

Aprila

Aprila Bank ASA | Q4 2020 | 12 February 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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Aprila in brief

Technology company reinventing SME banking and enabling new job creation



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

Embedded in the accounting systems of ~130,000 SMEs

- Commenced operations in Q2 2018, launching spot factoring embedded in Tripletex (online accounting system)
- Credit line up to NOK 500k launched in Tripletex on 16 Dec 2019 and in own channels (kassekreditt.no) 20 Dec 2019





Key figures – previous reporting

# of SME customers (10 Feb 2021)	3,120
Average gross loans per customer (NOK, 10 Feb 2021)	60,600
Gross income per customer (NOK, annual run-rate Dec 2020) ¹	16,200
Yield on net loans (Dec 2020, annualised)	27%
Funding cost (p.a.) ²	0.95%

Key Performance Indicators – going forward

# of platform customers (10 Feb 2021) ³	3,209
Gross revenue run-rate (NOK million, annual run-rate, Dec 2020)	47
Gross margin (2020) ⁴	60%
Job creation (Total # jobs Aprila has contributed to preserving or creating since inception)	836



Q4 20

NOKm	Q3 20	Q4 20
Purchased amount	115	194
Gross loans	120	184
Gross income from lending	5.9	10.1
Total income	4.0	7.4
Pre-tax operating profit	-11.6	-15.3
Yield on avg. net loans	25%	27%

LTM

NOKm	LTM ending	
	Q4 19	Q4 20
Purchased amount	372	487
Gross loans	42	184
Gross income from lending	10.0	23.3
Total income	7.6	16.4
Pre-tax operating profit	-36.6	-51.8
Yield on avg. net loans ¹	29%	25%

71% gross income growth QoQ and 204% YoY

- Aprila's gross income from lending grew by 71% in the fourth quarter to an all-time high of NOK 10.1 million
- Gross loans increased by 53%, from NOK 120 million at the end of Q3 to NOK 184 million at the end of Q4
- Purchased amount reached an all-time high of NOK 194 million, a 69% gain from Q3

The transaction platform (spot factoring) demonstrated strong performance improvement

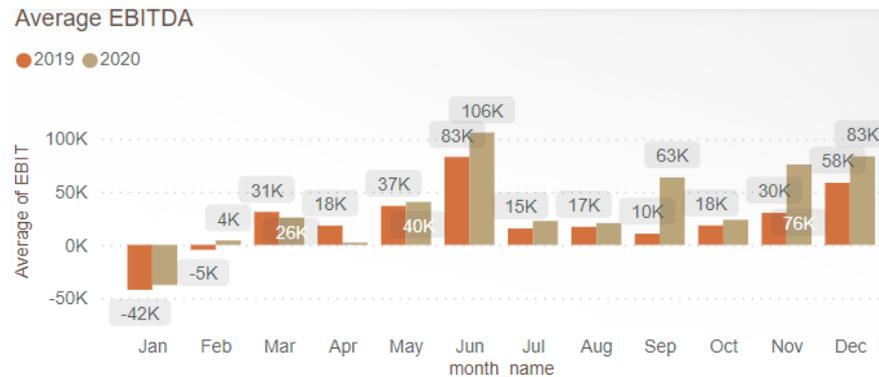
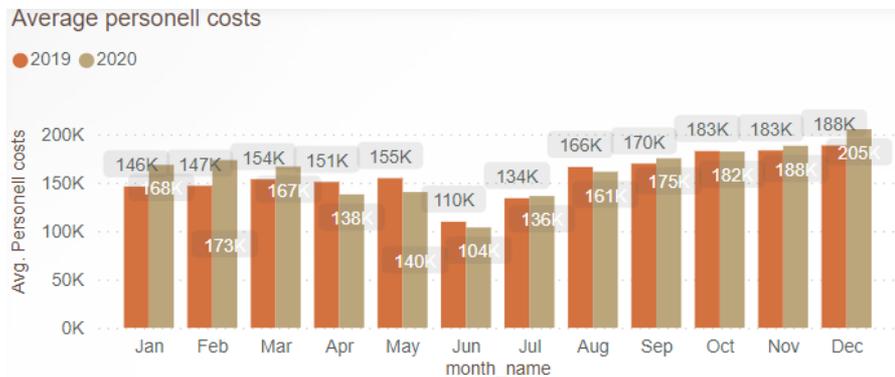
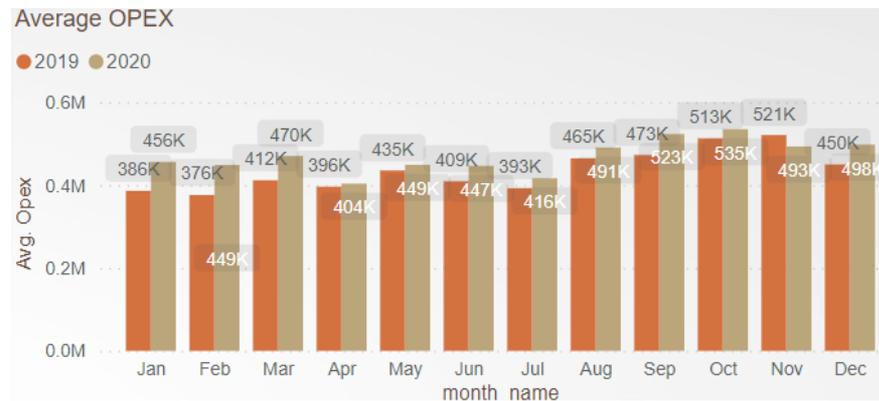
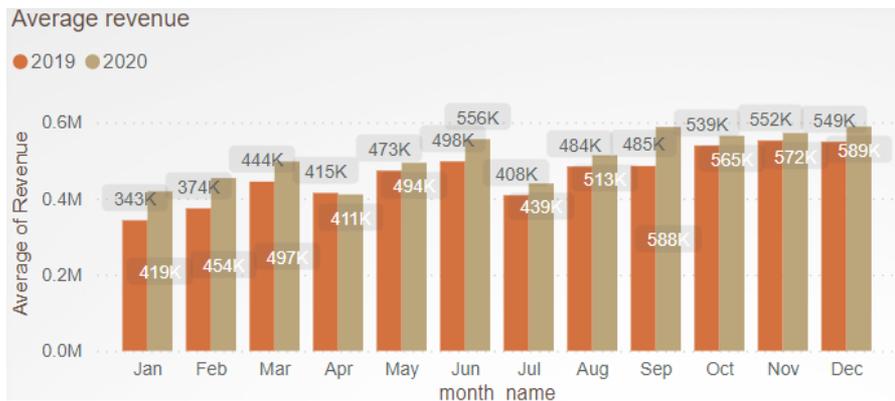
- Aprila launched machine-learning based decision engine for spot factoring on 5 September 2020
- Following the launch, approval and take-up rates surged, lifting conversion rate with 35%; from 10% in Q3 to 13.5% in Q4²
- Aprila's share of its spot factoring customers' revenue ('invoice cut'³) increased from a historical 0.28% to 0.35% (+25%)

