



Borrow Better. Faster.

Introducing  
New Zealand's

**Most**  
**Advanced**  
**Digital lender**

# So, why invest in Nectar?

As an investor you have many investment choices.

In the next few pages, we are going to tell you about our business – Digital Lending, our fast growing and large addressable market, and how our technology allows us to take customers away from our competitors and grow a sustainable and profitable business.

Before we do that, we want you to know that we always do our best for our investors and that producing a great return on your investment is important to us.

Thank you for your interest and welcome to Nectar.



The Nectar Team.

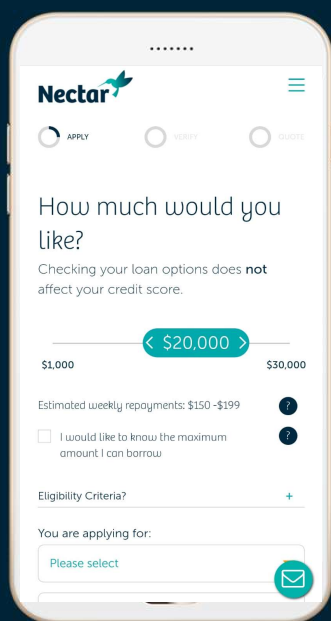
Quite simply, our mission is to provide the simplest, fastest and most transparent way to get a loan.

# Nectar's market and products

## NZ Personal Lending

~\$5.5 billion total loan amount<sup>1</sup>

~\$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

## 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.



Note 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:

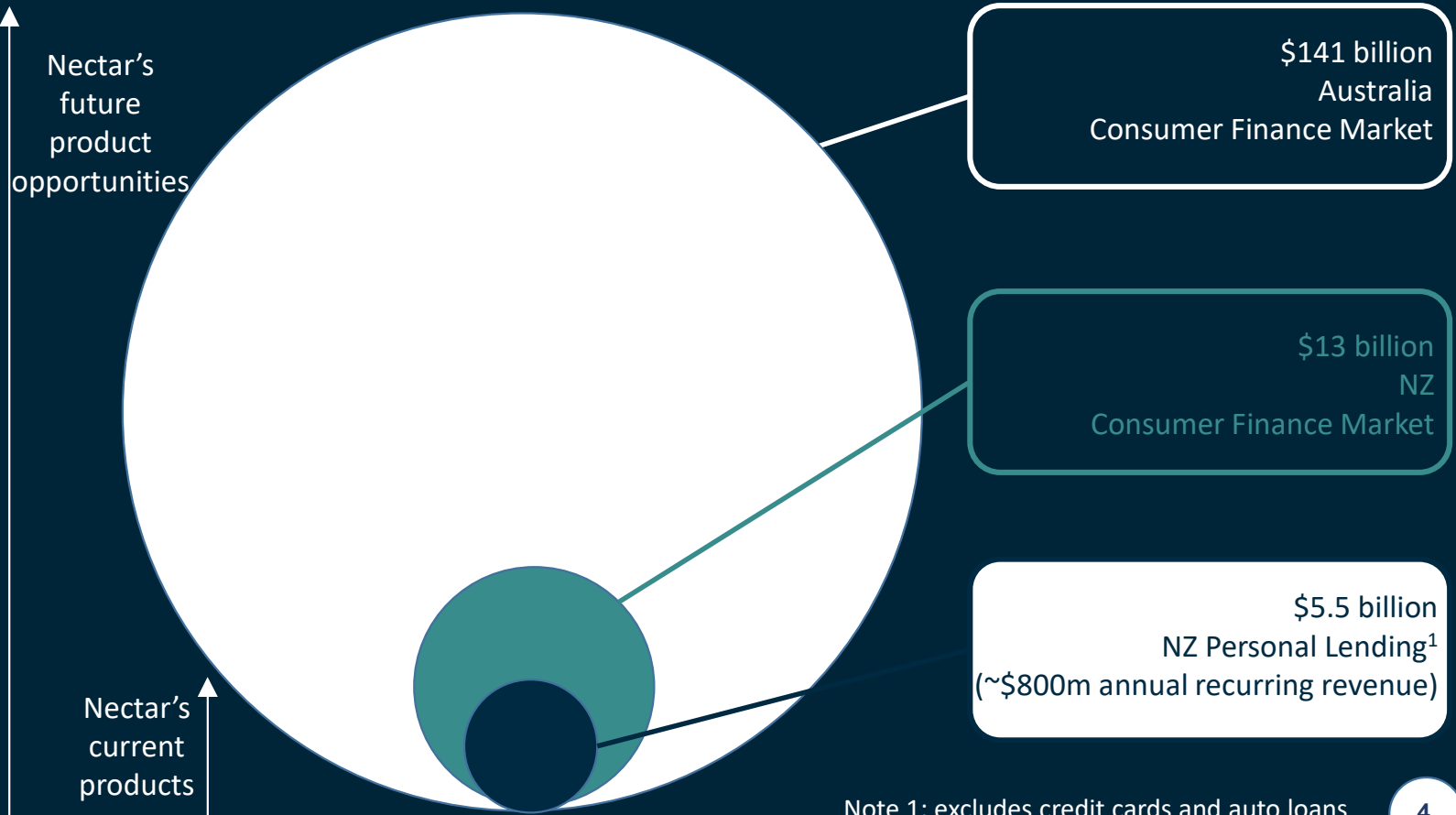
**2021-2026  
projected CAGR  
13.8%**

Where the incumbents' market share is eroding:

