



Aprila Bank ASA | Q2 2020 | 14 August 2020

# Disclaimer

## Forward-looking statements

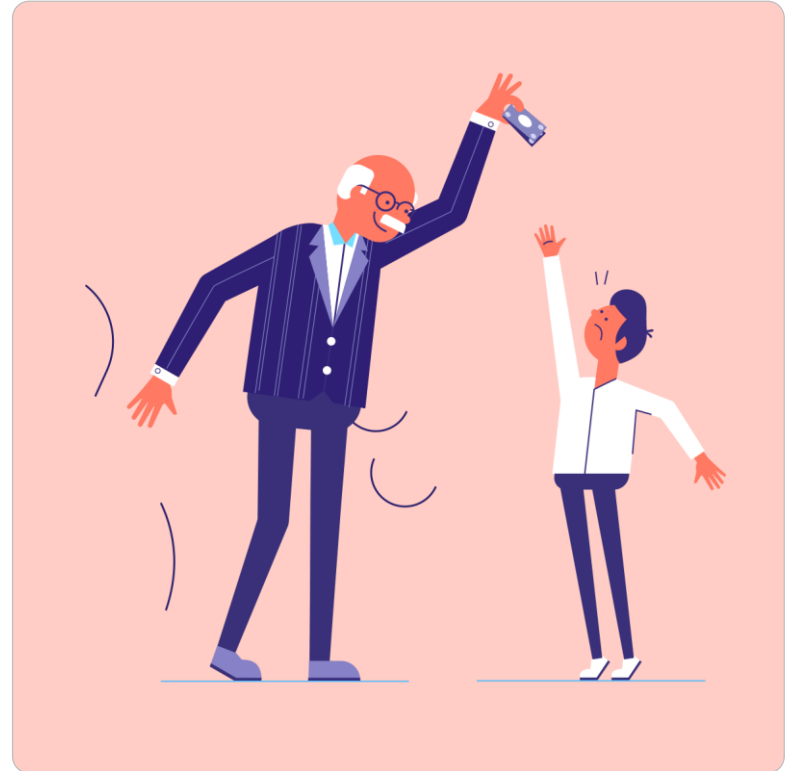


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*Although Aprila Bank believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results could differ materially from those set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

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## Making credit available for a large underserved SME market

- Offering credit to customers where they are, when they need it
- Transparent and understandable pricing; no access fees or lock-in periods
- Credit assessment based on live data from online accounting systems

## Leveraging technology to create competitive advantage

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

## Access to ~130,000 SMEs from Q2 2020 and four products from Q4 2020

- Commenced operations in Q2 2018, launching spot factoring integrated in Tripletex (online accounting system)
- Credit line up to NOK 500k launched in Tripletex on 16 Dec 2019 and in own channels (kasskreditt.no) 20 Dec 2019
- Home rental product (in cooperation with FINN.no) and Pay with Aprila to be launched in H2 2020

## Key figures

<b># of SME customers</b> (12 Aug 2020)	<b>2,021</b>
<b>Average net loans per customer</b> (NOK, 30 Jun 2020)	<b>~41,000</b>
<b>Gross income per customer</b> (NOK, annual run-rate June 20) <sup>1</sup>	<b>~12,000</b>
<b>Yield on net loans</b> (Q2 20, annualised)	<b>21%</b>
<b>Funding cost</b> (p.a.) <sup>2</sup>	<b>1.75%</b>



## Q2 20

<i>NOKm</i>	Q1 20	Q2 20
Purchased amount	97	80
Gross loans	58	76
Gross income from lending	3.9	3.5
Total income	2.6	2.4
Pre-tax operating profit	-12.8	-12.1
Yield on avg. net loans	32 %	21 %

## LTM

<i>NOKm</i>	<i>LTM ending</i>	
	Q2 19	Q2 20
Purchased amount	307	380
Gross loans	32	76
Gross income from lending	7.6	13.0
Total income	5.8	9.2
Pre-tax operating profit	-31.0	-45.0
Yield on avg. net loans <sup>1</sup>	24 %	26 %

### 50% customer growth in the quarter and 125% year-to-date

- At the end of Q2 20, Aprila had 1,812 customers
- Net 605 customers (+50%) were added in the quarter
- During the first half of 2020, Aprila has added net 1,010 new customers (+125% vs. year-end 2019)

### Completed private placement, launched in Fiken and signed agreement with FINN.no

- Aprila successfully completed a private placement of NOK 75 million
- Fiken, an online accounting system with ~35,000 users, launched spot factoring from Aprila
- Primo July, Aprila entered into an agreement with FINN.no to offer a fully digital home rental marketplace. The service will launch in Q3 2020

### Temporary drop in gross income in Q2 due to Covid-19

- Aprila implemented measures to reduce the credit risk at the end of the first quarter, resulting in lower approval rates for spot factoring in March, April and May, and hence, a decline in purchased amount in the second quarter
- The credit rules were eased medio May and spot factoring volumes returned to pre Covid-19 level in June
- The bank's interest income took a planned hit in April and May as a result of a Covid-19 campaign with 0.49% monthly interest rate on its credit line (67% discount compared to the ordinary 1.49% monthly interest rate)

