



Reckon®

Results Presentation

For the six months ended 30 June 2017

To be read in conjunction with Appendix 4D and Accounts



The Reckon Story

Our mission is to bring millions of businesses and professionals closer together with our software to create a brave new, connected economy...

It's been quite a ride already: 800,000+ registered businesses around the world have used Reckon software, 70% of the top accounting firms in Australia, three of the Big Four, and many of the worlds leading legal firms.

We owe a huge amount to our loyal Partners, our gifted in-house team, and active customer base. It is shaping up to be an exciting future as we continue to unleash our innovations into the market.

Reckon is split into three core areas:

1. Business

Our next-generation online accounting software, Reckon One, continues to be progressively released into the AU, NZ and UK market. It has been getting positive feedback, and is showing month on month growth. In addition our connected services are expanding with Reckon Loans (powered by Prospa) gaining momentum.

2. Practice Management

Our Reckon APS software is used by 3 of the 4 big accounting firms in Australia to manage their professional accounting practices, and 70 of the top 100 firms. nQueue Billback is continuing to show strong growth particularly for it's new scan product and is used by some of the leading legal firms in the world. A testament to our ability to deliver world class software.

3. Document Management

This business has been de-merged and listed on AIM effective 4 August 2017.

In all Reckon has leading solutions across many businesses with significant opportunities. A strong foundation for an exciting future.

Yours,



Clive Rabie

The Agenda

1. CEO update
 2. Financial update
 3. Outlook
 4. Q & A
-

1. CEO update



Clive Rabie
RECKON CEO



Half year 2017 focus



Reinvestment for future growth

- Second and final year
- Product development
- Sales and marketing



Unlock shareholder value

- Document management business de-merged



Results summary

Revenue



\$50.1 million

3.3% organic growth*

EBITDA



\$18.4 million

2.5% organic growth*

Development Spend



\$9.8 million

16.6% cashflow improvement

*Note: at constant currency



Subscription revenue growth continues

Revenue	H1 FY17 \$ M	H1 FY16 \$ M	GROWTH
SUBSCRIPTION REVENUE	37.4	34.7	8%
UPFRONT AND SERVICE REVENUE	6.9	6.9	-
OTHER RECURRING REVENUE	2.3	3.0	-22%
CONTENT REVENUE	3.6	3.9	-10%
ORGANIC GROWTH (at constant currency)	50.1	48.5	3%
BUSINESS SOLD	-	0.8	
CURRENCY	-	0.9	
TOTAL REVENUE	50.1	50.2	
CONTINUING BUSINESSES SUBSCRIPTION REVENUE	31.0	29.4	5%



Three core areas of our business

We have a strongly diversified business across multiple markets, with exciting synergies between them.



Business

We provide accounting software to SME's around the world. Over 800,000+ businesses having used our software, and we have a partner network of over 6,000+.



Practice Management

Market leaders in practice management software for professionals. Over 70% of the leading 100 firms use our accounting software, and many of the worlds leading legal firms use our legal products.



Document Management

Business de-merged.





Business highlights

- ✓ Subscription revenue grew by 8%.
- ✓ Over 43k cloud users (+21% user growth).
- ✓ 18% cloud revenue growth over HY16.
- ✓ 33% of revenue is now cloud.
- ✓ Overall volume growth of 2%.
- ✓ Delivered 6 feature releases for Reckon One in HY17.
- ✓ Countries operational:



