

Aprila

Aprila Bank ASA | Q1 2022 | 12 May 2022

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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Table of contents

Overview



01

Highlights

02

Key figures

03

Outlook

04

Appendix



Aprila Bank in brief

Technology company reinventing SME banking



Providing credit to a large and 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 decisions and 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
- Offer advanced technology to partners and other banks

Key Performance Indicators

of unique customers **5,412**
(10 May 2022)¹

Gross income run-rate **98**
(NOK million, annual run-rate, April 2022)

Gross margin bf. loan losses **80%**
(Q1 22)²

Job creation **2,183**
(Total # jobs Aprila has contributed to preserving or creating since inception)

Highlights Q1 2022

Summary



Q1 22

<i>NOKm</i>	Q1 22	Q1 21
Gross loans	437.8	212.7
Gross income from lending	21.7	11.6
Total income	17.9	8.6
Pre-tax operating profit bf. loan losses	-0.1	-8.2
Pre-tax operating profit	-5.3	-15.3
Yield on avg. net loans ¹	23%	24%

LTM

<i>NOKm</i>	Q1 22	Q1 21
Gross loans	437.8	212.7
Gross income from lending	72.4	31.1
Total income	58.5	22.3
Pre-tax operating profit bf. loan losses	-5.5	-41.6
Pre-tax operating profit	-24.5	-55.2
Yield on avg. net loans ¹	25%	25%

LTM² ending

Best quarter in Aprila's history

- All time high number of credit line applications and number of onboarded customers
- Best ever credit quality of onboarded customers
- Strongest financial result since start of operations Q2 2018

Continued strong growth: Total income doubled

- Total income grew 107% YoY and 9% QoQ, to 17.9m
- Gross income grew 77% YoY and 8% QoQ, to 21.7m
- Gross loans grew 106% YoY and 21% QoQ, to 438m

On track to profitability from Q2 22

- Improving profitability: Gross profit margin before loan losses at all-time-high of 80%
- Break-even before loan losses: Total income - Total cost = -0.1m
- Declining losses: 24% losses as share of income in Q1 22, vs 32% in Q4 21

