u>Principal occupation</u>
Jonathan D. Klein	60	2023	Co-Founder & Deputy Chairman of the Board, Getty Images
John H. Rittenhouse	64	2023	Chairman & Chief Executive Officer, Cavallino Capital LLC; Chairman & Chief Executive Officer, Vinasset Inc.
Gilles Bogaert <sup>(1)</sup>	51	2023	Chairman & Chief Executive Officer, EMEA and LATAM, Pernod Ricard SA
Andre T. Iguodala	37	2023	Professional Basketball Player, Miami Heat, National Basketball Association
Blaise Judja-Sato	56	2023	Founder, VillageReach; Founder, Resilience Trust
Angela Kaya Mwanza	50	2024	Private Wealth Advisor & Senior Portfolio Manager, UBS Private Wealth Management
Aminata Ndiaye	42	2023	Senior Vice President of Marketing, Digital & Customer Experience, Orange / Middle East & Africa

(1) Pursuant to Section 7.2 of our shareholders agreement entered into with our then-existing shareholders on December 18, 2018, we and the shareholders agreed to appoint Gilles Bogaert ("PR Member") and Matthew Odgers ("MTN Member") to the supervisory board.

Matthew Odgers resigned from the supervisory board in July 2020.

Alioune Ndiaye, who joined our supervisory board in 2019, resigned in February 2020.

Aminata Ndiaye was appointed to the supervisory board by the annual shareholders' meeting of June 9, 2020 as successor to Alioune Ndiaye for the remaining term of his initial appointment.

The business address of the members of our supervisory board is the same as our business address: Skalitzer Straße 104, 10997 Berlin, Germany.

The following is a brief summary of the prior business experience of the members of our supervisory board:

**Jonathan D. Klein** has been an independent member and the chairman of our supervisory board since January 2019. Mr. Klein is the co-founder of Getty Images and served as the chief executive officer of Getty Images for over 20 years, prior to becoming its chairman in 2015 and his current service as its deputy chairman. Mr. Klein currently serves as a member of the board of directors for several other institutions including Squarespace, Etsy, Bloom & Wild, Kano, Kegtails and the Committee to Protect Journalists. Mr. Klein also serves as executive-in-residence at General Catalyst Partners. Mr. Klein received his master's degree in law from the University of Cambridge.

**John H. Rittenhouse** has been a member of our supervisory board since January 2019. He is also a member of the supervisory board at HelloFresh SE. Mr. Rittenhouse is the founder of Cavallino Capital, LLC and currently serves as its chief executive officer and chairman of the board of directors. Additionally, he is the founder, chief executive officer and chairman of the board of directors of VinAsset, Inc. Prior to his work with Cavallino Capital and VinAsset, Mr. Rittenhouse served as the national practice leader of operations risk management at KPMG LLP and chief logistics and operating officer at Wal-Mart.com USA. Mr. Rittenhouse attended Rollins College where he received a certification for business and operations management, Haslam College of Business where he received an Executive Master of Business Administration certification and St. Patrick's Seminary & University, an affiliate of the University of San Francisco, where he received a degree in theology.

**Gilles Bogaert** has been a member of our supervisory board since January 2019. Mr. Bogaert is Chairman and Chief Executive Officer of EMEA (Europe, Middle East and Africa) and LATAM (Latin America) at Pernod Ricard EMEA LATAM, a role he has held since July 1, 2018. Previously, he served in several senior management positions at Pernod Ricard over the last two decades. In November 1998, he was appointed Chief Financial Officer of Pernod Ricard Argentina and in February 2002, Chief Financial Officer of Pernod Ricard Central & South America. In June 2003, he became Audit & Business Development Director of Pernod Ricard's Group. In July 2008, he was appointed Chief Executive Officer of Pernod Ricard Brasil and, in 2009 Group Managing Director in charge of Finance, IT and Operations of Pernod Ricard till 2018. He is a graduate of the ESCP (Graduate Management School of Paris) and is a holder of the DECF "Diploma of accounting and financial studies".

**Andre T. Iguodala** has been a member of our supervisory board since January 2019. Mr. Iguodala is an NBA basketball player with the Miami Heat. He won three NBA Championships as a member of the Golden State Warriors in 2015, 2017 and 2018. In 2015, Mr. Iguodala received the NBA Finals Most Valuable Player Award. He was an NBA All-Star in 2012 and has been named to the NBA All-Defensive Team twice. Mr. Iguodala was also a member of the United States national team at the 2010 FIBA World Championship and 2012 Summer Olympics, winning the gold medal both times. As a venture capitalist, Mr. Iguodala is deeply engaged in the technology community and to date has invested in over 50 companies through F9 Strategies, including Zoom, Datadog, Robinhood, PagerDuty, Cloudflare, AllBirds and Goat. Mr. Iguodala created The Players Technology Summit with his business partner Rudy Cline-Thomas, which convenes top executives and leaders in the technology, venture capital and sports communities to exchange ideas and share expertise in an educational and empowering forum. His memoir, "The Sixth Man," was published by Penguin Random House in June 2019 and debuted at #6 on the New York Times Best Sellers Nonfiction list. He attended the University of Arizona before declaring for the 2004 NBA Draft following his sophomore year.

**Blaise Judja-Sato** has been a member of our supervisory board since January 2019. He is the founder of VillageReach and the Resilience Trust, which he founded in 2001 and 2015, respectively. He served as executive director at the International Telecommunication Union from 2009 to 2015, founder and president of the Nelson Mandela Foundation USA, which he founded in 2000, co-head of global development initiative at Google from 2006 to 2007, director of international business development at Teledesic from 1997 to 2001, regional managing director at AT&T from 1996 to 1997 and a senior consultant at Accenture from 1988 to 1992. Mr. Judja-Sato earned an MBA from The Wharton School at the University of Pennsylvania. He holds a Master of Science in engineering from Telecom ParisTech and a master's degree in mathematics from the University of Montpellier.

**Angela Kaya Mwanza** has been a member of our supervisory board since March 2019. Ms. Mwanza is a co-founder of Evergreen Wealth Management at UBS Private Wealth Management. She serves on UBS' Sustainable Investing Advisory Council and on the boards of One Community, Global Health Alliance, Grassroot Soccer, Beespace, Grace Farms Foundation and the Doris Duke Charitable Foundation. Ms. Mwanza is a leader in the field of private wealth management and was named one of the "46 Leaders in Sustainable Investing (Who are Also Women)" by Forbes in 2018. She holds a Master of Business Administration (MBA) from Cornell University and both a bachelor's and a master's degree in linguistics from the University of Konstanz in Germany.

**Aminata Ndiaye** has been a member of our supervisory board since June 2020. Ms. Ndiaye is the senior vice president of marketing, digital & customer experience at Orange / Middle East & Africa. She has over fifteen years of experience in marketing, communication, mobile banking, digital transformation and management in the telecommunications industry. After starting her career at Accenture in change management, she joined the Orange Group

in 2004. In 2006, she joined Sonatel where she held several positions including chief marketing & digital officer. Ms. Ndiaye holds degrees from Ecole Polytechnique de Paris and Ecole Nationale Supérieure des Télécommunications de Paris.

## **Management Board and Senior Management**

### ***Management Board***

Pursuant to our articles of association, our management board consists of one or several members. Our supervisory board determines the exact number of members of our management board. The supervisory board may appoint one or several chairpersons and a deputy chairperson of the management board. At present, our management board consists of two members.

The members of our management board are appointed by our supervisory board for a term of up to five years. They are eligible for reappointment or extension, including repeated re-appointment and extension, in each case again for up to an additional five years. Prior to the expiration of his or her term, a management board member may only be removed from office by our supervisory board for cause. Examples of cause include a serious breach of duty by a member of the management board, the inability of a member of the management board to perform his or her duties or a vote of no confidence by the shareholders in a shareholders' meeting.

The members of our management board conduct the daily business of our company in accordance with applicable laws, our articles of association and the rules of procedure for the management board adopted by our supervisory board. They are generally responsible for the management of our company and for handling our daily business relations with third parties, the internal organization of our business and communications with our shareholders. In addition, the management board is primarily responsible for:

- preparing our annual financial statements;
- proposing to our shareholders' meeting on how our profits (if any) should be allocated; and
- regularly reporting to the supervisory board on our current operating and financial performance, our budgeting and planning processes and our performance under them, and on future business planning (including strategic, financial, investment and personnel planning).

A member of the management board may not deal with or vote on matters relating to proposals, arrangements or contractual agreements between himself or herself and our company and may be liable to us if he or she has a material interest in any contractual agreement between our company and a third party which is not disclosed to and approved by our supervisory board.

The rules of procedure for our management board provide that certain matters require a resolution of the entire management board, in addition to transactions for which a resolution adopted by the entire management board is required by law or required by our articles of association. In particular, the entire management board shall decide on, among others:

- the strategy of our company, fundamental issues of the business policy and any other matters, especially national or international business relations, which are of special importance and scope for our company;
- the annual and multi-year business planning for our company, and in particular the related investment and financial planning;
- the preparation of the annual financial statements and the management report, the consolidated financial statements and the group management report, as well as semi-annual and quarterly financial reports, interim announcements and other comparable reports;

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- convening of our shareholders' meetings and proposed resolutions of the management board to be submitted to the shareholders' meeting for a resolution;
- the periodic reporting to the supervisory board;
- matters which require the approval of our supervisory board pursuant to the rules of procedure of the management board;
- matters which impact more than one member of the management board's area of responsibility; and
- fundamental issues relating to personnel matters.

### *Members of our Management Board*

The following table sets forth the names and functions of the current members of our management board, their ages and their terms:

<u>Name</u>	<u>Age</u>	<u>Term ends</u>	<u>Principal occupation</u>
Jeremy Hodara	39	December 31, 2022	Co-Chief Executive Officer
Sacha Poignonnet	40	December 31, 2022	Co-Chief Executive Officer

The business address of the members of our management board is the same as our business address: Skalitzer Straße 104, 10997 Berlin, Germany.

In 2020, a new service agreement for the members of the management board was concluded with approval of the supervisory board on December 10, 2020. The management board term for both, Jeremy Hodara and Sacha Poignonnet, was prolonged to December 31, 2022.

The following is a brief summary of the business experience of the members of our management board:

**Jeremy Hodara** cofounded our company in 2012, and has been serving as our co-chief executive officer since that time. Together with Sacha Poignonnet, he has built Jumia into a leading e-commerce platform in Africa. Prior to founding Jumia, Mr. Hodara worked as an engagement manager at McKinsey and Company from 2006 to 2012, where he specialized in retail and e-commerce consulting. Mr. Hodara earned a master's degree in business management from the HEC School of Management in Paris, France.

**Sacha Poignonnet** cofounded our company in 2012, and has been serving as our co-chief executive officer since that time. Together with Jeremy Hodara, he has built Jumia into a leading e-commerce ecosystem in Africa. Prior to founding Jumia, Mr. Poignonnet worked at McKinsey and Company from 2007 to 2012, first as an associate, then as an engagement manager, and finally as an associate partner. While at McKinsey and Company, Mr. Poignonnet developed expertise in the packaged goods and retail sectors. From 2005 to 2007, Mr. Poignonnet was a manager at Aon Accuracy and from 2002 to 2004 he was an associate at Ernst & Young. Mr. Poignonnet holds a master's degree in finance from the EDHEC Business School.

### *Member of our Senior Management*

Antoine Maillet-Mezeray, age 51, is our chief financial officer. As such, he serves as a member of our senior management but not as a member of our management board. Mr. Maillet-Mezeray's business address is the same as our business address: Skalitzer Straße 104, 10997 Berlin, Germany.

Antoine Maillet-Mezeray joined our company in 2016 and has served as our chief financial officer since that time. Mr. Maillet-Mezeray began his career with Mazars, where he worked as an auditor from 1994 to 1997. From 1997 to 2015, Mr. Maillet-Mezeray worked for several technology companies as either the chief executive officer or chief

financial officer, in which roles he built and led finance teams with significant operating scale and complexity. Mr. Maillet-Mezeray holds a master's degree in finance from Neoma Business School in France as well as a master's degree in philosophy.

## **B. Compensation**

We set out below the amount of compensation paid and benefits in kind provided by us or our subsidiaries to our supervisory board members, management board members and members of senior management for services in all capacities to us or our subsidiaries for the year ended December 31, 2020, as well as the amount contributed by us or our subsidiaries to retirement benefit plans for our supervisory board members, management board members and members of senior management.

### **Compensation of Supervisory Board Members**

Under mandatory German law, the compensation of the supervisory board of a German stock corporation (*Aktiengesellschaft*) is determined by the annual general meeting. In the annual general meeting held on June 9, 2020, our shareholders resolved the following compensation system:

- Ordinary members of the supervisory board receive a fixed compensation in the amount of €75,000 per annum. The chairperson of the supervisory board receives a fixed compensation in the amount of €150,000 per annum.
- The chairperson of the audit committee receives an additional fixed compensation of €40,000 per annum (in the financial year ending December 31, 2020 only, this amount was increased by €257,000) and any other member of the audit committee an additional fixed compensation in the amount of €20,000 per annum.
- The chairperson of the compensation committee as well as the chairperson of the corporate governance and nomination committee each receives an additional fixed compensation of €20,000 per annum and any other member of the compensation committee as well as the corporate governance and nomination committee an additional compensation in the amount of €10,000 per annum.
- We do not pay fees for attendance at supervisory board or committee meetings.
- The members of the supervisory board are entitled to reimbursement of their reasonable out-of-pocket expenses incurred in the performance of their duties as supervisory board members as well as the value added tax on their compensation and out-of-pocket expenses.
- The members of the supervisory board are included in our company's D&O insurance.

Our supervisory board was established for the first time upon the conversion of Africa Internet Holding GmbH into Jumia Technologies AG, which was resolved upon on December 17 and 18, 2018 and became effective by registration with the commercial register on January 31, 2019. Our legal predecessor, Africa Internet Holding GmbH, did not have a supervisory board. Therefore, for the business years 2018 and earlier, no remuneration or benefits in kind were granted to supervisory board members, and no amounts were set aside or accrued by us for these purposes.

Jonathan D. Klein is the only member of our supervisory board who beneficially owns ordinary shares / ADS of our company. As of January 1, 2021, Mr. Klein held 44,137 ADS.

### **Compensation of the Members of our Management Board and Senior Management**

We have entered into agreements with all current members of our management board and senior management. These agreements generally provide for a base salary and an annual bonus. In addition to these fixed and variable compensation components under the terms of their service agreements, the members of our management board and senior management are entitled to specific insurance benefits (including accident and directors' and officers' insurance)



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and reimbursement of necessary and reasonable disbursements. In early 2019, a one-time bonus in the aggregate amount of €5.0 million was given to members of our management board, senior management and certain other employees. In addition, we have agreed to indemnify the members of the management board against income tax liabilities related to shares or share-based payment instruments granted by us in excess of a total tax liability of 25% of the relevant income in countries where they are not tax resident up to a total amount of €40 million.

We believe that the agreements between us and the members of our management board and senior management provide for payments and benefits (including upon termination of employment) that are in line with customary market practice.

In the year ended December 31, 2020, the two members of our management board and one member of our senior management received total compensation of €1.1 million, which includes the base salary as well as any variable and other compensation. Our shareholders' meeting on February 15, 2019 resolved not to disclose the individual total compensation for each member of the management board.

The following table provides information about outstanding options for ordinary shares held by each member of our management board and senior management.

<b>Name</b>	<b>Number of Ordinary Shares Underlying Options/Units</b>	<b>Option Exercise Price (in €)</b>
<b>Jeremy Hodara</b>		
JSOP 2016	141,596.16	1.00
SOP 2019	134,644.00	1.00
SOP 2020	500,000.00	1.50
VRSUP 2020	500,000.00	n/a
<b>Sacha Poignon</b>		
JSOP 2016	141,596.16	1.00
SOP 2019	134,644.00	1.00
SOP 2020	500,000.00	1.50
VRSUP 2020	500,000.00	n/a
<b>Antoine Maillet-Mezeray</b>	*	1.00

\* Represents beneficial ownership of less than 1%.

Parts of the options included in the table above represent options originally granted to our management board and senior management on various dates pursuant to the JSOP 2016 (as defined below), and were rolled up and converted via amendments to each individual option agreement subsequent to the conversion of Africa Internet Holding GmbH to Jumia Technologies AG and increased following the capital increase from own resources in early 2019. This roll-up, conversion and increase in options resulted in the fractional amount of options held by each member of our management board and senior management. As uneven shares cannot be exercised, the amendment agreements used to effectuate the roll-up and conversion of the options require that any uneven options will be cashed out when the options are exercised. The options are exercisable in accordance with the terms of the JSOP 2016 and each relevant individual amended option agreement. The options do not have any expiration date; however, under the JSOP 2016, they may expire in the case of certain bad leaver events. Some of the options held by Jeremy Hodara and Sacha Poignon include vesting criteria that go beyond those of other participants in the JSOP 2016. These additional vesting criteria include reaching certain profitability and valuation targets.

In addition, each member of the management board received 134,644 stock options under the SOP 2019 (as defined below). The options are subject to a specific GMV target being reached and expire seven years after the end of the four-year waiting period as well as in the case of certain bad leaver events.

Both members received 500,000 stock options under the SOP 2020 (as defined below). The options are subject to a specific GMV target being reached and expire two years after the end of the four-year waiting period as well as in the case of certain bad leaver events. In addition, 500,000 units under the VRSUP 2020 (as defined below) were granted to each member of the management board.

We do not separately set aside amounts from pensions, retirement or other benefits for members of our management board and senior management, other than pursuant to relevant statutory requirements.

### **Share-Based Incentive Plans**

#### **Stock Option Program 2016 (JSOP 2016)**

As at 31 December 2020, most all options granted under the JSOP 2016 have been fully vested.

#### **Option Programs 2019**

##### ***SOP 2019***

In 2019, Jumia Technologies AG established a new stock option plan, the SOP 2019, under which stock options were granted to beneficiaries. On May 15, 2020 additional stock options were granted under the SOP 2019.

Each stock option entitles the holder to receive one share of Jumia Technologies AG upon exercise and payment of an exercise price of €1 per share. The stock options may be exercised after a waiting period of four years from the grant date and expire following seven years after the end of the waiting period. The exercise of stock options is not possible during defined blackout periods. Jumia may, at its sole discretion, settle vested stock options in cash instead of issuing shares in Jumia Technologies AG.

The stock options can only be exercised, if the average annual growth rate of the GMV amounts to at least 10% during the four year waiting period. If this target is not met, all options will lapse. This condition is classified under IFRS 2 as a non-market performance condition and thus, the probability of achievement has to be reassessed at each reporting date. Only for certain grants in 2020 this condition has been classified as a non-vesting condition, as the vesting period is shorter than the period in which this criterion has to be met. In this case, the probability of achievement has been derived as at the grant date and is reflected in the fair value and is not reassessed subsequently.

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 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 vested stock options will be retained.

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

The stock options granted in 2020 will vest either 3 or 4 years after the IPO according to the individual grant agreements.

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 at December 31, 2020 a reassessment of the probability that the average annual growth rate of the Gross Merchandise Volume amounts to at least 10% during the four years waiting period has been performed for these grants

where this condition is classified as a non-market performance condition. Due to lower projected Gross Merchandise Volume in the subsequent years compared to the previous projections, a probability of 50% of achieving this criterion has been derived based on a stochastic simulation of possible Gross Merchandise Volumes in the future.

#### ***Virtual Restricted Stock Unit Program 2019***

In 2019, Jumia Technologies AG established a new Virtual Restricted Stock Unit Program (VRSUP 2019), under which Restricted Stock Units (“RSU”) were granted to beneficiaries. On May 15, 2020 additional RSUs were granted under the VRSUP 2019.

Jumia Technologies AG is entitled, at its sole discretion, to settle any claims under the VRSUP 2019 either in cash or in equity. 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. The VRSUP 2019 is accounted for as an equity-settled plan.

The individual grant agreement with each beneficiary sets forth the individual number of RSUs and may stipulate vesting conditions, such as further performance conditions in addition to the common Gross Merchandise Value target and a 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. Other beneficiaries need to remain employed with Jumia Technologies AG until the vesting date as specified in the individual grant agreement in order to avoid any forfeiture.

According to the individual grant agreements, the RSUs granted in 2020 will vest on May 15, 2021 (i.e., 1 year after the grant date).

The specific RSUs granted in 2020 are not subject to any performance conditions or a maximum payout amount (cap).

The fair value per RSU was derived from Jumia’s stock price at the grant date. The fair value per RSU granted in 2020 amounts to €1.86.

#### **Stock Option Program 2020**

In 2020, with the approval of the annual general meeting of shareholders, Jumia Technologies AG established a new stock option plan, the SOP 2020, under which stock options were granted to beneficiaries Jumia granted an individual number of stock options to beneficiaries under the terms and conditions of the SOP 2020.

Each stock option entitles the holder to receive one share in Jumia Technologies AG (or 0.5 ADS as 1 ADS represents 2 shares of Jumia). The option can be exercised after a waiting period of four years at a price which is determined based on the average share price of the last 60 trading days prior to the contract date of the individual grant agreements. The exercise period starts directly after the waiting period and ends two years following the expiry of the waiting period. The exercise of stock options is prohibited during defined blackout periods. Jumia may, at its sole discretion, settle each vested stock option in cash instead of issuing a share in Jumia Technologies AG.

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. For specific grants under the 2020 Plan this condition is classified under IFRS 2 as a non-market performance condition and thus, the probability of achievement has to be reassessed at each reporting date. For all other grants this condition has been classified as a non-vesting condition. In this case, the probability of achievement has been derived as at the grant date and is reflected in the fair value and is not reassessed subsequently.

Moreover, there is a second condition (only) for a part of the stock options granted to certain members of senior management: The Adjusted EBITDA must be positive for two consecutive quarters by March 31, 2023. If this condition

is met for one or more Big Countries (Egypt, Ivory Coast, Kenya, Morocco and Nigeria) or Small Countries (Algeria, Ghana, Senegal, South Africa, Tunisia and Uganda), an individual number of options will vest (if and to the extent of the satisfaction of the other vesting requirements set out in the terms and conditions) for each country for that the condition is met. A satisfaction of the condition for a Big Country will result in a vesting of a greater number of stock options than a satisfaction of the condition for a Small Country. As for the condition related to the Gross Merchandise Volume, this second condition is as well either classified as a non-market performance condition or as a non-vesting condition depending on the vesting period of the grants and the respective period in which the condition has to be met.

The stock options are subject to vesting requirements.

The stock options shall generally vest in two tranches. Two-thirds of the granted stock options vest after two years from the grant date. The remaining one-third of the granted stock options vest after three years from the grant date.

Beneficiaries who are members of the management board will forfeit the right to exercise their options if they resign and start working for a competitor within six months after resignation.

Other beneficiaries will keep all vested stock options.

If Jumia 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 does not expect to pay dividends during the next years.

The company is accounting for the stock options of the SOP 2020 as an equity settled plan. For equity-settled awards, the expenses to be recognized are determined based on the grant date fair value of the awards.

As each stock option entitles the holder to receive one share of Jumia, the Fair value per ADS and the exercise price per ADS have to be divided by 2 in order to derive the value per option.

As at December 31, 2020 a reassessment of the probability that the average annual growth rate of the Gross Merchandise Volume amounts to at least 10% during the four years waiting period has been performed for these grants where this condition is classified as a non-market performance condition. Due to lower projected Gross Merchandise Volume in the subsequent years compared to the previous projections, a probability of 50% of achieving this criterion has been derived based on a stochastic simulation of possible Gross Merchandise Volumes in the future.

#### **Virtual Restricted Stock Unit Program 2020**

The 2020 annual general meeting of shareholders also approved the Virtual Restricted Stock Unit Program 2020 (the “2020 VRSUP”). Jumia granted an individual number of virtual restricted stock units (“VRSUs”) to beneficiaries under the terms and conditions of the 2020 VRSUP.

Grants are based on individual grant agreements.

Each beneficiary received an individual grant agreement that includes the individual number of VRSUs. Each VRSU entitles the holder to receive a cash payment equal to the ten trading day average share price after the publication by the Company of the later of its last half year report or its last annual financial statements.

For selected employees of the company (i.e. Group 2) and selected employees of affiliated companies (i.e. Group 4), Jumia is entitled to elect, at its sole discretion, to issue one share for each vested VRSU instead of a settlement in cash.

In general, the VRSUs shall vest one year after the grant and will be paid out as soon as reasonably practicable following the expiration of a period of twelve trading days after the publication of Jumia’s first half year report or annual financial statements after the vesting date. All VRSUs will be forfeited if a beneficiary resigns before the payout.

No RSUs are subject to any performance conditions or a maximum payout amount (cap).

The VRSUP 2020 is recognized as a cash-settled plan for certain beneficiaries (e.g. members of the management board) and as an equity-settled plan for all other beneficiaries. For cash-settled awards, the expenses are determined on the fair value of the awards at each reporting date. For equity-settled awards, the expenses to be recognized are determined based on the grant date fair value of the awards.

The fair value per VRSU was derived based on the observable stock price of Jumia as at the grant date or the reporting date depending on the cash- or equity-settled classification. The fair value per VRSU amounts to €16.44. The average fair value per RSU amounts to €11.35.

### **C. Supervisory Board Practices**

#### **Supervisory Board Practices**

Decisions are generally made by our supervisory board as a whole; however, decisions on certain matters may be delegated to committees of our supervisory board to the extent permitted by law. The chairperson, or if he or she is prevented from doing so, the deputy chairperson, chairs the meetings of the supervisory board and determines the order in which the agenda items are discussed, the method and order of voting, as well as any adjournment of the discussion and passing of resolutions on individual agenda items after a due assessment of the circumstances.

In addition, under German law, each member of the supervisory board is obliged to carry out his or her duties and responsibilities personally, and such duties and responsibilities cannot be generally and permanently delegated to third parties. However, the supervisory board and its committees have the right to appoint independent experts for the review and analysis of specific circumstances in accordance with its supervision duties under German law. We would bear the costs for any such independent experts that are retained by the supervisory board or any of its committees.