NZ banks' personal lending market share

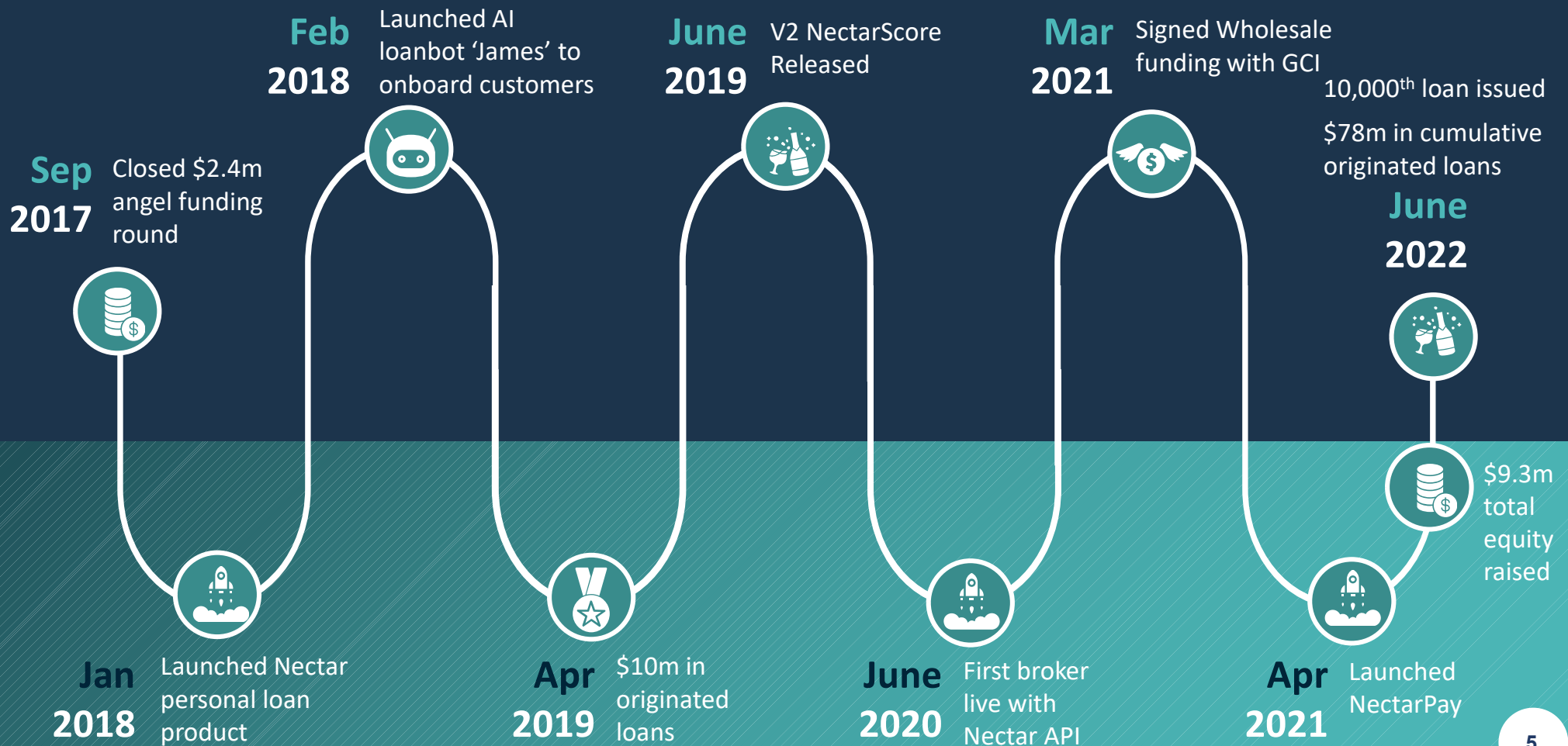
**2018  
~68%**

**2022  
~55%**



Note 1: excludes credit cards and auto loans

# 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**  
Operations/Funding

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 start-ups.

**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.

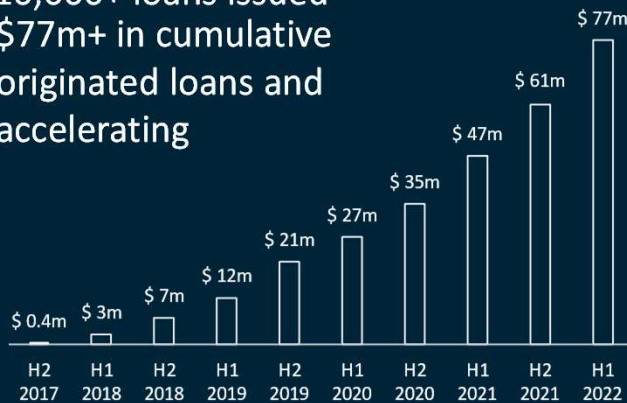
Jason is co-founder and fund manager of Eden Ventures NZ, which launched in 2017 in partnership with Icehouse Ventures.

