



Borrow Better. Faster.

Introducing
New Zealand's

Most

Advanced

Digital Lender

Nectar. Borrow Better. Faster.

Nectar is an award-winning New Zealand digital lender providing personal loans up to \$30,000 through a highly automated data and technology platform. It is generating NZ\$600K+ MRR, having issued 10,000+ loans worth NZ\$78M in total. It has achieved a customer rating of 4.9/5 based on 1,000+ reviews.

With demand for Nectar's personal loan product outstripping Nectar's ability to fund loans, the company is undertaking a Series A capital raise to rapidly expand the business.

Investment Highlights

Nectar is generating NZ\$600K+ MRR from 3,500+ active customers and is near operational breakeven.

Nectar's proprietary risk model automates responsible, timely and accurate credit decisions across the prime, near prime and subprime borrower segments. Nectar is achieving an effective interest rate of 23% p.a. on its loans with low loss rates.

Nectar's multi-channel platform supports **direct lending**, **broker introduced lending** and retail **point of sale finance**.

Nectar is **consistently rated** by customers and B2B partners as **faster and easier than other lenders** in the NZ market.

Nectar's competitors (banks and non-bank lenders) are **losing market share** in the **\$5.5b** (\$800m annual recurring revenue) **New Zealand personal loan market**. Nectar's technology provides a superior customer experience through the entire lending cycle, enables risk-priced lending to a wider customer base, reduces loan acquisition cost and provides a high level of operational efficiency.

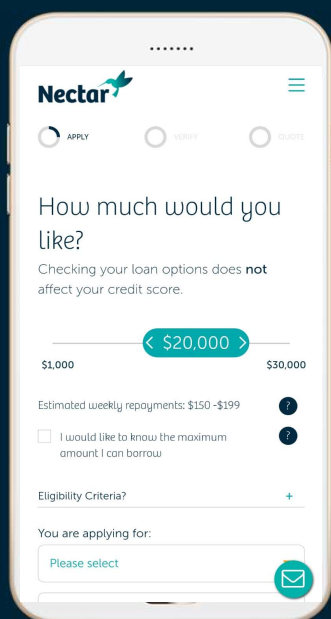
Quite simply, our mission is to provide the simplest, fastest and most transparent way to get a loan.

Nectar's market and products

NZ Personal Lending

~\$5.5 billion total loan amount¹

~\$800m recurring revenue



Risk priced personal loans

Point of sale finance

NZ\$1,000 - \$30,000

6 month – 4 year terms

Average interest rate

~20% p.a.

Effective interest rate

including fees

~23% p.a.

Average loan size

~\$10,000

Nectar is consistently rated by customers as faster and easier than other products in the market

Nectar's Dynamic credit scoring model

A1 - A4

(Prime)

8.9% - 16.7% p.a.

B1 - B4

(Near Prime)

18.5% - 23.5% p.a.

C1 - C4

(Sub Prime)

24.5% - 29.9% p.a.



Notes: All in NZ\$, 1: excludes credit cards and auto loans

Digital lenders are increasingly penetrating the \$150 billion ANZ consumer lending market

Nectar operates in the fast growing digital lending market:

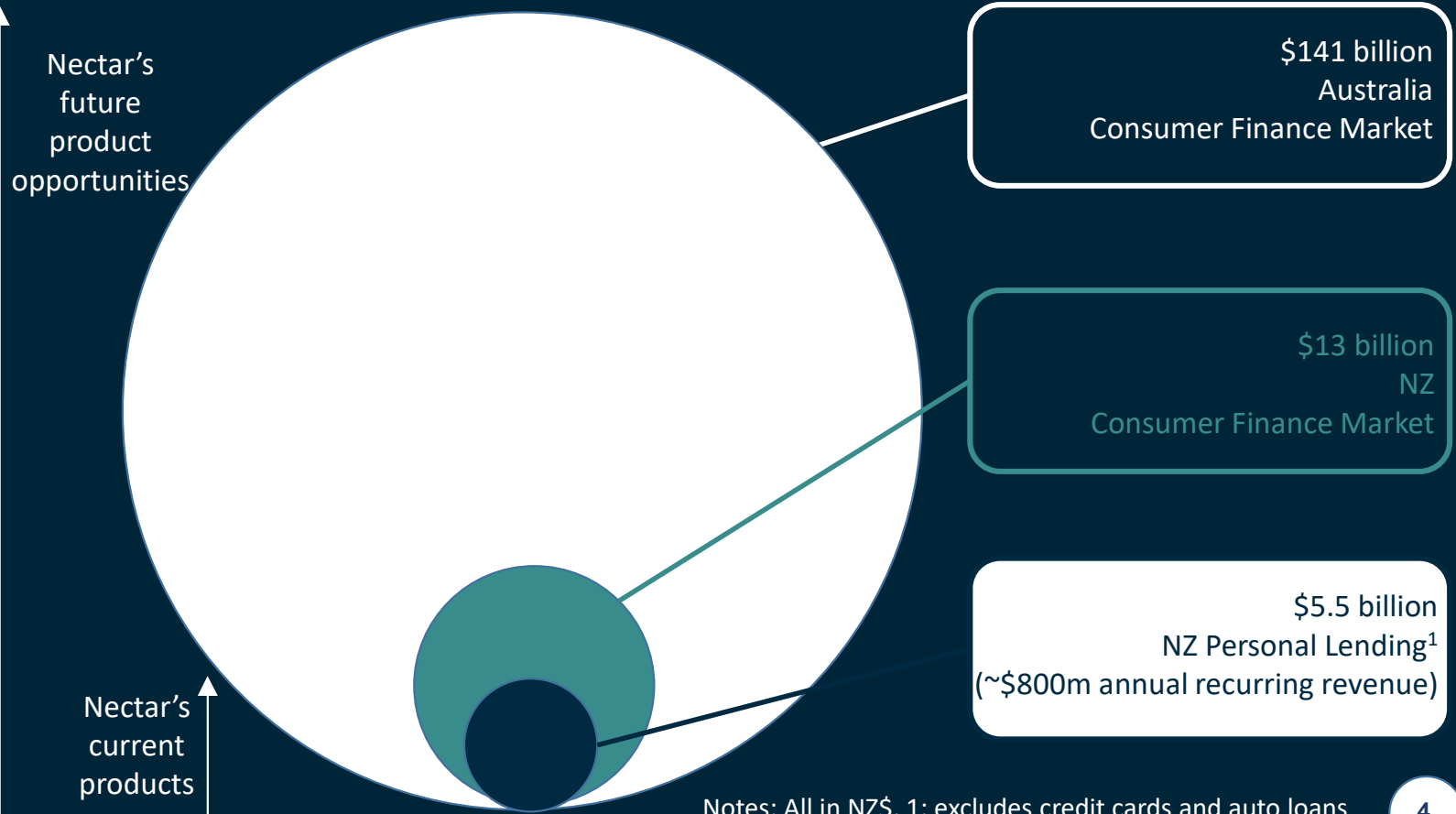
**2021-2026
projected CAGR
13.8%²**

Where the incumbents' market share is eroding:

