



Butn Limited

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ASX Code: BTN

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ASX ANNOUNCEMENT

Strong FY22 business progress, with positive FY23 outlook

FY22 Highlights

- Record originations of \$274 million, up 32% on the previous corresponding period (pcp) with consecutive record months in April, May and June 2022
- Revenue increased 19% to \$5.4 million (FY21: \$4.5 million)
- Over \$1 billion cumulative originations since 2015, at industry-low non-recoverable write-offs of approximately 0.1% of originations
- Butn platform accelerates, now contributing approximately 20% of total monthly originations with month-on-month growth, scaling of new registrations and transactions
- Implementation of strategic MYOB partnership, delivering ahead of internal expectations, and expected to be significantly expanded in FY23
- Successful IPO, provides strong closing cash position of \$15.8 million
- Restructured debt provides significant additional funding capacity at lower cost
- Strong start to FY23 with material origination and revenue growth expected

Butn Limited (Butn or Group) is pleased to release its Financial Report and Appendix 4E for the financial year (FY) ended 30 June 2022 (FY22).

FY22 was a year of strong progress with growing momentum in the Butn platform and support base to continue delivering in FY23 and beyond.

Butn's Co-founder and Co-CEO, Rael Ross said: "Butn has had a strong first year as a listed company after our successful IPO in July 2021. We reached a major business milestone, exceeding \$1 billion of cumulative originations. We increased revenue by 19% and reported record annual originations up 32% on the previous year. Importantly, this was achieved with continued industry low write-offs, appropriately balancing risk with growth. The continued growth shows SMEs have a real need for Butn's finance solution in a manner that's easy, simple and accessible.

"Pleasingly, the Butn platform has grown from a standing start, to now account for approximately 20% of our total monthly originations. This demonstrates the significant benefits in our embedded customer on-boarding, credit and risk assessment, funding and collections technology and its ability to transform previously manual processes into simple automated ones that are completed in minutes. Butn's ability to seamlessly integrate into third-party digital platforms, allowing our

funding products to be easily used by business users in their known, trusted environments where they are transacting frequently is a key driver as we deepen our existing strategic partnerships.”

Record originations of \$274 million with cumulative originations over \$1 billion

During FY22, Butn delivered record originations of \$274 million, up 32% on the pcp. This included consecutive record monthly originations across April, May and June 2022, underlining the growing and accelerating momentum in the business.

Butn achieved a significant milestone recording more than \$1 billion of cumulative originations since the inception of the current Company in 2015. Importantly this growth has been achieved whilst maintaining industry-low non-recoverable write-offs of approximately 0.1% of originations.

Butn’s stable operating base means recent record growth and continuing scale has been achieved with no additional operating staff, reflecting enhanced operating leverage.

Delivering product and strategic partnerships

In late August 2021, Butn and MYOB completed the customisation and implementation of the MYOB|Butn invoice finance product, making it available to a select group of MYOB Business users. The product provides businesses with access to in-workflow, integrated invoice financing, assisting businesses in managing cashflow and driving growth.

The partnership has delivered ahead of internal expectations for the current user cohort, which is expected to be significantly expanded in FY23.

In addition, Butn announced numerous partnerships across key verticals with a growing pipeline during the financial year.

Momentum in the Butn platform continues to accelerate with platform origination growth a consistent and growing component of Butn’s overall origination levels. The platform now comprises approximately 20% of total monthly originations. Recent customer surveys have provided positive feedback on the business need, suitability, access and ease of the Butn platform, which further supports the opportunity from this distribution channel.

Strong financial position and results

Following the successful IPO in July 2021, Butn’s FY22 closing cash balance was \$15.8 million, providing continued financial flexibility to pursue growth.

FY22 revenue increased 19% to \$5.4 million (FY21: \$4.5 million) with Butn’s receivables book nearly doubling in the 12 months to \$55.4 million (FY21: \$29.6 million).

Butn recorded a statutory loss after tax of \$8.7 million (FY21: loss of \$5.3 million). This included FY22 one off IPO costs (\$0.8 million), no recognition of the income tax benefit associated with current year tax losses (approximately \$2.4 million), along with full year costs for staffing and amortisation which only applied to part of the previous financial year during which the operating base ramped up and commercialisation of the Butn Fintech solution commenced.

Additional debt funding at substantially lower cost

During the financial year, Butn secured a further \$21 million of debt as part of its successful debt restructuring process.

In December 2021, Butn secured an additional \$8.5 million of debt from Noteholders following approved changes to the 2018-1 bond, including reducing the interest rate in respect of Class A Notes to 6.20% (previously 8%) whilst extending bond maturity to 29 October 2023.

In June 2022, Butn secured a further \$12.5 million of debt (Class A and Class B Notes) from Noteholders following approved changes to the 2019-1 bond, including reducing the interest rate in respect of Class A Notes by 75 basis points (bps) and Class B Notes by 175 bps, whilst extending bond maturity to 1 July 2025.

Based on Butn's fast turning receivables book (about six times per year), the funding provides for approximately \$125 million of additional annual origination capacity, with Butn's weighted average cost of debt approximately 125 basis points below FY21. The additional funding supports continued growth and delivers a level of protection and certainty in an environment of rising interest rates.

Growth outlook for FY23

Butn's priority remains building a high growth, sustainable business based on its innovative funding approach, leading technology and strategic partnerships.

Butn expects material origination and revenue growth in FY23, particularly as Butn's platform partners systematically and progressively roll out Butn funding products to their users.

FY23 has commenced strongly, with record monthly originations in July 2022 of \$31.5 million, up 58% on pcp. July's revenue margin was 2.3%, up on FY22's margin of 2.0%, with monthly revenue at \$0.7 million, up 78% on the pcp. In addition, in August 2022 Butn secured a further \$5.0 million of debt funding (Class A Notes) from Noteholders under the 2019-1 bond.

Butn's Co-founder and Co-CEO, Rael Ross said: "We have already seen early signs in FY23, that while the macro environment presents challenges for SMEs, it also means they are increasingly looking for more flexible ways to manage their cash flow and growth. We expect the need and attractiveness of our funding, which integrates directly into invoicing and payments workflows, will continue to grow and be even more relevant to our partners and their business customers. We are excited for the opportunities in FY23 and beyond."

This announcement has been authorised for release by the Board of Directors 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 \$1 billion to Australian businesses. For more information visit www.butn.co