

Aprila

Q3 Interim report

July - September 2020

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Key figures

PURCHASED AMOUNT¹⁾

115

MNOK

UNIQUE CUSTOMERS

2,274

EOP

GROSS LOANS

120

MNOK, EOP

GROSS INCOME FROM LENDING

5.9

MNOK

GROSS LOANS PER CUSTOMER

52.1

NOK THOUSAND, EOP

GROSS INCOME PER CUSTOMER²⁾

11.5

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 Bank 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.

Third quarter 2020

Highlights from the quarter are outlined below.

- Aprila's gross income from lending grew by 68% in the third quarter, to an all-time high of NOK 5.9 million
- Gross loans surged 59%, from NOK 76 million at the end of Q2 to NOK 120 million at the end of Q3
- Purchased amount reached an all-time high of NOK 115 million, a 43% gain from Q2 and a result of an increase in available invoicing volumes (invoiced amount), and a new decision engine for spot factoring launched on 5 September 2020
- NOK 54 million (47%) of the purchased amount was purchased in September, surpassing the previous all-time high from October 2019 with a margin of NOK 13m (30%)
- On 27 August, in Mastercard's event Latitude59, Aprila was declared as the overall winner of the 2020 spring edition of Mastercard's partnership program, Mastercard Lighthouse, competing with 14 other fintech scale-ups in the Nordic and Baltic regions
- Late September, Aprila signed a distribution agreement with Visma.net Webfaktura; Visma Business' online invoicing solution. Launch is expected during Q4 2020
- In October, Aprila signed a distribution agreement with Fair Group AS for distribution of deferred B2B payment embedded in Fair's invoice distribution platform; a platform that distributes 20 million invoices annually in Norway

Financial figures

All figures are prepared and presented in accordance with IFRS. Comparable figures from Q2 2020 are presented in brackets.

Purchased amount in Q3 amounted to NOK 115 million (NOK 80 million). Average margin was 3.23% (3.23%), and net interest income was NOK 5.1 million (NOK 2.8 million). Interest income from lending (adjusted for accruals) amounted to NOK 5.7 million (NOK 3.4 million).

Total operating expenses amounted to NOK 14.7 million (NOK 13.5 million) of which NOK 9.5 million (65%) in salary and personnel expenses, NOK 3.7 million (25%) in general administrative expenses and NOK 1.5 million (10%) in ordinary depreciation. Losses on loans amounted to NOK 1.0 million (NOK 1.1 million).

Total assets at the end of the quarter amounted to NOK 256 million (NOK 257 million) of which NOK 118 million (NOK 74 million) were net loans to customers. Total equity amounted to NOK 128 million (NOK 139 million) and CET1-ratio was 91.5% (119.1%). Total liquid assets amounted to NOK 105 million (NOK 151 million) of which NOK 49 million in bank deposits and NOK 56 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, combined with rapidly increasing unemployment rates. However, the Norwegian economy has recovered faster than anticipated, and the government has introduced several measures to increase the economic activity and reduce the negative impact of Covid-19 on Norwegian businesses.

Although the outlook for the Norwegian economy now looks more promising, 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 fourth quarter of 2020 Aprila will continue to focus on three key priorities:

Expanding the value proposition

During the fourth quarter Aprila will focus on expanding the value proposition to its partners and customers through continuous improvements of current products and launch of new products and partnerships.

Strengthening distribution

Following the launch in Fiken, Aprila is exposed to ~130,000 SMEs through five ERP channels¹⁾. In the fourth quarter of 2020, Aprila will focus on improving customer acquisition through own channels. Aprila's first real marketing campaign was launched on 15 October and the company expects its own channels to be the largest source of new customers in the fourth 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 fourth quarter of 2020 Aprila will focus on improving the models, as well as enhancing the data by adding new data sources.

Other information

The accounting deficit for Q3 has in its entirety been booked against retained earnings. This interim report has not been audited by the company's external auditor.

Oslo, 5 November 2020

Board of Directors
Aprila Bank ASA

¹⁾ Tripletex (~40,000), Visma eAccounting (~40,000), Fiken (~35,000), Xledger (~10,000) and Uni Economy (~5,000).

