

Aprila

Q4 Interim report

October - December 2020

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Key figures

PURCHASED AMOUNT¹⁾

194

MNOK

UNIQUE CUSTOMERS

2,954

EOP

GROSS LOANS

184

MNOK, EOP

GROSS INCOME FROM LENDING

10.1

MNOK

GROSS LOANS PER CUSTOMER

61.4

NOK THOUSAND, EOP

GROSS INCOME PER CUSTOMER²⁾

15.5

NOK THOUSAND, ANNUALISED

¹⁾ Nominal value of invoices purchased in the period.

²⁾ Annualised gross income in the period divided by average number of customers in the period.

Interim report

About Aprila Bank ASA

Aprila is a product- and technology company offering innovative financial solutions to small and medium sized businesses and retail customers. Aprila's API-based technology platform is connected to around 130,000 businesses through partnership agreements with leading cloud-based ERP and accounting system providers. The bank commenced operations in April 2018; providing spot factoring embedded in the cloud-based ERP solution Tripletex.

With the launch of the bank's first product we set a new standard in liquidity financing for Norwegian businesses. Aprila Spot Factoring represents the first fully digital solution for spot factoring of invoices in the Norwegian market. Customer onboarding is done digitally, directly in partner channels, and only takes a few minutes to complete. Aprila Spot Factoring is seamlessly embedded in the customers' existing workflows and funds are paid the following business day at the latest.

In December 2019, Aprila launched its second product; credit line for small and medium-sized businesses. The product is available in partner channels and on aprila.no and has no fixed fees; customers are only charged for the funds that are drawn.

Aprila has made early strides towards improving the availability of financing for small and medium-sized businesses. The team continues to work to fulfil this ambition, with an emphasis on new product development and broadening distribution.

The bank is owned by private and institutional investors in Norway and abroad. No individual shareholder has an ownership stake exceeding 10% in Aprila.

Fourth quarter 2020

Highlights from the quarter are outlined below.

- 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 the third quarter
- Aprila added net 677 customers (+30%) in the quarter, of which 66% through partner channels

- Following the launch of a new version of the spot factoring platform late October, the platform now also offers spot factoring of B2C claims; a much sought-after feature among partners and customers

Financial figures

All figures are prepared and presented in accordance with IFRS. Comparable figures from Q3 2020 are presented in brackets.

Purchased amount in Q4 amounted to NOK 194 million (NOK 115 million). Average margin was 3.30% (3.23%), and net interest income was NOK 9.3 million (NOK 5.1 million). Interest income from lending (adjusted for accruals) amounted to NOK 9.8 million (NOK 5.7 million).

Total operating expenses amounted to NOK 19.0 million (NOK 14.7 million) of which NOK 10.1 million (53%) in salary and personnel expenses, NOK 6.9 million (36%) in general administrative expenses and NOK 2.0 million (11%) in ordinary depreciation. Losses on loans amounted to NOK 3.6 million (NOK 1.0 million).

Total assets at the end of the quarter amounted to NOK 440 million (NOK 256 million) of which NOK 178 million (NOK 118 million) were net loans to customers. Total equity amounted to NOK 113 million (NOK 128 million) and the CET1-ratio was 54.4% (91.5%). Total liquid assets amounted to NOK 232 million (NOK 105 million) of which NOK 77 million in bank deposits and NOK 156 million in certificates and bonds.

Outlook

Macroeconomic outlook

The government-induced measures to stop the spread of the coronavirus resulted in a sharp decline in Norwegian GDP in March 2020, combined with rapidly increasing unemployment rates. However, the Norwegian economy recovered faster than anticipated, and the government introduced several measures to increase the economic activity and reduce the negative impact of Covid-19 on Norwegian businesses.

There is still a high degree of uncertainty related to the macroeconomic development. Aprila's access to day-to-day accounting data for the majority of its customers, provides a unique insight into the customers' financial position and the bank will continue to closely monitor the financial health of its customers and continuously align its risk appetite with the customers' financial performance.