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

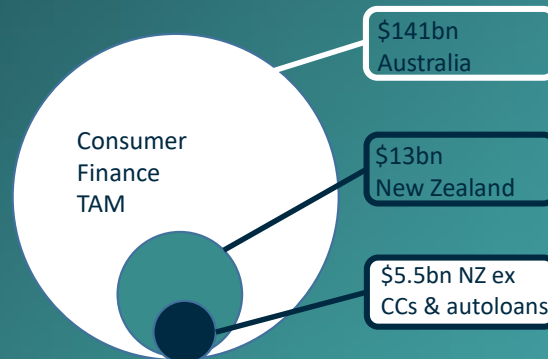
Consistent track record of growth  
10,000+ loans issued  
\$77m+ in cumulative  
originated loans and  
accelerating



Series A capital raise: Nectar is seeking \$4m for preference shares at a pre-money valuation of \$20m

\$3m to accelerate loan book  
\$1m for product development and operational growth

Fast and growing market opportunity  
Potential to expand obtainable mkt



Incumbent's market share eroding

2018 ~68% → 2022 ~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 9.0% → 2026 13.2%

Revenue \$600k/month and near operational breakeven

What our customers say about us

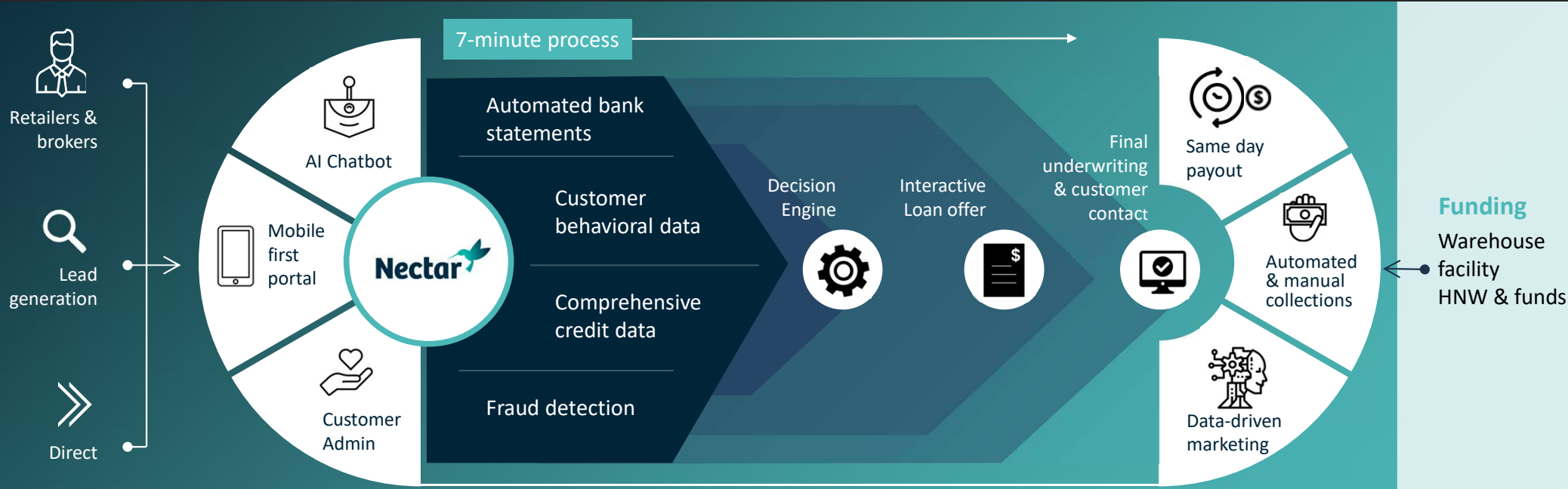
★★★★★  
Thankyou Nectar for a quick and transparent process, that left me with my integrity intact. Your wonderful team, especially Jodie, could teach the banking community a thing or two about service. Treated me as real person, and wanted to hear my story. Jodie spoke of possibilities in a time when 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



# Nectar's technology

## Next generation data and technology platform



Seamless integration between digital and human touch

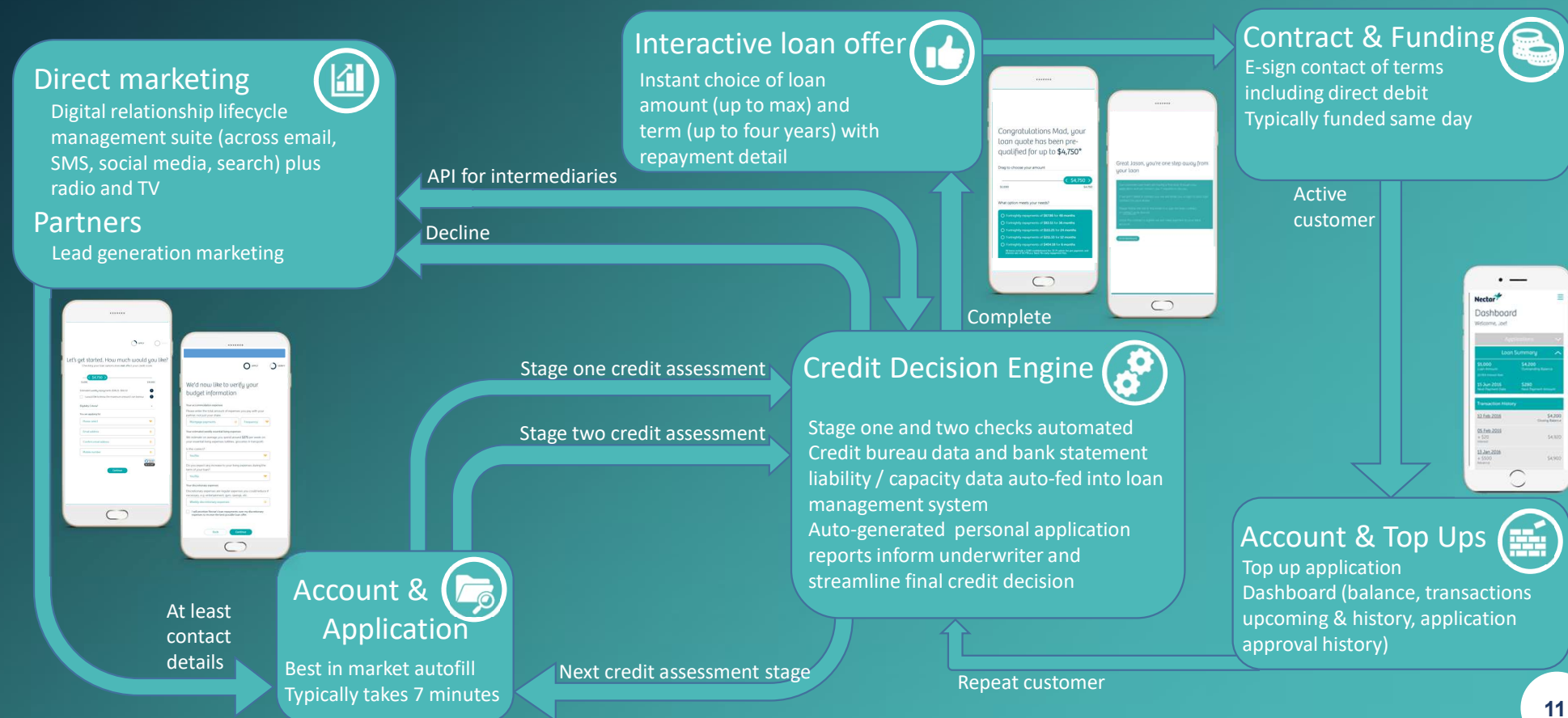
Technological and data innovation —→ strong customer experience advantage

