



Investor Presentation

For the half year ended 30 June 2024

To be read in conjunction with Appendix 4D and Accounts



Disclaimer

The information contained within this document is in summary form and does not purport to be complete. It should be read in conjunction with Reckon Limited's periodic reporting and other announcements made to the Australian Securities Exchange.

Information provided is current at the date of this document or as at the date specified in any slide or page (as applicable).

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Overview

Reckon Limited (ASX: RKN) is a software-as-a-service (SaaS) company providing cloud-based technology solutions to customers including SMEs and legal firms

Investment highlights

- ✓ Strong earnings profile - \$28m in revenue generated in 1st Half 2024 with EBITDA of \$12m and NPAT of \$3m
- ✓ Net cash of \$0.9m (net debt of \$2.8m at Dec '23)
- ✓ Annual Dividend of 2.5 cents fully franked declared
- ✓ Legal Group subscription revenue growth of 5%
- ✓ Ongoing investment in cloud based products to underpin future business growth
- ✓ Over 109k customers use our cloud SME products and 300k of employees get paid in Australia via Reckon products
- ✓ Six of the world's top legal firms use our solutions



Corporate overview

✓ Capital Structure

ASX code:	RKN
Shares on issue:	113.3m
Market capitalisation:	\$66m
Share price – low	\$0.495 to \$0.655
Net cash:	\$0.9m

✓ Major shareholders

Microequities Asset Management Pty Ltd	14.3%
MA Financial Group Ltd	10.7%
Rabie Family	7.2%
Greg Wilkinson	7.1%

✓ Board of directors



Clive Rabie
NON-EXECUTIVE CHAIRMAN



Greg Wilkinson
FOUNDER & NON-EXECUTIVE DIRECTOR



Phil Hayman
NON-EXECUTIVE DIRECTOR



Sam Allert
CHIEF EXECUTIVE OFFICER

Our focus is on two large and distinct markets



SMALL BUSINESS

Accounting and Payroll solutions for SMEs

Total addressable market

3 million small businesses across Australia and New Zealand



LEGAL

Practice Management and Workflow for law firms

Total addressable market

500 of the world's largest firms operate in the USA, alongside 46,000 mid-size firms