The supervisory board may form committees from among its members and charge them with the performance of specific tasks. The committees' tasks, authorizations and processes are determined by the supervisory board. Where permissible by law, important powers of the supervisory board may also be transferred to committees.

Under Section 10 of its rules of procedure, the supervisory board has established an audit committee, a compensation committee, and a corporate governance and nomination committee. Set forth in the table below are the current members of the audit committee, the compensation committee, and the corporate governance and nomination committee:

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<b>Name of committee</b>	<b>Current Members</b>
Audit committee	John H. Rittenhouse (chairperson), Blaise Judja-Sato and Angela Kaya Mwanza
Compensation committee	Jonathan D. Klein (chairperson), Andre T. Iguodala and Blaise Judja-Sato
Corporate governance and nomination committee	Jonathan D. Klein (chairperson), Blaise Judja-Sato and Andre T. Iguodala

***Audit Committee***

Our audit committee assists the supervisory board in overseeing the accuracy and integrity of our financial statements, our accounting and financial reporting processes and audits of our financial statements, the effectiveness of our internal control system, our risk management system, our compliance with legal and regulatory requirements, the independent auditors' qualifications and independence, the performance of the independent auditors and the effectiveness of our internal audit functions. The audit committee's duties and responsibilities to carry out its purposes include, among others:

- the preparation of the supervisory board recommendation to the shareholders' meeting on the appointment of the independent auditors to audit our financial statements and the respective proposal to the supervisory board;
- direct responsibility for the appointment, compensation, retention and oversight of the work of the independent auditors, who shall report directly to the audit committee, provided that the auditor appointment and termination shall be subject to approval by the shareholders' meeting;
- the pre-approval, or the adoption of appropriate procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors;
- the handling of matters and processes related to auditor independence;
- the establishment, maintenance and review of procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters; and
- the review and approval of all our related party transactions in accordance with our policies in effect from time to time.

The audit committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other engagement terms of special or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the management board or supervisory board. We shall provide for appropriate funding, as determined by the audit committee, in its capacity as a committee of the supervisory board, for payment of compensation to the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for us, compensation of any advisers employed by the audit committee, and ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.

The audit committee consists of at least three members and, subject to certain limited exceptions, each member of the audit committee must be independent according to the following criteria:

- no member of the audit committee may, directly or indirectly, accept any consulting, advisory or other compensatory fees from our company or its subsidiaries other than in such member's capacity as a member of our supervisory board or any of its committees; and

- no member of the audit committee may be an “affiliated person” of our company or any of its subsidiaries except for such member’s capacity as a member of our supervisory board or any of its committees; for this purpose, the term “affiliated person” means a person that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control of our company or any of its subsidiaries.

At least one member of the audit committee shall qualify as an “audit committee financial expert” as defined under the Exchange Act. Our audit committee financial expert is John Rittenhouse.

#### ***Compensation Committee***

Our compensation committee consists of three members, one of whom is the chairperson of the supervisory board. Our compensation committee is responsible for:

- considering all aspects of compensation and employment terms for the management board, and in this regard (i) making recommendations to and preparing decisions for the supervisory board, (ii) preparing presentations to the shareholders’ meeting (as applicable), to discuss amendments to existing, or the establishment of new, employment agreements for the members of the management board, including issues of compensation guidelines, incentive programs, strategy and framework;
- considering the compensation and general employment terms for second level executives, and in this regard it is authorized to make recommendations to the management board;
- commissioning, when appropriate, its own independent review of the compensation guidelines and the compensation packages paid to the members of the management board, to ensure that the guidelines reflect the best practices and that the packages remain competitive and in line with market practice;
- presenting an evaluation of the management board’s performance and making a recommendation to the supervisory board regarding the employment terms and compensation of the management board;
- assisting the supervisory board in the oversight of regulatory compliance with respect to compensation matters, including monitoring our system for compliance with the relevant provisions of the German Corporate Governance Code concerning the disclosure of information about compensation for the management board and other senior executives; and
- examining compensation guidelines that serve as a framework for all compensation matters to be submitted to and determined by the supervisory board.

#### ***Corporate Governance and Nomination Committee***

Our corporate governance and nomination committee consists of at least three members. The committee is responsible for, among other things, preparing all recommendations to the supervisory board with regard to the following items:

- the appointment and dismissal of management board members, as well as the nomination of the management board chairperson;
- completion of, amendments to and termination of employment contracts with management board members; and
- election proposals for suitable supervisory board candidates to be presented to the shareholders’ meeting.

Additionally, subject to mandatory responsibilities of the entire supervisory board, the corporate governance and nomination committee, rather than the entire supervisory board, will resolve on most of the transactions requiring

the approval of the supervisory board, and it has the capacity to provide consent for transactions between us and members of our management board.

### German Corporate Governance Code

The German Corporate Governance Code, or Corporate Governance Code, was originally published by the German Ministry of Justice (*Bundesministerium der Justiz*) in 2002 and was most recently amended on December 16, 2019 and published in the German Federal Gazette (*Bundesanzeiger*) on March 20, 2020. The Corporate Governance Code contains general principles (*Grundsätze*) of corporate law – for informational purposes only – as well as recommendations (*Empfehlungen*) and suggestions (*Anregungen*) relating to the management and supervision of German companies that are listed on a stock exchange. It follows internationally and nationally recognized standards for good and responsible corporate governance. The purpose of the Corporate Governance Code is to make the German system of corporate governance transparent for investors. The Corporate Governance Code includes corporate governance principles and makes recommendations and suggestions with respect to shareholders and general shareholders’ meetings, the management and supervisory boards, transparency, accounting policies, and auditing.

There is no obligation to comply with the recommendations or suggestions of the Corporate Governance Code. However, the German Stock Corporation Act (*Aktiengesetz*) does require that the management board and supervisory board of a German listed company issue an annual declaration that either (i) states that the company has complied with the recommendations of the Corporate Governance Code or (ii) lists the recommendations that the company has not complied with and explains its reasons for deviating from the recommendations of the Corporate Governance Code (*Entsprechenserklärung*). In addition, a listed company is also required to state in this annual declaration whether it intends to comply with the recommendations or list the recommendations it does not plan to comply with in the future. The current declaration needs to be published on the company’s website. In addition, the Corporate Governance Code recommends that previous compliance declarations remain on the website for five years. If the company changes its policy on certain recommendations between such annual declarations, it must disclose this fact and explain its reasons for deviating from the recommendations. Noncompliance with suggestions contained in the Corporate Governance Code need not be disclosed.

Following our listing on the New York Stock Exchange in April 2019, the Corporate Governance Code applies to us and we are required to issue the annual declarations described above. On December 26, 2019, we issued and published our first annual compliance declaration. We issued and published our second annual compliance declaration on December 22, 2020. You can find our annual compliance declarations on our website at [investor.jumia.com](http://investor.jumia.com) under Corporate Governance. This website address is included in this annual report as an inactive textual reference only

### D. Employees

As of December 31, 2020, we employed a total of 4,067 full-time equivalent (FTE) employees. Our employees were based in 16 countries, and 35% of our employees were female and 65% were male as of December 31, 2020.

The following table provides a breakdown of our employees by geography:

	As of December 31,		
	2018	2019	2020
West Africa	2,673	2,310	1,831
North Africa	1,211	1,428	1,172
East and South Africa	869	851	658
Others	375	461	406
<b>Total</b>	<b>5,128</b>	<b>5,050</b>	<b>4,067</b>

As of December 31, 2020, approximately 49% of our workforce consisted of marketplace operations and management employees, followed by logistics employees at 40%.



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The following table provides a breakdown of our employees by category:

	As of December 31,		
	2018	2019	2020
Marketplace operations and management	2,221	2,289	1,978
Logistics	1,975	2,080	1,622
Other <sup>(1)</sup>	932	681	467
<b>Total</b>	<b>5,128</b>	<b>5,050</b>	<b>4,067</b>

(1) Includes 467 consumer service employees as of December 31, 2020.

### E. Share Ownership

For information regarding the share ownership of directors and officers, see Item 7. “Major Shareholders and Related Party Transactions—A. Major Shareholders.” For information as to our equity incentive plans, see Item 6. “Director, Senior Management and Employees—B. Compensation —Share-Based Incentive Plans.”

### Item 7. Major Shareholders and Related Party Transactions

#### A. Major Shareholders

The following table sets forth information, as of March 1, 2021, regarding the beneficial ownership of our ordinary shares for:

- Members of our supervisory board;
- Members of our management board;
- Members of our senior management;
- Members of our supervisory board, management board and senior management as a group; and
- Each person, or group of affiliated persons, who has reported to us that such person beneficially owns 5% or more of our outstanding ordinary shares pursuant to applicable German law.

For further information regarding material transactions between us and principal shareholders, see “Related Party Transactions” below.

On December 18, 2018, our then-existing shareholders entered into an investment agreement with a new investor, Pernod Ricard Deutschland GmbH, pursuant to which the new investor agreed to provide additional capital in the aggregate amount of €75 million against issuance of ordinary shares based on an agreed pre-money valuation of €1.4 billion. As a result, we issued 5,087,180 new shares to such new investor, which corresponded to 5.08% of the shares in the Company as of January 3, 2019. In connection with this financing round, Pernod Ricard Deutschland GmbH was granted the right to subscribe for additional ordinary shares at nominal value, if an initial public offering of our shares or ADSs occurs within 18 months from the date of the investment agreement and the reference price is lower than the initial issue price, which resulted, together with the issuance of shares to four other shareholders, in the issuance of an additional 17,951,542 shares.

On April 12, 2019, our ADSs, each representing two of our ordinary shares, commenced trading on the New York Stock Exchange under the symbol “JMIA.” Concurrently with our initial public offering, Mastercard purchased from us €50.0 million of our ordinary shares in a private placement. We received approximately US\$280.2 million in net proceeds from our initial public offering and corresponding private placement with Mastercard and issuance of shares to existing shareholders, after deducting underwriting commissions and discounts and the offering expenses payable by us.

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Beneficial ownership is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of March 1, 2021, through the exercise of any option, warrant or other right. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares held by that person.

Unless otherwise indicated below, the address for each beneficial owner listed is c/o Jumia Technologies AG, Skalitzer Straße 104, 10997 Berlin, Germany.

Shareholder	Shares beneficially owned as of December 31, 2020	
	Number	Percent
<b>5% Shareholders</b>		
Baillie Gifford & Co. <sup>(1)</sup>	17,915,406	10.0 %
Pernod Ricard Deutschland GmbH <sup>(2)</sup>	12,851,169	7.2 %
Atlas Countries (Orange) <sup>(3)</sup>	9,005,054	5.0 %
<b>Members of our supervisory board</b>		
Gilles Bogaert	—	—
Andre T. Iguodala	—	—
Blaise Judja-Sato	—	—
Jonathan D. Klein	*	*
Angela Kaya Mwanza	—	—
Aminata Ndiaye	—	—
John H. Rittenhouse	—	—
<b>Members of our management board</b>		
Jeremy Hodara	*	*
Sacha Poignonnec	*	*
<b>Members of our senior management</b>		
Antoine Maillet-Mezeray	*	*
<b>All members of our supervisory board, management board and senior management, as a group<sup>(4)</sup></b>	2,627,714	1.5 %

\* Indicates beneficial ownership of less than 1% of the total outstanding ordinary shares.

- (1) Consists of ordinary shares held by Baillie Gifford & Co. and/or one or more of its investment adviser subsidiaries, which may include Baillie Gifford Overseas Limited, on behalf of investment advisory clients, which may include investment companies registered under the Investment Company Act, employee benefit plans, pension funds or other institutional clients. Securities representing more than 5% of the class are held on behalf of Vanguard International Growth Fund, a US registered investment company sub-advised by Baillie Gifford Overseas Limited.
- (2) Consists of ordinary shares held by Pernod Ricard Deutschland GmbH, a company organized under the laws of Germany with company number HRB 38302. The business address of Pernod Ricard Deutschland GmbH is Habsburgerring 2, 50674 Cologne, Germany. Pernod Ricard Deutschland GmbH is a wholly owned subsidiary of Pernod Ricard SA, which may be deemed to have beneficial ownership of all of these ordinary shares.
- (3) Consists of ordinary shares held by Atlas Countries Support S.A., a company organized under the laws of Belgium with company number 0568.968.148 RLE. The business address of Atlas Countries Support S.A. is Avenue du Bourget 3, 1140 Brussels, Belgium. Orange, a limited liability company (société anonyme) registered under the laws of France, is the ultimate parent company of Atlas Countries Support S.A. Orange may be deemed to be the beneficial owner of all of these ordinary shares.
- (4) Includes shares purchased by Mr. Klein and Messrs., Poignonnec, Hodara and Maillet-Mezeray in 2020 as well as vested options and options that may be exercised within 60 days of March 1, 2021.

The share capital of the Company consists of ordinary shares, which are issued only in bearer form. Accordingly, the Company generally cannot determine the identity of its shareholders or how many shares a particular shareholder owns. The Company's ordinary shares are traded in the United States by means of ADRs. Each ADR currently represents two ordinary shares of the Company. On March 1, 2021, based on information provided by The

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Bank of New York Mellon, as depository, there were 78,701,511 ADRs outstanding. The ordinary shares underlying such ADRs represented 87.8% of the then-outstanding ordinary shares. We are not aware of any arrangement that may at a subsequent date, result in a change of control of Jumia.

### **B. Related Party Transactions**

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**

Our shareholder Mobile Telephone Networks Holdings (Pty) Ltd sold a significant number of shares in Jumia, during the third quarter of 2020, and no longer qualifies as a related party, as of December 31, 2020.

The Group engages in several initiatives with affiliates of MTN. 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. For the year ended December 31, 2020, the expenses incurred with MTN amounted to €220 thousand (December 31, 2019: €478 thousand, December 31, 2018: €487 thousand).

In 2020, the Group also entered into an agreement in which MTN prepaid for corporate and gift purchases in Jumia's platform through vouchers, which amounted for the year ended December 31, 2020 to €961 thousand, which have all been converted into revenue during the period. In 2019, MTN prepaid for their employees purchases in Jumia's platform through the wallet top-ups which amounted for the twelve months ended December 31, 2019 to €890 thousand, which have all been converted into revenue during the period.

#### **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 December 31,	
	2019	2020
	(in EUR million)	
Short-term employee benefits	8.0	3.2
Other benefits	0.0	0.0
Share-based compensation	13.8	13.5
<b>Total</b>	<b>21.9</b>	<b>16.7</b>

See Note 15 to our audited consolidated financial statements included elsewhere in this Annual Report 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.

### **C. Interest of Experts and Counsel**

Not applicable.

## **Item 8. Financial Information**

### **A. Consolidated Statements and Other Financial Information**

See Item 18. “Financial Statements” and our audited consolidated financial statement beginning on page F-1.

### **Dividend Policy**

We have not paid any dividends on our ordinary shares since our inception, and we currently intend to retain any future earnings to finance the growth and development of our business. Therefore, we do not anticipate that we will declare or pay any cash dividends in the foreseeable future. Except as required by law, any future determination to pay cash dividends will be at the discretion of our management board and supervisory board and will be dependent upon our financial condition, results of operations, capital requirements, and other factors our management board and supervisory board deem relevant.

All of the shares represented by our ADSs will generally have the same dividend rights as all of our other outstanding shares. However, the depository may limit distributions based on practical considerations and legal limitations. Any distribution of dividends proposed by our management and supervisory boards requires the approval of our shareholders in a shareholders’ meeting.

We have not paid dividends in the years ended December 31, 2018, December 31, 2019 and December 31, 2020.

### **B. Significant Changes**

Except as otherwise disclosed in this Annual Report, there has been no undisclosed significant change since the date of the annual financial statements.

## **Item 9. The Offer and Listing**

### **A. Offer and Listing Details**

Our ADSs, each representing each representing two of our ordinary shares, have been listed on the New York Stock Exchange since April 12, 2019. Our ADSs trade under the symbol “JMIA.”

### **B. Plan of Distribution**

Not applicable.

### **C. Markets**

See “—A. Offer and Listing Details.”

#### **D. Selling Shareholders**

Not applicable.

#### **E. Dilution**

Not applicable.

#### **F. Expenses of the Issue**

Not applicable.

### **Item 10. Additional Information**

#### **A. Share Capital**

Not applicable.

#### **B. Memorandum and Articles of Association**

A copy of our amended and restated memorandum and articles of association is attached as Exhibit 1.1 to this Annual Report. The information called for by this Item is set forth in Exhibit 2.3 to this Annual Report and is incorporated by reference into this Annual Report.

#### **C. Material Contracts**

Except as otherwise disclosed in this Annual Report (including the Exhibits), we are not currently, nor have we been for the past two years, party to any material contract, other than contracts entered into in the ordinary course of business.

#### **Mastercard Agreements**

In connection with our initial public offering, we entered into a private placement agreement with Mastercard whereby Mastercard agreed to purchase from us €50.0 million of our ordinary shares at a price per share equal to the euro equivalent of the initial public offering price per ordinary share. Based on the initial public offering price of \$14.50 per ADS and an exchange rate of \$1.1264 per €1.00, Mastercard purchased 7,763,976 ordinary shares (corresponding to 3,881,988 ADSs).

In connection with the private placement, we entered into a commercial agreement with Mastercard Asia/Pacific, an affiliate of Mastercard. This commercial agreement has a term of ten years and provides Mastercard Asia/Pacific with priority in delivering, and a right to partner with us on initiatives aimed at promoting, facilitating and driving, payment network based solutions, technologies and services related to our business.

Under the agreement, we use the Mastercard Payment Services Gateway (“MPGS”) to process card payments in all countries where this gateway is available. We also agreed to work with local payment service providers to convert to MPGS within six months of the launch in any new market. Only where MPGS is not available due to regulations, we will continue to process cards not supported by MPGS through other payment service providers. Where possible, we enable the settlement of services sold via our platform via the Mastercard virtual card network. We also promote the use of the Mastercard technology as a preferred option to settle payments due to sellers via JumiaPay (e.g., via plastic or virtual cards). Further, we will work with Mastercard Asia/Pacific to launch and issue consumer and commercial co-branded products (i.e., cards, virtual card networks and quick response code). Mastercard Asia/Pacific will work with us to enable JumiaPay account holders to make face-to-face payments where Mastercard’s quick response code is accepted.

For the duration of the commercial agreement, Mastercard Asia/Pacific will provide us with dedicated support in Africa across advisory, marketing, product development and innovation, resources and training. Mastercard Asia/Pacific will offer this support on conditions it offers to similarly situated customers. After two to five years from the start of the contract, these conditions will depend on us meeting certain performance targets. In return for the support services provided by Mastercard Asia/Pacific, we will cooperate with Mastercard Asia/Pacific concerning the marketing of all payment network related offers on our platform for a period of five years. We will also provide Mastercard Asia/Pacific with equal brand prominence as our other partners and promote its products throughout our ecosystem.

At least annually, executives of Jumia and Mastercard Asia/Pacific will meet to review the performance of the parties under the commercial agreement against targets, including a review of the annual strategy of Jumia insofar as Mastercard Asia/Pacific is concerned.

Either party may terminate the commercial agreement in the event of a breach by the other party that is not cured within 45 days. In the event of a change of control, either party may terminate the commercial agreement by giving written notice. The termination will become effective after a three-year lock-in period. If the termination occurs within the first four years of the commercial agreement, we will be required to repay the value of the support provided under the agreement plus a penalty of \$4 million for each remaining year of the initial ten-year period. Jumia may terminate the commercial agreement in case Mastercard's stake in Jumia falls within the first five years below 70% of the shares purchased in the private placement or below 50% at any time thereafter.

#### **D. Exchange Controls**

There are currently no legal restrictions in Germany on international capital movements and foreign exchange transactions, except in limited embargo circumstances (*Teilembargo*) relating to certain areas, entities or persons as a result of applicable resolutions adopted by the United Nations and the EU. Restrictions currently exist with respect to, among others, Belarus, Congo, Egypt, Eritrea, Guinea, Guinea-Bissau, Iran, Iraq, Lebanon, Liberia, Libya, North Korea, Somalia, South Sudan, Sudan, Syria, Tunisia and Zimbabwe.

For statistical purposes, there are, however, limited notification requirements regarding transactions involving cross-border monetary transfers. With some exceptions, every corporation or individual residing in Germany must report to the German Central Bank (Deutsche Bundesbank) (i) any payment received from, or made to, a non-resident corporation or individual that exceeds €12,500 (or the equivalent in a foreign currency) and (ii) in case the sum of claims against, or liabilities payable to, non-residents or corporations exceeds €5,000,000 (or the equivalent in a foreign currency) at the end of any calendar month. Payments include cash payments made by means of direct debit, checks and bills, remittances denominated in euros and other currencies made through financial institutions, as well as netting and clearing arrangements.

#### **E. Taxation**

##### **German Taxation**

The following discussion addresses certain German tax consequences of acquiring, owning or disposing of the ADSs. With the exception of the subsection "German Taxation of Holders of ADSs—Taxation of Holders Tax Resident in Germany" below, which provides an overview of dividend taxation to holders that are residents of Germany, this discussion applies only to U.S. treaty beneficiaries (defined below) that acquire our ADSs.

This discussion is based on domestic German tax laws, including, but not limited to, circulars issued by German tax authorities, which are not binding on the German courts, and the Treaty (defined below). It is based upon tax laws in effect at the time of filing of this Annual Report. These laws are subject to change, possibly with retroactive effect. In addition, this discussion is based upon the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. It does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be of relevance in the context of acquiring, owning and disposing of ADSs.

The tax information presented in this section is not a substitute for tax advice. Prospective holders of ADSs should consult their own tax advisors regarding the German tax consequences of the purchase, ownership, disposition, donation or inheritance of ADSs in light of their particular circumstances, including the effect of any state, local, or other foreign or domestic laws or changes in tax law or interpretation. The same applies with respect to the rules governing the refund of any German dividend withholding tax (*Kapitalertragsteuer*) withheld. Only an individual tax consultation can appropriately account for the particular tax situation of each investor.

The Company does not assume any responsibility for withholding tax at source.

### ***German Taxation of Holders of ADSs***

#### ***General***

Based on the circular issued by the German Federal Ministry of Finance (BMF-Schreiben), dated May 24, 2013, reference number IV C 1-S2204/12/10003, as amended by the circular dated December 18, 2018, reference number IV C 1-S2204/12, in respect of the taxation of American Depositary Receipts (“ADRs”) on domestic shares (jointly the “ADR Tax Circular”), for German tax purposes, the ADSs represent a beneficial ownership interest in the underlying shares of the Company and should qualify as the ADRs for the purpose of the ADR Tax Circular even though it has to be noted that the ADR Tax Circular does not explicitly address ADSs. If the ADSs qualify as the ADRs under the ADR Tax Circular, dividends would accordingly be attributable to holders of the ADSs for tax purposes, and not to the legal owner of the ordinary shares (i.e., the financial institution on behalf of which the ordinary shares are stored at a domestic depository for the ADS holders). Furthermore, holders of the ADSs should be treated as beneficial owners of the capital of the Company with respect to capital gains (see below in section “German Taxation of Capital Gains of the U.S. Treaty Beneficiaries of the ADSs”). However, investors should note that circulars published by the German tax authorities (including the ADR Tax Circular) are not binding on German courts, including German tax courts, and it is unclear whether a German court would follow the ADR Tax Circular in determining the German tax treatment of the ADSs. For the purpose of this German tax section, it is assumed that the ADSs qualify as the ADRs within the meaning of the ADR Tax Circular.

#### ***Taxation of Holders Not Tax Resident in Germany***

The following discussion describes material German tax consequences for a holder that is a U.S. treaty beneficiary of acquiring, owning and disposing of the ADSs. For purposes of this discussion, a “U.S. treaty beneficiary” is a resident of the United States for purposes of the Convention Between the United States of America and the Federal Republic of Germany for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital and to Certain Other Taxes as of June 4, 2008 (Abkommen zwischen der Bundesrepublik Deutschland und den Vereinigten Staaten von Amerika zur Vermeidung der Doppelbesteuerung und zur Verhinderung der Steuerverkürzung auf dem Gebiet der Steuern vom Einkommen und vom Vermögen und einiger anderer Steuern in der Fassung vom 4. Juni 2008) (the “Treaty”), who is fully eligible for benefits under the Treaty.

A holder will be a U.S. treaty beneficiary entitled to full Treaty benefits in respect of the ADSs if it is, inter alia:

- the beneficial owner of the ADSs (and the dividends paid with respect thereto);
- a U.S. holder (as defined below);
- not also a resident of Germany for German tax purposes; and
- not subject to the limitation on benefits restrictions (i.e., anti-treaty shopping article of the Treaty or German domestic rules) that applies in limited circumstances.

Special rules apply to pension funds and certain other tax-exempt investors.

This discussion does not address the treatment of ADSs that are (i) held in connection with a permanent establishment or fixed base through which a U.S. treaty beneficiary carries on business or performs personal services in Germany or (ii) part of business assets for which a permanent representative in Germany has been appointed.

### ***General Rules for the Taxation of Holders Not Tax Resident in Germany***

Non-German resident holders of ADSs are subject to German taxation with respect to certain German source income (beschränkte Steuerpflicht). According to the ADR Tax Circular, income from the shares should be attributed to the holder of the ADSs for German tax purposes. As a consequence, income from the ADSs should be treated as German source income (dividend distributions of a corporate with a statutory seat and/or its place of central management in Germany). However, the repayment of capital contributions (Einlagenrückgewähr) for tax purposes is considered as reduction of the acquisition costs of the respective shares rather than as dividend payment (subject to proper tax declaration by the company in accordance with German tax law).

The full amount of a dividend distributed by the Company to a non-German resident holder which does not maintain a permanent establishment or other taxable presence in Germany is subject to (final) German withholding tax at a 25% rate plus a solidarity surcharge (Solidaritätszuschlag) of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%) and church tax (Kirchensteuer), if applicable. The relevant dividend is deemed to be received for German tax purposes at the payout date as determined by the company's general shareholders' meeting, or if such date is not specified, the day after such general shareholders' meeting. The amount of the relevant taxable income is based on the gross amount in Euro; any expenses and costs related to such taxable income in principle should not reduce the taxable income.

