



Investor Presentation

For the year ended 31 December 2023



To be read in conjunction with Appendix 4E and Accounts

Disclaimer

This information contained within this document is in summary form and does not purport to be complete. It should be read in conjunction with Reckon Limited's periodic reporting and other announcements made to the Australian Securities Exchange.

Information provided is current at the date of this document or as at the date specified in any slide or page (as applicable).

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Overview

Reckon Limited (ASX: RKN) is a software-as-a-service (SaaS) company providing cloud-based technology solutions to customers including SMEs and legal firms.

Investment highlights

- ✓ Strong earnings profile - \$53m in revenue generated in 2023 with EBITDA of \$20m and NPAT of \$5m
- ✓ Net debt of \$2.8M
- ✓ Annual Dividend of 2.5cents fully franked paid September 2023
- ✓ Legal Group subscription revenue growth of 17%
- ✓ Ongoing investment in cloud based products to underpin future business growth
- ✓ Over 105k cloud users on our SME products and over 300k employees get paid annually in Australia via Reckon products
- ✓ Six of the world's top legal firms use our solutions



Corporate overview

✓ Capital Structure

ASX code:	RKN
Shares on issue:	113.3m
Market capitalisation:	\$69m
Share price high – low post special dividend:	\$0.40 to \$0.66
Net debt:	\$2.8m

✓ Major shareholders

Microequities Asset Management Pty Ltd	14.3%
Rabie Family	9.0%
Spheria Asset Management Pty Ltd	8.5%
Pinnacle Investment Management Group Ltd	8.5%
Greg Wilkinson	7.1%
1851 Capital Pty Ltd	5.8%

✓ Board of directors



Clive Rabie
NON-EXECUTIVE CHAIRMAN



Greg Wilkinson
FOUNDER & NON-EXECUTIVE DIRECTOR



Phil Hayman
NON-EXECUTIVE DIRECTOR



Sam Allert
CHIEF EXECUTIVE OFFICER

Our focus is on two large and distinct markets



SMALL BUSINESS

Accounting and Payroll solutions for SMEs

Revenue of \$41.7m and \$21.5m EBITDA in FY23

Total addressable market

3 million small businesses across Australia and New Zealand



LEGAL

Practice Management and Workflow solutions for Legal firms

Revenue of \$11.7m and \$0.9m EBITDA in FY23

Total addressable market

500 of the world's largest firms operate in the USA, alongside 46,000 mid-size firms

