



# Reckon<sup>®</sup>

## ASX Announcement

**Reckon Limited**  
**(ACN 003 348 730)**

**30 June 2017**

- DIVIDEND IN SPECIE
  - DEMERGER
- AIM IPO OF THE DOCUMENT MANAGEMENT BUSINESS
  - POSSIBLE PRO RATA RIGHTS ISSUE

On 17 March 2017, Reckon Limited (Reckon) announced its intention to demerge Reckon's Document Management segment (DMS business) under an independent company, GetBusy Plc (GetBusy), with shares admitted to trading on AIM, a market operated and regulated by the London Stock Exchange (AIM).

The demerger will be implemented through an In-Specie Distribution of GetBusy shares to Reckon shareholders.

The board is pleased to announce that it has today determined to proceed with an intended conditional dividend of an estimated AU\$26 million from retained earnings, based on the expected net asset value of the DMS business at the time of the de-merger.

The In-Specie Distribution is conditional upon, and will take effect from, the admission of GetBusy to AIM, which is expected to occur on or around early August 2017.

If unconditional, Reckon will satisfy the dividend by distributing shares in GetBusy to Reckon shareholders on a one for three basis.

Reckon shareholders recorded in the share register on the record date will be entitled to participate in the In-Specie Distribution. The record date is expected to be formally announced to the ASX in the next 5 to 10 business days.

Reckon shareholders do not need to do anything or to pay anything for the GetBusy shares that they will receive.

Ineligible foreign shareholders (that is shareholders whose addresses are shown in the share register at the record date as being in a jurisdiction outside Australia, New Zealand and the United Kingdom) will have their shares sold by GetBusy's UK broker for the best available price and the ineligible foreign shareholders will receive cash in lieu of the GetBusy shares they would have otherwise been entitled to.

Reckon proposes to charge the entire amount of the in-specie distribution to its retained earnings account and is in the process of seeking confirmation from the Australian Taxation Office (ATO) of the tax consequences for Australian resident shareholders. This will also be the subject of a formal Class Ruling by the Commissioner of Taxation which will provide those shareholders with relevant certainty.

At this point, Reckon expects that the Commissioner of Taxation will make a determination that there should be no capital gains tax (CGT) event for shareholders and that:

- 2% of the value of the In-Specie Distribution will be treated as an assessable de-merger dividend;
- 98% of the value will be treated as a non-assessable de-merger dividend.

In addition, shareholders will need to apportion the tax cost base of their existing Reckon shares across their existing Reckon shares and their new GetBusy shares based upon their relative market values

The final tax treatment will be confirmed as part of a Class Ruling.

Reckon will implement the re-organisation of its DMS business via a series of asset and share sales such that the DMS business will be held by GetBusy. Daniel Rabie, presently COO of Reckon Limited, will be appointed CEO of GetBusy.

GetBusy will require additional working capital of £3 million (AU\$5.1 million) that will amongst other things support product development, particularly of a proposed new product referred to as SCIM (Secure Communication and Information Management).

The boards of Reckon and GetBusy are currently considering raising these funds by way of a pro rata non-renounceable rights issue of GetBusy shares to Reckon Shareholders, which would be fully underwritten by Reckon directors, Clive Rabie, and Greg Wilkinson, and Reckon COO, Daniel Rabie. It is expected that a final decision on the capital raising will be made prior to the formal announcement of the record date for the overall proposal, and the details released to ASX at that time.

If the admission of GetBusy to AIM does not proceed, the In Specie Distribution and capital

raising will not take place.

Reckon shareholders will receive an explanatory statement (which may take the form of an Australian prospectus if the rights issue proceeds) together with an AIM Admission document setting out the detailed information relating to GetBusy's proposed admission of its shares to trading on AIM.

This documentation will be released to ASX at the time of formal announcement of the record date, and then sent to shareholders on or around 5 business days after that announcement.

Attached to this announcement is a set of slides intended for presentation to institutional investors in the UK in the week commencing 3 July 2017.

For further information, please contact:

Mr Clive Rabie  
Group CEO  
Reckon Limited  
(02) 9577 5946

Mr Chris Hagglund  
CFO  
Reckon Limited  
(02) 9577 5414

The background is a dark blue gradient with a repeating pattern of white line-art icons. These icons represent various business and productivity concepts, including documents, charts, clocks, calculators, lightbulbs, and communication symbols.

# GetBusy

## Presentation

June 2017

Document Management and Productivity Software



# A letter from our CEO

Our mission at GetBusy is to make people productive and happy.

We're an established and successful business, with 51k customers, and 15% underlying customer growth in 2016. Over 617k users are registered to share information through our online portals.

We have a quality earnings stream with 82% of our total revenue coming from recurring subscription revenues. And we're growing rapidly from a strong customer base, with 94% of revenue growth coming from subscription in 2016.

Our **Virtual Cabinet** product is document management software focused on medium to enterprise business market. It is used by 27% of the largest accounting firms in the UK, and our successful recent Australian and New Zealand launch proves its ongoing demand.

While our award winning **SmartVault** document management software targets the Professional SME market and is long established in the USA market.

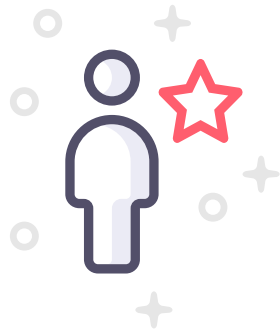
In addition, we have an exciting new product code named 'SCIM' under development, taking the best of what we know works in our current two successful products to further accelerate our growth.

We are seeking listing on AIM with a Rights Issue to existing shareholders of £3 million to further strengthen and build out our existing business, and to develop a new product (SCIM).

