Growing Momentum
1H22 Results – 28 February 2022

Butn Limited
Investor Presentation

Your money, today

Our Vision

"Butn, your money today."

Partnering for business success.

Funding at the click of Butn

Butn the home of Business (Bu) + Transactions (Tn)

Embedded finance, the future of funding

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Your money, today

Embedded Finance – the future of funding

Funding where its needed, when needed – "in workflow"

"Funding should not be a task outside of how and where businesses transact, requiring extraordinary amounts of time and effort, lengthy decision periods and constraints based on some arbitrary limit reviewed annually".

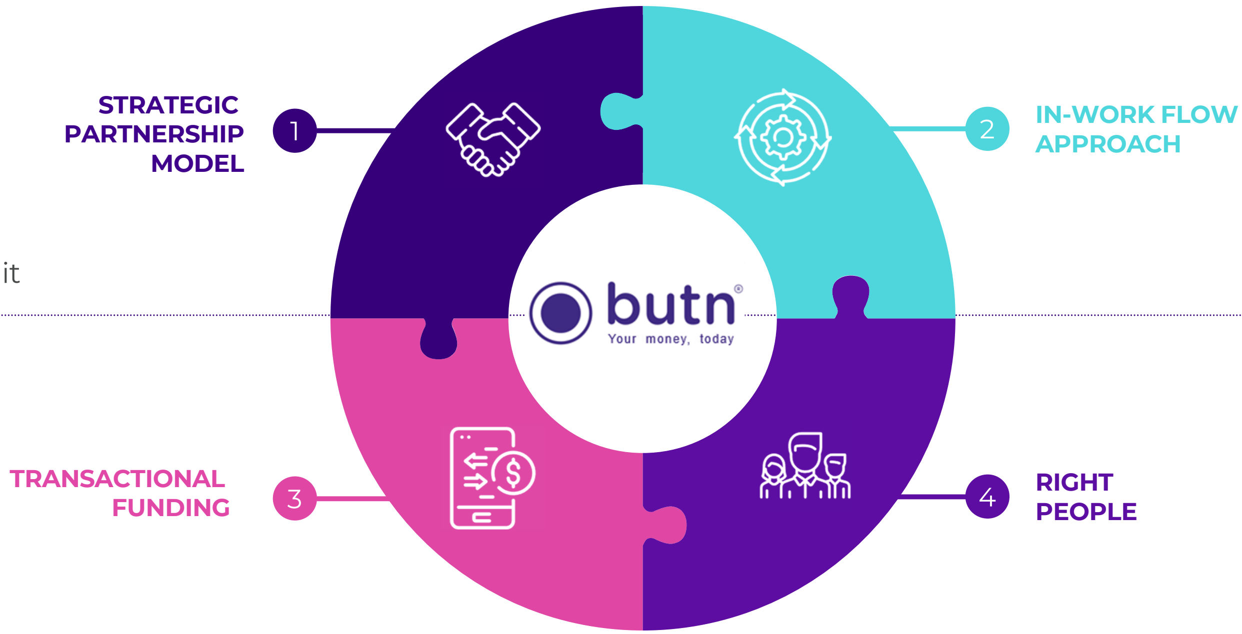
1. Near immediate funding access
2. Leverages rich accessible data
3. Near immediate credit decisions (that are better and less open to fraud)
4. True competitive moat, at time and place of transacting

Butn’s capabilities

Focused on SMEs with a flexible and fast in-workflow solution via strategic partners

- Partnership model provides **mass origination and distribution**
- Leverages existing **trusted partner relationships**
- **Low acquisition** cost
- **Data** verification and insights improving credit

- **Right tech and people deeply integrated** into invoicing and payments workflow
- **Ease and speed** of transaction
- Creates **competitive moat as exclusive finance provider**



- Fixed fee per transaction
- **Flexible, transparent** and attractive to customers
- **Low risk**, with low losses

