

**Butn Limited**

**ABN 42 644 182 883**

**Half-year report - 31 December 2023**

**Butn Limited**  
**Directors' report**  
**31 December 2023**

The directors present their report, together with the financial statements, on the consolidated entity consisting of Butn Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

## Directors

The following persons were directors of Butn Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Suzanne Ewart – Non-Executive Director and Independent Chair (resigned 1 February 2024)  
Michael (Mike) Hirst – Non-Executive Director and Independent Director  
Georg Chmiel – Non-Executive Director and Independent Director (resigned 22 November 2023)  
Helen Lea – Non-Executive Director (resigned 3 August 2023)  
Celesti Harmse – Non-Executive Director (appointed 15 November 2023, resigned 9 February 2024)  
Rael Ross – Executive Director and Interim Chair  
Walter Rapoport – Executive Director

## Principal activities

Butn Limited provides transactional funding to small and medium enterprises. This includes factoring, supply chain finance and commission advancement across a wide range of industries. In addition, the Group has developed a fintech solution to extend its funding approach and provide embedded finance opportunities through third party platforms.

## Review of operations

The half-year saw record growth in transactional funding to small and medium enterprises (SMEs) with key financial metrics trending positively for the 6 months ending 31 December 2023 (1H24) compared with the previous corresponding period (pcp) (1H23):

Key financial metrics	1H24	1H23	Change from 1H23
Originations (\$ millions)	241	214	Up 12%
Revenue (\$ millions)	6.8	5.5	Up 24%
Revenue margin (%)	2.7%	2.6%	Up 5%
EBITDA (\$ millions)	1.4	0.6	Improved
Cash generated / (used in) operating activities (\$ millions)	(1.9)	0.5	Declined
Loss before tax (\$ millions)	(3.1)	(2.9)	Declined
Loss after tax (\$ millions)	(3.2)	(3.0)	Declined

Butn's momentum has continued in the past six months, evidenced by record half year originations totalling \$241 million up 12% on pcp, which included a record platform origination month of over \$12.5 million in October and three consecutive record quarterly platform originations to 31 December 2023.

Revenue margins have increased, through improved industry mix, pass through of some pricing adjustments and particularly from sustained increasing contribution from the platform channel at higher margins, now comprising over 30% of total monthly originations. Together, this has resulted in 1H24 revenue rising to \$6.8 million, up 24% on the pcp.

Butn's platform distribution channel is quickly becoming a key contributor to originations and revenue as the business scales, supported by Butn's strong relationship with its platform partners, increasing awareness of its product offering and growth of distribution channels. 1H24 also saw record user transactions and user engagement, including strong new user registration numbers, reinforcing the significant benefits and growing utilisation of Butn's embedded funding solution. The strategic

**Butn Limited**  
**Directors' report**  
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MYOB partnership continues to grow strongly, evidenced by a record origination month in November 2023.

The increased revenue has led to an improved positive EBITDA result in 1H24, up more than double on the pcp, benefitting from the strategic operating leverage in the business model.

In October, Butn successfully rolled the 2018-1 bond, through an additional tap of the 2019-1 bond. 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. This has seen Butn increase its receivable book through 1H24 to over \$84 million.

Butn continues to deliver record growth and improved financial performance, demonstrating the ongoing need for its fast, secure and reliable funding.

**Matters subsequent to the end of the financial half-year**

Other than those disclosed in the financial statements, no matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

**Auditor's independence declaration**

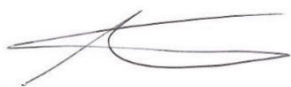
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Rael Ross  
Director



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Mike Hirst  
Director

Date: 16 February 2024

**BUTN LIMITED**  
**ABN 42 644 182 883**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE MEMBERS OF BUTN LIMITED**

As lead auditor for the review of Butn Limited and Controlled Entities for the half-year ended 31 December 2023, I declare that, the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



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**Anh (Steven) Nguyen**  
**Director**

Date: 16 February 2024

Hall Chadwick Melbourne  
Level 14 440 Collins Street  
Melbourne VIC 3000

**Butn Limited**  
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**31 December 2023**

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**General information**

The financial statements cover Butn Limited as a consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') consisting of Butn Limited (referred to hereafter as the 'company', 'Butn' or 'parent entity') and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Butn Limited's functional and presentation currency.

Butn Limited is a company limited by shares, incorporated and domiciled in Australia.