The solidarity surcharge (Solidaritätszuschlag) has been abolished or reduced for certain German taxpayers, depending on their amount of payable income tax. The new rules apply from the beginning of the assessment period for the fiscal year ending December 31, 2021. Pursuant to the new law, the solidarity surcharge remains in place for purposes of withholding tax, the flat rate income tax on capital income regime and corporate income tax. Shareholders are advised to monitor additional future developments. Besides this, the coalition agreement between the German Christian Democratic and Christian Social Union, as well as with the German Social Democratic Party for the formation of a new German federal government provides that the flat tax income tax on capital income regime shall be partially abolished for interest income as soon as the automatic information exchange on tax matters (Automatischer Informationsaustausch in Steuerfragen) is established. Instead, interest income shall be taxed by way of assessment on the basis of the individual taxpayer's progressive income tax rates of up to 45% (plus a 5.5% solidarity surcharge thereon, unless (partially) abolished or reduced, and church tax, if applicable).

German withholding tax on capital income (Kapitalertragsteuer) is withheld and remitted to the competent German tax authorities by (i) the German dividend disbursing agent (i.e., a German credit institution, financial services institution (each including the German branch of a foreign enterprise), German securities trading enterprise or German securities trading bank (each as defined in the German Banking Act (Kreditwesengesetz)) that holds or administers the underlying shares in custody and (a) disburses or credits the dividend income from the underlying shares, (b) disburses or credits the dividend income from the underlying shares on delivery of the dividend coupons or (c) disburses such dividend income to a foreign agent or (ii) the central securities depository (Wertpapiersammelbank) in terms of the German Depository Act (Depotgesetz) holding the underlying shares in a collective deposit, if such central securities depository disburses the dividend income from the underlying shares to a foreign agent, regardless of whether a holder must report the dividend for tax purposes and regardless of whether or not a holder is a resident of Germany.

Pursuant to the provisions of the Treaty, the German withholding tax may not exceed 15% of the gross dividends collected by U.S. treaty beneficiaries. The excess of the total withholding tax, including the solidarity surcharge (Solidaritätszuschlag), over the maximum rate of withholding tax permitted by the Treaty is refunded to U.S. treaty beneficiaries upon application (subject to presenting a German withholding tax certificate which can only be issued if the company has confirmed in writing to the German depository the number of ADSs issued and that all of the ADSs issued at the issuance date were covered by an equivalent number of German shares deposited with the German depository (circular by the German Federal Ministry of Finance, dated December 18, 2018, reference number IV C 1-S 2204/12/10003)). For example, for a declared dividend in the amount of €100, a U.S. treaty beneficiary initially receives



€73.625 (€100 minus the 26.375% withholding tax including solidarity surcharge). The U.S. treaty beneficiary is entitled to a partial withholding tax refund from the German tax authorities in the amount of €11.375 of the gross dividend (of €100). As a result, the U.S. treaty beneficiary ultimately receives a total of €85 (85% of the declared dividend) following the refund of the excess withholding. However, investors should note that it is unclear how the German tax authorities will apply the refund process to dividends on the ADSs with respect to non-German resident holders of the ADSs. Further, such refund is subject to the German anti-avoidance treaty shopping rule (as described below in section “—Withholding Tax Refund for U.S. Treaty Beneficiaries”).

A reduced permitted German withholding tax rate of 5% would apply according to the Treaty provisions, if the U.S. treaty beneficiary is a corporation and holds directly at least 10% of the voting shares of the dividend paying company.

#### ***German Taxation of Capital Gains of the U.S. Treaty Beneficiaries of the ADSs***

Capital gains from the disposition of the ADSs realized by a non-German tax resident holder who does not maintain a permanent establishment or other taxable presence in Germany will be treated as German source income and be subject to German (corporate) income tax if such holder at any time during the five years preceding the disposition, directly or indirectly, owned 1% or more of the Company’s share capital (or other equity related instruments, as specified by law), irrespective of whether through the ADSs or shares of the Company. If such holder had acquired the ADSs without consideration, the previous owner’s holding period and quota would be taken into account when calculating the above holding period and the participation threshold.

However, U.S. treaty beneficiaries are eligible for treaty benefits under the Treaty (as described above in the section “—General Rules for the Taxation of Holders Not Tax Resident in Germany “. Pursuant to the Treaty, U.S. treaty beneficiaries are not subject to German tax with any capital gain derived from the sale of the ADSs, even under the circumstances described in the preceding paragraph and therefore should not be taxed on capital gains from the disposition of the ADSs.

German statutory law requires a German disbursing agent to levy withholding tax on capital gains from the sale of ADSs or other securities held in a custodial account in Germany. With regard to the German taxation of capital gains, German disbursing agent means a German credit institution or financial services institution, or a German securities trading enterprise or a German securities trading bank (each as defined in the German Banking Act (Kreditwesengesetz) and, in each case including a German branch of a foreign enterprise, but excluding a foreign branch of a German enterprise) that holds the ADSs in custody or administers the ADSs for the investor or conducts sales or other dispositions and disburses or credits the income from the ADSs to the holder of the ADSs. It should be noted that the German statutory law does not explicitly condition the obligation to withhold taxes on capital gains being subject to taxation in Germany under German statutory law or on an applicable income tax treaty permitting Germany to tax such capital gains.

However, a circular issued by the German Federal Ministry of Finance, dated January 18, 2016, reference number IV C 1-S2252/08/10004 :017, as amended from time to time, provides that German taxes on capital gains need not be withheld when the holder of the custody account is not a resident of Germany for tax purposes and the income is not subject to German taxation. The circular further states that there is no obligation to withhold such tax even if the non-German resident holder owns 1% or more of the share capital of a German company. While circulars issued by the German Federal Ministry of Finance are in principle only binding on the German tax authorities but not on the German courts, in practice, the disbursing agents nevertheless typically rely on guidance contained in such circulars. Therefore, a disbursing agent is expected not to withhold tax on capital gains derived by a U.S. treaty beneficiary from the disposition of ADSs held in a custodial account in Germany, unless the holder of the ADSs does not provide evidence on its tax status as non-German tax resident. In any other case, the U.S. treaty beneficiary may be entitled to claim a refund of the withholding tax from the German tax authorities under the Treaty, as described below in the section “—Withholding Tax Refund for U.S. Treaty Beneficiaries.”

### ***Withholding Tax Refund for U.S. Treaty Beneficiaries***

U.S. treaty beneficiaries are generally eligible for treaty benefits under the Treaty, as described above in Section “—Taxation of Holders Not Tax Resident in Germany.” Accordingly, U.S. treaty beneficiaries are in general entitled to claim a refund of the portion of the otherwise applicable 26.375% German withholding tax (corporate income tax including solidarity surcharge) on dividends that exceeds the applicable Treaty rate (subject to presenting a German withholding tax certificate). However, in respect of dividends, refund described in the preceding paragraph is only possible if, due to special rules on the restriction of withholding tax credit, the following three cumulative requirements are met: (i) the holder must qualify as beneficial owner of the ADSs for an uninterrupted minimum holding period of 45 days within a period starting 45 days prior to and ending 45 days after the due date of the dividends, (ii) the holder has to bear at least 70% of the change in value risk related to the ADSs during the minimum holding period as described under (i) of this paragraph and has not entered into (acting by itself or through a related party) hedging transactions which lower the change in value risk by more than 30%, and (iii) the holder must not be obliged to fully or largely compensate directly or indirectly the dividends to third parties. If these requirements are not met, then for a shareholder not being tax-resident in Germany who applied for a full or partial refund of the withholding tax pursuant to a double taxation treaty, no refund is available. This restriction generally does only apply, if (i) the tax on the dividends underlying the refund application is below 15% of the gross amount of the dividends pursuant to a double taxation treaty and (ii) the holder does not directly own 10% or more in the shares of the company and is subject to income taxes in its state of residence, without being tax-exempt. The restriction of the withholding tax credit does not apply if the holder has beneficially owned the ADSs for at least one uninterrupted year until receipt (Zufluss) of the dividends. In addition to the aforementioned restrictions, in particular, pursuant to a decree published by the German Federal Ministry of Finance dated July 17, 2017 (BMF, Schreiben vom 17.7.2017—IV C 1—S 2252/15/10030:05, DOK 2017/0614356), as amended, the withholding tax credit may also be denied as an anti-abuse measure.

However, as previously discussed, investors should note that it is unclear how the German tax administration will apply the refund process to dividends on the ADSs. Further, such refund is subject to the German anti-avoidance treaty shopping rule according to section 50d para. 3 of the German Income Tax Act (Einkommensteuergesetz). Generally, this rule requires that the U.S. treaty beneficiary (in case it is a non-German resident company) maintains its own administrative substance and conducts its own business activities. In particular, a foreign company shall not have the right to a full or partial refund to the extent persons holding ownership interests in the Company would not be entitled to the refund if they would have derived the income directly and the gross income realized by the foreign company is not caused by the business activities of the foreign company, and there are either no economic or other considerable reasons for the interposition of the foreign company, or the foreign company does not participate in general commerce by means of a business organization with resources appropriate to its business purpose. However, this shall not apply if the foreign company’s principal class of stock is regularly traded in substantial volume on a recognized stock exchange, or if the foreign company is subject to the provisions of the German Investment Tax Act (Investmentsteuergesetz). Furthermore, the European Court of Justice recently decided that the German anti-avoidance treaty shopping rule, as described before, is not in line with the requirements of the European Directive 2011/96EC (the European Parent Subsidiary Directive), as amended from time to time, but this decision will not directly affect non-European resident holders of shares. Therefore, whether or not and to which extent the anti-avoidance treaty shopping rule applies, has to be analyzed on a case by case basis taking into account all relevant tests. In addition, the interpretation of these tests is disputed and to date no published decisions of the German Federal Finance Court (Bundesfinanzhof) dealing with the interpretation of these tests exist.

Due to the legal structure of the ADSs, only limited guidance of the German tax authorities exists on the practical application of this procedure with respect to the ADSs.

### ***Taxation of Holders Tax Resident in Germany***

This subsection provides an overview of dividend taxation with regard to the general principles applicable to the Company’s holders of ADSs who are tax resident in Germany. A holder is a German tax resident if, in case of an individual, he or she maintains a domicile (Wohnsitz) or a usual residence (gewöhnlicher Aufenthalt) in Germany or if, in case of a corporation, it has its place of central management (Geschäftsleitung) or a statutory seat (Sitz) in Germany.

The German dividend and capital gains taxation rules applicable to German tax residents require a distinction between ADSs held as private assets (*Privatvermögen*) and ADSs held as business assets (*Betriebsvermögen*).

#### ***ADSs as Private Assets (Privatvermögen)***

If the ADSs are held as private assets (*Privatvermögen*) by a German tax resident individual, dividends and capital gains are taxed as capital income (*Einkünfte aus Kapitalvermögen*) and are principally subject to 25% German flat rate income tax on capital income (*Abgeltungsteuer*) (plus a 5.5% solidarity surcharge (*Solidaritätszuschlag*) thereon, resulting in an aggregate rate of 26.375% and plus church tax (*Kirchensteuer*), if applicable), which is generally levied in the form of withholding tax on capital income (*Kapitalertragsteuer*). The holder is taxed on gross capital income (including dividends or gains with respect to ADSs), less the annual saver's tax-free allowance (*Sparer-Pauschbetrag*) of currently of €801 for an individual or €1,602 for married couples and a registered civil unions (*eingetragene Lebenspartnerschaften*) filing taxes jointly. The deduction of actual expenses relating to the capital income (including dividends or gains with respect to ADSs) is generally not permitted. The withholding tax on capital income generally settles the income tax liability of the holder with respect to the capital income. However, private investors may request the application of their personal progressive income tax rate on the whole income from capital investments in a given year if this results in a lower tax liability. If this is the case, any tax withheld in excess will be refunded during the personal income tax assessment procedure.

Losses resulting from the disposal of ADSs can only be offset with capital gains from the disposition of shares of corporations (*Aktien*) and other ADSs treated similar to shares. If, however, a holder directly or indirectly held at least 1% of the share capital of the Company at any time during the five years preceding the disposition, the German flat rate income tax on capital income does not apply with regard to such capital gain, but, 60% of the capital gain resulting from the disposition are taxable at the holder's personal progressive income tax rate (plus 5.5% solidarity surcharge and church tax, if applicable, thereon). Correspondingly, only 60% of any capital losses and disposal costs are tax deductible.

#### ***ADSs as Business Assets (Betriebsvermögen)***

In case the ADSs are held as business assets, the actual taxation depends on the legal form of the holder (i.e., whether the holder is a corporation or an individual). Irrespective of the legal form of the holder, dividends are generally subject to the aggregate withholding tax rate of 26.375%, unless the holder of the ADSs is an investment fund (*Investmentfonds*) subject to German investment taxation. The tax actually withheld is credited against the respective holder's final (corporate or personal) income tax liability. Due to special rules on the restriction of withholding tax credits in respect of dividends, a full withholding tax credit requires that the following three cumulative requirements are met: (i) the holder must qualify as beneficial owner of the ADSs for an uninterrupted minimum holding period of 45 days within a period starting 45 days prior to and ending 45 days after the due date of the dividends, (ii) the holder has to bear at least 70% of the change in value risk related to the ADSs during the minimum holding period as described under (i) of this paragraph and has not entered into (acting by itself or through a related party) hedging transactions which lower the change in value risk by more than 30%, and (iii) the holder must not be obliged to fully or largely compensate directly or indirectly the dividends to third parties. If these requirements are not met, three-fifths of the withholding tax imposed on the dividends must not be credited against the holder's corporate tax or income tax liability, but may, upon application, be deducted from the holder's tax base for the relevant tax assessment period. A holder that is generally subject to German income tax or corporate income tax and that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit under the aforementioned requirements has to notify the competent local tax office accordingly and has to make a payment in the amount of the omitted withholding tax deduction. The special rules on the restriction of withholding tax credit do not apply to a holder whose overall dividend earnings within an assessment period do not exceed €20,000 or that has been the beneficial owner of the ADSs for at least one uninterrupted year until receipt (*Zufluss*) of the dividends. In addition to the aforementioned restrictions, in particular, pursuant to a decree published by the German Federal Ministry of Finance dated July 17, 2017 (BMF, Schreiben vom 17.7.2017—IV C 1—S 2252/15/10030:05, DOK 2017/0614356), as amended, the withholding tax credit may also be denied as an anti-abuse measure.

To the extent the amount withheld exceeds the (corporate or personal) income tax liability, the withholding tax will be refunded, provided that certain requirements are met.

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With regard to holders in the legal form of a corporation, capital gains from ADSs are in general effectively 95% tax exempt from corporate income tax (including solidarity surcharge) and trade tax. In contrast, dividends from ADSs are only 95% exempt from corporate income tax, if the corporation holds at least 10% of the share capital (Grundkapital oder Stammkapital) in the Company at the beginning of the respective calendar year. To the extent ADSs and/or shares of 10% or more of the company have been acquired during a calendar year, the acquisition will be deemed to be made at the beginning of the calendar year. Furthermore, dividends are subject to trade tax (Gewerbesteuer), unless the holder holds at least 15% of the share capital in the company at the beginning of the tax assessment period. In the latter case, effectively 95% of the dividends are exempt from trade tax. Business expenses and capital losses actually incurred in connection with ADSs might not be tax deductible for corporate income and trade tax purposes except if certain requirements are met. This concerns in particular expenses which are related to the disposition of ADSs.

With regard to individuals holding ADSs as business assets, 60% of dividends and capital gains are taxed at the personal progressive income tax rate of the holder of the ADSs (plus 5.5% solidarity surcharge and church tax, if applicable, thereon). Correspondingly, only 60% of business expenses related to the respective income are principally deductible for income tax purposes. Furthermore, trade tax may apply, provided the ADSs are held as assets of a German trade or business (Gewerbebetrieb) of the holder, but the resulting trade tax might be credited against the income tax liability of the holder pursuant to a lump sum procedure.

Special taxation rules apply to German tax resident credit institutions (Kreditinstitute), financial services institutions (Finanzdienstleistungsinstitute), financial enterprises (Finanzunternehmen), life insurance and health insurance companies (Lebens- und Krankenversicherungsunternehmen), pension funds (Pensionsfonds) and investment funds (Investmentfonds).

### ***German Inheritance and Gift Tax (Erbschaft- und Schenkungsteuer)***

Generally, a transfer of ADSs by inheritance or way of gift will be subject to German inheritance or gift tax, respectively, if: (i) the decedent or donor, or the heir, donee or other transferee is resident in Germany at the time of the transfer or with respect to German citizens who are not resident in Germany, if the decedent or donor, or the heir, donee or other transferee has not been continuously outside of Germany for a period of more than five years; (ii) the ADSs or ordinary shares are part of the business property of a permanent establishment or a fixed base in Germany; or (iii) the ADSs or ordinary shares subject to such transfer form part of a portfolio that represents at the time of the transfer 10% or more of the registered share capital of the Company and has been held, directly or indirectly, by the decedent or donor.

However, the right of Germany to impose gift or inheritance tax on a non-resident shareholder may be limited by an applicable estate tax treaty. In the case of a U.S. resident holder, a transfer of ADSs by a U.S. resident holder at death or by way of gift generally will not be subject to German gift or inheritance tax pursuant to the estate tax treaty between the U.S. and Germany (Convention between the Federal Republic of Germany and the United States of America for the Avoidance of Double Taxation with respect to Estate, Gift and Inheritance Taxes, (Abkommen zwischen der Bundesrepublik Deutschland und den Vereinigten Staaten von Amerika zur Vermeidung der Doppelbesteuerung auf dem Gebiet der Nachlass-, Erbschaft- und Schenkungssteuern) as published on December 18, 2000 (the "Estate Tax Treaty"), provided the decedent or donor, or the heir, donee or other transferee was not domiciled in Germany for purposes of the Estate Tax Treaty at the time the gift was made, or at the time of the decedent's death, and the ADSs were not held in connection with a permanent establishment or a fixed base in Germany. In general, the Estate Tax Treaty provides a credit against the U.S. federal gift or estate tax liability for the amount of gift or inheritance tax.

### ***Other German Taxes***

There are currently no German net worth, transfer, stamp or other similar taxes that would apply to a U.S. holder on the acquisition, ownership, sale or other disposition of the ADSs. Certain member states of the European Union are considering introducing a financial transaction tax (Finanztransaktionssteuer) which, if and when introduced, may also be applicable on sales and/or transfer of ADSs.

## U.S. Taxation

### *Material U.S. Federal Income Tax Considerations*

This section describes the material United States federal income tax consequences of owning and disposing of ADSs. It applies to you only if you are a U.S. holder (as defined below) and you hold your ADSs as capital assets for United States federal income tax purposes. This discussion addresses only United States federal income taxation and does not discuss all of the tax consequences that may be relevant to you in light of your individual circumstances, including foreign, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a broker or dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a tax-exempt organization or governmental organization,
- a tax-qualified retirement plan,
- a bank, insurance company or other financial institution,
- a real estate investment trust or regulated investment company,
- a person that actually or constructively owns 10% or more of the combined voting power of our voting stock or of the total value of our stock,
- a person that holds ADSs as part of a straddle or a hedging or conversion transaction,
- a person that purchases or sells ADSs as part of a wash sale for tax purposes,
- a person whose functional currency is not the U.S. dollar,
- a corporation that accumulates earnings to avoid U.S. federal income tax,
- an S corporation, partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes (and investors therein), and
- a person deemed to sell ADSs under the constructive sale provisions of the Internal Revenue Code of 1986

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect, as well as on the Treaty. These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the representations of the depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

If an entity or arrangement that is treated as a partnership for United States federal income tax purposes holds the ADSs, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the ADSs should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the ADSs.

You are a U.S. holder if you are a beneficial owner of ADSs and you are, for United States federal income tax purposes:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

You should consult your own tax advisor regarding the United States federal, state and local tax consequences of owning and disposing of ADSs in your particular circumstances.

In general, and taking into account the earlier assumptions, for United States federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the shares represented by those ADRs. Exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to United States federal income tax.

Except as described below under "PFIC Rules," this discussion assumes that we are not, and will not become, a PFIC for United States federal income tax purposes.

### ***Dividends***

Under the United States federal income tax laws, if you are a U.S. holder, the gross amount of any distribution we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes), other than certain pro-rata distributions of our shares, will be treated as a dividend that is subject to United States federal income taxation. If you are a noncorporate U.S. holder, dividends that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold the ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends we pay with respect to the ADSs generally will be qualified dividend income provided that, in the year that you receive the dividend, the ADSs are readily tradable on an established securities market in the United States. Our ADSs are listed on the NYSE and we therefore expect that dividends will be qualified dividend income.

You must include any German tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The dividend is taxable to you when the depositary receives the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that you must include in your income will be the U.S. dollar value of the Euro payments made, determined at the spot Euro/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the ADSs and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with United States federal income tax principles. Accordingly, you should expect to generally treat distributions we make as dividends.

Subject to certain limitations, the German tax withheld in accordance with the Treaty and paid over to Germany will be creditable or deductible against your United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a

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reduction or refund of the tax withheld is available to you under German law or under the Treaty, the amount of tax withheld that could have been reduced or that is refundable will not be eligible for credit against your United States federal income tax liability. See “—German Taxation—German Taxation of Holders of ADSs—Withholding Tax Refund for U.S. Treaty Beneficiaries,” above, for the procedures for obtaining a tax refund.

Dividends will generally be income from sources outside the United States and will generally be “passive” income for purposes of computing the foreign tax credit allowable to you.

***Capital Gains***

If you are a U.S. holder and you sell or otherwise dispose of your ADSs, you will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your tax basis, determined in U.S. dollars, in your ADSs. Capital gain of a noncorporate U.S. holder is generally taxed at preferential rates where the property is held for more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

***PFIC Rules***

We believe we were not a PFIC in the prior taxable year and do not expect to become a PFIC in the current taxable year or the foreseeable future. However, this conclusion is a factual determination that is made annually and thus may be subject to change. It is therefore possible that we could become a PFIC in a future taxable year. In addition, our current expectation regarding our PFIC status is based in part upon the value of our goodwill, which is based on the market value for our shares and ADSs, and in part on the rate at which our cash and cash equivalents are spent. Accordingly, we could become a PFIC in the future if there is a substantial decline in the value of our shares and ADSs or we spend our cash or cash equivalents at a slower rate than expected.

In general, if you are a U.S. holder, we will be a PFIC with respect to you if for any taxable year in which you held our ADSs:

- at least 75% of our gross income for the taxable year is passive income, or
- at least 50% of the value, determined on the basis of a quarterly average, of our assets is attributable to assets that produce or are held for the production of passive income.

“Passive income” generally includes dividends, interest, gains from the sale or exchange of investment property, rents and royalties (other than certain rents and royalties derived in the active conduct of a trade or business) and certain other specified categories of income. If a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation, and as receiving directly its proportionate share of the other corporation’s income.

If we are treated as a PFIC, and you are a U.S. holder that did not make a mark-to-market election, as described below, you will generally be subject to special rules with respect to:

- any gain you realize on the sale or other disposition of your ADSs and
- any excess distribution that we make to you (generally, any distributions to you during a single taxable year, other than the taxable year in which your holding period in the ADSs begins, that are greater than 125% of the average annual distributions received by you in respect of the ADSs during the three preceding taxable years or, if shorter, the portion of your holding period for the ADSs that preceded the taxable year in which you receive the distribution).

Under these rules:

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- the gain or excess distribution will be allocated ratably over your holding period for the ADSs,
- the amount allocated to the taxable year in which you realized the gain or excess distribution or to prior years before the first year in which we were a PFIC with respect to you will be taxed as ordinary income,
- the amount allocated to each other prior year will be taxed at the highest tax rate in effect for that year for individuals or corporations, as applicable, and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

Special rules apply for calculating the amount of the foreign tax credit with respect to excess distributions by a PFIC.

If we are a PFIC in a taxable year and our ADSs are treated as “marketable stock” in such year, you may make a mark-to-market election with respect to your ADSs. If you make this election, you will not be subject to the PFIC rules described above. Instead, in general, you will include as ordinary income each year the excess, if any, of the fair market value of your ADSs at the end of the taxable year over your adjusted basis in your ADSs. You will also be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of your ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). Your basis in the ADSs will be adjusted to reflect any such income or loss amounts. Any gain that you recognize on the sale or other disposition of your ADSs would be ordinary income and any loss would be an ordinary loss to the extent of the net amount of previously included income as a result of the mark-to-market election and, thereafter, a capital loss.

Under certain attribution rules, if we are considered a PFIC, you will generally be deemed to own a proportionate share of our direct or indirect equity interest in any company that is also a PFIC (a “Subsidiary PFIC”), and will be subject to U.S. federal income tax on any indirect gain realized on the stock of a Subsidiary PFIC upon the sale of ADSs, and your proportionate share of any excess distributions on the stock of a Subsidiary PFIC and any gain on a disposition or deemed disposition of the stock of a Subsidiary PFIC by us or by another Subsidiary PFIC. A mark-to-market election will not be available with respect to the stock of any Subsidiary PFIC.

Your ADSs will generally be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your ADSs, even if we are not currently a PFIC unless you make a “deemed sale” election.

In addition, notwithstanding any election you make with regard to the ADSs, dividends that you receive from us will not constitute qualified dividend income to you if we are a PFIC (or are treated as a PFIC with respect to you) either in the taxable year of the distribution or the preceding taxable year. Dividends that you receive that do not constitute qualified dividend income are not eligible for taxation at the preferential rates applicable to qualified dividend income. Instead, you must include the gross amount of any such dividend paid by us out of our accumulated earnings and profits (as determined for United States federal income tax purposes) in your gross income, and it will be subject to tax at rates applicable to ordinary income.

If you own ADSs during any year that we are a PFIC with respect to you, you may be required to file U.S. Internal Revenue Service (“IRS”) Form 8621.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN ADSs UNDER THE INVESTOR’S OWN CIRCUMSTANCES.**



#### **F. Dividends and Paying Agents**

Not applicable.