Continuous data learning

# How our technology allows us to win

	What Nectar's technology enables	Our results
More customers	<b>Outstanding customer experience (speed, ease, transparency)</b> 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	<b>Proprietary risk model</b> 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	<b>Low Customer acquisition cost / Loan acquisition cost</b> 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	<b>Operational efficiency</b> 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		

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



# Performance metrics – risk based pricing

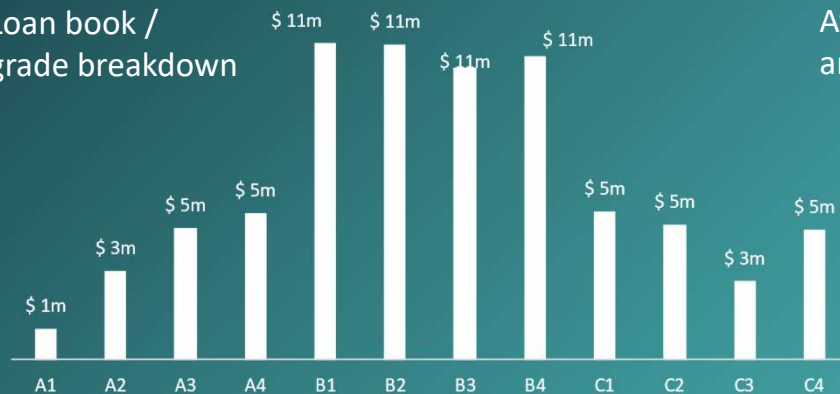
## Dynamic pricing according to risk / market conditions

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 <sup>1</sup>	0.3%		1.6%		1.5%		3.0%		7.0%		8.8%	