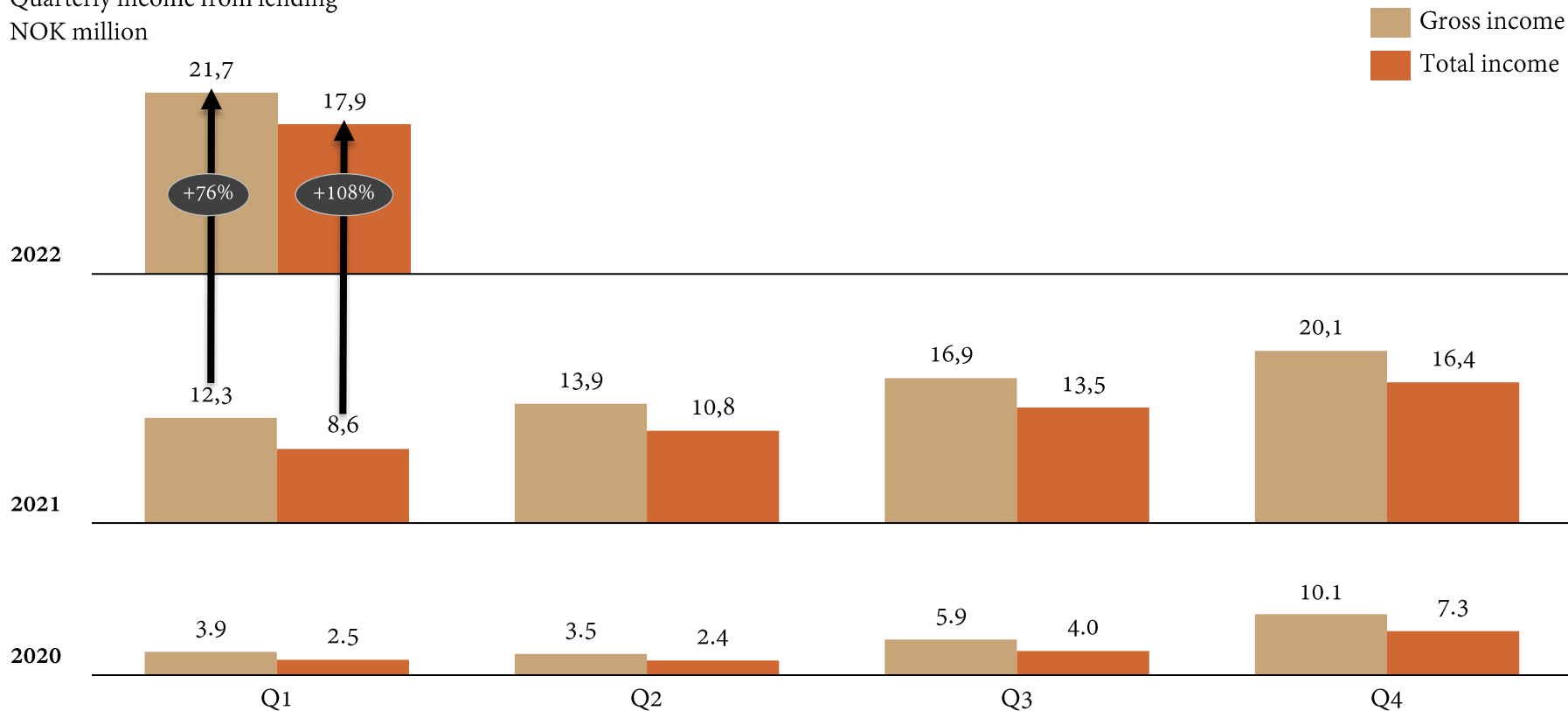
2022 off to a good start



Total income more than doubled from Q1 2021

Quarterly income from lending

NOK million



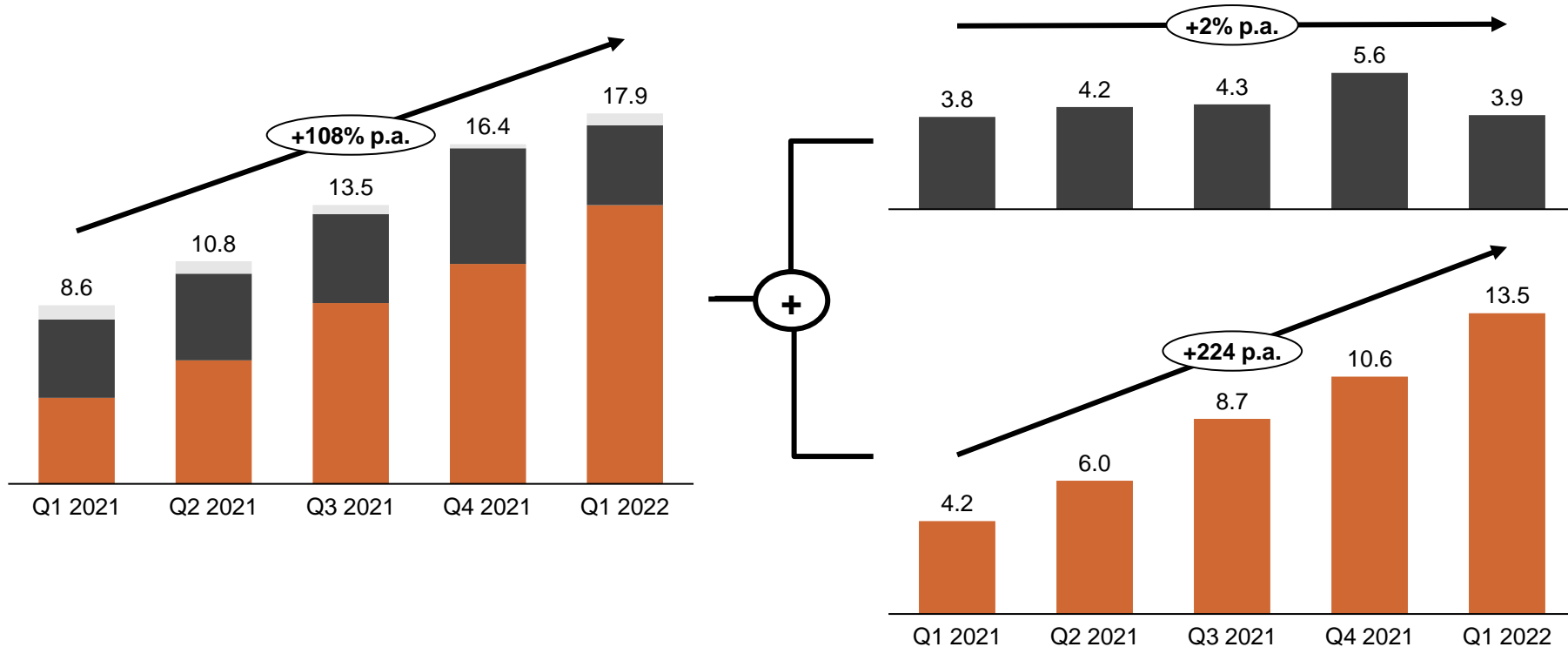
Credit line is the main driver of growth in total income



Credit line has been core focus since Q3 2021. Total income from the product grew 224% year-on-year.