GetBusy has strong products across multiple geographies. We have a proven business model which has demonstrated growth, a great deal of momentum on our side, and enormous future potential. **Onwards!**

 **Daniel Rabie**

# The agenda



CEO update



Financials



Outlook



Questions



# CEO update

# Reckon and GetBusy demerger

Demerged



Reckon (ASX:RKN): an Australian software technology company with revenues of A\$97.8 million, and EBITDA of A\$35.3 million in 2016.



GetBusy Group: a global document management software business, building the next generation of productivity software.

## Reasons for the Demerger

- Free GetBusy to pursue an independent strategy, building on the success of its existing businesses.
- Enable GetBusy to raise capital and create its own personality consistent with the innovative nature of its new product in development.
- Strengthen Reckon's focus on its Business and Practice Management segment strategies, and benefit from improved cash flow from the removal of the development capital and new market costs.
- Simplify Reckon's diverse business portfolio.
- Lets Reckon take advantage of its previous investments in cloud based products, and focus predominantly on domestic activities (in Australia and New Zealand).

# Potential capital raising

£3 million

Possible fund raising by way of pro rata rights is being considered to:

- 1 Further strengthen GetBusy's existing SmartVault and Virtual Cabinet businesses.
- 2 Complete development of our next-generation product codenamed SCIM.

4th August

Intended first day of dealing.

# Our three Core Products



## SmartVault

**14k customers at Dec 2016**

Document management software for small to medium businesses



## Virtual Cabinet

**37k customers at Dec 2016**

Document management software for medium to enterprise businesses.



## SCIM

**In development**

Document management + MORE for small, medium and enterprise businesses.

# Operational model

## Sales

## Marketing

## Support / Consulting

### Enterprise Virtual Cabinet

Highly skilled sales reps focused on a narrow set of target prospects. Long sales cycles supported by technical consultants who implement the product around customers needs.

High-end marketing that facilitates brand awareness, education, relationship building and trust, complemented by direct support of the sales team.

High touch support up to on-site issue resolution complemented by educational tools and training tailored to the specific needs of individual customers.

### Transactional SmartVault & SCIM

Inside sales reps supported by online content, automation, tools, training, incentives and metrics that enable high efficiency.

Feeds highly qualified leads to the sales team to build pipeline. Removes roadblocks through educational content and automation that drive complexity out of the purchase.

Inside support reps that provide pre and post sales support and consulting, with tools and training that enable high efficiency, helped by customer self-service tools and educational content.

### Self Service SCIM

Leverage off existing channels to market and sales team.

Revenue generation with low CAC (Customer Acquisition Cost). Create awareness, educational content and automation to drive business through the entire purchase process from awareness to close.

Automation and tools for easy on-boarding, plus templates and educational content that allow customers to largely resolve any issues they encounter on their own.

# The problems we solve

Wasted time dealing with information issues can lead to a **21.3% loss** in an organisations total productivity.\*



## Information chaos

Stop duplicate files, content disorganisation, and data overload.



## Email complexity

Control security risks, track files, receive alerts, automatically file attachments.



## Misfiling & search

Prevent significant search time per worker per day looking for lost files.



## Poor security

View audit trails, reduce risk of confidential leaks and hacks.



## Compliance costs

Meet audit and litigation requirements to prevent fines and damages.



## Legal approvals

Legal digital signatures to significantly reduce contract turnaround time.



## Version control

One version of the document seen by everyone, no duplicates and confusion.



## Document access

Log into your document system from outside the office.



## Information silos

Integrates with your existing software and systems so all your files live in one place.

# Market opportunity

Security, Mobile, Big Data and other strong industry trends are positive for GetBusy

## Global ECM Market

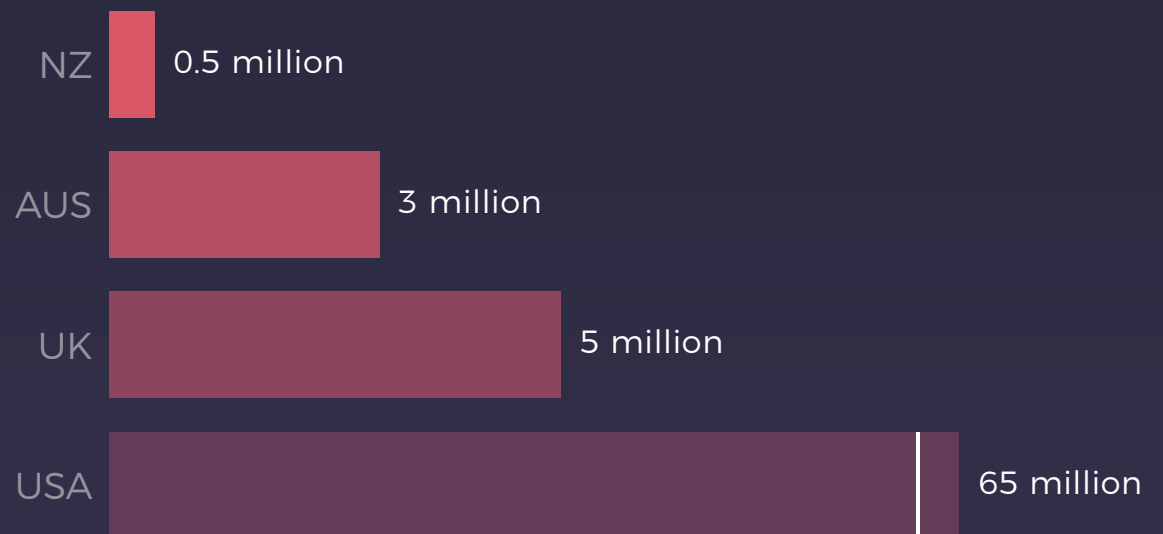
(Enterprise Content Management)



The ECM market grew by 9.4% in 2015. While the top three vendors lost market share in 2015 to their smaller rivals.

