Butn Limited

ABN 42 644 182 883

30 June 2024

General information

The financial statements cover Butn Limited as a consolidated entity consisting of Butn Limited and the entities it controlled at the end of, or during, the 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.

Registered office

Level 25
525 Collins Street
Melbourne
VIC 3000

Principal place of business

229 Balaclava Road
Caulfield North
VIC 3161

Directors	Cameron Petricevic – Independent and Non-Executive Chair (appointed 23 February 2024) Rael Ross – Executive Director Walter Rapoport – Executive Director Suzanne Ewart – Independent and Non-Executive Chair (resigned 1 February 2024) Georg Chmiel – Independent and Non-Executive Director (resigned 22 November 2023) Michael (Mike) Hirst – Independent and Non-Executive Director (resigned 26 February 2024) Helen Lea – Non-Executive Director (resigned 3 August 2023) Celesti Harmse – Non-Executive Director (appointed 15 November 2023, resigned 9 February 2024)
Company Secretary	Dean Berelowitz (appointed 14 July 2023) Darryl Lasnitzki (resigned 31 July 2023)
Registered office	Level 25 525 Collins Street Melbourne VIC 3000
Principal place of business	229 Balaclava Road Caulfield North VIC 3161
Share register	Link Market Services Limited Level 13, Tower 4 727 Collins Street Melbourne VIC 3000
Auditor	Hall Chadwick Melbourne Chartered Accountants Level 14 440 Collins Street Melbourne VIC 3000
Solicitors	K&L Gates Level 25 525 Collins Street Melbourne VIC 3000
Stock exchange listing	Australian Securities Exchange – ASX: BTN www.asx.com.au
Website	www.butn.co

The directors present their report, together with the financial statements, on the 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 year ended 30 June 2024.

Directors

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

Directors	Cameron Petricevic – Independent and Non-Executive Chair (appointed 23 February 2024) Rael Ross – Executive Director Walter Rapoport – Executive Director Suzanne Ewart – Independent and Non-Executive Chair (resigned 1 February 2024) Georg Chmiel – Independent and Non-Executive Director (resigned 22 November 2023) Michael (Mike) Hirst – Independent and Non-Executive Director (resigned 26 February 2024) Helen Lea – Non-Executive Director and Independent Director (resigned 3 August 2023) Celesti Harmse – Non-Executive Director (appointed 15 November 2023, resigned 9 February 2024)
Company Secretary	Darryl Lasnitzki (resigned 31 July 2023) Dean Berelowitz (appointed 14 July 2023)

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 leverage reach through third party platforms.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $12.3 million (30 June 2023: $6.5 million).

Butn generated a revenue of $13.5 million (30 June 2023: 11.9 million), a 14% increase on FY23, which included a record quarterly revenue result in Q4 of $3.5 million. This achievement follows management's determinations to improve Butn's revenue margin to 2.9% (30 June 2023: 2.7%), which included the rising contribution of higher margin platform originations, now contributing around 35% of total monthly originations.

The financial year saw continued growth in transactional funding to small and medium enterprises, with a record $468 million in annual originations (30 June 2023: $440 million), up 6% on the prior period. This included a record month for Butn's platform originations in April 2024, including a positive quarterly operating cash flow for Q4, a seminal milestone for the company. This growth highlights Butn's strong relationship with SMEs including their endorsement and adoption of Butn's product offerings. Management's focus on business optimisation in FY24 resulted in significant cost reductions at staff, administration and corporate levels, assisting our results.

The Butn platform's accelerated growth continued in this financial year, with originations up 35% on the prior period. The platform also recorded records over a number of key metrics, including user transactions, user engagement and new user registration numbers. The platform's strong performance reinforces the significant benefits and mounting utilisation of Butn's embedded funding technology across its strategic partnerships.

In October 2023, Butn successfully rolled the 2018-1 bond via an additional 2019-1 bond tap. The successful roll represents continued backing for Butn's product offering and value proposition.

In April 2024, Butn announced a fully underwritten accelerated, non-renounceable entitlement offer. A total of $5 million was raised via institutional and retail shareholders, reflecting continued investor appetite and support for Butn.

Butn's operating leverage and strong relationships with its strategic partners continue to provide a robust platform to drive further future improvements in revenue and cash generation. The business is now focused on further organic and inorganic growth initiatives.

Material business risks

Sufficiency of funding

The Company's business model is reliant on its ability to secure funding through a combination of debt and equity. The Company may need to raise additional funds from time to time to grow its receivables book and finance its operations.

There are various factors that could influence the Company's liquidity, many of which are outside of the Company's control. There is no assurance that the Company will be able to raise additional equity or that existing or future debt facilities will continue to be available, and on terms that are commercially acceptable.

The Company's ability to provide funding to customers on favourable terms depends, in turn, on its ability to access funding and the terms on which such funding is obtained.

The Company may not be able to extend the financing term or increase the funding capacity of its facilities beyond their existing terms and/or, when renegotiating an extension or increase, may not be able to do so on the same or more favourable terms. In addition, the Company may not be able to enter into new facilities or other funding arrangements (including as part of a refinancing) sufficient to meet its business requirements. This could impact the Company's ability to provide new funding to customers or provide new funding on competitive terms.

The ability to access funding could impact the viability of the Company, its ability to service customers, maintain contractual obligations and avoid reputational damage.

Failure to retain existing customers and attract new customers

The Company's revenue depends on its ability to retain and attract new customers on commercially acceptable terms.

Failure to retain existing customers or attract new customers on acceptable commercial terms could adversely impact the Company's financial position and performance.

Competition

The Company faces direct competition from existing invoice finance funders. In addition to direct competitors, the Company's products compete with alternative financial products such as bank loans, lines of credit and asset finance products.

Systems and technologies in the financial technology sector are continually changing, superseding existing offerings. New competitors may enter the market with a novel offering that could disrupt the Company's business and growth strategy. The Company's success will depend in part on its ability to (i) offer transaction finance products that remain relevant and (ii) maintain the distribution capabilities required to ensure those products reach the target market in a cost-effective way.

An increase in competition could adversely impact the Company's financial position and performance.

Loss of key management personnel

The Company has to date relied on the collective skills and expertise of a limited number of top management executives. Retaining these key management personnel in their current position is critical to the Company's short and medium term success.

Cybersecurity and data protection

The Company collects and holds a significant amount of personal information about its customers. Unauthorised access to, or breach or failure of, the Company's digital infrastructure due to cyber-attacks, negligence, human error or other third-party actions, could disrupt the Company's operations and result in the loss or misuse of data or sensitive information exposing the Company to litigation, claims, fines and penalties and of which might have an adverse effect on the Company's financial position, performance and reputation.

Credit risk

The Company is exposed to the risk of bad debts associated with the payment obligations of its customers. The extent to which this risk will impact the Company's business depends on (among other things):

- the capacity of the Company's systems and processes to properly assess the credit risk of a customer at the stage

of on-boarding and then ongoing at each transaction, including the ability for the end debtor to make payment;
- the Company's ability to obtain retention monies from customers; and
- the extent to which a transaction is covered under the Company's insurance policy.

A failure to adequately assess and manage credit risk may result in non-recoverable write offs, which could adversely impact the Company's financial position, performance and reputation.

Fraud

The Company is exposed to the risk of fraudulent behaviour in connection with the financing products it offers.
A failure to adequately assess and manage fraud risk may result in non-recoverable write offs, which could adversely impact the Company's financial position, performance and reputation.

Loss of Platform Partnerships

The Company has begun to roll out its Butn FinTech Solution via third party Platform Partners. The use of third party Platform Partners creates increased distribution potential and rapid scaling by enabling Butn to introduce the Butn FinTech Solution to each Platform Partner's user base.

At present, the Company is not reliant on any single Platform Partner and while at an early stage, this new distribution channel is intended to grow significantly.

There can be no assurance that the current or new Platform Partners will continue their relationship with the Company, or if they continue, that these relationships will generate material revenue. Furthermore, many of the Company's contracts with its Platform Partners can be terminated on relatively short notice with the risk that one or more Platform Partners move to a competitor or seek to develop their own in-house finance offering.