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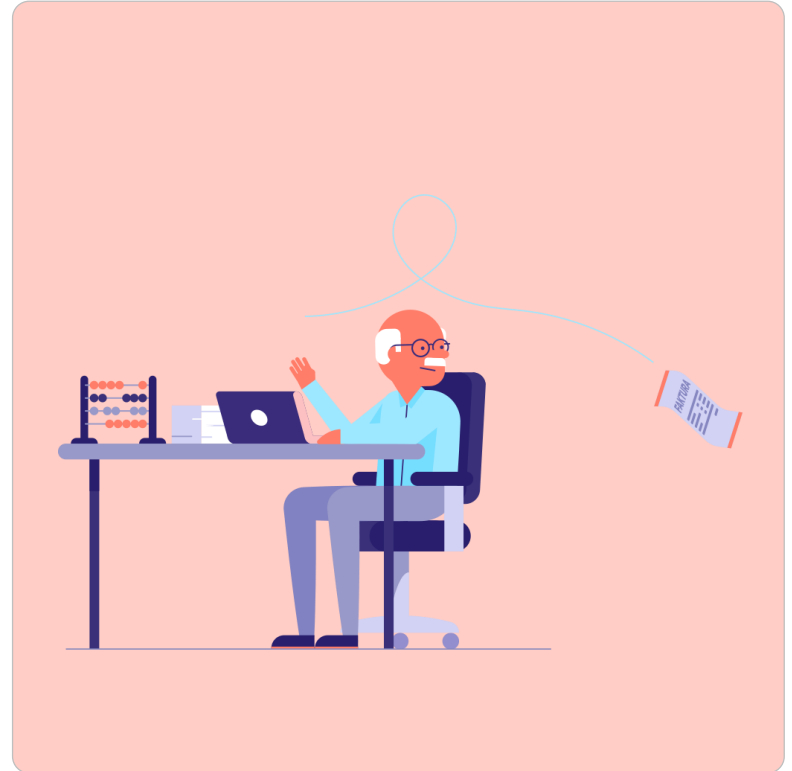
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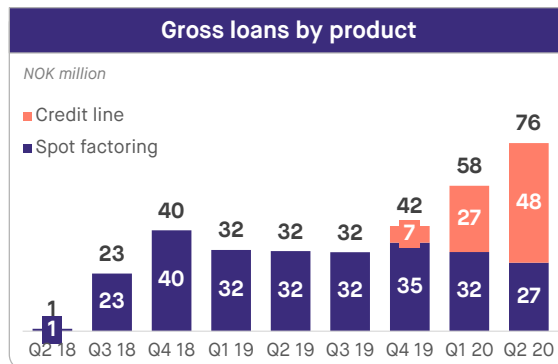
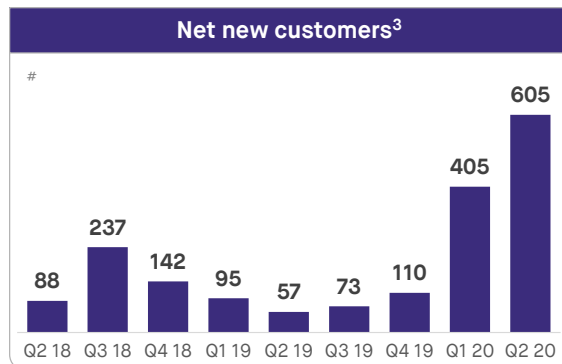
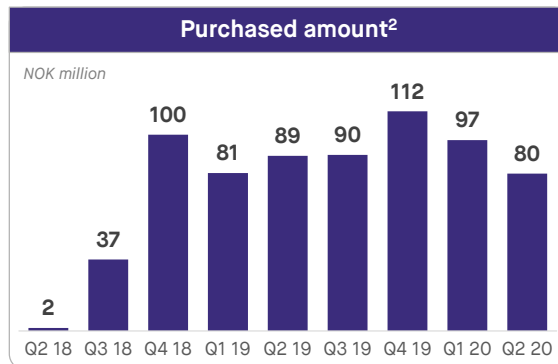
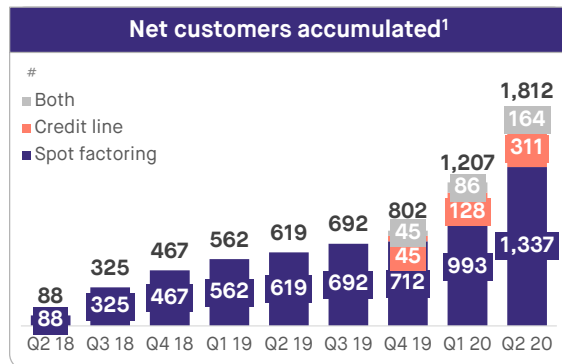
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# Key figures