AU



NZ

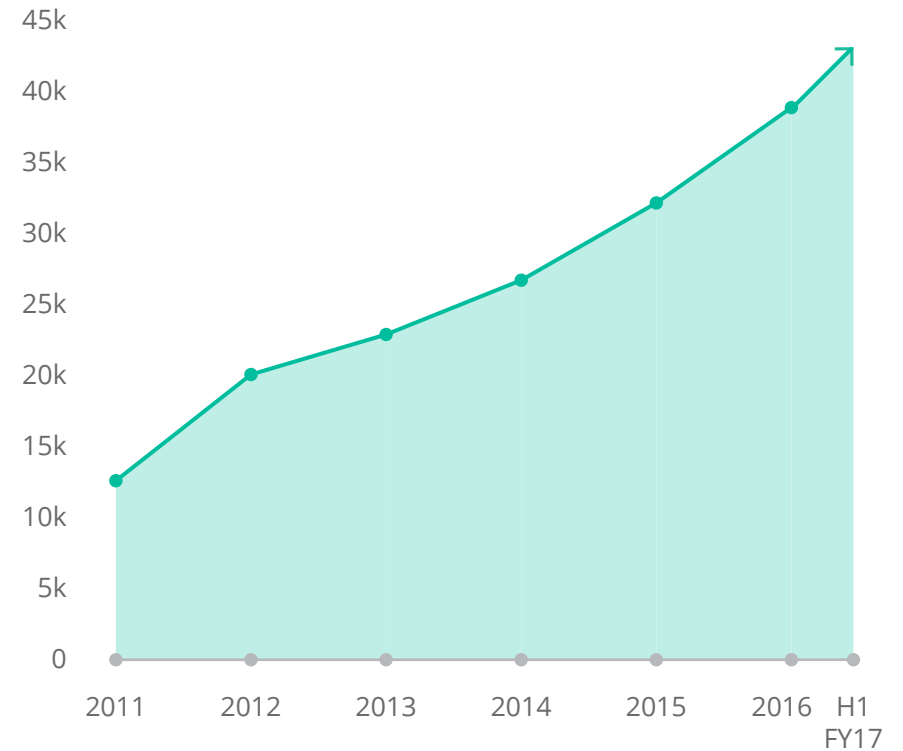


UK



Online user growth

USERS





Practice Management highlights

- ✓ Subscription growth of 6% in accountants group.
- ✓ 3k seats added across the APS suite (6% seat growth).
- ✓ Impressive and expanding customer list.
- ✓ Scan product in legal market generates more than 50% of new sales.
- ✓ Docs market moving to subscription.
- ✓ Countries operational:



AU



NZ



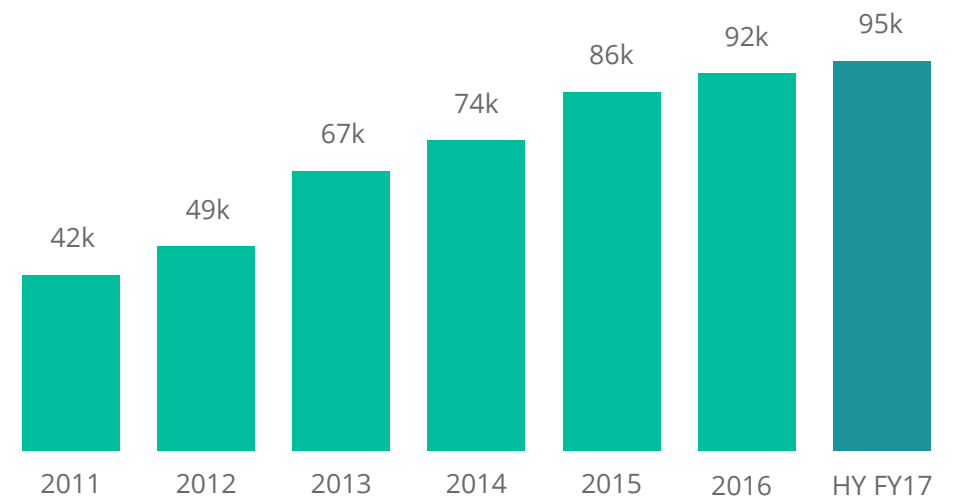
UK



USA



Reckon APS seat growth





Document Management highlights

- ✓ Business de-merged on 4 August 2017.
- ✓ 5k new paying customers added in HY17.
- ✓ Virtual Cabinet and SmartVault online portals are currently used by 752k+ users to share documents.
- ✓ Countries operational:



UK



USA



AU



NZ

Bar chart icon Increase in paying customers

SEATS

60k

55k

50k

45k

40k

35k

30k

25k

20k

15k

10k

2011

2012

2013

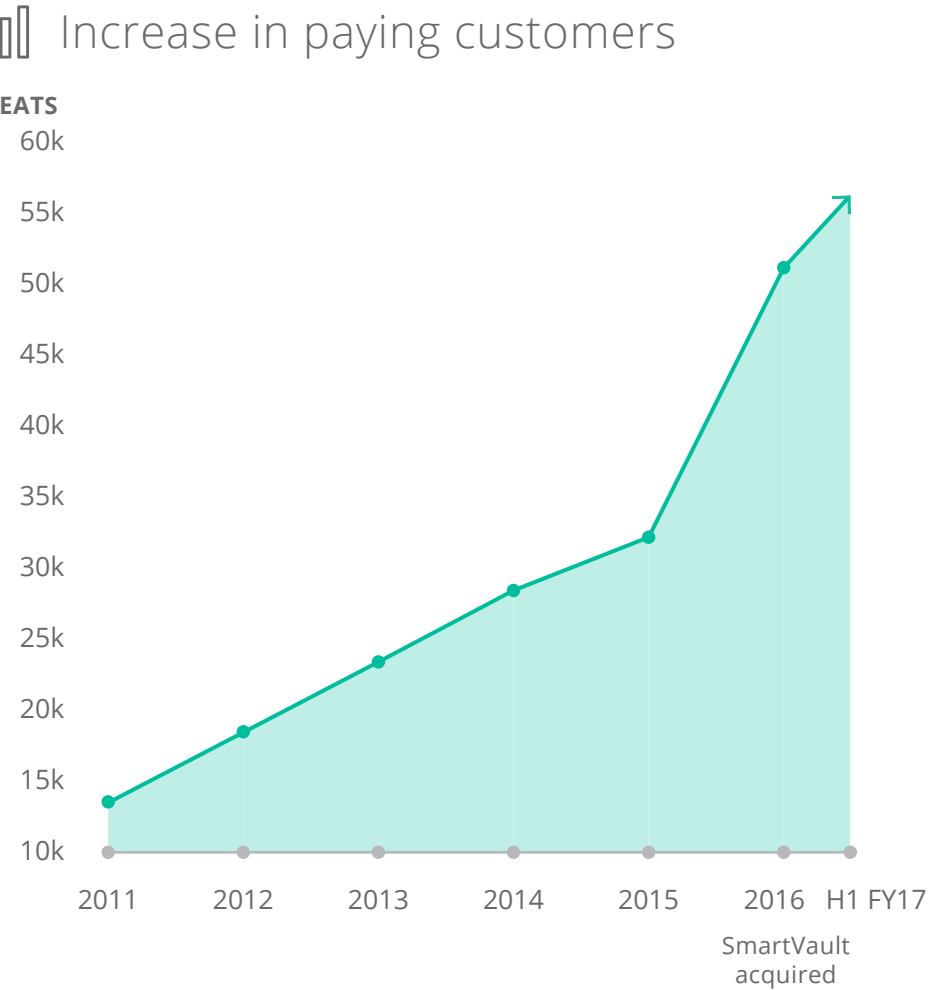
2014

2015

2016

H1 FY17

SmartVault
acquired



2. Financial update



Chris Hagglund
RECKON CFO



Financial performance

Revenue	H1 FY17	H1 FY16	GROWTH
At constant currency:	\$ M	\$ M	%
CONTINUING BUSINESS	42.3	42.0	
DISCONTINUED	7.8	6.5	
	<u>50.1</u>	<u>48.5</u>	3%
BUSINESS SOLD	-	0.8	
CURRENCY	-	0.9	
	<u>50.1</u>	<u>50.2</u>	
EBITDA			
At constant currency:			
CONTINUING BUSINESS	16.9	17.4	
DISCONTINUED	1.5	0.5	
	<u>18.4</u>	<u>17.9</u>	3%
BUSINESS SOLD	-	0.3	
CURRENCY	-	0.3	
	<u>18.4</u>	<u>18.5</u>	
NPAT			
CONTINUING BUSINESS	5.5	6.5	
DISCONTINUED	-	(0.3)	
	<u>5.5</u>	<u>6.2</u>	



Business financials

Subscription business with strong online growth.