#### **G. Statement by Experts**

Not applicable.

#### **H. Documents on Display**

We are required to make certain filings with the SEC. The SEC maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that site is [www.sec.gov](http://www.sec.gov).

We are subject to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, as applied to foreign private issuers (the “Exchange Act”). Because we are a foreign private issuer, the SEC’s rules do not require us to deliver proxy statements or to file quarterly reports. In addition, our “insiders” are not subject to the SEC’s rules that prohibit short-swing trading. We prepare quarterly and annual reports containing consolidated financial statements in accordance with IFRS. Our annual consolidated financial statements are certified by an independent accounting firm. We furnish quarterly financial information to the SEC on Form 6-K and file annual reports on Form 20-F within the time period required by the SEC, which is currently four months from the end of the fiscal year on December 31. These quarterly and annual reports can be obtained over the internet at the SEC’s website.

We also make available on our website, free of charge, our annual reports on Form 20-F and the text of our reports on Form 6-K, including any amendments to these reports, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is <https://group.jumia.com>. The information contained on our website is not incorporated by reference in this document.

We will furnish The Bank of New York Mellon, the depository of the ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with in accordance with IFRS as issued by the IASB, and all notices of shareholders’ meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders’ meeting received by the depository from us.

#### **I. Subsidiary Information**

Not applicable.

### **Item 11. Quantitative and Qualitative Disclosures About Market Risk**

#### **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. Our 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. We do not hedge our 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 we operate 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 euro and US dollars at the Group level
- Each foreign entity is funded by Group loans, in euro or US dollars, on average every quarter based on a detailed cash flow forecast

### **Foreign currency sensitivity**

The following table provides information on the sensitivity concerning a reasonably possible change in euro and US dollars exchange rates for our major currencies, with all other variables held constant. Our exposure to foreign currency changes for all other currencies is not material.

The Group assessed a possible change of +/- 5% to Egyptian Pound (EGP) and Moroccan Dirham (MAD) due to valuation fluctuations in 2020 of 1.7% to 7.2% of mentioned, a possible change of +/- 10% to Ghanaian Cedi (GHS), Emirati Dirham (AED) and South African Rand (ZAR) due to valuation fluctuations in 2020 of 9.4% to 14.1% of mentioned currencies, and a possible change of +/- 15% to Nigerian Naira (NGN) and Kenyan Shilling (KES) due to valuation fluctuations in 2020 of 16.0% to 17.8% of mentioned currencies. 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:

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<i>In thousands of EUR</i>		<b>Effect on pre-tax equity</b>	<b>Effect on profit before tax</b>
<b>Change in EGP/EUR rate</b>			
	5 %	(11,475)	3,196
	(5)%	11,475	(3,196)
<b>Change in ZAR/EUR</b>			
	10 %	74	122
	(10)%	(74)	(122)
<b>Change in NGN/EUR</b>			
	15 %	(188,064)	548,353
	(15)%	188,064	(548,353)
<b>Change in MAD/EUR</b>			
	5 %	(115,614)	616
	(5)%	115,614	(616)
<b>Change in GHS/EUR</b>			
	10 %	(169)	441
	(10)%	169	(441)
<b>Change in KES/EUR</b>			
	15 %	(66,556)	96,769
	(15)%	66,556	(96,769)
<b>Change in AED/EUR</b>			
	10 %	(33,206)	871
	(10)%	33,206	(871)
<b>Change in EGP/USD rate</b>			
	5 %	(1,200)	(8)
	(5)%	1,200	8
<b>Change in ZAR/USD</b>			
	10 %	(76)	12
	(10)%	76	(12)
<b>Change in NGN/USD</b>			
	15 %	(3,717)	9,495
	(15)%	3,717	(9,495)
<b>Change in GHS/USD</b>			
	10 %	(508)	14
	(10)%	508	(14)
<b>Change in KES/USD</b>			
	15 %	(2,512)	10,345
	(15)%	2,512	(10,345)
<b>Change in AED/USD</b>			
	10 %	—	86
	(10)%	—	(86)

### **Liquidity risk**

The primary objective of our liquidity and capital management is to monitor the availability of cash and capital in order to support our business expansion and growth. We manage our liquidity and capital structure with reference to economic conditions, performance of our 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, we secured funding via our IPO and a private placement. Most of the 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, we mitigate the risk of interest rate changes.

### **Item 12. Description of Securities Other Than Equity Securities**

#### **A. Debt Securities**

Not applicable.

#### **B. Warrants and Rights**

Not applicable.

#### **C. Other Securities**

Not applicable.

#### **D. American Depositary Shares**

### **Fees and Expenses Our ADS Holders May Have to Pay**

The Bank of New York Mellon, as depositary, will register and deliver ADSs. Each ADS represents 2 of our ordinary shares (or a right to receive 2 ordinary shares) deposited with The Bank of New York Mellon SA/NV, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, NY 10286.

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<i>Persons depositing or withdrawing shares or ADS holders must pay:</i>	<i>For:</i>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
\$0.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
\$0.05 (or less) per ADS per calendar year	Depository services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable and facsimile transmissions (when expressly provided in the deposit agreement) Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depository services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit

agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

#### **Fees and Other Payments Made by the Depositary to Us**

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. For the year ended December 31, 2019, we received reimbursement in the amount of approximately €1.9 million (US\$2.1 million) from the depositary. For the year ended 31, 2020 no reimbursement was received.

## **PART II**

### **Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

### **Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

#### **Material Modifications to the Rights of Securities Holders**

See Item 10. "Additional Information" for a description of the rights of securities holders, which remain unchanged.

#### **Use of Proceeds**

The following "Use of Proceeds" information relates to the registration statement on Form F-1, as amended (File No. 333-230207) (the "F-1 Registration Statement") in relation to our initial public offering of 13,500,000 ADSs representing 27,000,000 ordinary shares, at an initial offering price of US\$14.50 per ADS. Our initial public offering closed in April 2019. Morgan Stanley & Co. LLC, Citigroup Global Markets Inc. and Berenberg Capital Markets, LLC were the representatives of the underwriters for our initial public offering.

The F-1 Registration Statement was declared effective by the SEC on April 10, 2019. For the period from the effective date of the F-1 Registration Statement to December 31, 2019, the total expenses incurred for our company's account in connection with our initial public offering were approximately US\$21.3 million, which included approximately US\$15.3 million in underwriting discounts and commissions for the initial public offering and approximately US\$6.0 million in other costs and expenses for our initial public offering. Including the ADSs sold upon the exercise of the over-allotment option by our underwriters, we offered and sold an aggregate of 15,525,000 ADSs at an initial public offering price of US\$14.50 per ADS. We received approximately US\$280.2 million in net proceeds from our initial public offering and corresponding concurrent private placement with Mastercard and issuance of shares to existing shareholders, after deducting underwriting commissions and discounts and the offering expenses payable by us. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning more than 10% or more of our equity securities or our affiliates. None of the net proceeds from the initial public offering were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates.

For the period from April 10, 2019, the date that the F-1 Registration Statement was declared effective by the SEC, to December 31, 2020, we have used the majority of the proceeds received from our initial public offering to finance our operations.

We still intend to use the remainder of the proceeds from our initial public offering as disclosed in the F-1 Registration Statement. We may also use part of the proceeds to repurchase our ADSs.

## **Item 15. Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”)) that are designed to ensure that information required to be disclosed in the Company’s reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our co-chief executive officers and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our co-chief executive officers and chief financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2020. Based upon that evaluation, our co-chief executive officers and chief financial officer concluded that, as a result of the material weakness in our internal control over financial reporting described below, the design and operation of our disclosure controls and procedures were not effective, as of December 31, 2020.

### **Management's Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Our management assessed the effectiveness of our internal control over financial reporting based on the criteria set forth in “Internal Control - Integrated Framework (2013)” issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based upon the above evaluation, management, including our co-chief executive officers and chief financial officer, concluded that our internal control over financial reporting was not effective as of December 31, 2020 due to the presence of a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim consolidated financial statements may not be prevented or detected on a timely basis.

Specifically, we identified deficiencies in the corporate finance and accounting functions identified by management related to the failure to identify accounting adjustments in certain areas, including income taxes, share-based compensation and contractual commitments, and we did not adequately review or oversee the work of external specialists in some of these matters to assist us in the preparation of our financial statements and in our compliance with SEC reporting obligations. Such deficiencies, when considered in the aggregate, constitute a material weakness.

Notwithstanding this material weakness, our management, based on the substantial work performed, concluded that our consolidated financial statements for the periods covered by and included in this Annual Report are fairly stated in all material respects in accordance with IFRS.

We have already made some improvements regarding the remediation of this material weakness on the corporate finance and accounting functions; however, additional effort is required. We have hired and will continue to hire additional accounting, finance personnel. We have implemented extensive checklists and invested in automation of

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reporting allowing us to focus on technical compliance and review; we have standardized our controls over accounting and reporting and formalized our financial statement review process.

#### **Attestation Report of the Registered Public Accounting Firm**

This Annual Report does not include an attestation report of our independent registered public accounting firm. Our independent registered public accounting firm will not be required to opine on the effectiveness of our internal control over financial reporting until we are no longer an emerging growth company.

#### **Changes in Internal Control over Financial Reporting**

During the period covered by this Annual Report our management has taken steps toward improving our internal controls over financial reporting and remediated the previously identified material weaknesses related to IT access. However, the changes during the period covered by this Annual Report have not yet fully affected the remediation of the material weakness related to corporate accounting and finance function.

#### **Item 16A. Audit Committee Financial Expert**

See Item 6. “Directors, Senior Management and Employees —C. Board Practices—Audit Committee.”

#### **Item 16B. Code of Ethics**

In accordance with NYSE listing requirements and SEC rules, the Company adopted a written code of business conduct and ethics, or code of conduct, which outlines the principles of legal and ethical business conduct under which we do business. The code of conduct applies to all of our supervisory board members, management board members and employees. The full text of the code of conduct is available on our website at <https://group.jumia.com>.

#### **Item 16C. Principal Accountant Fees and Services**

The Audit Committee has adopted a pre-approval policy that requires the pre-approval of all services performed for us by our independent registered public accounting firm. Additionally, the Audit Committee has delegated to the Committee Chairman full authority to approve any management request for pre-approval, provided the Chairman presents any approval given at its next scheduled meeting. All audit-related services, tax services and other services rendered by our independent registered public accounting firm or their affiliates were pre-approved by the Audit Committee and are compatible with maintaining the auditor’s independence.

Ernst & Young, Société Anonyme, has served as our principal independent registered public auditor for the years 2018, 2019 and 2020 for which audited Consolidated Financial Statements appear in this Annual Report. Set forth below are the total fees billed (or expected to be billed), on a consolidated basis, by Ernst & Young, Société Anonyme, and affiliates for providing audit and other professional services in each of the last three years:

	For the year ended December 31,		
	2018	2019 (in € millions)	2020
Audit fees	2.2	2.5	2.1
Audit-related fees	1.3	0.7	1.0
<b>Total</b>	<b>3.5</b>	<b>3.2</b>	<b>3.1</b>

Audit fees consist of fees and expenses billed for the annual audit and quarterly review of Jumia’s consolidated financial statements.

Audit-related fees consist of fees and expenses billed for assurance and related services that are related to the performance of the audit or review of Jumia’s financial statements and include consultations concerning financial



accounting and reporting standards and services related to Securities and Exchange Commission filings including comfort letters and the review of documents filed with the SEC (in particular in relation to our initial public offering).

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

None.

**Item 16F. Change in Registrant's Certifying Accountant**

None.

**Item 16G. Corporate Governance**

**Differences Between Our Corporate Governance Practices and Those Set Forth in the NYSE Listed Company Manual**

In general, under Section 303A.11 of the NYSE Listed Company Manual, foreign private issuers such as us are permitted to follow home country corporate governance practices instead of certain provisions of the NYSE Listed Company Manual without having to seek individual exemptions from the NYSE. A foreign private issuer making its initial U.S. listing on the NYSE and following home country corporate governance practices in lieu of the corresponding corporate governance provisions of the NYSE Listed Company Manual must disclose in its registration statement or on its website any significant ways in which its corporate governance practices differ from those followed by U.S. companies under the NYSE Listed Company Manual. In addition, we also may qualify for certain exemptions under the NYSE Listed Company Manual as a foreign private issuer that may affect our corporate governance practices. The significant differences between the corporate governance practices that we follow and those set forth in the NYSE Listed Company Manual are described below:

- Section 303A.01 of the NYSE Listed Company Manual requires listed companies to have a majority of independent directors. There is no requirement under German law that the majority of members of a supervisory board be independent, and the rules of procedure of our supervisory board provide that our supervisory board should be composed of, in its own estimation, an adequate number of independent members, though this is not a mandatory requirement.
- Section 303A.09 of the NYSE Listed Company Manual requires all listed companies to adopt and disclose corporate governance guidelines. German law does not require a company to adopt separate corporate governance guidelines. Instead, we follow the German Corporate Governance Code as described above.
- Section 312.03(c) of the NYSE Listed Company Manual require listed companies to obtain stockholder approval prior to issuing or selling securities (or securities convertible into or exercisable for common stock) that equal 20% or more of the issuer's outstanding common stock or voting power prior to such issuance or sale. Under German law, every shareholder is generally entitled to subscription rights (commonly known as preemptive rights) to any new shares issued within the framework of a capital increase, including convertible bonds, bonds with warrants, profit sharing rights or income bonds in proportion to the number of shares the respective shareholder holds in the corporation's existing share capital. The shareholders' meeting may, however, authorize the management board (together with the supervisory board), subject to certain conditions, to issue or sell shares in the company without the need for prior shareholder approval and to exclude subscription rights of existing shareholders.

**Item 16H. Mine Safety Disclosure**

Not applicable.

**PART III**

**Item 17. Financial Statements**

We have responded to Item 18 in lieu of responding to this Item.

**Item 18. Financial Statements**

See page F-1 of this Annual Report.

**Item 19. Exhibits**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
1.1*	<a href="#">Articles of Association of the Registrant, dated March 11, 2021</a>
1.2	<a href="#">Rules of Procedure of the Supervisory Board of the Registrant (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form F-3 (File No. 333- 240016) filed with the SEC on July 22, 2020)</a>
1.3	<a href="#">Rules of Procedure of the Management Board of the Registrant (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form F-3 (File No. 333- 240016) filed with the SEC on July 22, 2020)</a>
2.1	<a href="#">Form of American Depositary Receipt evidencing American Depositary Shares (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form F-1 (File No. 333-230207) filed with the SEC on March 28, 2019)</a>
2.2	<a href="#">Form of Deposit Agreement between the Registrant, the depositary and holders of American Depositary Shares evidenced by American Depositary receipts issued thereunder (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form F-1 (File No. 333-230207) filed with the SEC on March 12, 2019)</a>
2.3*	<a href="#">Description of Securities</a>
4.1	<a href="#">Post-Conversion Shareholders' Agreement, dated as of December 18, 2018 (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form F-1 (File No. 333-230207) filed with the SEC on March 12, 2019)</a>
4.2	<a href="#">Information Sharing Agreement by and among Jumia Technologies AG and Mobile Telephone Networks Holdings (Pty) Ltd (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form F-1 (File No. 333-230207) filed with the SEC on March 28, 2019)</a>
4.3	<a href="#">Jumia UG (haftungsbeschränkt) &amp; Co. KG, Option Program 2016 (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form F-1 (File No. 333-230207) filed with the SEC on March 28, 2019)</a>
4.4	<a href="#">Jumia Technologies AG, Stock Option Program 2019 (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form F-1 (File No. 333-230207) filed with the SEC on March 28, 2019)</a>
4.5	<a href="#">Jumia, Virtual Restricted Stock Unit Program 2019 (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form F-1 (File No. 333-230207) filed with the SEC on March 28, 2019)</a>
4.6	<a href="#">Jumia Technologies AG, Stock Option Program 2020 (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 (File No. 333-240017) filed with the SEC on July 22, 2020)</a>
4.7	<a href="#">Jumia, Virtual Restricted Stock Unit Program 2020 (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-8 (File No. 333-240017) filed with the SEC on July 22, 2020)</a>
8.1	<a href="#">List of Significant Subsidiaries (incorporated by reference to Exhibit 8.1 to the Company's Annual Report on Form 20-F (File No. 001-38863) filed with the SEC on April 3, 2020)</a>
12.1*	<a href="#">Co-CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2*	<a href="#">Co-CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.3*	<a href="#">CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1**	<a href="#">Co-CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
13.2**	<a href="#">Co-CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
13.3**	<a href="#">CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1*	<a href="#">Consent of Ernst &amp; Young, Société Anonyme</a>
101*	INS XBRL Instance Document the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. SCH XBRL Taxonomy Extension Scheme Document CAL XBRL Taxonomy Extension Calculation Linkbase Document LAB XBRL Taxonomy Extension Definition Linkbase Document PRE XBRL Taxonomy Extension Label Linkbase Document DEF XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover page Interactive Data File (embedded within the XBRL document)

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- \* Filed herewith.
- \*\* Furnished herewith

**Signatures**

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for the filing of Form 20-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

JUMIA TECHNOLOGIES AG

Date: March 12, 2021

By /s/ Jeremy Hodara

Name: Jeremy Hodara

Title: Co-Chief Executive Officer and  
Member of the Management Board

JUMIA TECHNOLOGIES AG

Date: March 12, 2021

By /s/ Sacha Poignonnec

Name: Sacha Poignonnec

Title: Co-Chief Executive Officer and  
Member of the Management Board

**JUMIA TECHNOLOGIES AG**  
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Management and Supervisory Board of Jumia Technologies AG

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Jumia Technologies AG and subsidiaries (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standard Board.

### Adoption of IFRS 16 “Leases”

As discussed in Note 2.e. to the consolidated financial statements, starting on January 1, 2019, the Company changed its method for accounting for leases and for its classification and measurement due to the adoption of IFRS 16 “Leases”.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young S.A.

We have served as the Company's auditor since 2014.

Luxembourg, March 12, 2021.



**JUMIA TECHNOLOGIES AG**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2019 AND 2020**

<i>In thousands of EUR</i>	<b>Note</b>	<b>As of December 31,</b>	
		<b>2019</b>	<b>2020</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	7	17,434	16,559
Intangible assets		47	442
Deferred tax assets		109	102
Other non-current assets		1,508	1,377
<b>Total Non-current assets</b>		<b>19,098</b>	<b>18,480</b>
<b>Current assets</b>			
Inventories	8	9,996	6,703
Trade and other receivables	11	16,936	10,722
Income tax receivables		725	635
Other taxes receivable	18	5,395	3,084
Prepaid expenses	12	12,593	10,405
Term deposits	10	62,418	991
Cash and cash equivalents	9	170,021	304,901
<b>Total Current assets</b>		<b>278,084</b>	<b>337,441</b>
<b>Total Assets</b>		<b>297,182</b>	<b>355,921</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	13	156,816	179,259
Share premium	13	1,018,276	1,205,340
Other reserves	14	104,114	108,623
Accumulated losses		(1,096,134)	(1,268,719)
<b>Equity attributable to the equity holders of the Company</b>		<b>183,072</b>	<b>224,503</b>
<b>Non-controlling interests</b>		<b>(498)</b>	<b>(343)</b>
<b>Total Equity</b>		<b>182,574</b>	<b>224,160</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current borrowings	17	6,127	7,950
Deferred tax liabilities		—	50
Provisions for liabilities and other charges	19	226	361
Deferred income	20	1,201	831
<b>Total Non-current liabilities</b>		<b>7,554</b>	<b>9,192</b>
<b>Current liabilities</b>			
Current borrowings	17	3,056	2,966
Trade and other payables	16	56,438	61,772
Income tax payables	27	10,056	11,436
Other taxes payable	18	4,473	10,327
Provisions for liabilities and other charges	19	27,040	31,804
Deferred income	20	5,991	4,264
<b>Total Current liabilities</b>		<b>107,054</b>	<b>122,569</b>
<b>Total Liabilities</b>		<b>114,608</b>	<b>131,761</b>
<b>Total Equity and Liabilities</b>		<b>297,182</b>	<b>355,921</b>

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, 2018, 2019 AND 2020

<i>In thousands of EUR</i>	Note	For the years ended December 31,		
		2018	2019	2020
Revenue	21	129,058	160,408	139,623
Cost of revenue		84,849	84,506	46,783
<b>Gross profit</b>		<b>44,209</b>	<b>75,902</b>	<b>92,840</b>
Fulfillment expense	22	50,466	77,392	69,313
Sales and advertising expense	23	46,016	56,019	32,472
Technology and content expense	24	22,432	27,272	27,844
General and administrative expense	25	94,925	144,525	115,664
Other operating income		172	1,929	3,326
Other operating expense		277	496	101
<b>Operating loss</b>		<b>(169,735)</b>	<b>(227,873)</b>	<b>(149,228)</b>
Finance income	26	1,590	3,959	4,923
Finance costs, net	26	1,349	2,576	14,038
<b>Loss before Income tax</b>		<b>(169,494)</b>	<b>(226,490)</b>	<b>(158,343)</b>
Income tax expense	27	887	575	2,615
<b>Loss for the period</b>		<b>(170,381)</b>	<b>(227,065)</b>	<b>(160,958)</b>
<b>Attributable to:</b>				
Equity holders of the Company		(170,071)	(226,689)	(160,928)
Non-controlling interests		(310)	(376)	(30)
<b>Loss for the period</b>		<b>(170,381)</b>	<b>(227,065)</b>	<b>(160,958)</b>
<b>Other comprehensive income/(loss) to be classified to profit or loss in subsequent periods</b>				
Exchange differences (gain/loss) on translation of foreign operations - net of tax		(9,312)	(19,449)	73,569
Other comprehensive income / (loss) on net investment in foreign operations - net of tax		9,072	20,179	(74,406)
Other comprehensive income/(loss)		(240)	730	(837)
<b>Total comprehensive loss for the period</b>		<b>(170,621)</b>	<b>(226,335)</b>	<b>(161,795)</b>
<b>Attributable to:</b>				
Equity holders of the Company		(170,247)	(225,959)	(161,811)
Non-controlling interests		(374)	(376)	16
<b>Total comprehensive loss for the period</b>		<b>(170,621)</b>	<b>(226,335)</b>	<b>(161,795)</b>
<b>Earnings per share (EPS) in EUR:</b>				
Basic and Diluted Loss for the period attributable to ordinary equity holders of the parent	28	(1.79)	(1.61)	(1.00)

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, 2018, 2019 AND 2020

<i>In thousands of EUR</i>	Attributable to equity holders of the Company					Non-controlling interests	Total Equity
	Share Capital	Share premium	Accumulated losses	Other reserves	Total		
<b>As of January 1, 2018</b>	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)
<b>Total comprehensive loss for the year</b>	—	—	(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	—
<b>As of December 31, 2018</b>	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
<b>Total comprehensive loss for the year</b>	—	—	(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)
<b>As of December 31, 2019</b>	156,816	1,018,276	(1,096,134)	104,114	183,072	(498)	182,574
Loss for the year	—	—	(160,928)	—	(160,928)	(30)	(160,958)
Other comprehensive loss	—	—	—	(883)	(883)	46	(837)
<b>Total comprehensive loss for the year</b>	—	—	(160,928)	(883)	(161,811)	16	(161,795)
Capital contribution (Note 13)	15,941	187,064	1	—	203,006	—	203,006
Capital contribution from exercised stock options	6,329	—	—	(5,649)	680.00	—	680
Share-based payments (Note 15)	—	—	—	11,110	11,110	—	11,110
Equity transaction costs	—	—	(11,402)	—	(11,402)	—	(11,402)
Change in Non-controlling interests	173.00	—	(256)	(69)	(152)	139	(13)
<b>As of December 31, 2020</b>	179,259	1,205,340	(1,268,719)	108,623	224,503	(343)	224,160

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, 2018, 2019 AND 2020

<i>In thousands of EUR</i>	Note	For the years ended December 31,		
		2018	2019	2020
<b>Loss before Income tax</b>		<b>(169,494)</b>	<b>(226,490)</b>	<b>(158,343)</b>
Depreciation and amortization of tangible and intangible assets	25	2,166	7,906	8,133
Impairment losses on loans, receivables and other assets	11	4,436	5,877	4,405
Impairment losses on obsolete inventories	8	288	275	471
Share-based payment expense	15	17,409	37,267	21,647
Net (gain)/loss from disposal of tangible and intangible assets		52	(149)	(17)
Impairment losses on investment in subsidiaries		—	28	—
Change in provision for other liabilities and charges		5,324	6,780	5,455
Lease modification(income)/expenses		—	—	(57)
Interest (income)/expenses		(17)	(682)	613
Net foreign exchange (gain)/loss		(620)	(1,034)	10,617
(Increase)/Decrease in trade and other receivables, prepaid expenses and other tax receivables		(717)	(15,443)	5,356
(Increase)/Decrease in inventories		(636)	(509)	1,758
Increase/(Decrease) in trade and other payables, deferred income and other tax payables		4,606	4,880	2,587
Income taxes paid		(1,809)	(1,294)	(1,097)
<b>Net cash flows used in operating activities</b>		<b>(139,012)</b>	<b>(182,588)</b>	<b>(98,472)</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment		(3,508)	(5,658)	(1,997)
Proceeds from sale of property and equipment		20	51	21
Purchase of intangible assets		(27)	(109)	(520)
Proceeds from sale of intangible assets		219	224	—
Payment for acquisition of subsidiary, net of cash acquired		—	7	—
Interest received		—	795	773
Movement in other non-current assets		(337)	(295)	49
Movement in term deposits and other current assets		—	(62,716)	61,718
<b>Net cash flows (used in) / from investing activities</b>		<b>(3,633)</b>	<b>(67,701)</b>	<b>60,044</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings		(2,244)	(9)	—
Interest settled - financing		(142)	(22)	(34)
Payment of lease interest	17	—	(1,176)	(1,332)
Repayment of lease liabilities	17	—	(3,769)	(3,999)
Equity transaction costs		—	(7,357)	(11,193)
Capital Contributions		215,985	329,161	203,006
Proceeds from exercise of stock options		—	—	680
Buy back of stock from non-controlling interests		(350)	—	—
<b>Net cash flows from financing activities</b>		<b>213,249</b>	<b>316,828</b>	<b>187,128</b>
<b>Net increase in cash and cash equivalents</b>		<b>70,604</b>	<b>66,539</b>	<b>148,700</b>
Effect of exchange rate changes on cash and cash equivalents		303	2,847	(13,820)
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>29,728</b>	<b>100,635</b>	<b>170,021</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>100,635</b>	<b>170,021</b>	<b>304,901</b>

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

## JUMIA TECHNOLOGIES AG

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

#### 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 Skalitzer Strasse 104, 10997 Berlin, Germany. 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.