Technology risk

The Butn FinTech Solution uses and relies on integration with third party systems and platforms. The continual provision of services and products to customers via this channel depends on the Company's ability to successfully integrate across various systems and platforms, including as those systems and platforms evolve and develop over time. Any integration failure could adversely impact the Company's financial position, performance and reputation.

Changes in law and regulations

The Company may be adversely impacted by the introduction or changes in government policy, regulation or legislation applying to financial products.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the year.

Matters subsequent to the end of the financial year
Other than those disclosed in the financial statements, no other matter or circumstance has arisen since 30 June 2024 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.

Likely developments and expected results of operations
The consolidated entity expects to see continued origination and revenue growth, combined with platform opportunities and expansion in the coming financial year.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Corporate Governance Statement
The Group and Board are committed to implementing and demonstrating best practice corporate governance. The Group has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. The Corporate Governance Statement is dated as at 23 August 2024 and was approved by the Board on 23 August 2024.

The Group's corporate governance practices are set out on its website and can be viewed at https://investors.butn.co

Information on directors

Name: Cameron Petricevic
Title: Independent and Non-Executive Chair
Experience and expertise: Cameron was appointed as an Independent and Non-Executive Chair of Butn on the 23rd of February 2024.

Cameron has spent over 20 years in the financial industry, an experienced Board member of both private and public companies. He has extensive investment banking experience, including mergers & acquisitions, valuations, initial public offerings and portfolio management coupled with growing early stage companies.

Cameron is a qualified Actuary (AIAA), holds a Bachelor of Commerce (Actuarial) and a Bachelor of Engineering (Electrical) from the University of Melbourne, with First Class Honours. He is also a Graduate of the Australian Institute of Company Directors (GAICD) and founder/treasurer of Brimbank ToRCH, a Royal Children's Hospital auxiliary charity.

He has held previous roles at AXA Asia Pacific (acquired by AMP), Acorn Capital and as a Partner at Kentgrove Capital. Cameron is currently a Director/Founder at Lucrum Ventures Pty Ltd and a Non-Executive Director and Company Secretary of RocketBoots Ltd (ASX-ROC).

Special responsibilities: Chair of the Nomination and Remuneration Committee and the Audit and Risk Committee
Other current directorships: Non-Executive Director of RocketBoots Ltd (since 3rd December 2021)
Former directorships (last 3 years): None
Interests in shares: 413,563 ordinary shares
Interests in options: None

Name: Rael Ross
Title: Co-Founder, Co-Chief Executive Officer and Executive Director
Experience and expertise: Rael co-founded the Group and was appointed Executive Director and Co-Chief Executive Officer of Butn on the 9th September 2020.

Understanding the need for technology to enable financing and digital distribution as companies seek access to finance, Rael co-founded Butn with Walter Rapoport. With over 15 years' experience in financial services, technology and business, Rael has driven the establishment of the Butn FinTech Solution.

Rael has created, developed and executed technology and digital projects through several businesses. Rael co-founded what is today known as Tsikot.com, one of the leading online automotive platforms and the largest online automotive forum in the Philippines.

As a qualified accountant, Rael has worked in private practice, the not-for-profit sector and for 'Big 4' accounting firms.

Rael was awarded a full scholarship at Monash University, where he completed a Bachelor of Accounting. In 2020, Rael was awarded Australian Young Entrepreneur across multiple categories.

Special responsibilities: Member of the Audit and Risk Committee

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 39,197,156 ordinary shares
Interests in options: 1,300,000 options

Name:	Walter Rapoport
Title:	Co-Founder, Co-Chief Executive Officer and Executive Director
Experience and expertise:	Walter co-founded the Group and was appointed Executive Director and Co-Chief Executive Officer of Butn on the 9th September 2020. His career spans more than 40 years, including as the founder and CEO of a knitwear manufacturing company supplying Australia's largest retailers, including a period as a licensee to Pierre Cardin. Understanding the importance for SMEs to have access to cash flow and capital, he co-founded Butn with Rael Ross. Walter has a proven ability to lead high performing teams throughout his career in manufacturing, finance, sales and marketing. He has vast experience in identifying, developing, and executing innovative receivables funding solutions and adapting products to digital transformations. Walter graduated from Monash University with a Bachelor of Economics.
Special responsibilities:	Member of the Nomination and Remuneration Committee
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	39,333,905 ordinary shares
Interests in options:	1,300,000 options

Company Secretary Dean Berelowitz

Dean Berelowitz is Head of Finance of the company and joined the Group on the 19th July 2021 and was appointed Company Secretary on the 14th July 2024.

He has over 10 years of experience in assurance, financial services, risk and compliance across multiple international markets including Australia, United Kingdom and South Africa.

Dean is a qualified Chartered Accountant, holds a Graduate Diploma in Accounting and a Bachelor of Business Science from the University of Cape Town.

Meetings of directors

The number of meetings of the company's Board of Directors ('Board') and committees held during the year ended 30 June 2024, and attended by each director / committee member were:

	Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Cameron Petricevic	2	2	1	1	2	2
Suzanne Ewart	5	5	2	2	1	1
Georg Chmiel	5	5	2	2	1	1
Mike Hirst	5	5	2	2	2	2
Helen Lea	1	1	1	1	-	-
Celesti Harmse	-	-	-	-	-	-
Rael Ross	7	7	-	-	3	3
Walter Rapoport	7	7	1	1	-	-

Held: represents the number of meetings held during the time the director / committee member held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The Report details the remuneration arrangements for the company's key management personnel ("KMP"):
- Non-Executive Directors ("NEDs"); and
- Executive Directors and senior executives (collectively the "executives").

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements;
- Share-based compensation; and
- Additional disclosures relating to KMP.

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns reward with the achievement of strategic objectives and the creation of value for shareholders, with regard to relevant market practice.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Group's remuneration policies and principles were established by the Board and guided by the Nomination and Remuneration Committee (the "Committee"). The Committee is made up of a majority of independent NEDs, with a minimum of three members. The Committee's remit is to review and determine the Group's Remuneration Policy and structure annually to ensure that it remains aligned to business needs and meets the Group's remuneration principles.

The Committee aims to ensure that its remuneration policies are governed by the following guiding principles:
- Maintain a people light business, whilst recognising people are a critical input to success;
- Remuneration should scale with the business, with regular reviews to reflect the business's stage and risk profile;
- Remuneration should align long term interests of shareholders, rewarding long term success; and
- Equity encourages performance and acting like owners.

The Committee is responsible for determining and reviewing remuneration arrangements for NEDs and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel. The Committee charter is reviewed annually to ensure that it remains appropriate for the Group.

Where relevant, in consultation with external consultants, the Committee seeks to structure a remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align reward to shareholders' interests by:
- attracting and retaining high calibre employees;
- rewarding capability and experience;
- reflecting competitive reward for contribution to sustainable growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of NEDs and executives remuneration is separate.

Non-Executive Directors' remuneration

Fees and payments to NEDs reflect the demands and responsibilities of their role. The Committee may, from time to time, receive advice from consultants to ensure NEDs' fees and payments are appropriate and in line with the market.

NEDs do not receive performance-based pay or retirement allowances.

Under the company's constitution, the company's NEDs are entitled to be paid for their services as directors, such annual fees as the directors determine, provided the annual fees do not exceed in aggregate the maximum sum that is from time to time approved by the Shareholders in a general meeting in accordance with the ASX Listing Rules. This sum does not include remuneration in the form of share, option or other equity plans separately approved by the Shareholders in a general meeting. For the purposes of the Constitution and the ASX Listing Rules, the company has set a cap of $400,000.

The company has entered into appointment letters with each NED on the following key terms:

- Cameron Petricevic (from 23 February 2024) receives an annual remuneration of $70,000 (exclusive of superannuation);
- Suzanne Ewart (until 1 February 2024) received an annual remuneration of $110,000 (exclusive of superannuation);
- Georg Chmiel (until 26 February 2024) received an annual remuneration of $70,000 (exclusive of superannuation);
- Mike Hirst (until 22 November 2023) received an annual remuneration of $70,000 (exclusive of superannuation); and
- Helen Lea (until 3 August 2023) and Celesti Harmse (until 1 February 2024) received no remuneration from the company and were remunerated by MYOB Australia.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Total fixed remuneration ("TFR"), consisting of base salary, superannuation and non-monetary benefits, are based on individual performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other benefits where it does not create additional costs to the consolidated entity.