Financial Results – Full Year 2023*

REVENUE

\$53↑

million

↑ +4% over PcP

ARR

\$49↑

million

↑ +4% over PcP

EBITDA

\$20↑

million

↑ +10% over PcP

NPAT

\$5↑

million

↑ +36% over PcP

DEVELOPMENT INVESTMENT

\$14

million

DIVIDEND PAID

2.5

cents

per share fully franked

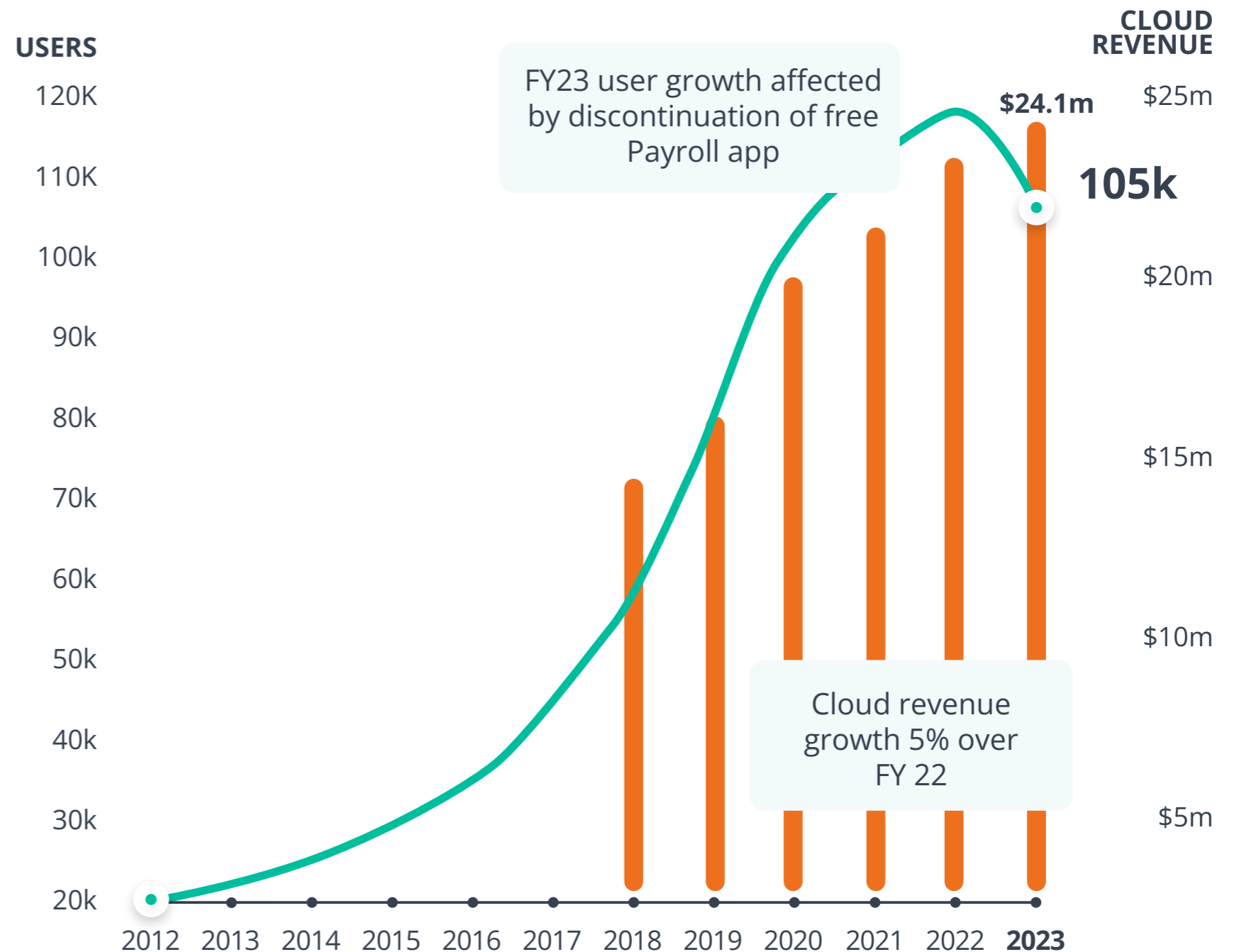
*Continuing operations only

Cloud revenue growth of 5%

- ✓ Servicing start ups, gig-economy, small and medium sized businesses with accounting, payroll, and business management tools
- ✓ Strong cash generating business with EBITDA Margin of 52% and Adjusted EBITDA Margin (after development costs) of 28% for FY23
- ✓ 105k Cloud users (growth impacted by discontinuation of free Payroll app in FY23)
- ✓ Paying cloud users increased by 7%
- ✓ Continued uptake of Reckon Payroll products across cloud and Mobile



