

Aprila

Q4 Interim report

October - December 2021

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Key figures

GROSS INCOME FROM LENDING

21.1

MNOK

GROSS LOANS

362

MNOK, EOP

UNIQUE CUSTOMERS

4,910

EOP

GROSS LOANS PER CUSTOMER

73.4

NOK THOUSAND, EOP

GROSS INCOME PER CUSTOMER¹⁾

18.2

NOK THOUSAND, ANNUALISED

PURCHASED AMOUNT²⁾

179

MNOK

¹⁾ Annualised gross income in the period divided by average number of unique customers in the period.

²⁾ Nominal value of invoices purchased in the period.

Interim report

About Aprila Bank ASA

Aprila is a product- and technology company offering improved access to financing for small and medium sized enterprises (SMEs) through innovative financial solutions. Aprila's API-based technology platform supports both direct customer relationships as well as customer relationships established through partners. The bank commenced operations in April 2018 and offers three credit products to SMEs: credit line, spot factoring and B2B ecommerce checkout.

Aprila's technology infrastructure employs machine learning models that predict outcomes and price risk automatically, using real-time data in addition to ordinary sources of credit information. This enables the bank to offer credit to SMEs with a seamless customer experience.

The bank is owned by private and institutional investors in Norway and abroad. The largest shareholders are Amesto Group AS (12.06%), SES AS (9.98%) and Alliance Venture Spring AS (6.27%).

Fourth quarter 2021

Highlights from the quarter are outlined below.

- Gross income from lending amounted to NOK 21.1 million, an increase of 109% YoY and 25% QoQ.
- Total income amounted to NOK 17.0 million, an increase of 131% YoY and 26% QoQ.
- Total income exceeded total operating expenses for the first time: cost/ income ratio³ of 98% in the quarter.
- Gross loans at the end of the quarter amounted to NOK 362 million, an increase of 97% YoY and 24% QoQ.
- Gross lending to credit line accounts amounted to NOK 300 million at the end of the quarter, an increase of 164% YoY and 28% QoQ.
- At the end of the quarter, Aprila had 4,910 unique customers, an increase of 66% YoY and 13% QoQ.
- At the end of the quarter, Aprila had 5,607 open customer accounts distributed on Aprila's three lending platforms: spot factoring⁴ (3,283 accounts), credit line (2,254 accounts) and home rental⁵ (70 accounts).

Financial figures

All figures are prepared and presented in accordance with IFRS. Comparable figures from Q4 2020 are presented in brackets.

Interest income in the quarter amounted to NOK 20.4 million (NOK 9.8 million), net interest income to NOK 19.2 million (NOK 9.2 million) and total income was NOK 17.0 million (NOK 7.4 million).

Total operating expenses amounted to NOK 16.7 million (NOK 19.0 million) of which NOK 7.7 million (46%) in salary and personnel expenses, NOK 6.8 million (41%) in general administrative expenses and NOK 2.2 million (13%) in ordinary depreciation.

Losses on loans amounted to NOK 6.9 million (NOK 4.5 million). Pre-tax operating profit amounted to NOK -6.5 million (NOK -16.2 million).

Total assets at the end of the quarter amounted to NOK 466 million (NOK 439 million) of which NOK 339 million (NOK 177 million) were net loans to customers. Total equity amounted to NOK 109 million (NOK 112 million) and the CET1-ratio was 35.4% (62.6%)⁶. Total liquid assets amounted to NOK 103 million (NOK 232 million) of which NOK 67 million in bank deposits and NOK 36 million in certificates and bonds.

³) Cost / Income = Total operating expenses / Total income.

⁴) Includes B2B ecommerce accounts (online merchants).

⁵) Onboarding of new home rental customers ceased in H1 2021.

⁶) Aprila implemented retail classification on eligible exposures as of 30 September 2021. Numbers for previous periods have been adjusted accordingly to make the numbers comparable.

Outlook

Macroeconomic outlook

As a result of the rapid spread of the Omicron-variant of Covid-19, the government again introduced stricter measures to control the spread of the coronavirus towards the end of the fourth quarter 2021. Most of the restrictions were however lifted in the period from 14 January 2022 to 1 February 2022 due to Omicron's reduced odds of severe disease compared to previous Covid-19 variants. As of 30 January 2022, 88% of the adult population in Norway had received the second jab and 61% had received the third⁷.

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 half of 2022 Aprila will focus on three key priorities:

Achieve overall profitability

Aprila delivered healthy product profitability the last three quarters of 2021, despite the strong growth. In the fourth quarter, the bank reached a cost/income ratio⁸ below 100% for the first time. During the first half of 2022, Aprila expects to achieve overall profitability through lending growth, price optimisation and increased automation of customer onboarding, servicing and monitoring.