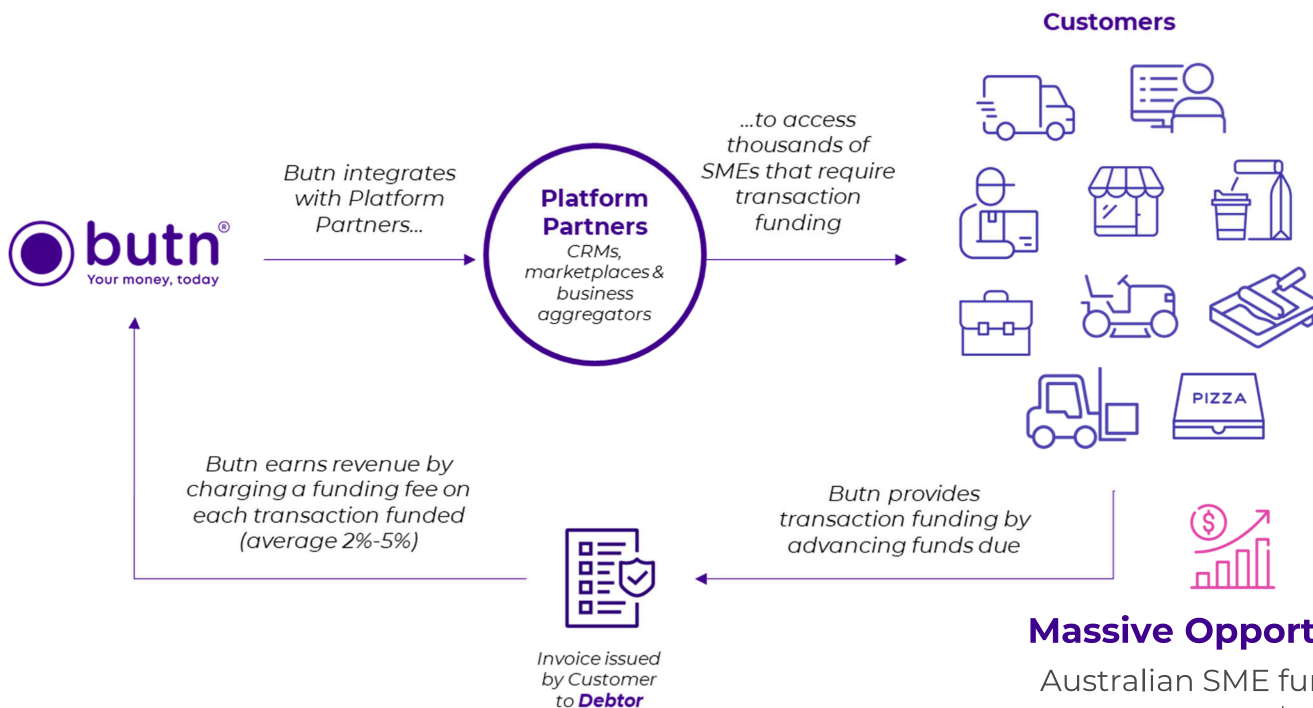
- Founder led
- **7 years in B2B space**
- Demonstrated business model: fast growth, industry low losses

Our growth focus – the Butn platform

Differentiated transactional funding approach

Our **FinTech transactional funding solution digitises and automates the funding process**, from customer on-boarding, credit assessment, funding and collection.

We integrate with Platform Partners providing us **with mass digital origination and distribution** direct to businesses in their known, trusted environments.