1,812 customers and NOK 76m in gross loans at EOP



## Key comments

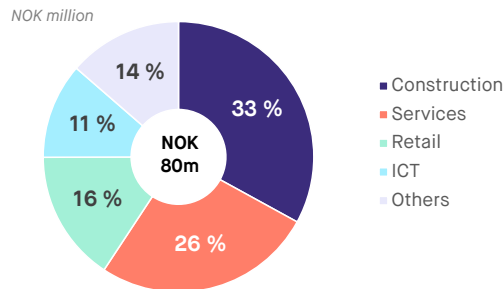
- 1,812 customers at EOP
  - 125% growth from year-end 2019
- Net 605 new customers in Q2 (+50%)
  - Visma eAccounting accounted for ~35% of the customers added in the quarter, followed by Fiken with ~30%, own channels with 16%, Tripletex with 14% and other channels with ~5%
- NOK 80m purchased
  - Credit rules were tightened primo March; resulted in lower approval rates in March, April and May
  - The credit rules were eased medio May and spot factoring volumes returned to pre Covid-19 level in June
- NOK 76m in gross loans at EOP of which credit line accounted for 63%

# Spot factoring | Active customers

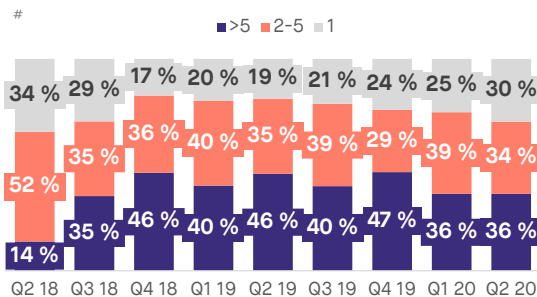
~57% of the spot factoring customers have sold invoices



## Purchased amount by customer industry



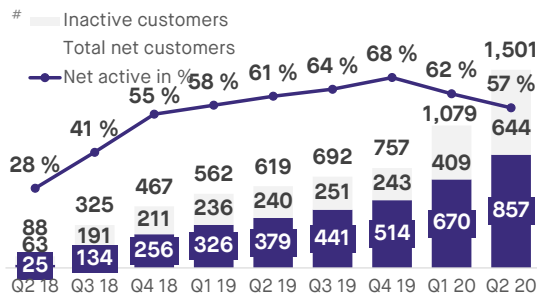
## Active customers<sup>1</sup> by # of sold invoices



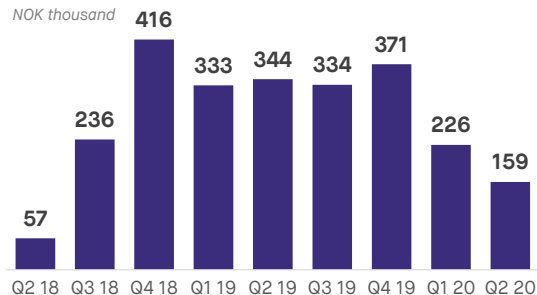
## Key comments

- Construction, services and retail accounted for 75% of purchased amount in Q1 (75% in Q1 20)
- 70% of the active customers sold two invoices or more (75% in Q1 20)
- 857 of 1,501 open customer accounts (57%) had sold invoices at EOP
- 507 customers sold invoices in Q2 (432 in Q1 20)
- NOK 159k purchased per customer active in the period
  - The dip in H1 20 is a result of:
    - lower invoiced amount per customer (-20% in both Q1 and Q2 vs. Q4 19)
    - a (relatively) steep increase in the number of new active customers
    - lower conversion rate<sup>4</sup>

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



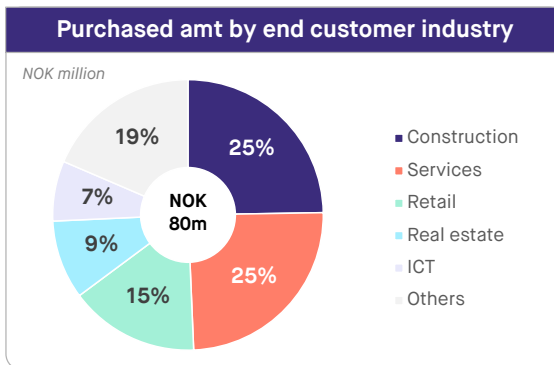
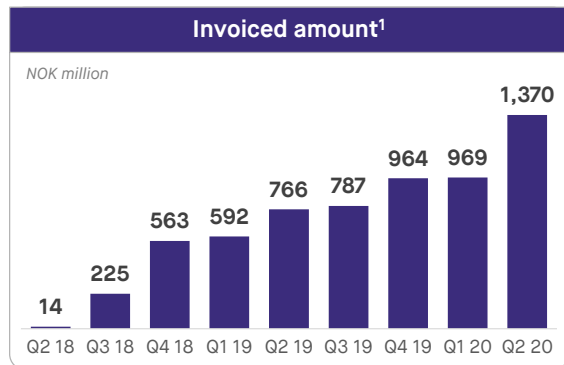
## Purchased per active customer account<sup>3</sup>