Key priorities

During the first quarter of 2021 Aprila will focus on three key priorities:

Strengthening distribution

Aprila's core products, spot factoring and credit line, are currently embedded in the ERP systems of ~130,000 Norwegian SMEs through five different ERP channels³⁾, with an estimated actual reach of 115,000 for spot factoring⁴⁾ and 80,000 for credit line⁵⁾. In the first quarter of 2021, Aprila will focus on the following initiatives to strengthen the distribution of its two product platforms:

- Spot factoring: validate the current set of growth opportunities and double down on the most promising opportunities.
- Credit line: enhance customer acquisition and reduce customer acquisition cost by adding new partners and improving the accuracy of the marketing spend.

Improving profitability

During the first quarter, Aprila will implement measures that is expected to progressively improve the P&L of the credit line product, as well as the overall profitability. A new risk-based pricing model for credit line was launched ultimo January, offering customers risk-based interest rates from 0.99% per month (vs. the former flat monthly interest rate of 1.49% to all customers). The model currently applies to all new customers and will be implemented on renewals of existing credit lines in February. A set of other measures to improve profitability have also been identified and will be implemented during the quarter.

Building competitive advantage

Based on customer consent, Aprila receives day-to-day customer accounting data and transaction history from the partner systems where Aprila's products are embedded through APIs. The bank runs several machine-learning and expert models that calculate prices, make credit decisions, and enable a seamless customer experience. During the first quarter of 2021 Aprila will continue the focus on improving the models, as well as enhancing the data by adding new data sources.

Other information

The accounting deficit for Q4 has in its entirety been booked against retained earnings. This interim report has not been audited by the company's external auditor.

Oslo, 12 February 2021

Board of Directors
Aprila Bank ASA

³⁾ Spot factoring: Tripletex (~40,000), Visma eAccounting (~40,000), Fiken (~35,000), Xledger (~10,000) and Uni Economy (~5,000).

⁴⁾ Tripletex (~40,000), Visma eAccounting (~40,000) and Fiken (~35,000).

⁵⁾ Tripletex (~40,000), Visma eAccounting (~40,000).

Condensed consolidated interim statement of comprehensive income

Amounts in NOK thousand	Note	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	8	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	2, 3	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

COMPREHENSIVE INCOME

Amounts in NOK thousand	Q4 2020	Q4 2019	2020	2019
Comprehensive income for the period	-15,303	-11,478	-51,832	-36,570

Condensed statement of financial position

Amounts in NOK thousand	Note	31.12.2020	31.12.2019
Loans and deposits with credit institutions	5, 6	76,651	60,593
Net loans to customers	2, 3, 6	177,776	40,885
Certificates and bonds	6	155,832	45,470
Other intangible assets		19,183	12,700
Deferred tax assets		0	0
Fixed assets		4,029	5,868
Other receivables	7	6,387	4,522
Total assets		439,858	170,038
Deposits from and debt to customers		311,920	62,194
Other debt	7	14,924	15,642
Total liabilities		326,844	77,836
Share capital	4	44,590	36,220
Share premium	4	190,545	127,036
Unregistered Share capital	4	40	37
Other paid-in equity	4	2,442	1,680
Retained earnings	4	-124,603	-72,771
Total equity		113,015	92,202
Total equity and liabilities		439,858	170,038

Condensed statement of the cash flow position

Amounts in NOK thousand	Note	Q4 2020	Q4 2019	2020	2019
Pre-tax operating profit		-15,303	-11,478	-51,832	-36,570
Taxes		0	0	0	0
Ordinary depreciation		2,030	1,011	7,147	3,190
Change in loans	3	-60,119	-10,012	-136,891	-1,266
Change in deposits from customers		198,623	29,960	249,726	62,194
Change in securities	6	-99,799	-15,157	-110,362	-15,358
Change in accruals		3,571	2,950	-1,004	2,876
Net cash flow from operating activities		29,002	-2,725	-43,218	15,067
Net investments in fixed assets		0	-428	-399	-750
Net investments in intangible assets		-1,077	-6,455	-11,392	-8,672
Net cash flow from investing activities		-1,077	-6,883	-11,791	-9,421
Paid-in equity	4	478	527	72,645	1,271
Repayment of leasing liabilities		-396	-318	-1,578	-963
Net cash flow from financing activities		82	209	71,067	308
Net cash flow for the period		28,007	-9,399	16,058	5,954
Cash and cash equivalents at the start of the period	5	48,643	69,992	60,593	54,639
Cash and cash equivalents at the end of the period	5	76,651	60,593	76,651	60,593