Butn Limited's registered office and principal place of business are:

**Registered office**

Level 25  
525 Collins Street  
MELBOURNE  
VIC 3000

**Principal place of business**

229 Balaclava Road  
CAULFIELD NORTH  
VIC 3161

**Butn Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	3	6,778,629	5,466,392
Other income	4	351,515	9,761
Interest revenue		151,206	127,947
<b>Expenses</b>			
Employee benefits expenses		(2,364,345)	(2,531,932)
Consulting and IT related fees		(1,218,821)	(862,051)
Other expenses	5	(1,948,744)	(1,303,876)
Occupancy		(87,644)	(102,516)
Depreciation and amortisation expense	5	(621,233)	(735,841)
Share-based payments expense		(125,616)	(66,965)
Finance costs	5	(4,012,787)	(2,945,114)
<b>Loss before income tax expense</b>		(3,097,840)	(2,944,195)
Income tax (expense) / benefit		(75,516)	(31,087)
<b>Loss after income tax expense for the half-year attributable to the owners of Butn Limited</b>		(3,173,356)	(2,975,282)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Butn Limited</b>		<u>(3,173,356)</u>	<u>(2,975,282)</u>
Basic (loss) per share	15	(0.02)	(0.02)
Diluted (loss) per share	15	(0.02)	(0.02)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Butn Limited**  
**Statement of financial position**  
**As at 31 December 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	5,743,750	14,671,115
Trade and other receivables	7	84,538,015	79,090,853
Other		279,416	104,685
Total current assets		<u>90,561,181</u>	<u>93,866,653</u>
<b>Non-current assets</b>			
Intangibles	8	3,148,188	3,748,255
Deferred tax		1,361,918	1,361,230
Total non-current assets		<u>4,510,106</u>	<u>5,109,485</u>
<b>Total assets</b>		<u>95,071,287</u>	<u>98,976,138</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade, accruals and other payables	9	2,011,356	2,235,613
Borrowings	10	122,448	21,140,499
Income tax		75,895	35,211
Employee benefits		797,319	780,710
Deferred revenue		560,127	741,641
Total current liabilities		<u>3,567,145</u>	<u>24,933,674</u>
<b>Non-current liabilities</b>			
Borrowings	11	78,881,024	58,378,835
Employee benefits		33,290	26,061
Total non-current liabilities		<u>78,914,314</u>	<u>58,404,896</u>
<b>Total liabilities</b>		<u>82,481,459</u>	<u>83,338,570</u>
<b>Net assets</b>		<u>12,589,828</u>	<u>15,637,568</u>
<b>Equity</b>			
Issued capital	12	35,123,478	35,123,478
Reserves		1,451,494	1,325,878
Accumulated losses		(23,985,144)	(20,811,788)
<b>Total equity</b>		<u>12,589,828</u>	<u>15,637,568</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Butn Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2023**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Capital restructure reserve \$</b>	<b>Share-based payments reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2023	35,123,478	(548,149)	1,874,027	(20,811,788)	15,637,568
(Loss) after income tax benefit for the half-year	-	-	-	(3,173,356)	(3,173,356)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(3,173,356)	(3,173,356)
Share-based payments expense	-	-	125,616	-	125,616
Balance at 31 December 2023	<u>35,123,478</u>	<u>(548,149)</u>	<u>1,999,643</u>	<u>(23,985,144)</u>	<u>12,589,828</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Capital restructure reserve \$</b>	<b>Share-based payments reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	31,371,283	(548,149)	1,479,496	(14,280,404)	18,022,226
(Loss) after income tax benefit for the half-year	-	-	-	(2,975,282)	(2,975,282)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(2,975,282)	(2,975,282)
Share-based payments expense	-	-	66,965	-	66,965
Balance at 31 December 2022	<u>31,371,283</u>	<u>(548,149)</u>	<u>1,546,461</u>	<u>(17,255,686)</u>	<u>15,113,909</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Butn Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from clients		6,547,440	5,660,809
Payment to suppliers and employees		(6,027,176)	(4,035,703)
Interest received		149,309	127,676
Interest paid		(2,899,383)	(2,176,223)
Taxes refunded		360,409	932,892
Net cash from / (used in) operating activities		(1,869,401)	509,451
<b>Cash flows from investing activities</b>			
Proceeds from receivables		215,949,805	180,923,958
Payments for receivables		(221,712,553)	(201,067,477)
Payments for intangibles		(381,572)	(658,485)
Net cash used in investing activities		(6,144,320)	(20,802,004)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		8,653,096	16,400,000
Repayment of borrowings		(9,150,000)	-
Transaction costs related to borrowings		(500,221)	(905,088)
Net cash from financing activities		(997,125)	15,494,912
Net increase / (decrease) in cash and cash equivalents		(9,010,846)	(4,797,641)
Cash and cash equivalents at the beginning of the financial half-year		14,632,148	15,778,730
Cash and cash equivalents at the end of the financial half-year	6	5,621,302	10,981,089