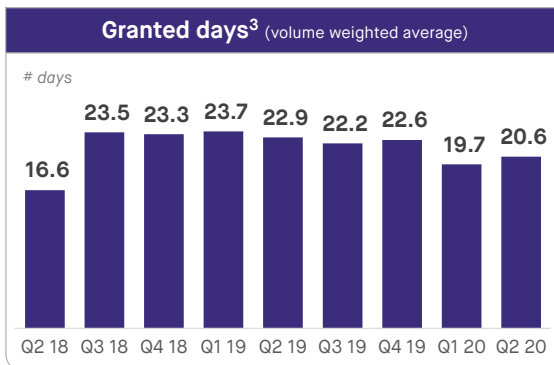
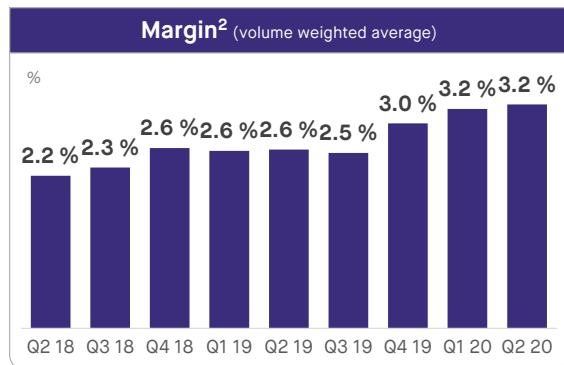


# Spot factoring | Key invoice figures

Strong growth in available volume (+40%)



- ### Key comments
- Available invoiced amount<sup>1</sup> in Q1 amounted to NOK 1.4 bn, +40% compared to Q1
  - With a purchased amount of NOK 80 million, the conversion rate<sup>4</sup> (in NOK) was 6% (10% in Q1)
    - The decline in conversion rate is a result of the tightened credit rules (lower approval rate) and lower take-up rate
  - VWA margin: 3.23% (3.16% in Q1)
  - VWA granted days in Q4 20: 20.6



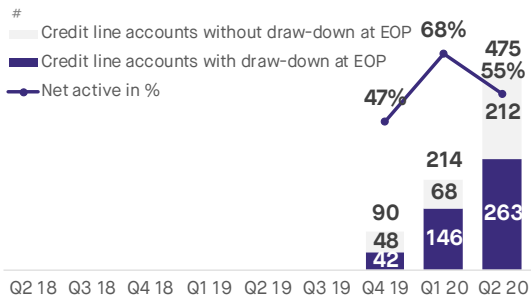
Note 1: Estimated invoiced amount available to April. || Note 2: Gross interest and fee income in % of purchased amount, not accounting for accruals. || Note 3: Volume weighted average number of due days granted to end customers on invoices purchased in the period. || Note 4: Conversion rate = Purchased in % of invoiced.

# Credit line | Key figures

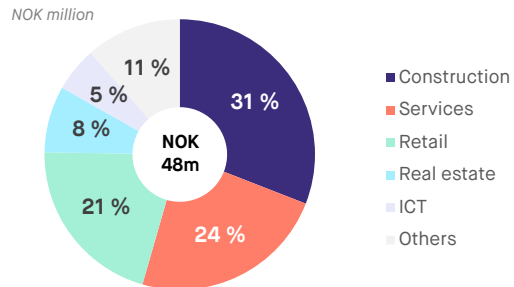
475 customer accounts opened since medio December 2019



## Customer accounts



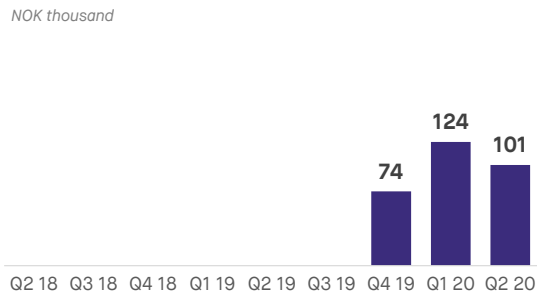
## Outstanding amount by industry



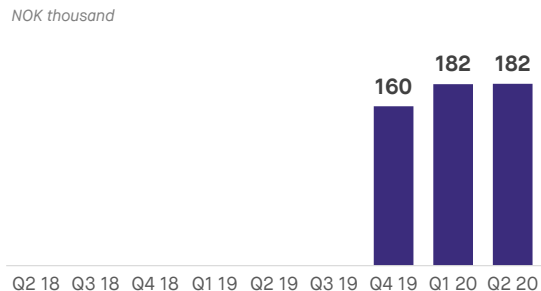
## Key comments

- 475 credit line accounts at EOP, of which
  - 47% sourced from Tripletex
  - 27% from own channels
  - 21% from Visma eAccounting
  - 5% from other channels
- NOK 101k outstanding per account at EOP
- On average NOK 182k drawn by customers with draw-down