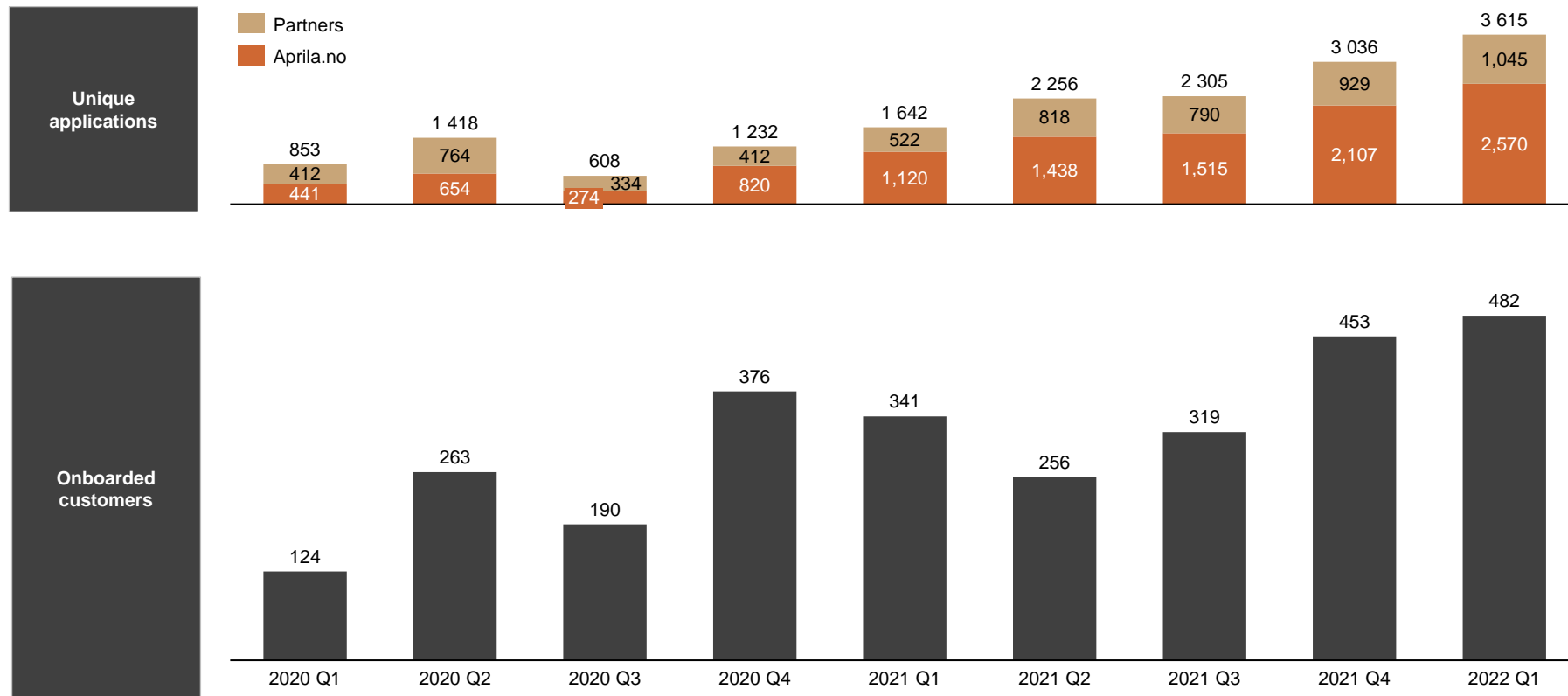
Total income
NOK Millions

Other Spot factoring / eCommerce Credit line



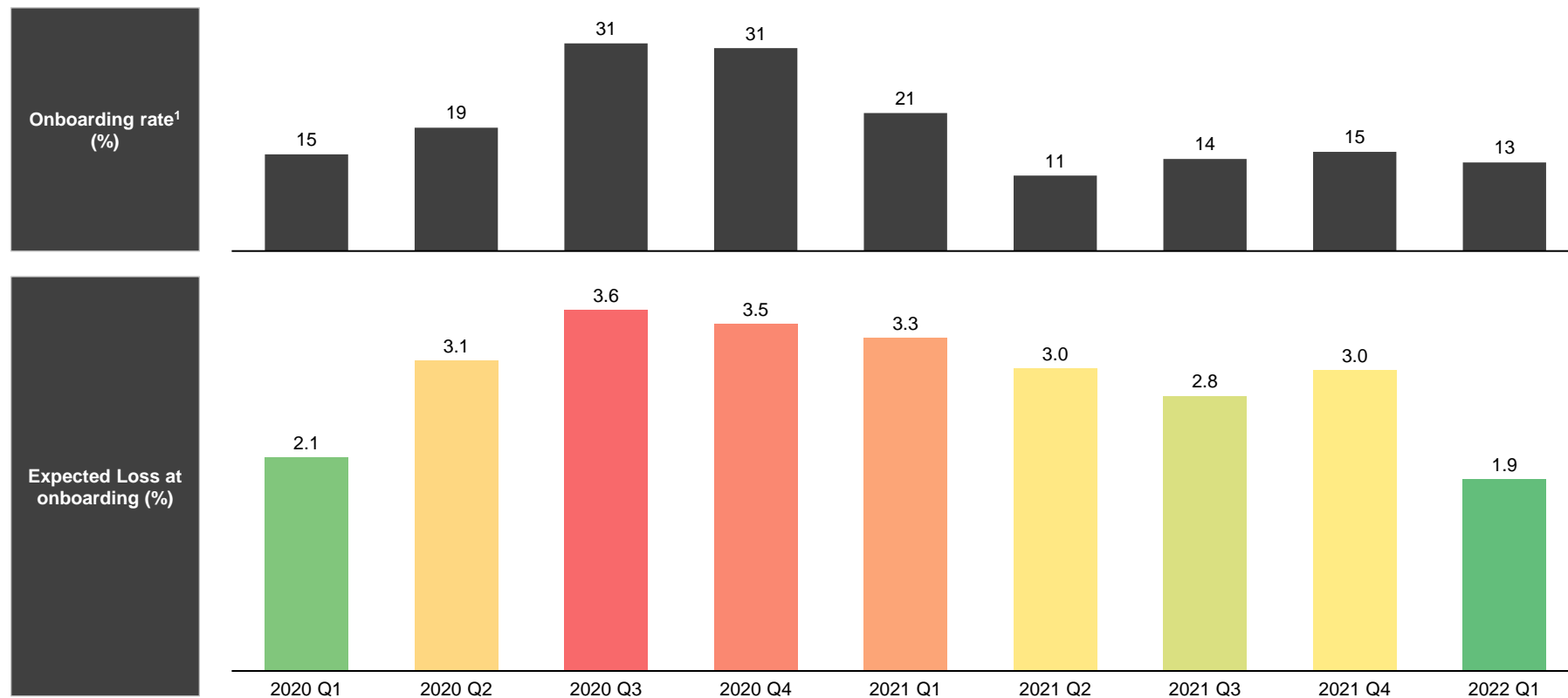
Continued growth in number of applications and new customers

All-time-high in number of applications and number of onboarded credit line customers in Q1



Improving credit quality

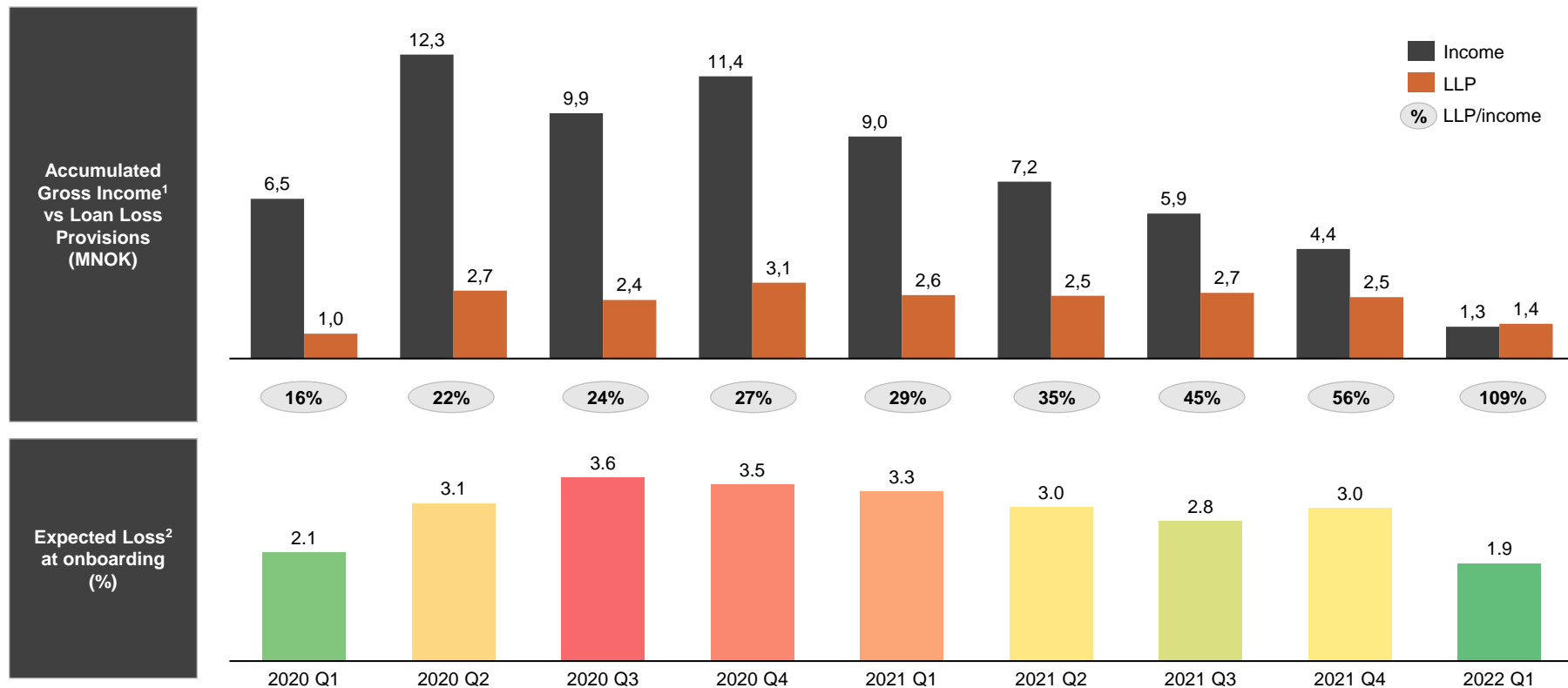
Credit quality of new customers is all time high



Note 1: Onboarding Rate = Onboarded credit line customers / Unique initiated credit line applications

Even the high risk vintages are becoming profitable

Highest risk vintage (Q3 2020) now has accumulated income > 4x loan loss provisions



Note 1: Accumulated Gross Income from quarter of origination until end of Q1 2022 of a given customer vintage. Note 2: Expected Loss = Probability of Default (PD) x Loss Given Default (LGD)

