

# Aprila

Aprila Bank ASA | Q3 2021 | 12 November 2021

# Disclaimer

## Forward-looking statements



*This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance.*

*Although Aprila Bank believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.*

*Important factors that may cause such a difference for Aprila Bank include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.*

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### Providing credit to a large underserved SME market

- Faster and easier credit offering to SMEs
- Transparent structure and understandable pricing; no pledge in fixed assets, no access- or registration fees and no lock-in periods
- Credit assessment based on better access to and use of data

### Leveraging technology to create competitive advantage

- Scalable architecture developed in-house; integrations through APIs
- Data warehouse developed in-house; enables data-driven decision making and facilitates powerful predictive analytics
- Real-time credit scoring and pricing based on machine-learning technology

### Building a better bank and a technology provider

- Robust and sustainable bank that will help close the SME funding gap
- Offers advanced technology to partners and other banks

### Key Performance Indicators

**# of unique customers**  
(10 Nov 2021)<sup>1</sup> **4,583**

**Gross revenue run-rate**  
(NOK million, annual run-rate, Oct 2021) **80**

**Gross margin**  
(Q3 21)<sup>4</sup> **77%**

**Job creation**  
(Total # jobs Aprila has contributed to preserving or creating since inception) **1,605**

# Product overview

Three products providing credit to SMEs



### Spot Factoring (from Q2 18)

Invoicing

Invoice will be sent to andreas@april.no

Next invoice number  
4

Invoice date  
2019-12-11

☐ Create on account invoice

Payment type  
To be paid on due date

☐ Sell invoice

Invoice amount:	50,000.00 NOK
Cost (deducted from the invoice amount):	1,383.00 NOK
Your company will receive:	48,617.00 NOK

The amount will be transferred during the next business day.  
See [information about prices and reasons for rejection](#).

[CANCEL](#) [INVOICING](#)

### Credit Line (from Q4 19)

Overdraft Corporate loans Invoice sales Aprila Business help Help sign in

## Flexible loans to businesses

Answer in less than 60 seconds, no deposit required and no hidden costs and lock-in period.

Search for your company

[See what you can get](#) [read more](#)

- ✓ Interest from 0.79% / month
- ✓ Up to 2,000,000
- ✓ Monthly price 249,-
- ✓ Establishment price 0,-

For financing of more than 2,000,000, - [Click here](#) to arrange a chat with Knut.

PARTNERS WHO HAVE CHOSEN APRILA

[fiken.no](#) [tripletex](#) [storebrand](#) [visma](#)

[Search now](#)

### eCommerce B2B Checkout (from Q2 21)

[CART](#)

2 items

iPhone 11 Pro	NOK 16,190
MacBook Pro 16-inch	NOK 69,790
<b>Total</b>	<b>NOK 85,980</b>

PAY AS A PERSON

[Apple Pay](#)

[Google Pay](#)

[PayPal](#)

[VISA](#)

[mastercard](#)

[Idemia](#)

PAY AS A COMPANY

[WIRE TRANSFER](#)

[Aprila Pay](#)

- Spot sale of invoices embedded in online accounting systems, with immediate settlement and automatic bookkeeping
- In Tripletex, Visma eAccounting and Fiken
- Product-market fit achieved; 98% of customers would be «disappointed» if feature removed, of which >50% «very disappointed»
- Aprila's machine-learning capabilities were built up on access to daily updated accounting data

- Credit line from NOK 100k to NOK 2 million
- No pledge in fixed assets, no access or limit fee, no lock-in period
- Backed by personal guarantee<sup>1</sup>
- Monthly interest rate from 0.79%
- NOK 249 per month
- Product-market fit achieved: 91% of customers would be «disappointed» if they lost access, of which 62% would be «very disappointed»

- eCommerce B2B checkout is uncrowded
- Aprila takes over credit risk from Merchant at checkout and sends invoice to buyer
- Basket size up to NOK 500k
- Instant credit approval
- Can be developed into full BNPL for B2B with deferred payment for buyer

# Highlights Q3 2021

## Summary



### Q3 21

NOKm	Q3 20	Q3 21
Gross loans	120.1	292.1
Gross income from lending	5.9	16.9
Total income	4.0	13.5
Pre-tax operating profit	-11.6	-5.4
Yield on avg. net loans <sup>1</sup>	25%	26%

### LTM

NOKm	LTM <sup>1</sup> ending	
	Q3 20	Q3 21
Gross loans	120.1	292.1
Gross income from lending	16.6	52.5
Total income	11.4	40.5
Pre-tax operating profit	-48.0	-44.2
Yield on avg. net loans <sup>2</sup>	26%	26%

### Strong revenue growth

- Aprila's gross income from lending amounted to NOK 16.9 million, an increase of 187% YoY and 22% QoQ
- Aprila's total income amounted to NOK 13.5 million, an increase of 235% YoY and 25% QoQ
- Gross loans at the end of the quarter amounted to NOK 292 million, an increase of 143% YoY and 15% QoQ