Small Business Cloud User* Growth

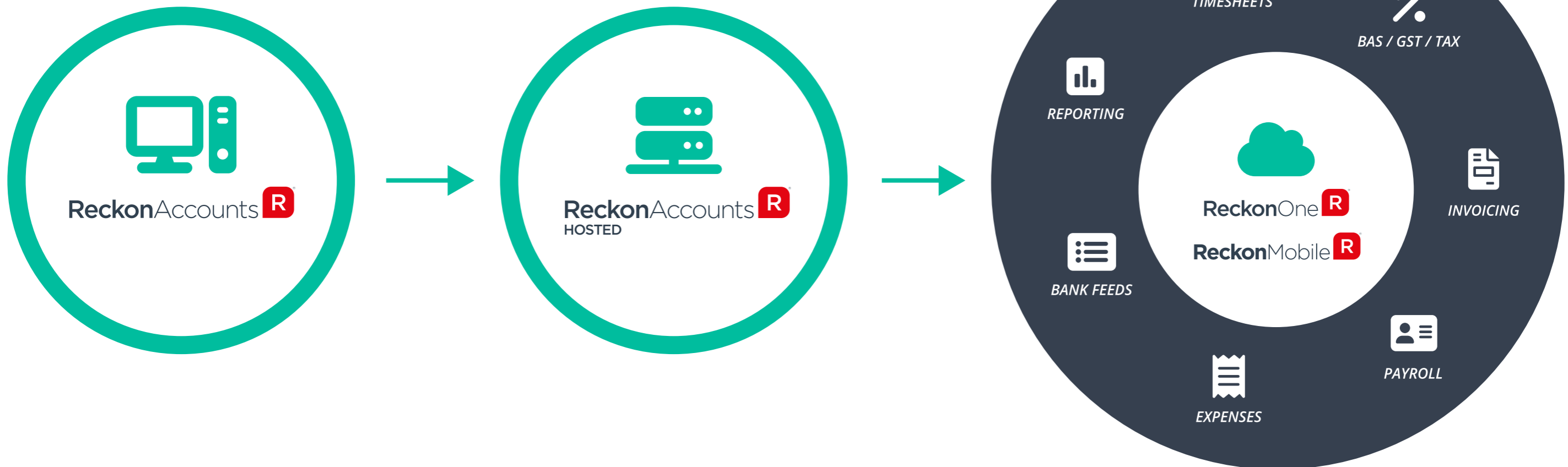


58% of available SME Group revenue is cloud based for FY 2023

* Cloud users represent the number of users for all Business Group cloud products including Reckon One, Reckon Mobile and Reckon Accounts Hosted

Transition to Reckon One codebase underway

- ✓ Increased focused on the transition to the Reckon One codebase now underway since the completion of Single Touch Payroll 2.0 upgrades
- ✓ Continued development investment into Reckon One and Mobile solutions to support this transition
- ✓ Ongoing product enhancements creating more valuable solutions for SME's and employees
- ✓ Journey to Reckon One expands options for the business and provides potential value creation for Reckon*



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Customer case study: Stitchery & Co.

It's the accountant's choice when they go into business themselves.

The challenge: Tatiana Cowan came from an accounting background before diving into business herself and setting up Stitchery & Co, - a sewing business and creative hub.

The challenge for Tatiana was tempering the maelstrom of creativity that drove her to create Stitchery & Co. so she could achieve her business growth goals.

After hiring a freelancer to take care of her branding, marketing, and website, she needed a simple accounting solution to take care of her billing, and bookkeeping.

The solution: As an ex-accountant, Tatiana knew what she was looking for. She chose Reckon for its simplicity, reliability, affordability, and powerful features.

She now recommends Reckon to other businesses she works with.

Benefits: Tatiana now has more time to focus on her creative pursuits and business growth, with her billing and bookkeeping taken care of, courtesy of a simple and affordable cloud accounting solution - Reckon.



"Reckon gives me plenty of time to go and do all of the creative things that I really enjoy doing while knowing that the numbers are being taken care of."

"As a small business owner, not everyone is a trained accountant. So sometimes you need software that's in a language that you'll understand and Reckon does exactly that,"

Tatiana Cowan, Stitchery & Co.

Continued focus on employee engagement

✓ Employee Engagement Stats



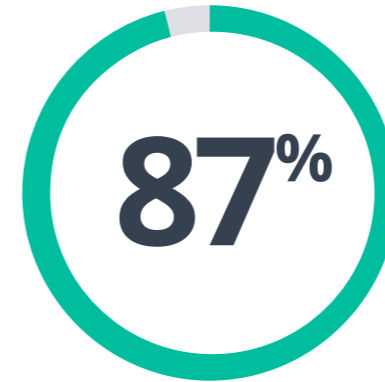
COMPANY CULTURE

100% respondents recommend the company as a great place to work (Industry Average: 85%)



ENGAGEMENT

88% of respondents are engaged (Industry Average: 72%)



RECOMMENDING RECKON

87% respondents would recommend Reckon to friends & family (Industry Average: 40%)