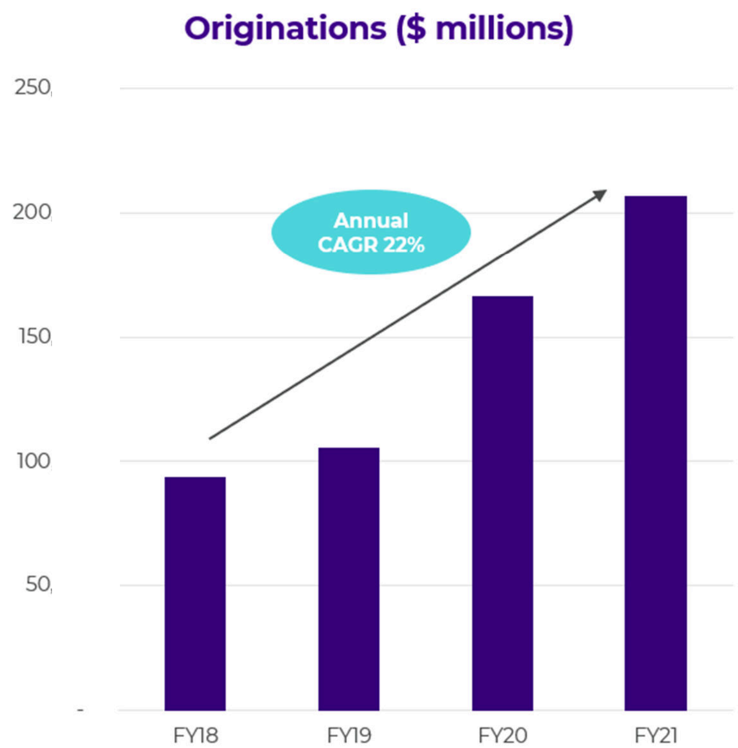
Massive Opportunity

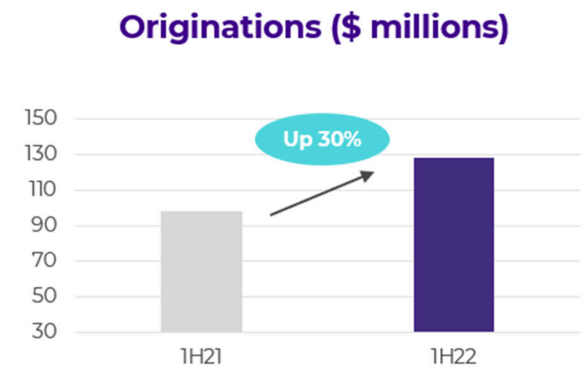
Australian SME funding alone exceeds $300bn

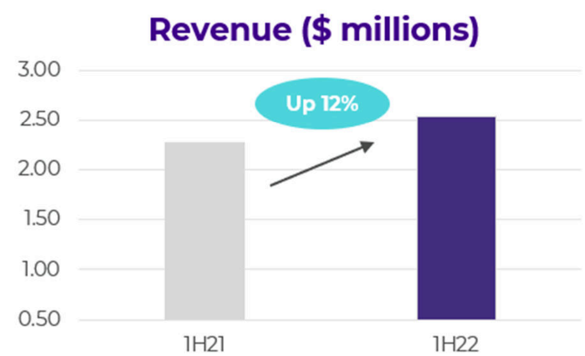
Growth

History of Origination growth, CAGR of +20%, including through COVID-19

- **1H22 origination growth of 30% to $127.6 million** (1H21: $98.0 million).
- Consecutive record quarters in Q1FY22 and Q2FY22
- **December a monthly origination record** of $25 million, up 44% on pcp.
- 1H22 revenue was up 12% to $2.5 million (1H21: $2.3 million).
- Growth was delivered whilst appropriately balancing risk. **No non-recoverable write offs in 1H22**, with Butn maintaining its **industry low cumulative historical losses of under 0.1% of total cumulative originations**.







Industry-low write-offs, proven over many years

Multiple tiers of loss protection and recovery

Butn has industry leading **credit and risk management,** minimising default risk (non-payment or fraud). Butn has **multiple tiers of loss protection,** including invoice assignment (end debtor often large tier 1 corporates or rated insurance companies), retention and security

FY21 write-off expense as a percentage of Originations

Numerous checks / processes undertaken at customer on-boarding and at transaction funding including:

- Know Your Customer (KYC)
- Credit checks (customer)
- Detailed bank account verification and analysis
- Credit checks (end debtor)
- Retention monies (up to 15%)
- Insurance coverage as appropriate
- Background checks
- Security recourse protection

0.1% **cumulative** write-offs
(last 5 years including COVID19 impacted periods)

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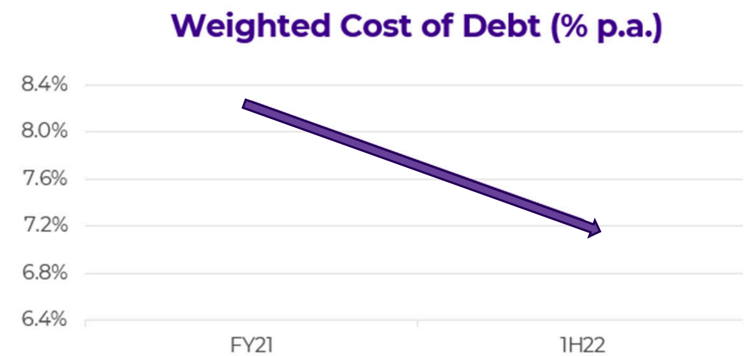
Successfully restructuring debt, driving margins