NZ banks' personal lending market share¹

**2018
~68%**

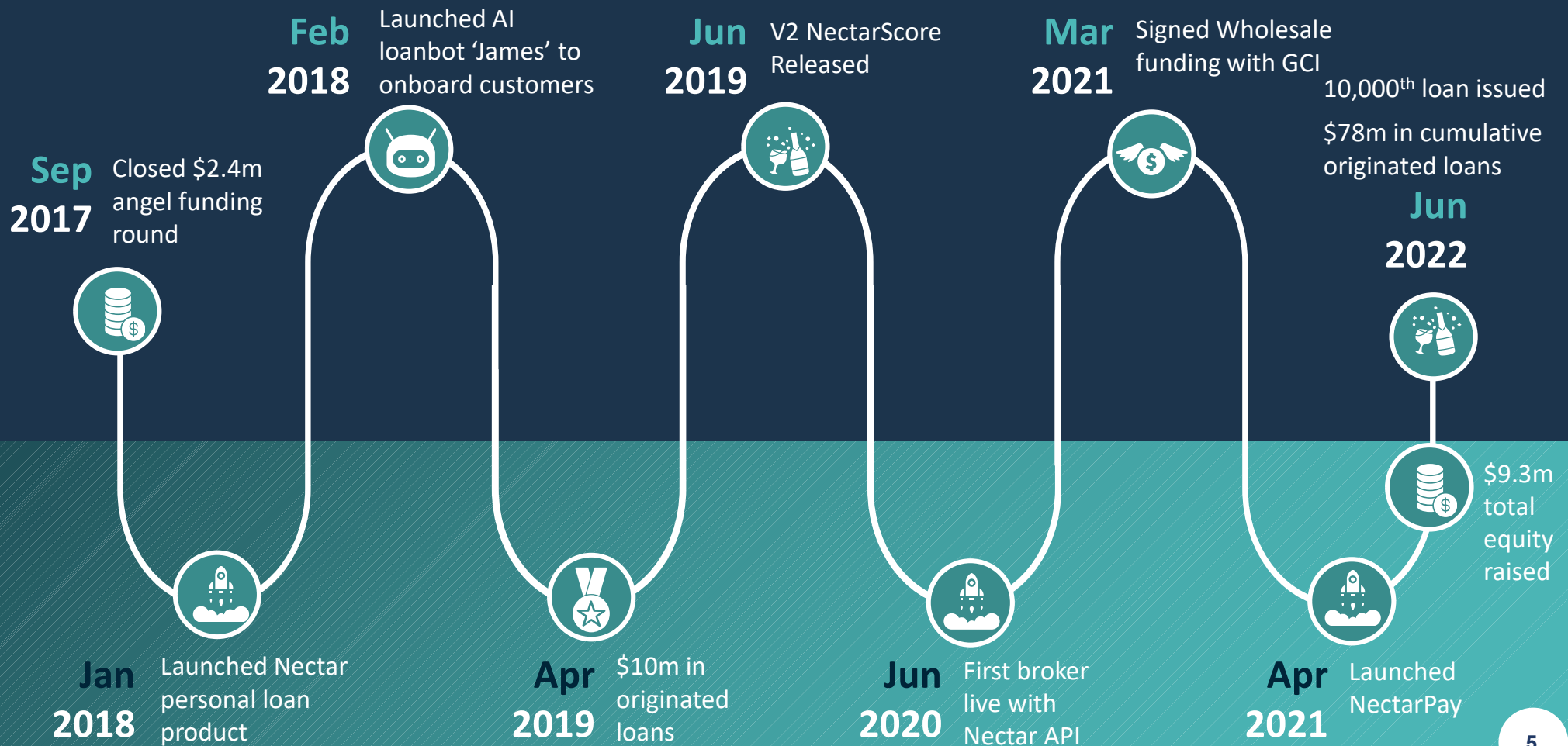
**2022
~55%**



Notes: All in NZ\$, 1: excludes credit cards and auto loans

Note 2: global market size, source - MarketsandMarkets research, July 2022

Key milestones



Nectar's leadership team



Symon Nausbaum
CEO

Director of Instant Finance Limited for 15 years (Instant Finance originates around \$120m p.a. and is a highly successful subprime operator in New Zealand).

Background in Corporate Finance and Investment Banking, including roles with PwC, BDO and as a contractor to Consignia and Morgan Stanley in the UK.

Investor in a wide range of technology start-ups. Founded two start-ups, one in online POS finance space.

BCom, LLB, MBA.



Chris Evenson
Head of Lending

Over 14 years of experience in credit and finance roles covering personal, rural and commercial lending, credit management, compliance and collections.

Roles in the United States and New Zealand covering the banking, finance company and co-op spaces.

Instrumental in creating and growing Farmland's finance company business.

B.Sc.



Paul Bryant
CIO

Expertise anchored in finance and fintech, with a strong focus on data privacy & security.

Career with investment banks in New Zealand and the UK. Was then instrumental in the successful launch of a large UK-based hedge fund. Helped to pioneer the IaaS model for hedge fund private cloud services globally.

MCom, LLB (Hons), MInstD



Nicola Lloyd Martin
COO

Over 12 years of experience in Mergers & Acquisitions Advisory, Capital Raising, and Investment & Corporate Banking.

Roles at Barclays, ABN Amro and Westpac. Raised \$1.3bn infrastructure fund for Barclays Capital. Headed Client Experience for Barclays Global Transaction Banking.

Investor in a wide range of technology early stage ventures

MEng

Nectar's Board



Symon Nausbaum
CEO / Director

Director of Instant Finance Limited for 15 years (Instant Finance originates around \$120m p.a. and is a highly successful subprime operator in New Zealand).

Background in Corporate Finance and Investment Banking, including roles with PwC, BDO and as a contractor to Consignia and Morgan Stanley in the UK.

Investor in a wide range of technology start-ups. Founded two start-ups, one in online POS finance space.

BCom, LLB, MBA.



Xinyu Wang
Director

A venture capital veteran with multi-national and cross-culture working experience.

Xinyu was previously general manager of Google (Northern China) and president of 5173.com (the leading C2C virtue item trading platform in China).

Xinyu was a venture partner for Meridian Capital (NZD \$1b) and more recently was the founding partner for Yue Rong Capital and Hua Bin Capital with NZD \$100m under management.

B.A, M.Sc, MBA



Jason Wang
Advisory

An Icehouse Ventures partner with a notable track record of empowering entrepreneurship and innovation in New Zealand.

