



**Butn Limited**

ACN 644 182 883

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

ASX Code: BTN

Melbourne, 28 February 2022

**ASX ANNOUNCEMENT**

## **Butn delivers strong growth over 1H22**

### **Key 1H22 highlights (vs 1H21)**

- Growing momentum:
  - Originations up 30% to \$127.6 million
  - Q1FY22 and Q2FY22 record origination quarters, with December a monthly origination record of \$25 million, up 44% on pcp
- 1H22 financial performance and position
  - 1H22 revenue up 12% to \$2.5 million
  - Cash of \$23.8 million
- Funding success:
  - \$20 million IPO in July 2021
  - Restructured the 2018-1 bond, significantly reducing funding costs, extending maturity to October 2023, and securing an additional \$8.5 million of debt
- Accelerating progress with strategic partnerships:
  - MYOB |Butn invoice finance product went live late August 2021, with positive month-on-month origination growth
  - Numerous strategic partnerships across key verticals announced, with a growing pipeline
  - Positive platform metrics
- Positive growth outlook underpinned by continued origination and revenue growth
- Investor webinar at 12.30pm today Monday 28 February 2022

Butn Limited (ASX: BTN) ('Butn' or 'Group') is pleased to announce its results for the six months ended 31 December 2021 (1H22).

Butn's Co-founder and Co-CEO, Rael Ross said: "We have had a strong 1H22, leveraging the foundations and growth platform we established in FY21, with increasing momentum in originations and delivering on the core areas of our business strategy. Butn has just begun our growth journey and we're excited by the opportunities we see.

"As a leading provider of business funding solutions, our purpose is to help SMEs. We are focused on making Butn the natural funding home for businesses and their transactions, where funding is easy, simple and readily available.

“We provide deep platform integration, directly into invoicing and payments workflows, so end users can access our services without needing to go outside their current ecosystems. Delivery for clients provides us with a high growth business based on our differentiated funding approach, leading technology and mass origination and distribution strategic partnership model. We look forward to continued growth and exciting opportunities in the future.”

### **Growing momentum**

The Group reported 1H22 origination growth of 30% to \$127.6 million (1H21: \$98.0 million). This included consecutive record quarters in Q1FY22 and Q2FY22, with December a monthly origination record of \$25 million, up 44% on pcp.

The strength of the Company’s platform and attractiveness of its products was clearly highlighted with achieved origination growth in the context of ongoing COVID-19 challenges, especially across New South Wales and Victoria, Butn’s two key geographic market segments.

Importantly growth was delivered whilst appropriately balancing risk. There were no non-recoverable write offs in 1H22, with Butn maintaining its industry low cumulative historical losses of under 0.1% of total cumulative originations.

### **Financial performance**

1H22 revenue was up 12% to \$2.5 million (1H21: \$2.3 million). COVID-19 continues to impact segment mix, with some higher margin segments, such as automotive and insurance, impacted more than lower margin segments such as FMCG. The revenue margin is showing early signs of improvement as COVID-19 impacts lessen, and with a higher margin contribution through Butn’s fintech solution.

Butn recorded a statutory loss after tax of \$3.6 million (1H21: loss of \$1.2 million). This included one off IPO costs of \$0.8 million expensed in 1H22 and \$0.2 million of share based payments (non-cash) not present in the pcp.

In addition, 1H22 saw the full period costs of increased employment, depreciation, and other costs as part of growing the Company’s base infrastructure and staffing for future growth. Over the past 12 months, Butn has completed its executive leadership and largely in-housed its technology and operational team supporting growth, reducing reliance on third parties and enabling operating leverage as the business scales.

### **Balance sheet supports growth**

Cash on hand increased to \$23.8 million (FY21: \$15.5 million), up 53% on pcp. Receivables increased to \$37.5 million (FY21: \$29.7 million), up 26% on pcp with origination growth driving the fast-turning receivables book which turns on average six times per annum.

In July, Butn listed on the ASX following a successful IPO that raised \$20 million (before costs).

As foreshadowed at the time of IPO, Butn commenced positively restructuring its debt with the core aims of reducing funding costs, increasing headroom and extending funding flexibility.

In September, Butn restructured its 2018-1 bond, significantly reducing those funding costs from approximately 8.4% to 6.2% per annum, whilst extending bond maturity with early call dates to October 2023. In December, Butn secured a further \$8.5 million of debt under the amended 2018-1 bond. The funds will be used to purchase eligible receivables, which based on Butn’s fast turning receivables book provides for more than \$50 million of additional annual origination capacity, at a rate approximately 200 basis points below Butn’s FY21 weighted cost of debt.

## **Strategic partnerships**

In late August, 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. We have seen positive month-on-month origination growth, supporting the significant long-term partnership opportunity to this extensive business user pool.

Towards the end of 1H22 and early in 2H22, Butn announced numerous partnerships across key verticals with a growing pipeline. This has seen increased usage of the Butn fintech solution with positive platform metrics including strong month-on-month origination, new registrations, and an increasing number of transactions per client per month. Registration applications are running at approximately 90% approval, average transaction sizes have grown from approximately \$5,000 to \$8,000 with a substantially higher average revenue margin. This channel, with a substantial and growing business user pool, provides scalability, low customer acquisition cost and strong operating leverage at scale.

## **Positive growth outlook**

Commenting on the Company's outlook, Mr Ross said: "FY21 was a foundation year for Butn, assembling the key building blocks across product, people and strategic partnerships. The first half of FY22 leveraged that foundation, with growing momentum. We see continued origination and revenue growth, particularly as existing and yet to be announced platform partners progressively roll out Butn's funding products to their users.

"We are encouraged by the economic reopening as COVID-19 restrictions ease and the opportunities it brings, whilst maintaining our robust credit and risk processes to preserve our industry low non-recoverable write offs. Finally, we will continue to positively restructure Butn's debt, with the consistent aims of reducing funding costs, increasing headroom and extending funding flexibility."

## **Investor webinar**

CEO Rael Ross and CFO Darryl Lasnitzki will host a webinar at 12.30pm (AEDT) today – Monday, 28 February 2022. To pre-register for the webinar please use this link:

[https://us02web.zoom.us/webinar/register/WN\\_DYjBWyzWTcS1XCulimZnBQ](https://us02web.zoom.us/webinar/register/WN_DYjBWyzWTcS1XCulimZnBQ)

After registering, you will receive a confirmation email with information about joining the webinar.

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

## **For further information please contact:**

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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)