

# Aprila

Aprila Bank ASA | Q4 2021 | 14 February 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.*

*This presentation does not imply that Aprila Bank has undertaken to revise these forward-looking statements, beyond what is required by applicable law or other applicable regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.*



# 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
- Offers advanced technology to partners and other banks

## Key Performance Indicators

**# of unique customers** **5,117**  
(11 Feb 2022)<sup>1</sup>

**Gross income run-rate** **92**  
(NOK million, annual run-rate, Dec 2021)

**Gross margin bf. loan losses** **78%**  
(Q4 21)<sup>2</sup>

**Job creation** **1,931**  
(Total # jobs Aprila has contributed to preserving or creating since inception)



### Q4 21

<i>NOKm</i>	Q4 21	Q4 20
Gross loans	361.7	183.5
Gross income from lending	21.1	10.1
Total income	17.0	7.4
Pre-tax operating profit bf. loan losses	0.4	-11.7
Pre-tax operating profit	-6.5	-16.2
Yield on avg. net loans <sup>1</sup>	27%	27%

### LTM

<i>NOKm</i>	Q4 21	Q4 20
Gross loans	361.7	183.5
Gross income from lending	63.5	23.4
Total income	50.1	16.4
Pre-tax operating profit bf. loan losses	-13.1	-45.0
Pre-tax operating profit	-34.6	-52.7
Yield on avg. net loans <sup>1</sup>	26%	25%

### Continued strong growth: Income tripled from 2020

- Total income grew by 206% from 2020, driven by strong customer growth
- Credit line is the main driver of growth, with 360% growth in total income YoY
  - Credit line now accounts for 69% of total income
- Losses in line with customer growth
  - Loan Loss Provisions were 25% of gross income in 2021, and 28% in Q4, resulting from IFRS 9 requirement to book future potential losses up front when onboarding new customers
  - Realised losses accounted for 9% of gross income in 2021 and 5% in Q4

### Clear pathway to profitability from Q2 2022

- Total income exceeded total operating expenses for the first time in Q4
- Gross margin before loan losses was 75% in 2021 and 78% in Q4
  - Driven by price optimisation and an increasing share of customers coming from direct channels
- Aprila expects to achieve profitability in Q2 2022

# Revenue growth accelerated from 2020 to 2021

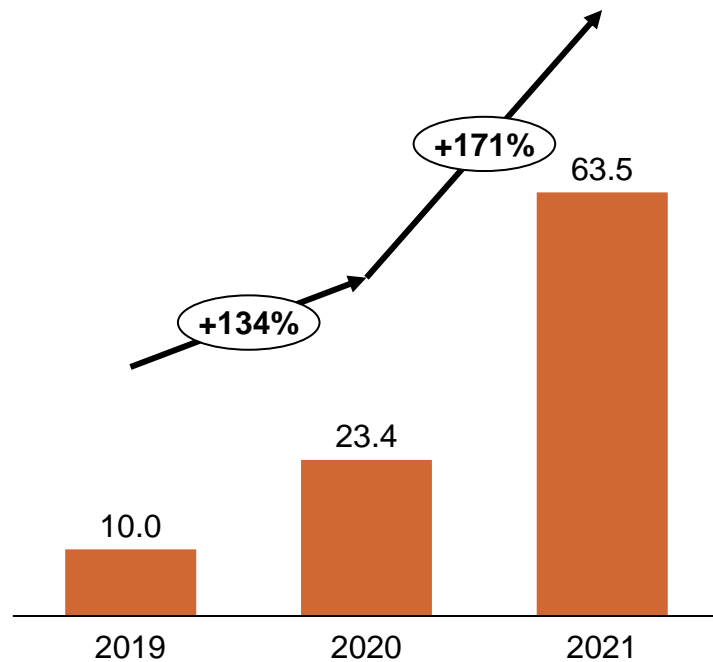
Total income more than tripled from 2020 to 2021



