



Results Presentation

For the twelve months ended 31 December 2019

To be read in conjunction with Appendix 4E and Accounts



Sam Allert
RECKON CEO



Chris Hagglund
RECKON CFO



Core areas of the business



BUSINESS GROUP

An ecosystem for small businesses

We provide accounting software to SME's around the world. Hundreds of thousands of businesses have used our software, and we have a partner network of over 6,000.

GOAL
Growth - Cloud / Payroll



PRACTICE MANAGEMENT - ACCOUNTANT GROUP

A platform for accountants

Market leaders with our APS platform for multi-disciplinary accounting firms. 8 of the top 10 firms use our APS software.

GOAL
Stabilise
Progress Cloud Development



PRACTICE MANAGEMENT - LEGAL GROUP

Scan workflow, print and cost recovery solutions for legal firms

Cost recovery, scanning and print solutions used by some of the worlds leading legal firms.

GOAL
Growth - New products and subscriber focus

Our Highlights



Business Group Cloud Growth

38% increase in subscriptions, reaching 75,000 users

Resulting in 6% revenue growth in 2nd half

47% of available revenue is in the cloud



Mobile Growth

Launch of new payroll app (STP)

29,000 new users acquired since late May launch

260,000 payruns created

Paid mobile app planned for release in Q1



APS Stabilisation

Achieving stabilisation of APS after period of disruption

Major firms re-committed

Substantial development progress on new cloud suite



Legal Growth

9% revenue increase

EBITDA up by 34%

New Scan + Print products gaining traction



Cashflow Improvement

\$7m reduction in net debt

Fully franked dividend of 5 cents for the year (3 cents; 2018)

Results summary

Revenue

\$75.4
million

Flat

EBITDA

\$30.6
million

+5% ↑

NPAT

\$8.1
million

+5% ↑

Results summary

✓ Revenue

	FY19 \$ M	FY18 \$ M	GROWTH
SUBSCRIPTION REVENUE			
BUSINESS	29.6	27.8	+7%
ACCOUNTANT	22.4	23.3	-4%
LEGAL	9.0	8.4	+7%
	<u>61.0</u>	<u>59.5</u>	
OTHER REVENUE	14.4	15.9	-10%
TOTAL REVENUE - CONTINUING BUSINESS	<u>75.4</u>	<u>75.4</u>	-

91%
of available revenue is now subscription



OVERHEADS - CONTINUING BUSINESS

	<u>44.8</u>	<u>46.2*</u>	-3%
EBITDA	<u>30.6</u>	<u>29.2</u>	+5%

Reduction in premises and transaction costs but increase in growth related overheads i.e. marketing + sales

* Includes transaction costs



Business Group highlights

- ✓ Strong 2nd half - 6% revenue growth
- ✓ Over 75k cloud users (38% annualised user growth).
- ✓ 9% cloud revenue growth over FY18.
- ✓ 47% of available revenue is now cloud.
- ✓ STP mobile app - 55k employees created in the app, 260k payruns submitted.
- ✓ Countries operational:



AU



NZ



UK

ReckonOne 

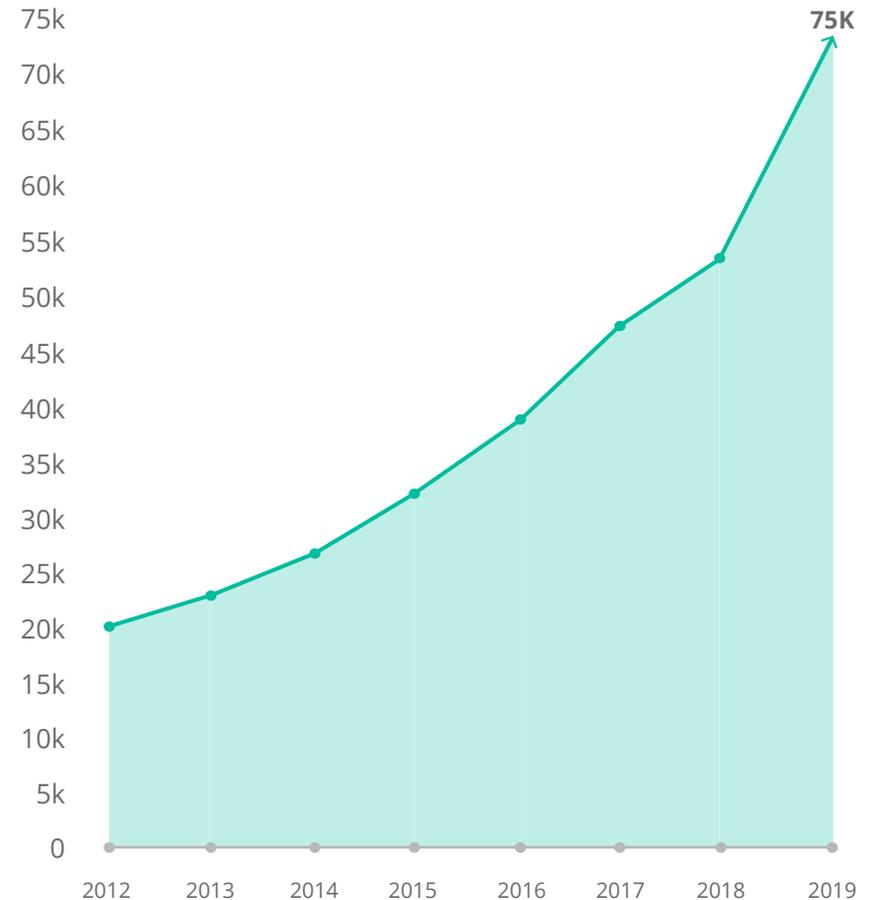
 IBOOKS+
A RECKON PRODUCT 

BetterClinics
A RECKON PRODUCT 



Online user growth

USERS





Practice Management Accountant Group highlights

- ✓ Impressive customer list maintained.
- ✓ Major firms re-committed.
- ✓ Substantial progress made on cloud product.
- ✓ Reckon Docs market moving to subscription, market remains subdued.
- ✓ Countries operational:



AU



NZ



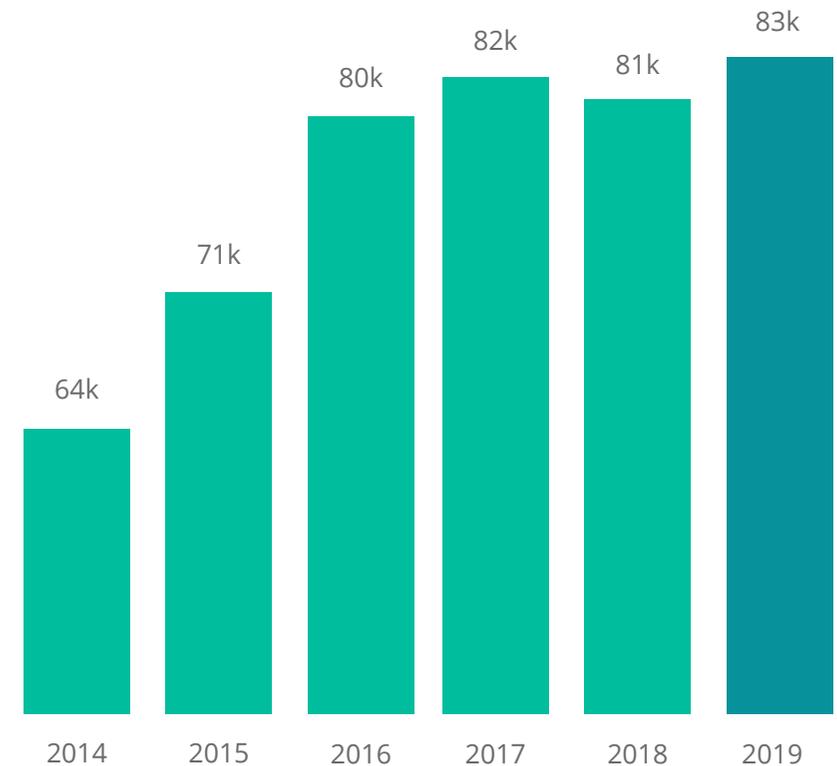
UK

APS
A RECKON PRODUCT 

ReckonDocs 

ReckonBankData 

 Reckon APS seat growth





Practice Management - Legal

- ✓ WorkFlow expert in three key areas:
 - Advanced Uniform Scanning
 - Print Management
 - Cost Recovery
- ✓ Developed Channel Sales Network, which now includes:
 - Canon USA
 - Pacific Office Automation (POA)
 - Konica Minolta Worldwide
 - And a growing list of local & regional providers

