

## **Chairman's Brief Address to Extraordinary General Meeting of 25 November 2022 at 10:00am**

The purpose of this meeting is to seek shareholder approval of the board of directors exercising their discretion under the rules of the company's performance share plan.

A copy of the Notice of Meeting and Explanatory Notes is attached.

The directors seek to waive the share price target that applies to special incentive performance shares offered to Sam Allert, Director and CEO of the Company.

Shareholders will have received the payment of a special dividend on Monday this week. This special dividend represented the majority of the proceeds of the sale consideration the company received for the sale of the assets comprising the Accountant Division to the Access Group which completed on 1 August 2022.

As a consequence of declaring the special dividend it was anticipated that the value of the Reckon share price would drop by approximately an equivalent amount of the special dividend.

The ex-dividend date for the special dividend was 8 November 2022.

As it transpired on that day the share price dropped to close at \$0.615 from a close price cum dividend on 7 November 2022 of \$1.29.

Under the terms of the special incentive plan offered to Mr Allert, one of the incentive targets was that the VWAP of the Reckon share price at the close on 31 December 2022, or last trading day for that year, be \$1.00.

It was clear to the board of directors that it would be highly improbable that the Reckon share price would increase from roughly \$0.615 per share on 8 November 2022 to a VWAP of \$1.00 by 31 December 2022.

This means that the number of performance shares that ultimately vest may be reduced.

This is considered to be an unintended outcome of the terms of the special incentive plan.

# ASX Announcement

**25 November 2022**



As such, the board has resolved, subject to shareholder approval, to exercise its discretion under the performance share plan to waive the share price target that applies to the special incentive performance shares offered to Mr Allert.

This meeting now seeks your approval of this action.

We do not intend to use this meeting for any further update, save to say that we are very pleased to have paid the special dividend of \$0.57 per share this week.

The company is energised to focus on the remaining parts of the business, with a clean balance sheet and quality products in strong markets.

We look forward to reporting in more detail when we announce our FY2022 results in February 2023.

APPROVED FOR RELEASE TO THE ASX BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

# ASX Announcement

## 25 November 2022



### 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:

Mr. Sam Allert  
Group CEO  
Reckon Limited  
(02) 9134 3310

Mr. Chris Hagglund  
Group CFO  
Reckon Limited  
(02) 9134 3360

ASX Announcement  
Reckon Limited  
(ACN 003 348 730)

**25 October 2022**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

The attached notice of meeting has been despatched to shareholders on 24 October 2022.

AUTHORISED FOR RELEASE TO THE ASX BY THE BOARD OF DIRECTORS

For further information, please contact:

Mr. Sam Allert  
Group CEO  
Reckon Limited  
(02) 9134 3310

Mr. Chris Hagglund  
Group CFO  
Reckon Limited  
(02) 9134 3360

**Notice of Extraordinary General Meeting  
Reckon Limited ACN 003 348 730**

Notice is hereby given that an Extraordinary General Meeting (“EGM”) of Reckon Limited (“Company”) will be held **virtually** at <https://meetnow.global/MRMCFX5> on 25 November 2022 at 10:00am.

The virtual meeting platform will allow shareholders to watch the EGM live, and shareholders will also be able to vote, make comments and ask questions in real time.

Further information on how to attend online is set out below.

## **SPECIAL BUSINESS**

### **Resolution 1 – Special Incentive performance shares**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval be given for the purposes of ASX Listing Rule 6.23.4, and for all other purposes, for the Special Incentive performance shares issued to Mr Samuel Allert, the Group CEO, under the Performance Share Plan to be treated in the manner set out in the Explanatory Notes.”

The Explanatory Notes set out below form part of the Notice of EGM and provide important information regarding the item of business to be considered at the meeting. Please note voting exclusions apply to the resolution.

By order of the board.

Myron Zlotnick  
Company Secretary  
21 October 2022

## **HOW TO PARTICIPATE AND VOTE**

### **Attending the meeting**

Shareholders, proxyholders, attorneys and corporate representatives will be able to attend the meeting by logging into the online meeting platform at <https://meetnow.global/MRMCFX5> via a desktop device or mobile/table device with internet access.

The platform will allow Shareholders to view the meeting live, vote and submit questions (verbally and in writing) in real time.

To participate and vote online you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode.