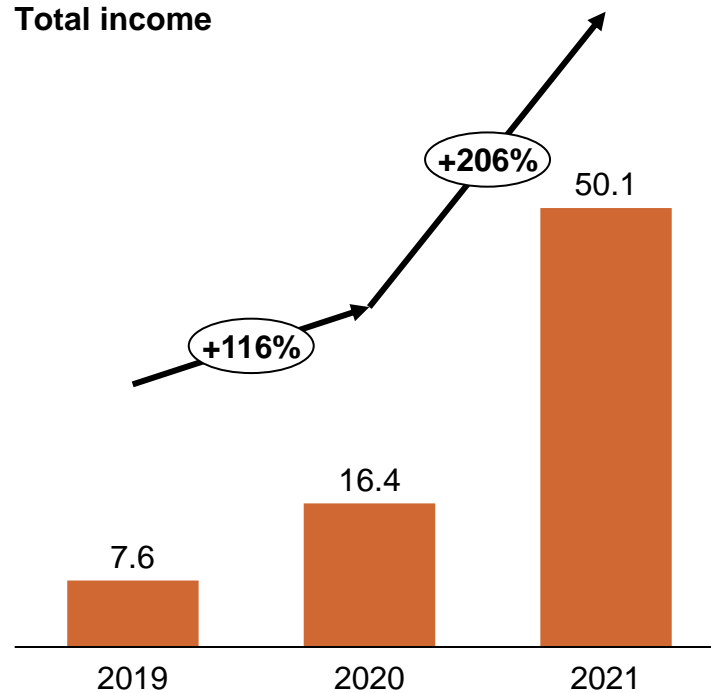
## Aprila income from lending

NOK million

### Gross income



### Total income

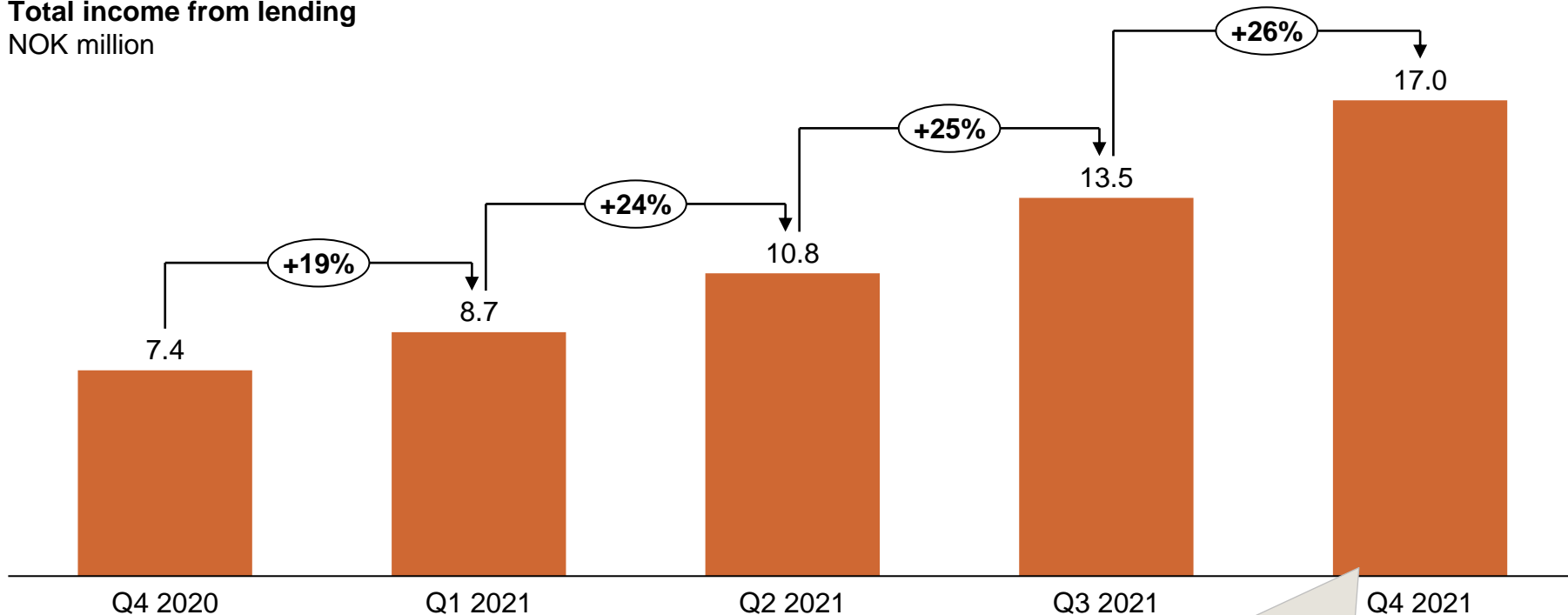


# ...and throughout 2021



QoQ growth in total income accelerated throughout 2021

**Total income from lending**  
NOK million



Q4 income (17.0m) exceeded full year income in 2020 (16.4m)

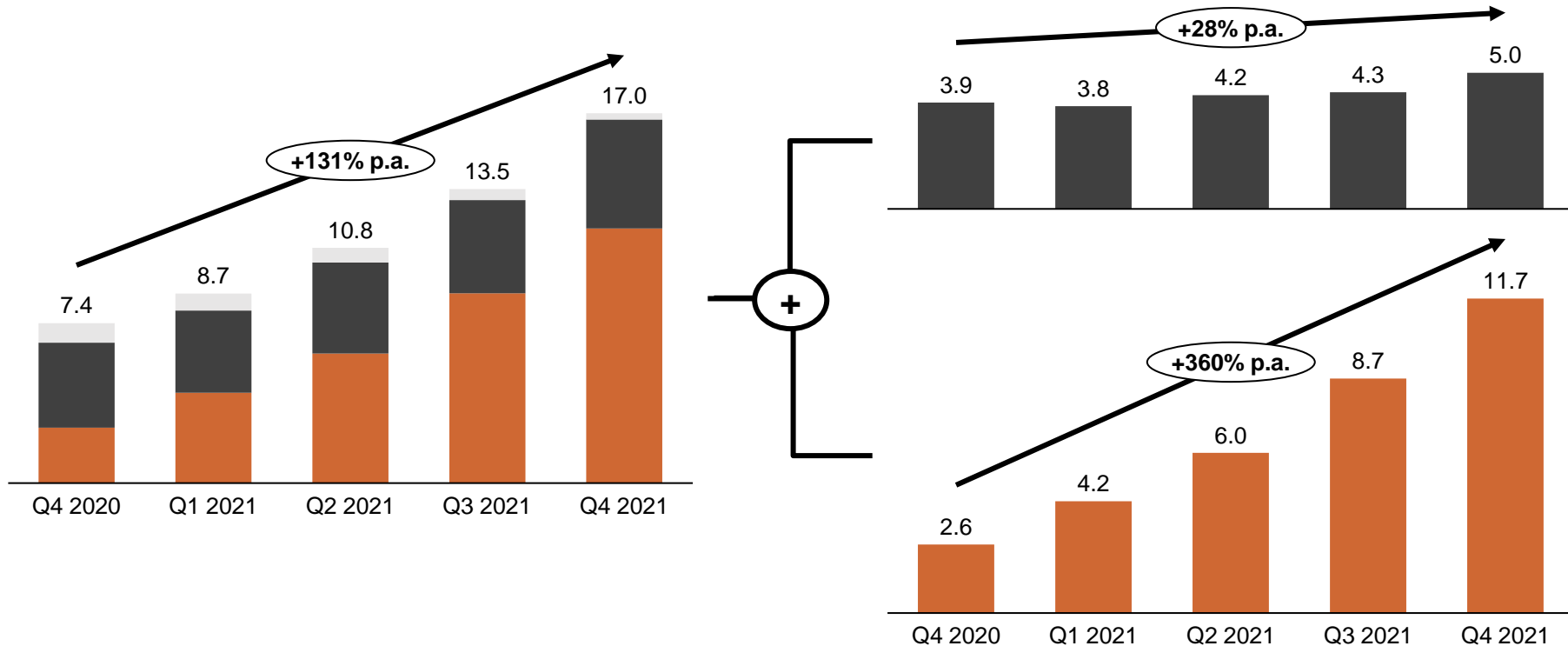
# Credit line is the main driver of growth in total income



Credit line has been core focus since Q4 2020. Total income from the product has increased 360% year-on-year.

**Total income**  
NOK Millions

Other Spot factoring / eCommerce Credit line

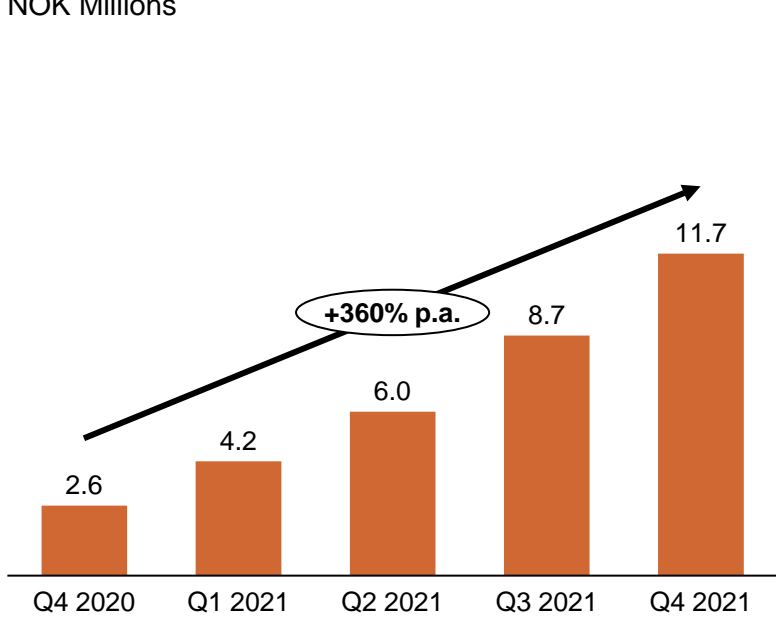




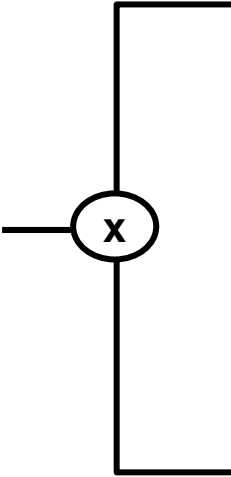
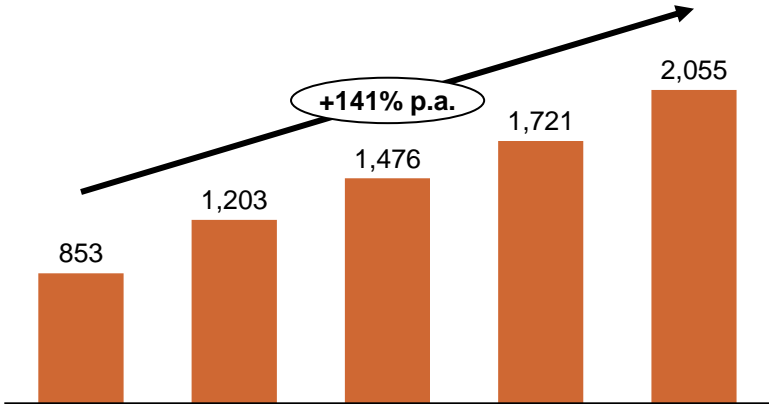
# And customer growth is the biggest driver of credit line income