Direct lending platform off to a promising start

- Credit line accounted for 40% of the new customer accounts in 2020, and 38% of Aprila's revenues in Dec '20
- Credit line achieved 19% gross margin in its first full year of operation (vs 22% gross margin for spot factoring in first year of operation), slightly lower than expected due to NOK 2m in loan loss provisions in Q4

Norwegian SMEs are doing well, despite the pandemic

The average Aprila customer has improved revenue and profitability from 2019 to 2020



Source: Analysis of all Aprila customers for which accounting data is fully available and updated as of January 20th 2020, excluding all customers that did not have meaningful revenue before February 2019. This represents a selection of 1,149 small and medium sized Norwegian businesses, with representative distribution among all industry sectors and geographical regions in Norway.

However, a minority of businesses have been hit hard

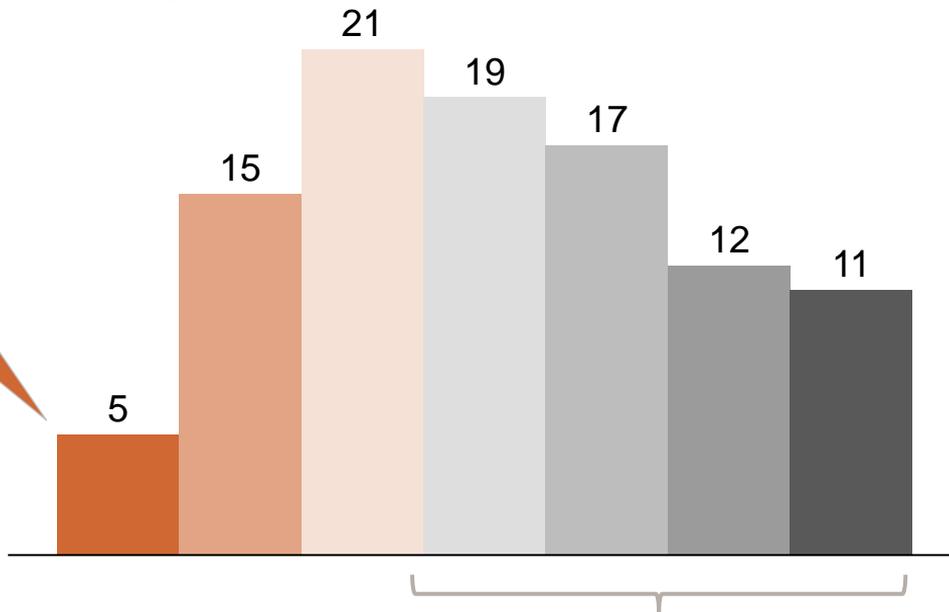
5% of businesses lost more than 50% of their revenues in 2020 – mostly due to the Corona situation



