



**Butn Limited**

ACN 644 182 883

[www.butn.co](http://www.butn.co)

ASX: BTN

Melbourne, 28 October 2021

**ASX ANNOUNCEMENT**

## **Butn achieves record quarterly originations**

*Quarterly Activities Report for the 3 months ended 30 September 2021 (Q1 FY22)*

### **Key Q1 FY22 highlights**

- Record quarterly originations of \$62.8 million, up 35% on PcP
- Accelerating roll out of strategic partnerships
  - MYOB | Butn invoice finance product goes live
  - Ola partnership deepens Butn's automotive funding reach with a global player
  - Innovative real estate sector funding with Agentbox and Ready Media partnerships
  - Growing pipeline of Platform Partners and substantial business user pool
- Successful \$20 million IPO (gross proceeds) and ASX listing
- Strong financial position, with positive debt structuring to reduce funding costs, increase headroom and extend funding flexibility for rapid growth
- Team strengthened with key appointments to support business scaling

Butn Limited (ASX: BTN; **Butn**) is pleased to provide this quarterly activities report for the 3 months ended 30 September 2021 (**Q1 FY22**), along with the Company's Appendix 4C cash flow report.

### **Commenting on Q1 FY22, Butn's Co-founder and Co-CEO, Rael Ross said:**

"Over the past few years, Butn has developed a proprietary fintech solution that digitises and automates customer on-boarding, credit and risk assessment, funding and collections. We have transformed a previously manual process into an automated one that can be completed in minutes. By integrating into third party digital platforms we are able to distribute Butn's funding products to business users in their known, trusted environments where they are continually transacting.

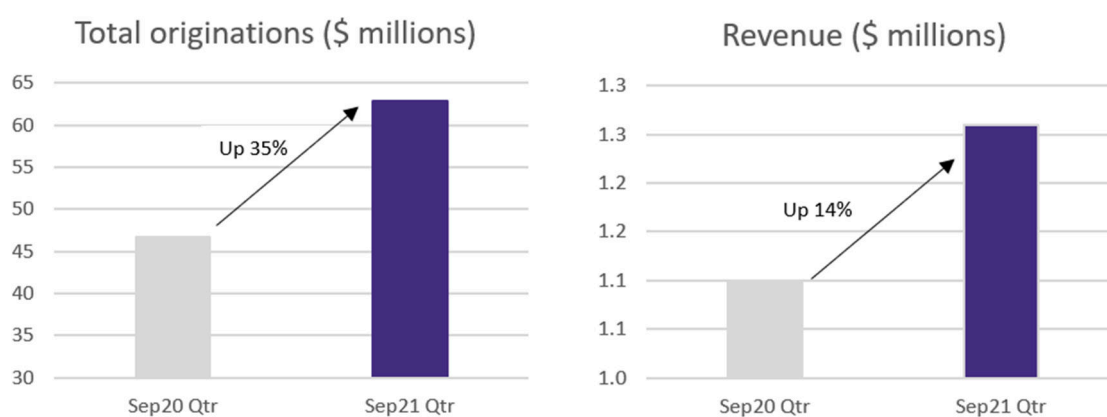
"The strong start to FY22, delivering a series of key operational and financial milestones, showcases the ability of Butn's platform to rapidly scale. Over the first quarter, the Company generated record originations of \$62.8 million, up 35% on the prior corresponding quarter, underpinning growing net revenues and customer receipts.

“The first quarter also saw the accelerating roll out of strategic partnerships with major global organisations including MYOB and Ola, building on Butn’s differentiated business to business [B2B] funding model. The Company’s successful IPO provided growth funding and introduced high quality institutional, professional and sophisticated investors to Butn’s share register.

“Butn’s success over the past quarter could not have been possible without the hard work and commitment of our team. They have a true passion for our business and are focused on the essential things needed to be done to deliver on the exciting growth opportunities we see for Butn. We welcomed Ash Goldman as Butn’s Head of Partnerships and Revenue, and Helen Louise Lea as a non-executive Director and MYOB Australia’s appointee, as well as continuing to build our in-house operational and technology teams to support future growth.