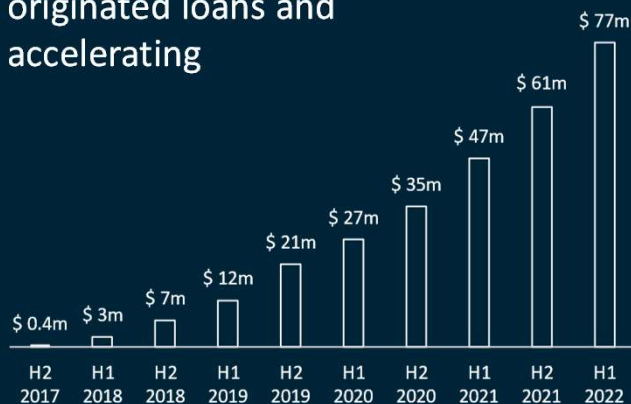
Jason is co-founder and fund manager of Eden Ventures NZ, which launched in 2017 in partnership with Icehouse Ventures.

Jason is on the boards of LearnCoach, Calocurb and Jettzy. He is a visiting scholar of Yenching Academy, Peking University and an Edmund Hillary fellow.

B.A, MMgt

Investment overview

Consistent track record of growth
10,000+ loans issued
\$77m+ in cumulative
originated loans and
accelerating

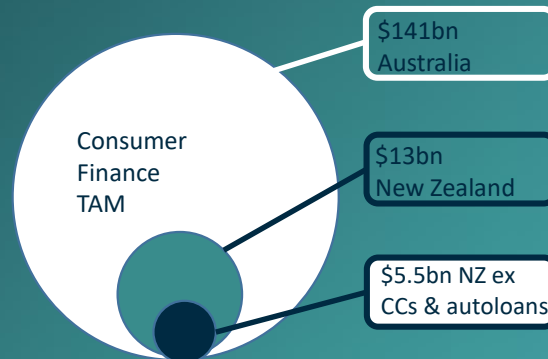


Series A capital raise:

- Support loan book growth
- Product development and operational growth

Large/fast growing market

Potential to expand obtainable mkt



Incumbents' market share eroding

2018 **2022**
~68% ~55%

Decline in NZ banks' personal
lending mkt share

- Incumbent lenders encumbered with legacy systems, lack flexibility and agility
- Innovation complex, slow, expensive
- Seeing low adoption of automated, advanced digital lending systems, eroded incumbent market share and opportunity for Nectar

Strong operating metrics

Customer
feedback
avg 4.9*/5*

One customer
complaint - 10,000+
loans issued

Marketing/
origination
ratio 4.7%

Strong net lending margin

2022 **2026**
9.0% **13.2%**

Revenue
\$600k/month
and near
operational
breakeven

What our customers say about us

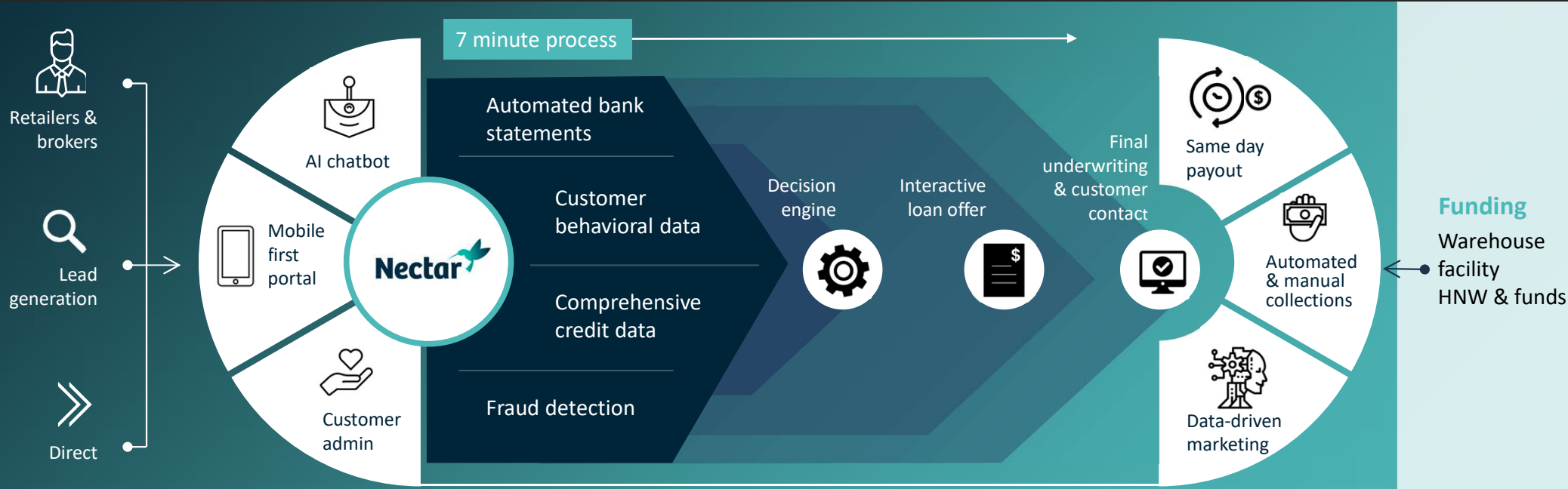
★★★★★
Thankyou Nectar for a quick and transparent process, that left me with my integrity intact. Your wonderful team, especially Jodie, could teach the banking community a thing or two about service. Treated me as real person, and wanted to hear my story. Jodie spoke of possibilities in a time when we ALL face a changing environment. If Nectar was a bank I would switch from my bank of 40+ years at the drop of a hat. Thank you Jodie and the Nectar team.

Notable comparable exit –
\$200m sale of Symple (\$53m
loan book) for 3.8x loan book,
37x revenue