Revenue change distribution among Aprila customers

Percentage change 2019-2020

5% of customers
accounted for
80% of the loan
loss provisions

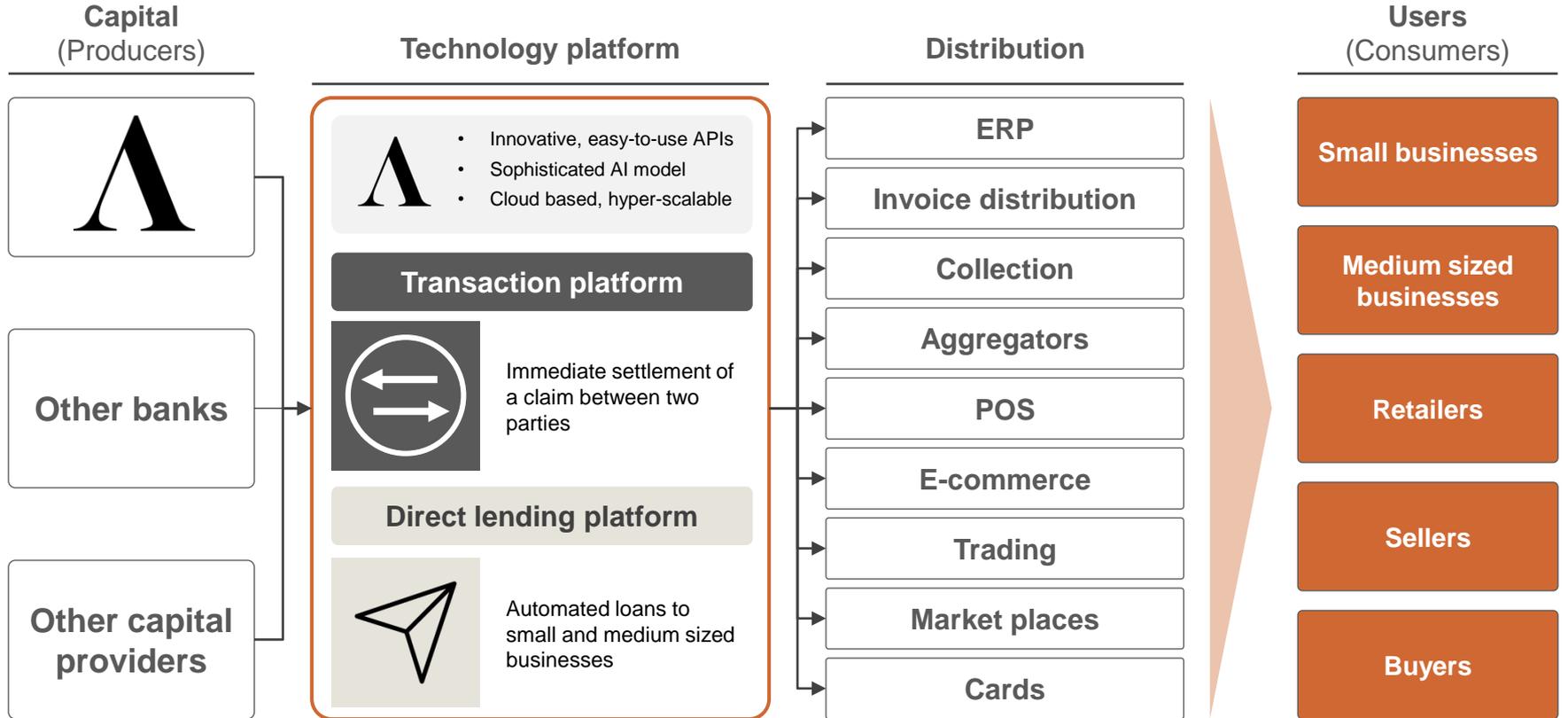


- >50% Drop
- 20-50% Drop
- 0-20% Drop
- 0-20% Increase
- 20-50% Increase
- 50-100% Increase
- >100% Increase

60% of businesses increased
their revenues in 2020

Technology company with a banking license

Building a scalable platform for SME business enablement through embedded finance



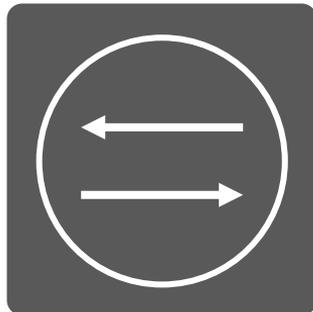
Growth accelerated in 2020

270% customer growth in 2020; margins interrupted by Corona and new platform ramp-up



Transaction platform

Apr 2018



New Features

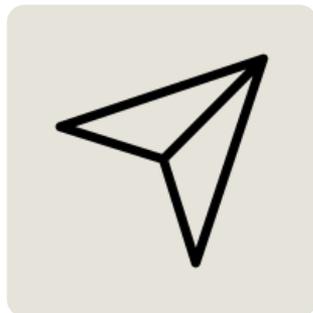
- Machine learning
- B2C
- Home rental factoring

New partners

- Visma eAccounting
- Fiken
- Moment
- Finn
- Visma Webfaktura
- Recman

Direct lending platform

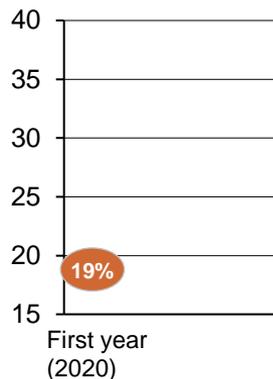
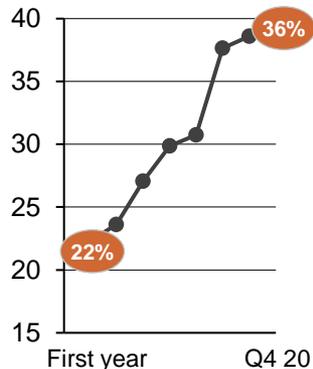
Dec 2019



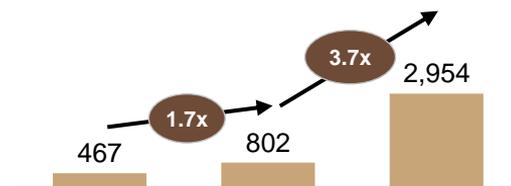
- Government guaranteed loans
- Parent company

- Visma eAccounting
- Storebrand
- Zmarta
- Purehelp
- Funding-partner

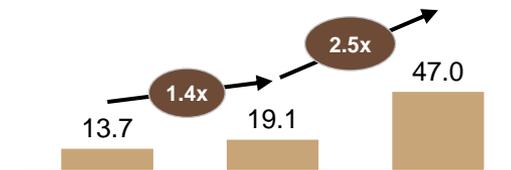
Gross margin after loan losses



Platform Customers



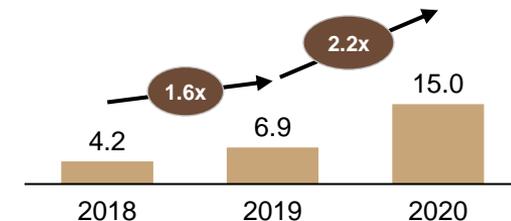
Gross Revenues (Run rate)



Gross margin after loan losses¹



Gross Profit after loan losses (Run rate)



Note 1: Gross margin = Gross profit / Gross revenues. Gross profit = Gross revenues less variable expenses and losses.

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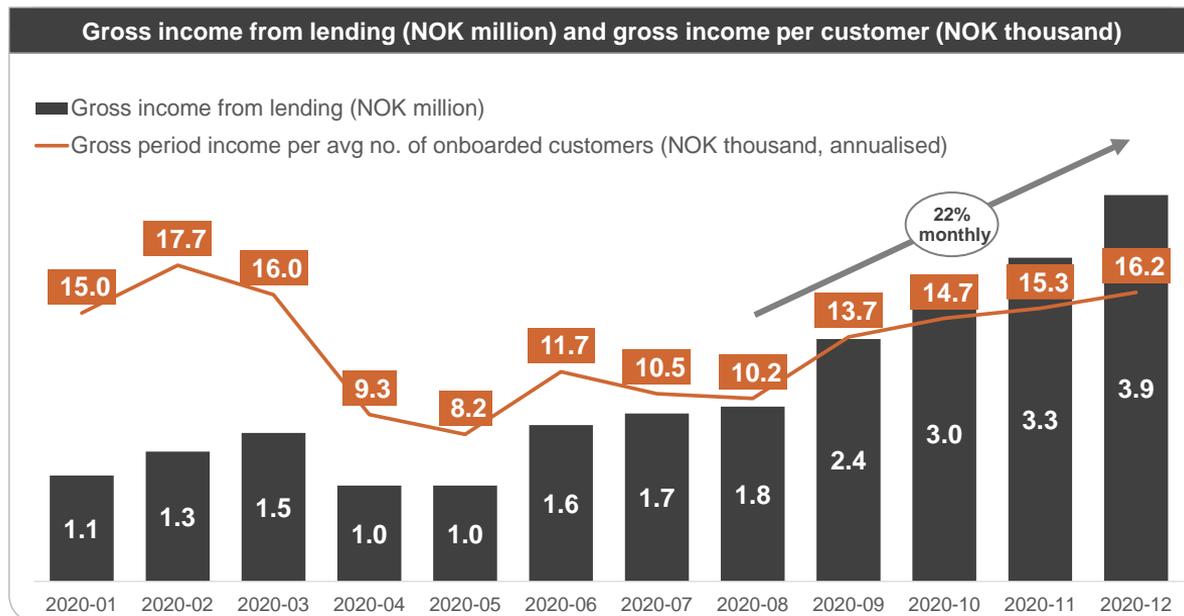
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Gross income run-rate