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

### **Basis of preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Butn Limited annual report for the year ended 30 June 2023 and considered with any public announcements made by Butn Ltd during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations of the *Corporations Act 2001* and ASX Listing Rules.

The principal accounting policies adopted are consistent with those of the 2023 annual financial statements, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Restatement of comparatives**

Comparative figures, where appropriate, have been reclassified to be comparable with the figures presented for the current financial half-year.

### **Going concern**

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of activities.

The directors believe the Group has sufficient resources to pay its debts and meet its commitments for at least the next 12 months from the date of this financial report due to the Group having:

- a positive net asset position at 31 December 2023 of \$12,589,828 (30 June 2023: \$15,637,568)
- existing cash reserves, a majority of long dated debt, supported by a history of successful debt renewals, active restructurings and equity raisings.

Accordingly, no adjustments have been made and the financial statements have been prepared on a going concern basis.

## **Note 2. Critical accounting judgements, estimates and assumptions**

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2023 annual report.

## **Note 3. Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$</b>	<b>\$</b>
Revenue from customers	<u>6,778,629</u>	<u>5,466,392</u>

**Note 4. Other Income**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$</b>	<b>\$</b>
Modification gain (Note 10)	345,853	-
Other income	5,662	9,761
	<u>351,515</u>	<u>9,761</u>

**Note 5. Expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$</b>	<b>\$</b>
(Loss) before income tax includes the following specific expenses:		
<i>Amortisation</i>		
Intellectual property	496,342	480,577
Customer list	124,891	148,999
Borrowing costs	-	106,265
Total amortisation	<u>621,233</u>	<u>735,841</u>
<i>Finance costs</i>		
Interest and finance expenses paid/payable	3,395,236	2,474,770
Unwinding of transaction costs and modification gains	617,551	470,344
Finance costs expensed	<u>4,012,787</u>	<u>2,945,114</u>
Superannuation expense		
Defined contribution superannuation expense	<u>232,072</u>	<u>224,600</u>
<i>Other expenses</i>		
Allowances for expected credit losses	200,000	220,000
Bad debts	182,759	44,201
Professional fees	191,709	138,242
Insurance	130,814	130,990
Legal fees	377,580	217,013
Sundry expenses	141,031	150,945
Bank charges	113,496	143,015
Commissions	611,355	259,470
	<u>1,948,744</u>	<u>1,303,876</u>

**Note 6. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	1,208	1,208
Cash at bank	5,722,999	14,650,364
Cash on deposit	19,543	19,543
	<u>5,743,750</u>	<u>14,671,115</u>

*Reconciliation to cash and cash equivalents at the end of the half-year reporting period*

The above figures are reconciled to cash and cash equivalents at the end of the financial half-year as shown in the statement of cash flows as follows:

Balances as above	5,743,750	14,671,115
Credit card (Note 10)	<u>(122,448)</u>	<u>(38,967)</u>
Balance as per statement of cash flows	<u>5,621,302</u>	<u>14,632,148</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earns interest at the respective short-term deposit rates.

**Note 7. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	85,458,957	79,823,843
Less: Allowance for expected credit losses	<u>(1,000,000)</u>	<u>(800,000)</u>
	<u>84,458,957</u>	<u>79,023,843</u>
Other receivables	-	-
BAS receivable	<u>79,058</u>	<u>67,010</u>
	<u>84,538,015</u>	<u>79,090,853</u>

Trade receivables are generally settled on terms of between 30 and 90 days. Client credit risk is influenced by individual debtors with the majority retailers and insurance companies with established credit worthiness. The Group also has recourse and / or security to its underlying clients in certain circumstances. New clients are assessed in advance of trading and monitored on an ongoing basis to minimise bad debts. For trade and other receivables, The Group recognises a loss allowance based on lifetime expected credit losses (ECLs) at each reporting date incorporating its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is considered by the Group to be in default and is written off when internal or external information indicates that there is no reasonable expectation of recovering the contractual cash flows.