### Significant improvement in product profitability

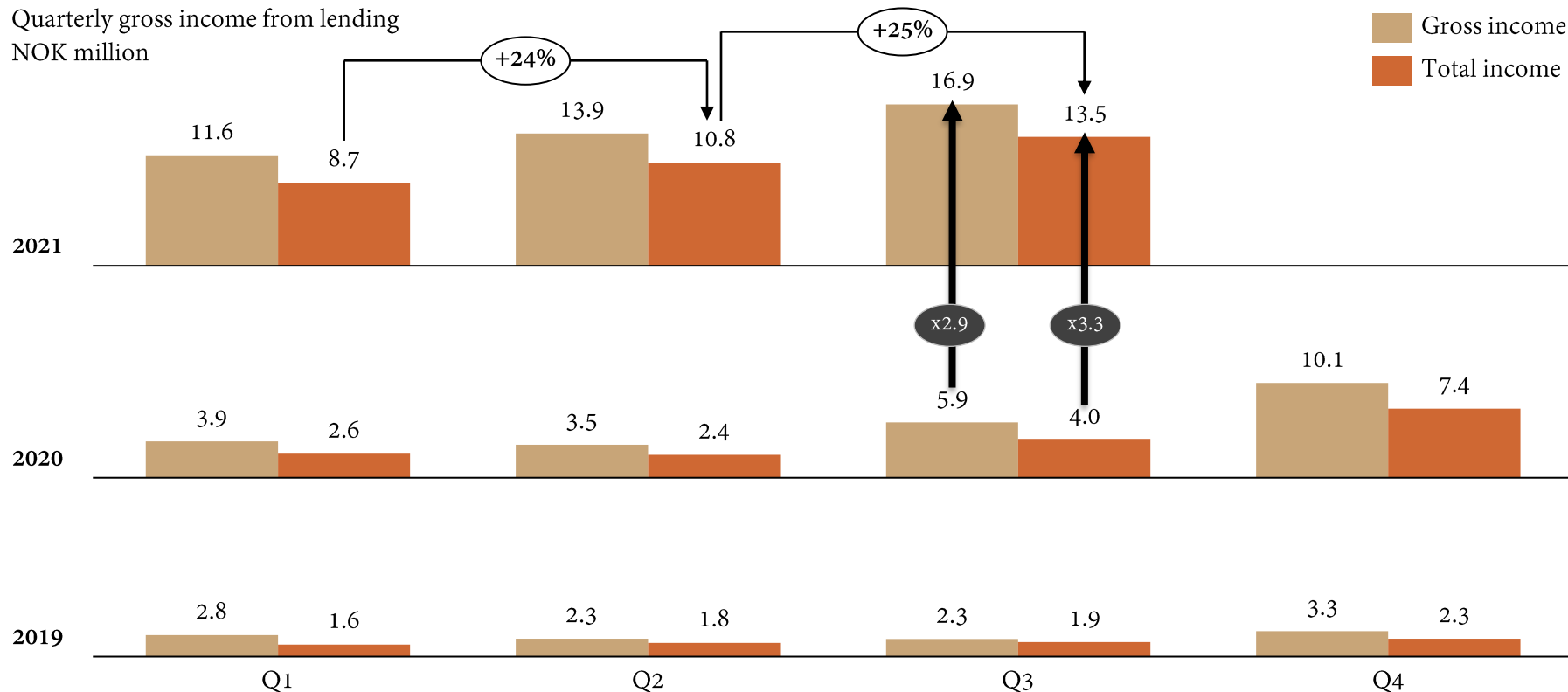
- Gross margin before loan losses increased from 73% in Q2 to 77% in Q3
  - Driven by price optimisation and an increasing share of customers coming from direct channels
- Loan losses as share of gross income declined from 29% in Q2 to 20% in Q3
  - Driven by tightening of credit algorithms and general sentiment improvement due to reopening of the economy

# Revenue growth has accelerated



Q3 21 gross income and total income grew by 187% and 235% respectively, compared to Q3 20

Quarterly gross income from lending  
NOK million

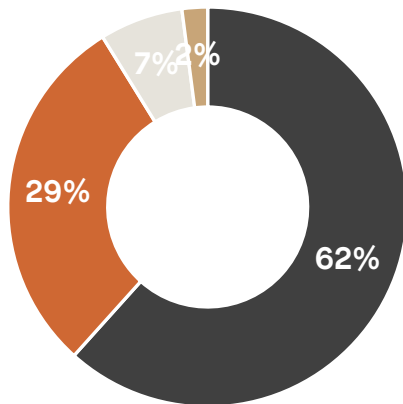


# Product-market fit established<sup>1</sup>

Customer survey in September 2021 – happy customers<sup>2</sup>

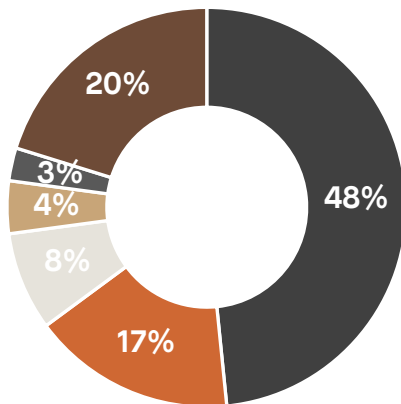


How disappointed would you feel if you could no longer use credit line from Aprila?



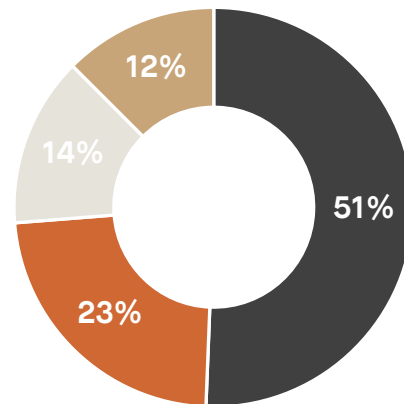
- Very disappointed
- Somewhat disappointed
- Not disappointed
- N/A - I no longer use

Why did you choose Aprila Credit Line?



- Swift credit decision
- Ability to get a loan without collateral
- Price
- Size of the credit facility
- Did not get a loan anywhere else
- Other

What is the most important advantage for you with Aprila Credit Line?