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. The Group expects to continue generating losses as it makes the necessary investments to grow and/or rebalance its business. 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.

On March 12, 2021 the Supervisory Board authorized these consolidated financial statements for issuance.

#### 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.

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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, 2018, 2019 and 2020, the Group consolidated 78, 71 and 66 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. It is considered as a 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:

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

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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:***

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.

#### ***Accounting policy applied since January 1, 2019:***

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.

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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.

Lease expenses are primarily classified as ‘General and administrative expense’.

### **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:

	<u>Useful life in years</u>
<b>Acquired software licenses</b>	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.



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

### Impairment

Receivables from end customers, third party logistics providers and payment services providers are expected to be collected in a very short period following delivery of the goods. If uncollected after 15 days, these balances are fully provisioned unless there is a clear indicator of commitment to pay. This assessment is based on the agreement with these parties as well as the historical expectation of collection. Due to the very short cycle of collection pattern, Management estimates that the application of the above accounting policy would not materially differ from the application of the expected credit losses model (ECL).

On receivables from corporate customers, the Group calculated an allowance for expected credit losses (“ECLs”) applying the simplified method permitted by IFRS 9 for trade receivables at reporting date. The Group did not track changes in credit risk, but instead calculated a loss allowance based on lifetime ECLs. Using the practical expedient that is allowed by the standard, the Group has established provision matrices that are based on its historical credit loss experience for the previous years, adjusted for non-recurring events and for forward-looking factors per country which incorporated several macroeconomic elements such as the countries’ GDP, unemployment rates. As the ECL calculated did not materially differ from the application of the accounting policy of the Group, which is based on the ageing of the balances, no additional expense was recognized within General and administrative expense.

The Group determines the probability of default upon the initial recognition of the asset. 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 statements 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) along with 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 the prior month's closing foreign exchange rate (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions). Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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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	Year Ended December 31, 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	Year Ended December 31, 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

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Country	Currency	Year Ended December 31, 2020	
		Average Rate	Period-end Rate
Algeria	Algerian Dinar (DZD)	144.26	161.51
Cameroon	CFA Franc BEAC (XAF)	655.96	655.96
Ivory Coast	CFA Franc BCEAO (XOF)	655.96	655.96
Egypt	Egyptian Pound (EGP)	18.00	19.26
Ghana	Cedi (Ghana) (GHS)	6.53	7.17
Kenya	Kenyan Shilling (KES)	120.49	132.62
Morocco	Moroccan Dirham (MAD)	10.72	10.79
Nigeria	Naira (NGN)	431.77	469.67
Rwanda	Rwanda Franc (RWF)	1,078.01	1,195.13
Senegal	CFA Franc BCEAO (XOF)	655.96	655.96
South Africa	Rand (ZAR)	18.76	17.97
Tunisia	Tunisian Dinar (TND)	3.17	3.26
United Republic Of Tanzania	Tanzanian Shilling (TZS)	2,630.32	2,810.22
Uganda	Uganda Shilling (UGX)	4,214.64	4,451.04
United Arab Emirates	UAE Dirham (AED)	4.19	4.50
United States of America	US Dollars (USD)	1.14	1.23

***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 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 on our marketplace and generally charges a "delivery fee" to consumers. The Group also provides subscription services to end consumers. The price for 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 except for subscription services where it is recognized over a period of time, generally shorter than one year.

***(4) Marketing and advertising***

The Group provides advertising services to vendors and non-vendors, such as performance marketing campaigns, placing banners on the Jumia platform or sending newsletters and notifications. 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) Value added services***

The Group provides other services to our sellers for which we charge fees such as logistics services, packaging of products ahead of shipment and technical support. 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 packaging of products and technical support 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 sales and advertising expense.

***Cost of revenue***

Our cost of revenue consists primarily of the purchase price of consumer products where we act directly as the seller. Certain expenses associated with third-party sales, such as compensation paid to sellers for lost, damaged or late delivery items, and payment processing expenses for countries where JumiaPay operates are also included in cost of revenue.

**o) Fulfillment expense**

Fulfillment expense consists of expense related to services of third-party logistics providers, which we refer to as freight and shipping, and expense mainly related to our network of warehouses, including employee benefit expense, which we refer to as fulfillment expense other than freight and shipping. Fulfillment expense other than freight and shipping represents those expenses incurred in operating and staffing our 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. Lease expenses are primarily classified as "General and administrative expense". Fulfillment expense also includes expense relating to 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) General and administrative expense**

General and administrative expense contains wages and benefits, including share-based payment expense, of management, seller management expense, commercial development expense, accounting and legal staff expense, consulting expense, audit expense, lease expense, office related utilities expense, insurance expense, tax expense other than income tax, other overheads and other material general expenses.

**s) 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.

**t) 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 of the Company or for the services provided. Awards are granted with service and/or performance vesting conditions.

For equity settled instruments, 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 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 share based payment is expensed on a straight-line basis over the vesting period with a corresponding credit to equity. Management estimates the number of awards that will eventually vest. 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). For equity settled instruments, 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.

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in general and administrative expenses.

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.

**u) 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.

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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.

**v) 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 Group 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 <i>in thousands of EUR</i>	For the year ended December 31,		
	2018	2019	2020
West Africa <sup>(1)</sup>	65,655	68,919	63,105
North Africa <sup>(2)</sup>	36,947	57,238	48,476
East and South Africa <sup>(3)</sup>	25,947	32,839	27,107
Europe <sup>(4)</sup>	509	1,363	728
United Arab Emirates	—	49	207
<b>Total</b>	<b>129,058</b>	<b>160,408</b>	<b>139,623</b>

Property and equipment <i>in thousands of EUR</i>	As of December 31,	
	2019	2020
West Africa <sup>(1)</sup>	5,201	4,333
North Africa <sup>(2)</sup>	4,878	6,343
East and South Africa <sup>(3)</sup>	6,243	4,506
Europe <sup>(4)</sup>	1,030	1,323
United Arab Emirates	82	54
<b>Total</b>	<b>17,434</b>	<b>16,559</b>

(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.

(4) Portugal and Germany

**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**

There have been no material revisions to the nature and amount of estimates reported in prior periods, except for the effect of the settlement of the lawsuit described in Note 16. However, the effects of COVID-19 have required assessment of significant judgments and estimates to be made, including but not limited to:

- Determining the net realizable value of inventory that has become slow moving due to the effects of COVID-19; and,
- Estimates of expected credit losses attributable to accounts receivable arising from sales to customers on credit terms, including the incorporation of forward-looking information to supplement historical credit loss rates.

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.

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 customization 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 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 the share is 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 12<sup>th</sup>, 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***

Receivables from end customers, third party logistics providers and payment services providers are expected to be collected in a very short period following delivery of the goods. If uncollected after 15 days, these balances are fully provisioned unless there is a clear indicator of commitment to pay. This assessment is based on the agreement with these parties as well as the historical expectation of collection. Due to the very short cycle of collection pattern, Management estimates that the application of the above accounting policy would not materially differ from the application of the expected credit losses model (ECL).

On receivables from corporate customers, the Group calculated an allowance for expected credit losses (“ECLs”) applying the simplified method permitted by IFRS 9 for trade receivables at reporting date. The Group did not track changes in credit risk, but instead calculated a loss allowance based on lifetime ECLs. Using the practical expedient that is allowed by the standard, the Group has established provision matrices that are based on its historical credit loss experience for the previous years, adjusted for non-recurring events and for forward-looking factors per country which incorporated several macroeconomic elements such as the countries’ GDP, unemployment rates. As the ECL calculated did not materially differ from the application of the accounting policy of the Group, which is based on the ageing of the balances, no additional expense was recognized within General and administrative expense.

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 impact of the adoption of the new standards and amendments to standards that became effective as of January 1, 2020 is as follows:

### **IAS 1 and IAS 8 (amendment)**

On October 31, 2018, the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. There is no material impact of the adoption of this amendment in the financial statements.

### **IFRS 9, IAS 39 and IFRS 7 (amendment)**

On September 26, 2019, the IASB issued 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)'. These amendments are part of the first phase of IASB 'IBOR reform' project and provide certain reliefs in connection with interest rate benchmark reform. The relief relate to hedge accounting, in terms of: i) risk components; ii) 'highly probable' requirement; iii) prospective assessment; iv) retrospective effectiveness test (for IAS 39 adopters); and v) recycling of the cash flow hedging reserve, with the objective that interest rate benchmark reform does not cause hedge accounting to be discontinued. However, any hedge ineffectiveness should continue to be recorded in the income statement. There is no material impact of the adoption of this amendment in the financial statements.

### **Conceptual framework**

Together with the revised 'Conceptual Framework' published in March 2018, the IASB also issued 'Amendments to References to the Conceptual Framework in IFRS Standards'. This amendment includes clarifications as to obscured information, its effect being similar to the omission or distortion of information; and also, clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investors, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need. There is no material impact of the adoption of this amendment in the financial statements.

### **IFRS 3 amendments**

On October 22, 2018, the IASB issued 'Definition of a Business (Amendments to IFRS 3)'. The amendment revises the definition of a business in order to account for business combinations. The new definition requires that an acquisition include an input, as well as a substantial process that significantly contribute to the ability to generate outputs. Outputs are now defined as goods and services rendered to customers, that generate investment income and other income, and exclude returns as lower costs and other economic benefits for shareholders. Optional 'concentration tests' for the assessment if one transaction is the acquisition of an asset or a business combination, are allowed. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. There is no material impact of the adoption of this amendment in the financial statements.

### **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.

#### ***Amendment to IFRS 16***

On May 28, 2020, the IASB published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16)'. This amendment introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether the rent concessions granted by lessors under COVID-19 are a modification to the lease contract, when three criteria are cumulatively met: i) the change in lease payments results in a revised fee for the lease that is substantially equal to, or less than, the fee immediately prior to the change; ii) any reduction in lease payments only affects payments due on or before June 30, 2021; and iii) there are no substantive changes to other lease terms and conditions. Lessees that choose to apply this practical expedient, recognize the change in rent payments, as variable rents in the period(s) in which the event or condition leading to the payment reduction occurs. This amendment is applicable for annual reporting periods beginning on or after June 1, 2020, with early application permitted. It's applied retrospectively with the impacts reflected as an

adjustment to retained earnings (or another equity component, as appropriate) at the beginning of the annual reporting period in which the lessee applies this amendment for the first time. The Group chose not to perform early application and does not expect to apply this practical expedient.

#### ***IBOR reform Phase 2 amendments***

On August 27, 2020, the IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that provide temporary relief to address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 1, 2021.

#### ***IFRS 3 amendments updating a reference to the Conceptual Framework***

On May 14, 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. This amendment also clarifies the accounting treatment to be given to contingent liabilities and liabilities under IAS 37 and IFRIC 21, incurred separately versus within a business combination. This amendment is applied prospectively. The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

#### ***IAS 37 amendments regarding onerous contracts***

On May 14, 2020, the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)'. This amendment specifies that when assessing whether a contract is onerous or not, only expenses directly related to the performance of the contract, such as incremental costs related to direct labor and materials and the allocation of other expenses directly related to the allocation of depreciation expenses of tangible assets used to carry out the contract, can be considered. This amendment must be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include contractual obligations to be satisfied, without restating comparatives. The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

#### ***Annual Improvements 2018 - 2020***

On May 14, 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project. The 2018-2020 annual improvements impact: IFRS 1, IFRS 9, IFRS 16 and IAS 41. The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

#### ***IAS 16 amendments regarding proceeds before intended use***

On May 14, 2020, the IASB issued 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)'. This amendment changes the accounting treatment of the proceeds obtained from the sale of products that resulted from the production test phase of property, plant and equipment, prohibiting their deduction to the acquisition cost of assets. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

#### ***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 January 1, 2023, 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.

***IAS 1 amendments on classification***

On January 23, 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1). This amendment intends to clarify that liabilities are classified as either current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether or not the entity will exercise that right), or by events occurring after the reporting date, such as the non-compliance of a given "covenant". Accordingly, covenant compliance will need to be also tested as at year end date regardless of whether the lender tests for compliance at that date or at a later date. This amendment also introduces a new definition of "settlement" of a liability. This amendment is applicable retrospectively. The amendments were originally effective for annual reporting periods beginning on or after January 1, 2022, however, their effective date has been delayed to January 1, 2023.

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, 2020, Jumia consolidated the following subsidiaries:

Company name	Country of incorporation	% control		Principal activities <sup>(1)</sup>
		December 31, 2019	December 31, 2020	
Jumia Technologies AG	GERMANY	100.00	100.00	Parent holding
Africa Internet General Trading LLC	UAE	100.00	100.00	Services
Africa Internet Services SAS	FRANCE	100.00	100.00	Not active
African Internet Services S.A.	ANGOLA	99.82	100.00	Not active
AIH General Merchandise Algeria UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00	Holding
AIH General Merchandise Cameroon UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00	Holding
AIH General Merchandise Egypt UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00	Holding
AIH General Merchandise Ghana UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	—	Holding
AIH General Merchandise Ivory Coast UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00	Holding
AIH General Merchandise Kenya UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00	Holding
AIH General Merchandise Morocco UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00	Holding
AIH General Merchandise Nigeria UG (haftungsbeschränkt) & Co. KG	GERMANY	99.71	99.89	Holding

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AIH General Merchandise Tanzania UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00 Holding
AIH General Merchandise UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00 Holding
AIH Subholding Nr. 10 UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00 Holding
AIH Subholding Nr. 11 UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00 Holding
AIH Subholding Nr. 12 UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	— Holding
AIH Subholding Nr. 8 UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00 Holding
AIH Subholding Nr. 9 UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	— Holding
Atol Internet Services Ltd.	MAURITIUS	99.82	100.00 Not active
Atol Internet Services Mozambique Ltd.	MOZAMBIQUE	99.82	100.00 Not active
Atol Internet Services Rwanda	RWANDA	99.82	100.00 Not active
Atol Internet Services S.a.r.l. Tunisia	TUNISIA	99.82	100.00 Not active
Atol Ivory Coast SARL	IVORY COAST	99.82	100.00 Not active
Atol Services Congo Ltd.	CONGO	99.82	100.00 Not active
Atol Services Gabon SARL	GABON	99.82	100.00 Not active
Atol Technology PLC	ETHIOPIA	99.82	100.00 Not active
Bambino 162. V V UG (haftungsbeschränkt)	GERMANY	100.00	100.00 Services
Digital Services XLV (GP) S.à r.l.	GERMANY	100.00	100.00 Services
EasyTaxi Egypt	EGYPT	99.82	100.00 Not active
Ecart Internet Services Nigeria Ltd.	NIGERIA	99.71	99.89 Online retailer
Ecart Services Algeria SARL	ALGERIA	99.82	100.00 Not active
Ecart Services Cameroon Ltd.	CAMEROON	99.82	100.00 Not active
Ecart Services Ghana Ltd.	GHANA	100.00	100.00 Not active
Ecart Services Ivory Coast SARL	IVORY COAST	99.82	100.00 Online retailer
Ecart Services Kenya Ltd.	KENYA	99.82	100.00 Online retailer
Ecart Services Morocco Sarlau	MOROCCO	99.82	100.00 Online retailer
Ecart Services Tanzania Ltd.	TANZANIA	99.82	100.00 Not active
Hellopay Africa Integrated Services Ltd. (formerly: Lipco Internet Services Nigeria)	NIGERIA	99.82	100.00 Jumia Pay
Jade E-Services Algeria SARL	ALGERIA	99.82	100.00 Marketplace
Jade E-Services Ghana Ltd.	GHANA	99.82	100.00 Online retailer
Jade E-Services Kenya Ltd.	KENYA	99.82	100.00 Not active
Jade E-Services Senegal SARL	SENEGAL	99.82	100.00 Online retailer
Jade E-Services South Africa Proprietary Ltd.	SOUTH AFRICA	99.82	100.00 Online retailer
Jade E-Services Tunisia SARL	TUNISIA	98.82	100.00 Not active
Jade E-Services Uganda Ltd.	UGANDA	99.82	100.00 Online retailer
Jolali Global Resources Ltd.	NIGERIA	99.71	99.89 Not active
Jumia Egypt LLC	EGYPT	99.82	100.00 Online retailer
Jumia Eservices SARL	TUNISIA	99.82	100.00 Online retailer
Jumia for Trading LLC	EGYPT	100.00	100.00 Not active
Jumia Services FZ-LLC	UAE	—	100.00 Services
Jumia Services GmbH	GERMANY	99.82	100.00 Services
Jumia Technology Services (Shenzhen) Co., Ltd	CHINA	—	100.00 Services
Jumia UG (haftungsbeschränkt) & Co. KG	GERMANY	99.82	100.00 Holding
Jumia USA LLC	USA	100.00	100.00 Services
Juwel 193 V V UG (haftungsbeschränkt) & Co. Zwölfte Verwaltungs KG	GERMANY	99.82	100.00 Holding
Juwel 193. V V UG (haftungsbeschränkt)	GERMANY	99.82	100.00 Services

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Juwel 193. V V UG (haftungsbeschränkt) & Co. 128. Verwaltungs KG	GERMANY	99.82	— Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. 132. Verwaltungs KG	GERMANY	99.82	100.00 Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. 23. Verwaltungs KG	GERMANY	99.82	100.00 Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. 24. Verwaltungs KG	GERMANY	99.82	100.00 Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. Dritte Verwaltungs KG	GERMANY	99.82	— Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. Fünfte Verwaltungs KG	GERMANY	99.82	100.00 Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. Siebte Verwaltungs KG	GERMANY	99.82	— Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. Vierte Verwaltungs KG	GERMANY	99.82	100.00 Holding
Juwel 193. V V UG (haftungsbeschränkt) & Co. Zehnte Verwaltungs KG	GERMANY	99.82	— Holding
Juwel 194. V V UG (haftungsbeschränkt)	GERMANY	99.82	100.00 Services
Juwel 194. V V UG (haftungsbeschränkt) & Co. Erste Verwaltungs KG	GERMANY	99.82	100.00 Holding
Juwel E-Services Tanzania Ltd.	TANZANIA	99.82	100.00 Not active
Lendico S.A (PTY) Ltd.	SOUTH AFRICA	99.82	100.00 Not active
Lipco Internet Services Zimbabwe Ltd.	ZIMBABWE	99.82	100.00 Not active
Silveroak Internet Services Portugal, Unipessoal Lda	PORTUGAL	100.00	100.00 IT Services
Vamido Global Resources Ltd.	NIGERIA	99.71	99.89 Not active

(1) Principal activities as of December 31, 2020

The changes in scope during 2020 result from creation of new entities and mergers.

Jumia Services FZ-LLC and Jumia Technology Services (Shenzhen) Co., Ltd were created in the course of this year. Mergers occurred in Germany (AIH General Merchandise Ghana UG (haftungsbeschränkt) & Co. KG, AIH Subholding Nr. 12 UG (haftungsbeschränkt) & Co. KG, AIH Subholding Nr. 9 UG (haftungsbeschränkt) & Co. KG, Juwel 193. V V UG (haftungsbeschränkt) & Co. 128. Verwaltungs KG, Juwel 193. V V UG (haftungsbeschränkt) & Co. Dritte Verwaltungs KG, Juwel 193. V V UG (haftungsbeschränkt) & Co. Siebte Verwaltungs KG and Juwel 193. V V UG (haftungsbeschränkt) & Co. Zehnte Verwaltungs KG).



## 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	2020
ECART Internet Services Nigeria	NIGERIA	0.29 %	0.11 %
Jumia Egypt LLC	EGYPT	0.18 %	—
ECART services Morocco Sarl	MOROCCO	0.18 %	—
ECART services Kenya Limited	KENYA	0.18 %	—
ECART services Ivory Coast SRL	IVORY COAST	0.18 %	—
Jade E-Services South Africa PTY Ltd	SOUTH AFRICA	0.18 %	—

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

Name	As of December 31,	
	2019	2020
ECART Internet Services Nigeria	(825)	(340)
Jumia Egypt LLC	(226)	—
ECART services Morocco Sarl	(149)	—
ECART services Kenya Limited	(126)	—
ECART services Ivory Coast SRL	(125)	—
Jade E-Services South Africa PTY Ltd	(74)	—
Other subsidiaries	1,027	(3)
<b>Total</b>	<b>(498)</b>	<b>(343)</b>

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

<i>In thousands of EUR</i>	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)
<b>Total</b>	<b>240</b>	<b>(243)</b>	<b>(242)</b>

<i>In thousands of EUR</i>	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)
<b>Total</b>	<b>293</b>	<b>(303)</b>	<b>(303)</b>

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<i>In thousands of EUR</i>	For the year ended December 31, 2020		
	Revenue	Loss for the year	Total Comprehensive loss of the year
ECART Internet Services Nigeria	36	(29)	9
<b>Total</b>	<b>36</b>	<b>(29)</b>	<b>9</b>

<i>In thousands of EUR</i>	As of December 31, 2019			
	Total Non-current assets	Total Current assets	Total Non-Current liabilities	Total Current liabilities
ECART Internet Services Nigeria	7	26	(0)	658
Jumia Egypt LLC	4	20	1	240
ECART services Morocco Sarl	4	14	1	167
ECART services Kenya Limited	6	8	4	122
ECART services Ivory Coast SRL	3	13	1	142
Jade E-Services South Africa PTY Ltd	5	19	3	57
<b>Total</b>	<b>29</b>	<b>100</b>	<b>9</b>	<b>1,386</b>

<i>In thousands of EUR</i>	As of December 31, 2020			
	Total Non-current assets	Total Current assets	Total Non-Current liabilities	Total Current liabilities
ECART Internet Services Nigeria	2	14	0	24
<b>Total</b>	<b>2</b>	<b>14</b>	<b>0</b>	<b>24</b>

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

<i>In thousands of EUR</i>	For the year ended December 31, 2018		
	Net cash flows used in		
	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)	—	—
<b>Total</b>	<b>(108)</b>	<b>(5)</b>	<b>—</b>

<i>In thousands of EUR</i>	For the year ended December 31, 2019		
	Net cash flows used in		
	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)
<b>Total</b>	<b>(105)</b>	<b>(4)</b>	<b>(7)</b>

<i>In thousands of EUR</i>	For the year ended December 31, 2020		
	Net cash flows used in		
	Operating activities	Investing activities	Financing activities
ECART Internet Services Nigeria	8	(1)	(1)
<b>Total</b>	<b>8</b>	<b>(1)</b>	<b>(1)</b>

## 7 Property and Equipment

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

<i>In thousands of EUR</i>	Buildings	Technical equipment and machinery	Transportation equipment, office equipment and other equipment	Right of use assets - Office and Warehouse	Total
<b>Balance as of January 1, 2019</b>	<b>1,494</b>	<b>1,483</b>	<b>8,666</b>	<b>—</b>	<b>11,643</b>
Additions and modifications	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
<b>Balance as of December 31, 2019</b>	<b>2,626</b>	<b>2,412</b>	<b>11,949</b>	<b>14,060</b>	<b>31,047</b>
Additions and modifications	189	445	1,363	6,679	8,676
Disposals	(225)	(132)	(627)	—	(984)
Reclassification	65	(95)	30	—	—
Effect of translation	(221)	(192)	(1,093)	(1,383)	(2,889)
<b>Balance as of December 31, 2020</b>	<b>2,434</b>	<b>2,438</b>	<b>11,622</b>	<b>19,356</b>	<b>35,850</b>
<b>Accumulated depreciation</b>					
<b>Balance as of January 1, 2019</b>	<b>(864)</b>	<b>(696)</b>	<b>(5,063)</b>	<b>—</b>	<b>(6,623)</b>
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
<b>Balance as of December 31, 2019</b>	<b>(1,329)</b>	<b>(1,108)</b>	<b>(6,887)</b>	<b>(4,289)</b>	<b>(13,613)</b>
Depreciation charge	(631)	(527)	(2,385)	(4,501)	(8,044)
Accumulated depreciation on disposals	225	132	623	—	980
Effect of translation	127	114	741	404	1,386
Reclassification	—	—	—	—	—
<b>Balance as of December 31, 2020</b>	<b>(1,608)</b>	<b>(1,389)</b>	<b>(7,908)</b>	<b>(8,386)</b>	<b>(19,291)</b>
<b>Carrying amount as of December 31, 2019</b>	<b>1,297</b>	<b>1,304</b>	<b>5,062</b>	<b>9,771</b>	<b>17,434</b>
<b>Carrying amount as of December 31, 2020</b>	<b>826</b>	<b>1,049</b>	<b>3,714</b>	<b>10,970</b>	<b>16,559</b>

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

<i>In thousands of EUR</i>	<b>Right of use assets</b>	<b>Lease Liabilities</b>
<b>As at December 31, 2019</b>	<b>10,546</b>	<b>9,147</b>
Additions	4,230	4,180
Depreciation	(4,518)	—
Interest expense	—	1,293
Lease modifications	(580)	(598)
Payments	—	(4,945)
Effect of translation	93	106
<b>As at January 1, 2020</b>	<b>9,771</b>	<b>9,183</b>
Additions	5,069	5,100
Depreciation	(4,501)	—
Interest expense	—	1,328
Lease modifications	1,610	1,546
Payments	—	(5,331)
Effect of translation	(979)	(910)
<b>As at December 31, 2020</b>	<b>10,970</b>	<b>10,916</b>

During 2020, the Group's main additions on Right of use assets include new lease contracts for an office in Egypt, Nigeria and Portugal and a warehouse facility in Egypt.