Condensed consolidated interim statement of comprehensive income

Amounts in NOK thousand	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Interest income		5,691	2,494	12,915	6,969	10,465
Interest expense		637	33	1,553	71	562
Net interest income		5,055	2,461	11,362	6,898	9,902
Income commissions and fees		199	97	483	267	378
Expenses commissions and fees		1,368	751	3,309	2,108	3,019
Net commissions and fees		-1,169	-654	-2,827	-1,841	-2,642
Net gains / losses (-) on certificates, bonds and currency		158	77	504	200	323
Other income		0	0	0	0	0
Total income		4,044	1,884	9,039	5,257	7,583
Salary and other personnel expenses		9,539	7,451	23,169	17,726	24,322
General administrative expenses	8	3,695	2,193	15,287	9,236	14,828
Total salary and administrative expenses		13,234	9,645	38,456	26,962	39,150
Ordinary depreciation		1,477	580	3,934	1,534	2,227
Total operating expenses excl. losses on loans		14,711	10,225	42,390	28,497	41,377
Losses on loans	2, 3	952	256	3,178	1,853	2,777
Pre-tax operating profit		-11,618	-8,597	-36,529	-25,093	-36,570
Tax		0	0	0	0	0
Profit after tax		-11,618	-8,597	-36,529	-25,093	-36,570
Earnings per share (NOK)		-0.26	-0.24	-0.99	-0.69	-1.01
Diluted earnings per share (NOK)		-0.23	-0.20	-0.83	-0.58	-0.85

COMPREHENSIVE INCOME

Amounts in NOK thousand	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Comprehensive income for the period	-11,618	-8,597	-36,529	-25,093	-36,570

Condensed statement of financial position

Amounts in NOK thousand	Note	30.09.2020	31.12.2019	30.09.2019
Loans and deposits with credit institutions	5, 6	48,643	60,593	69,992
Net loans to customers	2, 3, 6	117,657	40,885	31,173
Certificates and bonds	6	56,033	45,470	30,313
Other intangible assets		19,576	12,700	6,823
Deferred tax assets		0	0	0
Fixed assets		4,590	5,868	2,504
Other receivables	7	9,456	4,522	2,482
Total assets		255,956	170,038	143,287
Deposits from and debt to customers		113,297	62,194	32,234
Other debt	7	14,818	15,642	7,900
Total liabilities		128,115	77,836	40,134
Share capital	4	44,590	36,220	36,220
Share premium	4	190,309	127,036	127,036
Unregistered Share capital	4	0	37	0
Other paid-in equity	4	2,241	1,680	1,191
Retained earnings	4	-109,300	-72,771	-61,293
Total equity		127,840	92,202	103,153
Total equity and liabilities		255,956	170,038	143,287

Condensed statement of the cash flow position

Amounts in NOK thousand	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Pre-tax operating profit		-11,618	-8,597	-36,529	-25,093	-36,570
Taxes		0	0	0	0	0
Ordinary depreciation		1,477	580	3,934	1,534	2,227
Change in loans	3	-43,911	291	-76,772	8,446	-1,266
Change in deposits from customers		9,745	32,233	51,103	32,234	62,194
Change in securities	6	-157	-78	-10,563	-201	-15,358
Change in accruals		-177	1,453	-3,393	2,291	3,839
Net cash flow from operating activities		-44,643	25,882	-72,220	19,211	15,067
Net investments in fixed assets		-45	99	-399	-1,742	-750
Net investments in intangible assets		-1,865	-1,567	-10,315	-2,217	-8,672
Net cash flow from investing activities		-1,910	-1,468	-10,714	-3,958	-9,422
Paid-in equity	4	409	82	72,167	745	1,271
Repayment of leasing liabilities		-394	-215	-1,183	-645	-963
Net cash flow from financing activities		14	-133	70,985	100	308
Net cash flow for the period		-46,539	24,281	-11,949	15,353	5,954
Cash and cash equivalents at the start of the period	5	95,182	45,711	60,593	54,639	54,639
Cash and cash equivalents at the end of the period	5	48,643	69,992	48,643	69,992	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	0			0
Changes in equity due to stock options program				745		745
Net profit for the period					-25,093	-25,093
Equity as of 30 September 2019	36,220	127,036	0	1,191	-61,293	103,153
Equity as of 31 December 2019	36,220	127,036	37	1,680	-72,771	92,202
Share capital increase	8,370	63,274	-37			71,607
Changes in equity due to stock options program				560		560
Net profit for the period					-36,529	-36,529
Equity as of 30 September 2020	44,590	190,309	0	2,241	-109,300	127,840

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.