- Buffer
- Easy
- Flexibility
- Quick access

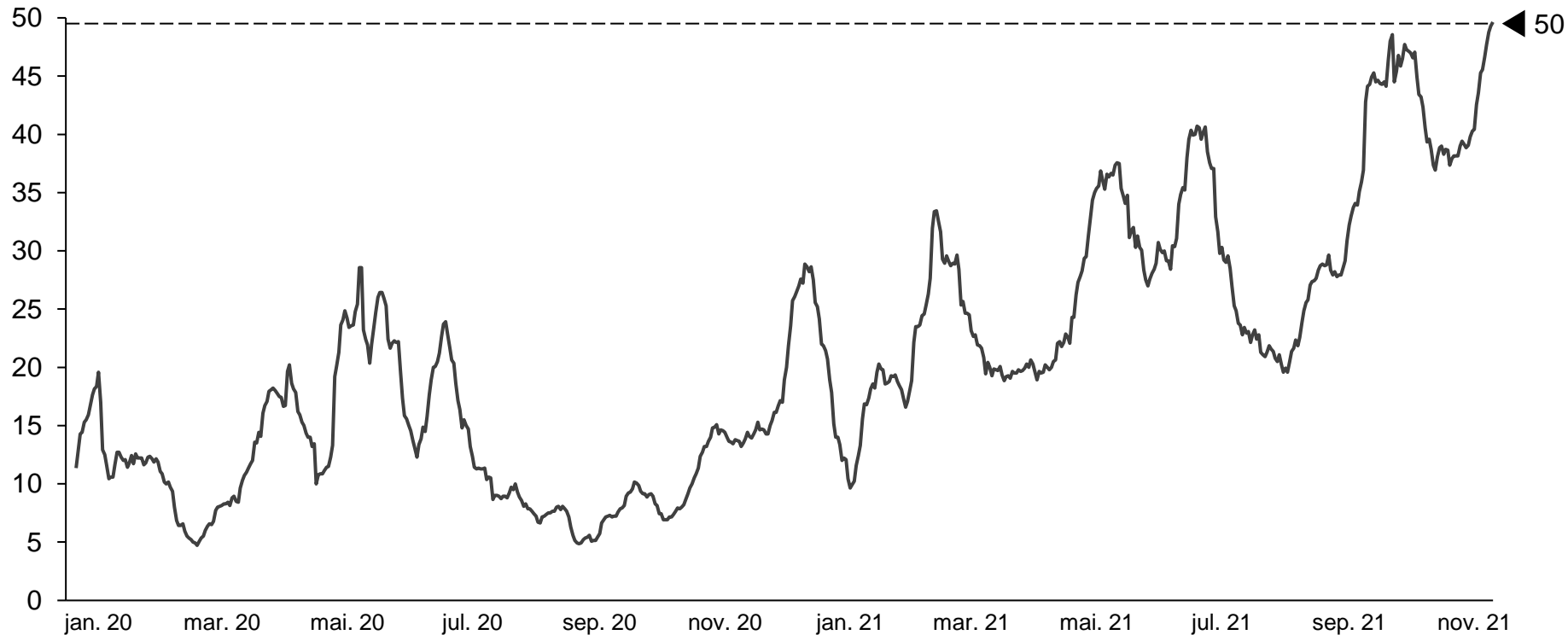
# Accelerating credit line demand

50 credit line applications per day, despite moderate marketing spend



## Daily credit line applications

Two week moving average



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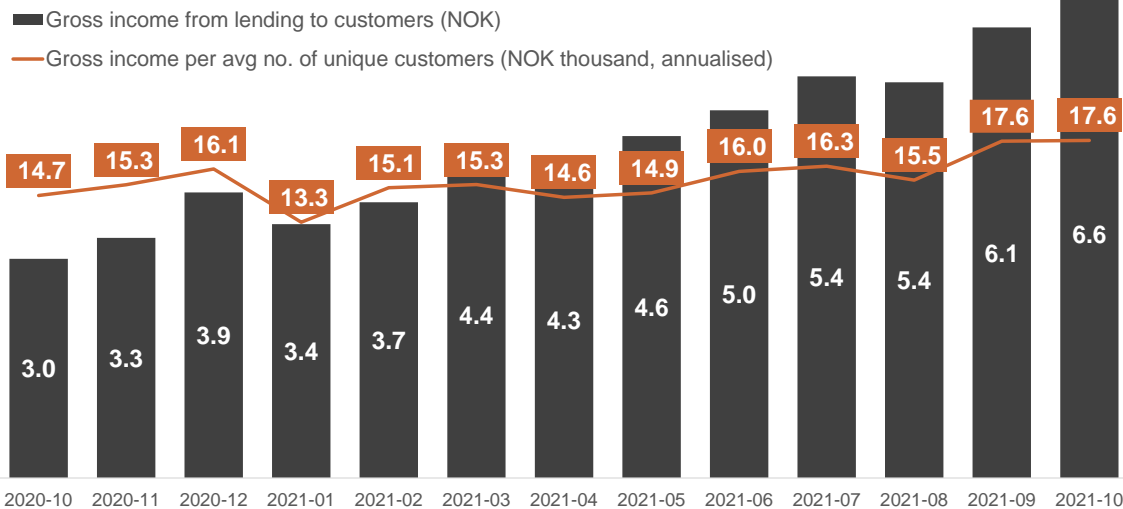


# Gross income run-rate

NOK 80m in annual gross income run-rate in October



Gross income from lending (NOK million) and gross income per unique customer (NOK thousand)