Declining losses

Losses¹ as share of gross income is declining towards long term target



LTM Losses / LTM Gross Income

%

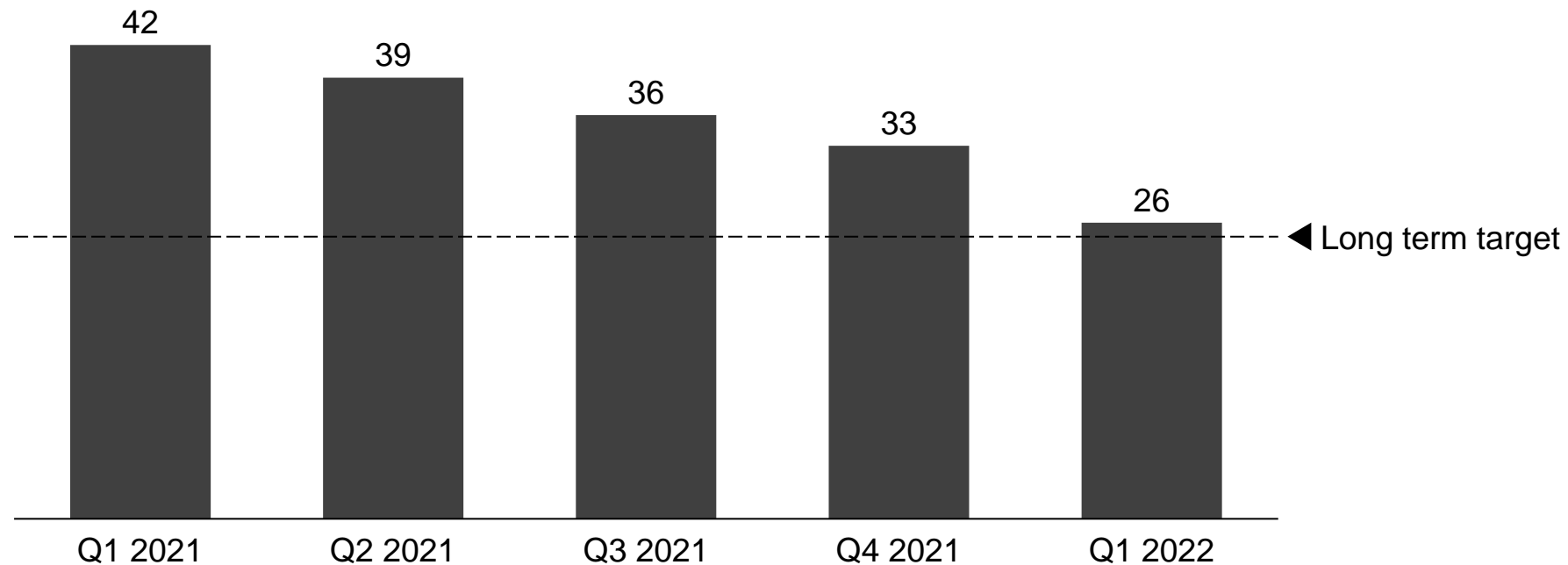


Table of contents

Overview



01

Highlights

02

Key figures

03

Outlook

04

Appendix

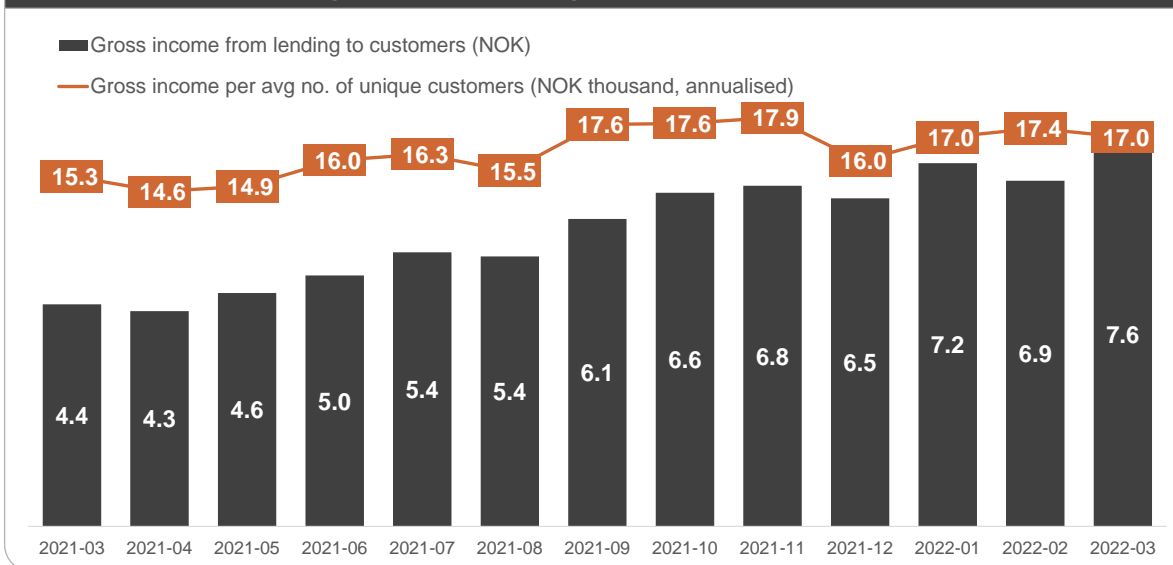


Gross income from lending

NOK 91m in annual gross income run-rate in March 2022



Gross income from lending¹ (NOK million) and gross income per unique customer (NOK thousand)



of unique customers

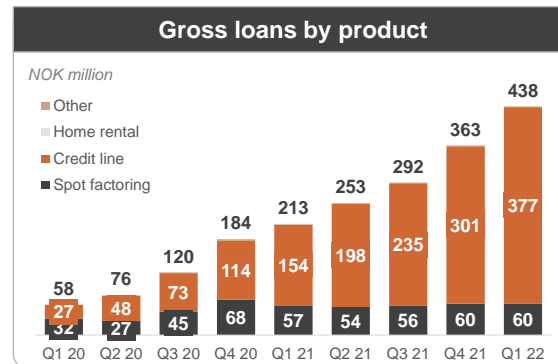
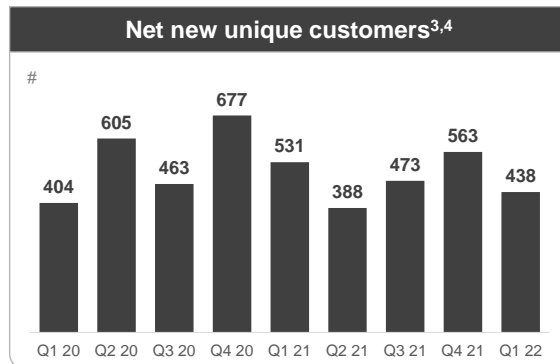
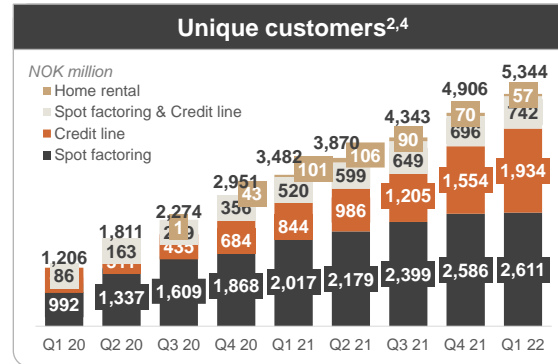
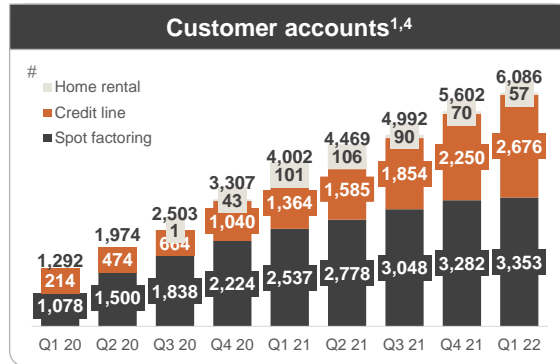
3,482	3,627	3,713	3,870	4,014	4,117	4,343	4,519	4,697	4,906	5,086	5,203	5,344
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Key comments

- Gross income from lending to customers amounted to NOK 7.6 million in March, corresponding to an annual run-rate of NOK 91 million
- This represents a gross income growth of 73% YoY and 11% MoM

Key figures

Surpassed 6,000 customer accounts in Q1. Gross lending up 21% QoQ and 106% YoY.