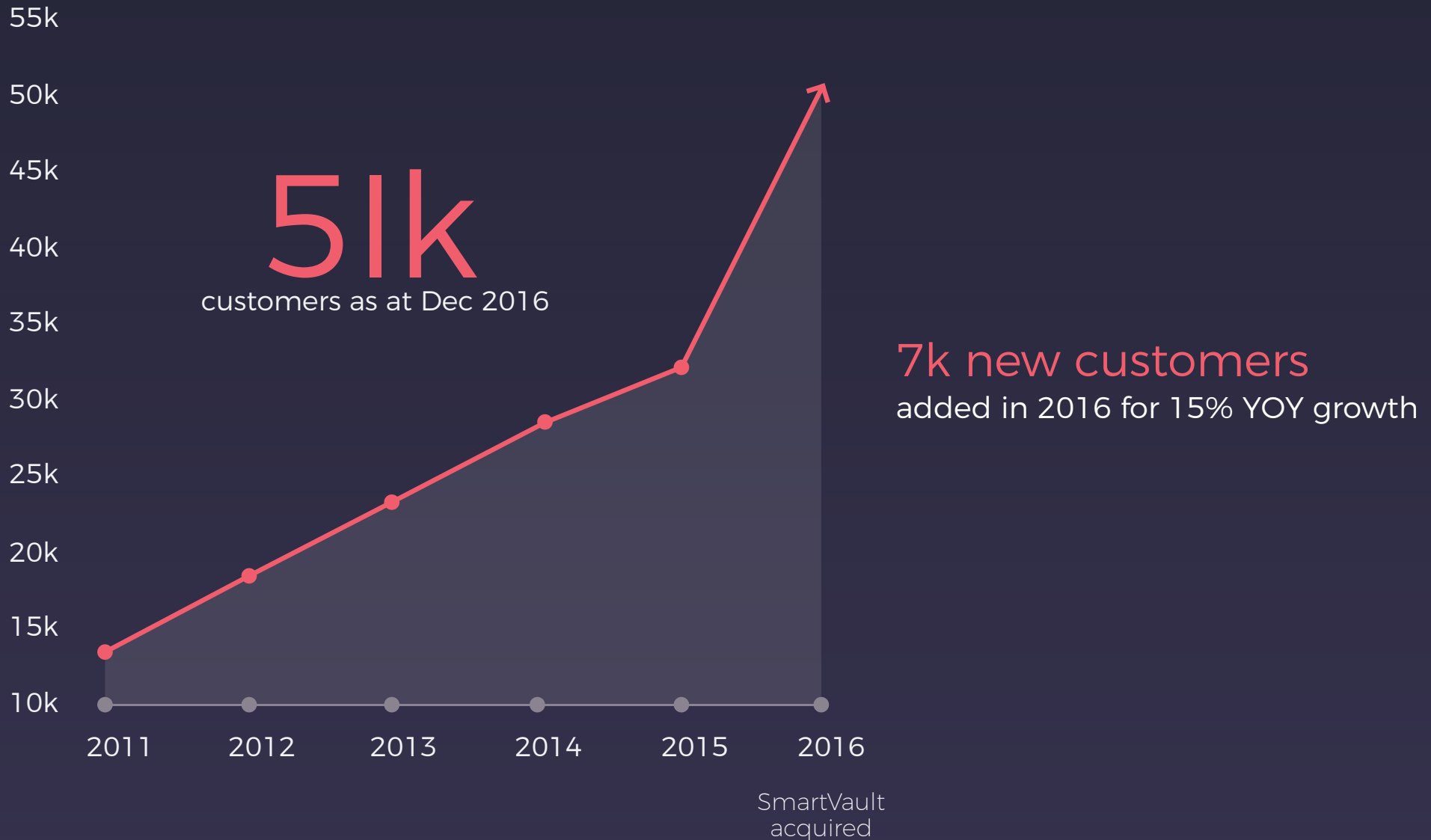
## SME & self employed markets

(Small and Medium Sized Enterprises)



Only showing markets with current operations.

# Rising customer growth



# Strong subscription business

Subscription



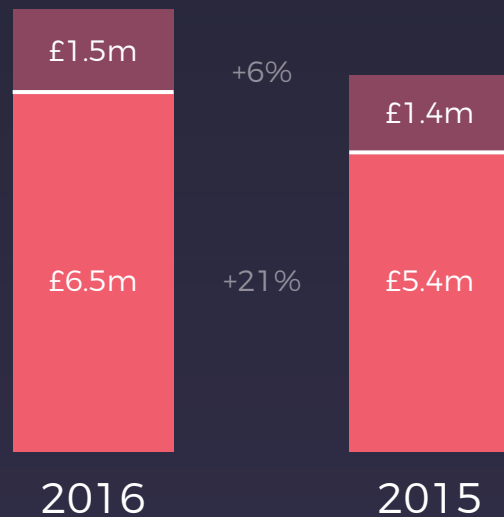
Net Churn

11%  
**SmartVault**  
average 2016 MRR churn.  
14k customers at Dec 2016.

0.28%  
**Virtual Cabinet**  
average 2016 MRR churn.  
37k customers at Dec 2016.

# Scalable business model

## Revenue Growth and Type



- Subscription Revenue
- Upfront + Service Revenue

## SmartVault Metrics 2016

ARPU: £170

LTV: £2,312

CAC: £458

MRR churn: 1.1%

Usually annual or monthly renewals.