## Average outstanding amount per account

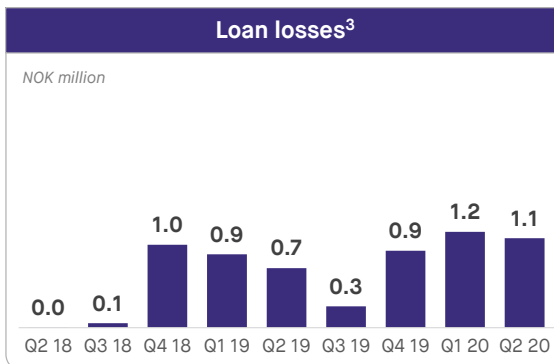
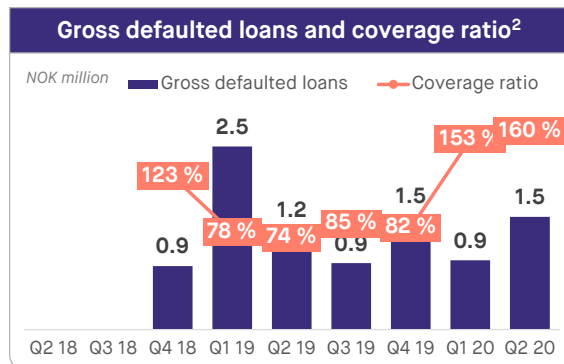
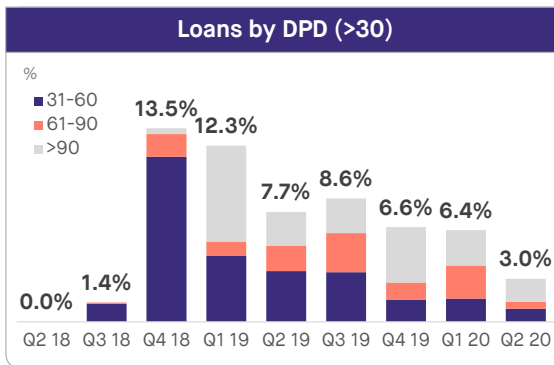
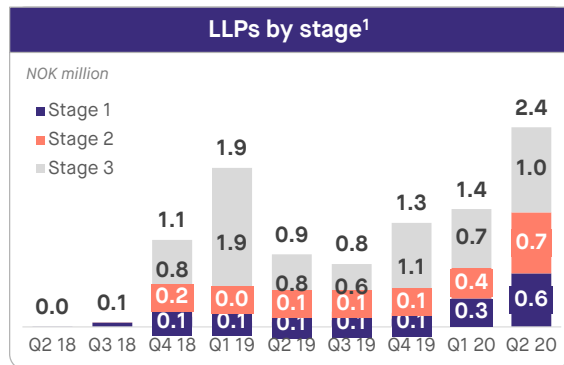


## Average drawdown (per account with draw-down)



# Loan losses and provisions

Loan impairments and losses of NOK 1.1m in Q2



## Key comments

- LLPs of NOK 2.4m / 3.2% of gross loans at EOP (2.4% in Q1 20)
- DPD >30: 3.0% of gross loans
  - The improvement is primarily a result of the change in the product mix, from 100% spot factoring in Q3 19 to 36% in Q2 20
  - DPD > 30 for spot factoring has however also declined ~15% in Q2 (from NOK 1.4m to NOK 1.2m)
- Gross defaulted loans were NOK 1.5m
  - Coverage ratio<sup>2</sup> of 160%
  - The elevation in this ratio is caused by the new product mix; credit line accounts for a relatively large portion of the LLPs, but no exposures were default at EOP Q2 20
- Total loan losses of NOK 1.1m in Q2 of which NOK 1.0m in LLPs and NOK 0.1m in net realised losses

- As of 30 Jun 2020, Aprila had purchased **24,998 invoices LTD** with a total nominal value of NOK 688m
- Total recognised spot factoring losses LTD amounted to NOK 3.6m (0.53% of purchased amount) and relates to **62 claims** (0.25% of all purchased invoices)