NOK 47m in gross income run-rate in December 2020



Key comments

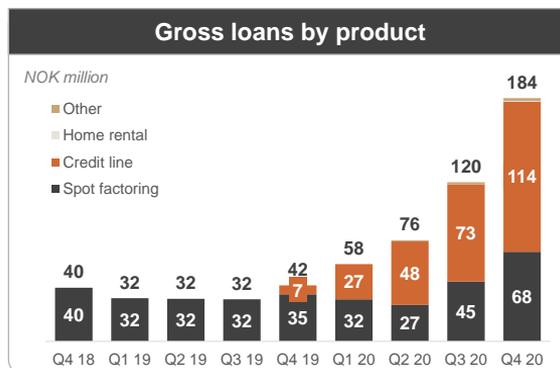
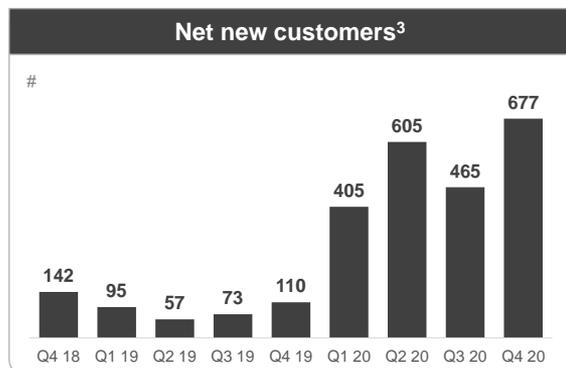
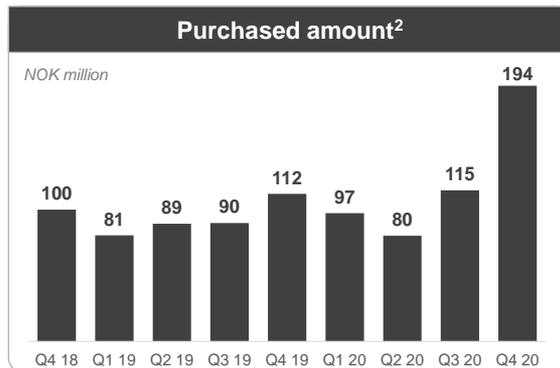
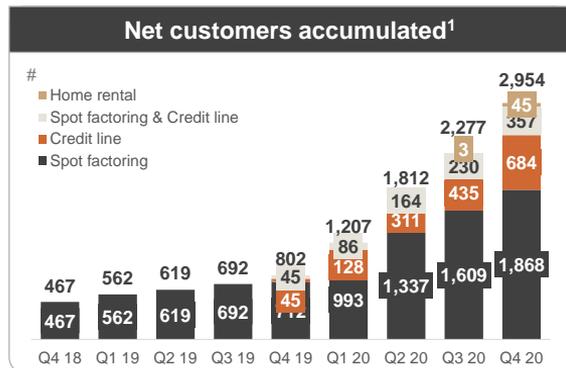
- 17% monthly gross income growth from September to December
- YE 2020 run-rate actual vs. estimate¹
 - **16,200** annual gross income per customer (vs. guiding of 17,000)
 - **NOK 47m** in annual gross income run-rate in December 2020 (vs. guiding of NOK 50m)

of unique customers

871 990 1,207 1,311 1,454 1,812 1,977 2,066 2,277 2,478 2,708 2,954

Key figures

2,954 customers and NOK 184m in gross loans at EOP

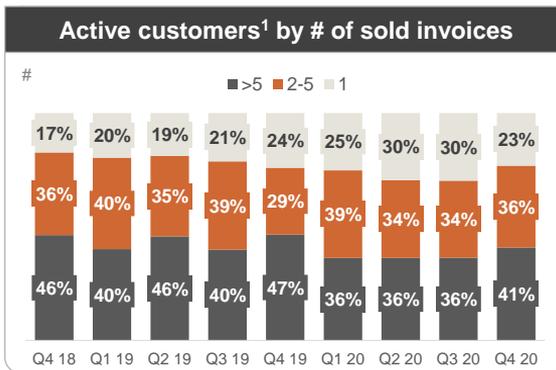
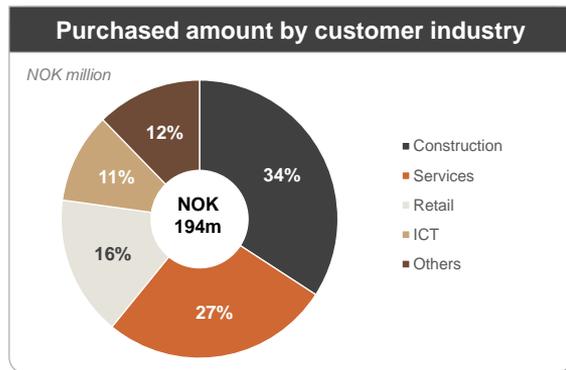


Key comments

- 2,954 lending customers at EOP
 - 268% customer growth in 2020
- Net 677 new customers in Q4 (+30%)
 - Aprila's own channels accounted for 30% of the customers added in the quarter, followed by Fiken (28%), Visma eAccounting (17%), Tripletex (10%) and other channels (15%).
 - The share of new customers from other sources than Visma-owned distribution channels has increased from 8% in Q1 20 to 73% in Q4 20
- NOK 194m purchased
 - 69% higher than Q3 and a result of increased approval- and take-up rates, following the release of a new decision engine for spot factoring in Sep 2020
- NOK 184m in gross loans at EOP of which credit line accounted for 62%