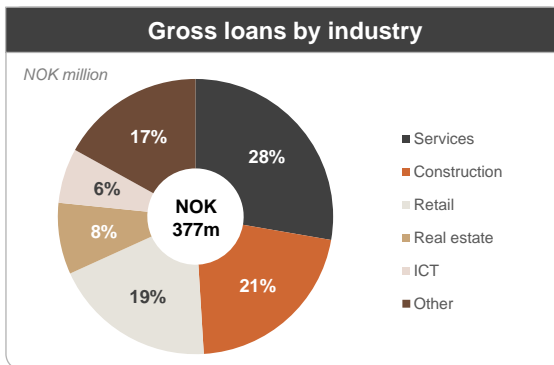
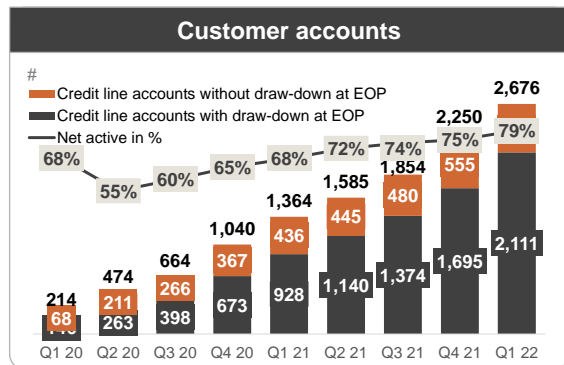
Key comments

- 6,086 customer accounts and 5,344 unique customers at end of period
- Net 438 new customers in Q1 22
- Aprila acquired 47% of gross new customer accounts added in the quarter, followed by Tripletex (13%) and Fiken (12%)
- NOK 438m in gross loans at end of period of which credit line accounted for 86%
- NOK 76m in gross new lending balance in Q1 22, of which 100% from credit line
 - Implies a growth in gross credit line balance of 144% YoY and 25% QoQ

Note 1: Customer accounts at EOP, net of closed accounts. || Note 2: Unique customers at EOP, net of closed accounts. || Note 3: New unique customers onboarded in the period, net of accounts offboarded in the period. || Note 4: The customer figures differ slightly from previously reported figures due to changes in the definition of an open customer account.

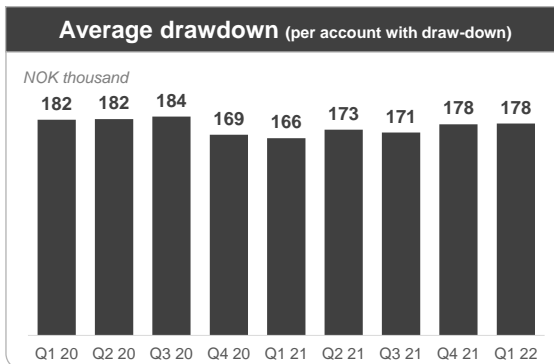
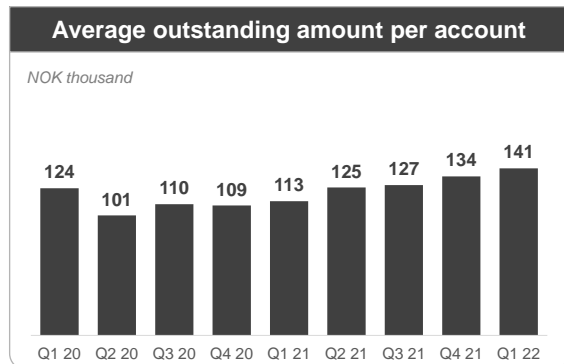
Credit line | Key figures

Net 426 new credit line accounts in Q1



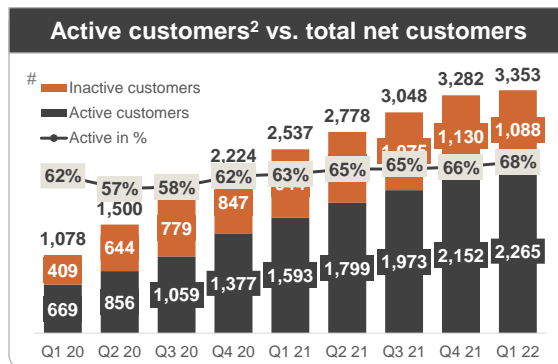
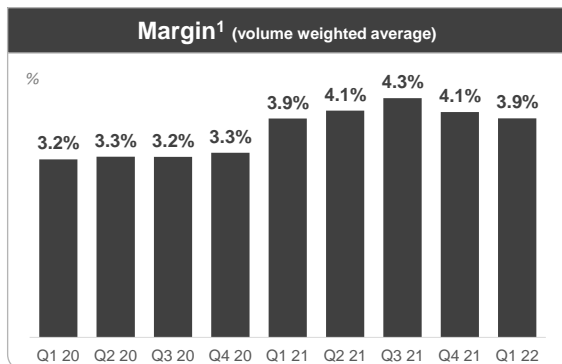
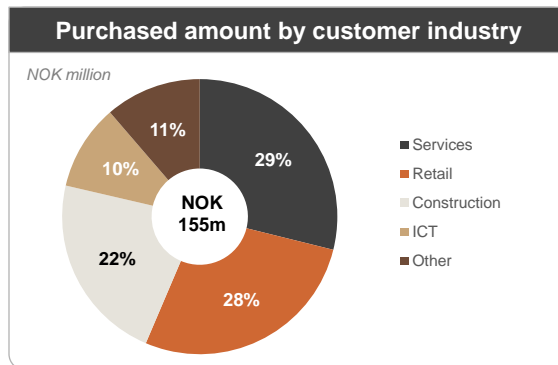
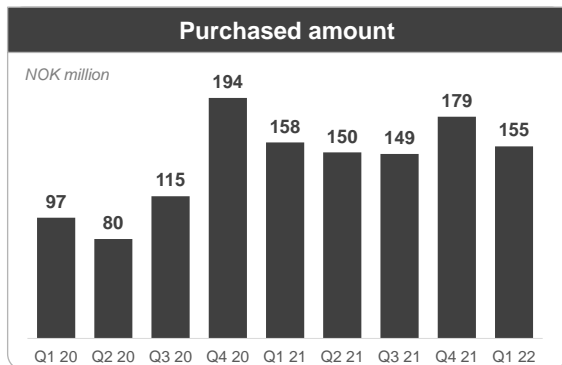
Key comments