Details of the short-term incentive ('STI') plan are detailed below:

Executive KMP receive performance-based remuneration which reward performance over the financial year. STI objectives are reviewed by the Committee and are paid in cash up to 20% of base annual salary (pro-rated), subject to the performance criteria being met. STI objectives are a combination of shared goals along with specific individual goals related to the particular executive role. The Board has discretion to adjust STI outcomes, including reducing (down to zero, if appropriate) any STI award.

Details of the long-term incentive ('LTI') plans are detailed below:

Employee Incentive Plan (EIP)

The Employee Incentive Plan (EIP) was adopted in September 2020. In the 2021 financial year, the Group issued 6,818,750 Options for no cost with a 5-year expiry. The options have an exercise price of $0.50 per option (being the IPO issue price) and vest as follows:

- Tranche 1 (one-third of Options): On the company listing on 6 July 2021;
- Tranche 2 (one-third of Options): Continued employment until 6 July 2022; and
- Tranche 3 (one-third of Options): Continued employment until 6 July 2023.

In the 2023 financial year, the Group issued 6,073,000 Options for no cost with a 4-year expiry. The options have various exercise prices per option and vest as follows:

Tranches	Exercise price	Vesting
1,667,000 options	$0.225	On grant date
1,740,000 options	$0.225	12 months after grant
1,334,000 options	$0.255	12 months after grant
1,332,000 options	$0.270	24 months after grant

Use of consultants

The Committee may engage and consider advice from consultants where appropriate in relation to remuneration matters including the setting and establishment of the STI, LTI, the remuneration mix and quantum for KMP and other employees. No consultants were used in the current period.

Clawback of remuneration

In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board has the ability to reduce, cancel or clawback LTI in certain circumstances. There were no clawback instances in the current period.

Trading policy

The Group has implemented a Trading Policy which applies to employees and KMP's. The policy prohibits employees from dealing in the company's securities while in possession of material non-public information relevant to the Group. The policy also includes for designated employees and their closely related parties, black-out periods during which no trade in the Group's securities can occur as well as a prohibition on entering into any margin lending, short-term trading, short selling or derivative arrangements. The Group considers a breach of this policy as gross misconduct, which may lead to disciplinary action and potential dismissal.

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')

At the 2023 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of KMP of the consolidated entity are set out in the following tables.

The KMP of the consolidated entity consisted of:

- Cameron Petricevic – Independent, Non-Executive Chair (appointed, 23 February 2024)
- Suzanne Ewart – Independent, Non-Executive Chair (resigned 1 February 2024)
- Georg Chmiel – Independent, Non-Executive Director (resigned 22 November 2023)
- Mike Hirst – Independent, Non-Executive Director (resigned 26 February 2024)
- Helen Lea – Non-Executive Director (resigned 3 August 2023)
- Celesti Harmse – Non-Executive Director (appointed 15 November 2023, resigned 9 February 2024)
- Rael Ross – Co-Chief Executive Officer and Executive Director
- Walter Rapoport – Co-Chief Executive Officer and Executive Director
- Darryl Lasnitzki – Chief Financial Officer and Company Secretary (resigned 31 July 2023).

2024	Short-term benefits: Cash salary and fees $	Short-term benefits: Annual leave $	Short-term benefits: Cash bonus $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Cameron Petricevic (Chair) (from 23 February 2024)	25,667	-	-	-	-	-	25,667
Suzanne Ewart (Chair) (until 1 February 2024)	64,590	-	-	7,105	-	-	71,695
Georg Chmiel (until 22 November 2023)	32,857	-	-	-	-	-	32,857
Mike Hirst (until 26 February 2024)	45,325	-	-	-	-	-	45,325
Helen Lea* (until 3 August 2023)	-	-	-	-	-	-	-
Celesti Harmse* (from 15 November 2023, until 9 February 2024)	-	-	-	-	-	-	-
Executive Directors:							
Rael Ross	273,000	25,284	27,300	30,030	1,483	-	357,097
Walter Rapoport	273,000	25,074	27,300	30,030	1,483	-	356,887
Other KMP:							
Darryl Lasnitzki (until 31 July 2023)	43,250	2,008	-	4,813	73	27,288	77,432
	757,689	52,366	54,600	71,978	3,039	27,288	996,960

2023	Short-term benefits: Cash salary and fees $	Short-term benefits: Annual leave $	Short-term benefits: Cash bonus $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors;							
Suzanne Ewart (Chair)	110,000	-	-	11,550	-	28,554	150,104
Georg Chmiel	77,350	-	-	-	-	18,171	95,521
Mike Hirst	71,837	-	-	5,513	-	18,171	95,521
Helen Lea*	-	-	-	-	-	-	-
Executive Directors:							
Rael Ross	269,750	31,781	54,600	28,324	4,135	77,133	465,723
Walter Rapoport	269,750	31,781	54,600	28,324	4,135	77,133	465,723
Other KMP:							
Darryl Lasnitzki	259,375	24,620	52,500	27,234	1,267	112,374	477,370
	1,058,062	88,182	161,700	100,945	9,537	331,536	1,749,962

* Helen Lea and Celesti Harmse received no remuneration from the company and were remunerated by MYOB Australia

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2024	Fixed remuneration 2023	At risk - STI 2024	At risk - STI 2023	At risk - LTI 2024	At risk - LTI 2023
Non-Executive Directors:						
Cameron Petricevic	100%	-	-	-	-	-
Suzanne Ewart	100%	81%	-	-	-	19%
Georg Chmiel	100%	81%	-	-	-	19%
Mike Hirst	100%	81%	-	-	-	19%
Helen Lea	-	-	-	-	-	-
Celesti Harmse	-	-	-	-	-	-
Executive Directors:						
Rael Ross	92%	72%	8%	12%	-	16%
Walter Rapoport	92%	72%	8%	12%	-	16%
Other KMP:						
Darryl Lasnitzki	65%	65%	-	11%	35%	24%

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Executive remuneration'.

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable 2024	Cash bonus paid/payable 2023	Cash bonus forfeited 2024	Cash bonus forfeited 2023
Executive Directors:				
Rael Ross	50%	100%	50%	0%
Walter Rapoport	50%	100%	50%	0%
Other KMP:				
Darryl Lasnitzki (Resigned 31 July 2023)	-	100%	-	0%

Service agreements

Remuneration and other terms of employment for executive KMP are formalised in service agreements. Details of these agreements are as follows:

Name:	Rael Ross
Title:	Co-Chief Executive Officer
Term of agreement:	Ongoing
Details:	Base salary of $273,000 plus superannuation; 6-month termination notice by either party; STI cash bonus of up to 20% of base salary (pro-rated) subject to approval and performance criteria; LTI bonus subject to employment retention criteria, non-solicitation and non-compete clauses.

Name:	Walter Rapoport
Title:	Co-Chief Executive Officer
Term of agreement:	Ongoing
Details:	Base salary of $273,000 plus superannuation; 6-month termination notice by either party; STI cash bonus of up to 20% of base salary (pro-rated) subject to approval and performance criteria; LTI bonus subject to employment retention criteria, non-solicitation and non-compete clauses.

Name:	Darryl Lasnitzki
Title:	Chief Financial Officer and Company Secretary
Term of agreement:	27 August 2020 until 31 July 2023
Details:	Base salary of $262,500 plus superannuation; 3-month termination notice by either party; STI cash bonus of up to 20% of base salary (pro-rated) subject to approval performance criteria; LTI bonus subject to employment retention criteria, non-solicitation and non-compete clauses.

Executive KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other KMP as part of their compensation during the year ended 30 June 2024.

Options

There were no options over ordinary shares granted to directors and other KMP as part of their compensation during the year ended 30 June 2024.

Additional information

The Directors disclose the following two years of financial performance on the basis that they consider this period most relevant for comparative purposes.