Note: All in NZ\$

Nectar's technology

Next generation data and technology platform



Seamless integration between digital and human touch

Technological and data innovation —> strong customer experience advantage

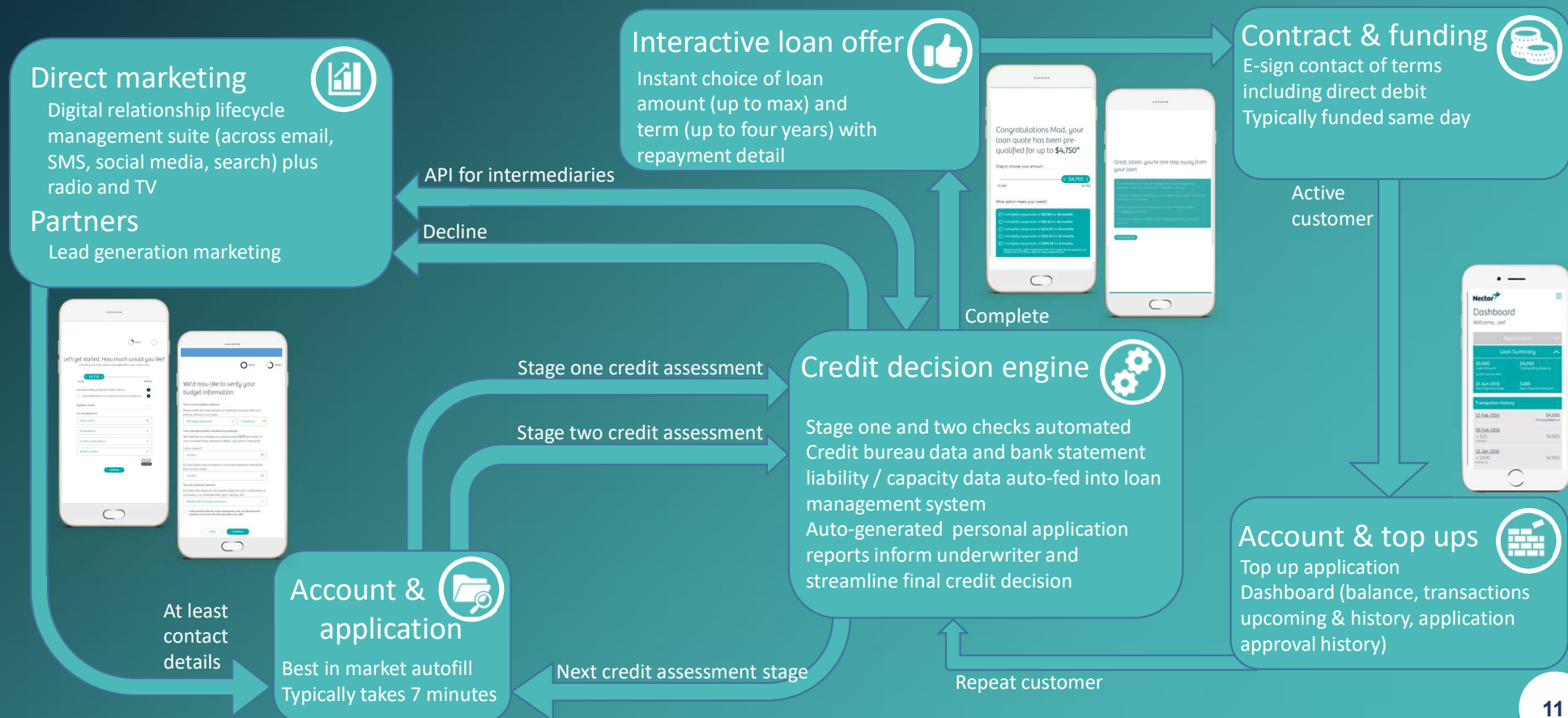
Continuous data learning

How our technology allows us to win

	What Nectar's technology enables	Our results
More customers	Outstanding customer experience (speed, ease, transparency) Getting a loan with Nectar is faster and less stressful than with other providers. Customers can apply for a loan through Nectar's interactive app and receive an offer (including loan amount, interest rate and repayment options) within seven minutes. Funding is usually the same day	Nectar's average customer feedback is 4.9*/5* Significant repeat business (35% of applications) and word of mouth referrals Providing approved loan options to customers faster than competitors is allowing Nectar to win business, especially in the broker market
Lower losses	Proprietary risk model Nectar has developed a proprietary risk model that enables responsible, timely and accurate credit decisions	With over 10,000 loans approved, Nectar's risk model has achieved a write off rate of <3.5% of average receivables outstanding
Lower loan acquisition cost	Low customer acquisition cost / loan acquisition cost Nectar's platform is integrated with key digital advertising platforms, including real-time acquisition dashboards and significant marketing automation Nectar's system encourages customers to log in and view loan balances, enabling customers to apply for top-ups or new loans	Current CAC ~\$673 H1 2022. Current LAC ~\$418 H1 2022 Loan acquisition cost decreasing with 35% lending to existing customers Estimated Customer lifetime value is ~\$2,800
Lower OPEX	Operational efficiency Nectar's technology streamlines processes that are traditionally time-consuming and expensive, improving efficiency, mitigating risks, and improving customer relationships	Nectar lending team of 10 currently process ~800 applications per week
Higher shareholder return		

Note: All in NZ\$

Nectar's customer journey is fast, easy and paperless across multiple channels



Performance metrics – risk based pricing

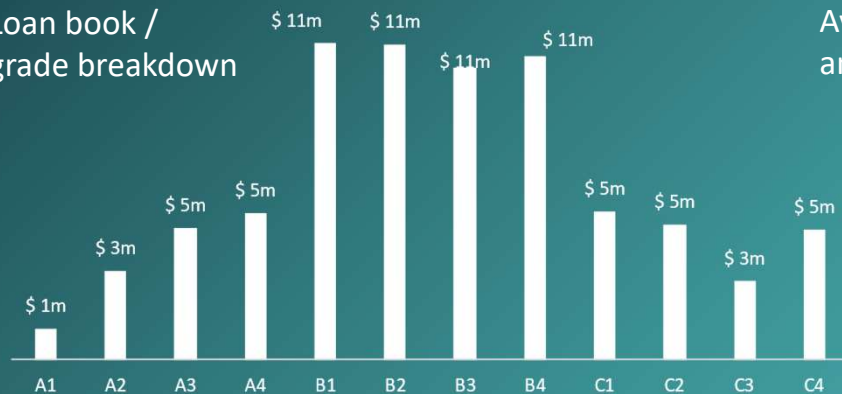
Dynamic pricing according to risk / market conditions

Enables Nectar to offer loan products to a wide consumer base and personalise that offering instantaneously using an integrated projected loss rates/ default model. In a consumer market where households are under pressure, robust, real time risk management is required to ensure sufficient margin is built into loss projections

Dynamic risk-based pricing of loans

Grade	A1	A2	A3	A4	B1	B2	B3	B4	C1	C2	C3	C4
Interest rate	9.4%	11.4%	12.8%	15.3%	16.8%	19.0%	20.6%	22.5%	23.8%	25.2%	26.5%	28.8%
Loss rates ¹	0.3%		1.6%		1.5%		3.0%		7.0%		8.8%	