**Note 7. Current assets - trade and other receivables (continued)**

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Carrying amount		Expected credit loss rate		Allowance for expected credit loss	
	31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023
<b>Consolidated</b>	\$	\$	%	%	\$	\$
0-90 days	65,576,626	66,846,995	0.52%	0.51%	342,440	340,461
91 - 120 days	7,672,721	6,263,428	1.75%	1.75%	134,273	109,610
121 - 150 days	6,804,619	2,625,630	3.00%	3.00%	204,139	78,769
150+ days	5,404,991	4,087,790	5.90%	6.63%	319,148	271,160
	<u>85,458,957</u>	<u>79,823,843</u>			<u>1,000,000</u>	<u>800,000</u>

Movements in the allowance for expected credit losses are as follows:

	<b>Consolidated</b>	
	31 Dec 2023	30 Jun 2023
	\$	\$
Opening balance	800,000	480,000
Additional provision recognised	<u>200,000</u>	<u>320,000</u>
Closing balance	<u><u>1,000,000</u></u>	<u><u>800,000</u></u>

**Note 8. Non-current assets - intangibles**

	<b>Consolidated</b>	
	31 Dec 2023	30 Jun 2023
	\$	\$
Customer list - at cost	2,733,328	2,733,328
Less: Accumulated amortisation	<u>(1,547,038)</u>	<u>(1,422,147)</u>
	<u>1,186,290</u>	<u>1,311,181</u>
Intellectual property - at cost	7,289,308	6,907,736
Less: Accumulated amortisation	<u>(2,445,701)</u>	<u>(1,949,358)</u>
Less: R&D offset	<u>(2,881,709)</u>	<u>(2,521,304)</u>
	<u>1,961,898</u>	<u>2,437,074</u>
	<u><u>3,148,188</u></u>	<u><u>3,748,255</u></u>

**Reconciliations**

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Customer list	Intellectual property	Total
<b>Consolidated</b>	\$	\$	\$
Balance at 1 July 2023	1,311,181	2,437,074	3,748,255
Additions	-	381,571	381,571
R&D offset	-	(360,405)	(360,405)
Amortisation expense	<u>(124,891)</u>	<u>(496,342)</u>	<u>(621,233)</u>
Balance at 31 December 2023	<u><u>1,186,290</u></u>	<u><u>1,961,898</u></u>	<u><u>3,148,188</u></u>

**Note 9. Current liabilities – trade, accruals and other payables**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$</b>	<b>\$</b>
Trade and other payables	307,281	479,322
Accrued expenses	33,581	523,728
Accrued interest	1,670,494	1,232,563
	<u>2,011,356</u>	<u>2,235,613</u>

**Note 10. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$</b>	<b>\$</b>
Credit card	122,448	38,967
Loan - AMAL Trustees Pty Ltd (AFC 2018-1 Trust)	-	21,101,532
	<u>122,448</u>	<u>21,140,499</u>

**Loan - AMAL Trustees Pty Ltd (AFC 2018-1 Trust)**

The bond matured on 29 October 2023 and the Group successfully rolled \$21.1 million of the bond into the 2019-1 bond, following an agreement with AMAL Trustees Pty Ltd.

The overall bond was treated as an extinguishment, with the resulting gain of \$345,853 recognised in the Statement of profit or loss and other comprehensive income.

**Note 11. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$</b>	<b>\$</b>
Loan - AMAL Trustees Pty Ltd (AFC 2019-1 Trust)	67,748,126	47,294,501
Loan - AMAL Trustees Pty Ltd (AFC 2022-1 Trust)	11,132,898	11,084,334
	<u>78,881,024</u>	<u>58,378,835</u>

**Loan - AMAL Trustees Pty Ltd (AFC 2019-1 Trust)**

On 29 April 2022, the Group entered into an amended bond agreement with AMAL Trustees Pty Ltd, which extended the maturity by an additional two years to 1 July 2025, with early call dates. Additional nil interest Class C equity notes were issued to 5% of the bond amount. As of 1 July 2022, the interest rate for Class A Noteholders was reduced from 8.0% to 7.25% and for Class B Noteholders was reduced from 12.0% to 10.25%.

On 29 October 2023, a further \$18.1 million Class A Notes and \$3.0 million Class B Notes were issued under the same terms as the amended bond agreement, following the rollover from the 2018-1 bond.

Transaction costs were deducted off the financial liability's carrying value and will be unwound through the Statement of profit or loss and other comprehensive income over the bond's remaining term.