Loan book /  
grade breakdown



Average loan  
amount by grade

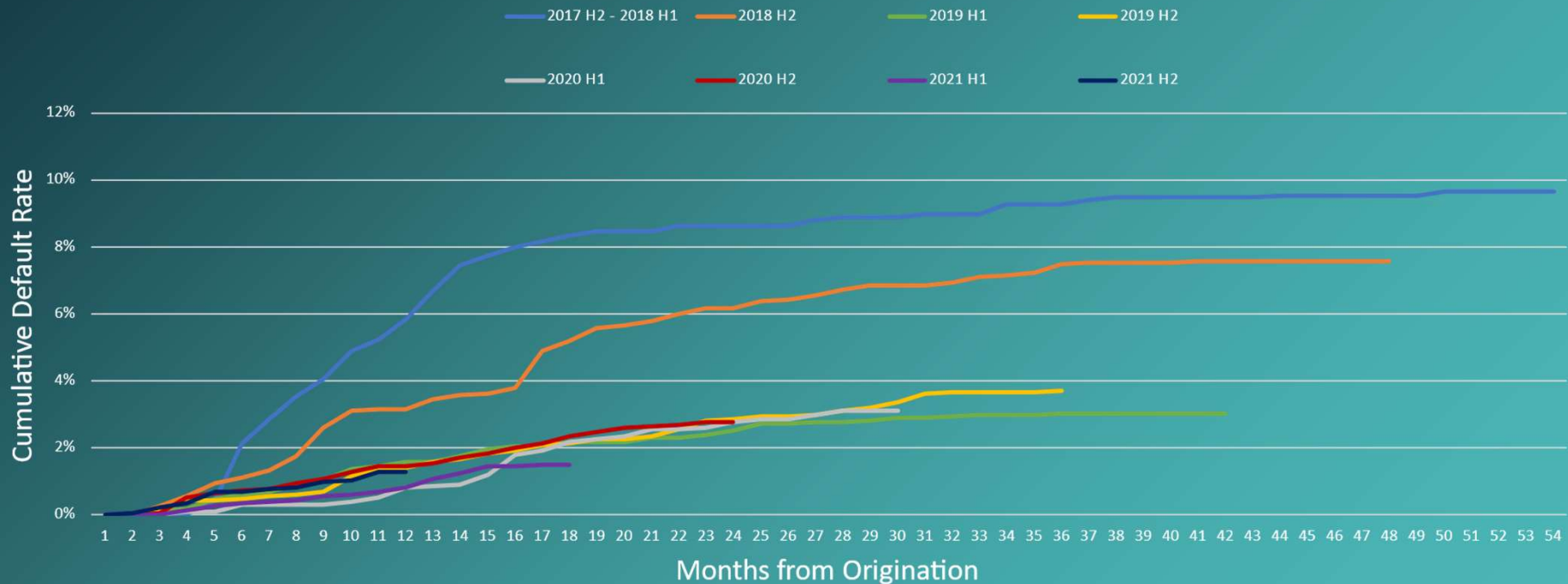


Note 1: write offs / amount funded

# Performance metrics – risk

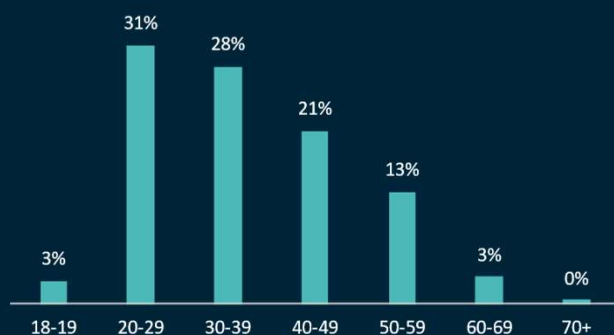
The V2 NectarScorecard was released in June 2019 and is significantly outperforming V1, with a loss rate of 2.15% (write-off / amount funded)

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 - 3,400+ current customers with 94% employed full time

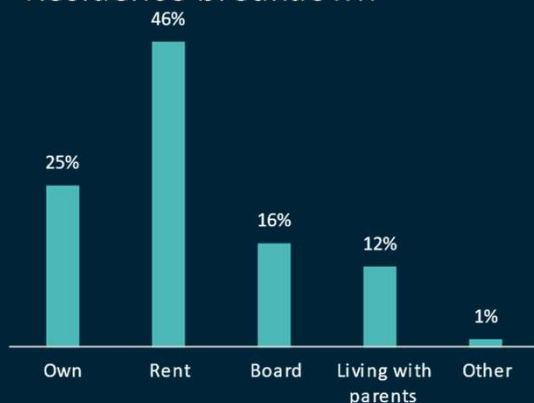
Age breakdown



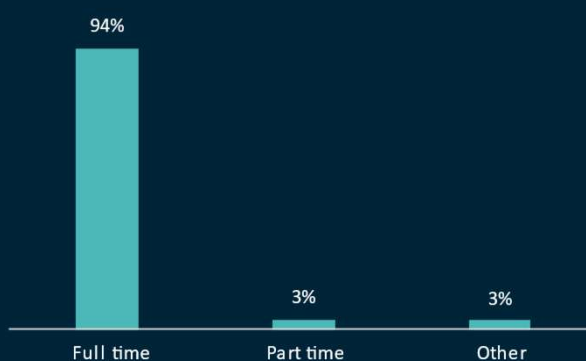
Employment type breakdown



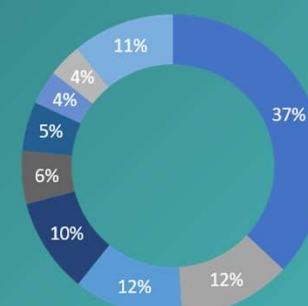
Residence breakdown



Employment terms breakdown

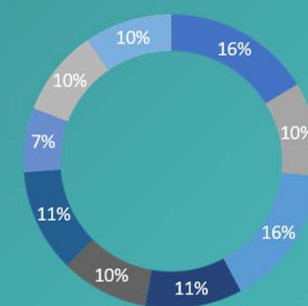


Regional breakdown



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

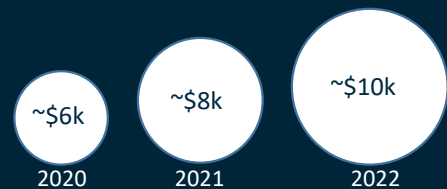
Loan purpose



- 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  
3,400+ current  
customers



Average loan size

## Loan book amount / revenue for half year

● Loan book total at period end  
● Revenue for period





# 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



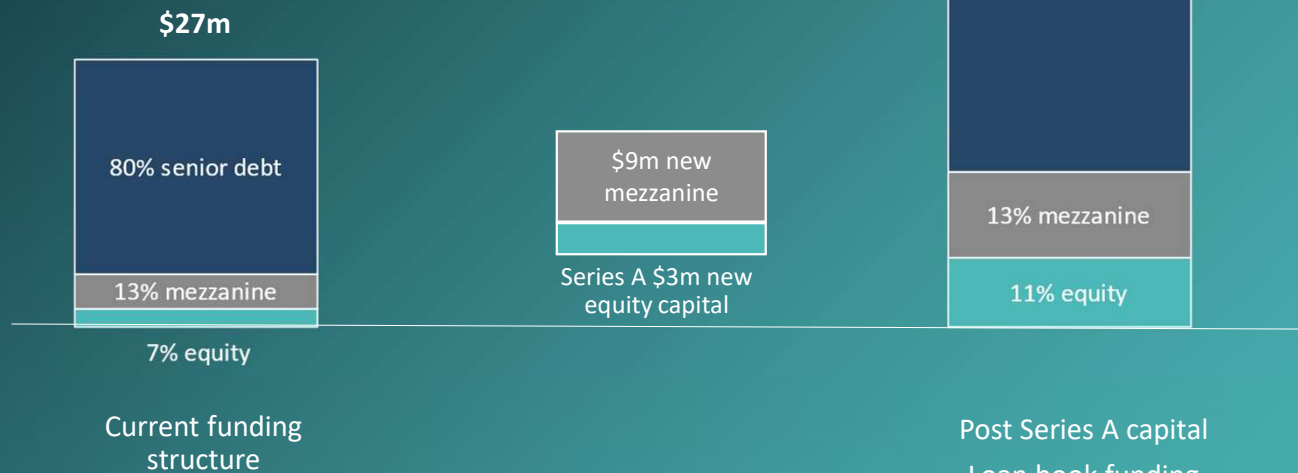
Projected improvement in marketing / Income ratio