Loan book / grade breakdown



Average loan amount by grade

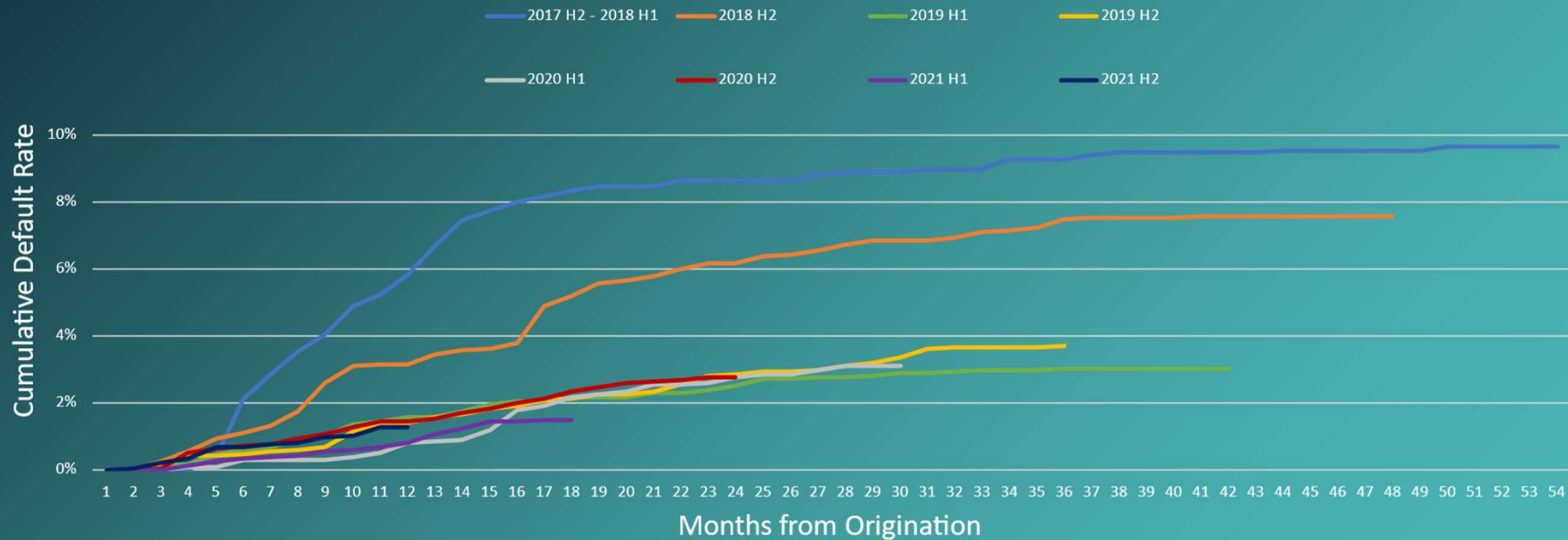


Note: All in NZ\$, 1: write offs / amount funded

Performance metrics – risk

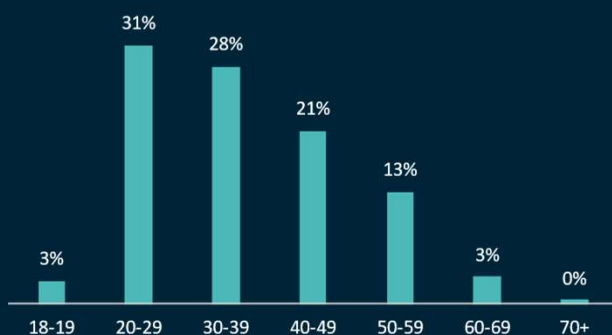
The V2 NectarScorecard was released in June 2019 and is significantly outperforming V1, with a loss rate of 2.15% (write-off / amount funded)

Nectar has a continuous improvement approach to risk management with data used to optimise the risk model on an ongoing basis



Diverse customer base for risk mitigation - 3,500+ current customers with 94% employed full time

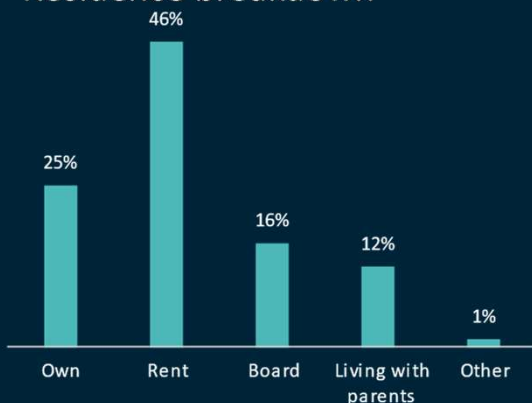
Age breakdown



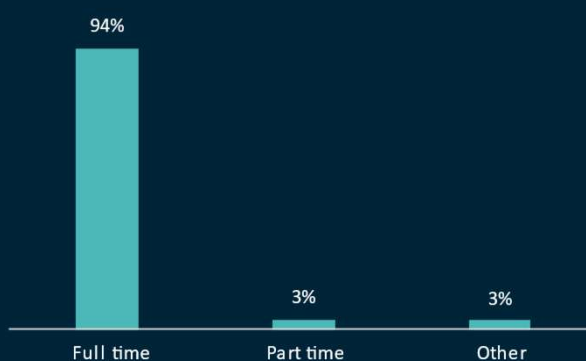
Employment type breakdown



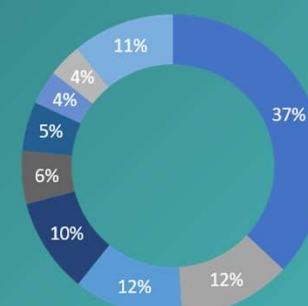
Residence breakdown



Employment terms breakdown

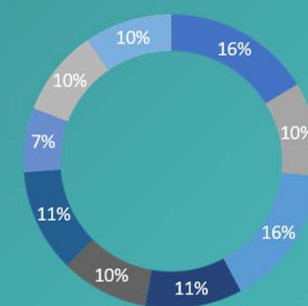


Regional breakdown



- Auckland
- Canterbury
- Wellington
- Waikato
- Bay of Plenty
- Manawatu-Wanganui
- Otago
- Hawke's Bay
- Other regions

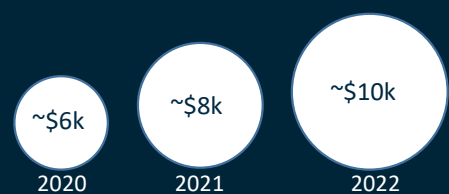
Loan purpose



- Debt consolidation
- Other
- Family reasons
- Car purchase/Other purchase
- Bills
- Car repair/expenses
- Home improvement
- Emergency expense
- Vacation/Entertainment

Performance metrics – consistent growth

10k loans issued
3,500+ current
customers



Average loan size

Loan book amount / revenue for half year



Note: All in NZ\$

Customer acquisition strategy drives profitability

Direct Acquisition

- Integration with key digital advertising platforms
- TV, billboard and radio to build brand trust
- Strong organic acquisition

Partner Acquisition

- Nectar's platform enables API integration from partners (retailers & brokers)
- Automated initial assessment of the application