The bank 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 5 November 2020.

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.

The impact of Covid-19 on potential defaults and loan losses is not yet evident in the input to the bank's model for calculating ECL. To meet the uncertainty related to increased probability of default not reflected in the historical datapoints, 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	30.09.2020	31.12.2019	30.09.2019
Non-recourse factoring	45,105	35,442	31,934
Credit line	73,342	6,701	0
Downpayment loans	1,642	0	0
Gross loans to customers	120,089	42,143	31,934
Impairment of loans	2,431	1,258	761
Net loans to customers	117,657	40,885	31,173

DEFAULTS AND LOSSES

Amounts in NOK thousand	30.09.2020	31.12.2019	30.09.2019
Gross defaulted loans	517	1,533	900
Write-downs stage 1	921	101	82
Write-downs stage 2	1,088	69	103
Write-downs stage 3	422	1,087	576
Net defaulted loans	-1,914	275	139

LOAN LOSS PROVISIONS IN THE PERIOD

Amounts in NOK thousand	Q3 2020	2019	Q3 2019
Write-downs stage 1	272	-20	23
Write-downs stage 2	351	-92	35
Write-downs stage 3	-606	319	-175
Total write-downs on loans in the period	17	206	-117
Realised losses in the period	935	2,571	373
Losses on loans in the period	952	2,777	256

AGEING OF LOANS

Amounts in NOK thousand	30.09.2020	31.12.2019	30.09.2019
Loans not past due	107,189	29,682	21,719
Past due 1 - 30 days	10,659	9,865	7,461
Past due 31 - 60 days	1,330	647	1,109
Past due 61 - 90 days	521	518	872
Past due 91+ days	389	1,431	772
Total	120,089	42,143	31,934

AGEING OF LOANS

Per cent	30.09.2020	31.12.2019	30.09.2019
Loans not past due	89%	70%	68%
Past due 1 - 30 days	9%	23%	23%
Past due 31 - 60 days	1%	2%	3%
Past due 61 - 90 days	0%	1%	3%
Past due 91+ days	0%	3%	2%
Total	100%	100%	100%

GROSS LOANS TO CUSTOMERS

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as of 30 June 2020	70,217	4,431	1,512	76,160
Transfers from Stage 1 to Stage 2	-4,871	5,192	0	321
Transfers from Stage 1 to Stage 3	-167	0	166	0
Transfers from Stage 2 to Stage 3	0	-97	97	0
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	911	-887	0	25
New financial assets issued or purchased	62,106	3,978	2	66,086
Financial assets derecognised in the period	-19,781	-1,462	-1,259	-22,503
Gross loans to customers as of 30 September 2020	108,416	11,156	517	120,089

LOAN LOSS ALLOWANCES

Amounts in NOK thousand	Stage,1	Stage,2	Stage,3	Total
Loan loss allowance as of 30 June 2020	649	737	1,029	2,415
Transfers from Stage 1 to Stage 2	-23	465	0	442
Transfers from Stage 1 to Stage 3	-1	0	100	100
Transfers from Stage 2 to Stage 3	0	-24	66	42
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	24	-132	0	-108
New financial assets issued or purchased	505	504	1	1,009
Financial assets derecognised in the period	-233	-462	-774	-1,469
Loan loss allowance as of 30 September 2020	921	1,088	422	2,431