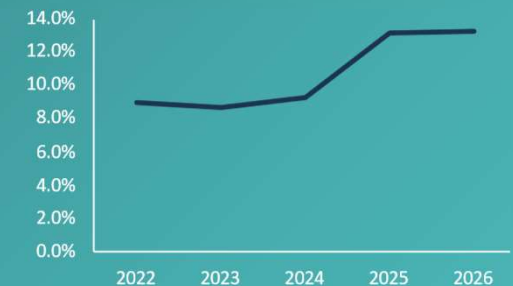
# Loan book funding strategy

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:

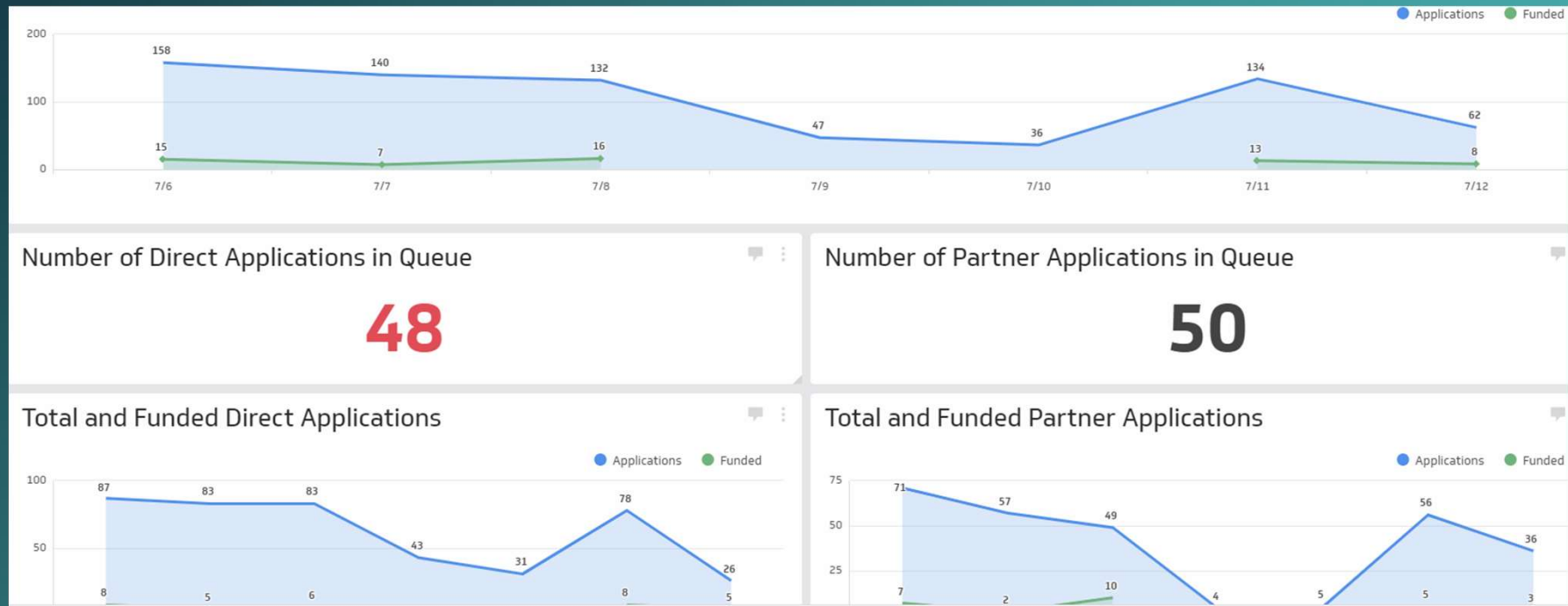


Benchmark: comparable indicative net lending margin = 9.3%

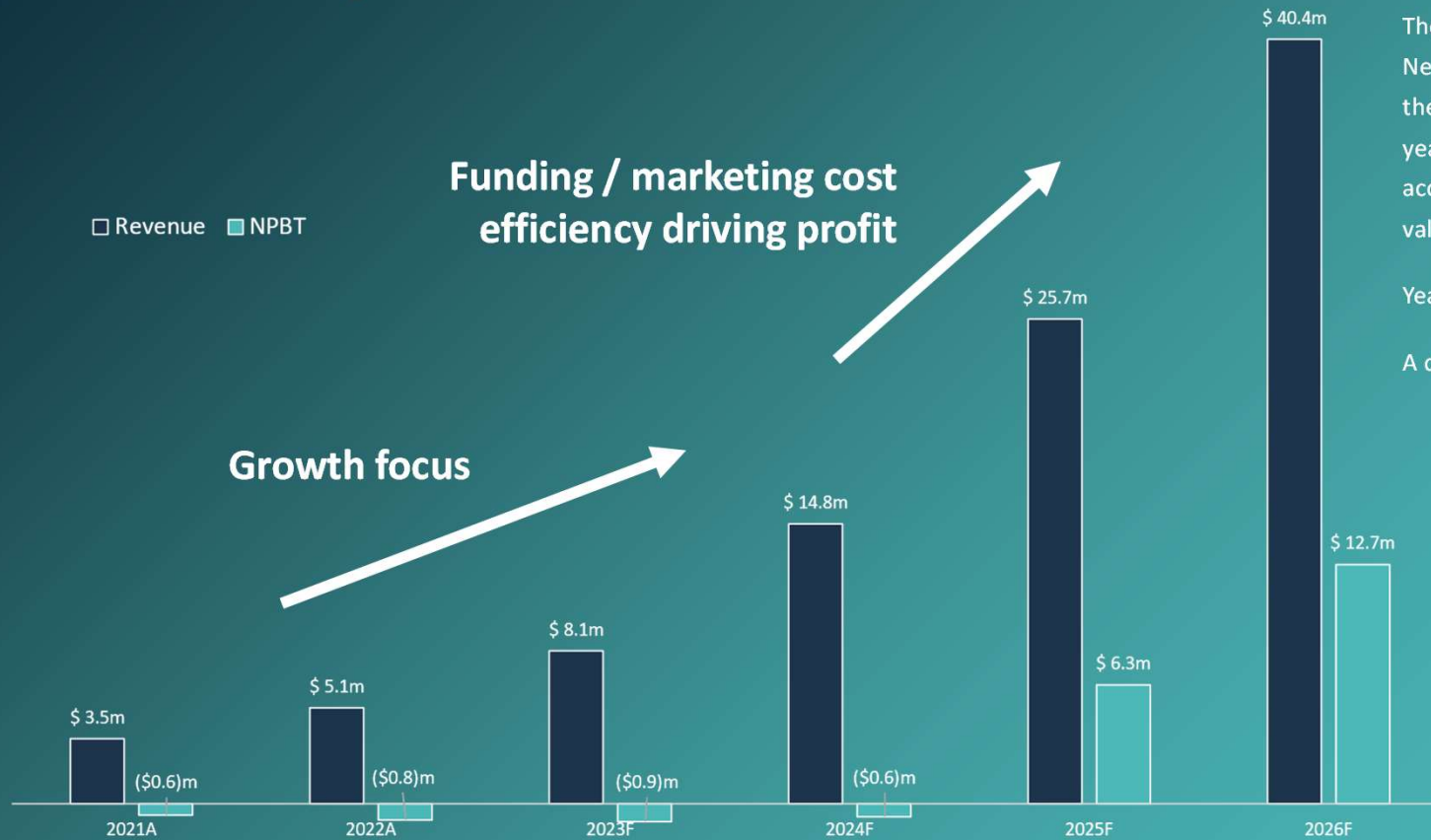
Note: projected net lending margin = interest margin – funding margin – loss rate

# 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 31<sup>st</sup> March

A detailed financial model is available.

# Offer details

Pre-money valuation of \$20,000,000

'Series A' capital raise of \$4,000,000 preference shares

\$3,000,000 allocated to first loss capital, enabling loan book to grow to \$60,000,000 by end Q2 2023

\$1,000,000 for operating expenses

- Drive product evolution and automation by investing \$250k in improving STP
- Drive growth by investing \$750k in marketing and operational growth



Who? Nectar is a digital lending business founded with the mission to provide the simplest, fastest and most transparent way to get a loan



Problem? Traditional providers of consumer finance tend to have bureaucratic, high touch processes that are dependent on antiquated technology and inflexible risk appetites. This results in a poor customer experience, high origination and servicing costs, and high customer acquisition costs



Solution? Nectar's highly automated digital lending platform streamlines these processes - improving efficiency, mitigating risks, and improving customer relationships. Borrowers can access unsecured loans of up to \$30,000 through their mobile phones with funding usually provided the same day



A group of ten people, five men and five women, are posed for a group photo in front of a dense, vertical garden or living wall. The wall is covered in various green plants, including large-leafed philodendrons and smaller flowering plants. The group is arranged in two rows, with some people standing slightly behind others. They are all smiling or looking towards the camera. The man in the center of the front row is wearing a dark t-shirt with a colorful circular logo. The woman on the far left is wearing a white top and patterned pants. The woman on the far right is wearing a red top. The overall atmosphere is professional yet relaxed.