- ✓ Scan product showing strong potential with the market now educated on the value of this product.
- ✓ Traditional cost recovery product has stabilised and our competitive position has improved.
- ✓ Next generation product launched and is now being rolled out.
- ✓ Transition from upfront purchase model to subscription only model well underway.
- ✓ Pipeline is strong.
- ✓ We plan to invest in further sales capacity in 2020 to take advantage of above opportunities.
- ✓ Countries operational:

n**QUEUE**
BILLBACK

Print
AnyWhere

InfoRoute5



UK



USA



AU

2020 Strategic business initiatives



Business Group Cloud Growth

Continued R1 growth,
through digital marketing

IPA partnership as
partner channel

Leverage STP and
payroll growth

Delivery of standalone
modules to service
new markets

Target verticals with niche
offering, such as Allied
Health with Better Clinics



Mobile Growth

Expand mobile suite

Attract new clients into
ReckonOne ecosystem

Compliments the needs of
SME market

Growth into individuals as
end users

Integrated with Reckon
One (Cross-Sell)



Expand Accountancy Reach

Delivery of new cloud products

Compliment APS existing clients
with new cloud products

Wider reach into mid-market
firms, e.g. Elite and IPA firms
with new cloud products

APS On-line for existing
APS clients



Legal Growth

Continued focus on the
Scan and Print solutions
for a wider market

Investment into more
sales and marketing with
product maturity

2. Financial Update



Chris Hagglund
RECKON CFO



Financial performance

	FY19	FY18	GROWTH
	\$ M	\$ M	%
✓ Revenue	<u>75.4</u>	<u>75.4</u>	-
✓ Overheads	<u>44.8</u>	<u>46.2*</u>	-3%
✓ EBITDA	<u>30.6</u>	<u>29.2*</u>	+5%
✓ NPAT	<u>8.1</u>	<u>7.7*</u>	+5%

* Results are net of transaction costs.



Business financials

Subscription business with strong online growth.

Revenue

	FY19	FY18	
	\$ M	\$ M	GROWTH
SUBSCRIPTION	29.6	27.8	+7%
LOAN INCOME	0.9	0.9	-8%
OTHER	5.7	6.5	-13%
TOTAL	36.2	35.2	+3%

EBITDA

	FY19	FY18	
	17.4	17.0	+3%

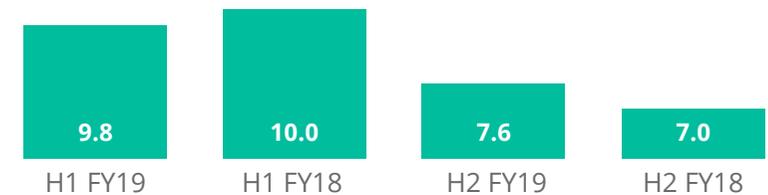
Revenue by half



Financial performance

- Revenue
 - ARPU impacted by faster growing Reckon One. Cloud unit growth of 38% in 2019.
 - Subscription now 92% of available revenue.
 - 9% cloud revenue growth (47% of available revenue is now cloud).
 - Stronger 2nd half - revenue growth 6%.
- EBITDA
 - Invested in Reckon One sales and marketing particularly related to:
 - IPA
 - STP
 - Better Clinics

EBITDA by half





Practice Management Accountant Group Financials

Subscription focus with an already impressive customer base.

Revenue

	FY19	FY18	GROWTH
	\$ M	\$ M	
SUBSCRIPTION	22.4	23.3	-4%
UPFRONT AND SERVICE	0.4	0.5	-11%
CONTENT	4.6	5.6	-18%
TOTAL	<u>27.4</u>	<u>29.4</u>	-7%

Financial highlights

- Revenue
 - Business stabilised following aborted sale.
 - Content market still challenging.
 - Subscription at 98% of available software revenue.
- EBITDA
 - Costs well managed.

EBITDA

	FY19	FY18	GROWTH
	<u>14.2</u>	<u>15.4</u>	-8%

Revenue by half



EBITDA by half





Practice Management-Legal financials

Impressive customer base with strong opportunity to grow scan & print markets

Revenue

	FY19 \$ M	FY18 \$ M	GROWTH
SUBSCRIPTION	9.0	8.4	+7%
UPFRONT AND SERVICE	2.7	2.4	+15%
TOTAL	11.7	10.8	+9%

Financial highlights

- Revenue
 - Strong scan + print growth.
 - Transition to subscription model underway.
 - Subscription at 77% of revenue.
- EBITDA
 - Continue to invest in sales and marketing for scan + print products. (Particularly in 2nd half).