## Key comments

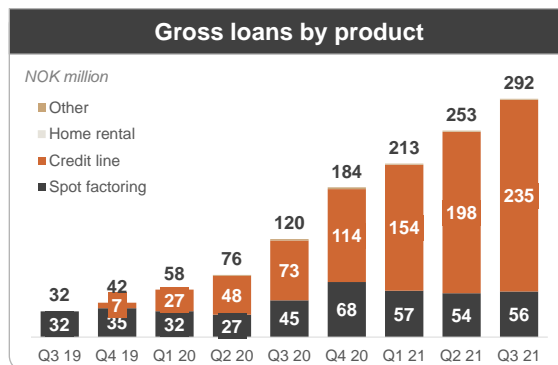
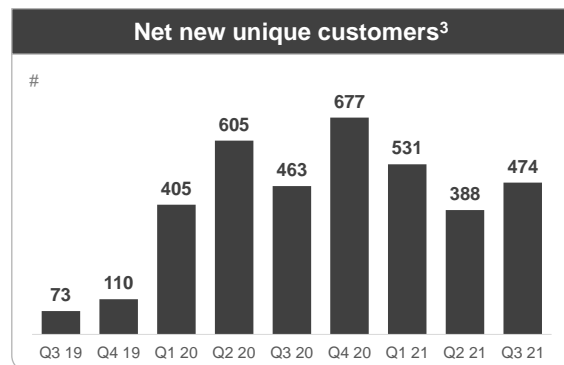
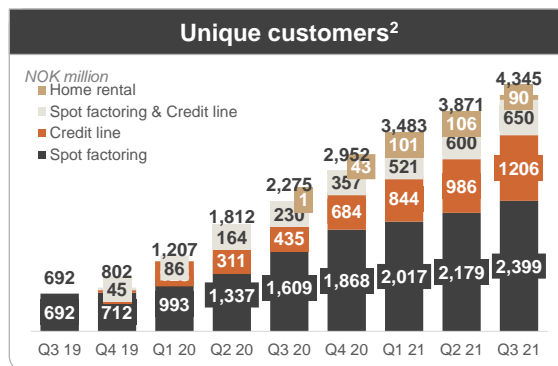
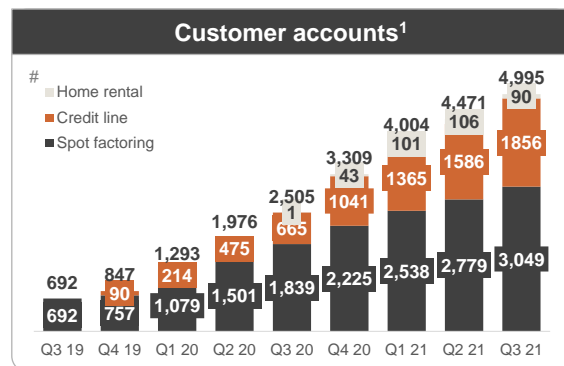
- Gross income from lending amounted to NOK 6.6 million in October, corresponding to an annual run-rate of NOK 80 million
- This represents a gross income growth of 123 % YoY and 8.5% MoM

## # of unique customers

2,476	2,706	2,952	3,127	3,310	3,483	3,628	3,714	3,871	4,015	4,118	4,345	4,522
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# Key figures

4,995 customer accounts and NOK 292 million in gross loans at EOP

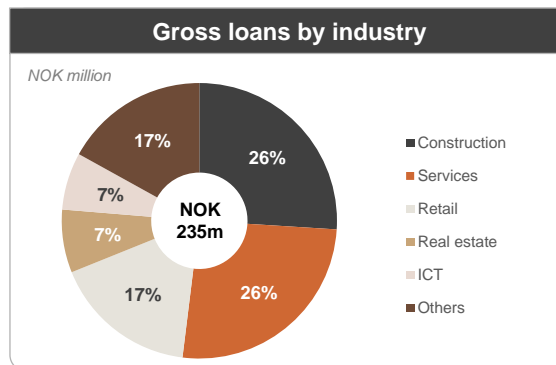
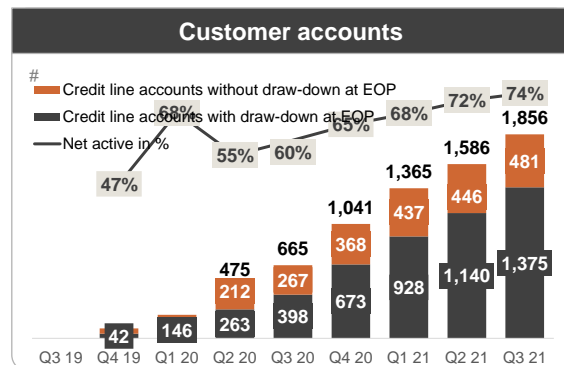


## Key comments

- 4,995 customer accounts and 4,345 unique customers at end of period
- Customer account growth: 99% YoY and 12% QoQ
  - Unique customer growth: 91% YoY and 12% QoQ
- Net 474 new customers in Q3 21
  - April's own channels accounted for 32% of the customers added in the quarter, followed by Fiken (27%), Tripletex (16%), Visma eAccounting (11%) and other channels (14%).
  - The share of new customers from other sources than Visma-owned distribution channels has increased from 8% in Q1 20 to 73% in Q3 21
- NOK 292m in gross loans at end of period of which credit line accounted for 80%

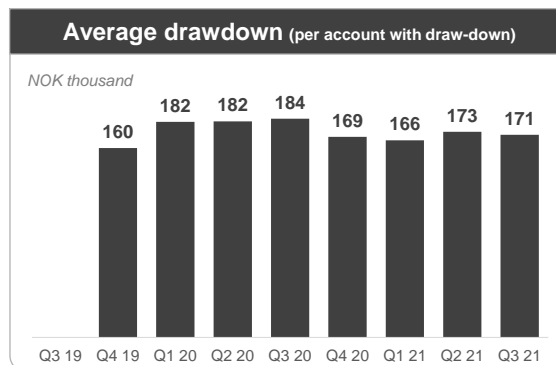
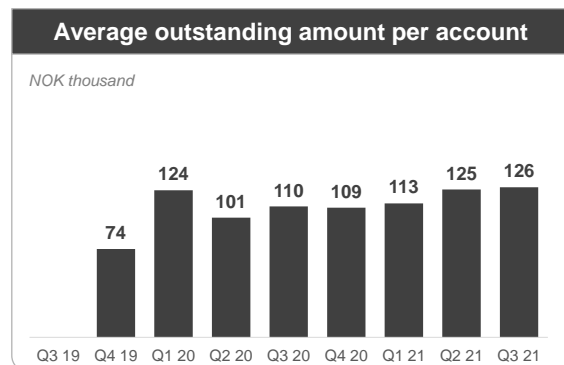
# Credit line | Key figures

1,856 credit line accounts opened (net of closed accounts) since medio December 2019



## Key comments

- 1,856 credit line accounts at the end of the period
- Net 270 new accounts (+17%) added in the quarter
- NOK 126k outstanding per account at the end of the period
- On average NOK 171k drawn by customers with draw-down