## Virtual Cabinet Metrics 2016

ARPU: £164

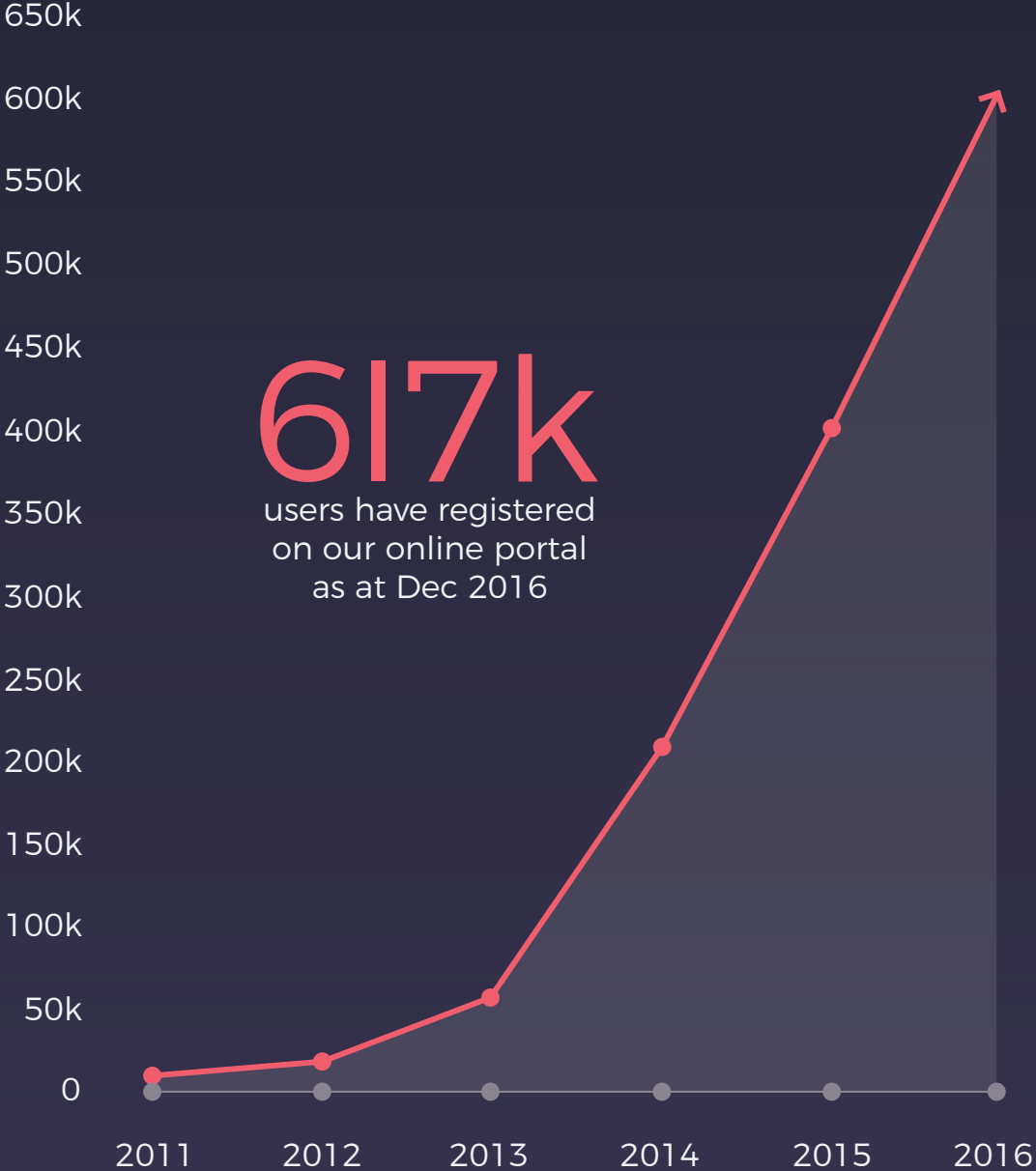
MRR churn: 0.28%

LTV and CAC are not applicable to Virtual Cabinet as an enterprise desktop product.

Generally 3 year contracts, which rolls into an annual renewal at the end of the term.

\* The results have been amended from those disclosed in the HFI for comparative purposes. The above results include SmartVault, which was acquired in January 2016, for both years and assumes that development costs are expensed as incurred rather than capitalised and amortised.