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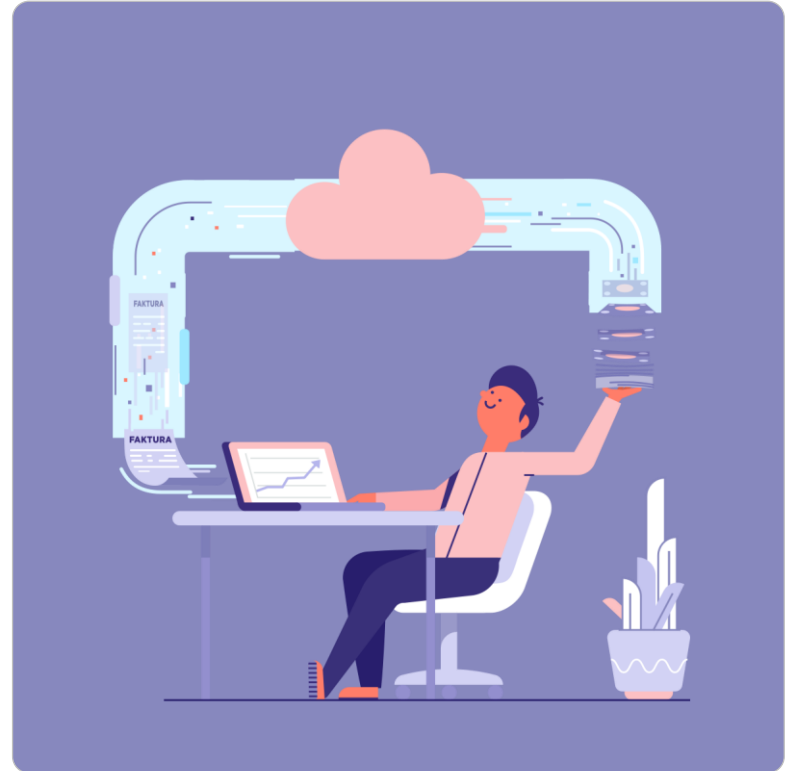
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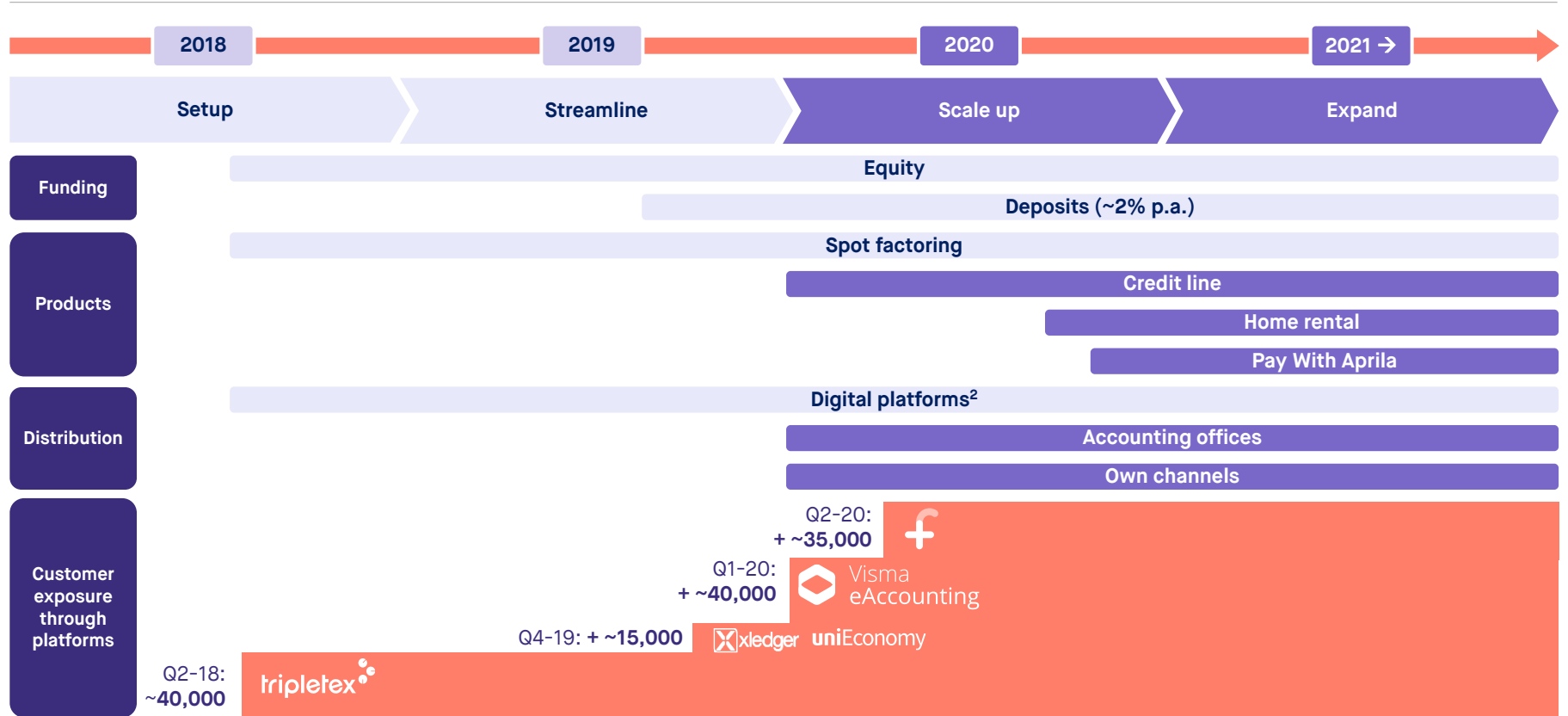
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# Timeline

Aprila in 2020: expanding from one product in one distribution channel to four products and seven channels<sup>1</sup>



Note 1: Five ERP systems, own channels and FINN.no || Note 2: ERP / online accounting systems, online classifieds (FINN.no) etc..

# Priorities in H2 2020



H2 2020

## Expand value proposition

- Launch B2C spot factoring
- Launch first version of Pay With Aprila
- Continue to improve the value proposition to partners

## Strengthen distribution

- Launch Finn enkel utleie
- Launch new version of aprila.no
- Accelerate marketing efforts

## Build competitive advantage

- Automate > 50% of customer onboardings
- Streamline the process for customer onboarding that requires human touch
- Continue to improve the quality of credit decisions by adding new data sources and improving data quality and models

# Financial outlook



Annual run-rate of NOK 70m in gross income at year-end and break-even in Q2 21

	YE 2019	Q2 20 EOP	YE 2020E	Drivers
<b># of customers</b> End of period	<b>802</b> 2% of customer exposure <sup>1</sup>	<b>1,812</b> ~1.4% of customer exposure <sup>2</sup>	<b>3,500</b> ~2% of customer exposure <sup>3</sup>	<ul style="list-style-type: none"><li>• New partners</li><li>• New products</li><li>• In-house sales</li></ul>
<b>Gross income per customer</b> Annual run-rate <sup>4</sup> (NOK)	<b>17,748</b>	<b>11,730</b>	<b>~20,000</b>	<ul style="list-style-type: none"><li>• Increased approval rate</li><li>• Increased credit line limits</li><li>• Purchasing B2C invoices</li></ul>
<b>Annual gross income</b> Run-rate (NOKm)	<b>14.2</b>	<b>21.3</b>	<b>~70</b>	<b>Break-even expected in Q2 21</b>