The earnings of the consolidated entity for the two years to 30 June 2024 are summarised below:

	2024	2023
Revenue	13,489,634	11,854,446
Loss for the year	(12,331,346)	(6,531,384)

The factors that are considered to affect total shareholders return are summarised below:

	2024	2023
Share price at financial year end ($)	0.05	0.20
Total dividends declared ($)	-	-
Basic earnings per share ($)	(0.06)	(0.04)
Net tangible assets per share ($)	0.03	0.06

Additional disclosures relating to KMP

Shareholding

The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year/at resignation
Ordinary shares					
Cameron Petricevic (from 23 February 2024)	-	-	413,563	-	413,563
Suzanne Ewart (until 1 February 2024)	98,425	-	-	-	98,425
Georg Chmiel (until 22 November 2023)	500,000	-	-	-	500,000
Mike Hirst (until 26 February 2024)	842,120	-	-	-	842,120
Helen Lea (until 3 August 2023)	-	-	-	-	-
Celesti Harmse (from 15 November 2023, until 9 February 2024)	-	-	-	-	-
Rael Ross	38,114,464	-	1,082,692	-	39,197,156
Walter Rapoport	38,275,014	-	1,058,891	-	39,333,905
Darryl Lasnitzki (until 31 July 2023)	250,000	-	-	-	250,000
	78,080,023	-	2,555,146	-	80,635,169

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year/at resignation
Options over ordinary shares					
Cameron Petricevic (from 23 February 2024)	-	-	-	-	-
Suzanne Ewart (until 1 February 2024)	481,250	-	-	-	481,250
Georg Chmiel (until 22 November 2023)	306,250	-	-	-	306,250
Mike Hirst (until 26 February 2024)	306,250	-	-	-	306,250
Helen Lea (until 3 August 2023)	-	-	-	-	-
Celesti Harmse (from 15 November 2023, until 9 February 2024)	-	-	-	-	-
Rael Ross	1,300,000	-	-	-	1,300,000
Walter Rapoport	1,300,000	-	-	-	1,300,000
Darryl Lasnitzki (until 31 July 2023)	2,250,000	-	-	-	2,250,000
	5,943,750	-	-	-	5,943,750

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers

The company has indemnified the directors and officers of the company in their capacity as a director or officer, for which they may be held personally liable, except where there is a lack of good faith. The company paid a premium in respect of a contract to insure the directors and officers of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor of non-audit services provided during the financial year by the auditor are outlined in Note 22 to the financial statements.

The directors are satisfied that the provision for non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporation Act 2001.

The directors are of the opinion that the services disclosed in Note 22 to the financial statements do not compromise the external auditor's independence requirements of the Corporation Act 2001 for the following reasons:

- All non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and reward.

Shares under option

Unissued ordinary shares of Butn Limited under option at the date of this report are as follows:

Description	Expiry date	Exercise price	Number of options
EIP	27/01/2027	$0.225	1,110,000
EIP	27/01/2027	$0.225	1,667,000
EIP	27/01/2027	$0.255	1,334,000
EIP	27/01/2027	$0.270	1,101,870
EIP	08/01/2026	$0.50	3,958,330
EIP	26/02/2026	$0.50	2,600,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

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 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Cameron Petricevic
Director

Rael Ross
Director

Date: 27 August 2024

BUTN LIMITED
ABN 42 644 182 883

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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Butn Limited and controlled entities. As the lead audit partner for the audit of the financial report of Butn Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Anh (Steven) Nguyen
Director
Date: 28 August 2024

Hall Chadwick Melbourne
Level 14 440 Collins Street
Melbourne VIC 3000

	Note	Consolidated 2024 $	2023 $
Revenue	4	13,489,634	11,854,446
Other income	5	354,870	16,654
Interest revenue		276,230	246,565
Expenses			
Employee benefits expense		(4,212,777)	(5,266,975)
Consulting and IT related fees		(2,146,340)	(1,691,559)
Other expenses	6	(8,549,127)	(3,091,367)
Occupancy	6	(158,931)	(194,635)
Depreciation and amortisation expense	6	(3,130,051)	(1,438,578)
Share based payments expense	30	(156,039)	(394,531)
Finance costs	6	(8,099,389)	(6,446,173)
Loss before income tax expense		(12,331,920)	(6,406,153)
Income tax (expense)/benefit	7	574	(125,231)
Loss after income tax (expense)/benefit for the year attributable to the owners of Butn Limited		(12,331,346)	(6,531,384)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Butn Limited		(12,331,346)	(6,531,384)
Basic loss per share	23	(0.06)	(0.04)
Diluted loss per share	23	(0.06)	(0.04)

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 30 June 2024

	Note	Consolidated 2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	8	13,359,931	14,671,115
Trade and other receivables	9	75,272,094	79,090,853
Other	10	210,433	104,685
Total current assets		88,842,458	93,866,653
Non-current assets			
Intangibles	11	1,061,400	3,748,255
Deferred tax	12	1,361,935	1,361,230
Total non-current assets		2,423,335	5,109,485
Total assets		91,265,793	98,976,138
Liabilities			
Current liabilities			
Trade, accruals and other payables	13	1,944,904	2,235,613
Borrowings	14	68,546,148	21,140,499
Income tax		-	35,211
Employee benefits		733,908	780,710
Deferred revenue		720,114	741,641
Total current liabilities		71,945,074	24,933,674
Non-current liabilities			
Borrowings	15	11,181,462	58,378,835
Employee benefits		33,235	26,061
Total non-current liabilities		11,214,697	58,404,896
Total liabilities		83,159,771	83,338,570
Net assets		8,106,022	15,637,568
Equity			
Issued capital	16	39,767,239	35,123,478
Reserves	17	1,481,917	1,325,878
Accumulated losses		(33,143,134)	(20,811,788)
Total equity		8,106,022	15,637,568

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

Butn Limited
Statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital $	Capital reconstruction reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
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 year	-	-	-	(12,331,346)	(12,331,346)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(12,331,346)	(12,331,346)
Issue of shares – ANREO placement (Note 16)	5,008,953	-	-	-	5,008,953
Transaction costs on issue of shares (Note 16)	(365,192)	-	-	-	(365,192)
Share based payments expenses (Note 30)	-	-	156,039	-	156,039
Balance at 30 June 2024	39,767,239	(548,149)	2,030,066	(33,143,134)	8,106,022

Consolidated	Issued capital $	Capital reconstruction reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2022	31,371,283	(548,149)	1,479,496	(14,280,404)	18,022,226
Loss after income tax expense for the year	-	-	-	(6,531,384)	(6,531,384)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(6,531,384)	(6,531,384)
Issue of shares – Institutional placement (Note 16)	3,000,000	-	-	-	3,000,000
Issue of shares – Loan conversion (Note 16)	820,817	-	-	-	820,817
Transaction costs on issue of shares (Note 16)	(68,622)	-	-	-	(68,622)
Share based payments expenses (Note 30)	-	-	394,531	-	394,531
Balance at 30 June 2023	35,123,478	(548,149)	1,874,027	(20,811,788)	15,637,568

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

Butn Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated 2024 $	2023 $
Cash flows from operating activities			
Receipts from clients		13,395,153	12,164,803
Payments to suppliers and employees		(10,287,271)	(9,216,492)
Interest received		274,334	246,295
Interest paid		(6,227,940)	(4,927,699)
Taxes refunded		488,292	1,059,349
Net cash used in operating activities	29	(2,357,432)	(673,744)
Cash flows from investing activities			
Proceeds from receivables		426,053,809	383,424,914
Payment for receivables		427,887,212)	(408,353,013)
Payments for intangibles		(803,601)	(1,158,579)
Net cash used in investing activities		(2,637,004)	(26,086,678)
Cash flows from financing activities			
Proceeds from issue of shares		5,008,953	3,000,000
Proceeds from borrowings		8,653,096	23,666,479
Repayment of borrowings		(9,150,000)	-
Transaction costs on issue of shares		(365,192)	(59,913)
Transaction costs related to borrowings		(500,221)	(992,726)
Net cash from financing activities		3,646,636	25,613,840
Net increase/(decrease) in cash and cash equivalents		(1,347,800)	(1,146,582)
Cash and cash equivalents at the beginning of the financial year		14,632,148	15,778,730
Cash and cash equivalents at the end of the financial year	8	13,284,348	14,632,148

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

Note 1. Summary of material accounting policies

The principal accounting policies adopted in the preparation of the financial statements of the consolidated entity (referred to hereafter as 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 year ended 30 June 2024 are set out below. These policies have been consistently applied to all the years presented, 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.

