

# African online retailer Jumia's Q4 losses narrow on cost savings

By Nqobile Dlodla

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African e-commerce firm Jumia Technologies said on Thursday, 16 February that cost savings had helped it reduce fourth-quarter losses by 30% from a year earlier, with a further sharp drop expected this year.



Source: Reuters/Temilade Adelaja

Jumia is on an aggressive cost-cutting journey that involves headcount reductions, scaling back offerings such as groceries and reducing delivery services not related to its e-commerce business in order to turn profitable.

The company, the first Africa-focused tech startup to list on the New York Stock Exchange, reported an adjusted loss before interest, tax, depreciation and amortisation of \$49.2m in the three months ended 31 December from \$70m in the same period of 2021.

## Cost-cutting initiatives

Chief executive Francis Dufay said in light of the encouraging signs that Jumia's cost-cutting initiatives were starting to bear fruit, it expects a sharp reduction in 2023's annual adjusted EBITDA loss to \$100-120m from \$207m in 2022.

The group cut more than 900 jobs in the fourth quarter and also significantly reduced its presence in Dubai, relocating most of its remaining staff to its African offices. "We expect these headcount reductions to allow us to save over 30% in monthly staff costs starting from March 2023," Jumia said.

It also significantly reduced its sales and advertising expenditure, by 41% year on year and scaled back its grocery offering in Algeria, Ghana, Senegal and Tunisia to reduce business complexities.

Dufay told investors on a call that Jumia had also discontinued its food delivery operations in Egypt, Ghana and Senegal, saying they were "sub-scale".



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While group revenue rose by 7.1% to \$66.5m in the quarter, its marketplace active consumers fell by 15% to 3.2 million as rising inflation squeezed consumer spending while affecting sellers' ability to secure supply.

Dufay told *Reuters* that the group would also look to grow the business by expanding into smaller towns in existing geographies where there is under-penetration of online shopping.

## ABOUT THE AUTHOR

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