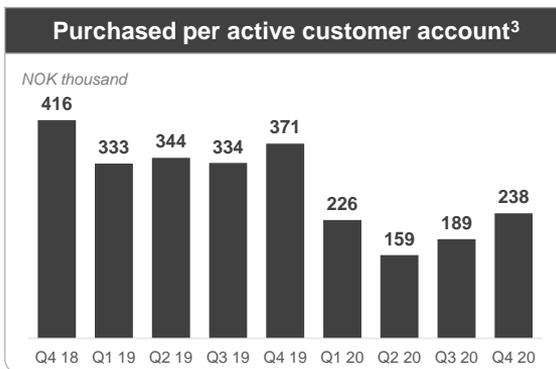
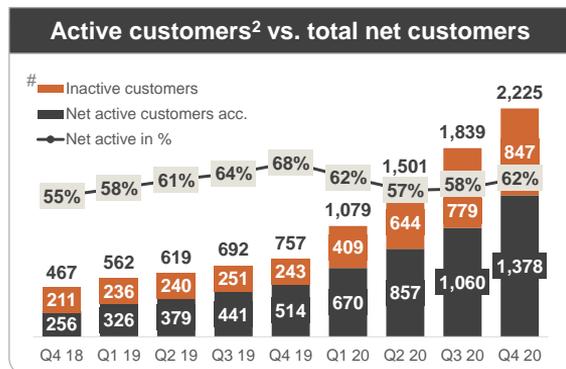
Spot factoring | Active customers

62% of the spot factoring customers have sold invoices



Key comments

- Construction, services and retail accounted for 77% of purchased amount in Q4 (73% in Q3 20)
- 77% of the active customers sold two invoices or more (70% in Q3 20)
- 1,378 of 2,225 open customer accounts (62%) had sold invoices at EOP
- 816 customers sold invoices in Q4 (608 in Q3 20)
- NOK 238k purchased per customer active in the period (NOK 189k in Q3)



Note 1: Active customers = customers who have sold one invoice or more. || Note 2: Net active customers acc. = Active customer accounts at EOP. || Note 3: Purchased amount in the period divided by customers active in the period.

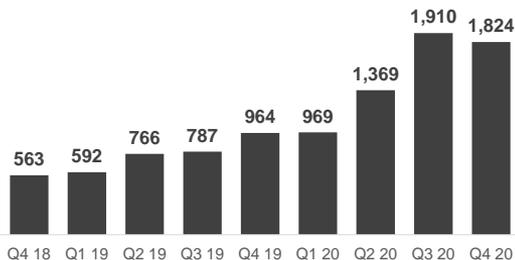
Spot factoring | Key invoice figures

Improving product profitability



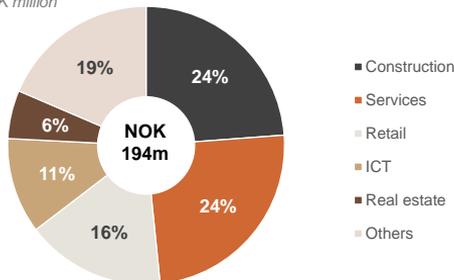
Invoiced amount¹

NOK million



Purchased amt by end customer industry

NOK million

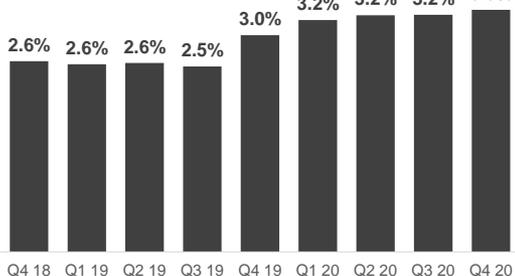


Key comments

- Estimated available invoiced amount¹ in Q4 amounted to NOK 1.8 bn, -5% compared to Q2
 - A data quality stemming from one of our partners inflated invoiced amount with duplicate invoices up until 21 Oct 2020
 - This had no operational effect; it just deflated the calculated conversion rate (purchased in % of invoiced)
- With a purchased amount of NOK 194 million, the conversion rate⁴ (in NOK) was 11% (6% in Q3)
- VWA margin: 3.30% (3.23% in Q3)
- VWA granted days: 22.0 (20.2 in Q3)

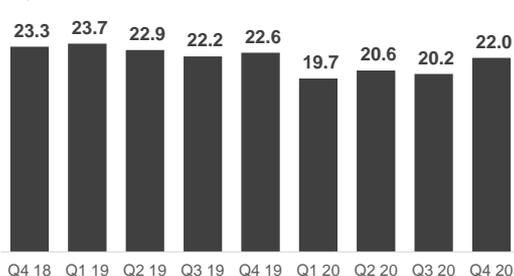
Margin² (volume weighted average)

%



Granted days³ (volume weighted average)

days

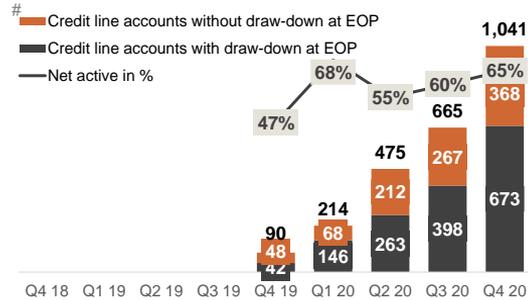


Credit line | Key figures

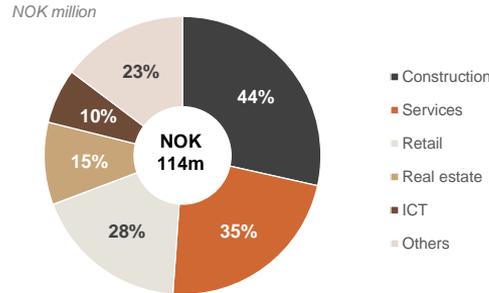
1,041 credit line accounts opened since medio December 2019