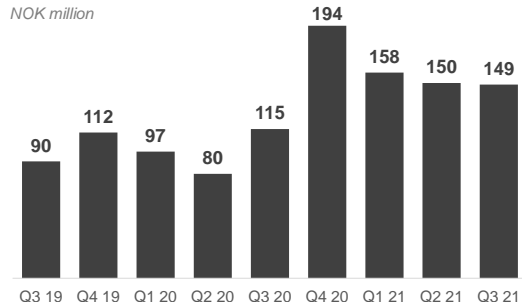


# Spot factoring | Key figures

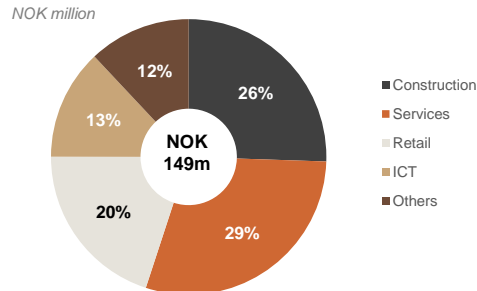
Margin increase (and continuously improving product profitability due to low loan losses)



Purchased amount



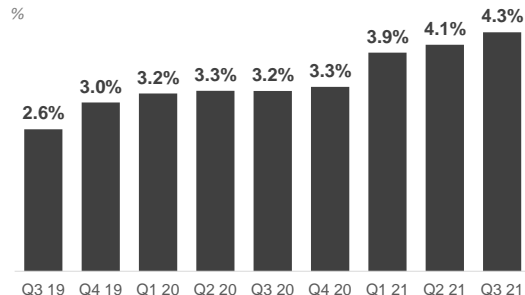
Purchased amount by customer industry



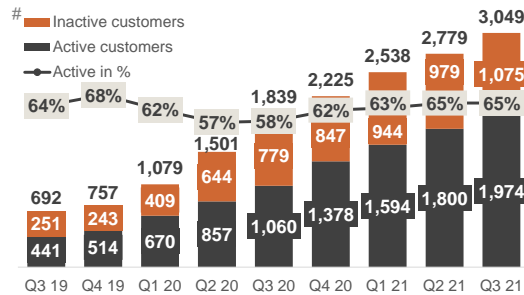
Key comments

- NOK 149m purchased
  - 30% gain YoY and a decline of 1% QoQ
- VWA margin: 4.3%
- Customers in construction, services and retail industries accounted for 75% of purchased amount in Q3 (77% in Q2)
- 1,974 of 3,049 open customer accounts (65%) had sold invoices at the end of the period
- 887 customers sold invoices in Q3 (889 in Q2)

Margin<sup>1</sup> (volume weighted average)



Active customers<sup>2</sup> vs. total net customers



# Loan losses and provisions

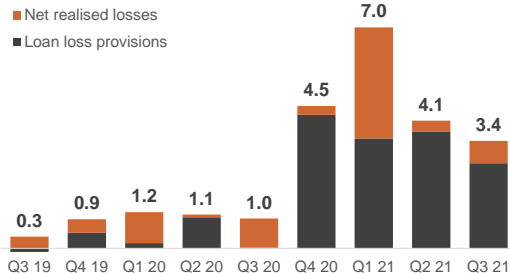
Loan losses of 20% of gross income in Q3 21



## Loan losses by LLPs and realised losses

NOK million

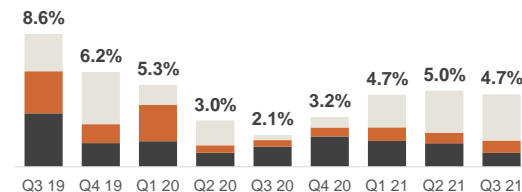
■ Net realised losses  
■ Loan loss provisions



## Loans by DPD (>30)

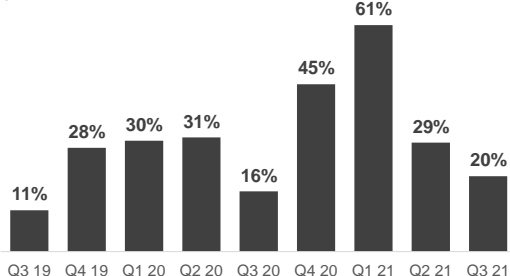
%

■ >90  
■ 61-90  
■ 31-60



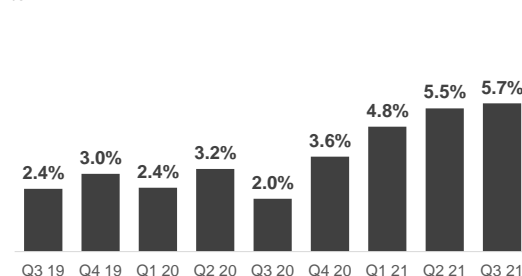
## Losses on loans in % of gross income

%



## Loan loss allowance in % of gross loans

%



## Key comments

- Total loan losses of NOK 3.4m in Q3 of which:
  - NOK 2.7m in LLPs and
  - NOK 0.7m in net realised losses
- DPD >30: 4.7% of gross loans
- Loan loss allowance in % of gross loans: 5.7%
- We implemented an internally developed machine-learning PD-model in Q3 21
- Historical data on credit line is still limited, and every new month represents a relatively large share of the historical data
- We expect that loan losses will fluctuate between 15% and 40% of gross income the next few quarters due to fluctuations in loan loss provisions
- These fluctuations will decline over time
- The long term ambition is to keep losses at around 25% of gross income

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# Addressable market in Norway



The sub 10 MNOK market is small but highly attractive for Aprila in Norway

Annual revenue	Number of businesses	Of which interested in credit	Of which creditable <sup>1</sup>	Average loan size	Total market potential	Aprila curr. product-market fit	Competition intensity	Average Yield	Yield after losses	Marginal ROE
< 10 MNOK	410 000	200 000	120 000	130k	~15B			20%	15%	60%
10-50 MNOK	50 000	40 000	35 000	>3M	>100B			12%	10%	35%
50-100 MNOK	10 000	9 000	8 900	>20M	>100B			7%	6%	20%
>100 MNOK	5 000	4 900	4 890	>100M	>400B			5%	4%	12%
	475 000	~300 000	~170 000							