“The first quarter of FY22 has seen the business systematically and progressively roll out our funding products to a rapidly growing business user base. With a strong team in place and a growing portfolio of B2B funding products, our clear priority is executing a high growth sustainable business based on a proven funding approach, innovative technology, with strategic partnerships across industries.”

#### **Record quarterly originations of \$62.8 million, up 35% on PcP**



Key metrics	Quarter ending 30 Sep 2021	Quarter ending 30 Sep 2020	Movement
Total originations (\$ millions)	62.8	46.6	Up 35%
Net revenue (\$ millions)	1.3	1.1	Up 14%

\*Rounding may occur.

Butn continued to grow originations over Q1 FY22 to a record \$62.8 million, up 35% on the prior comparable period (PcP). This growth was achieved in the context of COVID-19 lockdowns across both New South Wales and Victoria, Butn’s two key geographic market segments, highlighting the strength of the Company’s platform and products that are increasingly resonating with SME businesses.

Butn continued with a conservative deployment of funds to maintain its industry low non-recoverable write-offs of under 0.1% of originations. The receivables book, turning on average 6 times per year, has grown approximately 30% on PcP with no indication of material increases in non-recoverable write-offs during the quarter.

Net revenue was \$1.3 million, up 14% on the PcP. COVID-19 has extended segment mix impacts, with some higher margin segments (such as automotive and insurance) impacted more than lower margin

segments (such as FMCG) reflecting in a lower net revenue margin. As COVID-19 restrictions ease, these impacts are expected to reduce. In addition, the net revenue margin on funding through Butn's fintech solution is significantly higher, which will increase the overall net revenue margin over time.

### **Accelerating roll out of strategic partnerships**

As an early mover in the under-serviced B2B funding space, Butn has and continues to establish key strategic Platform Partnerships:

#### **Partner**



>1 million  
business users

During the quarter Butn and MYOB collaboratively customised and implemented the MYOB|Butn invoice finance product, commencing an initial roll out to MYOB Business users.

Following a quick one-time registration process, eligible MYOB users can now receive early payment on outstanding invoices for a transparent, fixed fee on an invoice-by-invoice basis within their accounting software which they know, trust, and utilise on a daily basis.

*(Refer ASX announcement of 23 August 2021)*



up to 100,000  
Ola driver-partners

In September, Butn announced a strategic partnership with Ola - a global industry leader, supporting Ola driver-partners in the automotive space where Butn has its early funding roots.

This partnership sees Australian Ola driver-partners have access to Butn Assist, a hotline available 24/7 for vehicle related assistance. Through Butn Assist, Butn and an extensive national network of Australian panel shops (including those using Butn's invoice financing services) can assist Ola driver-partners in the event of an accident or breakdown.

*(Refer ASX announcement of 6 September 2021)*

Early in October Butn announced two innovative real estate partnerships:



~2000 agencies  
Australia wide

Butn has integrated its ButnNow product directly within Agentbox, one of Australia's leading real estate customer relationship management (CRM) and property management software solution providers, providing agents with early access to their commissions less a fixed fee.



more than 60,000  
monthly website users  
and over 2,000 active  
agency clients

ButnPay product has been integrated within Ready Media's platform to create a Buy-Now-Pay-Later (BNPL) solution for vendors of commercial property, funding the cost of their sales marketing campaign, shifting the payment plus a fixed fee towards the transaction's settlement.

*(Refer ASX announcements of 5, 6 and 12 October 2021)*

Commenting on the new Platform Partnerships, Mr Ross said: “Butn’s strategic Platform Partnerships are a key growth channel, with the substantial and growing business user pool providing scalability, low customer acquisition cost and strong operating leverage at scale. These partnerships are a symbiotic relationship enabling our partners to provide the versatility of Butn’s technology across their relevant industry verticals to meet their SME customers’ cashflow needs. For their customers it could not be easier, as Butn is embedded in their workflow platforms and requires just a one-time registration, followed by simple, flexible, fixed fee funding.”

### **Successful IPO and ASX Listing**

Butn successfully completed its IPO and listed on ASX on 6 July 2021, raising \$20 million (gross proceeds). The IPO was oversubscribed and well supported by professional and sophisticated high net worth investors and institutional funds.

