



Butn Limited

ACN 644 182 883

www.butn.co

ASX: BTN

Melbourne, 10/11/2022

ASX ANNOUNCEMENT

Annual General Meeting – Chair and CEO Addresses

Butn Limited (ASX: BTN; Butn) provides the Chair and Co-CEO addresses to be presented at the Annual General Meeting at 4:00pm AEDT Thursday 10 November 2022.

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 \$1 billion to Australian businesses. For more information visit www.butn.co

**2022 ANNUAL GENERAL MEETING
THURSDAY, 10 NOVEMBER 2022**

CHAIR'S ADDRESS

Good afternoon everyone and welcome to the 2022 AGM for Butn Limited.

The 2022 financial year was a period of strong progress for Butn in our first year as an ASX-listed company, with growing momentum in the Butn platform and support base to continue delivering growth in FY23 and beyond.

The year demonstrated that SMEs have a real need for Butn's funding solution.

It showed that our platform solution offers these businesses significant benefits with embedded customer on-boarding, credit and risk assessment, funding and collections technology and the platform's ability to transform previously manual processes into simple automated ones.

Additionally, our growth during FY22 showed the benefits of our ability to seamlessly integrate into third-party platforms, allowing our funding products to be easily used by business users in their known, trusted environments.

Financially, the year was characterised by continued momentum and strong demand with originations growing to record levels, underlining the growing and accelerating momentum in the business.

Originations reached a record \$274 million, up over 30% on the prior year, with consecutive record months in April, May and June 2022. Our FY22 revenues increased 19% year on year to \$5.4 million with Butn's receivables book nearly doubling in the 12 months to \$55.4 million.

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

Following a successful ASX listing in July 2021, our closing cash balance as at 30 June 2022 was \$15.8 million providing continued financial flexibility to pursue growth.

We also secured a further \$21 million of debt at a substantially lower cost as part of our successful debt restructuring process. This funding supports continued growth and delivers a level of protection and certainty in an environment of rising interest rates.

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

I would like to thank our partners and funders for their ongoing support and for sharing our vision.

I would also like to thank my fellow Board members, Co-CEOs, founders and Executive Directors, Rael Ross and Walter Rapoport and the Butn Management team and staff for their hard work and dedication during the year to position us for sustained growth in the future. Finally, I want to acknowledge our shareholders for their ongoing support and belief in the Butn vision.

Co-CEO'S ADDRESS

We're delighted to address this Annual General Meeting of Butn Limited.

We are passionate about delivering Small Medium Enterprises (SMEs) with funding where and when it is needed. Put simply, our aim is to provide businesses with funding at the click of a 'Butn'.

Growing Momentum

The 2022 financial year and Butn's first year as an ASX-listed company has seen strong progress and growing momentum in the Butn business with a number of key achievements.

Firstly, we reported record annual originations of \$274 million, up 32% on the previous year. This included consecutive record monthly originations in April, May and June 2022 underlining the accelerating momentum in our business.

Origination growth reflects an increasing contribution from the Butn platform, which has grown from a standing start to now account for approximately 20% of total monthly originations.

The recent record growth has been achieved with no additional operating staff, reflecting enhanced operating leverage and demonstrating the automation benefits built into our business.

Secondly, cumulative originations since the business's inception in its current form back in 2015 exceeded \$1 billion, a major business milestone.

Importantly, this was achieved with industry low write-offs of approximately 0.1% of originations, appropriately balancing risk with growth.

Our Partnerships

FY22 also saw us deliver key product and strategic partnerships.

In August 2021, we completed the customisation and implementation of the MYOB | Butn invoice finance product with MYOB, making it available to a select group of MYOB Business users.

The product provides businesses with access to in-workflow, integrated invoice financing, assisting MYOB businesses in managing cashflow and driving growth.

The partnership has delivered ahead of our internal expectations for the current user cohort, and we expect this to be significantly expanded in FY23.

During FY22, we also announced other platform partnerships across key verticals with a growing platform partnership pipeline. We continue to focus on deepening these strategic partnerships, and have only scratched the surface of the opportunity into FY23 and beyond.

Positive Debt Restructuring

FY22 saw us positively restructure our debt, with our weighted cost of debt declining approximately 125 basis points year on year.

In addition, we extended debt maturities and raised a further \$21m of debt to support our fast turning receivables book, which has nearly doubled in 12 months, with the additional funding reflecting strong investor appetite for Butn's high quality client book.

Strong start to FY23 and growth strategy

The past financial year has demonstrated our competitive advantage - providing fully integrated, platform driven customer on-boarding, credit and risk assessment, funding and collections. Our ability to transform previously slow and manual processes into simple, fast and automated ones has proven a valuable proposition for our partners and their customers.

We are excited to have provided thousands of businesses funding in a manner that's easy, simple and accessible.

Heading into FY23 we are seeing signs of a challenging macro environment for SMEs. This however means many are increasingly looking for flexible ways to manage their cash flow and growth, and in turn, providing a growing opportunity for Butn. We expect the need and attractiveness of our funding will continue to grow.

We've already made a strong start to the financial year with a record quarter of originations in Q1, totalling \$102.2 million and up 63% on the pcg. This included consecutive record monthly originations across July, August and September 2022, underlining the momentum in the business.

The growth over the quarter also reflects the strong relationship with our platform partners, the growth of distribution channels and the building awareness of invoice financing in the SME community.

Importantly, revenue margins increased to 2.5%, up from 2.0% on the pcg, reflecting an improvement in industry mix to higher-margin segments and increased contribution of higher-margin platform originations.

This has seen Q1 FY23 revenue of \$2.6 million, 110% above the pcg.

The accelerating record growth over recent months and increasing revenue margin were delivered with no new operational staff and combined with tight cost control have driven a positive EBITDA result for Q1 FY23.

In October, we secured \$11.4 million of additional debt funding under a new 2022-1 bond, providing approximately \$68 million of annual origination capacity, and further supporting continued growth of Butn's quality, fast turning receivables book.

Our total debt funding now exceeds \$70 million, double the availability in October 2021, fuelling future growth.

We take this opportunity to thank our fellow Board members, Executive team and employees for their hard work in delivering another year of advancement and success. To our Shareholders, thank you for your continued support as we progress and grow the business.

To conclude, we are excited for the opportunities in this financial year and beyond, as we continue to provide important funding support to Australian SME's, together partnering for joint success.