Accelerate growth

Over the past five quarters, aprila.no has been the main source for attracting new customers. During the first half of 2022, Aprila will continue to enhance customer acquisition through own channels and select partner channels in order to maintain the growth trajectory and continue to increase the ratio of customer lifetime value to customer acquisition cost.

Strengthen 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 half of 2022, Aprila will continue to focus on improving the models, as well as enhancing the data by adding new data sources.

Other information

The accounting deficit for the fourth quarter 2021 has in its entirety been booked against retained earnings. This interim report has not been audited by the company's external auditor.

Oslo, 11 February 2022

Board of Directors
Aprila Bank ASA

⁷⁾ Source: <https://www.fhi.no/publ/2020/koronavirus-ukerapporter/>, visited 8 Feb 2022. Persons at the age of 18 and older.

⁸⁾ Cost / Income = Total operating expenses / Total income.

Condensed consolidated interim statement of comprehensive income

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

COMPREHENSIVE INCOME

Amounts in NOK thousand	Q4 2021	Q4 2020	2021	2020
Comprehensive income for the period	-6,539	-16,220	-34,550	-52,749

Condensed statement of financial position

Amounts in NOK thousand	Note	31.12.2021	31.12.2020
Loans and deposits with credit institutions	5, 6	67,157	76,651
Net loans to customers	2, 3, 6	339,167	176,860
Certificates and bonds	6	36,059	155,832
Other intangible assets		14,036	19,183
Deferred tax assets		0	0
Fixed assets		5,432	4,029
Other receivables	7	4,143	6,387
Total assets		465,994	438,942
Deposits from and debt to customers		338,002	311,920
Other debt	7	19,435	14,924
Total liabilities		357,437	326,844
Share capital	4	44,631	44,590
Share premium	4	190,545	190,545
Unregistered Share capital	4	30,783	40
Other paid-in equity	4	2,668	2,442
Retained earnings	4	-160,070	-125,520
Total equity		108,557	112,098
Total equity and liabilities		465,994	438,942

Condensed statement of the cash flow position

Amounts in NOK thousand	Note	Q4 2021	Q4 2020	2021	2020
Pre-tax operating profit		-6,539	-16,220	-34,550	-52,749
Taxes		0	0	0	0
Ordinary depreciation		2,212	2,030	8,412	7,147
Change in loans	3	-63,669	-59,202	-162,307	-135,975
Change in deposits from customers		60,911	198,623	26,083	249,726
Change in securities	6	190	-99,799	119,773	-110,362
Change in accruals		-1,177	3,692	4,913	1,185
Net cash flow from operating activities		-8,072	29,123	-37,677	-41,029
Net investments in fixed assets		0	0	0	-399
Net investments in intangible assets		-93	-1,191	-1,177	-13,551
Net cash flow from investing activities		-93	-1,191	-1,177	-13,951
Paid-in equity	4	30,905	478	31,009	72,645
Repayment of leasing liabilities		-419	-402	-1,649	-1,608
Net cash flow from financing activities		30,486	76	29,360	71,038
Net cash flow for the period		22,320	28,007	-9,493	16,058
Cash and cash equivalents at the start of the period	5	44,837	48,643	76,651	60,593
Cash and cash equivalents at the end of the period	5	67,157	76,651	67,157	76,651

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 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					-52,749	-52,749
Equity as of 31 December 2020	44,590	190,545	40	2,442	-125,520	112,098

Amounts in NOK thousand	Share capital	Share premium	Unregistered Share capital	Other paid-in equity	Retained earnings	Total equity
Equity as of 31 December 2020	44,590	190,545	40	2,442	-125,520	112,098
Share capital increase	40	0	30,743			30,783
Changes in equity due to stock options program				226		226
Net profit for the period					-34,550	-34,550
Equity as of 31 December 2021	44,631	190,545	30,783	2,668	-160,070	108,557

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 2020.

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 11 February 2022.

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.