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

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Except for cash flow information, the financial statements have been prepared, using an accrual basis and under the historical cost convention.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

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 Group’s loss before tax for the year ended 30 June 2024 of $12,331,920 is driven by the increase in expected credit loss provision ($3,200,000) and the increased amortisation expense ($1,949,178) following the change in useful life for intellectual property. These are non-cash items totalling $5,149,178. The Group had a cash balance as at 30 June 2024 of $13,284,348 (30 June 2023: $14,632,148) and a positive net asset position at 30 June 2024 of $8,106,022 (30 June 2023: $15,637,568).

Management have assessed forecast cash flows which extends to 31 October 2025 based on which the Group will have sufficient funds available to meet its commitments for at least 12 months from the date of signing of this report. Management remain extremely diligent in their monitoring of cash flows day by day.

The Group have a strong track record of negotiation of their bond facilities and are confident that they will secure a replacement facility or rollover at maturity, including for the AFC 2019-1 bond which is due to mature on 1 July 2025. The AFC 2019-1 trust bond is secured against that bond’s funded trade receivables, which if needed would provide recourse to recover cash collections to secure repayment. As at the date of signing this report, there are no material events or conditions that have occurred after the balance sheet date, which might lead to early recall or prevent the bonds from being renewed.

In addition to the information noted above, steps have been taken during the year ended 30 June 2024 in response to the worsening economic environment.

- Management has continually improved credit processes and client funding requirements to improve the quality of the receivables ledger and credit performance across the book.
- An increased focus on debt collection and recoveries, including increased investment in people and credit risk assessments.
- Management have focused on business optimisation which resulted in significant cost reductions at staff, administration and corporate levels.

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

Note 1. Summary of material accounting policies (continued)

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 27.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Butn Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Butn Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Restatement of comparatives
Comparative figures, where appropriate, have been reclassified to be comparable with the figures presented for the current financial year.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed in revenue are net of returns, allowances, rebates and amount collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group’s activities.

Revenue is recognised for the major business activities as follows:

Revenue from customers
The customer contracts relate to business to business transactional funding, whose focus is providing financing to small and medium enterprises. Income arising from customer contracts consist of two main categories:
- Finance Fee - The main component of income arising under these contracts
- Other fees and charges - Additional costs and charges including establishment, administration charges for services, additional fees for overdue amounts and related administration costs.

Income is recognised over the expected term of the contract. Money received in advance is deferred and recognised as a deferred revenue liability.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

Note 1. Summary of material accounting policies (continued)

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. R&D tax incentives received or receivable are accounted for under AASB 120 Government Grants as other income, unless related to capitalised expenditure in which case it is offset against the asset and realised through a lower amortisation charge across the asset's useful life.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the Statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash, represents cash held by the entity that has a specific usage purpose disclosed in Note 8.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement between 30 to 90 days. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Note 1. Summary of material accounting policies (continued)

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	1-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intellectual property
Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the intangible asset include payments to external contractors, any purchase of materials and equipment, and personnel costs of employees directly involved in the project.

Customer list
Significant costs associated with customer list acquisitions are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 12 years.

Note 1. Summary of material accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. Other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Shared-based payments
Equity-settled share-based compensation benefits are provided to employees and others.

Equity-settled transactions are awards of shares, or options over shares, that are provided in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using an option pricing model that takes into account, amongst other things, the exercise price, the term of the option, the share price at grant date and expected price volatility, the expected dividend yield and the risk-free interest rate for the term of the option.

Note 1. Summary of material accounting policies (continued)

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements as follows:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of Butn Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Note 1. Summary of material accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The significant judgements, estimates and assumptions by management include:

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees and others by reference to their fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate option pricing model taking into account the terms and conditions upon which the instruments were granted.
Share-based payments transactions are further detailed in Note 30.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on ageing brackets, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

The consolidated entity has developed a model that considers both quantitative and qualitative information and analysis. The consolidated entity determines expected credit losses by multiplying together three main components, probability of default (PD), exposure at default (EAD) and loss given default (LGD). The EAD represents the total value the Group is exposed to when the trade receivable defaults. The LGD represents the unrecovered portion of the EAD considering mitigating effect of realisable value of security.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, become technically obsolete or non-strategic and subsequently abandoned or sold off.

During the year the estimated total useful life of intellectual property was revised from 5 years to 3 years, in line with industry standards. The net effect of the changes in the current financial year was an increase in amortisation expense of $1,949,178. Assuming the asset was held until the end of their estimated useful life, amortisation in future years will be approximately decreased by the following amounts:

Year ending 30 June	$
2025	649,726
2026	1,299,452

Note 3. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Butn IP Pty Ltd	Australia	100.00%	100.00%
Australian Factoring Company Pty Ltd	Australia	100.00%	100.00%
Action Funding Pty Ltd	Australia	100.00%	100.00%
Faultless Recovery Services Pty Ltd	Australia	100.00%	100.00%
AFC 2018-1 Trust	Australia	-	90.91%
AFC 2019-1 Trust	Australia	90.91%	90.91%
AFC 2022-1 Trust	Australia	90.91%	90.91%
NZ Factoring Company Ltd	New Zealand	100.00%	100.00%

Note 4. Revenue

	Consolidated 2024 $	Consolidated 2023 $
Revenue from customers	13,489,634	11,854,446

Note 5. Other income

	Consolidated 2024 $	Consolidated 2023 $
Modification gain (Note 14)	345,853	-
Other income	9,017	16,654
	354,870	16,654

Note 6. Expenses

	Consolidated	
	2024	**2023**
	$	**$**
Loss before income tax includes the following specific expenses:		
Amortisation		
Intellectual property	2,880,270	927,468
Customer list	249,781	297,999
Borrowing and formation costs	-	213,111
Total amortisation	3,130,051	1,438,578
Total depreciation and amortisation	3,130,051	1,438,578
Finance costs		
Interest and finance expenses paid/payable	6,453,970	5,369,964
Unwinding of transaction costs and modification gains	1,645,419	1,076,209
Finance costs expensed	8,099,389	6,446,173
Superannuation expense		
Defined contribution superannuation expense	392,460	443,566
Other expenses		
Bad debts*	2,543,190	480,853
Allowances for expected credit losses	3,200,000	320,000
Professional fees	307,396	267,880
Insurance	230,953	217,964
Legal fees	507,956	491,084
Sundry expense	264,147	176,340
Bank charges	272,494	241,187
Commission	1,198,468	788,485
Subscriptions	24,523	36,155
	8,549,127	3,019,948

**Management have made the conservative decision to write-off a higher proportion of debts this year (Note 9).*

Note 7. Income tax benefit

	Consolidated 2024 $	Consolidated 2023 $
Income tax benefit		
Current tax	131	33,234
Deferred tax - origination and reversal of temporary differences	(705)	91,997
Aggregate income tax expense/(benefit)	(574)	125,231
Deferred tax included in income tax benefit comprises:		
Decrease/(Increase) in deferred tax assets (Note 12)	(705)	91,997
Decrease in deferred tax liabilities	-	-
Deferred tax - origination and reversal of temporary differences	(705)	91,997
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(12,331,920)	(6,406,153)
Tax at the statutory tax rate of 25% (2023: 25%)	(3,082,980)	(1,601,538)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	753,126	189,648
Other non-deductible expenses	52,324	83,536
Other non-assessable income	(86,463)	-
Difference in tax rate	(1,058)	(834)
Change in statutory tax rate	-	-
Amount over provided in prior years	-	-
Deferred tax assets derecognised/(recognised) (Note 12)	2,364,477	1,454,420
Income tax expense/(benefit)	(574)	125,231

Note 8. Current assets – cash and cash equivalents

	Consolidated 2024 $	Consolidated 2023 $
Cash on hand	1,208	1,208
Cash at bank	13,331,541	14,650,364
Cash on deposit	27,182	19,543
	13,359,931	14,671,115

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

	Consolidated 2024 $	Consolidated 2023 $
Balances as above	13,359,931	14,671,115
Bank facilities (Note 14)	(75,583)	(38,967)
Balance as per statement of cash flows	13,284,348	14,632,148

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 8. Current assets - cash and cash equivalents (continued)

Restricted cash, represents cash held by the entity that has a specific usage purpose as required by the funding arrangements described in Note 14 and Note 15. Restricted cash is combined for the purpose of presentation in the statement of balance sheet and the statement of cash flows. As at 30 June 2024, $2,128,636 (2023: $1,676,157) of the cash and cash equivalents disclosed above is classified as restricted and can only be used to fund trade receivables.