Financial Results – Half Year 2024

REVENUE

\$28 ↑
million

↑ +1% over PcP

RECURRING REVENUE

\$26 ↑
million

↑ +2% over PcP

EBITDA

\$12 ↑
million

↑ +6% over PcP

Normalised NPAT

\$3 ↔*
million

*Non-IFRS adjusted for prior period tax adjustment

DEVELOPMENT INVESTMENT

\$7
million

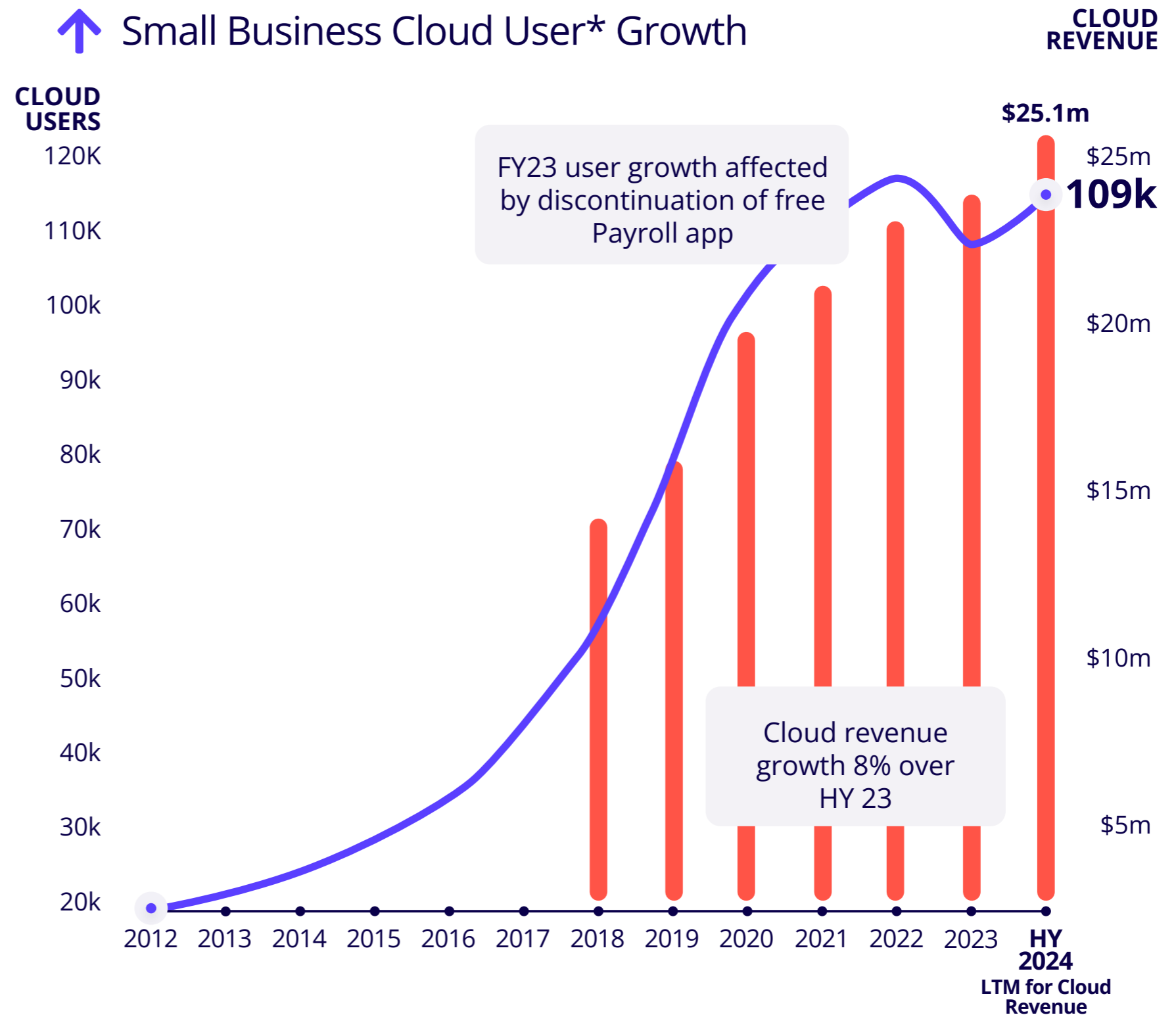
DIVIDEND

2.5
cents
per share fully franked

Cloud revenue growth of 8%

- ✓ Servicing start ups, gig-economy, small and medium sized businesses with accounting, payroll, and business management tools
- ✓ Strong cash generating business with EBITDA Margin of 55% and Adjusted EBITDA Margin (after development costs) of 33% for HY24
- ✓ 109k Cloud users
- ✓ Cloud users since December 2023 increased by 4%
- ✓ Continued uptake of Reckon Payroll products across cloud and Mobile