STRATEGY

95% respondents believe in the company strategy (Industry Average: 47%)

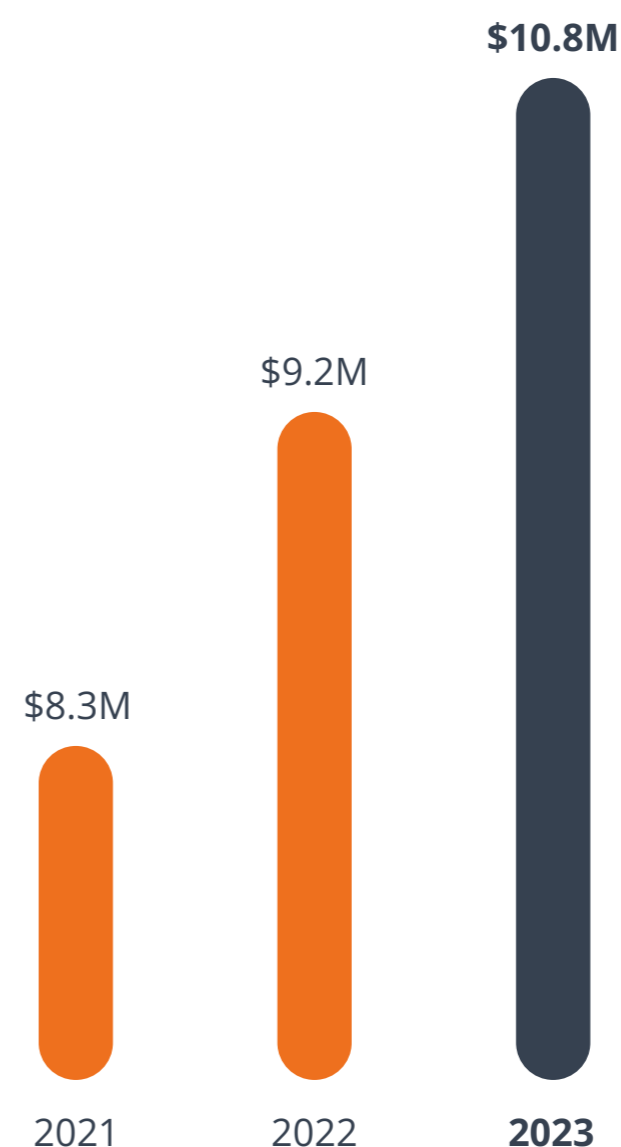


PRACTICE MANAGEMENT AND WORKFLOW FOR LEGAL FIRMS

Growth business in large US and global markets

- ✓ Servicing Legal firms with workflows through scanning & printing, billing and collections, cost recovery and analytics solutions
- ✓ Subscription revenue growth of 17% for FY23
- ✓ 2200 users on our new cloud products BillingQ and DataQ
- ✓ Enormous market opportunity – 500 of the world’s largest firms operate in the US, alongside 46,000 mid-size firms
- ✓ Highly regarded management team with a successful track record of developing and distributing legal practice management software in US market
- ✓ Footprint in UK and resellers in other parts of the world

↑ Subscription revenue growth



PRACTICE MANAGEMENT AND WORKFLOW FOR LEGAL FIRMS

Upgrade to core product suite and investment in new cloud solutions providing growth opportunity in large US Legal market

- ✓ Core products upgraded to take advantage of increased market interest and opportunity
- ✓ Continued ongoing investment into Cloud based Platform solutions
- ✓ Client base includes 6 of the top 10 firms in the world and 8 of the top 25 firms in the US
- ✓ Newer platform solutions can be cross sold into Core client base
- ✓ Additional product integrations planned for Platform solutions creating larger addressable market
- ✓ Over \$200k of ARR with 2200 users of Platform sales made



Core

- ✓ **ScanQ** and **MailQ** – scanning
- ✓ **PrintQ** – printing
- ✓ **CostQ** – cost tracking



Platform

- ✓ **BillingQ** – billing workflows
- ✓ **DataQ** – business intelligence

PRACTICE MANAGEMENT AND WORKFLOW FOR LEGAL FIRMS

nQ ZebraWorks customer case study: Worden Thane

Superior automation to streamline the billing process.