- Net 426 new accounts (+19%) added in the quarter (new all-time high)
- 2,676 credit line accounts at the end of the period
- 79% of customer accounts with draw-down at EOP
- NOK 141k outstanding per account at the end of the period
- On average NOK 178k drawn by customers with draw-down



Spot factoring | Key figures

NOK 155m purchased in Q1 22

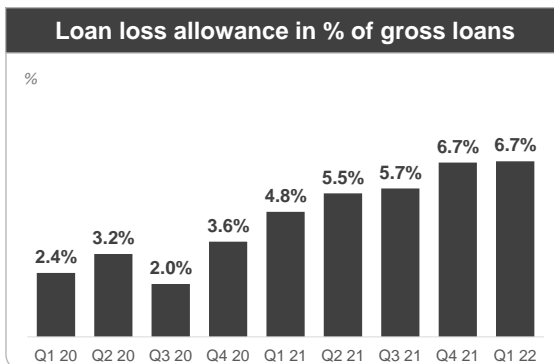
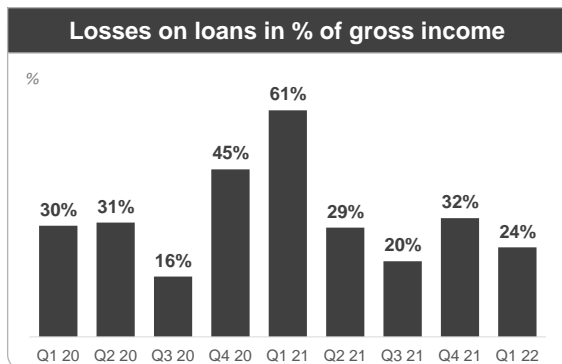
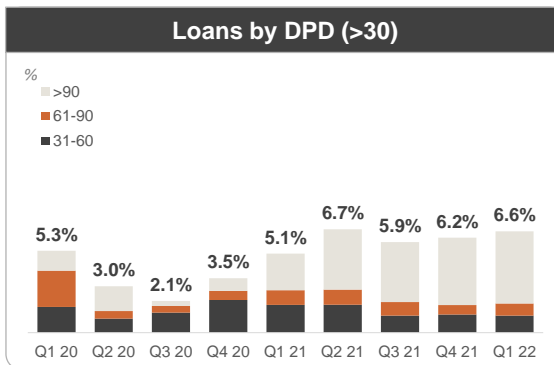
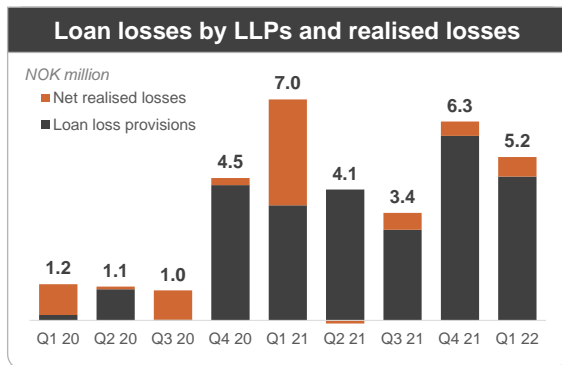


Key comments

- NOK 155m purchased
- Spot factoring accounted for 27% of gross income in Q1 22 (vs. 49% in Q1 21)
- VWA margin: 3.9%
- Customers in services, construction and retail industries accounted for 79% of purchased amount in Q4 (74% in Q1 21)
- 2,265 of 3,353 open customer accounts (68%) had sold invoices at the end of the period
- 869 customers sold invoices in Q1

Loan losses and provisions

Loan losses of 24% of gross income in Q1



Key comments

- Total loan losses of NOK 5.2m in Q1 of which:
 - NOK 4.6m (88%) in LLPs and
 - NOK 0.6m (12%) in net realised losses
- DPD >30: 6.6% of gross loans
- Loan loss allowance in % of gross loans: 6.7%
- Aprila's long term ambition is to keep losses at around 25% of gross income

Table of contents

Overview



01

Highlights

02

Key figures

03

Outlook

04

Appendix



Priorities H1 2022

Aprila's technology platform is key to realise key priorities for H1 2022



H1 2022

Achieve profitability

- Continue to optimise pricing of credit risk In progress
- Continue to automate customer servicing and monitoring In progress
- Continue to automate reporting and compliance activities In progress

Accelerate growth

- Increase onboarding capacity through automation and staffing Completed
- Continue to optimise approval rates, limit calculations and pricing in order to find optimal level for accelerated and sustained customer growth In progress
- Continue to optimise marketing use and spend to unlock demand In progress

Strengthen competitive advantage

- Optimise proprietary PD model In progress
- Continue to streamline customer onboarding and experience In progress
- Enhance credit models by adding new data sources In progress

Financial outlook



Targeting a gross income run-rate > NOK 150 million at year-end and gross margin bf. loan losses > 75%

	Q1 22	Q2 22E	YE 22E	Key drivers
Gross income Annual run-rate ¹ (NOK million)	91	> 100	> 150	<ul style="list-style-type: none"> Increased balance and yield on credit line Offboarding of ~2,100 spot factoring accounts to Visma
Gross margin bf. loan losses (LTM) ²	78%	> 75%	> 75%	<ul style="list-style-type: none"> Lower commission expenses relative to gross income due to higher share of income sourced through own channels Higher funding cost
Credit line accounts (End of period)	2,676	~ 2,900	> 4,500	<ul style="list-style-type: none"> Strong and increasing customer application volumes on credit line Elevated churn expected in Q2 22 due to implementation of monthly fee on ~1,000 customer accounts

Note 1: Gross income run-rate last month in the period. || Note 2: Gross margin before loan losses = Gross profit / Gross income. Gross profit = Gross income less variable expenses. LTM = Last twelve months.