Note 3 Loans to customers

LOANS TO CUSTOMERS

Amounts in NOK thousand	31.12.2021	31.12.2020
Non-recourse factoring	60,341	67,741
Credit line	300,251	113,771
Other	1,070	2,033
Gross loans to customers	361,662	183,545
Loan loss allowance	22,495	6,685
Net loans to customers	339,167	176,860

DEFAULTS AND LOSSES

Amounts in NOK thousand	31.12.2021	31.12.2020
Gross defaulted loans	31,767	4,393
Loan loss allowance stage 3	10,863	2,256
Net defaulted loans	20,904	2,138

LOAN LOSS PROVISIONS IN THE PERIOD

Amounts in NOK thousand	Q4 2021	Q4 2020	2021	2020
Loan loss provisions stage 1	3,893	426	7,450	1,245
Loan loss provisions stage 2	-483	1,995	-247	3,013
Loan loss provisions stage 3	2,484	1,834	8,607	1,169
Total loan loss provisions in the period	5,894	4,254	15,809	5,427
Realised losses in the period	1,015	283	5,636	2,287
Losses on loans in the period	6,909	4,537	21,446	7,715

AGEING OF LOANS, GROSS LOANS

Amounts in NOK thousand	31.12.2021	31.12.2020
Loans not past due	321,024	156,058
Past due 1 - 30 days	18,280	21,001
Past due 31 - 60 days	4,246	3,900
Past due 61 - 90 days	2,240	1,081
Past due 91+ days	15,872	1,505
Total	361,662	183,545

AGEING OF LOANS, CREDIT LINE

Amounts in NOK thousand	31.12.2021	31.12.2020
Loans not past due	283,221	109,078
Past due 1 - 30 days	5,200	2,387
Past due 31 - 60 days	1,697	1,585
Past due 61 - 90 days	897	0
Past due 91+ days	9,236	720
Total	300,251	113,771

AGEING OF LOANS, NON-RECOURSE FACTORING

Amounts in NOK thousand	31.12.2021	31.12.2020
Loans not past due	36,733	44,947
Past due 1 - 30 days	13,079	18,614
Past due 31 - 60 days	2,549	2,315
Past due 61 - 90 days	1,343	1,081
Past due 91+ days	6,636	785
Total	60,341	67,741

GROSS LOANS TO CUSTOMERS

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as of 30 September 2021	241,732	30,706	19,665	292,103
Transfers from stage 1 to stage 2	-18,075	18,075	0	0
Transfers from stage 1 to stage 3	-9,197	0	9,197	0
Transfers from stage 2 to stage 1	8,478	-8,478	0	0
Transfers from stage 2 to stage 3	0	-5,580	5,580	0
Transfers from stage 3 to stage 1	326	0	-326	0
Transfers from stage 3 to stage 2	0	347	-347	0
New financial assets issued in the period	126,418	11,769	2,451	140,638
Financial assets derecognised in the period	-62,077	-4,549	-4,453	-71,080
Gross loans to customers as of 31 December 2021	287,606	42,289	31,767	361,662

LOAN LOSS ALLOWANCE

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2021	4,903	3,319	8,379	16,602
Transfers from stage 1 to stage 2	-512	512	0	0
Transfers from stage 1 to stage 3	-334	0	334	0
Transfers from stage 2 to stage 1	372	-372	0	0
Transfers from stage 2 to stage 3	0	-932	932	0
Transfers from stage 3 to stage 1	19	0	-19	0
Transfers from stage 3 to stage 2	0	40	-40	0
New financial assets issued in the period	5,583	1,729	3,947	11,259
Financial assets derecognised in the period	-1,985	-748	-2,632	-5,365
Loan loss allowance as of 31 December 2021	8,046	3,547	10,902	22,495

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 2021	195,959	25,294	13,520	234,772
Transfers from stage 1 to stage 2	-17,512	17,512	0	0
Transfers from stage 1 to stage 3	-8,557	0	8,557	0
Transfers from stage 2 to stage 1	8,478	-8,478	0	0
Transfers from stage 2 to stage 3	0	-4,045	4,045	0
Transfers from stage 3 to stage 1	326	0	-326	0
Transfers from stage 3 to stage 2	0	347	-347	0
New financial assets issued in the period	81,728	4,173	1,476	87,377
Financial assets derecognised in the period	-18,470	-774	-2,654	-21,899
Gross loans to customers as of 31 December 2021	241,952	34,029	24,270	300,251

LOAN LOSS ALLOWANCE, CREDIT LINE

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2021	4,281	2,820	4,653	11,754
Transfers from stage 1 to stage 2	-507	507	0	0
Transfers from stage 1 to stage 3	-327	0	327	0
Transfers from stage 2 to stage 1	372	-372	0	0
Transfers from stage 2 to stage 3	0	-700	700	0
Transfers from stage 3 to stage 1	19	0	-19	0
Transfers from stage 3 to stage 2	0	40	-40	0
New financial assets issued in the period	5,063	969	2,649	8,682
Financial assets derecognised in the period	-1,561	-481	-1,193	-3,235
Loan loss allowance as of 31 December 2021	7,341	2,782	7,078	17,201