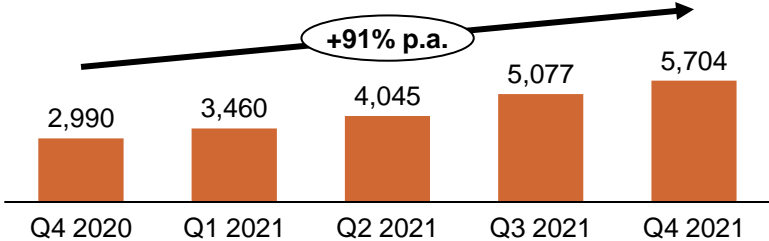
**Total income from credit line**  
NOK Millions



**Average number of credit line customers in quarter**



**Total income per credit line customer per quarter**  
NOK



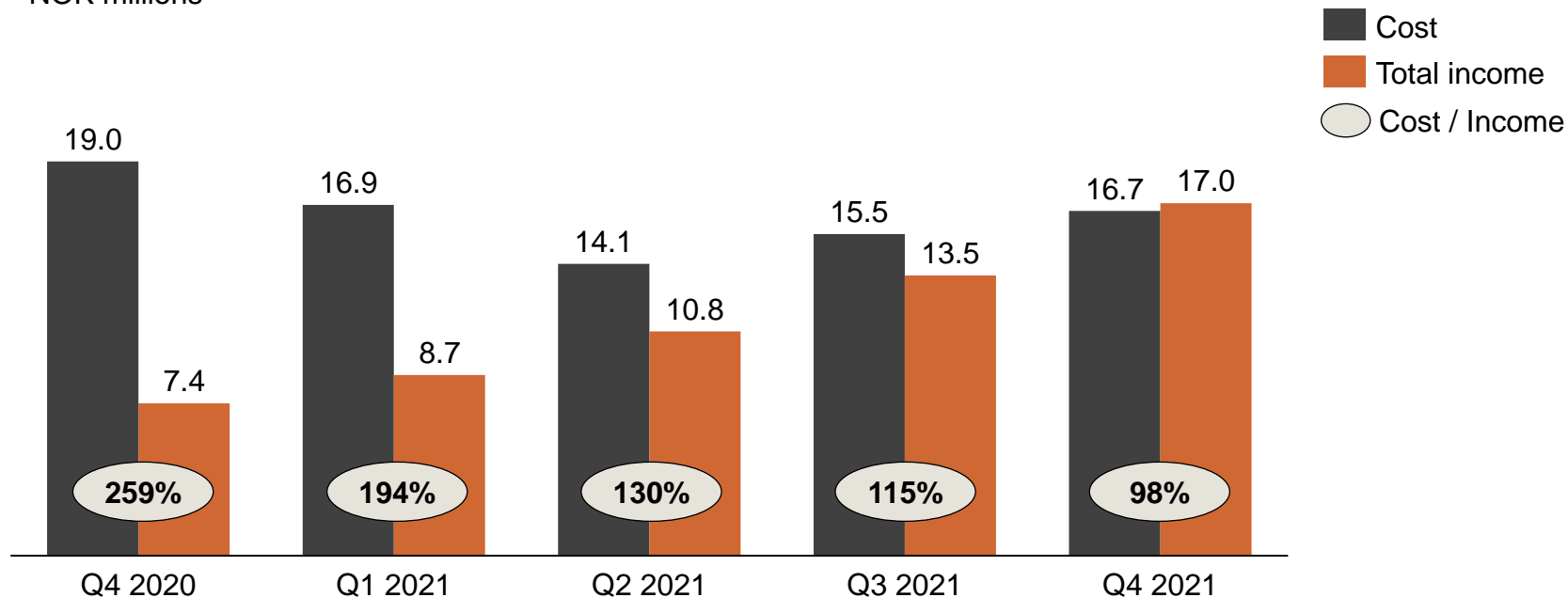
# Income surpassed cost in Q4

Cost / Income now under 100%, with strong positive trajectory



## Cost<sup>1</sup> vs Total income

NOK millions



Note 1: Cost = Total salary and administrative expenses + ordinary depreciation, but excluding losses on loans

# High customer growth results in elevated Loan Loss Provisions



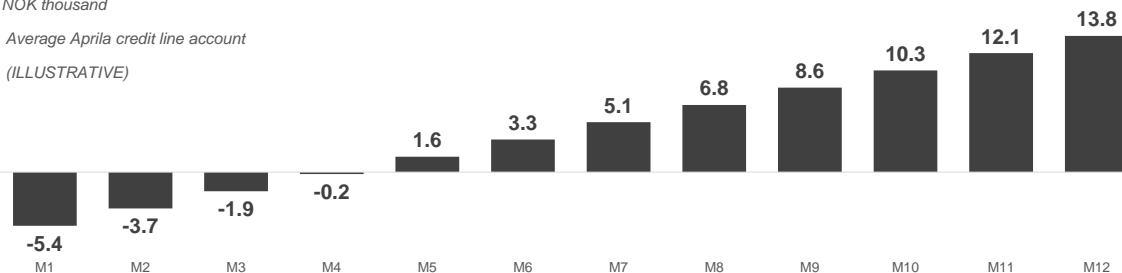
High lending growth causes high LLPs due to accounting rules implemented in January 2018 (IFRS 9)

## Accumulated gross profit after loan losses by month<sup>1</sup>

NOK thousand

Average Aprila credit line account

(ILLUSTRATIVE)

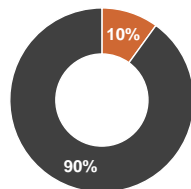


## Key comments

- According to IFRS 9, Aprila is required to book loan loss provisions equivalent to 12 months expected credit loss (ECL) at the time of origination
  - In practice, this means that loan losses are booked up front
- As a result of this, it takes around five months before the average credit line account is profitable
- When lending growth is high, loan loss provisions on new accounts are high, which in turn inflates loan losses and deflates gross profit
- In Q4 21, Aprila's gross credit line balance increased by 28%, equivalent to an annual growth of 168%
- New accounts onboarded in Q4 21 accounted for:
  - 10% of gross income from credit line in Q4 21
  - 18% of gross credit line lending at 31 Dec 2021
  - 37% of loan losses on credit line in Q4 21
- Loan losses in % of gross income declines rapidly; after three years Aprila expects loan losses of an average credit line account to constitute around 20% of accumulated gross income on the account<sup>2</sup>

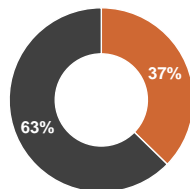
## Gross income and losses in Q4 21 by vintage