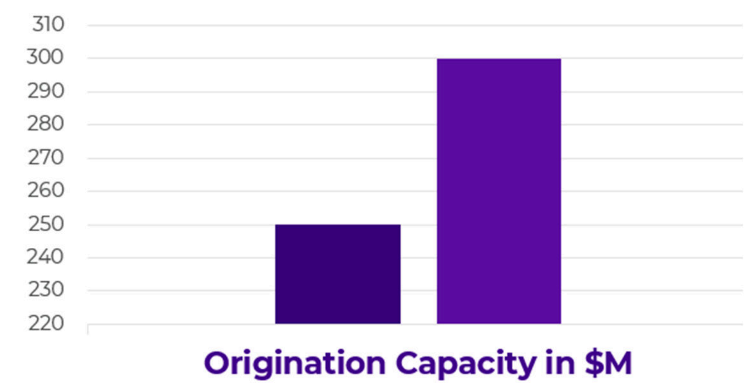
Reducing funding costs, increasing headroom and extending funding flexibility

As foreshadowed at the time of IPO, Butn commenced positively restructuring its debt:

- September 2021, Butn restructured its 2018-1 bond, **reducing those funding costs to 6.2%p.a**. (from 8.4%), whilst extending bond maturity to October 2023 with early call dates.
- In December 2021, Butn secured a **further $8.5 million of debt** under the amended 2018-1 bond terms. Based on Butn's fast turning receivables book **provides +$50 million of additional annual origination capacity**
- **31/12/21 receivables book has grown ~50%** on pcp, with increasing scale offering the opportunity for further (downward) step changes in funding costs



Cost of debt decreasing with last debt secured ~200bps or ~25% below FY21

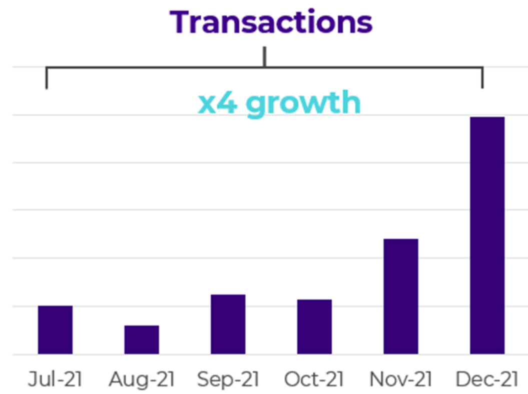


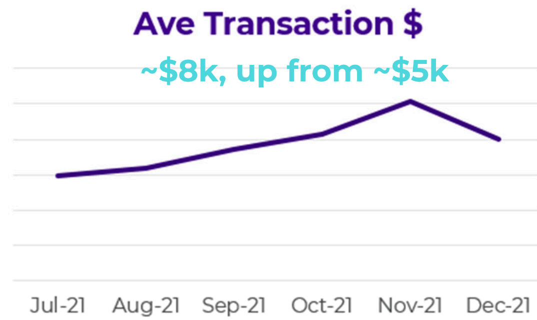
Annual origination capacity increased by ~$50M or 20%

Positive platform performance

Provides scalability, low customer acquisition cost and strong operating leverage at scale

- In August 2021, the myob |Butn invoice finance product went live to a small initial group of MYOB Business users. **Positive month-on-month origination growth**.
- In 1H22 Butn announced numerous partnerships across key verticals, **with a growing pipeline**.
- **Positive platform metrics** including strong month-on-month origination, new registrations, and an increasing number of transactions and average transaction size.





- Approvals ~90%
- Substantially higher Revenue Margin than non-platform business

Business drivers

Multiple drivers accelerating the Butn opportunity

Increase transaction volume and value through existing and new partnerships

Reduce the cost of capital to expand margins

Increase access to debt and equity to fund underlying demand

Maintain strong credit and risk management processes for low non-recoverable write-offs

Maintain a low, relatively fixed cost base as the business scales

Key Priorities

Strong 1H22, leveraging the foundations and growth platform established in FY21

Continued origination and revenue growth (#1 priority)

Scaling of existing and future platform partners

Cautiously positive on economic reopening as COVID-19 eases

Laser focus on maintaining robust credit and risk processes to preserve industry low non-recoverable write offs.