The challenge: Dawn Donham, Legal Administrator at Worden Thane (a real estate, business, and litigation firm), was faced daily with highly manual and time-consuming billing processes.

To bill their firm's clients Dawn needed to undertake repetitive tasks like managing collections, follow-ups, and sending bills which she completed manually or through time-consuming Excel spreadsheets.

The solution: By integrating their Legal solution, ProLaw, with BillingQ, Dawn can now automate this process. "With BillingQ, I get an actual dollar number for each file an attorney has worked on, without doing a lot of extra leg work. The nQzw platform pulls that out easily without the hassle of spreadsheets and queries." Even better, when she receives client notes about billing, these go straight into the platform and create tasks automatically – radically reducing research and extra processes.

Benefits: Dawn can now reduce the billing lifecycle, automate her workflow, and easily drill down on client matters and financials.



"Before BillingQ, we would have a stack the size of a ream of paper where our LAA would have to go through and manually prepare emails based on the requirements of each individual client billing statement we sent out. Now those emailed bills are sent through automation."

Dawn Donham, Legal Administrator at Worden Thane.



Financial Highlights

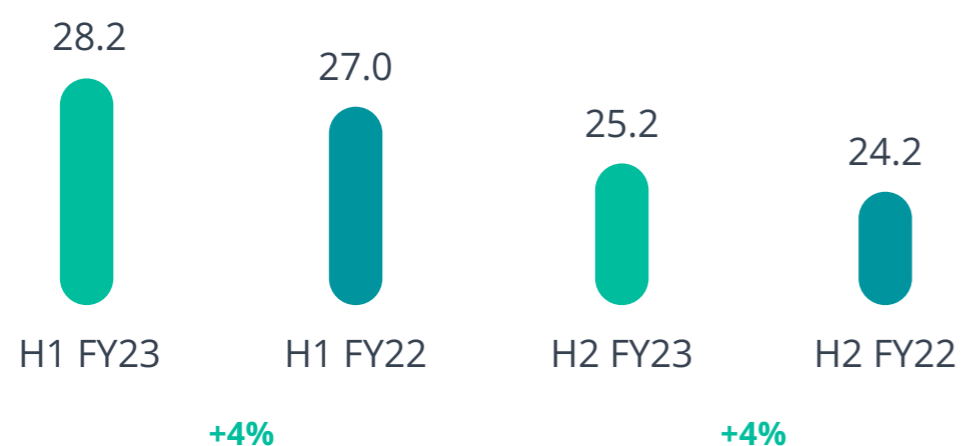
Group financial performance and cash flow

(Continuing operations)

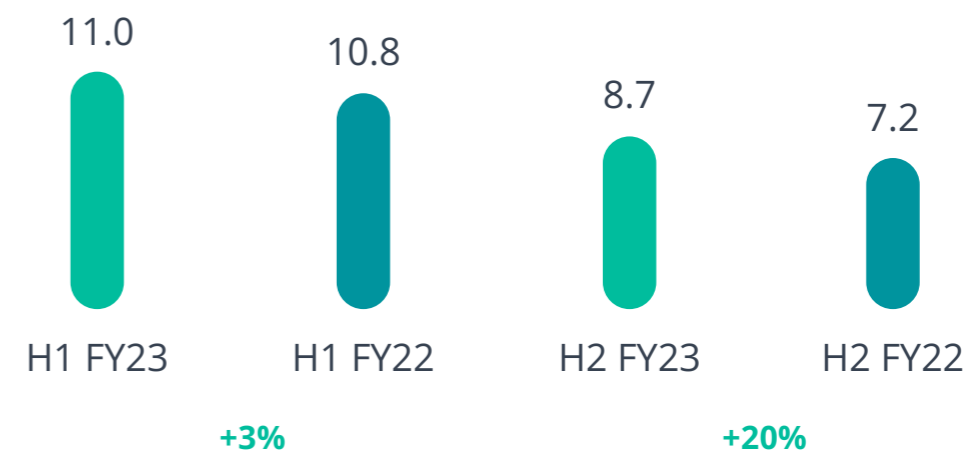
	FY23	FY22	GROWTH		FY23	FY22
	\$ M	\$ M	%		\$ M	\$ M
✓ Revenue	53.4	51.2	+4%	✓ Operating Cashflow (before development)		
				Continuing operations	19.1	19.8
✓ EBITDA	19.7	18.0	+10%	Discontinued operations	-	7.0
✓ NPAT*	4.9	3.6	+36%	✓ Development Spend		
				Continuing operations	(14.4)	(15.3)
				Discontinued operations	-	(3.9)