Automated Remarketing

- Nectar's system automatically remarkets to qualified pre-existing customers through various channels (email / sms / social media / search)
- Existing customers are encouraged to login and view loan balances and can apply for 'top-ups'

Remarketing focus on customer experience retention → increased lending to returning customers



2022



2026

Loans to existing customers cost significantly less to originate and acquisition costs fall

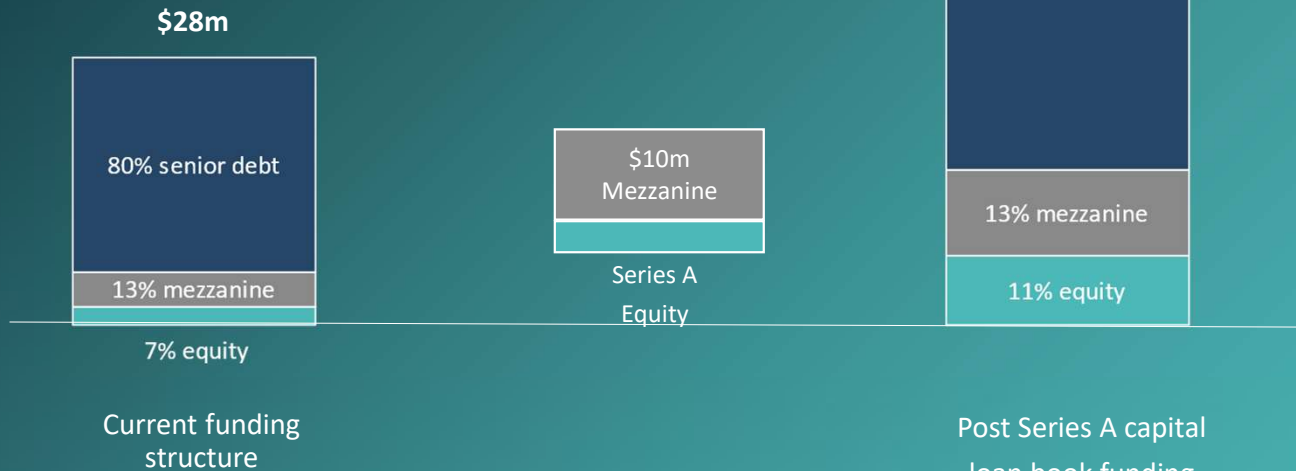


Projected improvement in marketing / Income ratio



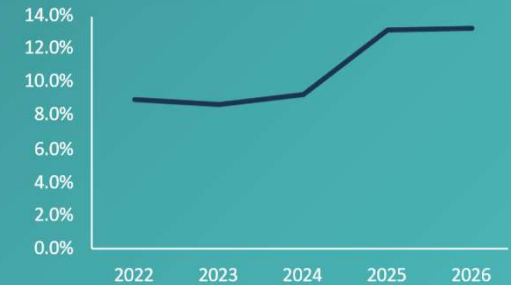
Loan book funding strategy

Lower funding costs - secured through securitisation or other wholesale facilities - are a significant driver of future shareholder returns



At \$60m-\$75m loan book value, Nectar will seek lower cost funding options

Projected net lending margin:

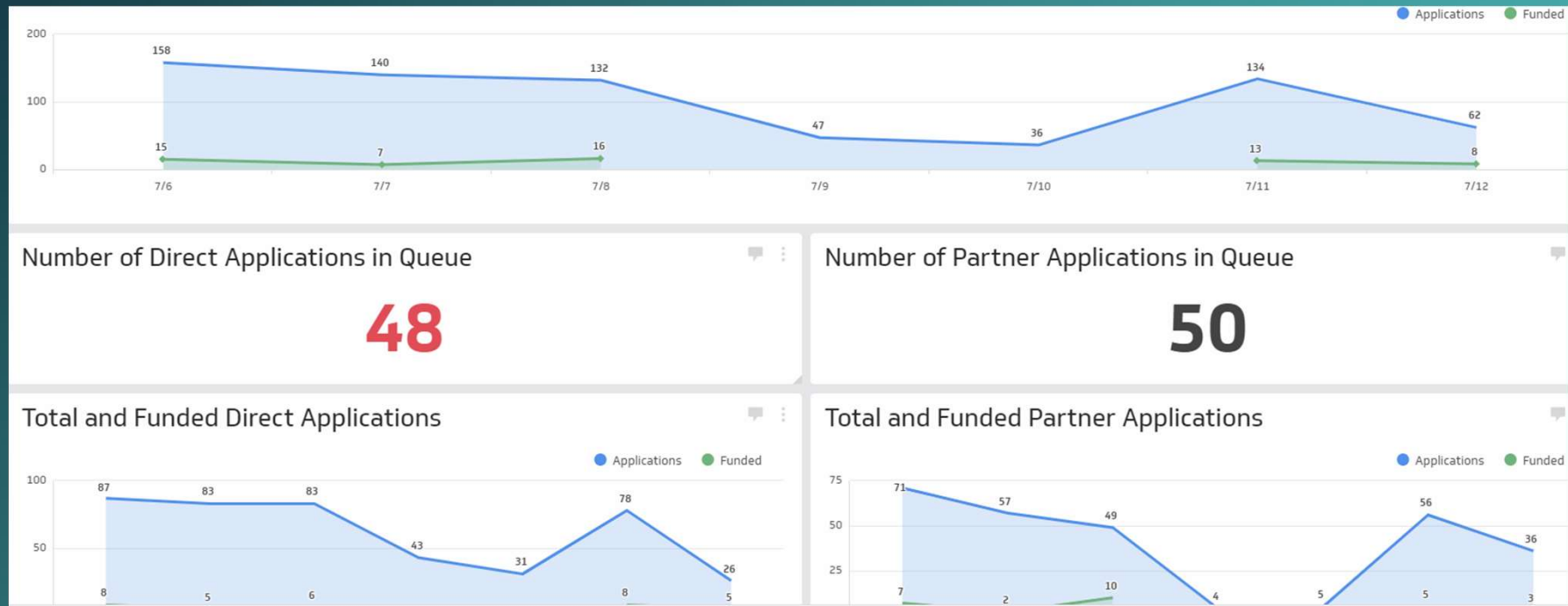


Benchmark: comparable indicative net lending margin = 9.3%

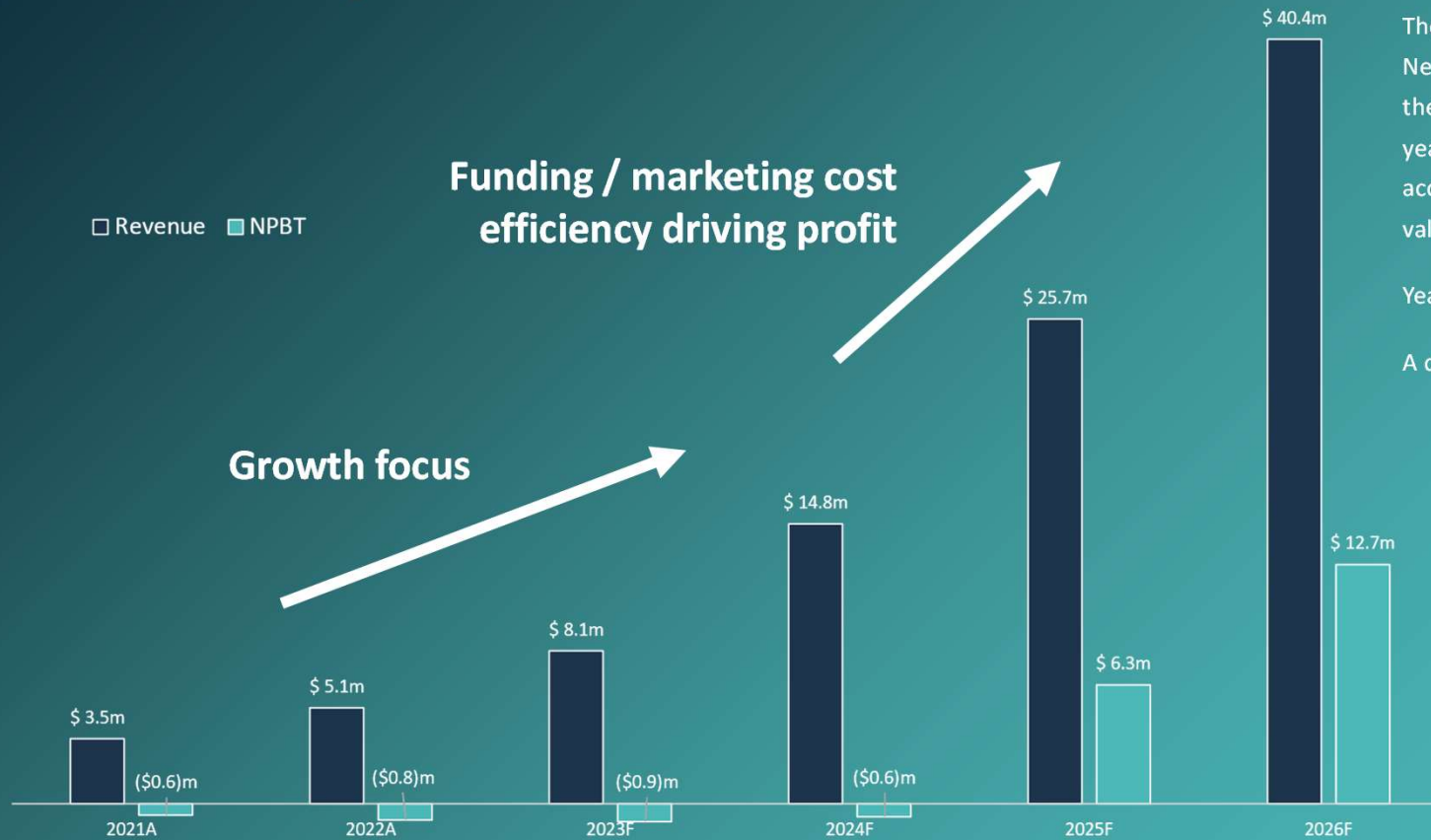
Note: projected net lending margin = interest margin – funding margin – loss rate; all in NZ\$

Current market opportunity is significantly above Nectar's ability to fund/ process loans

With sufficient capital/team in place there is an immediate opportunity to double origination, without a significant uplift in marketing spend (less than ~ 30%)



Financials/forecast



The forecast financial graph shows Nectar's forecast revenue and NPBT over the next four years. The focus over initial years are on growth, with scale and access to cost effective funding driving value in later years.

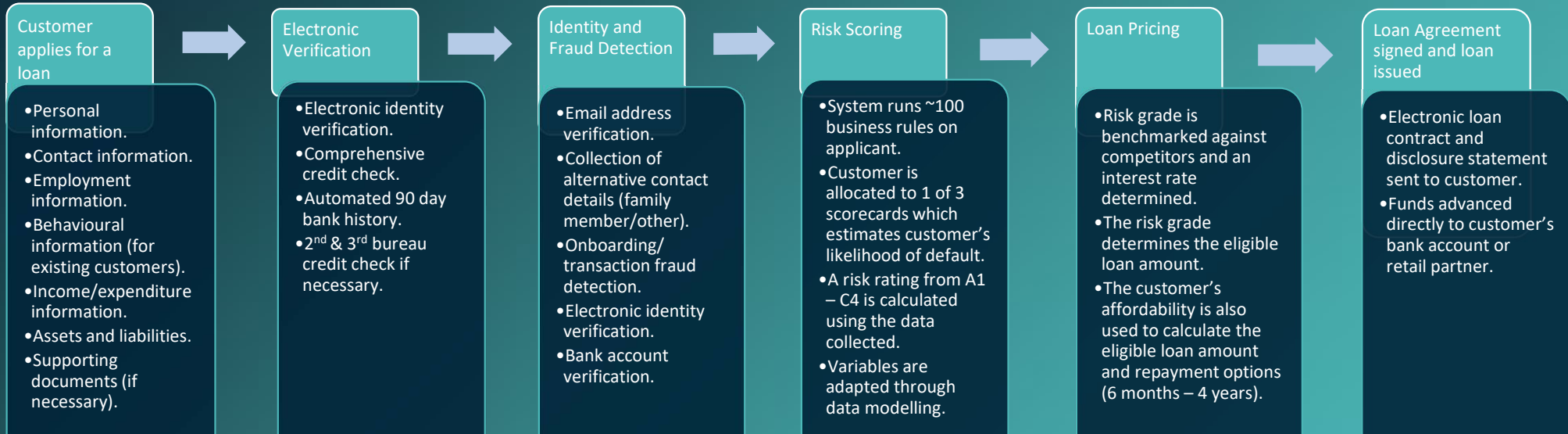
Year end is 31st March

A detailed financial model is available.