✓ Revenue

at constant currency:

	H1 FY17	H1 FY16	
	\$ M	\$ M	GROWTH
SUBSCRIPTION	14.7	13.5	8%
PERPETUAL / SERVICE OTHER RECCURING	4.8	5.6	-14%
TOTAL	19.5	19.1	2%

✓ EBITDA

at constant currency:

	9.9	10.0	-1%
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✓ Financial performance

- Revenue
 - Volume growth 2%.
 - ARPU impacted by faster growing Reckon One.
 - Subscription now 86% of available revenue.
 - 18% cloud revenue growth (33% of revenue is now cloud).
- EBITDA
 - Invested in Reckon One sales and marketing in AU, NZ and UK.





Practice Management financials

Strong subscription growth and an already impressive customer base.

✓ Revenue

	H1 FY17 \$ M	H1 FY16 \$ M	GROWTH
ACCOUNTANTS GROUP			
SUBSCRIPTION	11.8	11.1	6%
UPFRONT AND SERVICE	0.7	1.3	-46%
LEGAL GROUP			
CONTENT	3.6	3.9	-10%
SUBTOTAL at constant currency	22.8	22.8	-
CURRENCY	-	0.2	
BUSINESS SOLD	-	0.8	
TOTAL	22.8	23.8	

✓ Financial highlights

- Revenue
 - Strong subscription revenue growth.
 - One-off upfront / service revenue in HY16.
 - Content market moving to subscription.
 - Subscription now 85% of available revenue.
- EBITDA
 - Investment in sales and marketing for legal scan products.

✓ EBITDA

at constant currency:	9.6	9.9	-3%
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Document Management financials

Customer growth continues to accelerate. Global market opportunity.

✓ Revenue

	H1 FY17 \$ M	H1 FY16 \$ M	GROWTH
SUBSCRIPTION	6.4	5.4	19%
UPFRONT AND SERVICE	1.5	1.2	21%
SUBTOTAL at constant currency	7.8	6.6	19%
CURRENCY	-	0.7	
TOTAL	7.8	7.3	

✓ Financial performance

- Revenue
 - Strong revenue growth in all regions.
 - Subscription now 81% of revenue.
- EBITDA improvement reflects:
 - Revenue growth.
 - SmartVault turnaround.

✓ EBITDA

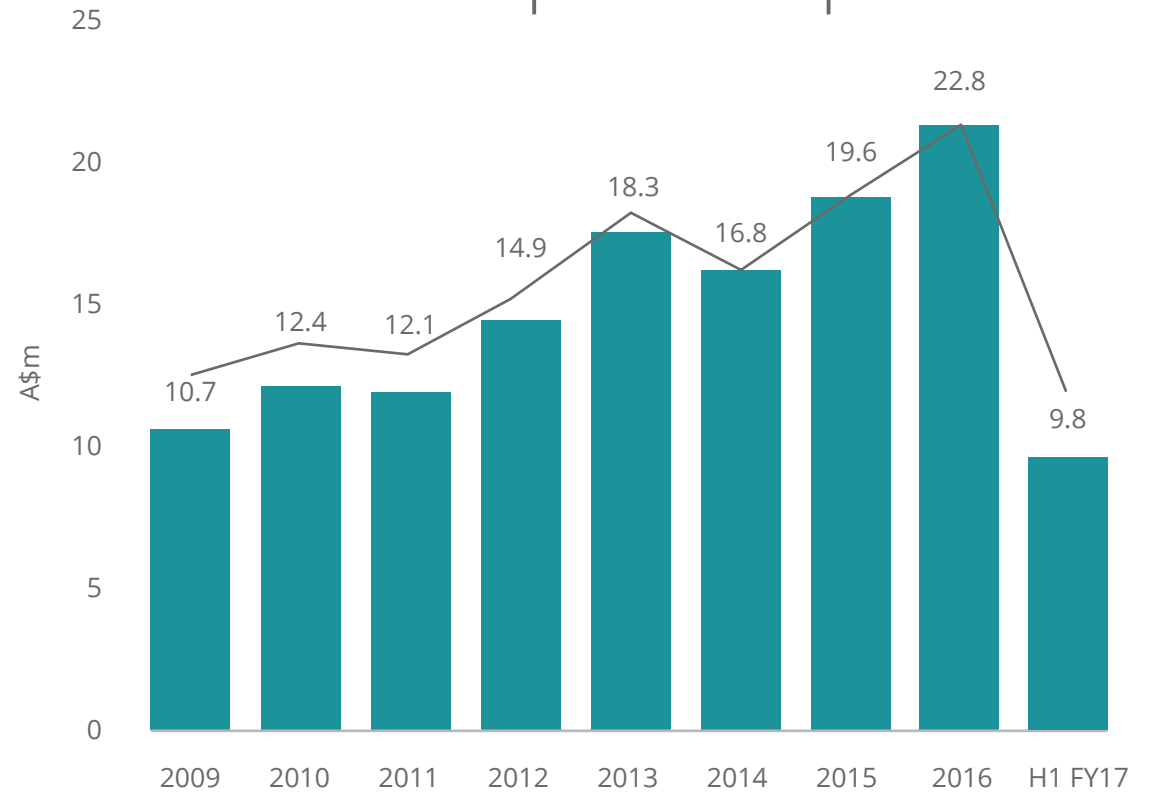
CONSTANT CURRENCY	1.5	0.5	187%
CURRENCY	-	0.3	
TOTAL	1.5	0.8	