Note 1: Creditable: Expected Loss = PD\*LGD < 10%

Sources: SSB (<https://www.ssb.no/statbank/table/07195>, <https://www.ssb.no/statbank/table/08228>); Company analysis



H2 2021



## Accelerate growth significantly

- Continue to optimise approval rates, limit calculations and pricing in order to find optimal level for accelerated and sustained customer growth
- Continue to optimise marketing use and spend to drive incoming demand
- Long term realistic ambition is to add >100 new business lending customers per week (in Norway)

## Continue to improve profitability

- Continue to automate customer onboarding, servicing and monitoring
- Fine tune revenue vs loss tradeoffs
- Continue to automate reporting and compliance activities

## Strengthen competitive advantage

- Optimise and fully implement proprietary PD model
- Continue to streamline customer onboarding and experience
- Implement bank account information into real-time evaluation of credit line applications

# Financial outlook

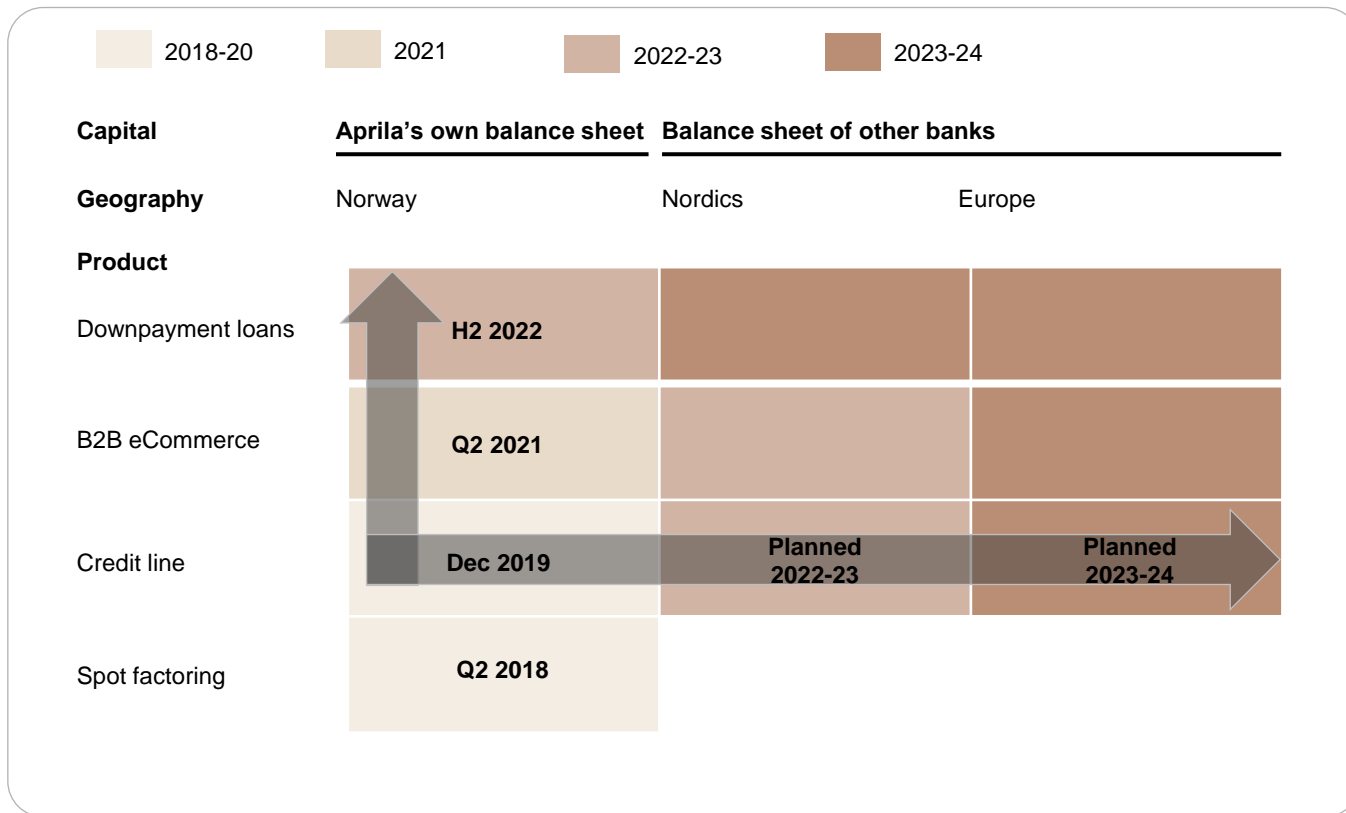
On track towards year-end targets



	YE 2020	Q3 21	YE 2021E	Key drivers
<b>Gross revenue</b> Annual run-rate <sup>1</sup> (NOK million)	47.0	73.3	85 - 95	<ul style="list-style-type: none"><li>Increased balance and yield on credit line</li></ul>
<b>Gross margin bf. loan losses</b> (LTM) <sup>2</sup>	60%	71%	>70%	<ul style="list-style-type: none"><li>Improved profitability on credit line and spot factoring</li><li>Lower commission expenses relative to gross income due to higher share of income sourced through own channels</li></ul>
<b>Customers</b> (Unique)	2,952	4,345	4,700 – 5,000	<ul style="list-style-type: none"><li>Strong and increasing customer application volumes</li></ul>