Note 9. Current assets – trade and other receivables

	Consolidated	
	2024	**2023**
	$	**$**
Trade receivables	79,197,374	79,823,843
Less: Allowance for expected credit losses	(4,000,000)	(800,000)
	75,197,374	79,023,843
BAS receivable	74,720	67,010
	75,272,094	79,090,853

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, along with all clients, 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.

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	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Consolidated	$	$	%	%	$	$
0 - 90 days	61,732,699	66,846,995	1.45%	0.51%	895,504	340,461
91 - 120 days	4,778,488	6,263,428	5.00%	1.75%	238,924	109,610
121 - 150 days	5,027,646	2,625,630	10.00%	3.00%	502,765	78,769
150+ days	7,658,541	4,087,790	30.85%	6.63%	2,362,807	271,160
	79,197,374	79,823,843			4,000,000	800,000

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

	Consolidated	
	2024	**2023**
	$	**$**
Opening balance	800,000	480,000
Additional provision recognised	3,200,000	320,000
Closing balance*	4,000,000	800,000

**Management note this closing balance is within the risk appetite tolerance of the Group.*

Note 10. Current assets – other

	Consolidated 2024 $	Consolidated 2023 $
Prepayments	155,433	49,685
Loan – other	55,000	55,000
	210,433	104,685

Note 11. Non-current assets – intangibles

	Consolidated 2024 $	Consolidated 2023 $
Customer list - at cost	2,733,328	2,733,328
Less: Accumulated amortisation	(1,671,928)	(1,422,147)
	1,061,400	1,311,181
Intellectual property - at cost	7,711,337	6,907,736
Less: Accumulated amortisation	(4,829,628)	(1,949,358)
Less: R&D offset	(2,881,709)	(2,521,304)
	-	2,437,074
	1,061,400	3,748,255

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

Consolidated	Intellectual property $	Customer list $	Total $
Balance at 1 July 2023	2,437,074	1,311,181	3,748,255
Additions	803,601	-	803,601
R&D offset	(360,405)	-	(360,405)
Amortisation expense	(2,880,270)	(249,781)	(3,130,051)
Balance at 30 June 2024	-	1,061,400	1,061,400

Note 12. Non-current assets – deferred tax

	Consolidated 2024 $	Consolidated 2023 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	6,115,036	4,487,937
Employee benefits	197,918	211,939
Cost of raising equity	332,130	353,588
Provision for doubtful debts	1,000,000	200,000
Accrued expenses	-	-
Deferred tax asset not recognised	(6,283,149)	(3,892,234)
Deferred tax asset	1,361,935	1,361,230
Movements:		
Opening balance	1,361,230	1,453,227
Credited/(Debited) to profit or loss (Note 7)	705	(91,997)
Closing balance	1,361,935	1,361,230

The Group has unrecognised carried forward tax losses of $24,975,991 (2023: $15,568,937), which are subject to meeting the carry forward tax loss rules in the year of utilisation. The deferred tax asset in respect of these losses has not been recognised until it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Note 13. Current liabilities – trade, accruals and other payables

	Consolidated 2024 $	Consolidated 2023 $
Trade and other payables	170,633	479,322
Accrued expenses	116,736	523,728
Accrued interest	1,657,535	1,232,563
	1,944,904	2,235,613

Note 14. Current liabilities – borrowings

	Consolidated 2024 $	Consolidated 2023 $
Bank facilities	75,583	38,967
Loan - AMAL Trustees Pty Ltd (AFC 2018-1 Trust) – Class A	-	12,627,726
Loan - AMAL Trustees Pty Ltd (AFC 2018-1 Trust) – Class B	-	8,473,806
Loan - AMAL Trustees Pty Ltd (AFC 2019-1 Trust) – Class A	60,447,655	-
Loan - AMAL Trustees Pty Ltd (AFC 2019-1 Trust) – Class B	8,022,910	-
	68,546,148	21,140,499

Note 14. Current liabilities - borrowings (continued)

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.

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%. No early call dates have been exercised as at the reporting date. Class C Notes will be subordinated to the Class A Notes and the Class B Notes; Class B Notes will be subordinated to the Class A Notes.

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 15. Non-current liabilities – borrowings

	Consolidated 2024 $	Consolidated 2023 $
Loan - AMAL Trustees Pty Ltd (AFC 2019-1 Trust) – Class A	-	42,243,690
Loan - AMAL Trustees Pty Ltd (AFC 2019-1 Trust) – Class B	-	5,050,811
Loan - AMAL Trustees Pty Ltd (AFC 2022-1 Trust) – Class A	10,004,466	9,917,562
Loan - AMAL Trustees Pty Ltd (AFC 2022-1 Trust) – Class B	1,176,996	1,166,772
	11,181,462	58,378,835

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. No early call dates have been exercised as at the reporting date. Class C Notes will be subordinated to the Class A Notes and the Class B Notes; Class B Notes will be subordinated to the Class A Notes.

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 16. Equity – issued capital

	Consolidated			
	2024 Shares	2023 Shares	2024 $	2023 $
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 – ANREO – institutional	15,132,476	-	786,889	-
Issue of shares – ANREO – retail	81,193,495	-	4,222,064	-
Issue of shares – Loan conversion	-	3,702,884	-	820,817
Transaction costs associated with equity issue	-	-	(365,192)	(68,622)
	279,344,570	183,018,599	39,767,239	35,123,478

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 15 April 2024, the Group announced an equity raising structured as a 1-for-1.9 pro rata accelerated, non-renounceable entitlement offer (ANREO) to shareholders, comprised of an institutional and retail offer. 15,132,476 and 81,193,495 fully paid ordinary shares were issued, respectively, following the completion of the offer.

Note 17. Equity – Reserves

	Consolidated	
	2024 $	2023 $
Capital reconstruction reserve	(548,151)	(548,151)
Non-controlling equity interest in a subsidiary	2	2
Share-based payments reserve	2,030,066	1,874,027
	1,481,917	1,325,878

Capital reconstruction reserve
On 9 September 2020, the Group undertook an internal corporate restructure whereby the shareholders in Action Funding Group Pty Ltd exchanged their shares in that company for shares in Butn Limited in a “top hat restructure”. This resulted in Butn Limited becoming the legal parent of the Group. The restructure has been accounted for as capital reorganisation and not a business combination. A capital reconstruction reserve is recognised to record the accumulated loss position as at the date of group restructure.

Non-controlling equity interest in a subsidiary
The non-controlling equity interest reflects a minority interest held by an external party in AFC 2019-1 Trust and AFC 2022-1. These are majority owned subsidiaries of the Group (Note 3) which were set up and operate as part of the debt funding structure. These subsidiaries have nil net assets and nil net profit or loss. The non-controlling equity interest has no rights to the consolidated entity.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 18. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed.

The total carrying amount of the Group's financial assets and liabilities by category are detailed below:

	Consolidated	
	2024	**2023**
	$	**$**
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	13,359,931	14,671,115
Trade and other receivables	75,272,094	79,090,853
Total financial assets	88,632,025	93,761,968
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	170,633	479,322
Borrowings (Note 14 and Note 15)	79,652,028	79,519,334
Total financial liabilities	79,822,661	79,998,656

Market risk

Foreign currency risk
The consolidated entity principally undertakes its operations in Australia and does not face material foreign currency exposures.

Price risk
The consolidated entity establishes client pricing before transacting, with a relatively short period to transaction completion. As such the consolidated entity does not face material price risk.

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings, with the majority of interest rates contracted and fixed for the life of the borrowing term as set out in Note 15. The exception to this is the AMAL Trustees Pty Ltd (AFC 2022-1 Trust) which has a variable component based on the 3 month BBSW rate. If this rate was increased by 1.00% it would have increased the interest expense (based on the level of borrowings at the end of the period) by $127,240.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees and security where appropriate to mitigate credit risk, as well as holding retention amounts and or insurance coverage for client balances over a pre-determined dollar threshold. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions of those assets, as disclosed in the Statement of financial position and Notes to the financial statements.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables. These provisions are considered representative across all clients of the consolidated entity based on sales experience, historical collection rates and forward-looking information that is available.