Customer accounts



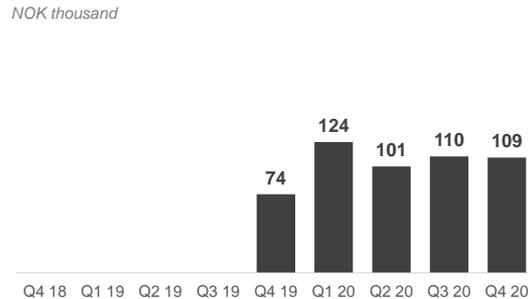
Outstanding amount by industry



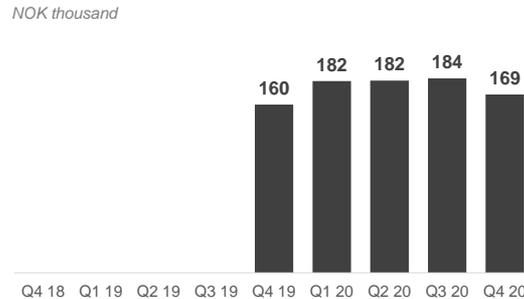
Key comments

- 1,041 credit line accounts at EOP, of which
 - 41% from own channels (31%)
 - 27% sourced from Tripletex (37%)
 - 20% from Visma eAccounting (23%)
 - 12% from other channels (9%)
- NOK 109k outstanding per account at EOP
- On average NOK 169k drawn by customers with draw-down

Average outstanding amount per account

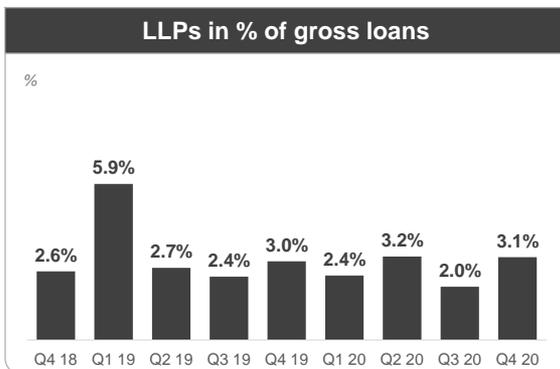
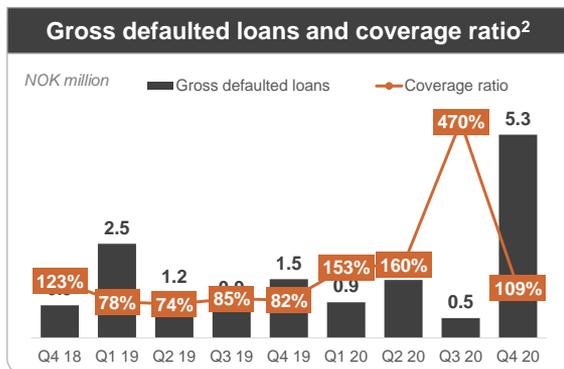
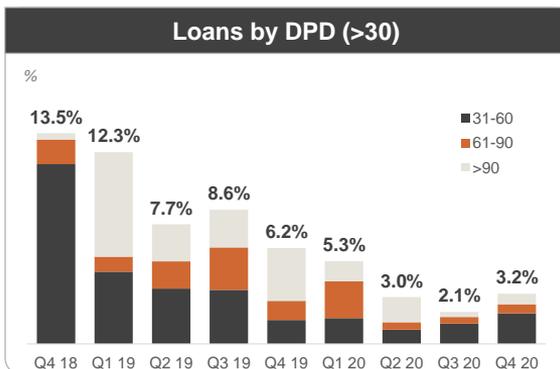
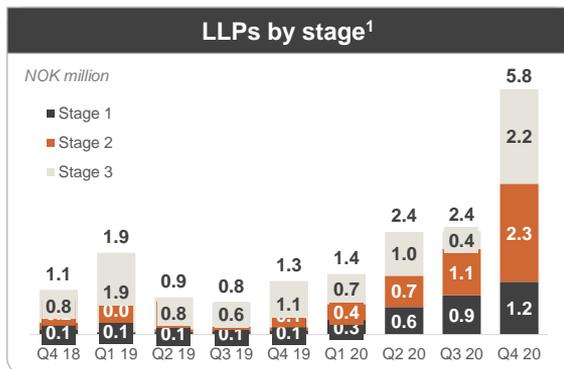


Average drawdown (per account with draw-down)



Loan losses and provisions

Loan impairments and losses of NOK 3.6m in Q4



Key comments

- LLPs of NOK 5.8m / 3.1% of gross loans at EOP (2.0% in Q3 20)
 - Credit line: 59% (58%)
 - Spot factoring: 41% (42%)
- DPD >30: 3.2% of gross loans (2.1%)
 - Credit line: NOK 4.2m (80%)
 - ▶ of which NOK 2.3m with 90% government guarantee
 - Spot factoring: NOK 1.1m (20%)
- Coverage ratio² of 109% (470%)
- Total loan losses of NOK 3.6m in Q4 of which NOK 3.3m in changes in LLPs and NOK 0.3m in net realised losses
- Loan losses in % of gross income 2020: 29%
- Loan losses in % of avg. gross loans 2020: 7.5%

• As of 31 Dec 2020, Aprila had purchased **41,025 invoices LTD** with a total nominal value of NOK 998m

• Total recognised spot factoring losses LTD amounted to NOK 5.4m (0.54% of purchased amount) and relates to **104 claims** (0.25% of all purchased invoices)

Note 1: Stage 1: All exposures <= 30 DPD, Stage 2: Exposures 31 – 90 DPD, and exposures <= 30 DPD with negative risk class migration since initial recognition, Stage 3: Exposures >90 DPD and other non-performing exposures || Note 2: Coverage ratio = LLP in % of gross defaulted loans. || Note 3: Sum of loan loss provisions and realised losses in the period.