Cashflow highlights

	H1 FY17	H1 FY16
	\$ M	\$ M
OPERATING CASHFLOW	16.3	15.4
DEVELOPMENT SPEND	9.8	11.8
RECKON LOANS	0.9	-
SMARTVAULT ACQUISITION	-	5.8
DIVIDENDS PAID	3.4	1.7

✓ Cash spend on capex/development is lower than depreciation and amortisation for the half year.

Development spend



✓ Development spend \$ M

CONTINUING BUSINESS	7.9
DISCONTINUED BUSINESS	1.9
	<hr/> 9.8 <hr/>

3. Outlook



Reckon One growth opportunity

Strong, rapidly growing customer feedback.

Customer feedback



"Reckon One provides all my accounting needs at a really competitive price."

Rhys Allan | Digital Done Printing



"Reckon One makes it very easy to balance the left and right side of the ledger."

Mark Butler | Grafton Chamber of Commerce



"I would recommend Reckon One to any volunteer organisation without hesitation."

Pat Menzies | Tokoroa Little Theatre



"Reckon One provided us with a competitively priced and straightforward accounting solution"

Joe Fedele | Contemporary Edge Stone & Tile



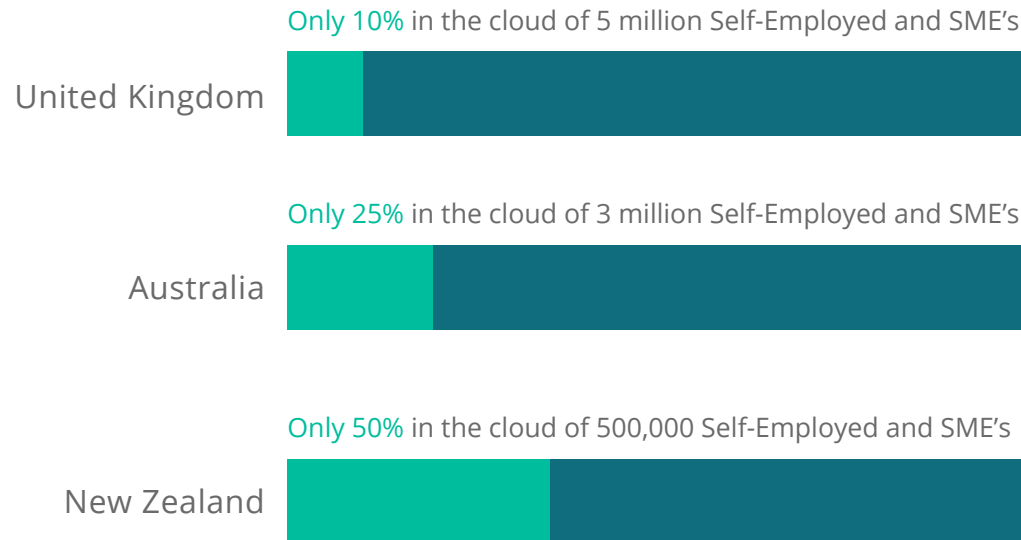
"Reckon One is really easy to use and gives me peace of mind that I'm properly managing my finances with minimal time and effort."