Note 18. Financial instruments (continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity, failure to make contractual payments for a period greater than 12 months and / or no further recourse options to the underlying client.

The consolidated entity's main credit risk arises from trade receivables, as set out in Note 9.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and bank facilities. The following tables detail the consolidated entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables reflect cash flows as remaining contractual maturities and therefore these totals may differ from their carrying amounts in the statement of financial position.

Consolidated - 2024	Less 3 months $	Between 3 - 12 months $	Between +1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Financial liabilities					
Trade and other payables	1,944,904	-	-	-	1,944,904
Borrowings (Note 14 and Note 15)	-	69,926,000	11,400,000	-	81,326,000
Total financial liabilities	1,944,904	69,926,000	11,400,000	-	83,270,904

Consolidated - 2023	Less 3 months $	Between 3 - 12 months $	Between +1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Financial liabilities					
Trade and other payables	2,235,613	-	-	-	2,235,613
Borrowings (Note 14 and Note 15)	-	21,250,000	60,250,000	-	81,500,000
Total financial liabilities	2,235,613	21,250,000	60,250,000	-	83,737,613

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the Statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 19. Fair value measurement

Unless otherwise stated, the carrying amounts of financial assets and liabilities reflect their fair value. The carrying amounts of cash and cash equivalents, 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 20. 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 21. Key management personnel (KMP) disclosures

Compensation
The aggregate compensation made to directors and other members of KMP of the consolidated entity is set out below:

	Consolidated	
	2024	**2023**
	$	**$**
Short-term employee benefits	864,655	1,307,944
Post-employment benefits	71,978	100,945
Long-term benefits	3,039	9,537
Share-based payments	27,288	331,536
	996,960	1,749,962

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	Consolidated	
	2024	**2023**
	$	**$**
Audit services -		
Audit and review of the financial statements	95,250	93,740
Other services -		
Preparation of the tax return	8,800	8,000
Other non-audit services	42,603	22,698

Note 23. Earnings per share

	Consolidated	
	2024	**2023**
	$	**$**
Loss after income tax attributable to the owners of Butn Limited	(12,331,346)	(6,531,384)

	Consolidated	
	2024	**2023**
Weighted average number of ordinary shares used in calculating basic loss per share	196,241,472	164,634,024

	Consolidated	
	2024	**2023**
	$	**$**
Basic loss per share (dollars)	(0.06)	(0.04)
Diluted loss per share (dollars)	(0.06)	(0.04)

Note 23. Earnings per share (continued)

On the basis of the Group's losses, the outstanding options are considered to be anti-dilutive and were therefore excluded from diluted weighted average number of ordinary shares.

Note 24. Contingent liabilities

The consolidated entity has no contingent liabilities as at 30 June 2024.

Note 25. Commitments

	Consolidated	
	2024	**2023**
	$	**$**
Lease commitments		
No later than 12 months:		
Short term	82,212	192,900
	82,212	192,900

The consolidated entity has no other commitments as at 30 June 2024.

Note 26. Related party transactions

Parent entity
Butn Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 3.

KMP
Disclosures relating to KMP are set out in Note 21.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2024	**2023**
	$	**$**
Loan to other (Note 10)	55,000	55,000

All transactions with related parties were made on commercial terms and conditions.

Balances and transactions between the company and its subsidiaries have been eliminated on consolidation.

Note 27. Parent entity information

	Parent 2024 $	Parent 2023 $
Statement of profit or loss and other comprehensive income		
Profit/(Loss) after income tax	(12,175,307)	(6,136,850)
Total comprehensive income/(loss)	(12,175,307)	(6,136,850)
Statement of financial position		
Total current assets	8,106,022	15,637,568
Total non-current assets	-	-
Total assets	8,106,022	15,637,568
Total current liabilities	-	-
Total liabilities	-	-
Equity		
Accumulated losses	(31,661,214)	(19,485,907)
Issued capital	39,767,236	35,123,475
Total equity	8,106,022	15,637,568

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

Note 28. Events after the reporting period

No other matter or circumstance has arisen since 30 June 2024 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.

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2024 $	Consolidated 2023 $
Loss after income tax expense/benefit for the year	(12,331,346)	(6,531,384)
Adjustments for:		
Depreciation and amortisation	3,130,051	1,438,578
Foreign exchange differences	2,341	(1,308)
Share based payments expense	156,039	394,531
Modification gain	(345,853)	-
Non-cash finance expenses	1,645,419	1,076,209
Expected credit losses	3,200,000	320,000
Bad debts	2,543,190	480,853
Income tax expense/(benefit)	(574)	125,231
R&D rebate capitalised to asset	360,405	853,090
Change in operating assets and liabilities:		
Increase in deferred revenue	(21,527)	189,164
Increase in accrued expenses	17,981	392,107
Increase/(decrease) in trade and other payables	(308,615)	(318,756)
Increase in provision for income tax	(35,285)	35,211
Increase in employee benefits	(39,628)	78,735
Decrease in other receivables	(329,325)	705,774
Decrease in deferred tax assets	(705)	88,221
Net cash used in operating activities	(2,357,432)	(673,744)

Note 30. Share-based payments

In September 2020, The Group adopted the Employee Incentive Plan (EIP) to provide ongoing incentives to full time or part time employees of the company or any of its subsidiaries (including a director or company secretary of the company or its subsidiaries), or a consultant, who is determined by the Board to be eligible.

A new Employee Incentive Plan (New EIP) was adopted by the Group in November 2022 to provide long term incentives for senior managers and staff to deliver shareholder value and to act as a key retention tool.

(a) Employee Incentive Plan (EIP)

In 2021, a total of 6,818,750 options were issued for nil consideration at an exercise price of $0.50 and an expiry date of 5 years after the grant date if not exercised. The options vest in three equal tranches and are subject to the option holder remaining in employment by the company through to each vesting date. There are no performance conditions attached to the options. The first tranche vested on 6 July 2021, the date the company listed, the second tranche vested on 6 July 2022 with the third tranche vested after balance date on the 6 July 2023. Set out below are details of the options granted under the ESOP:

2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
08/01/2021	08/01/2026	$0.50	4,218,750	-	-	260,420	3,958,330
26/02/2021	26/02/2026	$0.50	2,600,000	-	-	-	2,600,000
			6,818,750	-	-	-	6,558,330
Weighted average exercise price			$0.50				

Note 30. Share-based payments (continued)

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.58 years (2023: 2.58 years). To determine the fair value of the options granted during the current financial year a Black Scholes option pricing model was used, including amongst others the following inputs:

Expiry period	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
5 years	$0.50	60.00%	0.00%	0.20%	$0.178

(b) IPO Lead Manager Options

In 2021, a total of 4,800,000 options were granted for nil consideration, with a 3-year expiry date from 6 July 2021, the date the company listed. Set out below are details of the options granted to the Lead Manager:

2024

	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Tranche 1	06/07/2024	$0.60	1,600,000	-	-	-	1,600,000
Tranche 2	06/07/2024	$0.70	1,600,000	-	-	-	1,600,000
Tranche 3	06/07/2024	$0.80	1,600,000	-	-	-	1,600,000
			4,800,000	-	-	-	4,800,000
Weighted average exercise price			$0.70				

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.02 years (2023: 1.02 years). To determine the fair value of the options granted a Black Scholes option pricing model was used, with the following inputs:

	Expiry period	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
Tranche 1	3 years	$0.60	60.00%	0.00%	0.20%	$0.112
Tranche 2	3 years	$0.70	60.00%	0.00%	0.20%	$0.096
Tranche 3	3 years	$0.80	60.00%	0.00%	0.20%	$0.083

(c) Senior Managers and Staff Options

On 27 January 2023 the company issued 6,073,000 options for nil consideration, to convert on a 1:1 basis with ordinary shares and an expiry date of four years. The options are subject to the following vesting periods and exercise prices set at a premium to the share price at grant:

Tranches	Exercise price	Vesting
Tranche 1 - 1,667,000 options	$0.225	On grant date
Tranche 2 - 1,740,000 options	$0.225	12 months after grant
Tranche 3 - 1,334,000 options	$0.255	12 months after grant
Tranche 4 - 1,332,000 options	$0.270	24 months after grant

Note 30. Share-based payments (continued)

Set out below are details of the options granted to the company's senior managers and staff:

2024

	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Tranche 1	27/01/2027	$0.225	1,667,000	-	-	-	1,667,000
Tranche 2	27/01/2027	$0.225	1,740,000	-	-	630,000	1,110,000
Tranche 3	27/01/2027	$0.255	1,334,000	-	-	-	1,334,000
Tranche 4	27/01/2027	$0.270	1,332,000	-	-	230,130	1,101,870
			6,073,000	-	-	860,130	5,212,870
Weighted average exercise price			$0.24				

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.58 years (2023: 3.58 years).