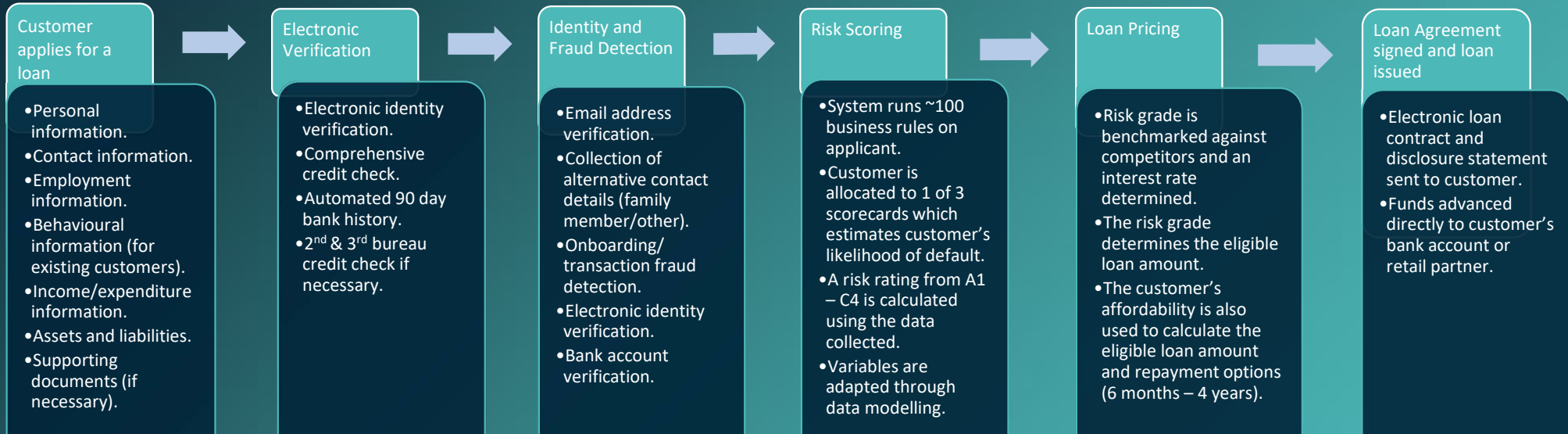
# Thank you

**Contact details**  
[nicola.lloyd.martin@nectar.co.nz](mailto:nicola.lloyd.martin@nectar.co.nz)



# Additional detail

# Underwriting Process



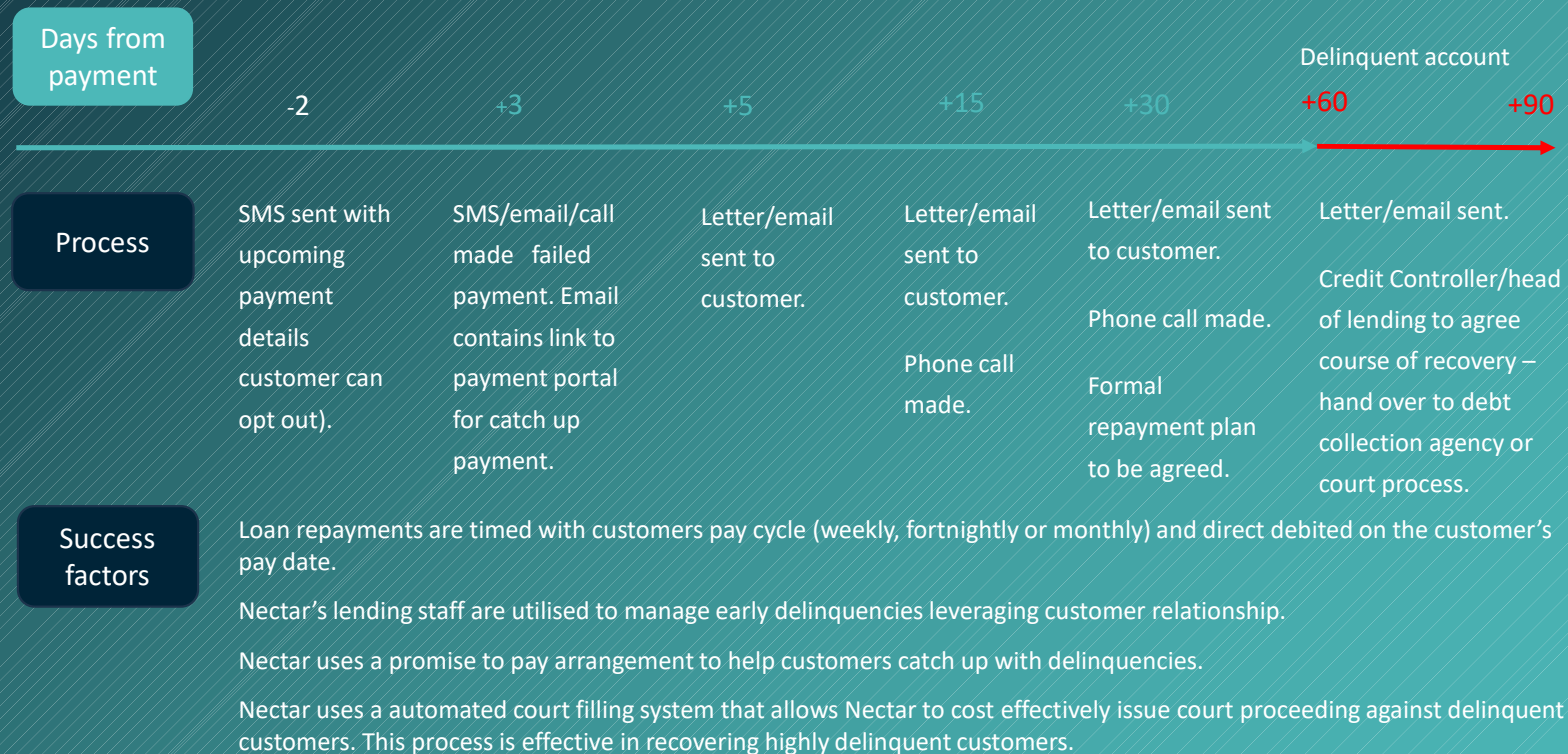
Nectar's hybrid underwriting process combines automated straight-through processing and underwriter checks to assess a borrower's creditworthiness and affordability.

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

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