Nicole Ruigrok | Each Peach



Reckon One growth opportunity

✓ We're only getting started



And internationally most markets are far less mature.
Tens of millions of potential businesses across dozens of countries. Enormous opportunity.

* Estimated from various market sources June 2017.



Practice Management strength

We continue to add to our already impressive customer base at the fastest pace in years.
Leading accounting and legal firms across the world are using Reckon products.

BAKER & MCKENZIE

BDO

Bentleys[®]
THINKING AHEAD

BERWIN
LEIGHTON
PAISNER

C/M/S/
Law . Tax

countplus

Crowe Horwath.

Deloitte.

Grant Thornton

JONES
DAY

KPMG

Linklaters

MOORE STEPHENS

nexia
australia

NORTON ROSE FULBRIGHT

pillsbury

PITCHER PARTNERS

quinn emanuel trial lawyers
quinn emanuel urquhart & sullivan, llp

SEYFARTH
ATTORNEYS SHAW LLP

William Buck

Building a sustainable growing company by investing in product development, sales and marketing initiatives.



Growing momentum

Revenue and customer volumes continue to increase.



Proving success

We're executing on our strategy and showing we deliver.



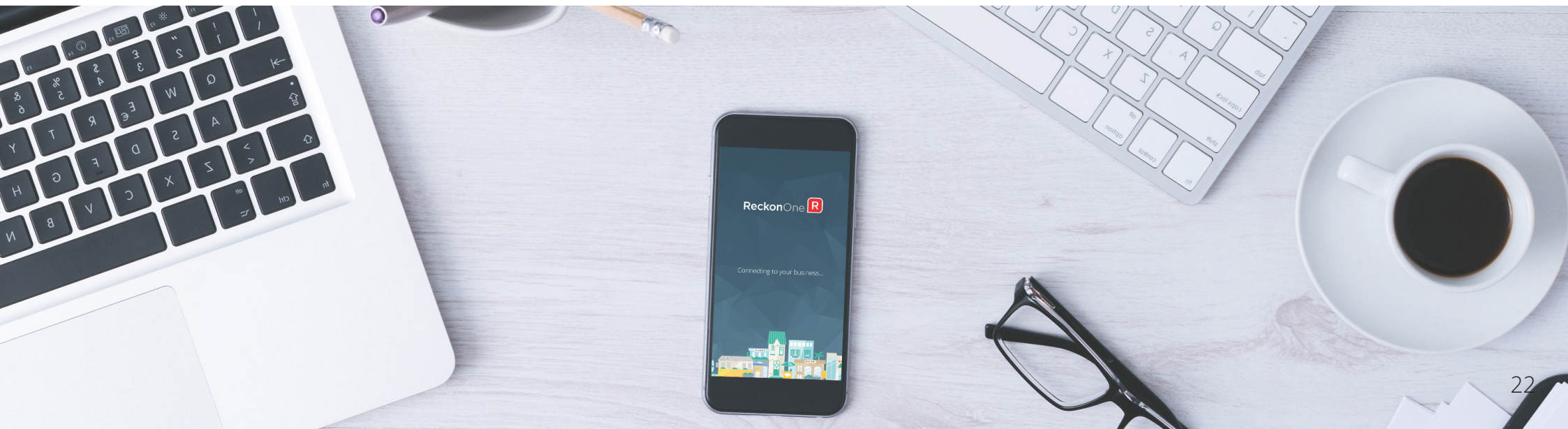
Substantial subscription base

High quality revenue.



We're ready

We've made and are making the right investments for an exciting future.



4. Q & A



Resources



Website
rekon.com



About us
rekon.com/au/about-us



Investors
rekon.com/au/investors



Media
rekon.com/au/media