# Growing user numbers & satisfaction ratings

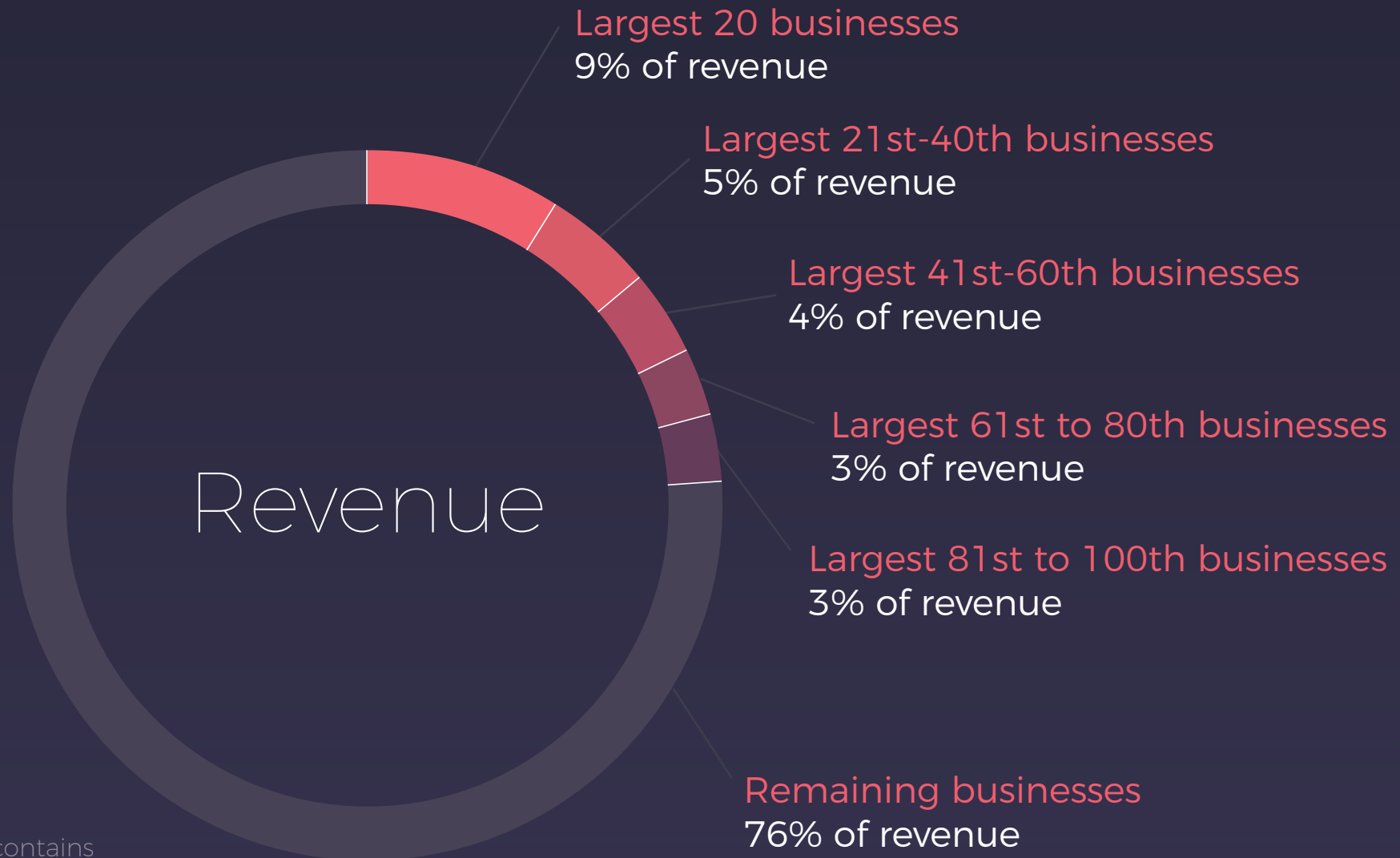


98% of Virtual Cabinet customers rated their experience as good or excellent

84% of SmartVault customers in a 2017 survey were satisfied or very satisfied

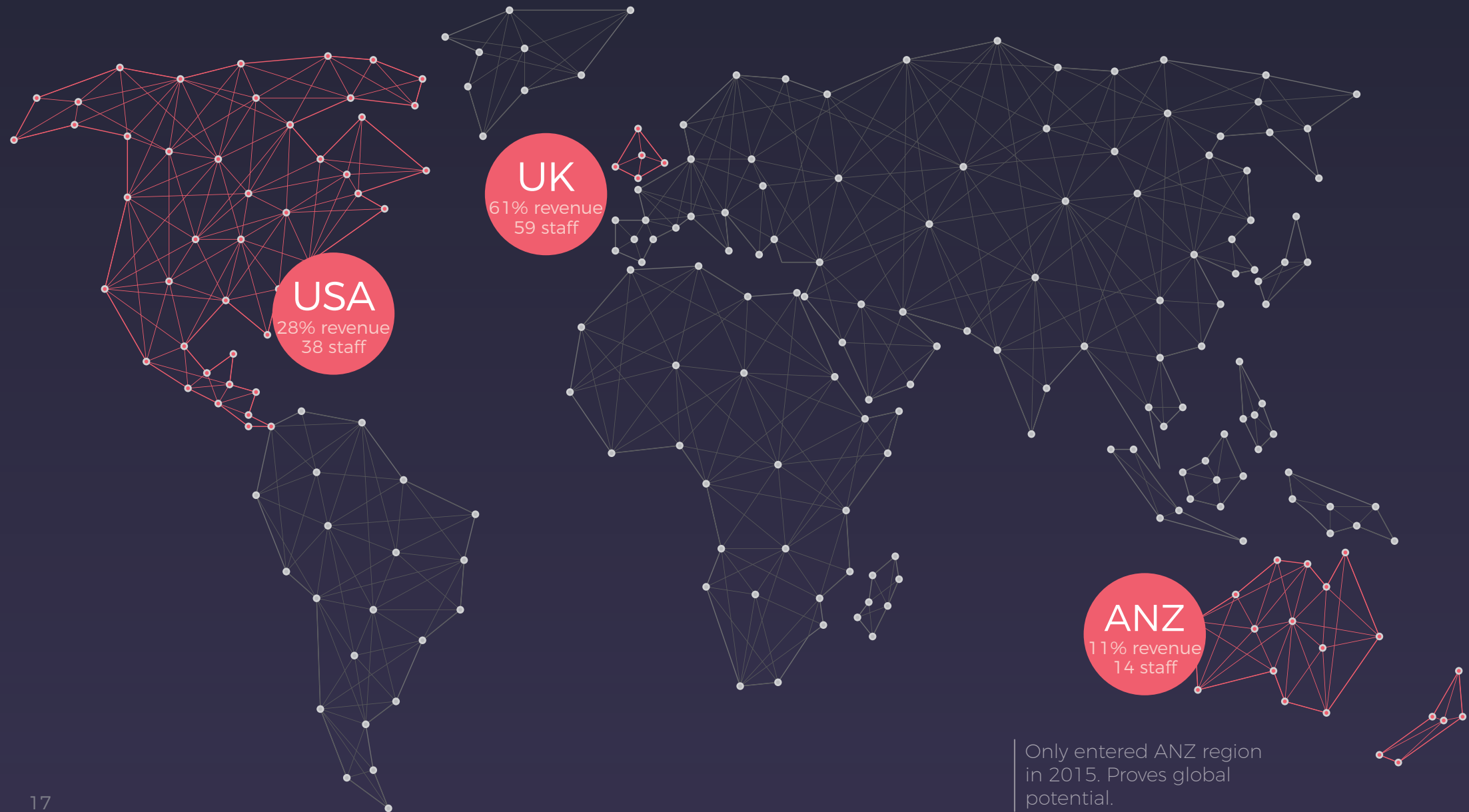
A 'user' is someone who has accessed our online portal, but isn't yet a customer. Hence they have unmonetised potential.