### Gross income



■ Accounts onboarded in Q4 21  
■ Accounts onboarded prior to Q4 21

### Loan losses

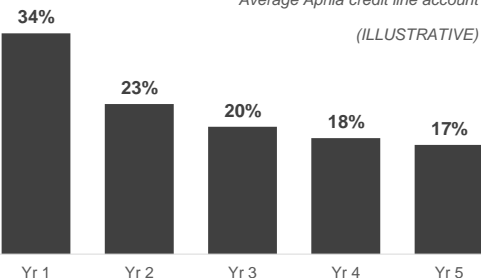


■ Accounts onboarded in Q4 21  
■ Accounts onboarded prior to Q4 21

## Loan losses in % of gross income accumulated

Average Aprila credit line account

(ILLUSTRATIVE)



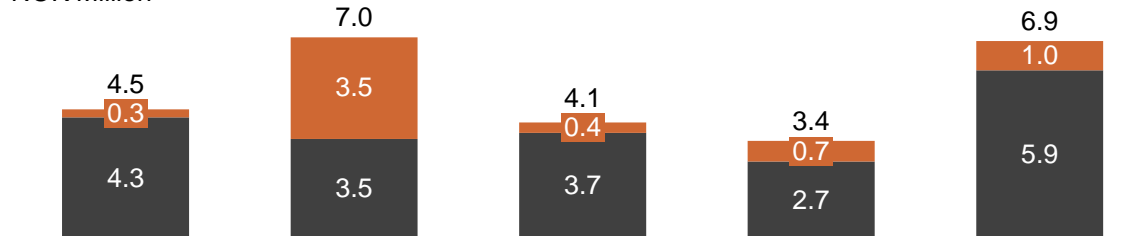
# Loan loss provisions amounted to 28% of gross income in Q4



Net Interest Margin after loan loss provisions and realised losses was 11% in 2021 and 12% in Q4

## Losses (Realised losses + Loan Loss Provisions)

NOK Million



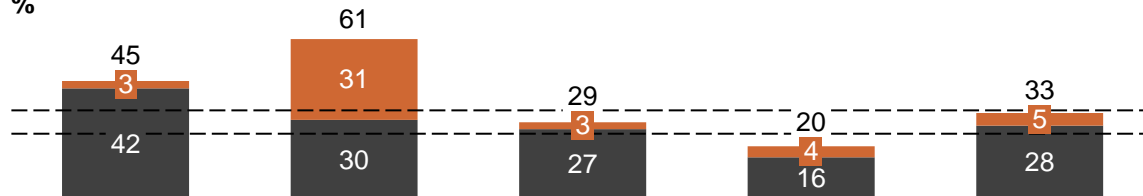
Realised losses  
Loan Loss Provisions

### Loan Loss Provisions

An income statement expense set aside as an allowance for future uncollected loans and loan payments

## Losses as share of gross income from lending to customers

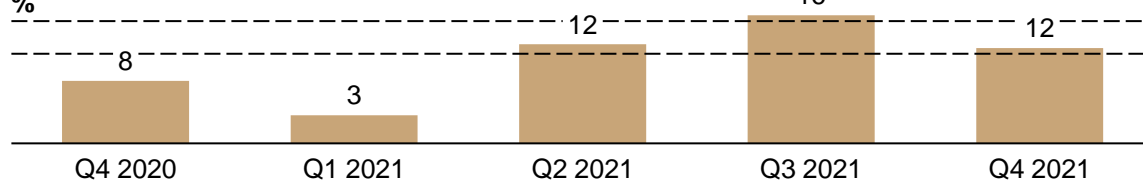
%



34: Losses as % of gross income in 2021  
25: Long term goal: Losses < 25% of gross income

## Net Interest Margin (NIM) after losses<sup>1</sup>

%



15: Long term goal: NIM after losses = 15%  
11: NIM after losses in 2021

Note 1: Net interest margin after losses: (Total income – Losses) / Average Gross Loans = Net yield on gross loans after commissions to partners, interest rate expenses, fees, loan loss provisions, and realised losses.

# Table of contents

Overview



01

Highlights

**02**

**Key figures**

03

Outlook

04

Appendix

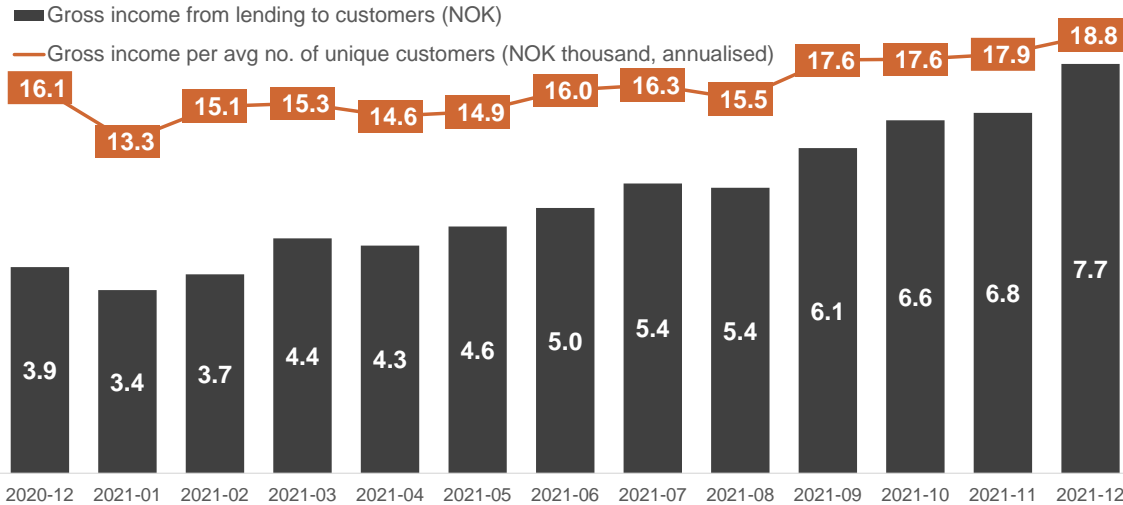


# Gross income from lending | Run-rate

NOK 92m in annual gross income run-rate in December 2021



## Gross income from lending<sup>1</sup> (NOK million) and gross income per unique customer (NOK thousand)



## # of unique customers

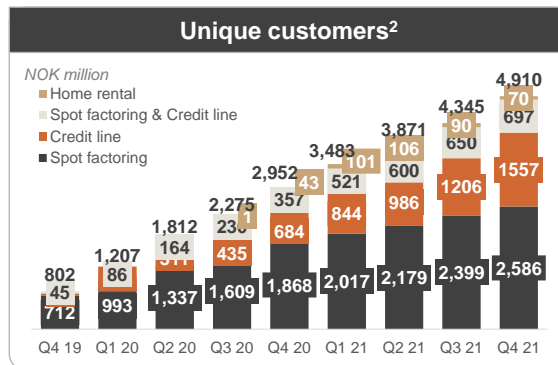
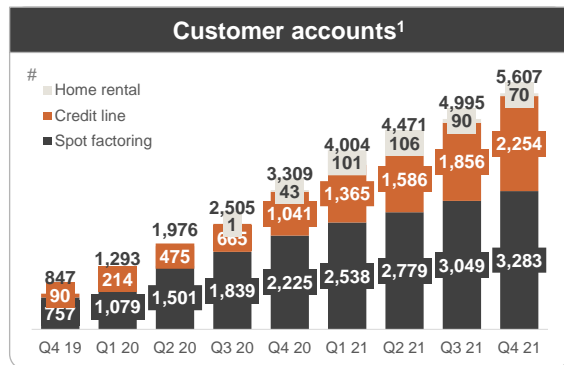
2,952	3,127	3,310	3,483	3,628	3,714	3,871	4,015	4,118	4,345	4,522	4,700	4,910
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## Key comments