*Higher amortisation offset by lower effective tax rate in FY23, due to a higher development spend

✓ Revenue by half



✓ EBITDA by half



ACCOUNTING AND PAYROLL SOLUTIONS FOR SMES

Business Group Financials

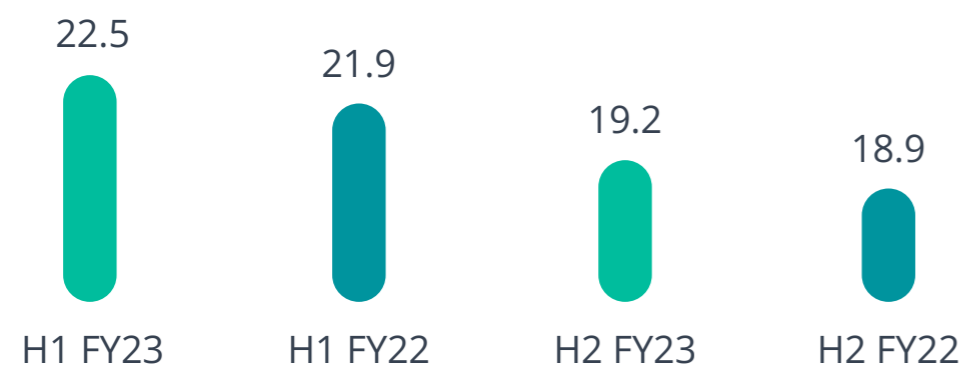
A subscription business with consistently strong cloud growth

✓ Financial performance

Revenue

- Consistently strong cloud revenue growth
- Subscription revenue is 92% of revenue
- EBITDA margin 52%
- Adjusted EBITDA margin 28% (after development costs)

✓ Revenue by half



✓ Revenue

	FY23 \$ M	FY22 \$ M	GROWTH
CLOUD SUBSCRIPTION	24.1	23.0	5%
DESKTOP SUBSCRIPTION	14.1	14.5	-3%
SUBSCRIPTION	38.2	37.5	2%
OTHER	3.5	3.3	4%
TOTAL	41.7	40.8	2%