Note 4 Regulatory capital

Amounts in NOK thousand	30.09.2020	31.12.2019	30.09.2019
Share capital	44,590	36,220	36,220
Share premium	190,309	127,036	127,036
Other equity	-107,059	-71,054	-60,103
Total equity	127,840	92,202	103,153
Other intangible assets	-19,576	-12,700	-6,823
AVA adjustment	-56	-45	-30
Deferred tax assets	0	0	0
Common equity tier 1 (CET 1)	108,208	79,456	96,300
Tier 1 capital	108,208	79,456	96,300
Total capital	108,208	79,456	96,300
RISK-WEIGHTED ASSETS (CALCULATION BASIS)			
Loans and deposits with credit institutions	9,729	12,119	13,998
Loans to customers	82,255	32,219	28,453
Certificates and bonds	2,527	1,502	0
Other assets	14,046	10,390	4,986
Credit risk	108,557	56,230	47,438
Operational risk	9,669	9,669	5,119
Risk-weighted assets	118,226	65,899	52,557
CAPITAL RATIOS (%)			
Common equity tier 1 ratio (%)	91.5%	120.6%	183.2%
Tier 1 ratio (%)	91.5%	120.6%	183.2%
Total capital ratio (%)	91.5%	120.6%	183.2%
Leverage ratio (%)	44.2%	50.0%	70.6%
LIQUIDITY COVERAGE RATIO (%)			
Per cent	30.09.2020	31.12.2019	30.09.2019
LCR	1,039%	2,162%	347%

Note 5 Loans and deposits with credit institutions

Amounts in NOK thousand	30.09.2020	31.12.2019	30.09.2019
Loans and deposits with credit institutions	48,643	60,593	69,992
Total	48,643	60,593	69,992

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	30.09.2020	31.12.2019	30.09.2019
Intital recognition	55,000	45,000	30,000
Change in fair value	1,033	470	313
Total financial assets at fair value	56,033	45,470	30,313

Financial instruments at amortised cost

Amounts in NOK thousand	30.09.2020	31.12.2019	30.09.2019
Loans and deposits with credit institutions	48,643	60,593	69,992
Net loans to customers	117,657	40,885	31,173
Total financial assets at amortised cost	166,301	101,478	101,165

Note 7 Receivables and other liabilities

RECEIVABLES

Amounts in NOK thousand	30.09.2020	31.12.2019	30.09.2019
Skattefunn tax deduction claim	7,083	3,434	2,007
Other receivables	2,374	1,088	475
Total receivables	9,456	4,522	2,482

OTHER LIABILITIES

Amounts in NOK thousand	30.09.2020	31.12.2019	30.09.2019
Payables to suppliers	1,835	4,916	698
Payables to factoring customers and partners	2,490	395	2,261
Social security tax	1,573	1,227	566
Other liabilities	8,921	9,104	4,375
Total other liabilities	14,818	15,642	7,900

Note 8 General administrative expenses

Amounts in NOK thousand	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
External services	769	301	5,536	3,573	6,488
IT operations	1,097	971	2,544	2,796	3,959
Rental of premises	383	245	1,406	799	1,277
Sales and marketing	673	160	3,418	324	702
Credit information	88	137	334	304	411
External audit and related services	44	0	263	188	188
Credit insurance	143	68	263	199	288
Other operating expenses	496	312	1,524	1,054	1,515
Total general administrative expenses	3,695	2,193	15,287	9,236	14,828

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 18 OCTOBER 2019

Shareholder	Shares	Per cent
1 AMESTO GROUP AS	4,284,848	9.6%
2 ALLIANCE VENTURE SPRING AS	3,174,406	7.1%
3 MP PENSJON PK	1,930,329	4.3%
4 STRØMSTANGEN AS	1,817,622	4.1%
5 PRIMERA AS	1,630,000	3.7%
6 SES AS	1,595,166	3.6%
7 REDIVIVUS AS	1,154,008	2.6%
8 FJ LABS	1,099,400	2.5%
9 NORUS AS	1,016,690	2.3%
10 COSIMO AS	954,000	2.1%
11 AREPO AS	907,747	2.0%
12 UNIVERSAL PRESENTKORT AS	897,699	2.0%
13 SVINDAL AKSEL LUND	874,545	2.0%
14 NORDA ASA	850,000	1.9%
15 SIRKELBUE AS	800,000	1.8%
16 ØSD FINANS AS	800,000	1.8%
17 SIX SIS AG	777,470	1.7%
18 DISRUPTOR AS	730,000	1.6%
19 SKIPS AS TUDOR	722,226	1.6%
20 ENIMAE AS	667,300	1.5%
Others	17,907,017	40.2%
Total	44,590,473	100%

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