Proxyholders will need their proxy number which can be obtained from Computershare Investor Services Pty Limited on +61 3 9415 4024 prior to the meeting.

Further information on how to participate online is set out at:  
<http://www.computershare.com.au/virtualmeetingguide>.

### **Eligibility to attend & vote**

In accordance with the *Corporations Act 2001* (Cth) (“Corporations Act”) and Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the persons eligible to vote at the EGM are those who are registered Shareholders at 19:00 (AEDST) on 23 November 2022.

Accordingly, share transfers registered after that time will be disregarded in determining entitlements to vote at the meeting.

The item of business set out in the Notice of EGM will be conducted by poll.

### **Proxies**

A Shareholder entitled to vote at the meeting has the right to appoint a proxy to attend and vote on their behalf. A proxy need not be a Shareholder of the Company. A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and does not specify the proportion or number which each proxy is to exercise, then, in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes for which the proxies are appointed. If you appoint a proxy, you may still attend the meeting. However, your proxy’s right to speak and to vote are suspended while you are present.

If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as your proxy sees fit, subject to any applicable voting exclusions.

### **Chairman of the meeting as proxy**

Where the Chairman of the meeting is appointed, or is taken to be appointed, as a Shareholder's proxy and that Shareholder has not specified the way in which they are to vote for any item of business, then by completing and submitting the proxy form the Shareholder is expressly authorising the Chairman of the meeting to exercise the proxy as they decide, notwithstanding that these items are connected with the remuneration of the Company's key management personnel.

The Chairman of the meeting intends to vote all undirected proxies in favour of the Resolution.

### **Voting Exclusions for Resolution 1**

The Company will disregard any votes cast on Resolution 1:

- in favour of the resolution by or on behalf of the Group CEO, or any of his associates, regardless of the capacity in which the vote is cast; or
- as proxy by a person who is a member of the Company's key management personnel on the date of the EGM or their closely related parties.

However, votes will not be disregarded if they are cast:

- as proxy or attorney for a person entitled to vote on the resolution, in accordance with a direction given to the proxy or attorney to vote on the resolution in that way;
- the Chairman of the meeting as proxy for a person entitled to vote on the resolution, pursuant to an express authorisation in the proxy form to exercise the proxy as the Chairman of the meeting decides; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Lodging your Proxy Form**

A form for appointment of proxy is enclosed.

To be effective the document appointing the proxy (and where applicable, the original, or a certified copy, of the power of attorney or other instrument under which the document appointing the proxy is signed or executed) must be received by the Company at least 48 hours before the meeting, i.e. by 10:00 (AEDST) on 23 November 2022.

The documents should be delivered to the Company at:

Computershare  
GPO Box 242  
Melbourne VIC 3001  
Fax: 61 3 9473 2555.

Or

Submitted online at [www.investorvote.com.au](http://www.investorvote.com.au) by following the instructions. You will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and Control Number, which is set out on the enclosed Proxy Form.

### **Corporate Representative**

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the meeting. The representative of a company attending the meeting must provide satisfactory evidence of his or her appointment prior to the start of the meeting unless this authority has been previously lodged with the Company.

### **Technical difficulties**

Technical difficulties may arise during the course of the EGM. The Chairman of the meeting has discretion as to whether and how the meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chairman of the meeting will have regard to the number of Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where considered appropriate, the Chairman of the meeting may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

For this reason, Shareholders are encouraged to lodge a directed proxy, even if they plan to attend online.

# Explanatory Notes

## BUSINESS OF THE MEETING

### ***Resolution 1: Treatment of Special Incentive performance shares under the Performance Share Plan***

#### **Overview**

The Company has a Performance Share Plan (“the PSP”) which acts as a long-term incentive to attract and retain talent and to reward participants for their contribution to the performance of the Company. Under the PSP, certain employees have a right to receive shares if performance criteria are met over a three-year performance period (“performance shares”).

On 1 September 2019, the Group CEO was granted 1,000,000 performance shares as an incentive at the time of his appointment as CEO (“Special Incentive”). The Special Incentive is subject to a share price target and a service condition. Further details about the Special Incentive are set out further below.

In light of the recent sale by the Company of the Accountant Practice Management Group (“Transaction”), the board of directors is of the view that the share price target applicable to the Group CEO’s Special Incentive should be waived for the reasons outlined below.

