

# ASX Announcement

## 4 August 2023



### CEO Remuneration

The board of Reckon Limited (**Reckon**) is pleased to advise of the variation to the remuneration of Reckon's Chief Executive Officer, Sam Allert with the establishment of the Cash Distribution Incentive Plan.

Mr Allert's participation in the Cash Distribution Incentive Plan was approved by Reckon's shareholders at the 2023 Annual General Meeting under *Section 200E of the Corporations Act 2001* and the material terms of the Cash Distribution Incentive Plan are included in the attached schedule.

This announcement is made pursuant to ASX Listing Rule 3.16.4.

AUTHORISED FOR RELEASE TO THE ASX BY THE BOARD OF DIRECTORS

### About Reckon

Reckon is an ASX listed and Australian owned company with over 30 years' experience delivering market leading solutions to small to medium sized businesses and legal professionals. Reckon's software services are designed to make accounting, payroll and practice management faster, easier and more productive. Find out more at [www.reckon.com](http://www.reckon.com).

For further information, please contact:

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### Schedule-Material terms of the Cash Distribution Incentive Plan

The payment of cash under the Cash Distribution Incentive Plan is contingent on the following Payment Conditions:

- Mr. Allert being an employee of Reckon as at 31 December 2029; and,
- the cumulative total of the following payments in respect to Reckon shares paid or received by Reckon shareholders from 24 May 2023 to 31 December 2029 (**Shareholder Return**) being at least \$150,000,000:
  - dividends;
  - distributions; and
  - if there is a change of control transaction occurring whereby 100% of the issued capital of Reckon Limited is acquired by a third party (**Control Transaction**), the consideration received by Reckon shareholders under the Control Transaction.

If the Shareholder Return includes shares or securities in another entity unrelated to Reckon, whether in addition to or instead of cash, the Board may determine the value of the shares or securities (if any) that will be factored into the calculation of the Shareholder Return, in its discretion.

The Shareholder Return will not be reduced for any tax payable by shareholders and will be adjusted upwards for the effect of franking credits.

If the Payment Conditions are met, the amount of the cash payment (**Cash Distribution**) will be calculated by the Board based on the following Distribution Schedule. Within each Shareholder Return Band, the Cash Distribution will be paid pro rata in proportion to where the Shareholder Return sits within the relevant Shareholder Return Band.

Distribution schedule:

Shareholder Return Bands	Cash Distribution
Under \$150,000,000	No cash distribution (Award is forfeited)
\$150,000,000 and up to \$200,000,000	\$770,000
\$200,000,000 and up to \$250,000,000	\$1,300,000
\$250,000,000 and up to \$300,000,000	\$2,600,000
\$300,000,000 or more	\$5,700,000

Any cash award will be paid as soon as possible following the end of the assessment period or any early testing.

#### Variation to Shareholder Return Bands and Cash Distribution

The Board may, in its discretion, amend the Shareholder Return Bands and Cash Distribution amounts as is reasonably necessary to maintain the alignment of the incentive created by the Cash Distribution Incentive Plan with the value received by Reckon shareholders, including by:

- Reducing the Cash Distribution to Mr. Allert by any amount paid to Mr. Allert under a Reckon long term incentive plan between 24 May 2023 and 31 December 2029.
- Making changes to the Shareholder Return Bands and/or the Cash Distribution amount to take into account any capital raising activities of Reckon.
- Reducing the thresholds under the Shareholder Return Bands in the event of early testing, as discussed below.

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- Increasing the Cash Distribution amount if the highest Shareholder Return Band is materially exceeded.

### Cessation of employment treatment

Unless the Board determines (in its absolute discretion) otherwise, if Mr. Allert's employment is terminated for cause or he resigns (or gives notice of his resignation) prior to the assessment date, all of his award will lapse.

If Mr. Allert ceases employment in other circumstances prior to the assessment date, unless the Board determines otherwise, the Board will test the award and determine the amount of the Cash Distribution (if any) based on the Shareholder Return up to the date of cessation and pay any award to Mr. Allert following testing. The Board may, in its discretion, also factor in Mr. Allert's contribution towards potential value accretive transactions that have not yet completed.

### Change of control

If, prior to 31 December 2029, there is a takeover bid or other event or circumstances arise which the Board considers should be treated in a similar way (**Change of Control Event**), the Board has the discretion to early test the award and to calculate the Shareholder Return and determine the Cash Distribution to be paid.

When determining the Cash Distribution to be paid where there is a Change of Control Event, the Board may make such adjustments to the Cash Distribution or the Shareholder Return Bands as it deems reasonable in the circumstances.

If a Control Transaction occurs but the Board has not exercised the discretion referred to above before this time, the award will be tested up to the date of the Control Transaction based on the Shareholder Return up to that date and Mr. Allert will receive an award based on this assessment.