The Group recognized rent expense from short-term leases of EUR 1,357 thousand in the year ended December 31, 2020.

The following are the amounts recognized in profit or loss:

<i>In thousands of EUR</i>	<b>2019</b>	<b>2020</b>
Depreciation expense of right-of-use assets	(4,518)	(4,501)
Interest expense on lease liabilities	(1,293)	(1,328)
Expense relating to short-term leases	(1,682)	(1,357)
<b>Total amount recognised in profit or loss</b>	<b>(7,493)</b>	<b>(7,186)</b>

The Group had total cash outflows for leases of EUR 5,331 thousand in 2020 (EUR 4,945 thousand in 2019). The Group also had non-cash additions to right-of-use assets and lease liabilities of EUR 5,069 thousand and EUR 5,100 thousand in 2020, respectively (EUR 4,230 thousand and EUR 4,180 thousand in 2019, respectively).

## 8 Inventories

Inventories are comprised of the following:

<i>In thousands of EUR</i>	<b>As of December 31,</b>	
	<b>2019</b>	<b>2020</b>
Merchandise available for sale	11,176	7,945
Less: Provision for slow moving and obsolete inventories	(1,180)	(1,242)
<b>Total Inventories</b>	<b>9,996</b>	<b>6,703</b>

The total cost of inventory recognized as an expense in the consolidated profit or loss was EUR 46,783 thousand ( 2019 : EUR 84,506 thousand and 2018 : EUR 84,849 thousand ).

### Provision for slow moving and obsolete inventories

The movement in the provision for inventories is as follows:

<i>In thousands of EUR</i>	<b>Inventories Provision</b>
<b>Balance as of January 1, 2019</b>	<b>1,162</b>
Additions	886
Reversal	(611)
Use of provision	(317)
Effect of translation	60
<b>Balance as of December 31, 2019</b>	<b>1,180</b>
Additions	849
Reversal	(378)
Use of provision	(343)
Effect of translation	(66)
<b>Balance as of December 31, 2020</b>	<b>1,242</b>

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

The increase in the provisions is due to slow moving items not sold yet during the year related to Covid-19.

### 9 Cash and cash equivalents

Cash and cash equivalents comprised the following:

<i>In thousands of EUR</i>	<b>As of December 31,</b>	
	<b>2019</b>	<b>2020</b>
Cash at bank and in hand	52,729	238,208
Short-term deposits	117,292	66,693
<b>Total Cash and cash equivalents</b>	<b>170,021</b>	<b>304,901</b>

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, 2020 (December 31, 2019: 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:

<i>In thousands of EUR</i>	<b>As of December 31,</b>	
	<b>2019</b>	<b>2020</b>
Short term deposits - banks	62,418	991
<b>Term Deposits</b>	<b>62,418</b>	<b>991</b>

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:

<i>In thousands of EUR</i>	As of December 31,	
	2019	2020
Advances to suppliers	2,356	638
Trade notes and accounts receivable	17,780	14,712
Less: Allowance for impairment of trade notes and accounts receivable	(8,283)	(8,061)
Unbilled revenues	858	616
Other receivables	4,728	3,406
Less: Allowance for impairment of other receivables	(503)	(589)
<b>Trade and other receivables</b>	<b>16,936</b>	<b>10,722</b>

### Allowance for expected credit losses

The movement of allowance for expected credit losses (“ECL”) of trade notes and accounts receivables and other receivables is as follows:

<i>In thousands of EUR</i>	ECL of trade notes and accounts receivable	ECL of other receivables
<b>Balance as of January 1, 2019</b>	<b>4,254</b>	<b>484</b>
Additions	6,178	71
Reversal	(318)	(54)
Use of provision	(2,025)	—
Effect of translation	194	2
<b>Balance as of December 31, 2019</b>	<b>8,283</b>	<b>503</b>
Additions	4,349	215
Reversal	(129)	(30)
Use of provision	(3,557)	(75)
Effect of translation	(885)	(24)
<b>Balance as of December 31, 2020</b>	<b>8,061</b>	<b>589</b>

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

<i>In thousands of EUR</i>	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
<b>As of December 31, 2019</b>	9,497	17,780	(8,283)	3,291	1,554	2,515	2,137
<b>As of December 31, 2020</b>	6,651	14,712	(8,061)	2,470	2,608	993	580

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, 2020, prepaid expense and other current assets were comprised of prepaid server hosting fees and software licenses EUR 7,688 thousand (2019: EUR 7,788 thousand), advance payments to the Group’s partners for online payment services amounting to EUR 789 thousand (2019: EUR 2,168 thousand) and prepaid rent represents 960 thousand (2019: EUR 904 thousand). The remaining amount of EUR 968 thousand is related to insurance and other goods and services (2019: EUR 1,733 thousand).

### 13 Share capital and share premium

#### Ordinary shares issued and fully paid as at December 31, 2020

Number of shares	Class	Par value (EUR)	Share capital (in thousands of EUR)	Share premium (in thousands of EUR)	Total
179,259,246	Ordinary	1	179,259	1,205,340	1,384,599
<b>Total</b>		<b>1</b>	<b>179,259</b>	<b>1,205,340</b>	<b>1,384,599</b>

The total authorized number of ordinary shares is 179,259,246 shares as at December 31, 2020 (2019: 156,816,494 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 2020, 6,502,784 shares were issued, all fully paid, relating to the settlement of different equity programs of the company. Related transaction costs of EUR 553 thousand are recognized directly in the accumulated losses. Furthermore, in December 2020, we completed an equity offering for which 15,939,968 shares were issued, all fully paid. Proceeds from the offering, net of commissions and expenses, were approximately USD 231.4 million (EUR 194.3 million). Transaction costs of EUR 10,849 thousand related to the offering are recognized directly in the accumulated losses.

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

Number of shares	Class	Par value (EUR)	Share capital (in thousands of EUR)	Share premium (in thousands of EUR)	Total
156,816,494	Ordinary	1	156,816	1,018,276	1,175,092
<b>Total</b>		<b>1</b>	<b>156,816</b>	<b>1,018,276</b>	<b>1,175,092</b>

The total authorized number of ordinary shares is 156,816,494 shares as at December 31, 2019 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 accumulated losses. In total, in 2019, the Group received capital contributions of EUR 329,161 thousand.

### 14 Other Reserves

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<i>In thousands of EUR</i>	<i>Share-based payment capital reserves</i>	<i>Exchange difference on net investment in foreign operations</i>	<i>Currency translation adjustment</i>	<i>Total other reserves</i>
<b>As of January 1, 2018</b>	<b>58,872</b>	<b>(96,808)</b>	<b>88,853</b>	<b>50,917</b>
Other comprehensive loss	—	9,053	(9,229)	(176)
<b>Total comprehensive loss for the year</b>	<b>—</b>	<b>9,053</b>	<b>(9,229)</b>	<b>(176)</b>
Share-based payments	17,256	—	—	17,256
Change in Non-controlling interests	—	(1,888)	(16)	(1,904)
<b>As of December 31, 2018</b>	<b>76,128</b>	<b>(89,643)</b>	<b>79,608</b>	<b>66,093</b>
Other comprehensive loss	—	20,179	(19,449)	730
<b>Total comprehensive loss for the year</b>	<b>—</b>	<b>20,179</b>	<b>(19,449)</b>	<b>730</b>
Share-based payments	37,267	—	—	37,267
Change in Non-controlling interests	—	—	24	24
<b>As of December 31, 2019</b>	<b>113,395</b>	<b>(69,464)</b>	<b>60,183</b>	<b>104,114</b>
Other comprehensive loss	—	(74,437)	73,554	(883)
<b>Total comprehensive loss for the period</b>	<b>—</b>	<b>(74,437)</b>	<b>73,554</b>	<b>(883)</b>
Share-based payments (Note 15)	11,110	—	—	11,110
Exercise of options	(5,649)	—	—	(5,649)
Change in Non-controlling interests	—	—	(69)	(69)
<b>As of December 31, 2020</b>	<b>118,856</b>	<b>(143,901)</b>	<b>133,668</b>	<b>108,623</b>

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

### Stock Option Program 2016 (JSOP 2016)

As at 31 December 2020 most all options granted under the JSOP 2016 have been fully vested.

During the year 2020 5,701,996 options of the JSOP 2016 have been exercised. In total, 919,733 outstanding vested options exist as at December 31, 2020.

In connection with the JSOP 2016, Jumia recognized expenses of EUR 3.5 million for the twelve months ended December 31, 2020. (December 31, 2019: EUR 28.4 million).

### Option Programs 2019

#### *SOP 2019*

In 2019, Jumia Technologies AG established a new stock option plan, the SOP 2019, under which stock options were granted to beneficiaries. On May 15, 2020 additional stock options were granted under the SOP 2019.

Each stock option entitles the holder to receive one share of Jumia Technologies AG upon exercise and payment of an exercise price of EUR 1 per share. The stock options may be exercised after a waiting period of four years from the grant date and expire following seven years after the end of the waiting period. The exercise of stock options is not possible



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during defined blackout periods. Jumia may, at its sole discretion, settle vested stock options in cash instead of issuing shares in Jumia Technologies AG.

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 year waiting period. If this target is not met, all options will lapse. This condition is classified under IFRS 2 as a non-market performance condition and thus, the probability of achievement has to be reassessed at each reporting date. In this case, the probability of achievement has been derived as at the grant date and is reflected in the fair value and is not reassessed subsequently.

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 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 vested stock options will be retained.

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

The stock options granted in 2020 will vest either 3 or 4 years after the IPO according to the individual grant agreements.

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.

The fair values of the stock options granted in 2020 are derived from the Black-Scholes-Merton model with the following inputs:

<b>Grant Date</b>	<b>May 15, 2020</b>
Fair value per share (i)	EUR 1.86
Exercise price	EUR 1.00
Risk-free interest rate (ii)	0%
Expected dividend yield (iii)	0%
Expected life (years) (iv)	4 years
Expected volatility (v)	50%
<b>Fair value of options</b>	<b>EUR 1.07</b>

- (i) The Fair value per share is derived from the value of an ADS of Jumia Technologies AG traded on the New York Stock Exchange converted into Euro and divided by the conversion ratio of 2 (1 ADS represents 2 shares of Jumia Technologies AG).
- (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 minimum waiting period.

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- (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 at December 31, 2020 a reassessment of the probability that the average annual growth rate of the Gross Merchandise Volume amounts to at least 10% during the four years waiting period has been performed for these grants where this condition is classified as a non-market performance condition. Due to lower projected Gross Merchandise Volume in the subsequent years compared to the previous projections, a probability of 50% of achieving this criterion has been derived based on a stochastic simulation of possible Gross Merchandise Volumes in the future.

As a result, Jumia recognized expenses of EUR 0.1 million for the SOP 2019 for the twelve months ended December 31, 2020.

	Number of awards	Weighted average remaining life (years)	Weighted average exercise price (euro)	Weighted average fair value (euro)
<b>SOP 2019</b>				
Unvested awards outstanding at December 31, 2019	1,000,714	2.4	1.0	9.9
Granted during the period	681,496	2.4	1.0	1.1
Exercised during the period	—	—	—	—
Forfeited during the period	(233,333)	—	—	—
Cancelled during the period	—	—	—	—
Vested during the period	—	—	—	—
<b>Unvested awards outstanding at December 31, 2020</b>	<b>1,448,877</b>	<b>2.4</b>	<b>1.0</b>	<b>5.7</b>

***Virtual Restricted Stock Unit Program 2019***

In 2019, Jumia Technologies AG established a new Virtual Restricted Stock Unit Program (VRSUP 2019), under which Restricted Stock Units (RSU) were granted to beneficiaries. On May 15, 2020 additional RSUs were granted under the VRSUP 2019.

Jumia Technologies AG is entitled, at its sole discretion, to settle any claims under the VRSUP 2019 either in cash or in equity. 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. The VRSUP 2019 is accounted for as an equity-settled plan.

The individual grant agreement with each beneficiary sets forth the individual number of RSUs and may stipulate vesting conditions, such as further performance conditions in addition to the common Gross Merchandise Value target and a 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. Other beneficiaries need to remain employed with Jumia Technologies AG until the vesting date as specified in the individual grant agreement in order to avoid any forfeiture.

According to the individual grant agreements, the RSUs granted in 2020 will vest on May 15, 2021 (i.e. 1 year after the grant date).

The specific RSUs granted in 2020 are not subject to any performance conditions or a maximum payout amount (cap).

The fair value per RSU was derived from Jumia's stock price at the grant date. The fair value per RSU granted in 2020 amounts to EUR 1.86.

As a result, for the twelve months ended December 31, 2020, the Group recognized in total EUR 5.6 million of share-based payment expense in the statement of operations (December 31, 2019: EUR 6.9 million).

### **Stock Option Program 2020**

In 2020, with the approval of the annual general meeting of shareholders, Jumia Technologies AG established a new stock option plan, the SOP 2020, under which Jumia granted an individual number of stock options to beneficiaries under the terms and conditions of the SOP 2020.

Each stock option entitles the holder to receive one share in Jumia Technologies AG (or 0.5 ADS as 1 ADS represents 2 shares of Jumia). The option can be exercised after a waiting period of four years at a price which is determined based on the average share price of the last 60 trading days prior to the contract date of the individual grant agreements. The exercise period starts directly after the waiting period and ends two years following the expiry of the waiting period. The exercise of stock options is prohibited during defined blackout periods. Jumia may, at its sole discretion, settle each vested stock option in cash instead of issuing a share in Jumia Technologies AG.

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. For specific grants under the 2020 Plan this condition is classified under IFRS 2 as a non-market performance condition and thus, the probability of achievement has to be reassessed at each reporting date. For all other grants this condition has been classified as a non-vesting condition. In this case, the probability of achievement has been derived as at the grant date and is reflected in the fair value and is not reassessed subsequently.

Moreover, there is a second condition (only) for a part of the stock options granted to certain members of senior management: The Adjusted EBITDA must be positive for two consecutive quarters by March 31, 2023. If this condition is met for one or more Big Countries (Egypt, Ivory Coast, Kenya, Morocco and Nigeria) or Small Countries (Algeria, Ghana, Senegal, South Africa, Tunisia and Uganda), an individual number of options will vest (if and to the extent of the satisfaction of the other vesting requirements set out in the terms and conditions) for each country for that the condition is met. A satisfaction of the condition for a Big Country will result in a vesting of a greater number of stock options than a satisfaction of the condition for a Small Country. As for the condition related to the Gross Merchandise Volume, this second condition is as well either classified as a non-market performance condition or as a non-vesting condition depending on the vesting period of the grants and the respective period in which the condition has to be met.

The stock options are subject to vesting requirements.

The stock options shall generally vest in two tranches. Two-thirds of the granted stock options vest after two years from the grant date. The remaining one-third of the granted stock options vest after three years from the grant date.

Beneficiaries who are members of the management board will forfeit the right to exercise their options if they resign and start working for a competitor within six months after resignation.

Other beneficiaries will keep all vested stock options.

If Jumia 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 does not expect to pay dividends during the next years.

The company is accounting for the stock options of the SOP 2020 as an equity settled plan. For equity-settled awards, the expenses to be recognized are determined based on the grant date fair value of the awards.

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The fair values of the 2020 Plan granted during the year are derived from the Black-Scholes-Merton model with the following inputs:

	<b>May 15, 2020</b>	<b>December 8, 2020</b>
Fair value per ADS <sup>(1)</sup>	USD 6.48	USD 35.50
Exercise price per ADS	USD 3.67	USD 16.48
Risk-free interest rate <sup>(2)</sup>	0.26 %	0.26 %
Expected dividend yield <sup>(3)</sup>	0 %	0 %
Expected life (years) <sup>(4)</sup>	4 years	4 years
Expected volatility <sup>(5)</sup>	50 %	50 %
<b>Weighted average of Fair value of Options</b>	<b>EUR 1.60</b>	<b>EUR 9.07</b>

- (1) The Fair value per share is derived from the value of an ADS of Jumia Technologies AG traded on the New York Stock Exchange.
- (2) Risk-free interest rate is based on US government bond yields consistent to the expected life of options.
- (3) Expected dividend yield is assumed to be 0% based on the fact that the Group has no history or expectation of paying a dividend
- (4) Expected life of share options is based on the minimum waiting period.
- (5) Expected volatility is assumed based on the historical volatility of comparable companies in the period equal to the expected life of each grant.

As each stock option entitles the holder to receive one share of Jumia, the Fair value per ADS and the exercise price per ADS have to be divided by 2 in order to derive the value per option.

As at December 31, 2020 a reassessment of the probability that the average annual growth rate of the Gross Merchandise Volume amounts to at least 10% during the four years waiting period has been performed for these grants where this condition is classified as a non-market performance condition. Due to lower projected Gross Merchandise Volume in the subsequent years compared to the previous projections, a probability of 50% of achieving this criterion has been derived based on a stochastic simulation of possible Gross Merchandise Volumes in the future.

For the 2020 Plan, Jumia recognized expenses of EUR 1.0 million for the twelve months ended December 31, 2020.

	<b>Number of awards</b>	<b>Weighted average remaining life (years)</b>	<b>Weighted average exercise price (euro)</b>	<b>Weighted average fair value (euro)</b>
Unvested awards outstanding at January 1, 2020				
Granted during the period <sup>(1)</sup>	2,445,833	2.4	1.5	1.4
Granted as a replacement during the period				
Replaced during the period				
Forfeited during the period	(40,000)			
Cancelled during the period				
Vested during the period				
<b>Unvested awards outstanding at December 31, 2020</b>	<b>2,405,833</b>	<b>2.4</b>	<b>1.5</b>	<b>1.4</b>

- (1) Up to 1,420,848 additional options can be granted under the SOP 2020, if certain profitability conditions are fulfilled.

### Virtual Restricted Stock Unit Program 2020

The 2020 annual general meeting of shareholders also approved the Virtual Restricted Stock Unit Program 2020 (the “2020 VRSUP”). Jumia granted an individual number of virtual restricted stock units (“VRSUs”) to beneficiaries under the terms and conditions of the 2020 VRSUP.

Grants are based on individual grant agreements.

Each beneficiary received an individual grant agreement that includes the individual number of VRSUs. Each VRSU entitles the holder to receive a cash payment equal to the ten trading day average share price after the publication by the Company of the later of its last half year report or its last annual financial statements.

For selected employees of the company (i.e. Group 2) and selected employees of affiliated companies (i.e. Group 4), Jumia is entitled to elect, at its sole discretion, to issue one share for each vested VRSU instead of a settlement in cash.

In general, the VRSUs shall vest one year after the grant and will be paid out as soon as reasonably practicable following the expiration of a period of twelve trading days after the publication of Jumia’s first half year report or annual financial statements after the vesting date. All VRSUs will be forfeited if a beneficiary resigns before the payout.

No RSUs are subject to any performance conditions or a maximum payout amount (cap).

The VRSUP 2020 is recognized as a cash-settled plan for certain beneficiaries (e.g. members of the management board) and as an equity-settled plan for all other beneficiaries. For cash-settled awards, the expenses are determined on the fair value of the awards at each reporting date. For equity-settled awards, the expenses to be recognized are determined based on the grant date fair value of the awards.

The fair value per VRSU was derived based on the observable stock price of Jumia as at the grant date or the reporting date depending on the cash- or equity-settled classification. The fair value per VRSU amounts to EUR 16.44. The average fair value per RSU amounts to EUR 11.35.

For the cash-settled part of the 2020 VRSUP, Jumia recognized expenses of EUR 10.4 million for the twelve months ended December 31, 2020. For the equity-settled part of the 2020 VRSUP, Jumia recognized expenses of EUR 1.1 million for the twelve months ended December 31, 2020.

In total, Jumia recognized share-based compensation expenses of EUR 21.6 million for the twelve months ended December 31, 2020. Thereof, EUR 10.4 million are for the cash-settled part of the 2020 VRSUP. The remaining expenses of EUR 11.2 million are related to equity-settled awards.

## 16 Trade and other payables

Trade and other payables comprise the following:

<i>In thousands of EUR</i>	<b>As of December 31,</b>	
	<b>2019</b>	<b>2020</b>
Trade payables	15,762	16,626
Invoices not yet received	19,292	14,118
Accrued employee benefit costs	7,943	8,866
Sundry accruals	13,441	22,162
<b>Trade and Other Payables</b>	<b>56,438</b>	<b>61,772</b>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 0-90 day terms

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- 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.

Sundry accruals include a litigation settlement accrual of EUR 4,077 thousand (USD 5,000 thousand). As previously disclosed, several putative class action lawsuits were filed in the U.S. District Court for the Southern District of New York and the New York County Supreme Court against us and other defendants, including certain current and former members of our supervisory and management boards. The cases assert claims under federal securities laws based on alleged misstatements and omissions in connection with, and following, our initial public offering. On August 11, 2020, we reached an agreement to fully resolve all of the actions, subject to conditions including court approval. Under this agreement, in which the defendants do not admit any liability or wrongdoing, Jumia will make a settlement payment of USD 5 million, USD 1 million of which will be funded by insurance coverage. The settlement amounts were paid into an escrow account in January 2021. No shareholders have filed objections to the settlements. The final approval hearings for the settlements are scheduled for March 24 and 18, 2021 before the relevant courts.

Additionally, sundry accruals also relate principally to cash-settled awards, consultancy, legal, marketing, IT and logistics services payables.

## 17 Borrowings

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

<i>In thousands of EUR</i>	As of December 31,	
	2019	2020
Current	3,056	2,966
Non-current	6,127	7,950
<b>Total Lease liabilities</b>	<b>9,183</b>	<b>10,916</b>

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

<i>In thousands of EUR</i>	One to five years	More than five years	Total
Lease liability future payments	7,740	210	7,950

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. Future cash outflows as of December 31, 2020 to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities amounts to EUR 3.8 million and relates to new contracts signed in 2021 and potential renewals.

### Changes in liabilities arising from financing activities

<i>In thousands of EUR</i>	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
<b>Total liabilities from financing activities</b>	<b>9,147</b>	<b>4,875</b>	<b>(4,945)</b>	<b>—</b>	<b>106</b>	<b>9,183</b>

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<i>In thousands of EUR</i>	<b>January 1, 2020</b>	<b>Additions</b>	<b>Payments</b>	<b>Reclassification</b>	<b>Effect of translation</b>	<b>December 31, 2020</b>
Current lease liabilities	3,056	3,583	(5,331)	1,856	(198)	2,966
Non-current lease liabilities	6,127	4,391		(1,856)	(712)	7,950
<b>Total liabilities from financing activities</b>	<b>9,183</b>	<b>7,974</b>	<b>(5,331)</b>	<b>—</b>	<b>(910)</b>	<b>10,916</b>

Additions include EUR 1,328 thousand of accrued interest as of December 31, 2020 (December 31, 2019: EUR 1,293 thousand) as described in Note 7.

#### **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:

<i>In thousands of EUR</i>	<b>As of December 31,</b>	
	<b>2019</b>	<b>2020</b>
Short-term leases	1,817	1,357
Variable lease payments	154	115
<b>Total expense</b>	<b>1,971</b>	<b>1,472</b>

At December 31, 2020 the Group was committed to short-term leases and the total commitment at that date was EUR 619 thousand (December 31, 2019: EUR 158 thousand).

#### **18 Other taxes payable & Other taxes receivable**

Other taxes payable relates to Value added taxes amounting to EUR 2,779 thousand (2019: EUR 58 thousand), to Withholding Tax amounting to EUR 6,914 thousand (2019: EUR 4,415 thousand) and to other taxes amounting to EUR 634 thousand (2019: nil).

Other taxes receivable relates to Value added taxes amounting to EUR 2,088 thousand (2019: EUR 4,563 thousand) and to other taxes amounting to EUR 996 thousand (2019: EUR 832 thousand).

## 19 Provisions for liabilities and other charges

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

<i>In thousands of EUR</i>	<b>Tax risks</b>	<b>Marketplace and consignment goods</b>	<b>Provision for other expenses</b>	<b>Total</b>
<b>Balance as of January 1, 2019</b>	<b>19,675</b>	<b>69</b>	<b>474</b>	<b>20,218</b>
Additions	6,700	480	584	7,764
Reversals	(611)	—	(184)	(795)
Use of provision	(21)	—	(1)	(22)
Effect of translation	97	—	4	101
<b>Balance as of December 31, 2019</b>	<b>25,840</b>	<b>549</b>	<b>877</b>	<b>27,266</b>
Additions	4,736	501	911	6,148
Reversals	(167)	(207)	(188)	(562)
Use of provision	—	—	(131)	(131)
Effect of translation	(380)	(45)	(131)	(556)
<b>Balance as of December 31, 2020</b>	<b>30,029</b>	<b>798</b>	<b>1,338</b>	<b>32,165</b>
Current	30,029	798	977	31,804
Non-current	—	—	361	361

### Tax risks

Tax risk provision includes provisions related to VAT for EUR 10,691 thousand (2019: EUR 10,329 thousand), provisions related to Withholding Tax (WHT) for EUR 19,013 thousand (2019: EUR 15,362 thousand) and provisions related to other taxes for EUR 324 thousand (2019: EUR 97 thousand). 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 2021.

### Provision for other expenses

Provision for other expense mainly includes restructuring provision of EUR 27 thousand (2019: EUR 173 thousand), the provision end of service benefits of EUR 361 thousand (2019: EUR 226 thousand), and various litigation and penalty provisions of EUR 950 thousand (2019: EUR 483 thousand). The provisions are calculated based on our best estimate considering past experience.

## 20 Deferred income

Deferred income consists of EUR 1,201 thousand (2019: EUR 1,571 thousand) related to a depositary fee from BNY Mellon, deferred over the course of 5 years and thus, EUR 831 thousand (2019: 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.



## 21 Revenue

Revenue is comprised of the following:

<i>In thousands of EUR</i>	<b>For the year ended December 31,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
Sales of goods	81,340	81,164	44,179
Commissions	14,394	25,011	34,642
Fulfillment	14,980	26,855	32,409
Value added services	14,553	20,492	19,059
Marketing and Advertising	2,262	6,089	7,709
Other revenue	1,529	797	1,625
<b>Revenue</b>	<b>129,058</b>	<b>160,408</b>	<b>139,623</b>

No single customer amounted for more than 5% of Group revenues (2019: none, 2018: none).