The majority of the funds raised will be used in growth initiatives investing in Butn’s core business model, growing its receivables book, accessing new markets and continued product development. The use of funds to date compared with the Prospectus is as follows:

<b>Use of funds*</b>	<b>Prospectus \$ millions</b>	<b>Expenditure to 30 Sep 2021 \$ millions</b>
Receivables book growth	9.0	4.9
Marketing, sales and brand development	2.4	-
Platform and product development	2.5	1.1
Cash expenses associated with the Offer	2.3	2.3
Repayment of Related Party Loans	3.8	3.8
	<u>20.0</u>	<u>12.1</u>

\*Rounding may occur. Further details in the Appendix 4C

“Completing our IPO was an important milestone for Butn, positioning the business for growth. The Board, together with our shareholders, strategic partners and staff look forward to the exciting opportunities in FY22 and beyond,” said Mr Ross.

### **Strong financial position, with positive debt structuring underway**

Cash on hand increased to \$22.0 million, providing Butn with the financial flexibility to pursue growth opportunities.

Post IPO, Butn commenced the first step in a planned debt structuring process. During the quarter, 2018-1 bond Noteholders approved the following key changes effective 29 October 2021:

- reduce the Interest Rate in respect of Class A Notes to 6.20% (previously 8%);
- extend the Maturity Date by an additional year to 29 October 2023, with early call dates on 29 October 2022 and 29 April 2023;
- enable further Notes to be issued on the same terms;
- amend eligibility criteria, enabling Butn to seek a broader base of originations; and
- redeem Class B Notes (\$1.5 million).

On the back of market support, Butn will continue to positively restructure its debt with the core aims of reducing funding costs, increasing headroom and extending funding flexibility for rapid growth.

### **Key appointments as Butn scales**

During the quarter Butn appointed Ashley (Ash) Goldman as Butn's Head of Partnerships and Revenue. Ash is an experienced leader across sales and strategic partnership management, with demonstrated success in fast growing start-ups through to large businesses.

In September, Butn appointed Helen Louise Lea to the Board of Directors as MYOB Australia's (MYOB) appointee. Helen is an experienced executive having held senior roles in transformation, human resources, talent and performance and is the Chief Employee Experience Officer at MYOB, responsible for a diverse portfolio including Digital, Workplace, People and Corporate Affairs.

Butn continued building its in-house operational and technology teams to support future growth which will deliver strong operating leverage as the business scales.

### **Summary of Q1 FY22 cashflows**

Butn generated cash receipts from customers of \$1.3 million, reflecting origination growth in the quarter.

Material operating cash outflows were staff costs of \$0.9 million (including \$0.2 million of salary and fees paid to directors and the Co-CEOs), administration and corporate costs of \$1.1 million and interest costs of \$0.8 million.

Investing cash flows included \$1.1 million for Butn fintech development and \$4.9 million in growing the receivables book.

Financing cash flows reflected the \$20.0 million IPO, \$1.5 million of related costs paid in the period as well as a \$3.8 million related party loan repayment.

### **Investor briefing details**

Rael Ross (Co-CEO) and Darry Lasnitzki (CFO) will discuss Butn's Q1 FY22 performance and growth strategy and opportunities at Market Eye's "Meet the CEO and CFO" event at **11:00am AEDT on Thursday, 28 October 2021**. Following the presentation, participants will have an opportunity to ask questions.

To attend the webinar, please pre-register at:

[https://us02web.zoom.us/webinar/register/WN\\_3d\\_0QvmQR0COYaVGMVWqg](https://us02web.zoom.us/webinar/register/WN_3d_0QvmQR0COYaVGMVWqg)

### **Upcoming investor events**

Rael Ross will present at Market Eye's *TechOpps 2021* investment conference on 10 November 2021.

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*This announcement has been authorised for release by Rael Ross, Co-CEO and Executive Director of Butn Limited.*

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**About Butn**

Butn Limited is an Australian Business-to-Business ('B2B') funder innovating the way SMEs fund and grow their businesses. Butn focuses on transactional funding – funding SME businesses through their working capital constraints by financing individual transactions, leveraging the end debtor's credit. With a vision of "Your money, today" Butn delivers cashflow funding solutions at the click of a Butn having funded over \$700 million to Australian businesses. For more information visit [www.butn.co](http://www.butn.co)