Condensed statement of changes in equity

Amounts in NOK thousand	Share capital	Share premium	Unregistered Share capital	Other paid-in equity	Retained earnings	Total equity
Equity as of 31 December 2018	36,220	127,036	0	446	-36,201	127,501
Share capital increase	0	0	37			37
Changes in equity due to stock options program				1,234		1,234
Net profit for the period					-36,570	-36,570
Equity as of 31 December 2019	36,220	127,036	37	1,680	-72,771	92,202
Equity as of 31 December 2019	36,220	127,036	37	1,680	-72,771	92,202
Share capital increase	8,370	63,510	3			71,883
Changes in equity due to stock options program				762		762
Net profit for the period					-51,832	-51,832
Equity as of 31 December 2020	44,590	190,545	40	2,442	-124,603	113,015

Notes

Note 1 General accounting principles

Reporting entity

Aprila Bank is a bank domiciled in Norway. The bank's registered office is at Kirkegata 5, 0153 Oslo.

Basis of accounting

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and with the same accounting principles as used in the annual statement for 2019.

Aprila was granted a commercial banking license from the Financial Supervisory Authority of Norway (NO: Finanstilsynet) in March 2018.

The interim report was authorised for issue by the bank's board of directors on 12 February 2021.

Functional and presentation currency

These consolidated financial statements are presented in NOK, which is the bank's functional currency. All amounts have been rounded to the nearest thousand, except where otherwise indicated.

Note 2 Expected credit loss

According to IFRS 9, loan loss allowances should be recognised based on the expected credit loss (ECL). The general model for loan loss allowances on financial assets in IFRS 9 applies to financial assets that are measured at amortised cost or at fair value with changes in value through other comprehensive income (OCI), and that did not have any losses incurred on initial recognition.

To meet the uncertainty related to the increased probability of default due to Covid-19, the bank decided to double the probability of the worst case scenario in the ECL model from and including Q1 2020.

Note 3 Loans to customers

LOANS TO CUSTOMERS

Amounts in NOK thousand	31.12.2020	31.12.2019
Non-recourse factoring	67,741	35,442
Credit line	113,771	6,701
Downpayment loans	2,033	0
Gross loans to customers	183,545	42,143
Impairment of loans	5,769	1,258
Net loans to customers	177,776	40,885

DEFAULTS AND LOSSES

Amounts in NOK thousand	31.12.2020	31.12.2019
Gross defaulted loans	5,310	1,533
Impairment of loans (stage 3)	2,220	1,087
Net defaulted loans	3,089	445

LOAN LOSS PROVISIONS IN THE PERIOD

Amounts in NOK thousand	Q4 2020	Q4 2019	2020	2019
Loan loss provisions stage 1	318	19	1,138	-20
Loan loss provisions stage 2	1,221	-34	2,240	-92
Loan loss provisions stage 3	1,867	511	1,202	319
Total loan loss provisions in the period	3,407	497	4,580	206
Realised losses in the period	227	427	2,232	2,571
Losses on loans in the period	3,634	924	6,812	2,777

AGEING OF LOANS, GROSS LOANS

Amounts in NOK thousand	31.12.2020	31.12.2019
Loans not past due	156,617	29,683
Past due 1 - 30 days	21,010	9,864
Past due 31 - 60 days	3,607	647
Past due 61 - 90 days	1,081	518
Past due 91+ days	1,229	1,431
Total	183,545	42,143

AGEING OF LOANS, NON-RECOURSE FACTORING

Per cent	31.12.2020	31.12.2019
Loans not past due	44,947	22,982
Past due 1 - 30 days	18,614	9,864
Past due 31 - 60 days	2,315	647
Past due 61 - 90 days	1,081	518
Past due 91+ days	785	1,431
Total	67,741	35,442

AGEING OF LOANS, CREDIT LINE

Amounts in NOK thousand	31.12.2020	31.12.2019
Loans not past due	109,638	6,701
Past due 1 - 30 days	2,396	-
Past due 31 - 60 days	1,293	-
Past due 61 - 90 days	-	-
Past due 91+ days	444	-
Total	113,771	6,701