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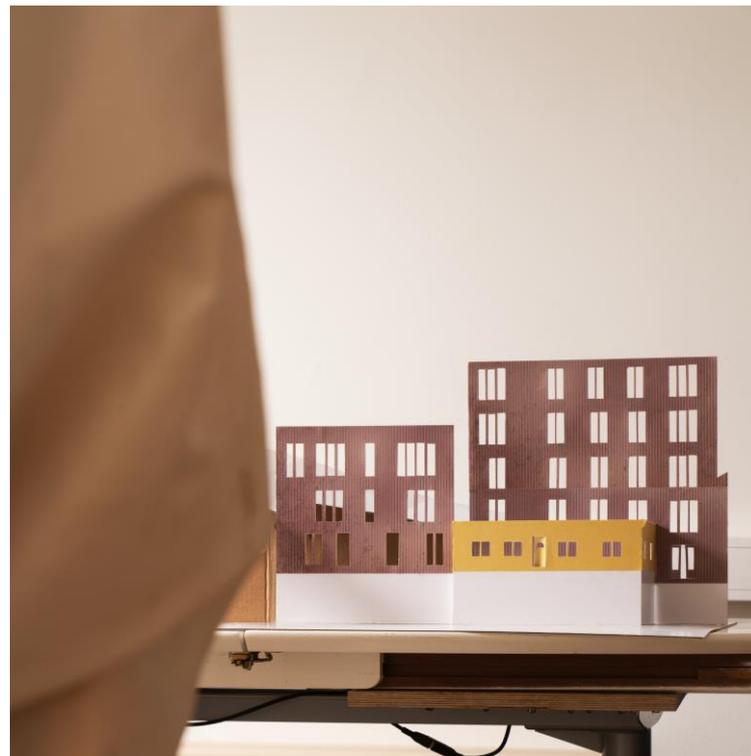
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Priorities in Q1 2021



Q1 2021

Strengthen distribution

- Transaction platform: validate the current set of growth opportunities and double down on the most promising opportunities
- Direct lending platform: enhance customer acquisition and reduce customer acquisition cost by adding new partners and improving the accuracy of the marketing spend

Improve profitability

- Credit line: full roll-out of the new risk-based pricing model launched in ultimo January¹
- Reduce customer acquisition cost in own channels

Continue to build competitive advantage

- Streamline the process for customer onboarding that requires human touch
- Implement PSD2 into real-time evaluation of credit line applications

Financial outlook

Short-term setback due to Visma exit



	YE 2019	YE 2020	YE 2021E	Key drivers
# of platform customers End of period	802	2,954	3,800	<ul style="list-style-type: none"> Churn of ~2,000 spot factoring customers sourced from Visma³
Gross revenue Annual run-rate ¹ (NOK)	15.2	47.0	~70.0	<ul style="list-style-type: none"> Increased interest income on credit line New products
Gross margin bf. loan losses (LTM) ²	61%	60%	>65%	<ul style="list-style-type: none"> Improved profitability on credit line
Job creation (Since inception)	254	836	1,600	<ul style="list-style-type: none"> New and existing SME customers

Note 1: Gross income run-rate in December. || Note 2: Gross margin before loan losses = Gross profit / Gross revenues. Gross profit = Gross revenues less variable expenses. || Note 3: As of 9 Feb 2021 Aprila had 1,682 spot factoring customers in Tripletex and Visma eAccounting. As published on NOTC 7 October 2020, Visma has informed Aprila that it intends to replace Aprila as vendor of spot factoring with its own spot factoring solution during Q2 2021.

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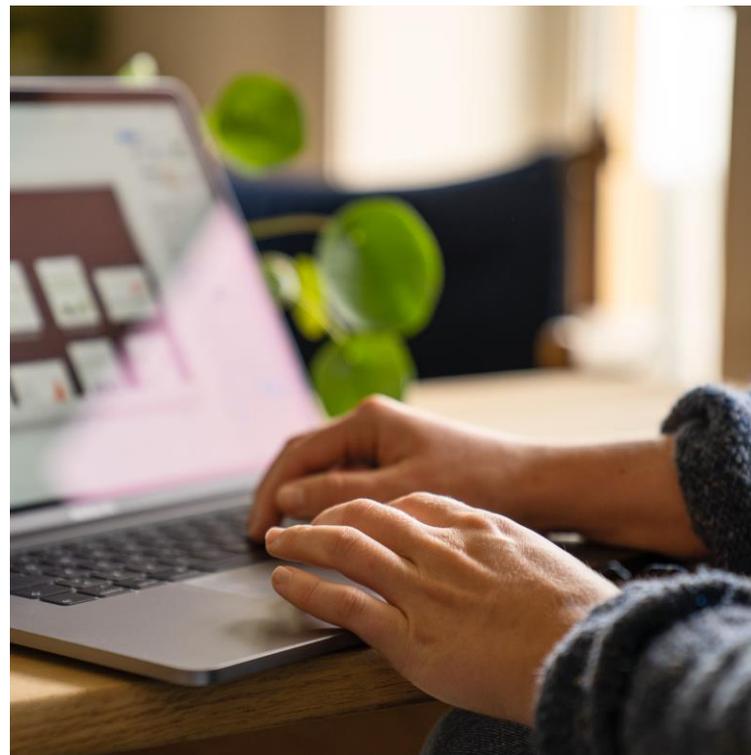
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Income statement & general administrative expenses

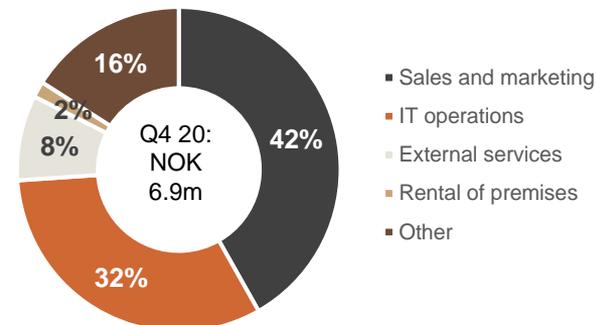


Income Statement

<i>Amounts in NOK thousand</i>	Q4 2020	Q4 2019	2020	2019
Interest income	9,852	3,496	22,768	10,465
Interest expense	590	492	2,144	562
Net interest income	9,262	3,004	20,624	9,902
Income commissions and fees	303	111	785	378
Expenses commissions and fees	2,298	912	5,607	3,019
Net commissions and fees	-1,995	-801	-4,822	-2,642
Net gains / losses (-) on certificates, bonds and currency	109	123	613	323
Other income	0	0	0	0
Total income	7,376	2,327	16,415	7,583
Salary and other personnel expenses	10,109	6,596	33,278	24,322
General administrative expenses	6,907	5,273	21,011	13,865
Total salary and administrative expenses	17,016	11,869	54,289	38,187
Ordinary depreciation	2,030	1,011	7,147	3,190
Total operating expenses excl. losses on loans	19,045	12,880	61,436	41,377
Losses on loans	3,634	924	6,812	2,777
Pre-tax operating profit	-15,303	-11,478	-51,832	-36,570
Tax	0	0	0	0
Profit after tax	-15,303	-11,478	-51,832	-36,570
Earnings per share (NOK)	-0.34	-0.32	-1.40	-1.01
Diluted earnings per share (NOK)	-0.30	-0.27	-1.18	-0.85