# Diversified revenue

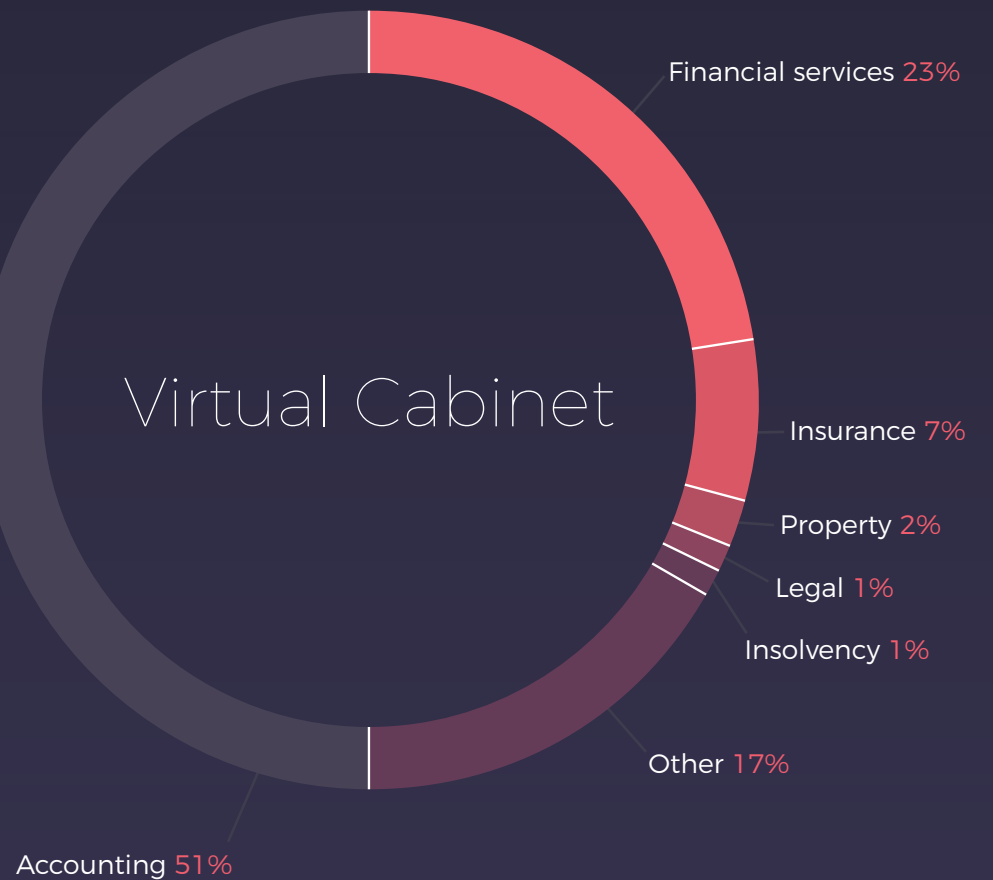
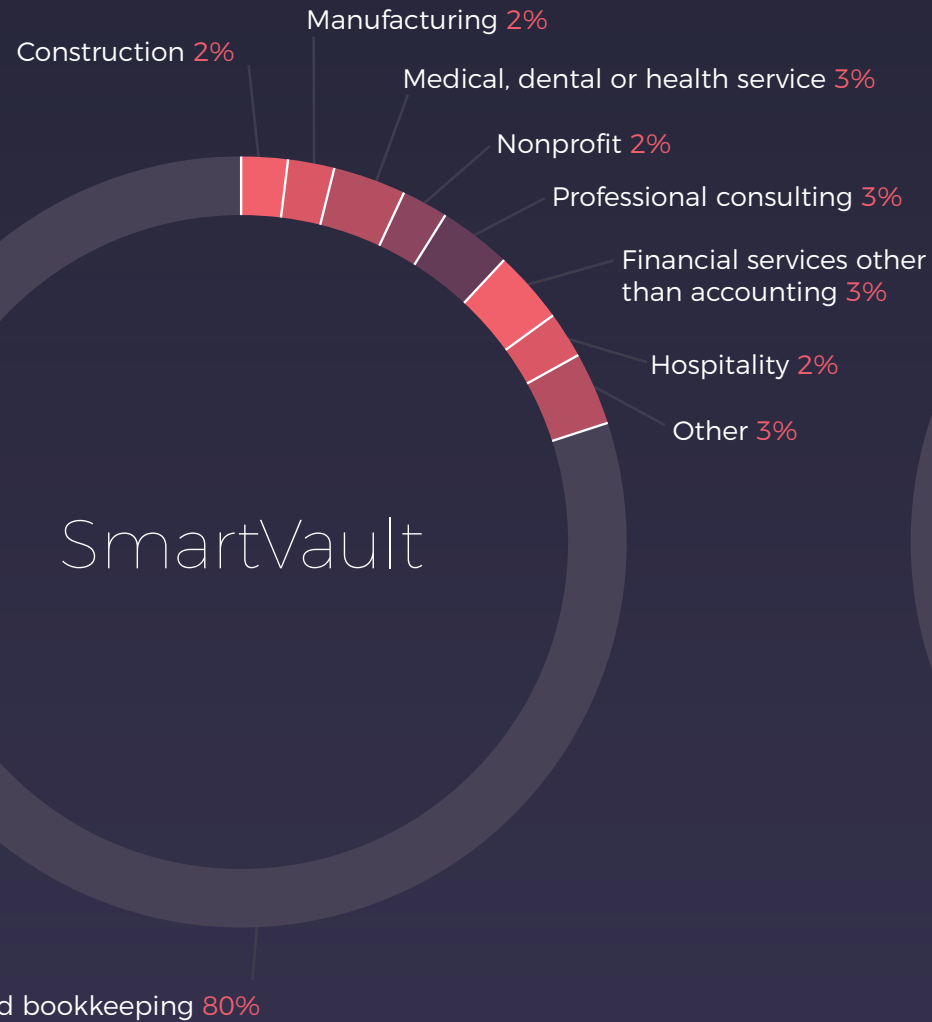


Each business contains multiple customers.