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# Income statement & general administrative expenses

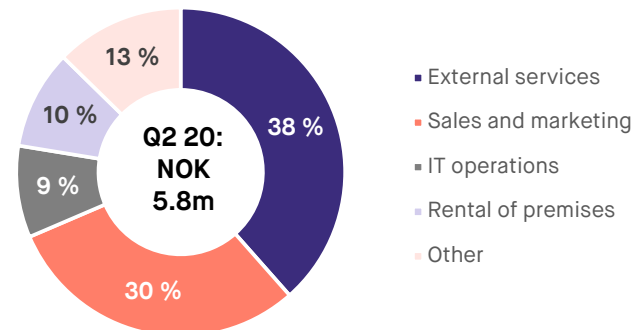


## Income Statement

Amounts in NOK thousand	Q2 2020	Q2 2019	YTD 2020	YTD 2019	2019
Interest income	3,366	2,346	7,224	4,475	10,465
Interest expense	561	20	917	38	562
<b>Net interest income</b>	<b>2,806</b>	<b>2,326</b>	<b>6,307</b>	<b>4,436</b>	<b>9,902</b>
Income commissions and fees	148	89	284	170	378
Expenses commissions and fees	859	721	1,941	1,357	3,019
<b>Net commissions and fees</b>	<b>-711</b>	<b>-631</b>	<b>-1,658</b>	<b>-1,186</b>	<b>-2,642</b>
Net gains / losses (-) on certificates, bonds and currency	347	96	346	122	323
Other income	0	0	0	0	0
<b>Total income</b>	<b>2,443</b>	<b>1,791</b>	<b>4,996</b>	<b>3,372</b>	<b>7,583</b>
Salary and other personnel expenses	6,317	3,983	13,630	10,275	24,322
General administrative expenses	5,843	2,977	11,592	7,043	14,828
<b>Total salary and administrative expenses</b>	<b>12,160</b>	<b>6,960</b>	<b>25,222</b>	<b>17,318</b>	<b>39,150</b>
Ordinary depreciation	1,353	485	2,458	954	2,227
<b>Total operating expenses excl. losses on loans</b>	<b>13,513</b>	<b>7,445</b>	<b>27,680</b>	<b>18,272</b>	<b>41,377</b>
Losses on loans	1,075	708	2,227	1,597	2,777
<b>Pre-tax operating profit</b>	<b>-12,145</b>	<b>-6,362</b>	<b>-24,911</b>	<b>-16,496</b>	<b>-36,570</b>
Tax	0	0	0	0	0
<b>Profit after tax</b>	<b>-12,145</b>	<b>-6,362</b>	<b>-24,911</b>	<b>-16,496</b>	<b>-36,570</b>
Earnings per share (NOK)	-0.32	-0.18	-0.68	-0.46	-1.01
Diluted earnings per share (NOK)	-0.27	-0.15	-0.57	-0.38	-0.85

## General administrative expenses

Amounts in NOK thousand	Q2 2020	Q2 2019	YTD 2020	YTD 2019	2019
External services	2,248	1,199	4,766	3,272	6,488
IT operations	527	799	1,448	1,825	3,959
Rental of premises	569	309	1,023	554	1,277
Sales and marketing	1,758	77	2,744	165	702
Credit information	128	100	246	167	411
External audit and related services	0	0	219	188	188
Credit insurance	67	91	119	131	288
Other operating expenses	545	403	1,028	742	1,515
<b>Total general administrative expenses</b>	<b>5,843</b>	<b>2,977</b>	<b>11,592</b>	<b>7,043</b>	<b>14,828</b>



# Balance sheet & regulatory capital



## Balance Sheet

<i>Amounts in NOK thousand</i>	30.06.2020	31.12.2019	30.06.2019
Loans and deposits with credit institutions	95,182	60,593	45,711
Net loans to customers	73,746	40,885	31,463
Certificates and bonds	55,875	45,470	30,235
Other intangible assets	19,023	12,700	5,728
Deferred tax assets	0	0	0
Fixed assets	5,104	5,868	2,711
Other receivables	7,808	4,522	2,580
<b>Total assets</b>	<b>256,737</b>	<b>170,038</b>	<b>118,429</b>
Deposits from and debt to customers	103,552	62,194	1
Other debt	14,135	15,642	6,761
<b>Total liabilities</b>	<b>117,687</b>	<b>77,836</b>	<b>6,761</b>
Share capital	44,590	36,220	36,220
Share premium	190,309	127,036	127,036
Unregistered Share capital	0	37	0
Other paid-in equity	1,832	1,680	1,108
Retained earnings	-97,682	-72,771	-52,697
<b>Total equity</b>	<b>139,050</b>	<b>92,202</b>	<b>111,667</b>
<b>Total equity and liabilities</b>	<b>256,737</b>	<b>170,038</b>	<b>118,429</b>