Note: All in NZ\$

Additional detail

Underwriting Process



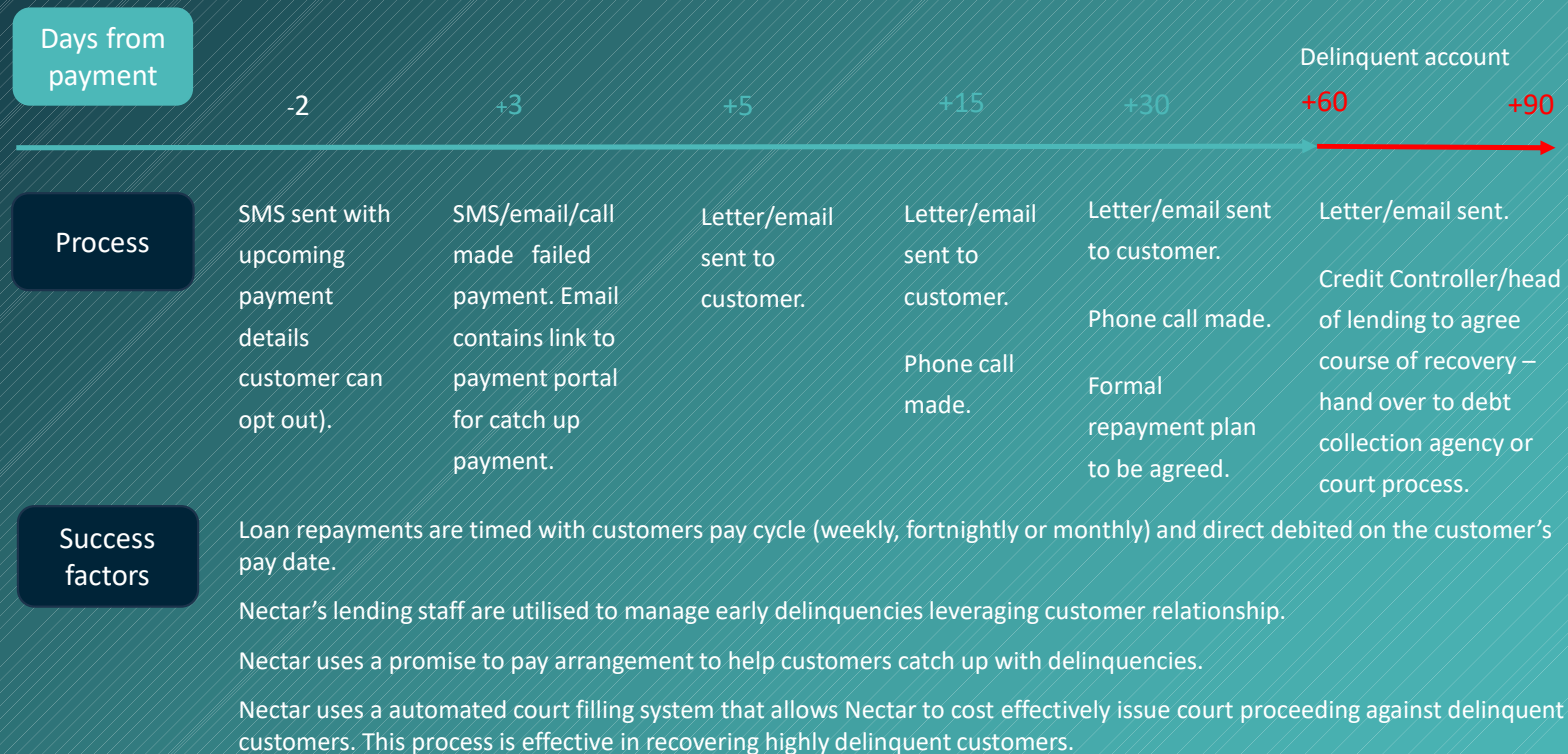
Nectar's hybrid underwriting process combines automated straight-through processing and underwriter checks to assess a borrower's creditworthiness and affordability.

Loans are issued based on stringent business rules

- The borrower must be 18+ and a permanent resident of New Zealand.
- Income must be \$350+ per week (after tax).
- Loan sizes are \$1,000 - \$30,000. There are restrictions in place for higher risk segments. Loan terms are 6 month – 4 years.
- Loan repayments are based on the customers pay cycle and on their pay date (weekly, fortnightly, monthly).
- The borrower has no serious unpaid financial defaults at credit bureaus (that have not been attended to)/no bankruptcies or judgements.
- Nectar performs strict responsible lender checks on each customer verifying they have sufficient surplus income to meet loan repayments.

Recovery Process

Customer arrears are a normal part of consumer finance with customers falling behind in payments due circumstances outside their control. Nectar's credit control process is a core activity of the business with the focus being on customer rehabilitation. Nectar enters into arrangements with arrears customers (promise to pay) where payments are lowered with no penalty interest or fees are charged while the customer meets their arrangements. Maintaining a customer focused recovery process is a key value of the business.



Technology and Regulatory changes providing opportunity

Consumers have a low level of trust in New Zealand banks and are increasingly looking to new technology to satisfy their financial requirements.

Comprehensive credit reporting and open banking

Majority of banks, utilities and non-bank lenders now provide comprehensive credit data. Banks required to share customer data to third parties nominated by the customer.

Royal commission of inquiry and enhanced bank capital adequacy requirements

New Zealand based banks are tightening up lending substantially in the personal lending segment as a response to regulatory changes making the segment less attractive.

Machine learning, AI and blockchain

AI, ML, and blockchain are among the trending technologies that are expected to add advanced capabilities to digital lending platforms and open new growth avenues.

Nectar opportunities

Nectar automatically accesses customer banking data for income verification and risk identification.

Comprehensive credit data provides an ability to more accurately understand and price risk throughout the credit spectrum.

Non-bank lenders such as Nectar (who are not subject to these regulatory changes) are expected to erode the bank's personal lending businesses in coming years.

Further acceptance by consumers of non-bank personal lending alternatives.

Nectar uses an AI bot for customer onboarding.

Opportunity to use AI for bank statement analysis and credit decisions allowing higher approval rates and better pricing of risk.

Blockchain expected to open up new direct cost effective loan funding opportunities.

Future Opportunities



Australian/Other Markets

While Nectar is currently focused on the large \$16b domestic consumer lending market, future opportunities include expansion to markets that have similar legal/credit structures as New Zealand

Point of Sale lending

In the US technology enabled point of sale lending is estimated to be a \$1.8 trillion opportunity with digital providers attracting significant company valuations.

NectarPay

Nectar has recently launched NectarPay. Feedback from the foundation customer is the product is superior to a similar product they use in Australia. NectarPay provides a simple and easy experience for both merchants and their customers to finance large purchases.

Disclaimer

This Investor Presentation is being made available to prospective wholesale investors solely for the purposes of assisting them to evaluate an investment opportunity in Nectar. It does not purport to be all-inclusive or necessarily contain all of the information that a prospective investor may require or should obtain. In all cases, prospective investors will need to make their own evaluation of the opportunity to invest in Nectar, conduct their own investigations and analysis of the opportunity and consult with their own legal, tax and other professional advisers.

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All communications and enquiries relating to a possible investment in Nectar should be directed to investors@nectar.co.nz

