



Reckon™

CHAIRMAN'S SPEECH

RECKON LIMITED AGM

10:00am - 22 May 2019

Level 2, 100 Pacific Highway, North Sydney

2018 was shaping up to be an amazing year for Reckon. To say it ended in disappointment for our shareholders would be a minor understatement. The exercise did however prove Managing Director, Clive Rabie's point that the sum of Reckon's parts are so much more valuable than the whole.

The general impression, both in the press and in the market at the collapse of the MYOB agreement last year was to be expected, but as it turns out, entirely misguided. For seven months, the ACCC deliberated. For seven months, the employees of APS were unable to make a single sale, but as it transpires, neither the APS staff nor our customers had any appetite to join MYOB. After all, the vast majority of these customers came to us after abandoning MYOB, their technology and their customer service and as it turns out, were instrumental in extending the ACCC's deliberations to the point that MYOB gave up the chase.

During those seven months the executive team were not sitting on their hands. Whilst, understandably no customer wanted to commit to expanding their range of our products whilst the ACCC deliberated, APS continued to work closely with these customers, to understand what improvements they required of our products and services.

Millennials have now become an important part of the technology decision making in the top 200 accounting firms and it is them that we have been developing for. Modernising the user interfaces, integrating with useful third party products and developing cloud based add-ons to maintain the medium to long term competitive edge we have always enjoyed. There is now no impediment to rolling these out to a somewhat relieved and loyal customer base.

It should be remembered that Reckon stands alone among our peers as the only company to have maintained the passion layer, unencumbered by the short-term requirements of private equity. I co-founded this company 32 years ago and we have been a public company for 20 years. Adversity is not new to us, it has always served as a strong motivator. Clive joined us in 2000 and brought stability, sound financial management and a knack for making effective acquisitions. It should be a source of some comfort that both Clive and I remain among the company's largest shareholders.

So, where are we now?

We have rejuvenated both the board and the executive, with the reintroduction to the board of co-founder Phil Hayman and the admission of long time senior executive, Sam Allert as an Executive Director to the board (should his appointment be confirmed today). Sam now occupies the role of company CEO and his youth, his deep industry knowledge and his unbounded enthusiasm is just what is needed to breathe renewed life into both this company and the industry as a whole.

As previously stated, The Accountants Group, freshly rebranded as Reckon APS has a young and vibrant executive team simply champing at the bit to get back on track with nothing to get in their way and a swag of new offerings to a relieved customer base.

The Business Group literally has all the advantages of a start-up and none of the disadvantages. We have a strong, profitable division with a large customer base and little to no competitor attention in the spaces in which we are able to move. While Xero and Intuit duke it out in the narrow field of small business cloud accounting, they have no appetite to diversify as we are able to. Reckon One occupies a comfortable niche in that highly competitive market and is growing at 17% per annum, we are able to publish innovative offerings like Better Clinics and Better Bookings to provide to familiar but new markets. We

are able to white label Reckon One such that large organisations such as the IPA (Institute of Public Accountants) can provide their some 4,500 member firms with the exclusive home branded product, IPA Books +.

These 4,500 member firms have reach into well over 1 million small businesses in Australia.

And finally we are able to continue to ensure compliance at an affordable price for Australian small businesses, with the introduction of Single Touch Payroll functionality into all of our products – Desktop, Hosted, and Cloud.

And so the entire, reunited team sees this year as the Ramp Year. Our goal is growth, the foundations for which have been and are being built right now. For me, the board, and the management team and our enthusiastic and loyal staff, we would rather be us than anybody else in this market right now.

Thank you.