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 2021	44,809	5,412	6,145	56,367
Transfers from stage 1 to stage 2	-563	563	0	0
Transfers from stage 1 to stage 3	-640	0	640	0
Transfers from stage 2 to stage 1	0	0	0	0
Transfers from stage 2 to stage 3	0	-1,535	1,535	0
Transfers from stage 3 to stage 1	0	0	0	0
Transfers from stage 3 to stage 2	0	0	0	0
New financial assets issued in the period	44,552	7,595	975	53,122
Financial assets derecognised in the period	-43,574	-3,775	-1,799	-49,148
Gross loans to customers as of 31 December 2021	44,584	8,260	7,497	60,341

LOAN LOSS ALLOWANCE, NON-RECOURSE FACTORING

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2021	606	499	3,726	4,831
Transfers from stage 1 to stage 2	-6	6	0	0
Transfers from stage 1 to stage 3	-7	0	7	0
Transfers from stage 2 to stage 1	0	0	0	0
Transfers from stage 2 to stage 3	0	-232	232	0
Transfers from stage 3 to stage 1	0	0	0	0
Transfers from stage 3 to stage 2	0	0	0	0
New financial assets issued in the period	520	760	1,297	2,577
Financial assets derecognised in the period	-421	-267	-1,439	-2,127
Loan loss allowance as of 31 December 2021	692	765	3,824	5,281

Note 4 Regulatory capital

Aprila implemented retail classification on eligible exposures as of 30 September 2021. Numbers for previous periods have been adjusted accordingly to make the numbers comparable.

Amounts in NOK thousand	31.12.2021	31.12.2020
Share capital	44,631	44,590
Share premium	190,545	190,545
Other equity	-126,619	-123,038
Total equity	108,557	112,098
Other intangible assets	-14,036	-19,183
AVA adjustment	-36	-156
Deferred tax assets	0	0
Common equity tier 1 (CET 1)	94,485	92,759
Tier 1 capital	94,485	92,759
Total capital	94,485	92,759
RISK-WEIGHTED ASSETS		
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
Credit risk	220,270	131,421
Operational risk	46,316	16,728
Risk-weighted assets	266,586	148,149
CAPITAL RATIOS (%)		
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 5 Loans and deposits with credit institutions

Amounts in NOK thousand	31.12.2021	31.12.2020
Loans and deposits with credit institutions	67,157	76,651
Total	67,157	76,651

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	31.12.2021	31.12.2020
Intitial recognition	35,796	155,989
Change in fair value	264	-157
Total financial assets at fair value	36,059	155,832

Financial instruments at amortised cost

Amounts in NOK thousand	31.12.2021	31.12.2020
Loans and deposits with credit institutions	67,157	76,651
Net loans to customers	339,167	176,860
Other receivables	4,143	6,387
Total financial assets at amortised cost	410,467	259,897
Deposits from and debt to customers	338,002	311,920
Other debt	19,435	14,924
Total financial liabilities at amortised cost	357,437	326,844

Note 7 Receivables and other liabilities

RECEIVABLES

Amounts in NOK thousand	31.12.2021	31.12.2020
Skattefunn tax deduction claim	2,468	4,673
Other receivables	1,675	1,713
Total receivables	4,143	6,387

OTHER LIABILITIES

Amounts in NOK thousand	31.12.2021	31.12.2020
Payables to suppliers	3,264	1,377
Payables to factoring customers and partners	4,115	1,829
Social security tax	1,280	1,779
Other liabilities	10,776	9,938
Total other liabilities	19,435	14,924

Note 8 General administrative expenses

Amounts in NOK thousand	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
Total general administrative expenses	6,785	6,907	22,437	21,011

Note 9 Subsequent events

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 7 FEBRUARY 2022

Shareholder	Ownership	
	Shares	Per cent
1 AMESTO GROUP AS	6,103,029	12.1%
2 SES AS	5,050,505	10.0%
3 ALLIANCE VENTURE SPRING AS	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	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	1,000,000	2.0%
10 AREPO AS	907,747	1.8%
11 UNIVERSAL PRESENTKORT AS	897,699	1.8%
12 SIRKELBUE AS	800,000	1.6%
13 SIX SIS AG	777,470	1.5%
14 CHRISTIANIA SKIBS AS	765,000	1.5%
15 DISRUPTOR AS	740,000	1.5%
16 NORDIC PRIVATE EQUITY AS	713,636	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	580,000	1.1%
Others	18,551,450	36.7%
Total	50,591,472	100%

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