Continue to positively restructure Butn's debt, reducing funding costs and increasing headroom

Investment summary

Proven high-growth SME B2B transactional funder, leveraging an innovative FinTech partnership model

Massive Opportunity

Australian SME finance market exceeds $300bn but is underserviced

Proven performer

$700m+ in SME B2B transactions funded over 5 years, with history of growth

Leading Risk-management

Credit and risk management processes, demonstrated through industry low write offs

Fintech embedded

FinTech solution provides ‘in workflow’ proven SME B2B funding approach

Growth tipping point

3rd party platforms provides rapid, scalable growth at low cost and at increasing operating leverage

Right Experience

Founder-led, Butn has a highly credentialed board and experienced management team

Appendix

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Corporate snapshot

ASX code	BTN
Share price (31/12/21)	34c
Market cap (31/12/21)	$55m
Shares on Issue	160m
Cash (31/12/21)	$24m

Top shareholders	%
Rael Ross (founder)	22.6%
Walter Rapoport (founder)	22.6%
MYOB	19.9%
Regal Funds Mgmt.	9.9%

Director	Brief bio
Suzanne Ewart Non-Exec. Chairperson	• Director and business adviser with a strong background in treasury, finance and strategy • Previously senior roles with Fosters' Group, NAB, Telstra, BTR, Pacific Dunlop, and Woodside Petroleum and currently serves on the board of Dexus Wholesale Funds Ltd and has served on a number of companies including au Domain Administration, Treasury Corporation Victoria and TT Line Pty Ltd.
Mike Hirst Non-Exec. Director	• Career banker with extensive experience in retail banking, balance sheet management, financial markets and strategy • Previously Managing Director of Bendigo and Adelaide Bank, director of Colonial First State Investment Managers, Treasury Corporation of Victoria, Barwon Health, and Austraclear
Georg Chmiel Non-Exec. Director	• 30 years of experience in the real estate and tech industry • Previously Exec Chair of iCarAsia, MD/CEO of iProperty Group and LJ Hooker Group, CFO of REA Group and Non-executive Director of a number of ASX companies
Helen Lea Non-Exec. Director (MYOB appointee)	• Chief Employee Experience Officer at MYOB, responsible for a diverse portfolio including Digital, Workplace, People and Corporate Affairs • Significant Australian and multi-national corporations including Seven Group Holdings, Telstra, UGL and British American Tobacco
Rael Ross Founder, Co-CEO & Exec. Director	• Rael co-founded the Group with 15+ years' experience in financial services and technology worked in private practice, the Not-for-Profit sector and Big 4 • Previously co-founded Tsikot.com, one of the leading online automotive platforms and the largest in the Philippines
Walter Rapport Founder, Co-CEO & Exec. Director	• Walter co-founded the Group with vast experience in identifying, developing, and executing innovative receivables funding solutions • His career spans economics research and as founder and CEO of a knitwear manufacturing company supplying Australia's largest retailers

Statement of financial position

Sound balance sheet to support future growth

$m	31-DEC-21	30-JUN-21	$ mvmt	% mvmt	Notes
Cash and cash equiv.	23.8	15.5	8.3	54%	1
Trade receivables	37.5	30.0	7.5	25%	2
Other	0.2	0.9	(0.7)	-78%	3
Total current assets	**61.5**	**46.2**	**15.3**	**33%**	
Intangibles	6.0	5.7	0.3	5%	
Deferred tax	3.0	1.5	1.5	100%	
Total non-current assets	**9.0**	**7.1**	**1.9**	**27%**	
Total assets	**70.5**	**53.3**	**17.2**	**32%**	
Trade payables and accruals	1.3	1.9	(0.6)	(32%)	
Borrowings	0.3	7.9	(7.6)	(96%)	4
Income tax	-	0.2	N/a	N/a	
Provisions	0.6	0.4	0.2	50%	
Other	0.5	0.4	0.1	25%	
Total current liabilities	**2.7**	**10.8**	**(8.1)**	**(75%)**	
Borrowings	45.0	38.8	6.2	16%	5
Provisions	-	-	N/a	N/a	
Total non-current liabilities	**45.0**	**38.9**	**6.1**	**16%**	
Total liabilities	**47.7**	**49.7**	**(2.0)**	**(4%)**	
Net assets	**22.8**	**3.6**	**19.2**	**533%**	

Rounding errors may occur.