GROSS LOANS TO CUSTOMERS

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as of 30 September 2020	108,416	11,156	517	120,089
Transfers from Stage 1 to Stage 2	-12,291	14,703	0	2,412
Transfers from Stage 1 to Stage 3	-3,700	0	3,628	-72
Transfers from Stage 2 to Stage 3	0	-1,239	1,129	-110
Transfers from Stage 3 to Stage 2	0	0	0	0
Transfers from Stage 3 to Stage 1	0	0	0	0
Transfers from Stage 2 to Stage 1	1,699	-1,510	0	188
New financial assets issued or purchased	87,958	5,971	366	94,295
Financial assets derecognised in the period	-41,848	-1,428	-255	-43,532
Net change on existing loans	9,820	529	-74	10,274
Gross loans to customers as of 31 December 2020	150,054	28,182	5,310	183,545

LOAN LOSS ALLOWANCES

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2020	921	1 088	422	2 431
Transfers from Stage 1 to Stage 2	-132	1 205	0	1 073
Transfers from Stage 1 to Stage 3	-51	0	1 248	1 197
Transfers from Stage 2 to Stage 3	0	-228	657	429
Transfers from Stage 3 to Stage 2	0	0	0	0
Transfers from Stage 3 to Stage 1	0	0	0	0
Transfers from Stage 2 to Stage 1	19	-145	0	-126
New financial assets issued or purchased	865	751	183	1 799
Financial assets derecognised in the period	-259	-294	-216	-768
Net change on existing loans	-125	-68	-75	-268
Loan loss allowance as of 31 December 2020	1,239	2,309	2,220	5,769

GROSS LOANS TO CUSTOMERS, NON-RECOURSE FACTORING

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as of 30 September 2020	42,790	1,694	390	44,874
Transfers from Stage 1 to Stage 2	-432	428	0	-4
Transfers from Stage 1 to Stage 3	-568	0	506	-63
Transfers from Stage 2 to Stage 3	0	-265	219	-46
Transfers from Stage 3 to Stage 2	0	0	0	0
Transfers from Stage 3 to Stage 1	0	0	0	0
Transfers from Stage 2 to Stage 1	0	0	0	0
New financial assets issued or purchased	61,325	4,750	280	66,355
Financial assets derecognised in the period	-41,617	-1,428	-255	-43,301
Net change on existing loans	0	0	-74	-74
Gross loans to customers as of 31 December 2020	61,498	5,178	1,065	67,741

LOAN LOSS ALLOWANCES, NON-RECOURSE FACTORING

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2020	313	365	347	1,025
Transfers from Stage 1 to Stage 2	-38	142	0	104
Transfers from Stage 1 to Stage 3	-16	0	512	495
Transfers from Stage 2 to Stage 3	0	-71	249	178
Transfers from Stage 3 to Stage 2	0	0	0	0
Transfers from Stage 3 to Stage 1	0	0	0	0
Transfers from Stage 2 to Stage 1	0	0	0	0
New financial assets issued or purchased	635	612	145	1,392
Financial assets derecognised in the period	-258	-294	-216	-768
Net change on existing loans	0	0	-56	-56
Loan loss allowance as of 31 December 2020	636	754	981	2,371

GROSS LOANS TO CUSTOMERS, CREDIT LINE

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as of 30 September 2020	63,753	9,462	127	73,342
Transfers from Stage 1 to Stage 2	-11,859	14,275	0	2,416
Transfers from Stage 1 to Stage 3	-3,131	0	3,122	-9
Transfers from Stage 2 to Stage 3	0	-974	910	-64
Transfers from Stage 3 to Stage 2	0	0	0	0
Transfers from Stage 3 to Stage 1	0	0	0	0
Transfers from Stage 2 to Stage 1	1,699	-1,510	0	188
New financial assets issued or purchased	26,142	1,221	86	27,449
Financial assets derecognised in the period	0	0	0	0
Net change on existing loans	9,919	529	0	10,448
Gross loans to customers as of 31 December 2020	86,522	23,003	4,245	113,771