# A globally diversified business. Over 110 worldwide employees



# Breakdown by industry



# Businesses that choose us

Some of the most trusted professional firms in the market use us, including **27%** of the UK's top 100 accountancy practices.

- ✓ Kreston Reeves
- ✓ Buzzacott
- ✓ Carter Backer Winter
- ✓ Beever and Struthers
- ✓ SRLV Accountants
- ✓ Wilkins Kennedy
- ✓ Raffingers
- ✓ Haines Watts
- ✓ Bishop Fleming
- ✓ Moore Stephens
- ✓ Lovewell Blake
- ✓ Duncan & Toplis
- ✓ Critchleys
- ✓ S J D Accountancy
- ✓ Moore Thompson
- ✓ Brebners
- ✓ EQ Accountants
- ✓ Milsted Langdon
- ✓ Larking Gowen
- ✓ RDP Newmans
- ✓ Martin & Company
- ✓ Menzies
- ✓ Crowe Clark Whitehill
- ✓ Grunberg & Co
- ✓ BSG Valentine
- ✓ Shipleys
- ✓ TaxAssist Accountants
- And many more...

# Our competitors

## SmartVault

- ✓ ShareFile
- ✓ Onehub
- ✓ CCH Axcess
- ✓ Dropbox Business
- ✓ Thomson Reuters
- ✓ Drake Software

## Virtual Cabinet

- ✓ iManage
- ✓ DocuSoft OneView
- ✓ Invu
- ✓ Watermark Technologies
- ✓ DocuSign



# Financials

# Celebrating 2016's results

Revenue

**£8**  
million

Dev Spend

**£2.6**  
million

EBITDA

Net of development spend

**-£1.4**  
million

# GetBusy Group Financial Performance

In constant currency	2016* GBP millions	2015* GBP millions	Organic Growth Excluding 2016 SmartVault acquisition	
Subscription Revenue	6.5m	5.4m	21%	
Upfront + Service Revenue	1.5m	1.4m	6%	
Total Revenue	8.0m	6.8m	18%	
COGS	0.6m	0.7m		
Development	2.6m	2.6m		
Gross margin after Development	4.7m	3.4m	39%	
Gross margin %	60%	50%		
Overheads	6.1m	4.8m	28%	Increase mainly due to new ANZ sales & marketing team
EBITDA	-1.4m	-1.4m	-1%	700k in 2016 is due to our new product (SCIM) development costs

\* The results have been amended from those disclosed in the HFI for comparative purposes. The above results include SmartVault, which was acquired in January 2016, for both years and assumes that development costs are expensed as incurred rather than capitalised and amortised.

Half Year results will be presented in August / September 2016

# Key segment achievements

		2016	2015	Growth	
<b>Operating revenue</b>	UK	4.9m	4.8m	1%	Moved key UK sales staff to ANZ to kick-start region
	USA	2.3m	1.6m	40%	
	ANZ	0.9m	0.3m	155%	
<b>Development</b>	Existing products	1.9m	2.6m	-27%	
	SCIM	0.7m			
<b>Customers</b>	Virtual Cabinet	38k	32k	15%	
	SmartVault	14k	12k	14%	
	Total	51k	45k	15%	
<b>Users</b>	Virtual Cabinet	173k	110k	57%	
	SmartVault	444k	307k	45%	
	Total	617k	417k	48%	Unmonetised users. Enormous potential for SCIM.
<b>ARPU</b>	Virtual Cabinet	164	169	-3%	
	SmartVault	170	141	20%	
	Total	166	162	3%	
<b>LTV</b>	SmartVault	2,312	Acquired SmartVault in Jan 2016. Virtual Cabinet N/A as an enterprise desktop product.		
<b>CAC</b>	SmartVault	458	Acquired SmartVault in Jan 2016. Virtual Cabinet N/A as an enterprise desktop product.		

# Existing business growth focus

## Virtual Cabinet

- 1 Increase new business wins**
  - Increase new business clients and revenue
  - Continue to train and increase the size of highly skilled sales team
  - Increase marketing capabilities
- 2 Low churn**
  - Low customer churn rate
  - Continue to improve high touch consulting and support models
- 3 Increase ARPU and new verticals**
  - Focus on larger clients, especially in Australia and New Zealand to increase ARPU
  - Continue to grow Accounting vertical, while attacking new verticals
- 4 R&D**
  - Increased focus on SCIM R&D spend
  - Continue to balance current customer needs with investment in the new product

## SmartVault

- 1 Improve LTV and CAC**
  - Increase LTV
  - Decrease CAC
- 2 Reduce churn**
  - Reduce customer churn by upgrading customers
  - Increase attachment rates for customers who need consulting
- 3 Increase ARPU and new verticals**
  - Focus on larger clients to increase ARPU
  - Continue to grow Accounting vertical, while attacking new verticals
- 4 Manage operational cost**
  - Manage SmartVault operational cost effectively



# Outlook

# SCIM's Core objectives

1

Allow businesses to create stronger customer relationships with less effort.

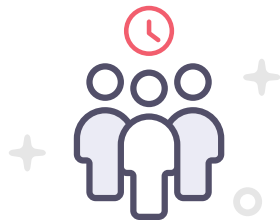
2

Help users become more organised and productive.

3

Reduce the administrative burden on users.

## Some ingredients behind SCIM



### Experienced team

Being built by a team with decades of document management software experience.



### Customer obsession

Obsessive customer focus to prioritise features and determine release readiness.