1. Increase in **Cash** from the $20M IPO (less costs and shareholder loan repayments), offset by an increasing receivables book.
2. Increase in **Trade receivables** driven by growing originations in the period.
3. Decline in **Other - current** reflects the prior period's deferred IPO costs expensed in 1HY22 on IPO completion.
4. Decline in **Borrowings - current** reflects repayment of shareholder loans ($3.8M) and conversion of the embedded derivative ($4.2M) on IPO completion.
5. Increase in **Borrowings – non current** reflects an additional $8.5M of debt raised under the 2018-1 bond, partially offset by a $1.5M Class B redemption in that bond.

Statement of profit and loss

Revenue increase and spend investment for long term growth

$m	1H22	1H21	$ mvmt	% mvmt	Notes
Originations	**127.6**	**98.0**	**29.6**	**30%**	
Revenue	**2.5**	**2.3**	**0.2**	**9%**	1
Total operating expenses	**(4.9)**	**(1.8)**	**(3.1)**	**172%**	2
	(2.4)	**0.4**	**(2.8)**		
Other income	0.5	0.1	0.4	400%	3
Transaction costs for IPO	(0.8)	-	(0.8)	N/a	4
Shared based payments	(0.2)	-	(0.2)	N/a	4
Depreciation & Amortisation	(0.7)	(0.3)	(0.4)	133%	5
Finance costs	(1.6)	(1.9)	0.3	(16%)	6
Loss before tax	**(5.2)**	**(1.5)**	**(3.7)**		
Income tax (expense)/ benefit	1.6	0.4	1.2		
Loss after tax	**(3.6)**	**(1.2)**	**(2.4)**		

1. Increase in HY22 **Revenue** reflects:
   - Originations continuing to grow, with a 30% increase on the pcp; and
   - Revenue Margin declining through the extended COVID-19 impacts, particularly to industry mix (i.e. lower margin segments such as FMCG increased with higher margin Automotive and Insurance declining).
2. Increase in **Operating expenses** reflecting a full period expense (pcp was partial) of BoD, executive leadership and in housing of IT and operational teams to service future growth.
3. Increase in **Other income** relates to the modification gain on the 2018-1 bond amendments made in the period.
4. One off **Transaction costs for IPO** and **Share based payments** were not present in the pcp.
5. Increase in **Depreciation & Amortisation** reflect the amortisation of the Butn fintech platform, not present in pcp
6. Decrease in **Finance costs** due to the prior period's embedded derivative fair value adjustments and associated costs, combined with a lower cost of debt secured in 1HY22.

Rounding errors may occur.

Butn products

Butn offers a full spectrum of SME B2B funding options

	butnX	butn pay	butn now
Typical end user	Seller of goods or services	Buyer of goods or services	Real estate agent or broker
Description:	Factoring	Buy now pay later (BNPL)	Early settlement of commissions
Can fund	Up to 100% of invoice value (less fee)	Up to 100% of invoice value (fee added)	Up to 100% of invoice value (less fee)
Typical term	Up to 90 days from invoice	Repayment via direct debit up to 8 weeks	Up to 90 days
Example	• Seller (Butn's customer) raises invoice for $100 on 30 day terms 30 days • Seller uses Butn X to receive funds upfront • Seller receives $85 (less fee) upfront • The end debtor pays Butn directly at term • Butn returns $15 retention	• Buyer (Butn's customer) wishes to purchase goods for $100 • Buyer uses Butn Pay to pay Supplier • Supplier receives $100 • Buyer pays Butn $12.50 (plus fee) weekly for 8 weeks via direct debit	• Agency / Agent (Butn's customer) will receive property sale commission in 60 days • Agent uses Butn Now to receive the commission (less fee) upfront • On settlement, the commission is redirected to Butn

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