- Gross income from lending to customers amounted to NOK 7.7 million in December, corresponding to an annual run-rate of NOK 92 million
- This represents a gross income growth of 99% YoY and 14% MoM

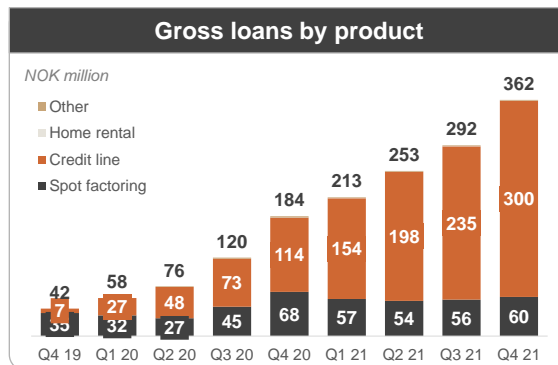
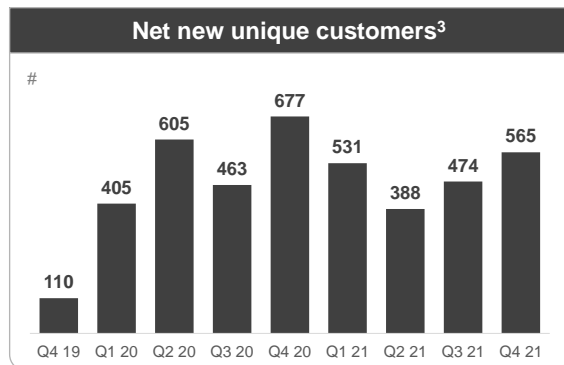
# Key figures

Surpassed 5,500 customer accounts in Q4. Gross lending up 24% QoQ and 97% YoY.



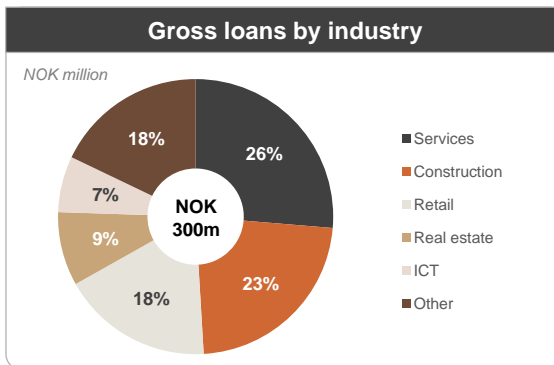
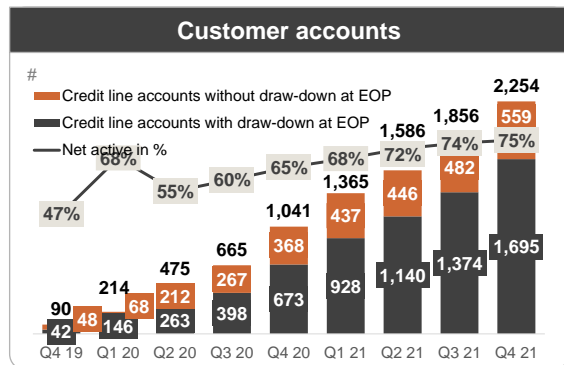
## Key comments

- 5,607 customer accounts and 4,910 unique customers at end of period
- Net 565 new customers in Q4 21
- Aprila acquired 39% of gross new customer accounts added in the quarter, followed by Tripletex (16%) and Fiken (14%)
- NOK 362m in gross loans at end of period of which credit line accounted for 83%

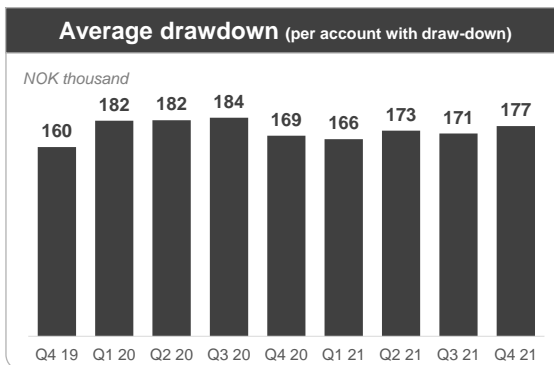
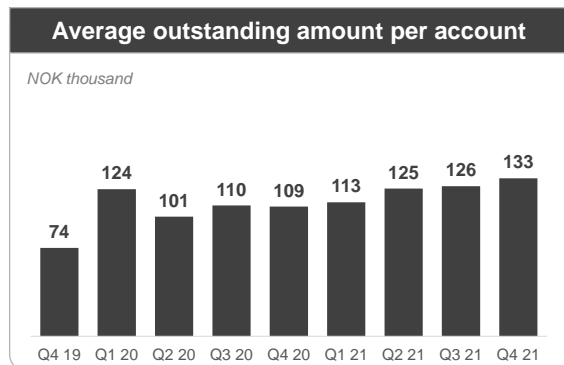


# Credit line | Key figures

Average outstanding amount trending upwards. All-time-high number of new accounts in Q4 21.



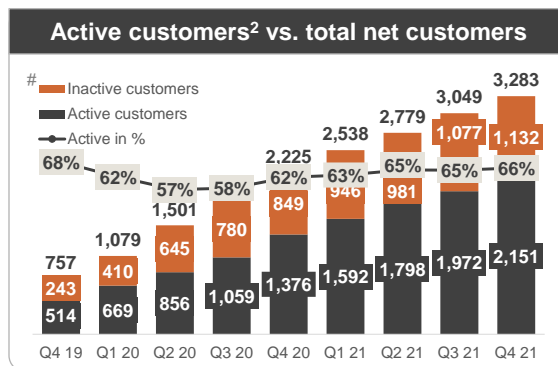
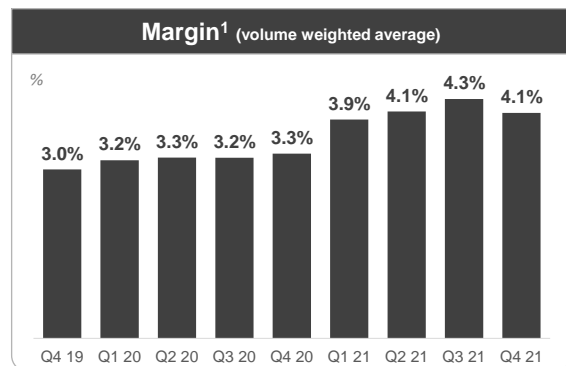
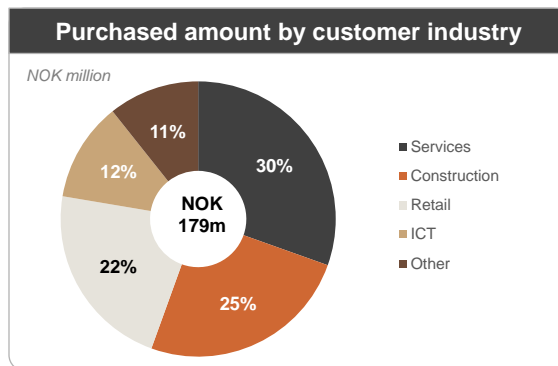
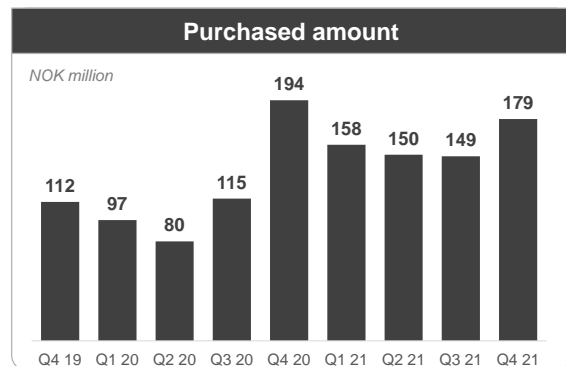
- ### Key comments
- Net 398 new accounts (+21%) added in the quarter (new all-time high)
  - 2,254 credit line accounts at the end of the period
  - 75% of customer accounts with draw-down at EOP
  - On average NOK 177k drawn by customers with draw-down
  - NOK 133k outstanding per account at the end of the period