### UX focus

Document management + MORE for small, medium and enterprise businesses.

# SCIM explained

## The old way



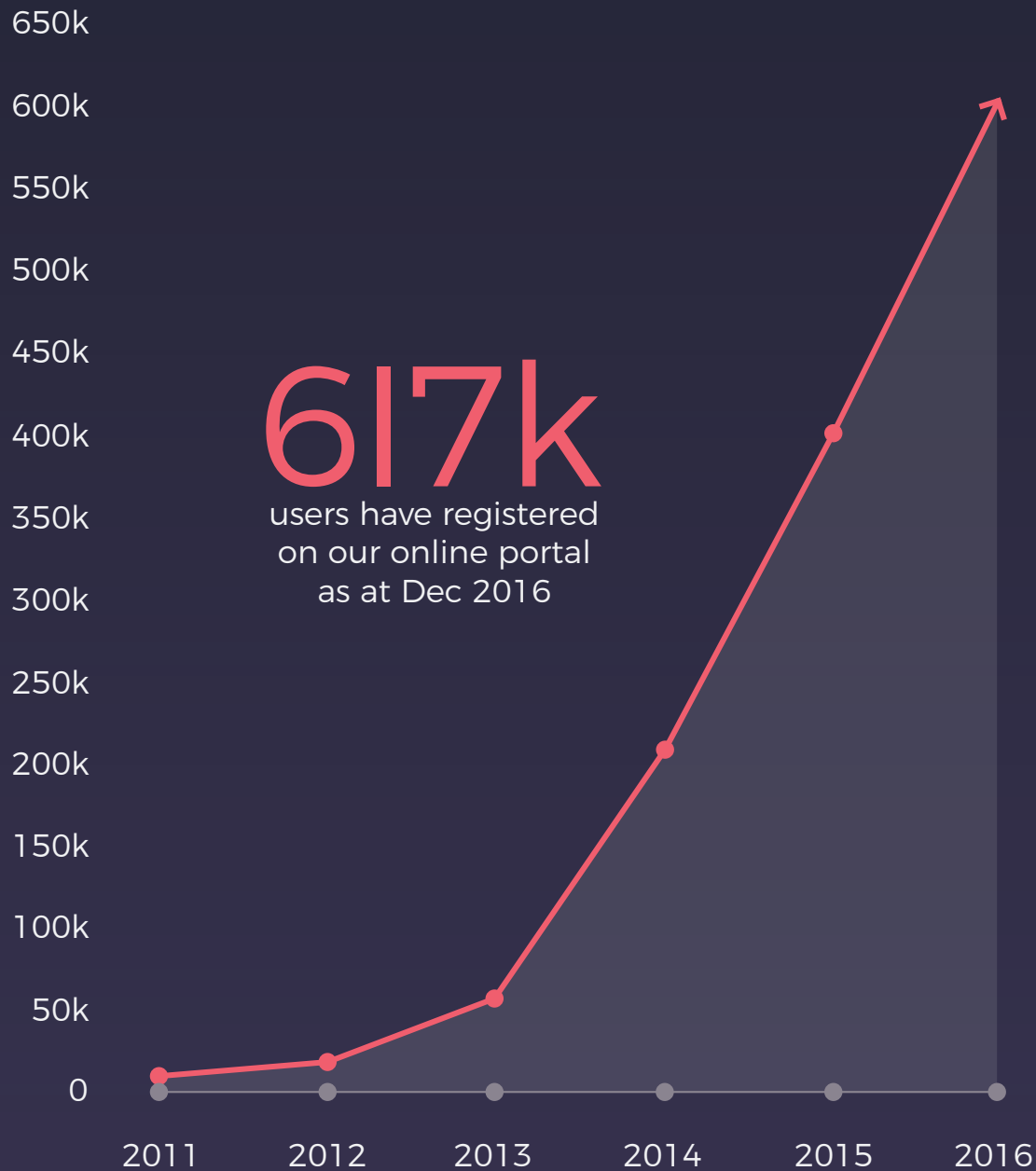
VS

## The new way



**One** tool. **One** simple price.  
Your unfair productivity advantage.

# Big launch base, strong potential



## Strong launch potential

Immediate launch potential to our 617k unmonetised users, 51k customers, and SME and ECM markets.

## Strong growth potential

SCIM has strong growth potential due to the nature of the product, as can be seen in existing user number growth figures

# Experienced Board



**Miles Jakeman**

Non-Executive  
Chairman

Currently Executive  
Director & Deputy  
Chairman of Citadel  
Group.

30 years' experience  
advising senior business  
leaders and government  
officials.

Extensive strategy,  
leadership, operational  
and risk management  
experience.



**Daniel Rabie**

Chief Executive  
Officer

Head of Strategy, and  
COO of Reckon.

10 years' experience in  
the software industry.

Founder of numerous  
startup businesses.



**Clive Rabie**

Non-Executive  
Director

Previously COO, and  
currently CEO of Reckon,  
from 2001 to present.

Experienced public  
and private company  
director, with range of  
directorships.

Extensive management  
and operations  
experience in IT and  
retail sectors.



**Gregory Wilkinson**

Non-Executive  
Director

Co-founder of Reckon  
and CEO from  
1987-2006.

30 years' experience in  
the software industry.

Founder and mentor  
to numerous startup  
software businesses.



**Nigel Payne**

Independent Non-  
Executive Director

Currently Non-Executive  
Chairman of AIM traded  
ECSC Group Plc, Gateley  
Plc, Stride Gaming Plc &  
EG Solutions Plc.

CEO of AIM Listed  
Sportingbet Plc  
2000 - 2006.

Chartered Accountant  
with 25 years' Plc board  
experience.

# In summary



Good subscription  
revenue



Existing business  
with proven growth



Future growth  
potential



Experienced  
team



# Questions



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