LOAN LOSS ALLOWANCES, CREDIT LINE

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2020	588	723	75	1,385
Transfers from Stage 1 to Stage 2	-94	1,063	0	969
Transfers from Stage 1 to Stage 3	-34	0	736	702
Transfers from Stage 2 to Stage 3	0	-157	409	252
Transfers from Stage 3 to Stage 2	0	0	0	0
Transfers from Stage 3 to Stage 1	0	0	0	0
Transfers from Stage 2 to Stage 1	19	-145	0	-126
New financial assets issued or purchased	228	139	38	406
Financial assets derecognised in the period	-1	0	0	-1
Net change on existing loans	-124	-68	-19	-210
Loan loss allowance as of 31 December 2020	582	1,555	1,240	3,377

Note 4 Regulatory capital

Amounts in NOK thousand	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
CAPITAL RATIOS (%)		
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%
LIQUIDITY COVERAGE RATIO (%)		
Per cent	31.12.2020	31.12.2019
LCR	1418%	2162%

Note 5 Loans and deposits with credit institutions

Amounts in NOK thousand	31.12.2020	31.12.2019
Loans and deposits with credit institutions	76,651	60,593
Total	76,651	60,593

Note 6 Financial instruments

Financial instruments at fair value

Financial instruments at fair value are measured at different levels:

Level 1

Financial instruments in level 1 are determined based on quoted prices in active markets for identical financial instruments available on the balance sheet date.

Level 2

Financial instruments in level 2 are determined based on inputs other than quoted prices, but where prices are observable either directly or indirectly. These include quoted prices in markets that are not active.

Level 3

When valuation cannot be determined in level 1 or 2, valuation methods based on non-observable market data are used.

Certificates and bonds – level 1

Amounts in NOK thousand	31.12.2020	31.12.2019
Intital recognition	155,989	45,688
Change in fair value	-157	-219
Total financial assets at fair value	155,832	45,470

Financial instruments at amortised cost

Amounts in NOK thousand	31.12.2020	31.12.2019
Loans and deposits with credit institutions	76,651	60,593
Net loans to customers	177,776	40,885
Total financial assets at amortised cost	254,427	101,478

Note 7 Receivables and other liabilities

RECEIVABLES

Amounts in NOK thousand	31.12.2020	31.12.2019
Skattefunn tax deduction claim	4,673	3,434
Other receivables	1,713	1,088
Total receivables	6,387	4,522

OTHER LIABILITIES

Amounts in NOK thousand	31.12.2020	31.12.2019
Payables to suppliers	1,377	4,916
Payables to factoring customers and partners	1,829	395
Social security tax	1,779	1,227
Other liabilities	9,938	9,104
Total other liabilities	14,924	15,642

Note 8 General administrative expenses

Amounts in NOK thousand	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

Note 9 Subsequent events

After the balance sheet date, Aprila has become aware that a handful of customers are in breach with their customer agreement with Aprila. The maximum total loan loss allowance associated with these events is estimated to NOK 3 million in the first quarter of 2021.

There is no awareness of other events after the date of the balance sheet that may be of material significance to the accounts.

Note 10 Shareholders

20 LARGEST SHAREHOLDERS AS REGISTERED IN VPS 2 FEBRUARY 2021

Shareholder	Shares	Per cent
1 AMESTO GROUP AS	4 284 848	9,6%
2 ALLIANCE VENTURE SPRING AS	3 174 406	7,1%
3 SES AS	2 224 294	5,0%
4 MP PENSJON PK	1 930 329	4,3%
5 STRØMSTANGEN AS	1 817 622	4,1%
6 PRIMERA AS	1 630 000	3,7%
7 REDIVIVUS AS	1 154 008	2,6%
8 FJ LABS	1 099 400	2,5%
9 COSIMO AS	954 000	2,1%
10 AREPO AS	907 747	2,0%
11 UNIVERSAL PRESENTKORT AS	897 699	2,0%
12 A HOLDINGS AS	874 545	2,0%
13 SIRKELBUE AS	800 000	1,8%
14 ØSD FINANS AS	800 000	1,8%
15 SIX SIS AG	777 470	1,7%
16 CHRISTIANIA SKIBS AS	765 000	1,7%
17 DISRUPTOR AS	730 000	1,6%
18 ENIMAE AS	667 300	1,5%
19 SPORTSMAGASINET AS	652 497	1,5%
20 INCHOATE AS	610 000	1,4%
Others	17 879 750	40,1%
Total	44 630 915	100%

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