# Spot factoring | Key figures

NOK 637m purchased in 2021. 35% of gross income in Q4 21.



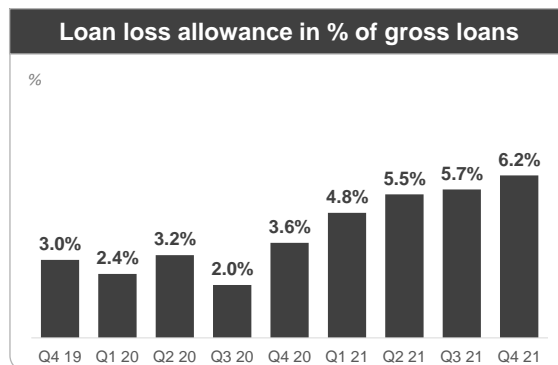
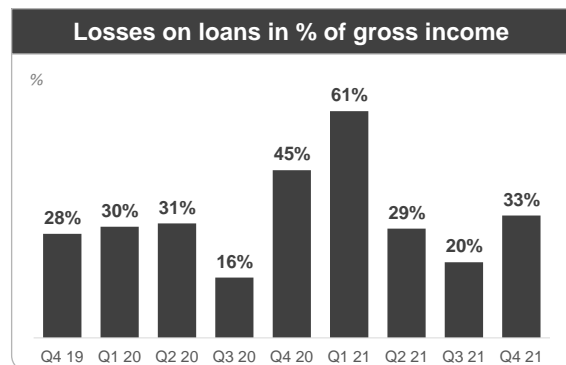
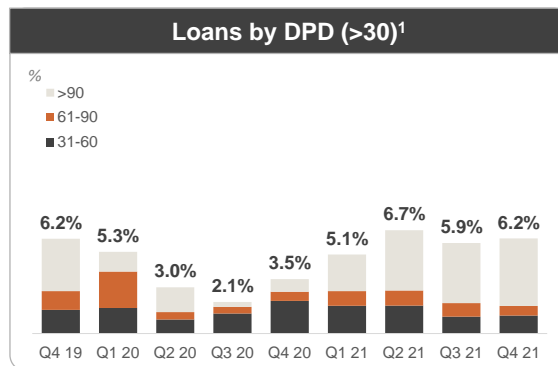
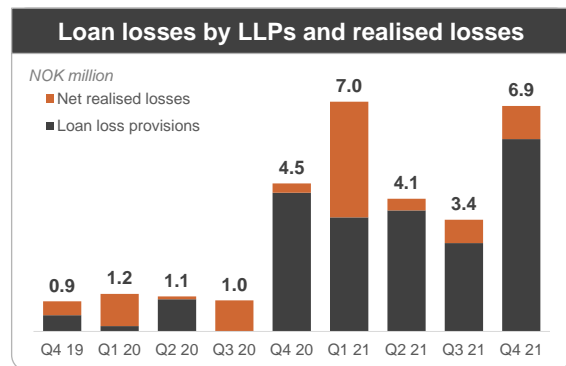
## Key comments

- NOK 179m purchased
- Spot factoring accounted for 35% of gross income in Q4 21 (vs. 62% in Q4 20)
- VWA margin: 4.1%
- Customers in services, construction and retail industries accounted for 77% of purchased amount in Q4 (75% in Q3)
- 2,151 of 3,283 open customer accounts (66%) had sold invoices at the end of the period
- 956 customers sold invoices in Q4 (887 in Q3)

# Loan losses and provisions



Loan losses of 33% of gross income in Q4 21 due to strong credit line growth.



## Key comments

- Total loan losses of NOK 6.9m in Q4 of which:
  - NOK 5.9m (85%) in LLPs and
  - NOK 1.0m (15%) in net realised losses
- DPD >30: 6.2% of gross loans
  - Sound development in DPD 31 – 90 over the past three quarters
- Loan loss allowance in % of gross loans: 6.2%
- The ratio of loan losses to gross income is expected to decline as soon as the relative growth in gross new lending normalises from the current level of ~100% annual growth
- Aprila's long term ambition is to keep losses at around 25% of gross income

Note 1: DPD > 30 days from Q4 20 to Q3 21 differs from previously published figures due to a data quality bug in the data warehouse.

# Table of contents

Overview



01

Highlights

02

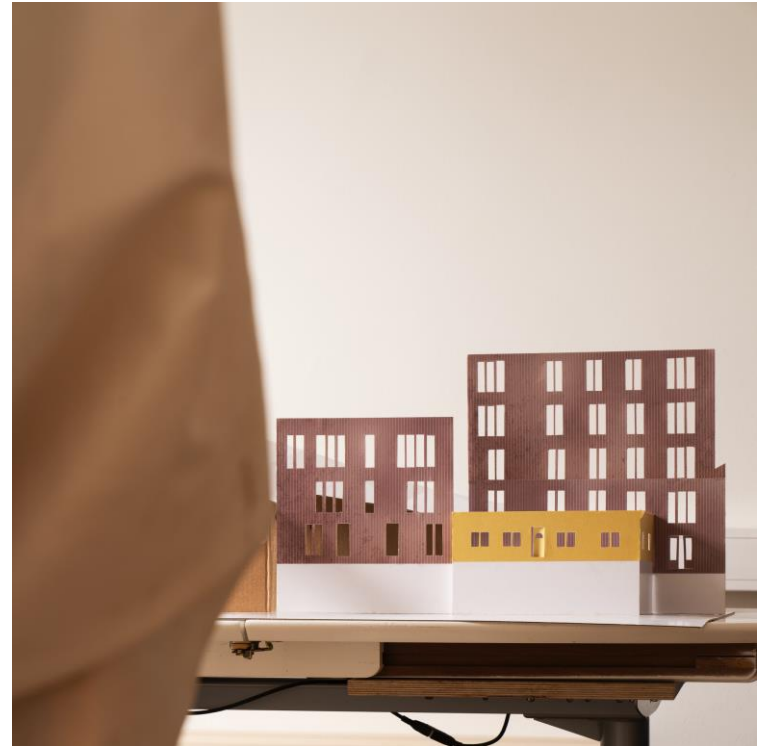
Key figures

**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
- Continue to automate customer servicing and monitoring
- Continue to automate reporting and compliance activities

