



Butn Limited

ACN 644 182 883

www.butn.co

ASX: BTN

Melbourne, 15/11/2023

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 4:00pm (Melbourne time) Wednesday 15 November 2023.

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

Further information please contact:

Investors

Rael Ross, Co-CEO and Exec Director

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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 \$1.5 billion to Australian businesses. For more information visit www.butn.co

**2023 ANNUAL GENERAL MEETING
WEDNESDAY, 15 NOVEMBER 2023**

CHAIR'S ADDRESS

Good afternoon everyone and welcome to the 2023 AGM for Butn Limited.

The 2023 financial year, being our second year as an ASX-listed company, was a period of continued progress for Butn, with continued momentum in the Butn platform.

Butn offers business solutions to support SMEs through our platform solution offering 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.

The contribution of higher margin platform originations and scaled distribution channels further support Butn's FY23 financial results. Platform originations in general scaled to a record \$441 million – up 61% on FY22. In particular, the traction in digital originations can be linked to the integration of the Butn platform with third party partners, allowing our funding products to be easily used by business users in their known, trusted environments.

Our key strategic partnership with MYOB continued to perform strongly, delivering ahead of internal expectations resulting in the MYOB/Butn partnership being awarded The Fintech Australia 2023 Excellence in Industry Collaboration & Partnerships. We are proud of this partnership which continues to deliver great results.

Financially, FY23 revenue increased 120% to \$11.9 million (FY22: \$5.4 million) with Butn's receivables book increasing in the 12 months to \$79.1 million (FY22: \$55.4 million). In addition, Butn's revenue margin increased to 2.7% from 2.00% in FY22, up 37%.

FY23 EBITDA was a positive \$1.2 million (FY22 loss \$3.8 million), a 131.5% improvement. Butn recorded a statutory loss after tax of \$6.5 million (FY22: loss of \$8.7 million), representing an improvement of 25.3% on the prior year.

In challenging market conditions, we also secured a further \$23 million of debt and \$3 million in equity through two separate institutional and private investors. In addition, the Co-Founders converted loans of \$0.8 million to equity. This funding supports accelerated growth of the business. The business continued to deliver strong cash generation during the financial year and we are pleased with a 118% increase in operating cashflow. Cash & cash equivalents for FY23 were \$14.6 million.

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 Independent Directors, Mike Hirst and Georg Chmiel, and Helen Lea, MYOB's representative director, for their guidance, contribution and collaboration throughout the year. Helen Lea resigned from the Board on 3 August 2023 and I would like to thank and acknowledge her strong contribution to the company.

I would also like to thank 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.

I would like to thank Darryl Lasnitzki, who resigned from Butn on 31 July 2023, for his significant contribution to the company.

Thanks also goes to our shareholders for their support and belief in the Butn vision.

Co-CEO'S ADDRESS

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

Leader in fintech

We've completed two full financial years as a publicly listed company and can report that our list of accomplishments continues to grow. As a leader in the embedded finance space, we see ourselves as the optimal resource to support SMEs through their business cycles. Our funding (at the click of a *Butn*) is easily accessible within workflow channels that many businesses utilise daily.

Your Money, Today, our catch phrase, which, as our originations growth demonstrates, has been well harnessed throughout the year. Getting paid faster has been a continuous pain point for SMEs and is becoming even more critical, which is why Butn continues to grow.

The robust nature of our automated platform allows customers to access funding rapidly, with onboarding, risk assessment, records and documents, seamlessly integrated for decision making. The complexities of traditional B2B transactions are in our DNA, with our superior technology, developed over many years, providing a strong competitive moat.

Strong growth

Record FY23 originations of \$441m was 61% up on the previous corresponding period (pcp), with revenue of \$11.9m up 120% on pcp and our revenue margin of 2.7% was up 37% on the FY22 margin of 2.0%. Furthermore, FY23 saw Butn platform distribution channels' originations and revenue grow approximately 3.5 times that of FY22.

Notwithstanding the macroeconomy over the past year and the difficulties facing businesses in the high interest rate environment, we've managed to achieve industry-low write-offs of c.0.1% of originations, whilst maintaining tight cost controls and preserving a stable and highly skilled operating team that continues to evolve and advance our technology platform, to deliver a positive EBITDA of \$1.2m in FY23, to secure an additional debt funding of \$23m, and close the financial year with \$14.6m of cash.

Our Partnerships

Our strategic partnership with our shareholder MYOB continues to thrive, with this year's originations well in excess of the previous financial year. Invoice financing has become a strategic part of the MYOB offering to its customers, with the meaningful relationship resulting in The Fintech Australia "2023 Excellence in Industry Collaboration & Partnerships" award being won by the MYOB/Butn partnership.

FY23 also reinforced the strategic importance of our Butn suite of funding products for all Platform Partners and their customers, as Butn users continued to grow.

Our personnel

We also congratulate our Executive Leadership Team for their fervent drive, for the finest conduct in managing their teams, for the key milestones realised along the journey, and for the tenacity they have shown in seizing opportunities to build a better Butn.

A particular appreciation is extended to the non-Executive members of the Board of Directors for their ongoing guidance and endless strategic support.

Looking forward

With a focus on the future, we know the fintech landscape is undergoing a massive shift in expectations from the B2B community: including the speed of payments and automation, digitisation of all accounts' functions, reducing workforces and employing AI, and more, all of which will be prudent to consider and review in the context of Butn's future business.

We've already made a strong start to the financial year with a record quarter of originations in Q1, totalling \$124.1 million and up 21% on the pcp, the second successive quarter of record originations.

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 2.7%, up from 2.5% on the pcp, reflecting an improvement in industry mix to higher-margin segments and increased contribution of higher margin platform originations. This has seen Q1 FY24 revenue of \$3.4 million, 31% above the pcp.

In October, we successfully rolled the 2018-1 bond following its maturity, secured through an additional 2019-1 bond tap, demonstrating continued support for our product offering.

Based on Butn's fast turning receivables book (~6 times per year), Butn's total annual origination capacity is approaching \$500 million, following successful debt raisings through FY23.