Table of contents

Overview



01

Highlights

02

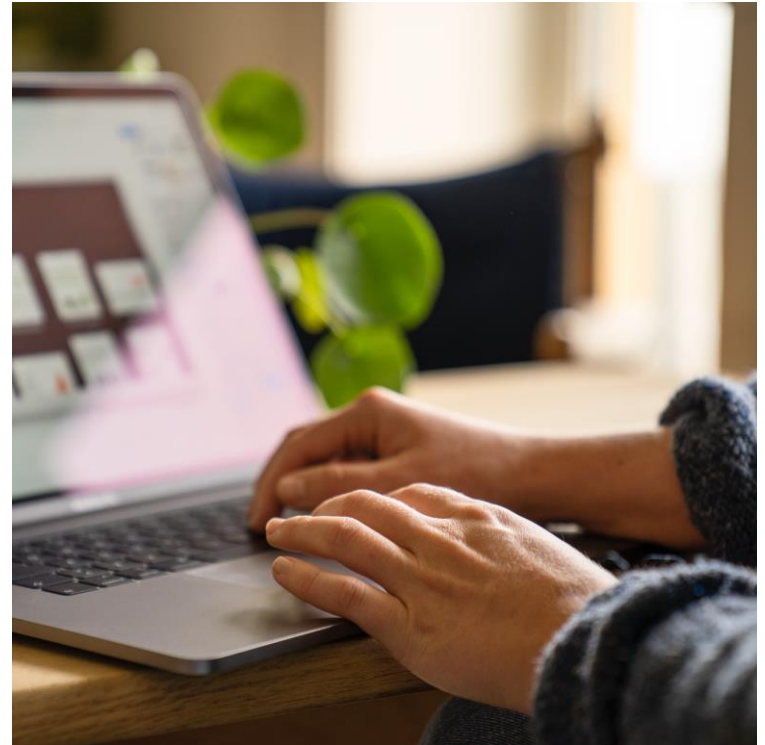
Key figures

03

Outlook

04

Appendix



Income statement & general administrative expenses

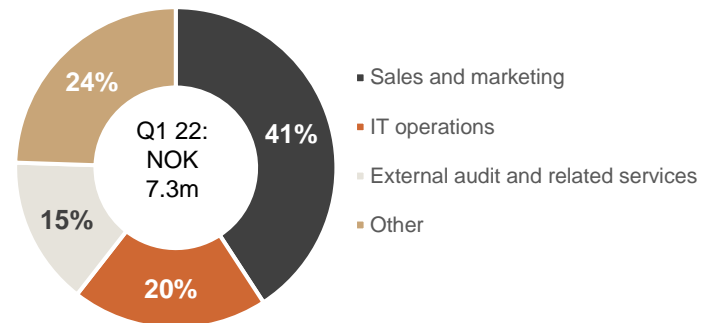


Income Statement

<i>Amounts in NOK thousand</i>	Q1 2022	Q1 2021	2021
Interest income	17,945	8,885	50,816
Interest expense	1,082	1,064	3,649
Net interest income	16,863	7,821	47,167
Income commissions and fees	1,234	303	2,420
Expenses commissions and fees	159	149	730
Net commissions and fees	1,074	154	1,691
Net gains / losses (-) on certificates, bonds and currency	-41	655	414
Other income	0	0	0
Total income	17,896	8,630	49,272
Salary and other personnel expenses	8,654	10,470	32,376
General administrative expenses	7,348	4,305	22,107
Total salary and administrative expenses	16,002	14,774	54,483
Ordinary depreciation	1,986	2,069	8,412
Total operating expenses excl. losses on loans	17,988	16,844	62,895
Losses on loans	5,205	7,043	20,872
Pre-tax operating profit	-5,298	-15,257	-34,495
Tax	0	0	0
Profit after tax	-5,298	-15,257	-34,495
Earnings per share (NOK)	-0.11	-0.34	-0.77
Diluted earnings per share (NOK)	-0.11	-0.34	-0.77

General administrative expenses

<i>Amounts in NOK thousand</i>	Q1 2022	Q1 2021	2021
External services	709	842	5,625
IT operations	1,450	1,461	5,607
Sales and marketing	2,998	694	5,767
Credit information	336	269	1,154
External audit and related services	1,100	444	1,583
Credit insurance	0	64	236
Other operating expenses	753	530	2,136
Total general administrative expenses	7,348	4,305	22,107



Balance sheet & regulatory capital



Balance Sheet			
<i>Amounts in NOK thousand</i>	31.03.2022	31.12.2021	31.03.2021
Loans and deposits with credit institutions	43,201	67,157	26,527
Net loans to customers	408,348	338,651	202,478
Certificates and bonds	56,018	36,059	156,485
Other intangible assets	12,681	14,036	18,077
Deferred tax assets	0	0	0
Fixed assets	4,908	5,432	3,475
Other receivables	4,850	4,143	7,048
Total assets	530,007	465,478	414,090
Deposits from and debt to customers	402,979	338,002	302,713
Other debt	23,554	18,864	14,386
Total liabilities	426,533	356,866	317,099
Share capital	50,591	44,631	44,631
Share premium	215,368	190,545	190,545
Unregistered Share capital	42	30,783	0
Other paid-in equity	2,786	2,668	2,591
Retained earnings	-165,313	-160,015	-140,777
Total equity	103,474	108,612	96,990
Total equity and liabilities	530,007	465,478	414,090

Regulatory capital ¹			
<i>Amounts in NOK thousand</i>	31.03.2022	31.12.2021	31.03.2021
Share capital	50,591	44,631	44,631
Share premium	215,368	190,545	190,545
Other equity	-162,485	-126,564	-138,186
Total equity	103,474	108,612	96,990
Other intangible assets	-12,681	-14,036	-18,077
AVA adjustment	-56	-36	-156
Deferred tax assets	0	0	0
Common equity tier 1 (CET 1)	90,737	94,540	78,756
Tier 1 capital	90,737	94,540	78,756
Total capital	90,737	94,540	78,756
Risk-weighted assets			
Loans and deposits with credit institutions	8,640	13,431	5,305
Loans to customers	236,072	194,987	113,168
Certificates and bonds	0	0	2,519
Other assets	9,759	9,575	10,523
Credit risk	254,471	217,994	131,515
Operational risk	45,691	45,691	16,728
Risk-weighted assets	300,163	263,685	148,243
Common equity tier 1 ratio (%)	30.2%	35.9%	53.1%
Tier 1 ratio (%)	30.2%	35.9%	53.1%
Total capital ratio (%)	30.2%	35.9%	53.1%
Leverage ratio (%)	16.9%	20.2%	19.3%
LCR	227%	284%	1433%

Note 1: The Company implemented retail classification on eligible exposures as of 30 Sep 2021. Historical figures have been changed accordingly for comparability.