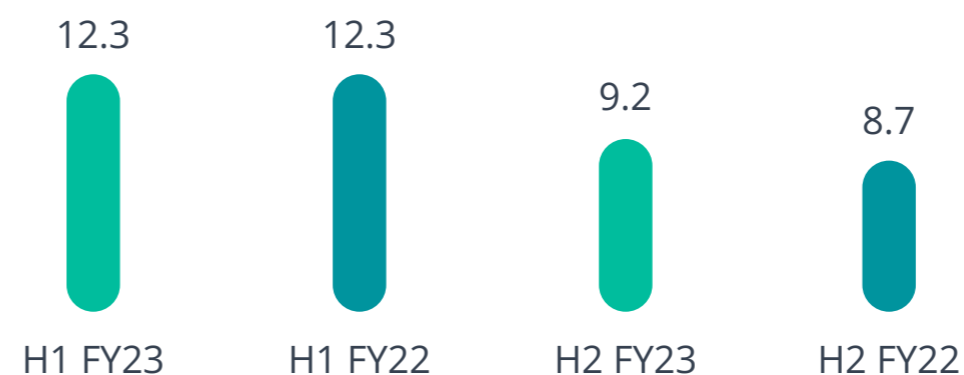
✓ EBITDA

	FY23	FY22	GROWTH
EBITDA	21.5	21.0	2%

✓ Capitalised development costs

	FY23	FY22
Capitalised development costs	9.6	10.5

✓ EBITDA by half



Legal Group Financials

Growing subscription revenue and a top tier customer base

✓ Financial highlights

Revenue

- Strong subscription growth of 17%
- Subscription revenue is 92% of revenue

EBITDA

- Investment in sales and development teams for future growth continues

✓ Revenue

	FY23 \$ M	FY22 \$ M	GROWTH	CONSTANT CURRENCY GROWTH
SUBSCRIPTION	10.8	9.2	+17%	+12%
UPFRONT AND SERVICE	0.9	1.2	-24%	-16%
	<u>11.7</u>	<u>10.4</u>	+12%	+7%

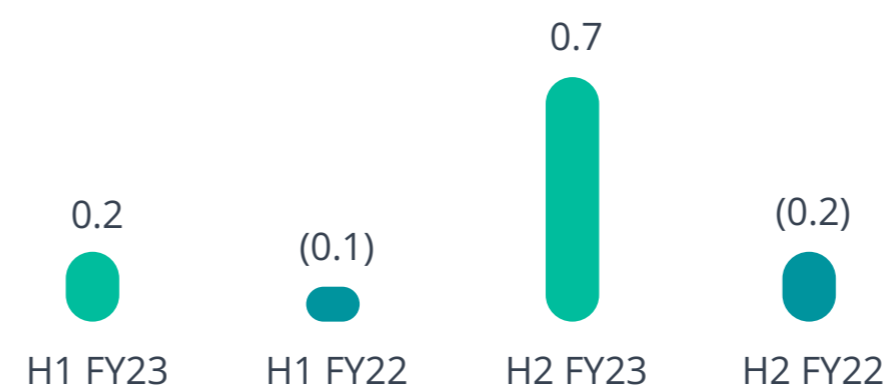
✓ EBITDA

	<u>0.9</u>	<u>(0.3)</u>
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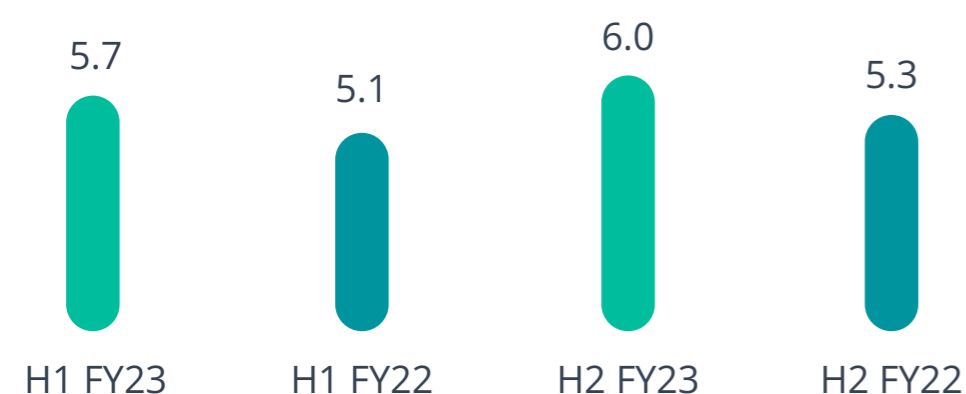
✓ Capitalised development costs

	<u>4.9</u>	<u>4.8</u>
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✓ EBITDA by half



✓ Revenue by half



Summary

- ✓ A software as a service (SaaS) company with two clearly defined businesses and opportunities
- ✓ Strong consistent financial results - \$53M in Revenue, \$20M in EBITDA, and NPAT of \$5M for full year 2023. Executing on plan to create valuation improvement and shareholder return
- ✓ A clean Balance Sheet with \$2.8M in debt with a \$25M facility
- ✓ Consistent dividend paying company - 2.5c Annual Dividend (paid in Sept 2023)
- ✓ 17% Subscription revenue growth for the Legal Group
- ✓ 5% cloud revenue growth with total cloud users of 105k in the Business Group
- ✓ Continued investment into scaling our cloud products





Questions

Resources

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rekon.com

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rekon.com/au/investors

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