## Regulatory capital

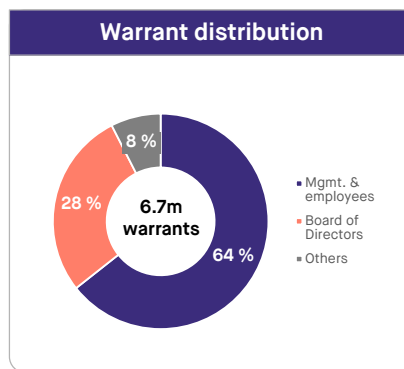
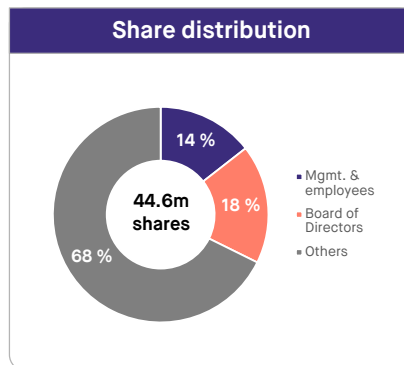
<i>Amounts in NOK thousand</i>	30.06.2020	31.12.2019	30.06.2019
Share capital	44,590	36,220	36,220
Share premium	190,309	127,036	127,036
Other equity	-95,850	-71,054	-51,588
<b>Total equity</b>	<b>139,050</b>	<b>92,202</b>	<b>111,667</b>
Other intangible assets	-19,023	-12,700	-5,728
AVA adjustment	-56	-45	0
Deferred tax assets	0	0	0
<b>Common equity tier 1 (CET 1)</b>	<b>119,972</b>	<b>79,456</b>	<b>105,940</b>
<b>Tier 1 capital</b>	<b>119,972</b>	<b>79,456</b>	<b>105,940</b>
<b>Total capital</b>	<b>119,972</b>	<b>79,456</b>	<b>105,940</b>
<b>Risk-weighted assets</b>			
Loans and deposits with credit institutions	19,036	12,119	9,142
Loans to customers	56,571	32,219	29,955
Certificates and bonds	2,518	1,502	0
Other assets	12,911	10,390	5,291
<b>Credit risk</b>	<b>91,037</b>	<b>56,230</b>	<b>44,389</b>
Operational risk	9,669	9,669	5,212
<b>Risk-weighted assets</b>	<b>100,706</b>	<b>65,899</b>	<b>49,601</b>
Common equity tier 1 ratio (%)	119.1%	120.6%	213.6%
Tier 1 ratio (%)	119.1%	120.6%	213.6%
Total capital ratio (%)	119.1%	120.6%	213.6%
Leverage ratio (%)	49.1%	50.0%	94.0%
LCR	1205 %	2162 %	153 %

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

Aligned interests among key stakeholders



Selected shareholders	
Investor	Selected current / previous holdings
FJ LABS	Klarna. stripe airbnb AVANZA 
ALLIANCE VENTURE	ENCAP SECURITY ARUNDO boost-ci



### Top 30 shareholders

#	Investor	Name	Role	Ownership		Warrants
				# shares	%	
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	MP PENSJON PK			1,930,329	4.3%	
4	STRØMSTANGEN AS			1,817,622	4.1%	
5	PRIMERA AS	Per Christian Goller	Chief Growth Officer	1,630,000	3.7%	1,750,000
6	SES AS			1,175,000	2.6%	
7	REDIVIVUS AS			1,154,008	2.6%	
8	FJ LABS			1,099,400	2.5%	
9	NORUS AS			1,016,690	2.3%	
10	COSIMO AS			983,871	2.2%	
11	AREPO AS			907,747	2.0%	
12	UNIVERSAL PRESENTKORT AS			897,699	2.0%	
13	SVINDAL AKSEL LUND			874,545	2.0%	
14	SIRKELBUE AS	Karl Erik Asbjørnsen	Technologist	800,000	1.8%	500,000
15	ØSD FINANS AS	Øystein Dannevig	Chief Analytics Officer	800,000	1.8%	
16	SIX SIS AG			777,470	1.7%	
17	DISRUPTOR AS	Israr Khan	Chief Product & Tech Officer	730,000	1.6%	600,000
18	SKIPS AS TUDOR			722,226	1.6%	
19	ENIMAE AS			667,300	1.5%	
20	SPORTSMAGASINET AS			652,497	1.5%	
21	NORDA ASA			650,000	1.5%	
22	SANDSOLO HOLDING AS			634,900	1.4%	
23	INCHOATE AS	Heiki Strengelsrud	Growth Manager	610,000	1.4%	500,000
24	ELIGERE AS	Lene Gridseth	Chief Operating Officer	573,200	1.3%	375,000
25	STRIGEN AS			568,798	1.3%	
26	KLØVNINGEN AS			535,350	1.2%	
27	OSMANI VENTURE CAPITAL AS			533,776	1.2%	
28	BLUE MOUNTAIN CAPITAL AS	Kjetil S. Barli	Chief Financial Officer	530,000	1.2%	375,000
29	ASTEROIDEBAKKEN AS			522,105	1.2%	
30	ALPINE CAPITAL AS			504,940	1.1%	
	Others			12,841,746	28.8%	687,500
	<b>Total</b>			<b>44,590,473</b>	<b>100.0%</b>	<b>6,662,500</b>

Note 1: As registered in VPS 11 August 2020.