## Accelerate growth

- Increase onboarding capacity through automation and staffing
- 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 unlock demand

## Strengthen competitive advantage

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

# Financial outlook



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

	YE 21	Q1 22E	YE 22E	Key drivers
<b>Gross income</b> Annual run-rate <sup>1</sup> (NOK million)	92	> 100	> 150	<ul style="list-style-type: none"> <li>• Increased balance and yield on credit line</li> <li>• Offboarding of ~2,100 spot factoring accounts to Visma in Q2 22</li> <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> <li>• Strong and increasing customer application volumes on credit line</li> </ul>
<b>Gross margin bf. loan losses</b> (LTM) <sup>2</sup>	75%	> 75%	> 75%	
<b>Credit line accounts</b> (End of period)	2,254	> 2,600	> 4,500	

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

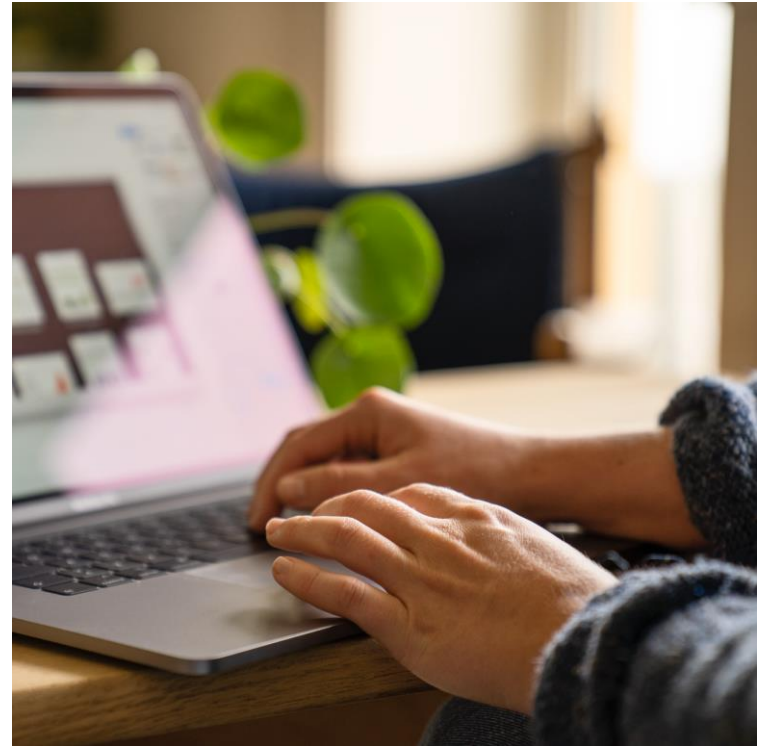
Key figures

03

Outlook

**04**

**Appendix**



# Income statement & general administrative expenses

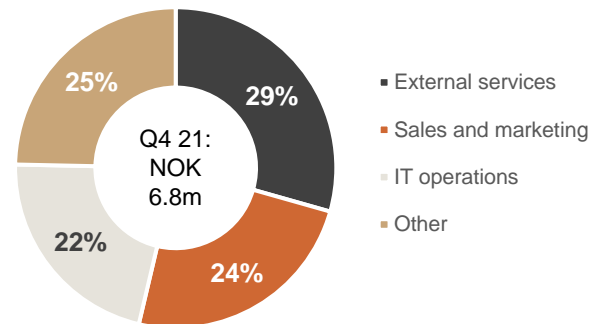


## Income Statement

<i>Amounts in NOK thousand</i>	Q4 2021	Q4 2020	2021	2020
Interest income	20,416	9,838	61,482	22,754
Interest expense	1,257	590	3,649	2,144
<b>Net interest income</b>	<b>19,159</b>	<b>9,248</b>	<b>57,833</b>	<b>20,610</b>
Income commissions and fees	1,030	303	2,420	785
Expenses commissions and fees	2,966	2,298	10,547	5,607
<b>Net commissions and fees</b>	<b>-1,936</b>	<b>-1,995</b>	<b>-8,126</b>	<b>-4,822</b>
Net gains / losses (-) on certificates, bonds and currency	-199	109	414	613
Other income	0	0	0	0
<b>Total income</b>	<b>17,024</b>	<b>7,362</b>	<b>50,121</b>	<b>16,401</b>
Salary and other personnel expenses	7,657	10,109	32,376	33,278
General administrative expenses	6,785	6,907	22,437	21,011
<b>Total salary and administrative expenses</b>	<b>14,442</b>	<b>17,016</b>	<b>54,813</b>	<b>54,289</b>
Ordinary depreciation	2,212	2,030	8,412	7,147
<b>Total operating expenses excl. losses on loans</b>	<b>16,654</b>	<b>19,045</b>	<b>63,225</b>	<b>61,436</b>
Losses on loans	6,909	4,537	21,446	7,715
<b>Pre-tax operating profit</b>	<b>-6,539</b>	<b>-16,220</b>	<b>-34,550</b>	<b>-52,749</b>
Tax	0	0	0	0
<b>Profit after tax</b>	<b>-6,539</b>	<b>-16,220</b>	<b>-34,550</b>	<b>-52,749</b>
Earnings per share (NOK)	-0.15	-0.36	-0.77	-1.29
Diluted earnings per share (NOK)	-0.15	-0.36	-0.77	-1.29

## General administrative expenses

<i>Amounts in NOK thousand</i>	Q4 2021	Q4 2020	2021	2020
External services	1,994	586	5,625	6,122
IT operations	1,468	2,220	5,607	4,764
Sales and marketing	1,649	2,887	6,097	6,304
Credit information	294	427	1,154	761
External audit and related services	800	88	1,583	350
Credit insurance	14	86	236	349
Other operating expenses	566	614	2,136	2,361
<b>Total general administrative expenses</b>	<b>6,785</b>	<b>6,907</b>	<b>22,437</b>	<b>21,011</b>



# Balance sheet & regulatory capital



Balance Sheet		
<i>Amounts in NOK thousand</i>	31.12.2021	31.12.2020
Loans and deposits with credit institutions	67,157	76,651
Net loans to customers	339,167	176,860
Certificates and bonds	36,059	155,832
Other intangible assets	14,036	19,183
Deferred tax assets	0	0
Fixed assets	5,432	4,029
Other receivables	4,143	6,387
<b>Total assets</b>	<b>465,994</b>	<b>438,942</b>
Deposits from and debt to customers	338,002	311,920
Other debt	19,435	14,924
<b>Total liabilities</b>	<b>357,437</b>	<b>326,844</b>
Share capital	44,631	44,590
Share premium	190,545	190,545
Unregistered Share capital	30,783	40
Other paid-in equity	2,668	2,442
Retained earnings	-160,070	-125,520
<b>Total equity</b>	<b>108,557</b>	<b>112,098</b>
<b>Total equity and liabilities</b>	<b>465,994</b>	<b>438,942</b>