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

## 22 Fulfillment expense

Fulfillment expense is comprised of the following:

<i>In thousands of EUR</i>	<b>For the year ended December 31,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
Fulfillment staff costs	16,970	20,872	17,558
Fulfillment centers expense	3,573	4,920	3,623
Freight and shipping expense	29,923	51,600	48,132
<b>Fulfillment expense</b>	<b>50,466</b>	<b>77,392</b>	<b>69,313</b>

During 2020, the Group's fulfillment expense has decreased primarily due to a number of operational enhancements across our logistics operations. These enhancements included a change in our volume pricing model from cost per package to cost per stop, improvements in our cross-border shipping matrix alongside staff costs savings in our fulfillment centers.

## 23 Sales and advertising expense

Sales and advertising expense is comprised of the following:

<i>In thousands of EUR</i>	<b>For the year ended December 31,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
Staff costs	5,830	8,183	8,514
Advertising campaigns	36,192	43,156	21,697
Selling expenses	3,994	4,680	2,261
<b>Sales and advertising expense</b>	<b>46,016</b>	<b>56,019</b>	<b>32,472</b>

The reduction registered in the Sales and advertising expense during 2020, is primarily due to continued enhancements to our performance marketing strategy across search and social media channels, including through more granular segmentation of our target market with differentiated campaigns and content for each segment.

## 24 Technology and content expense

Technology and content expense is comprised of the following:

<i>In thousands of EUR</i>	<b>For the year ended December 31,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
Staff Costs - Technology and content	11,691	13,136	13,251
Technology license and maintenance expenses	10,741	14,136	14,593
<b>Technology and content expense</b>	<b>22,432</b>	<b>27,272</b>	<b>27,844</b>

## 25 General and administrative expense

General and administrative expense is comprised of the following:

<i>In thousands of EUR</i>	<b>For the year ended December 31,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
Staff Costs	47,644	80,494	58,679
Occupancy Costs	5,091	1,582	1,392
Professional fees	9,830	14,300	11,301
Travel and entertainment	3,596	5,232	1,520
Office and related expenses	5,354	7,494	6,449
General sub-contracts	2,835	5,168	1,412
Bank fees & payment costs	2,980	2,893	1,704
Bad debt expense / reversal	4,436	5,877	4,885
Tax expenses	4,778	5,538	8,190
Tax provisions	5,271	6,068	4,736
Depreciation and amortization	2,166	7,906	8,133
Other general and administrative expense	944	1,973	7,263
<b>General and administrative expense</b>	<b>94,925</b>	<b>144,525</b>	<b>115,664</b>

Staff costs expense includes share options granted to eligible employees of EUR 21,647 thousand (2019: EUR 37,267 thousand and 2018: EUR 17,409 thousand).

As of December 31, 2020 Tax expenses includes mainly withholding taxes related to management fees and VAT.

As of December 31, 2020 Tax provisions includes EUR 3,987 thousand (December 31, 2019: EUR 4,372 thousand) for provisions related to withholding taxes and EUR 509 thousand (December 31, 2019: EUR 2,438 thousand) related to VAT.

As of December 31, 2020 Other general and administrative expense includes EUR 4,294 thousand for the class action settlement described in Note 16, and EUR 2,750 thousand (December 31, 2019: EUR 1,580 thousand) for insurance premiums.

## 26 Finance income and finance costs

Finance income and finance costs comprise of the following:

<i>In thousands of EUR</i>	For the year ended December 31,		
	2018	2019	2020
Foreign exchange gain	1,369	1,965	4,150
Interest and similar income	221	1,994	773
<b>Finance income</b>	<b>1,590</b>	<b>3,959</b>	<b>4,923</b>
Foreign exchange loss	1,145	1,264	12,651
Interest and similar expense	204	1,312	1,363
Other	—	—	24
<b>Finance costs</b>	<b>1,349</b>	<b>2,576</b>	<b>14,038</b>

## 27 Income tax

Income tax payables as of December 31, 2019 and December 31, 2020 comprise the following:

	As of December 31,	
	2019	2020
Income Tax Payables	400	280
Provision for Income Tax	9,656	11,156
<b>Total</b>	<b>10,056</b>	<b>11,436</b>

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

<i>In thousands of EUR</i>	For the year ended December 31,		
	2018	2019	2020
<b>Loss before income tax</b>	<b>(169,494)</b>	<b>(226,490)</b>	<b>(158,343)</b>
Statutory tax rate	29.04 %	27.39 %	27.85 %
<b>Expected income tax benefit</b>	<b>49,226</b>	<b>62,036</b>	<b>44,106</b>
Non deductible expenses	(18,826)	(26,063)	(38,359)
Non taxable income	890	3,874	2,185
Deferred tax asset not recognized	(32,170)	(40,271)	(10,506)
Deferred tax: relating to origination and reversal of temporary differences and tax losses	(7)	(151)	(41)
<b>Income tax expense</b>	<b>(887)</b>	<b>(575)</b>	<b>(2,615)</b>
<b>Effective tax rate</b>	<b>0.52 %</b>	<b>0.25 %</b>	<b>1.65 %</b>

Income tax expense is comprised of the following:

<i>In thousands of EUR</i>	For the year ended December 31,		
	2018	2019	2020
Current tax	(880)	(424)	(2,574)
Deferred tax	(7)	(151)	(41)
<b>Total Income tax (benefit) / expense</b>	<b>(887)</b>	<b>(575)</b>	<b>(2,615)</b>

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

<i>In thousands of EUR</i>			As of December 31,		
			2018	2019	2020
Country	Duration	Rate	Accumulated tax loss [gross]	Accumulated tax loss [gross]	Accumulated tax loss [gross]
Germany **	Indefinite	30.2 % *	—	(8,961)	(26,235)
Morocco	4 years	31.0 %	(25,848)	(25,342)	(28,141)
Egypt	5 years	22.5 %	(61,942)	(90,148)	(107,831)
Nigeria	Indefinite	30.0 %	(145,143)	(203,482)	(202,353)
South Africa	Indefinite	28.0 %	(28,267)	(34,327)	(38,204)
Kenya	10 Years	30.0 %	(39,135)	(64,812)	(64,236)
Ivory Coast	5 years	25.0 %	(19,962)	(27,005)	(27,975)
Ghana	3 years	25.0 %	(5,228)	(9,848)	(8,255)
Other	N/A	N/A	(32,974)	(63,829)	(46,633)
<b>Total</b>			<b>(358,499)</b>	<b>(527,754)</b>	<b>(549,863)</b>

\* In Germany, the calculation of current tax is based on a combined tax rate of 30.2%, consisting of a corporate income tax rate of 15.8% and a trade tax rate of 14.4%.

\*\* Accumulated tax losses related to Trade Tax amount to EUR 45,258 thousand as of December 31, 2020, not included in the table above.

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 loss 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 loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares and excludes all potential shares outstanding during the year, as their inclusion would be anti-dilutive. The Group potential shares consist of incremental shares issuable upon the assumed exercise of share options and the incremental shares issuable upon the assumed vesting of unvested share awards.

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

<i>In thousands of EUR</i>	For the year ended December 31,		
	2018	2019	2020
<b>Numerator</b>			
Loss for the period	(170,381)	(227,065)	(160,958)
Less: net loss attributable to non-controlling interest	(310)	(376)	(30)
<b>Loss attributable to Equity of the Company</b>	<b>(170,071)</b>	<b>(226,689)</b>	<b>(160,928)</b>
<b>Denominator</b>			
Weighted average number of shares for basic and diluted EPS	94,963,796	140,655,697	160,697,588
<b>Loss per share - basic and diluted</b>	<b>(1.79)</b>	<b>(1.61)</b>	<b>(1.00)</b>

Potential dilutive securities that are not included in the diluted per share calculations because they would be anti-dilutive are as follows:

	For the year ended December 31,		
	2018	2019	2020
Share Options	6,414,549	8,004,121	5,252,152

## 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*

Our shareholder Mobile Telephone Networks Holdings (Pty) Ltd sold a significant number of shares in Jumia, during the third quarter of 2020, and no longer qualifies as a related party, as of December 31, 2020.

The Group engages in several initiatives with affiliates of MTN. 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. For the year ended December 31, 2020, the expenses incurred with MTN amounted to EUR 220 thousand (December 31, 2019: EUR 478 thousand, December 31, 2018: EUR 487 thousand).

In 2020, the Group also entered into an agreement in which MTN prepaid for corporate and gift purchases in Jumia's platform through vouchers, which amounted for the year ended December 31, 2020 to EUR 961 thousand, which have all been converted into revenue during the period. In 2019, MTN prepaid for their employees purchases in Jumia's platform through the wallet top-ups which amounted for the twelve months ended December 31, 2019 to EUR 890 thousand, which have all been converted into revenue during the period.

#### *Transactions with Key management*

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

<i>In thousands of EUR</i>	For the year ended December 31,		
	2018	2019	2020
Short-term employee benefits	3,204	8,036	3,184
Other benefits	25	47	46
Share-based compensation	11,034	13,771	13,532
<b>Total</b>	<b>14,263</b>	<b>21,854</b>	<b>16,762</b>

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 Africa Internet General Trading LLC ("Africa Internet") to the Group. Africa Internet 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 Africa Internet is limited to the provision of operational services to

the Group, such as marketing and support services. According to Africa Internet's Memorandum of Association, Jeremy Hodara was appointed managing director of the Africa Internet. Africa Internet's 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 quarter based on a detailed cash flow forecast

#### ***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 Egyptian Pound (EGP) and Moroccan Dirham (MAD) due to valuation fluctuations in 2020 of 1.7% to 7.2% of mentioned, a possible change of +/- 10% to Ghanaian Cedi (GHS), Emirati Dirham (AED) and South African Rand (ZAR) due to valuation fluctuations in 2020 of 9.4% to 14.1% of mentioned currencies, and a possible change of +/- 15% to Nigerian Naira (NGN) and Kenyan Shilling (KES) due to valuation fluctuations in 2020 of 16.0% to 17.8% of mentioned currencies. 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:

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<i>In thousands of EUR</i>		<b>Effect on pre-tax equity</b>	<b>Effect on profit before tax</b>
<b>Change in EGP/EUR rate</b>			
	5 %	(11,475)	3,196
	(5)%	11,475	(3,196)
<b>Change in ZAR/EUR</b>			
	10 %	74	122
	(10)%	(74)	(122)
<b>Change in NGN/EUR</b>			
	15 %	(188,064)	548,353
	(15)%	188,064	(548,353)
<b>Change in MAD/EUR</b>			
	5 %	(115,614)	616
	(5)%	115,614	(616)
<b>Change in GHS/EUR</b>			
	10 %	(169)	441
	(10)%	169	(441)
<b>Change in KES/EUR</b>			
	15 %	(66,556)	96,769
	(15)%	66,556	(96,769)
<b>Change in AED/EUR</b>			
	10 %	(33,206)	871
	(10)%	33,206	(871)
<b>Change in EGP/USD rate</b>			
	5 %	(1,200)	(8)
	(5)%	1,200	8
<b>Change in ZAR/USD</b>			
	10 %	(76)	12
	(10)%	76	(12)
<b>Change in NGN/USD</b>			
	15 %	(3,717)	9,495
	(15)%	3,717	(9,495)
<b>Change in GHS/USD</b>			
	10 %	(508)	14
	(10)%	508	(14)
<b>Change in KES/USD</b>			
	15 %	(2,512)	10,345
	(15)%	2,512	(10,345)
<b>Change in AED/USD</b>			
	10 %	—	86
	(10)%	—	(86)

## **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***

As of December 31, 2020, the Group has as an allowance for uncollectible receivables of EUR 8,061 thousand (2019: EUR 8,283 thousand) as set out in the Note 11. Additionally, the Group has as an allowance for uncollectible other receivables of EUR 589 thousand (2019: EUR 503 thousand).

The Group evaluates this risk based on known troubled accounts, historical experience of losses incurred 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.

On receivables from corporate customers, the Group calculated an allowance for expected credit losses (“ECLs”) applying the simplified method permitted by IFRS 9 for trade receivables at reporting date. The Group did not track changes in credit risk, but instead calculated a loss allowance based on lifetime ECLs. Using the practical expedient that is allowed by the standard, the Group has established provision matrices that are based on its historical credit loss experience for the previous years, adjusted for non-recurring events and for forward-looking factors per country which incorporated several macroeconomic elements such as the countries’ GDP, unemployment rates. As the ECL calculated did not materially differ from the application of the accounting policy of the Group, which is based on the ageing of the balances, no additional expense was recognized within General and administrative expense.

During 2020, certain Group entities (namely, among others, 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 of EUR 902 thousand as of December 31, 2020. (December 31, 2019, EUR 1,802 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.

### ***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 2020 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 December 31, 2018, 2019 and 2020.

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 has 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. In December 2020, the Group completed an equity offering. Proceeds from the offering, net of commissions and expenses, were approximately USD 231.4 million (EUR 194.3 million).

As all funding has been exclusively obtained from the shareholders and there are no external borrowings, the Group mitigates the interest rate risk.

Based on the cash flow forecast for 2021, the Group has sufficient liquidity as of December 31, 2020 for the next twelve months.

## **32 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, 2020, 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, 2020, the Group has accrued for net tax provisions (excluding Uncertainty over Income Tax payables in accordance with IFRIC 23 interpretation) in the amount of EUR 30,029 thousand (2019: EUR 25,788 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 9,187 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.

## **Guarantees**

The Group has other commitments such as bank guarantees issued. As of December 31, 2020 The Group bank guarantees amount to EUR 860 thousand (December 31, 2019: EUR 315 thousand).

## **Legal Proceedings with shareholders**

Since May 2019, several putative class action lawsuits have been filed in the U.S. District Court for the Southern District of New York and the New York County Supreme Court against the company, certain of its management and supervisory board members, the underwriters of its IPO, its U.S. representative and, in New York State court, its auditor. The cases assert claims under federal securities laws based on alleged misstatements and omissions in connection with, and following, the company's initial public offering. On August 11, 2020, we reached an agreement to fully resolve all of the actions, subject to conditions including court approval. Under this agreement, in which the defendants do not admit any liability or wrongdoing, Jumia will make a settlement payment of USD 5 million, USD 1 million of which will be funded by insurance coverage. The settlement amounts were paid into an escrow account in January 2021. No shareholders have filed objections to the settlements. The final approval hearings for the settlements are scheduled for March 24 and 18, 2021 before the relevant courts. As of December 31, 2020 the Group booked a liability as described in note 16.

## **Lease commitments**

As disclosed in Note 17, the Group was committed to short term leases which at December 31, 2020 amounts to EUR 619 thousand (2019: EUR 158 thousand).

## **Other commitments**

The Group has committed to pay USD 23.0 million (EUR 18.8 million) to a service supplier over the next 3 years with an upfront payment discount of USD 2 million (EUR 1.6 million). As at December 31, 2020 The Group has paid USD 7 million (EUR 6.1 million) and will pay the same amount in 2021 and 2022.

## **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.

## **33 Subsequent events**

Management has not identified events occurred after December 31, 2020, for which, due to their materiality, additional disclosure in the Notes to the consolidated financial statements is required.

## DESCRIPTION OF SECURITIES

The following description of the capital stock of Jumia Technologies AG (“us,” “our,” “we” or the “Company”) is a summary of the rights of our ordinary shares and certain provisions of our articles of association in effect as of March 12, 2021. This summary does not purport to be complete and is qualified in its entirety by the provisions of our articles of association previously filed with the Securities and Exchange Commission and incorporated by reference as an exhibit to the Annual Report on Form 20-F of which this Exhibit 2.4 is a part, as well as to the applicable provisions of German legislation on stock corporations. We encourage you to read our articles of association and applicable German legislation on stock corporations carefully.

### Share Capital

As of March 12, 2021, our share capital as registered in the commercial register amounts to €179,259,246.00, which is divided into 179,259,246 ordinary bearer shares (*Inhaberaktien*). All shares are shares with no par value (*Stückaktien ohne Nennbetrag*) with a notional amount attributable to each ordinary share of €1.00.

### General Information on Capital Measures

Pursuant to our articles of association, an increase of our share capital generally requires a resolution passed at our shareholders’ meeting with both a simple majority of the share capital represented at the relevant shareholders’ meeting (three-quarters if the resolution excludes shareholders’ preemptive rights) and a simple majority of the votes cast.

The shareholders at such meeting may authorize our management board to increase our share capital with the consent of our supervisory board within a period of five years by issuing shares for a certain total amount, which we refer to as authorized capital (*genehmigtes Kapital*) and is a concept under German law that enables us to issue shares without going through the process of obtaining another shareholders’ resolution. The aggregate nominal amount of the authorized capital created by the shareholders may not exceed one-half of the share capital existing at the time of registration of the authorized capital with the commercial register. The resolution requires an affirmative vote of three quarters of the share capital represented at the shareholders’ meeting and a simple majority of the votes cast.

Furthermore, our shareholders may resolve to amend or create conditional capital (*bedingtes Kapital*). However, they may do so only to issue conversion or subscription rights to holders of convertible bonds, in preparation for a merger with another company or to issue subscription rights to employees and members of the management of our company or of an affiliated company by way of a consent or authorization resolution. The same voting requirement as for the creation of authorized capital apply. According to German law, the aggregate nominal amount of the conditional capital created at the shareholders’ meeting may not exceed one-half of the share capital existing at the time the resolution is adopted. The aggregate nominal amount of the conditional capital created for the purpose of granting subscription rights to employees and members of the management of our company or of an affiliated company may not exceed 10% of the share capital existing at the time the resolution is adopted.

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Shareholders may also resolve to increase the share capital from own resources (*Kapitalerhöhung aus Gesellschaftsmitteln*) by converting capital reserves and profit reserves into registered share capital. Pursuant to our articles of association, any resolution pertaining to an increase in share capital from own resources (*Kapitalerhöhung aus Gesellschaftsmitteln*) requires the vote of a simple majority of the share capital represented at the relevant shareholders' meeting and a simple majority of the votes cast.

All shares issued by the Company are fully paid in (meaning that shareholders are not liable to the Company to pay in any further amount in relation to their existing shares). Any resolution relating to a reduction of our share capital requires the vote of at least three-quarters of the share capital represented at the relevant shareholders' meeting as well as a simple majority of the votes cast according to German law.

### **Authorized Capital**

Under the German Stock Corporation Act (*Aktiengesetz*), a stock corporation's shareholders' meeting can authorize the management board to, with the consent of the supervisory board, issue shares in a specified aggregate nominal amount of up to 50% of the issued share capital of such company at the time the resolution becomes effective. The shareholders' authorization becomes effective upon registration in the commercial register (*Handelsregister*) and may extend for a period of no more than five years thereafter. Our authorized capital is summarized below.

As of the date of this Annual Report, our articles of association provide for the following authorized capital:

#### ***Authorized Capital 2018/I***

Pursuant to paragraph 2 of section 4 of our articles of association, the management board is authorized until December 16, 2023 to increase, once or repeatedly and each time with the consent of the supervisory board, our share capital by up to a total amount of €1,398,006.00 through the issuance of up to 1,398,006 new no-par value bearer shares against contributions in cash and/or in kind, including claims against us (the "Authorized Capital 2018/I"). The subscriptions rights of the shareholders are excluded. The Authorized Capital 2018/I serves to fulfill acquisition rights (option rights) that have been granted by us (or our legal predecessors), prior to our conversion into a German stock corporation, to current and/or former managing directors and/or employees of the Company and/or its direct and indirect subsidiaries and to service providers, supporters or business partners of the Company and/or its direct and indirect subsidiaries. The Authorized Capital 2018/I also serves to issue shares in the Company to holders of shares in direct or indirect subsidiaries of the Company, including such shares in direct or indirect subsidiaries of the Company which are held in trust by their holders. The shares which will be created from the Authorized Capital 2018/I may only be issued for these purposes. A capital increase may be implemented only to the extent that the holders of option rights exercise their option rights, and as required to issue shares in the Company to holder of shares in direct or indirect subsidiaries of the Company, including such shares in direct or indirect subsidiaries of the Company which are held in trust by their holders.

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The issue amount of the new shares must be at least €1.00 per share and may be paid in cash or in kind, including claims against the Company. The management board, subject to the consent of the supervisory board, is authorized to determine any further details of the capital increase and its implementation, including the period for which the new shares participate in any profit for the first time, which may, in deviation from Section 60(2) of the German Stock Corporation Act, include profit participation for the current fiscal year. To the extent that a member of the management board is entitled under the option rights, such determinations will be made exclusively by the supervisory board. The supervisory board may adjust the wording of the articles of association if the Authorized Capital 2018/I is utilized or the authorization expired.

### ***Authorized Capital 2021/I***

Pursuant to paragraph 5 of section 4 of our articles of association, the management board is authorized until March 10, 2026 (inclusive) to increase, once or repeatedly and each time with the consent of the supervisory board, the share capital by a total amount of up to €88,231,617.00 through the issuance of up to 88,231,617 new no-par value bearer shares against contributions in cash and/or in kind, including claims against us (“Authorized Capital 2021/I”). In principle, the shareholders are to be granted subscription rights. The shares may also be subscribed for by one or more credit institution(s) or one or several enterprise(s) operating pursuant to sections 53(1) sentence 1, 53b(1) sentence 1 or 53b(7) of the German Banking Act (*Gesetz über das Kreditwesen*) with the obligation to offer the shares to the shareholders of the Company pursuant to Section 186(5) of the German Stock Corporation Act (so-called indirect subscription right).

The subscription right of the shareholders is excluded for one or more capital increases in the context of the Authorized Capital 2021/I,

- if the utilization of the Authorized Capital 2021/I occurs in order to issue up to a maximum of 654,369 new shares of the Company to settle, at the discretion of the Company, claims from vested Virtual Restricted Stock Units granted under the VRSUP 2019 to members of the management board of the Company and employees of the Company as well as members of the management and employees of companies affiliated with the Company within the meaning of section 15 of the German Stock Corporation Act (*Aktiengesetz*) or their investment vehicles, subject to the details of the VRSUP 2019, in each case against contribution of the claims for payments originated under the Virtual Restricted Stock Units.
- if the utilization of the Authorized Capital 2021/I occurs in order to issue up to a maximum of 1,850,000 new shares of the Company to settle, at the discretion of the Company, claims from vested Virtual Restricted Stock Units granted under the VRSUP 2020 to members of the management board of the Company and employees of the Company as well as members of the management and employees of companies affiliated with the Company within the meaning of section 15 of the German Stock Corporation Act (*Aktiengesetz*) or their investment vehicles, subject to the details of the VRSUP 2019, in each case against contribution of the claims for payments originated under the Virtual Restricted Stock Units.

In this case, the pro rata amount of the share capital attributable to the new shares issued may not exceed a total of 10% of the share capital of the Company existing at the time the Authorized Capital 2021/I (i) is adopted by the extraordinary shareholders’ meeting of March 11,

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2021, (ii) comes into effect or (iii) is exercised, whichever is the lowest. Towards this limit shall count the pro rata amount of the share capital attributable to any shares that were issued or transferred from authorized capital, conditional capital or from treasury shares to members of the management board of the Company and employees of the Company as well as members of the management and employees of companies affiliated with the Company within the meaning of section 15 of the German Stock Corporation Act (*Aktiengesetz*) or their investment vehicles in the context of participation programs during the term of the Authorized Capital 2021/I.

Further, the management board, with the consent of the supervisory board, is authorized to exclude the subscription rights of the shareholders for one or more capital increases in the context of the Authorized Capital 2021/I,

- in order to exclude fractional amounts from the subscription right;
  - to the extent necessary to grant holders or creditors of convertible bonds, options, profit rights and/or profit bonds (or combinations of these instruments) (hereinafter together “Bonds”) with conversion or option rights, or conversion or option obligations, and which were or will be issued by the Company or a direct or indirect subsidiary, subscription rights to new no-par value bearer shares of the Company in the amount to which they would be entitled as shareholders after the exercise of the option or conversion rights, or after fulfillment of the conversion or option obligations or to the extent the Company exercises with regard to such Bonds its right to grant, totally or in part, shares of the Company in lieu of payment of the amount due;
  - to issue shares for cash contributions, provided that the issue price of the new shares is not significantly lower than the stock exchange price of the shares of the Company already listed on the stock exchange in the meaning of sections 203(1) and (2), 186(3) sentence 4 of the German Stock Corporation Act and that the proportional amount of the share capital attributable to the new shares issued under the exclusion of subscription rights in accordance with section 186(3) sentence 4 of the German Stock Corporation Act, does not exceed a total of 10% of the share capital of the Company, whether at the time the Authorized Capital 2021/I comes into effect or – in case such amount is lower – is exercised. Towards the above threshold of 10 % of the share capital shall also count the pro-rata amount of the share capital attributable to any shares, (i) that are sold during the term of the Authorized Capital 2021/I on the basis of an authorization to sell treasury shares pursuant to section 71(1) no. 8 sentence 5 second half sentence in conjunction with section 186(3) sentence 4 of the German Stock Corporation Act subject to the exclusion of shareholders’ subscription rights; (ii) that are issued to satisfy Bonds with conversion or option rights, or conversion or option obligations, provided that such Bonds were issued in analogous application of section 186(3) sentence 4 of the German Stock Corporation Act during the term of the Authorized Capital 2021/I subject to the exclusion of the shareholders’ subscription rights; or (iii) that are issued during the term of the Authorized Capital 2021/I on the basis of other authorized capital, provided that such shares are issued subject to the exclusion of the shareholders’ subscription rights pursuant to section 203(2) sentence 1 in conjunction with section 186(3) sentence 4 of the German Stock Corporation Act or on the basis of other capital measures subject to the exclusion of the shareholders’
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subscription rights in analogous application of section 186(3) sentence 4 of the German Stock Corporation Act;

- to issue shares for contributions in kind, in particular – but not limited thereto – in the context of mergers or for the purpose of (including indirect) acquisitions of companies, businesses, parts of companies, interests in companies or other assets, including claims against the Company or any of its group companies, or to satisfy Bonds issued for contributions in kind; or
- in order to distribute a dividend in kind, in the context of which shares of the Company (also in part or subject to election) may be issued against contribution of dividend claims (scrip dividend).