EBITDA

	FY19	FY18	GROWTH
	2.2	1.6	+34%

Revenue by half



EBITDA by half

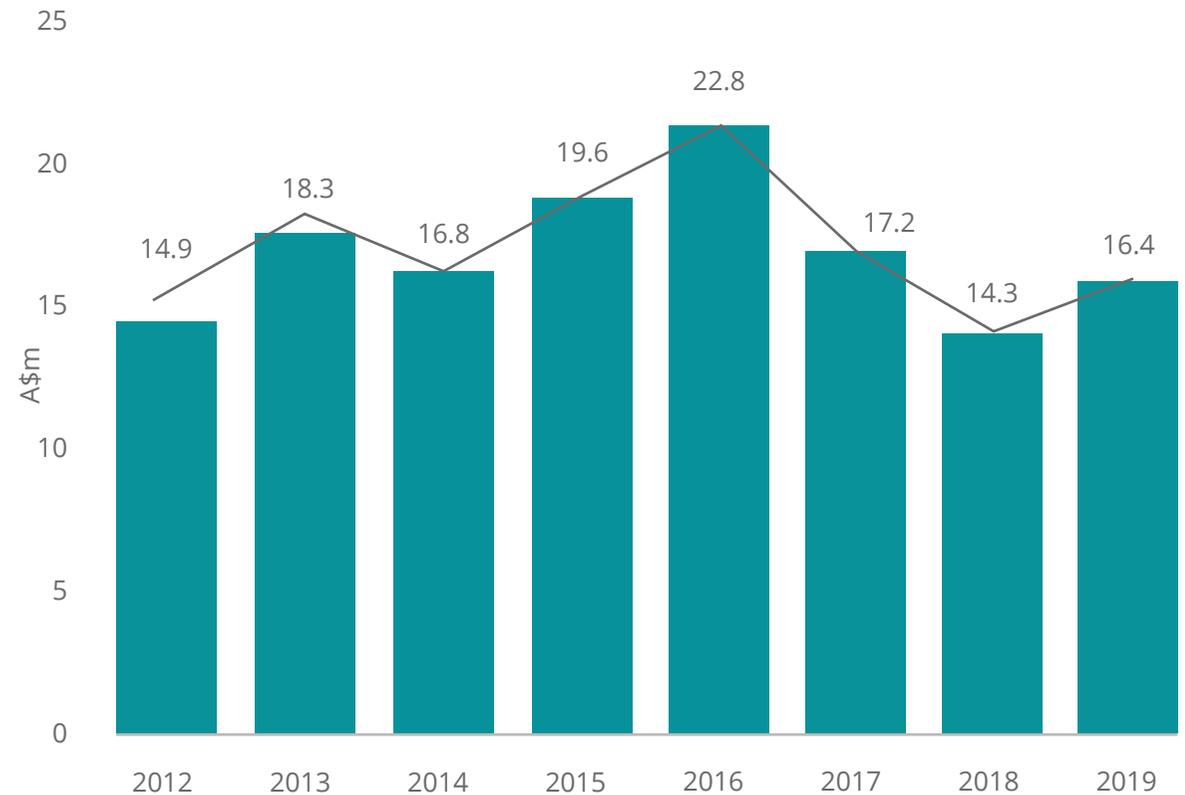


Cashflow highlights

	FY19	FY18
	\$ M	\$ M
OPERATING CASHFLOW	26.7	25.2
DEVELOPMENT SPEND	(16.4)	(14.3)
DEBT REPAYED	(7.0)	(6.0)
DIVIDENDS PAID	(3.4)	(3.4)
LEASE PAYMENTS (AASB16)	(1.9)	-

- ✓ Development spend on cloud products increased in 2019.
- ✓ Development spend is 22% of revenue.
- ✓ Final dividend of 2 cents fully franked (5 cents for full year)

Development spend



Continue our Plan - A Focus on Growth



BUSINESS GROUP

An ecosystem for small businesses

We provide accounting software to SME's around the world. Hundreds of thousands of businesses have used our software, and we have a partner network of over 6,000.

GOAL

Growth - Cloud / Payroll / Mobile / Better Clinics



PRACTICE MANAGEMENT - ACCOUNTANT GROUP

A platform for accountants

Market leaders with our APS platform for multi-disciplinary accounting firms. 8 of the top 10 firms use our APS software.

GOAL

Growth - New cloud practice management solution



PRACTICE MANAGEMENT - LEGAL GROUP

Scan workflow, print and cost recovery solutions for legal firms

Cost recovery, scanning and print solutions used by some of the worlds leading legal firms.

GOAL

New products and subscriber focus

Q & A



Resources



Website
reckon.com



About us
reckon.com/au/about-us



Investors
reckon.com/au/investors



Media
reckon.com/au/media