Regulatory capital <sup>1</sup>		
<i>Amounts in NOK thousand</i>	31.12.2021	31.12.2020
Share capital	44,631	44,590
Share premium	190,545	190,545
Other equity	-126,619	-123,038
<b>Total equity</b>	<b>108,557</b>	<b>112,098</b>
Other intangible assets	-14,036	-19,183
AVA adjustment	-36	-156
Deferred tax assets	0	0
<b>Common equity tier 1 (CET 1)</b>	<b>94,485</b>	<b>92,759</b>
<b>Tier 1 capital</b>	<b>94,485</b>	<b>92,759</b>
<b>Total capital</b>	<b>94,485</b>	<b>92,759</b>
<b>Risk-weighted assets</b>		
Loans and deposits with credit institutions	13,431	15,330
Loans to customers	197,263	99,673
Certificates and bonds	0	6,002
Other assets	9,575	10,416
<b>Credit risk</b>	<b>220,270</b>	<b>131,421</b>
Operational risk	46,316	16,728
<b>Risk-weighted assets</b>	<b>266,586</b>	<b>148,149</b>
Common equity tier 1 ratio (%)	35.4%	62.6%
Tier 1 ratio (%)	35.4%	62.6%
Total capital ratio (%)	35.4%	62.6%
Leverage ratio (%)	20.1%	21.6%
LCR	282%	1418%

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



# Gross income and key figures



Gross income and key figures									
NOK million	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
<b>Gross income and margin</b>									
Interest income credit line	0.0	0.8	0.9	2.4	3.8	5.5	7.5	10.3	13.1
Income commissions and fees credit line	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.5
<b>Gross income credit line</b>	<b>0.0</b>	<b>0.8</b>	<b>0.9</b>	<b>2.4</b>	<b>3.8</b>	<b>5.5</b>	<b>7.5</b>	<b>10.4</b>	<b>13.6</b>
Interest income spot factoring	3.2	2.9	2.5	3.3	6.0	5.6	5.8	5.9	6.9
Income commissions and fees spot factoring	0.1	0.1	0.1	0.2	0.3	0.3	0.5	0.5	0.6
<b>Gross income spot factoring</b>	<b>3.3</b>	<b>3.0</b>	<b>2.6</b>	<b>3.5</b>	<b>6.3</b>	<b>6.0</b>	<b>6.3</b>	<b>6.4</b>	<b>7.4</b>
Gross income other	0.4	0.1	0.4	0.2	0.2	0.8	0.2	0.1	0.2
<b>Gross income total</b>	<b>3.7</b>	<b>4.0</b>	<b>3.9</b>	<b>6.0</b>	<b>10.3</b>	<b>12.3</b>	<b>13.9</b>	<b>16.9</b>	<b>21.2</b>
Direct variable expenses	1.6	1.7	1.8	2.4	3.6	4.1	3.7	3.8	4.7
<b>Gross profit bf. loan losses</b>	<b>2.1</b>	<b>2.3</b>	<b>2.1</b>	<b>3.7</b>	<b>6.6</b>	<b>8.2</b>	<b>10.2</b>	<b>13.1</b>	<b>16.6</b>
<b>Total income</b>	<b>2.3</b>	<b>2.6</b>	<b>2.4</b>	<b>4.0</b>	<b>7.4</b>	<b>8.7</b>	<b>10.8</b>	<b>13.5</b>	<b>17.0</b>
<b>Gross income from lending</b>	<b>3.3</b>	<b>3.9</b>	<b>3.5</b>	<b>5.9</b>	<b>10.1</b>	<b>11.6</b>	<b>13.9</b>	<b>16.9</b>	<b>21.1</b>
<b>Total operating expenses</b>	<b>12.9</b>	<b>14.2</b>	<b>13.5</b>	<b>14.7</b>	<b>19.0</b>	<b>16.9</b>	<b>14.1</b>	<b>15.5</b>	<b>16.7</b>
<b>Losses on loans</b>	<b>0.9</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>4.5</b>	<b>7.0</b>	<b>4.1</b>	<b>3.4</b>	<b>6.9</b>
<b>Key figures</b>									
Gross margin	56%	59%	54%	61%	65%	67%	73%	77%	78%
Total income / gross income	62%	64%	63%	67%	72%	71%	78%	80%	80%
Cost / income	554%	555%	553%	364%	259%	194%	130%	115%	98%
Losses on loans / gross income from lending	27.9%	29.8%	30.7%	16.2%	44.9%	60.7%	29.3%	20.3%	32.8%

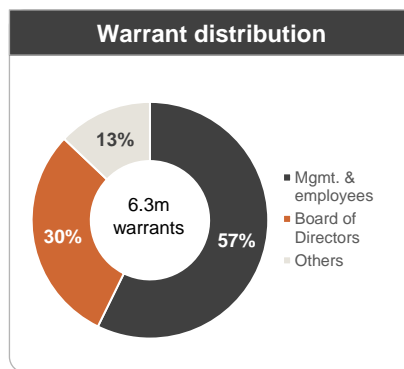
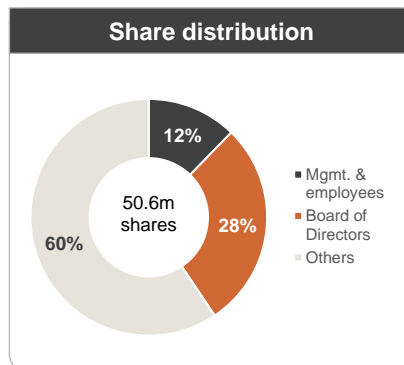
# Ownership & warrant structure<sup>1</sup>

Aligned interests among key stakeholders



### Selected shareholders

Investor	Selected current / previous holdings
<b>FJ LABS</b>	
<b>ALLIANCE VENTURE</b>	



### Top 30 shareholders

#	Investor	Name	Role	Ownership		Warrants
				# shares	%	
1	AMESTO GROUP AS	Spandow Family	Chairman	6,103,029	12.1 %	1,875,000
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 %	1,750,000
7	REDIVIVUS AS			1,354,008	2.7 %	
8	FJ LABS			1,099,400	2.2 %	
9	ØSD FINANS AS	Oystein 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 %	500,000
13	SIX SIS AG			777,470	1.5 %	
14	CHRISTIANIA SKIBS AS			765,000	1.5 %	
15	DISRUPTOR AS	Israr Khan	Chief Product & Tech Officer	740,000	1.5 %	600,000
16	NORDIC PRIVATE EQUITY AS			713,636	1.4 %	
17	ENIMAE AS			672,300	1.3 %	
18	INCHOATE AS			610,000	1.2 %	500,000
19	STRIGEN AS			608,798	1.2 %	
20	BLUE MOUNTAIN CAPITAL AS	Kjetil S. Barli	Chief Financial Officer	580,000	1.1 %	375,000
21	CHRI AS			579,255	1.1 %	
22	ELIGERE AS	Lene Gridseth	Chief Operating Officer	573,200	1.1 %	375,000
23	SPORTSMAGASINET AS			572,697	1.1 %	
24	NORUS AS			541,530	1.1 %	
25	KLØVNINGEN AS			535,350	1.1 %	
26	SANDSLO HOLDING AS			522,110	1.0 %	
27	BLUEBERRY CAPITAL AS			500,000	1.0 %	
28	SILVER & GOLD AS			461,000	0.9 %	
29	KNUDSEN MORTEN WELLEJUS			460,215	0.9 %	
30	FOUGNER INVEST AS			448,511	0.9 %	
	Others			13,357,582	26.4 %	312,500
<b>Total</b>				<b>50,591,472</b>	<b>100.0 %</b>	<b>6,287,500</b>

Note 1: As registered in VPS 8 February 2022.

**Aprila**