The management board is authorized, with the consent of the supervisory board, to determine any additional content of the rights attached to the shares and the conditions of the share issue; this includes the determination of the profit participation of the new shares, which may, in deviation from section 60(2) of the German Stock Corporation Act, also participate in the profit of completed fiscal years. The supervisory board is authorized to adjust the wording of our articles of association accordingly following any utilization of the Authorized Capital 2021/I or upon expiry of the period for the utilization of the Authorized Capital 2021/I.

### **Conditional Capital**

As of the date of this Annual Report, our articles of association provide for the following conditional capital:

#### ***Conditional Capital 2019/I***

Pursuant to paragraph 3 of section 4 of our articles of association, our share capital is conditionally increased by up to €2,692,876.00 through issuance of up to 2,692,876 new no-par value ordinary bearer shares (“Conditional Capital 2019/I”). The Conditional Capital 2019/I may only be used to issue shares of the Company to fulfil the subscription rights for shares in the Company that have been or will be granted to members of our management board and employees as well as members of the management and employees of companies affiliated with us, within the meaning of Sections 15 et seqq. of the German Stock Corporation Act, in the form of stock options in accordance with the authorizing resolution of the shareholders’ meeting held on February 15, 2019. The conditional capital increase will only be implemented to the extent that (i) stock options have been or will be granted in accordance with the authorizing resolution of the shareholders’ meeting of February 15, 2019, (ii) the holders of the stock options exercise their rights and (iii) the Company does not deliver treasury shares to satisfy the stock options, whereas the supervisory board shall be exclusively competent regarding the granting and settlement of stock options to the members of the management board. The new no-par value bearer shares shall participate in the profits from the beginning of the financial year in which they are issued. A shareholders’ meeting of the Company held on April 1, 2019 adopted a resolution pursuant to which the pro rata amount of the share capital attributable to the new shares issued may not exceed 10% of the share capital of the Company existing at the time of the adoption of the resolution on the amendment of the Conditional Capital 2019/I by such shareholders’ meeting held on April 1, 2019 and that towards

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this 10% limit shall count the pro rata amount of the share capital attributable to any shares that were issued or transferred from authorized capital, conditional capital or from treasury shares to members of the management board of the Company and employees of the Company as well as members of the management and employees of companies affiliated with the Company within the meaning of Sections 15 *et seq.* of the German Stock Corporation Act (*Aktiengesetz*), respectively, their investment vehicles, in the context of participation programs since such resolution of the shareholders' meeting on the Conditional Capital 2019/I was adopted. The supervisory board is authorized to amend our articles of association accordingly after the respective utilization of the Conditional Capital 2019/I and upon the expiry of any and all exercise periods.

#### ***Conditional Capital 2020/I***

Pursuant to paragraph 6 of section 4 of our articles of association, our share capital is conditionally increased by up to €3,700,000.00 through the issuance of up to 3,700,000 new no-par value ordinary bearer shares ("Conditional Capital 2020/I"). The Conditional Capital 2020/I may only be used to issue shares of the Company to fulfil the subscription rights for shares in the Company that have been or will be granted to members of the management board of the Company and employees of the Company as well as members of the management and employees of companies affiliated with the Company within the meaning of section 15 of the German Stock Corporation Act in the form of stock options in accordance with the authorization of the shareholders' meeting of June 9, 2020. The conditional capital increase will only be implemented to the extent that stock options have been or will be granted in accordance with the authorization of the shareholders' meeting of June 9, 2020, the holders of the stock options exercise their rights and the Company does not deliver treasury shares to satisfy the stock options, whereas the supervisory board shall be exclusively competent regarding the granting and settlement of stock options to the members of the management board. The new no-par value bearer shares shall participate in the profits from the beginning of the most recent financial year for which, at the time of the issuance, the annual general meeting of shareholders has not yet resolved on the appropriation of any profit. The pro-rata amount of the share capital attributable to the new shares issued may not exceed 10% of the share capital of the Company existing at the time of the adoption of the resolution on the amendment of the Conditional Capital 2020/I by the shareholders' meeting of June 9, 2020. Towards this limit shall count the pro-rata amount of the share capital attributable to any shares that were issued or transferred from authorized capital, conditional capital or from treasury shares to members of the management board of the Company and employees of the Company as well as members of the management and employees of companies affiliated with the Company within the meaning of section 15 of the German Stock Corporation Act or their investment vehicles in the context of participation programs ever since the resolution on the Conditional Capital 2020/I was adopted. The supervisory board is authorized to amend the wording of the Articles of Association accordingly after any utilization of the Conditional Capital 2020/I or upon the expiry of all exercise periods.

#### ***Conditional Capital 2020/II***

Pursuant to paragraph 4 of section 4 of our articles of association, our share capital is conditionally increased by up to €68,015,371.00 through issuance of up to 68,015,371 new no-par value bearer shares ("Conditional Capital 2020/II"). The purpose of Conditional Capital 2020/II is to grant shares to holders or creditors of convertible bonds, options, profit rights and/or profit

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bonds (or combinations of these instruments) (together “Bonds 2020”) issued on the basis of the authorization granted by the shareholders’ meeting of June 9, 2020 upon the exercise of conversion or option rights or the fulfilment of conversion or option obligations. The new shares are issued based on the conversion or option price to be determined in accordance with the authorization granted by the shareholders’ meeting of June 9, 2020. The conditional capital increase will only be implemented to the extent that the holders or creditors of Bonds 2020, which are issued or guaranteed by the Company, dependent companies or by companies in which the Company owns a majority interest either directly or indirectly by June 8, 2025 based on the authorization granted by the shareholders’ meeting of June 9, 2020, exercise any conversion or option right or fulfill any conversion or option obligation under Bonds 2020, or to the extent the Company grants shares in the Company instead of paying the amount due as well as to the extent the conversion or option rights or the conversion or option obligations are not serviced by treasury shares but rather by shares from authorized capital or other consideration. The new shares have the right to participate in any profits from the beginning of the financial year in which they are created and for all subsequent financial years. The management board is authorized to determine the further details of the implementation of the conditional capital increase. The supervisory board is authorized to amend our articles of association accordingly after any utilization of the Conditional Capital 2020/II and upon expiration of all option or conversion periods.

### ***Conditional Capital 2021/I***

The extraordinary shareholders’ meeting of March 11, 2021 adopted a resolution to cancel the existing Conditional Capital 2020/II and replace it with a new Conditional Capital 2021/I. The Company will apply to the competent local court of Charlottenburg for the registration of this resolution in the commercial register. Prior to registration, no new shares may be issued under Conditional Capital 2021/I. Conditional Capital 2021/I has the following terms:

Pursuant to paragraph 4 of section 4 of our articles of association, our share capital is conditionally increased by up to €77,236,747.00 through issuance of up to 77,236,747 new no-par value bearer shares (“Conditional Capital 2021/I”). The purpose of Conditional Capital 2021/I is to grant shares to holders or creditors of convertible bonds, options, profit rights and/or profit bonds (or combinations of these instruments) (together “Bonds 2021”) issued on the basis of the authorization granted by the shareholders’ meeting of March 11, 2021 upon the exercise of conversion or option rights or the fulfilment of conversion or option obligations. The new shares are issued based on the conversion or option price to be determined in accordance with the authorization granted by the shareholders’ meeting of March 11, 2021. The conditional capital increase will only be implemented to the extent that the holders or creditors of Bonds 2021, which are issued or guaranteed by the Company, dependent companies or by companies in which the Company owns a majority interest either directly or indirectly by March 10, 2026 based on the authorization granted by the shareholders’ meeting of March 11, 2021, exercise any conversion or option right or fulfill any conversion or option obligation under Bonds 2021, or to the extent the Company grants shares in the Company instead of paying the amount due as well as to the extent the conversion or option rights or the conversion or option obligations are not serviced by treasury shares but rather by shares from authorized capital or other consideration. The new shares have the right to participate in any profits from the beginning of the financial year in which they are created and for all subsequent financial years. The management board is authorized to determine the further details of the implementation of the conditional capital increase. The supervisory board

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is authorized to amend our articles of association accordingly after any utilization of the Conditional Capital 2021/I and upon expiration of all option or conversion periods.

### **Subscription Rights**

According to the German Stock Corporation Act (*Aktiengesetz*), every shareholder is generally entitled to subscription rights (commonly known as preemptive rights) to any new shares issued within the framework of a capital increase, including convertible bonds, bonds with warrants, profit sharing rights or income bonds in proportion to the number of shares the respective shareholder holds in the corporation's existing share capital. Under German law, these rights do not apply to shares issued out of conditional capital. A minimum subscription period of two weeks must be provided for the exercise of such subscription rights.

Under German law, the shareholders' meeting may pass a resolution excluding subscription rights if at least three-quarters of the share capital represented adopts the resolution. To exclude subscription rights, the management board must also make a report available to the shareholders justifying the exclusion and demonstrating that the company's interest in excluding the subscription rights outweighs the shareholders' interest in having them. Such justification may be subject to judicial review. Accordingly, under German law, the exclusion of subscription rights upon the issuance of new shares is permitted, in particular, if we increase the share capital against cash contributions, if the amount of the capital increase does not exceed 10% of the existing share capital and the issue price of the new shares is not significantly lower than the market price of our shares (for this purpose, the market price may also be considered the market price of an ADS listed on the NYSE divided by the number of our shares or the fraction of one of our shares represented by an ADS, as the case may be).

The authorization of the management board to issue convertible bonds or other securities convertible into shares must be limited to a period not exceeding five years as of the respective shareholder resolution.

### **Form, Certification and Transferability of the Shares**

The form and contents of our global share certificates, any dividend certificates, renewal certificates and interest coupons are determined by our management board with the approval of our supervisory board. A shareholder's right to certificated shares is excluded, to the extent permitted by law and to the extent that certification is not required by the stock exchange on which the shares are admitted to trading. We are permitted to issue global share certificates that represent one or more shares.

All of our outstanding shares are bearer shares with no par value (*auf den Inhaber lautende Stückaktien ohne Nennbetrag*). Any resolution regarding a capital increase may determine the profit participation of the new shares resulting from such capital increase.

Our shares are freely transferable under German law, with the transfer of ownership governed by the rules of the relevant clearing system.

Our articles of association do not include any provisions that would have a direct effect of delaying, deferring or preventing a change of control. However, in the event of a hostile takeover,

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we could use our authorized capital to increase our share capital to issue new shares to an investor at a premium. See “—Authorized Capital.” An increase in the number of shares outstanding could have a negative effect on a party’s ability to carry out a hostile takeover.

### **Shareholders’ Meetings, Resolutions and Voting Rights**

Pursuant to our articles of association, shareholders’ meetings may be held at our registered seat or at the place of a German stock exchange. In general, shareholders’ meetings are convened by our management board.

The supervisory board is additionally required to convene a shareholders’ meeting in cases where this is required under binding statutory law (i.e., if this is in the best interest of our company). In addition, shareholders who, individually or as a group, own at least 5% of our share capital may request that our management board convene a shareholders’ meeting. If our management board does not convene a shareholders’ meeting upon such a request, the shareholders may petition the competent German court for authorization to convene a shareholders’ meeting.

Pursuant to our articles of association, the convening notice for a shareholders’ meeting must be made public at least 36 days prior to the meeting. However, a legislative act that was adopted by the German legislator on March 27, 2020 as a consequence of the COVID-19 pandemic and which stipulates several temporary exemptions from certain statutory rules (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*), as amended (the “COVID-19 Act”) allows, in deviation of the relevant rules under the German Stock Corporation Act, for a shortened convocation period of 21 days for the shareholders’ meeting of a German stock corporation (*Aktiengesellschaft*) based on a decision of the management board in conjunction with the supervisory board’s approval. Shareholders who, individually or as a group, own at least 5% or €500,000 of our share capital may require that modified or additional items be added to the agenda of the shareholders’ meeting. For each new item, an explanation of the requested change must be provided or a voting proposal (*Beschlussvorlage*). Any request for an amendment of the agenda of the shareholders’ meeting must be received by the Company within 30 days (14 days if the notice period for the shareholders’ meeting is shortened in accordance with the COVID-19 Act) prior to the meeting. The Company must publish any requests for the amendment of the agenda of the shareholders’ meeting immediately. Under German law, our annual general shareholders’ meeting must take place within the first eight months of each fiscal year. Under the COVID-19 Act, the management board, with the consent of the supervisory board, may decide that the annual general shareholder’s meeting shall take place later in the relevant fiscal year.

Among other things, the general shareholders’ meeting is required to decide on the following issues:

- appropriation and use of annual net income;
  - discharge or ratification of the actions taken by the members of our management board and our supervisory board;
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- the approval of our statutory auditors;
- increases or decreases in our share capital;
- the election of supervisory board members; and
- to the extent legally required, the approval of our financial statements.

Each ordinary share grants one vote in a shareholders' meeting. Voting rights may be exercised by authorized proxies, which may be appointed by the Company (*Stimmrechtsvertreter*). The granting of a power of attorney must be made in text form. Generally, the shareholder or an authorized proxy must be present at the shareholders' meeting to cast a vote. However, under the Company's articles of association, the management board may determine in the invitation to the shareholders' meeting that shareholders may submit their votes in writing or by means of electronic communication without attending the shareholders' meeting in person (absentee vote) or that shareholders may participate in the shareholders' meeting in total or in part via electronic communication without attending the shareholders' meeting in person (online participation). Under the COVID-19 Act, the management board, with the consent of the supervisory board, may hold a virtual shareholders' meeting without the physical presence of shareholders or their representatives, if (1) there is an audio and video broadcast of the meeting, (2) shareholders may exercise their voting rights through electronic means (absentee vote or online participation) or by giving power of attorney, (3) shareholders may ask questions by way of electronic communication (which may be limited to questions submitted no later than two days prior to the meeting) and (4) shareholders who have exercised their voting rights are given the right to contest any resolution adopted at the meeting via electronic communication.

Our articles of association provide in Section 18 that the resolutions of the shareholders' meeting be adopted by a simple majority of the votes cast. To the extent required by law, certain resolutions may have to be approved by a simple majority of the share capital represented at the meeting, in addition to the majority of the votes cast.

Neither German law nor our articles of association provide for a minimum participation requirement to form a quorum at our shareholders' meetings.

Under German law, certain resolutions of fundamental importance require the vote of at least three-quarters of the share capital present or represented in the voting at the time of adoption of the resolution. Resolutions of fundamental importance include, in particular, capital increases with exclusion of subscription rights, capital decreases, the creation of authorized or conditional share capital, the dissolution of a company, a merger into or with another company, split-offs and split-ups, the conclusion of inter-company agreements (*Unternehmensverträge*) as defined in the German Stock Corporation Act (*Aktiengesetz*) (in particular domination agreements (*Beherrschungsverträge*) and profit and loss transfer agreements (*Ergebnisabführungsverträge*) or a combination thereof), and a change of the company's purpose or legal form.

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## **Dividends**

Under German law, distributions of dividends on shares for a given fiscal year are generally determined by a process in which the management board and supervisory board submit a proposal to our annual general shareholders' meeting held in the subsequent fiscal year and such annual general shareholders' meeting adopts a resolution.

German law provides that a resolution concerning dividends and distribution thereof may be adopted only if the company's unconsolidated financial statements prepared in accordance with German law show net retained profits. In determining the profit available for distribution, the result for the relevant year must be adjusted for profits and losses brought forward from the previous year and for withdrawals from or transfers to reserves. Certain reserves are required by law and must be deducted when calculating the profit available for distribution.

Shareholders participate in profit distributions in proportion to the number of shares they hold. Dividends on shares resolved by the general shareholders' meeting are paid annually, shortly after the general shareholders' meeting, in compliance with the rules of the respective clearing system. Dividend payment claims are subject to a three-year statute of limitation in the company's favor.

## **Liquidation Rights**

Apart from liquidation as a result of insolvency proceedings, we may be liquidated only with a vote of the holders of at least three-quarters of the share capital represented at the shareholders' meeting at which such a vote is taken. If we are liquidated, any assets remaining after all of our liabilities have been paid off would be distributed among our shareholders in proportion to their holdings in accordance with German statutory law. The German Stock Corporation Act (*Aktiengesetz*) provides certain protections for creditors which must be observed in the event of liquidation.

## **Authorization to Acquire Our Own Shares**

We may not acquire our own shares unless authorized by the shareholders' meeting or in other very limited circumstances as set out in the German Stock Corporation Act (*Aktiengesetz*). Shareholders may not grant a share repurchase authorization lasting for more than five years. The German Stock Corporation Act (*Aktiengesetz*) generally limits repurchases to 10% of our share capital and resales must generally be made either on a stock exchange, in a manner that treats all shareholders equally, or in accordance with the rules that apply to subscription rights relating to a capital increase.

The shareholders' meeting adopted a resolution on February 15, 2019 authorizing the management board, for a period until February 14, 2024, subject to the consent of the supervisory board and provided it complies with the legal requirement of equal treatment, to purchase our shares in an amount up to 10% of the lower of our total share capital existing on February 28, 2019 or our total share capital existing at the time the authorization is exercised. At the discretion of the management board, such purchase may be effected on the stock market or by means of a public offer or a public solicitation to submit sales offers.

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The management board is generally authorized to use treasury shares for all legally permissible purposes.

### **Squeeze-Out of Minority Shareholders**

Under German law, the shareholders' meeting of a stock corporation (*Aktiengesellschaft*) may resolve upon request of a shareholder that holds at least 95% of the share capital that the shares held by any remaining minority shareholders be transferred to this shareholder against payment of "adequate cash compensation" (*Ausschluss von Minderheitsaktionären*). This amount must take into account the full value of the company at the time of the resolution, which is generally determined using the future earnings value method (*Ertragswertmethode*).

A squeeze-out in the context of a merger (*umwandlungsrechtlicher Squeeze-Out*) only requires a majority shareholder to hold at least 90% of the share capital.

### **Shareholder Notification Requirements**

In accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz*), an enterprise has to inform a stock corporation (*Aktiengesellschaft*) without undue delay and in writing when its shares held in the share capital exceed or fall below 25% and/or 50%, respectively, in the capital or voting rights. Following receipt of the written notification, the corporation has to publish this information without undue delay in the German Federal Gazette (*Bundesanzeiger*).

## **DESCRIPTION OF AMERICAN DEPOSITARY SHARES**

### **American Depositary Shares**

The Bank of New York Mellon, as depositary, will register and deliver ADSs. Each ADS will represent two ordinary shares (or a right to receive two ordinary shares) deposited with The Bank of New York Mellon SA/NV, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, NY 10286.

You may hold ADSs either (a) directly (i) by having an American Depositary Receipt ("ADR"), which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (b) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder ("ADS holder"). If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution for more information regarding those products. Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. German law governs shareholder rights. The depositary will be the holder of

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the ordinary shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depository, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depository. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR, which are available on the SEC's website at <http://www.sec.gov>.

## **Dividends and Other Distributions**

### ***How will you receive dividends and other distributions on the shares?***

The depository has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

*Cash.* The depository will convert any cash dividend or other cash distribution we pay on our ordinary shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depository to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "Taxation." The depository will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depository cannot convert the foreign currency, you may lose some of the value of the distribution.

*Shares.* The depository may distribute additional ADSs representing any ordinary shares we distribute as a dividend or free distribution. The depository will only distribute whole ADSs. It will sell ordinary shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depository does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depository may sell a portion of the distributed ordinary shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

*Rights to purchase additional shares.* If we offer holders of our securities any rights to subscribe for additional ordinary shares or any other rights, the depository may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depository does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depository will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depository that it is

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legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

There can be no assurance that you will be given the opportunity to exercise rights on the same terms and conditions as the holders of our ordinary shares or be able to exercise such rights at all.

*Other Distributions.* The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, equitable and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.

## **Deposit, Withdrawal and Cancellation**

### ***How are ADSs issued?***

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

### ***How can ADS holders withdraw the deposited securities?***

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the ordinary shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. The depositary may charge you a fee and its expenses for instructing the

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custodian regarding delivery of deposited securities. Under certain circumstances, the right to surrender ADSs and withdraw deposited securities may be suspended temporarily.

***How do ADS holders interchange between certificated ADSs and uncertificated ADSs?***

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

**Voting Rights**

***How do you vote?***

ADS holders may instruct the depositary how to vote the number of deposited ordinary shares their ADSs represent at any meeting at which you are entitled to vote pursuant to applicable law and our articles of association. Upon receipt of notice of any shareholders' meeting, the depositary will notify you of such shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of Germany and the provisions of our articles of association or similar documents, to vote or to have its agents vote the ordinary shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you will not be able to exercise voting rights unless you surrender your ADSs and withdraw the ordinary shares. However, you may not know about the meeting enough in advance to withdraw the ordinary shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your ordinary shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise voting rights and there may be nothing you can do if your ordinary shares are not voted as you requested.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to Deposited Securities, if we request the depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 40 days in advance of the meeting date.

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The depositary will not vote or attempt to exercise the right to vote or exercise any voting discretion, other than in accordance with such instructions received or deemed to have been received from any ADS holder.

If we asked the depositary to solicit your instructions at least 40 days before the meeting date but the depositary does not receive voting instructions from you by the specified date, and we confirm to the depositary that:

- we wish to receive a discretionary proxy,
- as of the instruction cutoff date, we reasonably do not know of any substantial shareholder opposition to the particular question and
- the particular question would not be materially adverse to the interests of our shareholders,

then the depositary will consider you to have authorized and directed it to give a discretionary proxy to a person designated by us to vote the number of deposited securities represented by your ADSs as to that question.

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## Fees and Expenses

<i>Persons depositing or withdrawing shares or ADS holders must pay:</i>	<i>For:</i>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property  Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
\$0.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
\$0.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable and facsimile transmissions (when expressly provided in the deposit agreement)  Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by

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deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

#### **Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

#### **Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities**

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish. If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs. If there is any change in the deposited securities such as a subdivision, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited

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securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

## **Amendment and Termination**

### ***How may the deposit agreement be amended?***

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

### ***How may the deposit agreement be terminated?***

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if:

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
  - we delist our shares from an exchange on which they were listed and do not list the shares on another exchange;
  - we appear to be insolvent or enter insolvency proceedings;
  - all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
  - there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
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- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depository will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depository may sell the deposited securities. After that, the depository will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depository will sell as soon as practicable after the termination date.

After the termination date and before the depository sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depository may refuse to accept a surrender for the purpose of withdrawing deposited securities if it would interfere with the selling process. The depository may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depository will continue to collect distributions on deposited securities, but, after the termination date, the depository is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

### **Limitations on Obligations and Liability**

#### ***Limits on our Obligations and the Obligations of the Depository; Limits on Liability to Holders of ADSs***

The deposit agreement expressly limits our obligations and the obligations of the depository. It also limits our liability and the liability of the depository. We and the depository:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith and the depository will not be a fiduciary or have any fiduciary duty to holders of ADSs;
  - are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its control from performing our or its obligations under the deposit agreement;
  - are not liable if we or it exercises discretion permitted under the deposit agreement;
  - are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
  - have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
  - are not liable for the acts or omissions of any securities depository, clearing agency or settlement system;
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- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person; and
- the depositary has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

### **Requirements for Depositary Actions**

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of ordinary shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

### **Your Right to Receive the Shares Underlying your ADSs**

ADS holders have the right to cancel their ADSs and withdraw the underlying ordinary shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our ordinary shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

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## **Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System (“DRS”) and Profile Modification System (“Profile”) will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depository to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depository of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depository will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depository’s reliance on and compliance with instructions received by the depository through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depository.

## **Shareholder Communications; Inspection of Register of Holders of ADSs**

The depository will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depository will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

## **Jury Trial Waiver**

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver is enforceable in the facts and circumstances of that case in accordance with applicable case law.

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**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeremy Hodara, Co-Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 20-F of Jumia Technologies AG;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 12, 2021

By: /s/ Jeremy Hodara  
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Co-Chief Executive Officer

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**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sacha Poignonnec, Co-Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 20-F of Jumia Technologies AG;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 12, 2021

By: /s / Sacha Poignonnec  
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Co-Chief Executive Officer

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**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Antoine Maillet-Mezeray, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 20-F of Jumia Technologies AG;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 12, 2021

By: /s /Antoine Maillet-Mezeray  
Chief Financial Officer

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeremy Hodara, Co-Chief Executive Officer of Jumia Technologies AG, a stock corporation incorporated under the laws of Germany (the “Company”), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Annual Report on Form 20-F of the Company for the year ended December 31, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2021

By: /s / Jeremy Hodara  
Co-Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sacha Poignonec, Co-Chief Executive Officer of Jumia Technologies AG, a stock corporation incorporated under the laws of Germany (the “Company”), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Annual Report on Form 20-F of the Company for the year ended December 31, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2021

By: /s/ Sacha Poignonec  
Co-Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Antoine Maillet-Mezeray, Chief Financial Officer of Jumia Technologies AG, a stock corporation incorporated under the laws of Germany (the “Company”), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Annual Report on Form 20-F of the Company for the year ended December 31, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2021

By: /s / Antoine Maillet-Mezeray  
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form F-3 No. 333-240016) of Jumia Technologies AG,
- (2) Registration Statement (Form S-8 No. 333-240017) pertaining to the Stock Option Program 2020 and the Virtual Restricted Stock Unit Program 2020 of Jumia Technologies AG, and
- (3) Registration Statement (Form S-8 No. 333-237839) pertaining to the Option Program 2016, the Stock Option Program 2019, and the Virtual Restricted Stock Unit Program 2019 of Jumia Technologies AG;

of our report dated March 12, 2021, with respect to the consolidated financial statements of Jumia Technologies AG included in this Annual Report (Form 20-F) of Jumia Technologies AG for the year ended December 31, 2020.

/s/ Ernst & Young S.A.

Luxembourg  
March 12, 2021

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