# Plan going forward

Expanding in products, geography and business model



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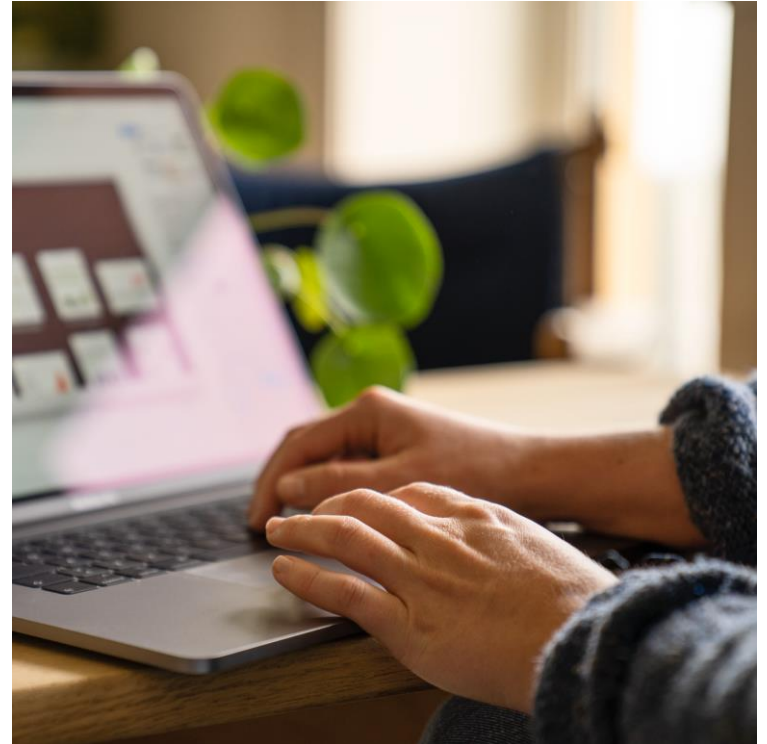
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# Income statement & general administrative expenses

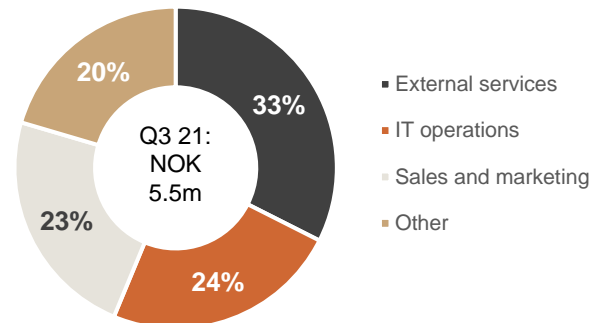


## Income Statement

<i>Amounts in NOK thousand</i>	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Interest income	16,322	5,691	41,066	12,915	22,754
Interest expense	672	637	2,392	1,553	2,144
<b>Net interest income</b>	<b>15,650</b>	<b>5,055</b>	<b>38,674</b>	<b>11,362</b>	<b>20,610</b>
Income commissions and fees	616	199	1,390	483	785
Expenses commissions and fees	2,692	1,368	7,580	3,309	5,607
<b>Net commissions and fees</b>	<b>-2,076</b>	<b>-1,169</b>	<b>-6,190</b>	<b>-2,827</b>	<b>-4,822</b>
Net gains / losses (-) on certificates, bonds and currency	-39	158	613	504	613
Other income	0	0	0	0	0
<b>Total income</b>	<b>13,535</b>	<b>4,044</b>	<b>33,097</b>	<b>9,039</b>	<b>16,401</b>
Salary and other personnel expenses	8,148	9,539	24,719	23,169	33,278
General administrative expenses	5,472	3,300	15,652	14,104	21,011
<b>Total salary and administrative expenses</b>	<b>13,621</b>	<b>12,840</b>	<b>40,371</b>	<b>37,274</b>	<b>54,289</b>
Ordinary depreciation	1,914	1,871	6,200	5,117	7,147
<b>Total operating expenses excl. losses on loans</b>	<b>15,534</b>	<b>14,711</b>	<b>46,571</b>	<b>42,390</b>	<b>61,436</b>
Losses on loans	3,426	952	14,537	3,178	7,715
<b>Pre-tax operating profit</b>	<b>-5,425</b>	<b>-11,618</b>	<b>-28,012</b>	<b>-36,529</b>	<b>-52,749</b>
Tax	0	0	0	0	0
<b>Profit after tax</b>	<b>-5,425</b>	<b>-11,618</b>	<b>-28,012</b>	<b>-36,529</b>	<b>-52,749</b>
Earnings per share (NOK)	-0.12	-0.26	-0.63	-0.93	-1.29
Diluted earnings per share (NOK)	-0.12	-0.26	-0.63	-0.93	-1.29

## General administrative expenses

<i>Amounts in NOK thousand</i>	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
External services	1,776	769	3,631	5,536	6,122
IT operations	1,303	1,097	4,138	2,544	4,764
Sales and marketing	1,275	673	4,448	3,418	6,304
Credit information	287	88	860	334	761
External audit and related services	339	44	783	263	350
Credit insurance	-14	143	222	263	349
Other operating expenses	507	486	1,570	1,748	2,361
<b>Total general administrative expenses</b>	<b>5,472</b>	<b>3,300</b>	<b>15,652</b>	<b>14,104</b>	<b>21,011</b>



# Balance sheet & regulatory capital



## Balance Sheet

<i>Amounts in NOK thousand</i>	30.09.2021	31.12.2020	30.09.2020
Loans and deposits with credit institutions	44,837	76,651	48,643
Net loans to customers	275,497	176,860	117,657
Certificates and bonds	36,250	155,832	56,033
Other intangible assets	15,529	19,183	19,576
Deferred tax assets	0	0	0
Fixed assets	2,433	4,029	4,590
Other receivables	3,416	6,387	9,456
<b>Total assets</b>	<b>377,964</b>	<b>438,942</b>	<b>255,956</b>
Deposits from and debt to customers	277,091	311,920	113,297
Other debt	16,681	14,924	14,818
<b>Total liabilities</b>	<b>293,773</b>	<b>326,844</b>	<b>128,115</b>
Share capital	44,631	44,590	44,590
Share premium	190,545	190,545	190,309
Unregistered Share capital	0	40	0
Other paid-in equity	2,546	2,442	2,241
Retained earnings	-153,532	-125,520	-109,300
<b>Total equity</b>	<b>84,191</b>	<b>112,098</b>	<b>127,840</b>
<b>Total equity and liabilities</b>	<b>377,964</b>	<b>438,942</b>	<b>255,956</b>