The AFC 2019-1 Trust bonds are secured against the funded trade receivables.

**Note 11. Non-current liabilities - borrowings (continued)**

**Loan - AMAL Trustees Pty Ltd (AFC 2022-1 Trust)**

In October 2022, the Group entered into a bond agreement with AMAL Trustees Pty Ltd to provide Australian dollar, floating rate debt funding to support further loan book growth. Under terms of the bond, \$10.2 million Class A 7% + 3MBBSW and \$1.2 million Class B 10.25% +3MBBSW Notes were issued with a 4-year maturity date to 1 October 2026, with early call dates. The Notes have additional nil interest Class C equity notes, issued to 5% of the bond amount.

Transaction costs were deducted off the financial liability's carrying value and will be unwound through the Statement of profit or loss and other comprehensive income over the bond's remaining term.

The AFC 2022-1 Trust bonds are secured against the funded trade receivables.

**Note 12. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	183,018,599	160,030,000	35,123,478	31,371,283
Issue of shares – Institutional placements	-	19,285,715	-	3,000,000
Issue of shares – Loan conversion	-	3,702,884	-	820,817
Transaction costs associated with equity issue	-	-	-	(68,622)
	<u>183,018,599</u>	<u>183,018,599</u>	<u>35,123,478</u>	<u>35,123,478</u>

**Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

On 6 July 2021 the Group listed on the Australian Securities Exchange via an initial public offer (IPO), resulting in the fully paid ordinary shares on issue rising to 160,030,000, with the following transactions occurring on or shortly after that date:

- 40,000,000 fully paid ordinary shares were issued raising \$20 million (before costs) at an issue price of \$0.50.
- 47,616,856 shares were issued to convertible notes holders.
- 30,000 fully paid ordinary shares were granted to employees as an exempt share award.

On 21 March 2023, the Group raised \$2 million (before costs) via a placement of 14,285,715 fully paid ordinary shares at an issue price of \$0.14 to a long term institutional investor.

On 23 May 2023, the Group raised \$1 million (before costs) via a placement of 5,000,000 fully paid ordinary shares at an issue price of \$0.20 to institutional and private investors.

On 21 June 2023, shareholders approved the conversion of the loan advanced by Action Funding (Aust) Pty Ltd (an external company owned and controlled by the Co-Founders) into 3,702,884 fully paid ordinary shares at an issue price of \$0.22.

**Note 13. Fair value measurement**

Unless otherwise stated, the carrying amounts of financial assets and liabilities reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair value due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

**Note 14. Operating segments**

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the directors) in order to allocate resources to the segment and assess performance. The Group had one operating segment being transactional funding. Accordingly, the financial information presented in the Statement of profit or loss and other comprehensive income and Statement of financial position is the same as presented to the chief operating decision maker.

**Note 15. Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$</b>	<b>\$</b>
(Loss) after income tax attributable to the owners of Butn Limited	<u>(3,173,356)</u>	<u>(2,975,282)</u>
	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Weighted average number of ordinary shares used in calculating basic (loss) per share	<u>183,018,599</u>	<u>160,030,000</u>
	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$</b>	<b>\$</b>
Basic (loss) per share (dollars)	(0.02)	(0.02)
Diluted (loss) per share (dollars)	(0.02)	(0.02)

Any securities that may potentially dilute basic earnings per share have not been included because they are anti-dilutive for the period presented.

**Note 16. Contingent liabilities**

The consolidated entity has no contingent liabilities as at 31 December 2023.

**Note 17. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Butn Limited**  
**Directors' declaration**  
**31 December 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the consolidated company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



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Rael Ross  
Director



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Mike Hirst  
Director

Date: 16 February 2024

**BUTN LIMITED**  
**ABN 42 644 182 883**

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF BUTN LIMITED**

**Report on the Half-Year Financial Report**

**Conclusion**

We have reviewed the accompanying half-year financial report of Butn Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report.

We are independent of the Group in accordance with the auditor independence requirement of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the Directors of the Company, would be the same terms if given to the Directors as at the time of this Auditor's Review Report.

**Responsibilities of the Directors for the Financial Report**

The Directors of the Group are responsible for:

- a) the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*
- b) such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended as at that date; and complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Hall Chadwick Melbourne Audit  
Chartered Accountants  
Level 14, 440 Collins Street  
MELBOURNE VIC 3000**



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**Director: Anh (Steven) Nguyen**

**Date: 16 February 2024**