



Butn Limited

ACN 644 182 883

www.butn.co

ASX: BTN

Melbourne, 24/01/23

ASX ANNOUNCEMENT

Butn delivers third consecutive quarter of record originations as growth continues to accelerate

Quarterly Activities Report for the three months ended 31 December 2022

Q2 FY23 highlights

- **Third consecutive quarter of record originations totalling \$112.0 million, a 73% increase on the previous corresponding period (pcp) and a 10% increase on the prior quarter**
- **December was another record origination month at \$39.3 million, with Butn delivering record performances across eight of the past nine months**
- **Quarterly revenue of \$3.0 million, 119% increase on pcp at a 2.6% revenue margin (2.1% in the pcp)**
- **Record month for Butn's platform originations of \$10.9 million, equating to over 25% of total monthly originations**
- **MYOB partnership growing strongly with Butn continuing to roll out its platform solution to a broader MYOB business user base during the quarter**
- **Positive net operating cash flow in the December quarter**
- **Closing cash position of \$11.0 million**

Butn Limited (ASX: BTN; Butn) provides this quarterly activities report for the three months ended 31 December 2022 (Q2 FY23), along with the Company's Appendix 4C cash flow report.

Commenting on Q2 FY23, Butn's Co-founder and Co-CEO, Rael Ross said:

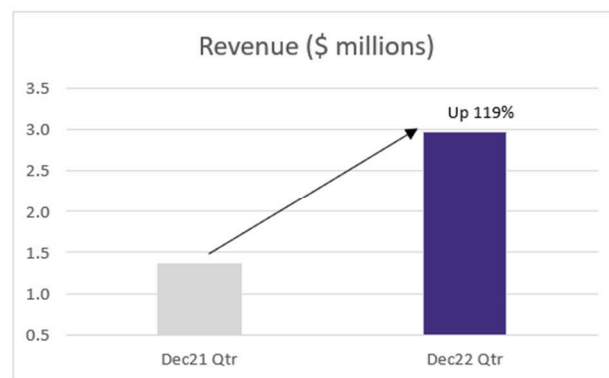
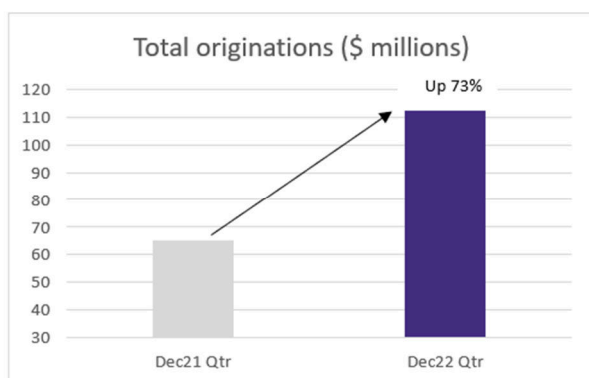
"Butn continues to deliver sustained record performance, with originations at record levels for both the quarter and the month of December. This marks the third consecutive record quarterly result. In addition, our business delivered quarterly revenue double that of the previous corresponding period, demonstrating the growing need for our fast, secure and reliable funding for SMEs facing challenging market conditions. Growth in our platform channel is driving record originations at increasing revenue margin with no additional operational staff, supporting our mass distribution strategy through increased operating leverage. We continue to deepen our reach across our strategic channel partners, together with our cash position and increasing debt facilities providing growing momentum in FY23 and beyond."

Record originations and revenue

Butn achieved its third consecutive quarter of record originations in Q2 FY23 of \$112.0 million, up 73% on the pcp and 10% on the prior quarter.

December's monthly originations were \$39.3 million, the eighth record origination month in the past nine months, underlining the growing momentum in the business. The sustained growth reflects Butn's strong relationship with its platform partners, growth of distribution channels and the increasing awareness of its product offering in the SME community.

Importantly, Butn's revenue margin increased to 2.6%, up from 2.1% in the pcp, reflecting a significant improvement in industry mix to higher-margin segments, increased contribution of higher-margin platform originations and pass through of some pricing adjustments. This saw Q2 FY23 revenue of \$3.0 million, up 119% on the pcp.



| Key metrics* | Quarter ending 31 Dec 2022 | Quarter ending 31 Dec 2021 | Movement |
|----------------------------------|-----------------------------------|-----------------------------------|-----------------|
| Total originations (\$ millions) | 112.0 | 64.8 | Up 73% |
| Net revenue (\$ millions) | 3.0 | 1.4 | Up 119% |

*Rounding may occur. All figures unaudited.

Record platform growth from strategic partnerships

Momentum in the Butn platform continues to accelerate with platform origination growth a consistent and increasing component of Butn's overall origination levels.

In December platform originations were a record \$10.9 million, approximately 28% of that month's total originations demonstrating the significant benefits in Butn's embedded funding technology to leverage and deepen existing strategic partnerships. This includes the MYOB partnership which is growing strongly with Butn continuing to roll out its platform solution to a broader MYOB business user base during the quarter.

The Q2 FY23 platform originations exceeded \$29 million compared with approximately \$3.6 million in the pcp, reflecting the rapid growth and future potential of this distribution channel.

Financial position and additional debt facility secured

At 31 December 2022 cash on hand was \$11.0 million, providing Butn with the continued financial flexibility.

In October, Butn raised \$11.4 million of debt from Noteholders under a new 2022-1 bond (see 7 October ASX Announcement). Based on Butn’s fast turning receivables book of approximately 6 times per year, the funding will provide around \$68 million of additional annual origination capacity. This debt funding increases Butn’s total debt funding to over \$73 million, up over 60% on pcp.

Summary of Q2 FY23 cashflows

Butn produced a positive net operating cash flow of \$0.9 million in the December quarter (\$0.4 million net operating cash outflow in the September quarter).

This included increased cash receipts from customers of \$3.0 million, reflecting continued record origination and revenue growth in the quarter compared with the pcp. Other material operating cash flows included staff costs of \$1.2 million (including \$0.2 million of salary and fees paid to directors and the Co-CEOs), administration and corporate costs of \$0.4 million, interest paid of \$1.1 million and \$0.9 million Research and Development Tax Incentive received.

Investing cash flows included \$0.3 million for Butn fintech development, together with \$12.9 million in growing the receivables book.

Financing cash flows reflected \$11.4 million of additional funding secured, offset by \$0.4 million of transaction costs related to the borrowings.

The use of IPO funds to 31 December 2022, compared with the Prospectus is as follows:

| | Prospectus | Expenditure to 31 Dec 2022 |
|--|--------------------|---------------------------------------|
| Use of IPO funds** | \$ millions | \$ millions |
| Receivables book growth from IPO funds | 9.0 | 7.8 |
| Platform and product development | 2.5 | 3.3 |
| Cash expenses associated with the IPO | 2.3 | 2.3 |
| Repayment of Related Party Loans | 3.8 | 3.8 |
| Marketing, sales and brand development | 2.4 | 0.4 |
| | 20.0 | 17.6 |

**Rounding may occur. All figures unaudited. Further details in the Appendix 4C

- ENDS -

This announcement has been authorised for release by the Board of Directors of Butn Limited.

Further information please contact:

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Media

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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