Under the terms of the PSP, the Board has discretion to waive the performance criteria applicable to performance shares. However, shareholder approval is being sought in the interests of good governance and transparency, and for the purposes of ASX Listing Rule 6.23.4, to the extent it is applicable.

#### **Transaction**

On 1 August 2022, the Company announced the completion of the Transaction, being the sale by the Company of the Accountant Practice Management Group to Access Software Australia Pty Ltd, Access Workspace NZ Limited and Access UK Ltd.

The Transaction unlocks significant value for the Company’s shareholders and allows the Company to focus on its two core operating divisions, its Business Group, which provides accounting and payroll software for small to large sized businesses and personal wealth management solutions, and its Legal Practice Management Group, which focuses on practice management and workflow solutions to law firms in the USA and globally.

The sale proceeds from the Transaction is \$100 million. As previously announced, the Company intends to deliver the majority of proceeds from the Transaction to shareholders via a partially franked special dividend.

The board of directors recognise the contribution that the employees have made to the successful completion of the Transaction and the proposed return to Shareholders that the special dividend represents.

#### **Impact of the Transaction on Special Incentive**

The board of directors intends to determine the special dividend before the end of 2022. Following this, the market price of the Company's shares may diminish in value by roughly the same amount as the amount of the special dividend. However, the diminution may impact the achievement of the share price target that applies to the Special Incentive. This means that the number of performance shares that ultimately vest may be reduced.

It is the opinion of the board of directors that this outcome undermines the objectives of the PSP. As such, the board has resolved, subject to Shareholder approval, to exercise its discretion under the PSP to waive the share price target that applies to the Special Incentive performance shares.

The board notes that as at the date of this notice the Reckon share has traded at prices above the share price target applicable for the vesting of the CEO's performance shares under the Special Incentive.

The board is not intending to accelerate the vesting of the performance shares if Shareholders approve this resolution. Instead, the performance shares will continue to remain on foot and will vest in the ordinary course following the end of the performance period, subject to the other terms of the offer (including that the service condition is met).

Under the PSP, holders of performance shares are not entitled to receive the special dividend. However, as the share price may diminish following payment of the special dividend, the board has determined to separately pay a bonus to the Group CEO in respect of his Special Incentive performance shares and employees who hold certain tranches of performance shares<sup>1</sup> to "keep them whole". The bonus will be approximately equal to the value of the special dividend the employee would have received had they been the owner of shares (as opposed to holders of performance shares) at the time the special dividend was paid. Details of any bonus amounts paid to the Group CEO or other members of the Company's key management personnel will be disclosed in the Company's FY22 Remuneration Report.

### **Requirements under the ASX Listing Rules**

Listing Rule 6.23.4 requires shareholder approval before the Company can change the terms of any existing grants of "options" (which includes performance shares). Whilst the PSP gives the board the power to waive the performance criteria, approval is sought under ASX Listing Rule 6.23.4 to the extent this waiver is considered to be a change of terms under the Listing Rules.

### **If Shareholder approval is obtained**

If Shareholder approval is obtained, the share price target applicable to the Group CEO's Special Incentive performance shares will be waived. The performance shares will remain on foot and will vest in the ordinary course following the end of the performance period, subject to the other terms of offer (including that the service condition is met).

If Shareholder approval is not obtained, the performance criteria applicable to the Group CEO's Special Incentive performance shares will remain unchanged. The board will test the

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<sup>1</sup> Being, Tranche 1 performance shares anticipated to vest on 31 December 2022, and Tranche 2 performance shares anticipated to vest on 31 December 2023.

share price target following the end of the performance period and the vesting outcome will be determined at that time.

#### **Details of Special Incentive grant**

This was a one-off Special Incentive offer made to Mr Allert in light of his appointment to the role of Group CEO.

Shares Offered	1,000,000
Start Date	1 September 2019
Performance Period	3 years ending on 31 December 2022
Share Price Target	VWAP of the Reckon Share Price at Close on 31 December 2022, or last trading day for that year, to be \$1.00, subject to the Sliding Scale.
Sliding Scale	90% of Share Price Target shall equate to 90% vesting, to 110% of Share Price Target shall equate to 110% vesting, capped Below 90% of Share Price Target shall equate to 0% vesting
VWAP	The weighted average of the closing price of Reckon shares over the period of 30 days before the end of the Performance Period

#### ***Board recommendation***

The board (with the CEO abstaining) recommends that Shareholders vote in favour of Resolutions 1.