## Regulatory capital<sup>1</sup>
















<i>Amounts in NOK thousand</i>	30.09.2021	31.12.2020	30.09.2020
Share capital	44,631	44,590	44,590
Share premium	190,545	190,545	190,309
Other equity	-150,985	-123,038	-107,059
<b>Total equity</b>	<b>84,191</b>	<b>112,098</b>	<b>127,840</b>
Other intangible assets	-15,529	-19,183	-19,576
AVA adjustment	-36	-156	-56
Deferred tax assets	0	0	0
<b>Common equity tier 1 (CET 1)</b>	<b>68,625</b>	<b>92,759</b>	<b>108,208</b>
<b>Tier 1 capital</b>	<b>68,625</b>	<b>92,759</b>	<b>108,208</b>
<b>Total capital</b>	<b>68,625</b>	<b>92,759</b>	<b>108,208</b>
<b>Risk-weighted assets</b>			
Loans and deposits with credit institutions	8,967	15,330	9,729
Loans to customers	149,972	93,885	62,463
Certificates and bonds	0	6,002	2,527
Other assets	5,850	10,416	14,046
<b>Credit risk</b>	<b>164,789</b>	<b>125,634</b>	<b>88,765</b>
Operational risk	16,728	16,728	9,669
<b>Risk-weighted assets</b>	<b>181,517</b>	<b>142,361</b>	<b>98,434</b>
Common equity tier 1 ratio (%)	37.8%	65.2%	109.9%
Tier 1 ratio (%)	37.8%	65.2%	109.9%
Total capital ratio (%)	37.8%	65.2%	109.9%
Leverage ratio (%)	18.1%	21.6%	44.2%
LCR	312%	1418%	1039%

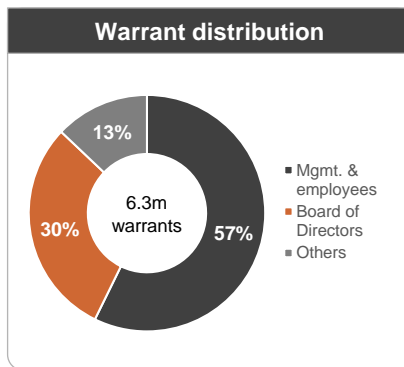
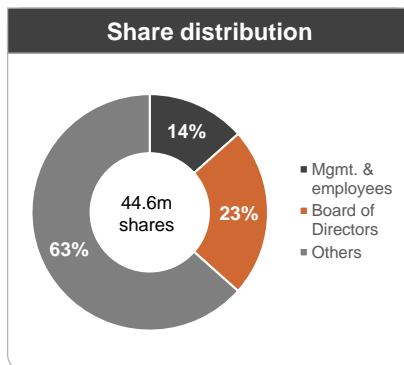
Note 1: The Company implemented retail classification on eligible exposures as of 30 Sep '21. This reduced RWA with 20% and increased CET1-ratio from 30.2% to 37.8% as of 30 Sep '21. Historical figures have been changed accordingly for comparability.

# Ownership & warrant structure<sup>1</sup>

Aligned interests among key stakeholders



Selected shareholders	
Investor	Selected current / previous holdings
FJ LABS	 
	 
	 
	 
	
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ALLIANCE VENTURE	 
	 
	 



Top 30 shareholders						
				Ownership		
#	Investor	Name	Role	# shares	%	Warrants
1	AMESTO GROUP AS	Spandow Family	Chairman	4,284,848	9.6 %	1,875,000
2	ALLIANCE VENTURE SPRING AS	Bente Loe	Board member	3,174,406	7.1 %	
3	SES AS	Bertel Steen	Board member	2,868,686	6.4 %	
4	MP PENSJON PK			1,930,329	4.3 %	
5	STRØMSTANGEN AS			1,817,622	4.1 %	
6	PRIMERA AS	Per Christian Goller	Chief Growth Officer	1,650,000	3.7 %	1,750,000
7	REDIVIVUS AS			1,154,008	2.6 %	
8	FJ LABS			1,099,400	2.5 %	
9	ØSD FINANS AS	Øystein Dannevig	Chief Decision Scientist	1,000,000	2.2 %	
10	AREPO AS			907,747	2.0 %	
11	UNIVERSAL PRESENTKORT AS			897,699	2.0 %	
12	SIRKELBUE AS	Karl Erik Asbjørnsen	Technologist	800,000	1.8 %	500,000
13	SIX SIS AG			777,470	1.7 %	
14	CHRISTIANIA SKIBS AS			765,000	1.7 %	
15	NORDIC PRIVATE EQUITY AS			750,000	1.7 %	
16	DISRUPTOR AS	Israr Khan	Chief Product & Tech Officer	740,000	1.7 %	600,000
17	ENIMAE AS			672,300	1.5 %	
18	A HOLDINGS AS			635,895	1.4 %	
19	INCHOATE AS			610,000	1.4 %	500,000
20	STRIGEN AS			608,798	1.4 %	
21	NORUS AS			591,530	1.3 %	
22	KNUDSEN			579,365	1.3 %	
23	ELIGERE AS	Lene Gridseth	Chief Operating Officer	573,200	1.3 %	375,000
24	SPORTSMAGASINET AS			572,697	1.3 %	
25	BLUE MOUNTAIN CAPITAL AS	Kjetil S. Barli	Chief Financial Officer	540,000	1.2 %	375,000
26	KLOVNINGEN AS			535,350	1.2 %	
27	SANDSOLO HOLDING AS			522,110	1.2 %	
28	ASTEROIDEBAKKEN AS			522,105	1.2 %	
29	BLUEBERRY CAPITAL AS			500,000	1.1 %	
30	SILVER & GOLD AS			461,000	1.0 %	
Others				12,089,350	27.1 %	312,500
Total				44,630,915	100.0 %	6,287,500

Note 1: As registered in VPS 1 November 2021.

Aprila