General administrative expenses

<i>Amounts in NOK thousand</i>	Q4 2020	Q4 2019	2020	2019
External services	586	2,915	6,122	6,488
IT operations	2,220	1,164	4,764	3,959
Rental of premises	110	160	334	314
Sales and marketing	2,887	377	6,304	702
Credit information	427	107	761	411
External audit and related services	88	0	350	188
Credit insurance	86	89	349	288
Other operating expenses	504	461	2,028	1,515
Total general administrative expenses	6,907	5,273	21,011	13,865



Balance sheet & regulatory capital



Balance Sheet		
<i>Amounts in NOK thousand</i>	31.12.2020	31.12.2019
Loans and deposits with credit institutions	76,651	60,593
Net loans to customers	177,776	40,885
Certificates and bonds	155,832	45,470
Other intangible assets	19,183	12,700
Deferred tax assets	0	0
Fixed assets	4,029	5,868
Other receivables	6,387	4,522
Total assets	439,858	170,038
Deposits from and debt to customers	311,920	62,194
Other debt	14,924	15,642
Total liabilities	326,844	77,836
Share capital	44,590	36,220
Share premium	190,545	127,036
Unregistered Share capital	40	37
Other paid-in equity	2,442	1,680
Retained earnings	-124,603	-72,771
Total equity	113,015	92,202
Total equity and liabilities	439,858	170,038

Regulatory capital		
<i>Amounts in NOK thousand</i>	31.12.2020	31.12.2019
Share capital	44,590	36,220
Share premium	190,545	127,036
Other equity	-122,121	-71,054
Total equity	113,015	92,202
Other intangible assets	-19,183	-12,700
AVA adjustment	-156	-45
Deferred tax assets	0	0
Common equity tier 1 (CET 1)	93,675	79,456
Tier 1 capital	93,675	79,456
Total capital	93,675	79,456
Risk-weighted assets		
Loans and deposits with credit institutions	15,330	12,119
Loans to customers	123,718	32,219
Certificates and bonds	6,002	1,502
Other assets	10,416	10,390
Credit risk	155,466	56,230
Operational risk	16,736	9,669
Risk-weighted assets	172,202	65,899
Common equity tier 1 ratio (%)	54.4%	120.6%
Tier 1 ratio (%)	54.4%	120.6%
Total capital ratio (%)	54.4%	120.6%
Leverage ratio (%)	21.7%	50.0%
LCR	1418%	2162%

Ownership & warrant structure¹

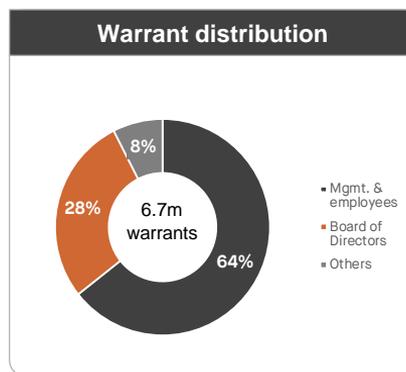
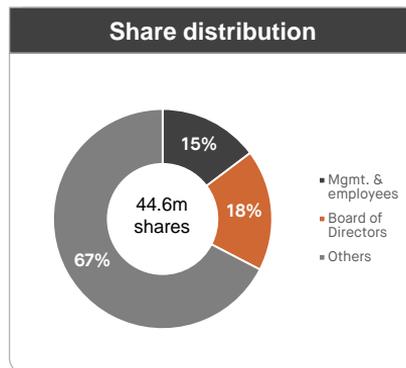
Aligned interests among key stakeholders



Selected shareholders

Investor	Selected current / previous holdings
FJ LABS	

ALLIANCE VENTURE	



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	SES AS			2,224,294	5.0 %	
4	MP PENSJON PK			1,930,329	4.3 %	
5	STROMSTANGEN AS			1,817,622	4.1 %	
6	PRIMERA AS	Per Christian Goller	Chief Growth Officer	1,630,000	3.7 %	1,750,000
7	REDIVIVUS AS			1,154,008	2.6 %	
8	FJ LABS			1,099,400	2.5 %	
9	AREPO AS			907,747	2.0 %	
10	UNIVERSAL PRESENTKORT AS			897,699	2.0 %	
11	A HOLDINGS AS			874,545	2.0 %	
12	COSIMO AS			870,000	1.9 %	
13	SIRKELBUE AS	Karl Erik Asbjørnsen	Technologist	800,000	1.8 %	500,000
14	ØSD FINANS AS	Øystein Dannevig	Chief Decision Scientist	800,000	1.8 %	
15	SIX SIS AG			777,470	1.7 %	
16	CHRISTIANIA SKIBS AS			765,000	1.7 %	
17	DISRUPTOR AS	Israr Khan	Chief Product & Tech Officer	730,000	1.6 %	600,000
18	ENIMAE AS			667,300	1.5 %	
19	SPORTSMAGASINET AS			652,497	1.5 %	
20	INCHOATE AS	Heiki Strengelsrud	Growth Manager	610,000	1.4 %	500,000
21	STRIGEN AS			608,798	1.4 %	
22	NORUS AS			591,530	1.3 %	
23	SANDSOLO HOLDING AS			584,900	1.3 %	
24	ELIGERE AS	Lene Gridseth	Chief Operating Officer	573,200	1.3 %	375,000
25	KLØVNINGEN AS			535,350	1.2 %	
26	OSMANI VENTURE CAPITAL AS			533,776	1.2 %	
27	BLUE MOUNTAIN CAPITAL AS	Kjetil S. Barli	Chief Financial Officer	530,000	1.2 %	375,000
28	ASTEROIDEBAKKEN AS			522,105	1.2 %	
29	SIDEKICK INVEST AS			500,000	1.1 %	375,000
30	FOUGNER INVEST AS			448,511	1.0 %	
	Others			12,535,580	28.1 %	312,500
Total				44,630,915	100.0 %	6,662,500

Note 1: As registered in VPS 8 February 2021.

Aprila