To determine the fair value of the options granted a Black Scholes option pricing model was used, with the following inputs:

	Expiry period	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
Tranche 1	4 years	$0.225	90.00%	0.00%	3.60%	$0.080
Tranche 2	4 years	$0.225	90.00%	0.00%	3.60%	$0.080
Tranche 3	4 years	$0.255	90.00%	0.00%	3.60%	$0.076
Tranche 4	4 years	$0.270	90.00%	0.00%	3.60%	$0.075

The options expensed in the financial year:

	Consolidated 2024 $	2023 $
(a) EIP	-	168,489
(b) IPO Lead Manager	-	-
(c) Senior Manager and Staff	156,039	226,042
Share based payments expense	156,039	394,531

Set out below is a list of entities that are consolidated in this set of Consolidated financial statements at the end of the financial year.

Name of entity	Type of entity	% of share capital	Country of incorporation	Australian resident or foreign resident	Foreign tax jurisdiction (if applicable)
Butn IP Pty Ltd	Body corporate	100.00%	Australia	Australian	n/a
Australian Factoring Company Pty Ltd	Body corporate	100.00%	Australia	Australian	n/a
Action Funding Pty Ltd	Body corporate	100.00%	Australia	Australian	n/a
Faultless Recovery Services Pty Ltd	Body corporate	100.00%	Australia	Australian	n/a
AFC 2019-1 Trust	Trust	90.91%	Australia	Australian	n/a
AFC 2022-1 Trust	Trust	90.91%	Australia	Australian	n/a
NZ Factoring Company Ltd	Body corporate	100.00%	New Zealand	Foreign	New Zealand

Basis of preparation
The consolidated entity disclosure statement has been prepared in accordance with the Corporations Act 2001, includes information for each entity that was part of the consolidated entity as at 30 June 2024 and has regard to the Australian Taxation Office's Practical Compliance Guidance 2018/9.

Determination of tax residency
Section 295(3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted and which could give risk to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency
The consolidated entity has applied the current legislation and guidance, including having regard to the Australian Taxation Office's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency
The consolidated entity has applied current legislation and where available, relevant revenue authority guidance in the determination of foreign tax residency.

Partnership and trusts in Australia
Australian tax law generally does not contain corresponding residency tests for partnerships and trusts and these entities are typically taxed on a flow-through basis.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, including the interpretations, and the Corporations Regulations 2001;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

- the attached consolidated entity disclosure statement is true and correct as at 30 June 2024; 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Cameron Petricevic	Rael Ross
Director	Director

Date: 27 August 2024

BUTN LIMITED

ABN 42 644 182 883

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUTN LIMITED

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Report on the Financial Report

Opinion

We have audited the financial report of Butn Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, consolidated entity disclosure statement and the Directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001,* including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if give to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a loss before tax of $12,331,920 for the year ended 30 June 2024. Additionally, we note that current liabilities have increased to $71,945,074, primarily due to AMAL Trustees Pty Ltd (AFC 2019-1 Trust) borrowings now being classified as current. Based on management's plans and the mitigating factors considered, management has concluded that there is no material uncertainty that casts significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2024. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Recognition of revenue We focused our audit effort on the accuracy and occurrence of revenue as it represents the most significant driver of the Group's profits. As at 30 June 2024, the Group had generated $13.4 million of revenue. Revenue recognition is significant to our audit as the Group may incorrectly account for fees and interest potentially leading to incorrect revenue recognition. There are a significant number of contracts, with terms that vary on a contract by contract basis, which the Group may incorrectly account for resulting in the incorrect recognition of revenue.	Our procedures included, but were not limited to: • Understanding and assessing the appropriateness of the Company's revenue recognition accounting policies and compliance with AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. • Obtaining an understanding of management's processes and controls surrounding revenue recognition and billing. • Performing detailed analytical procedures and investigation. • Performing revenue cut-off testing at year end. • Vouching a sample of revenue transactions to supporting documents (including contracts & bank statements) to confirm existence and accuracy of the revenue recognition. • Reviewing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Provision of expected credit losses on receivables We focused our audit effort on the existence and recoverability of the Group's trade receivables as they represent the largest assets and most significant drivers of the Group's Net Assets. As at 30 June 2024 the Group had trade receivables of $75.2 million. The Group's receivables require a provision for expected credit losses ("ECL") in accordance with AASB 9 Financial Instruments. The existence and valuation of the trade receivables is a key audit matter due to the significant judgements used within the ECL model and the inherent estimation uncertainty in its determination.	Our procedures included, but were not limited to: • Obtaining an understanding of management's methodology for determining the provision for the allowance for expected credit losses. • Selecting a sample of receivable balances and assess balance recoverability to subsequent payments of debtors. • Assessing the accuracy of management's impairment assumptions and estimates, including loss rates, compared to actual results. • Assessing the appropriateness of the Company's impairment methodology against the requirements of relevant financial reporting standards. • Reviewing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.

Information Other Than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 13 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Butn Limited, for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of Butn Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Anh (Steven) Nguyen
Director

Hall Chadwick Melbourne Audit
Level 14 440 Collins Street
Melbourne VIC 3000

Date: 28 August 2024

Butn Limited
Shareholder information

The shareholder information set out below was applicable as at 22 August 2024.

	Ordinary shares		
	Number of holders	Number held	% of total shares
1 to 1,000	31	16,930	0.01
1,001 to 5,000	281	763,714	0.27
5,001 to 10,000	129	1,103,891	0.39
10,001 to 100,000	219	8,368,600	3.00
100,001 and over	81	269,091,435	96.33
	741	279,344,570	100.00
Holding less than a marketable parcel	315	951,398	0.34

Equity security holders

Twenty largest holders of ordinary shares

	Ordinary shares	
	Number held	% of total shares
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	81,894,737	29.32
WHY K PTY LTD	39,100,706	14.00
WALRAP NOMINEES PTY LTD	39,004,549	13.96
MYOB INVEST CO PTY LTD	31,840,000	11.40
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	11,582,657	4.15
WARBONT NOMINEES PTY LTD	10,143,884	3.63
NEWECONOMY COM AU NOMINEES PTY LIMITED	7,921,800	2.84
RAM PLATINUM PTY LTD	3,102,175	1.11
SANPEREZ PTY LTD	3,010,990	1.08
HELANT PTY LTD	3,000,000	1.07
WHEAP PTY LTD	2,260,185	0.81
UBS NOMINEES PTY LTD	2,000,000	0.72
BUTTONWOOD NOMINEES PTY LTD	1,662,661	0.60
JAMBER INVESTMENTS PTY LIMITED	1,652,236	0.59
NARRA HOLDINGS PTY LTD	1,624,179	0.58
SAVOIR SUPERANNUATION PTY LTD	1,500,000	0.54
MR DAVID ROSEMAN	1,500,000	0.54
CITICORP NOMINEES PTY LIMITED	1,452,788	0.52
500 CUSTODIAN PTY LTD	1,450,925	0.52
DAVID ROSEMAN	1,381,792	0.49
	247,086,264	88.46

Unquoted equity securities

	Number on issue	Number of holders
Options	11,771,200	27

Substantial holders

	Ordinary shares Number held	% of total shares
REGAL FUNDS MANAGEMENT PTY LIMITED AND ITS ASSOCIATES	89,149,473	31.91
WALRAP NOMINEES PTY LTD AND ITS ASSOCIATES	39,333,905	14.08
WHY K PTY LTD AND ITS ASSOCIATES	39,197,156	14.03
MYOB INVEST CO PTY LTD	31,840,000	11.40

Voting rights

Ordinary shares
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.

Options
No voting rights.

Restricted securities

No restricted securities.