Restatement of Q4 21

Summary of changes implemented in connection with the audit of the annual accounts for 2021



Presentation of commission expenses

- The following expenses previously presented as 'Expenses commission and fees' were reclassified to interest income:
 - Commission expenses related to acquisition or origination of loans
 - Administrative expenses related to acquisition or origination of loans

Calculation of IFRS 9 interest income and loss

- In connection with the preparation of the annual report for 2021, the bank changed the principle for calculating interest income for the following credit line accounts (representing ~10% of the total number of credit line accounts at 31 Dec 2021):
 - Accounts in Stage 3
 - Accounts in Stage 1 and 2 sent to external collection
- This had a positive effect of NOK 0.4 million on pre-tax profit:
 - NOK 1.1 million lower interest income
 - NOK 1.5 million lower loan losses
- The change was booked in December 2021

Changes in loan loss allowance

- The bank implemented some changes in the model for calculating allowances for loan losses
- The total effect of these changes was NOK 0.9 million higher loan losses

Income Statement			
	Q4 2021	Q4 2021	Q4 2021
<i>Amounts in NOK thousand</i>	Current	Former	Change
Interest income	17,041	20,416	-3,374
Interest expense	1,257	1,257	0
Net interest income	15,785	19,159	-3,374
Income commissions and fees	1,030	1,030	0
Expenses commissions and fees	206	2,966	-2,761
Net commissions and fees	825	-1,936	2,761
Net gains / losses (-) on certificates, bonds and currency	-199	-199	0
Other income	0	0	0
Total income	16,410	17,024	-614
Salary and other personnel expenses	7,657	7,657	0
General administrative expenses	6,690	6,785	-95
Total salary and administrative expenses	14,347	14,442	-95
Ordinary depreciation	2,212	2,212	0
Total operating expenses excl. losses on loans	16,559	16,654	-95
Losses on loans	6,335	6,909	-574
Pre-tax operating profit	-6,484	-6,539	55
Tax	0	0	0
Profit after tax	-6,484	-6,539	55
Reclassified commission expenses			-2,204
Calculation of IFRS 9 interest income and loss			-1,090
Other changes			-80
Change in interest income			-3,374
Reclassified commission expenses			-2,109
Reduced provision for commission expenses			-651
Change in expenses commissions and fees			-2,761
Reclassified commission expenses			-95
Change in general administrative expenses			-95
Calculation of IFRS 9 interest income and loss			-1,512
Other changes			938
Change in loan losses			-574

Gross income and key figures



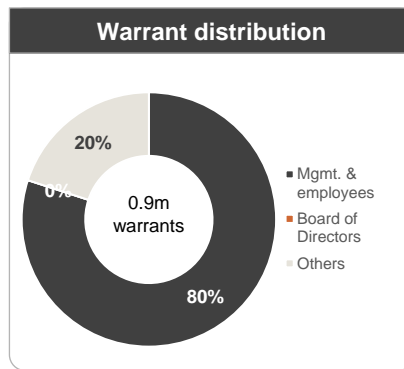
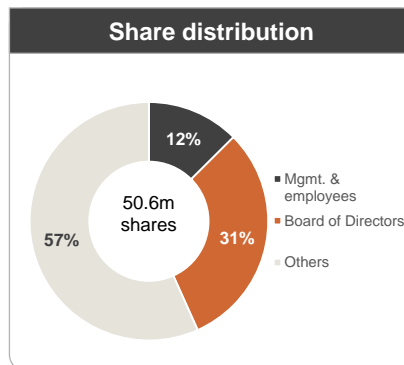
Gross income and key figures									
NOK million	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Gross income and margin									
Interest income credit line	0.8	0.9	2.4	3.8	5.5	7.5	10.3	12.0	15.1
Income commissions and fees credit line	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.5	0.7
Gross income credit line	0.8	0.9	2.4	3.8	5.5	7.5	10.4	12.5	15.8
Interest income spot factoring	2.9	2.5	3.3	6.0	5.6	5.8	5.9	6.8	5.3
Income commissions and fees spot factoring	0.1	0.1	0.2	0.3	0.3	0.5	0.5	0.6	0.5
Gross income spot factoring	3.0	2.6	3.5	6.3	6.0	6.3	6.4	7.3	5.8
Gross income other	0.1	0.4	0.2	0.2	0.8	0.2	0.1	0.2	0.0
Gross income total	4.0	3.9	6.0	10.3	12.3	13.9	16.9	20.1	21.7
Direct variable expenses	1.7	1.8	2.4	3.6	4.1	3.7	3.8	4.0	4.3
Gross profit bf. loan losses	2.3	2.1	3.7	6.6	8.2	10.2	13.1	16.0	17.3
Total income	2.5	2.4	4.0	7.3	8.6	10.8	13.5	16.4	17.9
Gross income from lending	3.9	3.5	5.9	10.1	11.6	13.9	16.9	19.9	21.7
Total operating expenses	14.2	13.5	14.7	19.0	16.8	14.0	15.5	16.6	18.0
Losses on loans	1.2	1.1	1.0	4.5	7.0	4.1	3.4	6.3	5.2
Key figures									
Gross margin	59%	54%	61%	65%	67%	73%	77%	80%	80%
Total income / gross income	64%	63%	66%	71%	70%	77%	80%	82%	83%
Cost / income	557%	557%	367%	260%	195%	130%	115%	101%	101%
Losses on loans / gross income from lending	30%	31%	16%	45%	61%	29%	20%	32%	24%

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	7,333,374	14.5 %	
2	SES AS	Bertel Steen	Board member	5,050,505	10.0 %	
3	ALLIANCE VENTURE SPRING AS	Bente Loe	Board member	3,174,406	6.3 %	
4	STRØMSTANGEN AS			2,272,167	4.5 %	
5	MP PENSJON PK			2,227,357	4.4 %	
6	PRIMERA AS	Per Christian Goller	Chief Growth Officer	1,686,500	3.3 %	
7	REDIVIVUS AS			1,354,008	2.7 %	
8	FJ LABS			1,099,400	2.2 %	
9	ØSD FINANS AS	Øystein Dannevig	Chief Decision Scientist	1,000,000	2.0 %	
10	AREPO AS			907,747	1.8 %	
11	UNIVERSAL PRESENTKORT AS			897,699	1.8 %	
12	SIRKELBUE AS	Karl Erik Asbjørnsen	Technologist	800,000	1.6 %	
13	NORDIC PRIVATE EQUITY AS			799,982	1.6 %	
14	SIX SIS AG			777,470	1.5 %	
15	DISRUPTOR AS	Israr Khan	Chief Product & Tech Officer	740,000	1.5 %	
16	CHRI AS			687,255	1.4 %	
17	ENIMAE AS			672,300	1.3 %	
18	INCHOATE AS			610,000	1.2 %	
19	STRIGEN AS			608,798	1.2 %	
20	BLUE MOUNTAIN CAPITAL AS	Kjetil S. Bari	Chief Financial Officer	580,000	1.1 %	375,000
21	ELIGERE AS	Lene Gridseth	Chief Operating Officer	573,200	1.1 %	375,000
22	SPORTSMAGASINET AS			572,697	1.1 %	
23	KLØVNINGEN AS			535,350	1.1 %	
24	SANDSOLO HOLDING AS			522,110	1.0 %	
25	KNUDSEN MORTEN WELLEJUS			460,881	0.9 %	
26	FOUGNER INVEST AS			448,511	0.9 %	
27	PIOTARHO AS			400,000	0.8 %	
28	STORMBUKTA AS			384,863	0.8 %	
29	Arbiensgt 8 AS			370,758	0.7 %	
30	A HOLDINGS AS			354,980	0.7 %	
	Others			12,689,154	25.1 %	187,500
Total				50,591,472	100.0 %	937,500

Note 1: As registered in VPS 6 May 2022. Warrants expired on 18 April 2022 are still registered in VPS, but will be deregistered once the share capital increase pursuant to the exercise of warrants, announced on notc.no 13 April 2022, is registered in VPS.

Aprila