↑ Small Business Cloud User* Growth

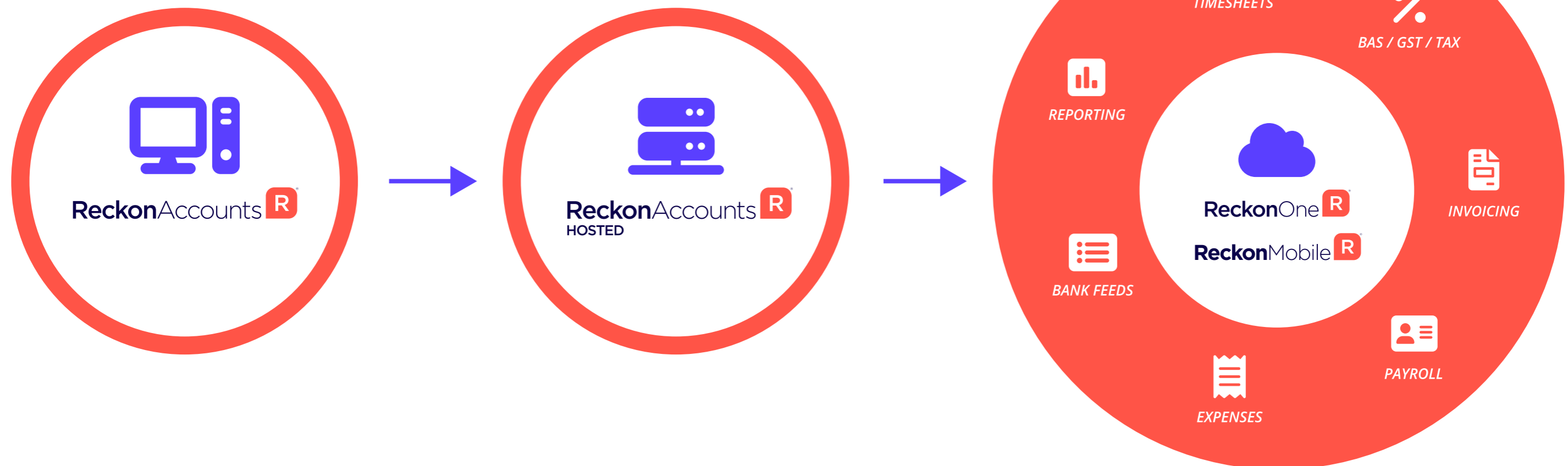


63% of available SME Group revenue is cloud based for HY 2024

* Cloud users represent the number of users for all Business Group cloud products including Reckon One, Reckon Mobile and Reckon Accounts Hosted

Transition to Reckon One codebase underway

- ✓ Increased focus on the transition to the Reckon One codebase
- ✓ 8% cloud revenue growth and 4% cloud user growth
- ✓ Continued development investment into Reckon One and Mobile solutions to support this transition
- ✓ Ongoing product enhancements creating more valuable solutions for SME's and employees
- ✓ Journey to Reckon One expands options for the business and provides potential value creation for Reckon*



*Reckon holds a royalty free licence to use the Intuit source code inherent in Reckon's, Reckon Accounts and Reckon Accounts Hosted products. The licence has some restrictions and is non transferable in certain circumstances. The Intuit source code is not used in any of Reckon's Reckon One cloud and mobile-based products.

Customer case study:

Operational Enhancement Solutions

Cultivating productivity and a professional image from your home office.

The challenge: Rohan started his manufacturing consultancy business from his kitchen table! With rapid growth projected, he needed to look as professional as possible from the outset and required a solution to get the bookkeeping busy work done as fast as possible..

The solution: By using Reckon One for payroll, invoicing, quotations, BAS, and general bookkeeping, Rohan can manage his business seamlessly while he grows the business and juggles family life. He's even able to seamlessly do his invoicing, reconcile bank transactions and pay staff while spending time away on holidays.

Benefits: With its simple interface, Reckon has afforded Rohan a lot of time to work on business-critical projects and drive new customer growth without the need to hire a bookkeeper, giving him more opportunities to spend more quality time with the family.



"Although we started from the kitchen table, we wanted to grow the business rapidly.. And Reckon has afforded me a lot of time to work on business-critical projects and drive new customer and growth"

Rohan Sanderson, CEO, Operational Advancement Solutions

Continued focus on employee engagement

✓ Very low staff turnover 4% YTD (14% tech industry average). Great spread of experience and new ideas with good tenure split. Tenure Summary: 1-5 YEARS - 44% 5-10 YEARS - 25% 10+ YEARS - 31%



OF EMPLOYEES AGREE THAT WE ARE A GREAT PLACE TO WORK



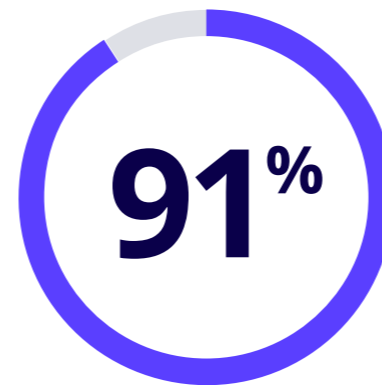
JUSTICE

measures the extent to which employees perceive that management promotes inclusive behaviour, avoids discrimination and is committed to ensuring fair appeals.



ENGAGEMENT

Measures the degree to which people are tuned into their work, give more of themselves and their talents than is required and act as owners of the business.



INNOVATION

measures the ability to continuously improve, adapt quickly and generate game changing opportunities. Whether its finding new and better ways or providing values or responding to unexpected challengers in their market, this is a strong indicator that the business will be 'healthy tomorrow'.

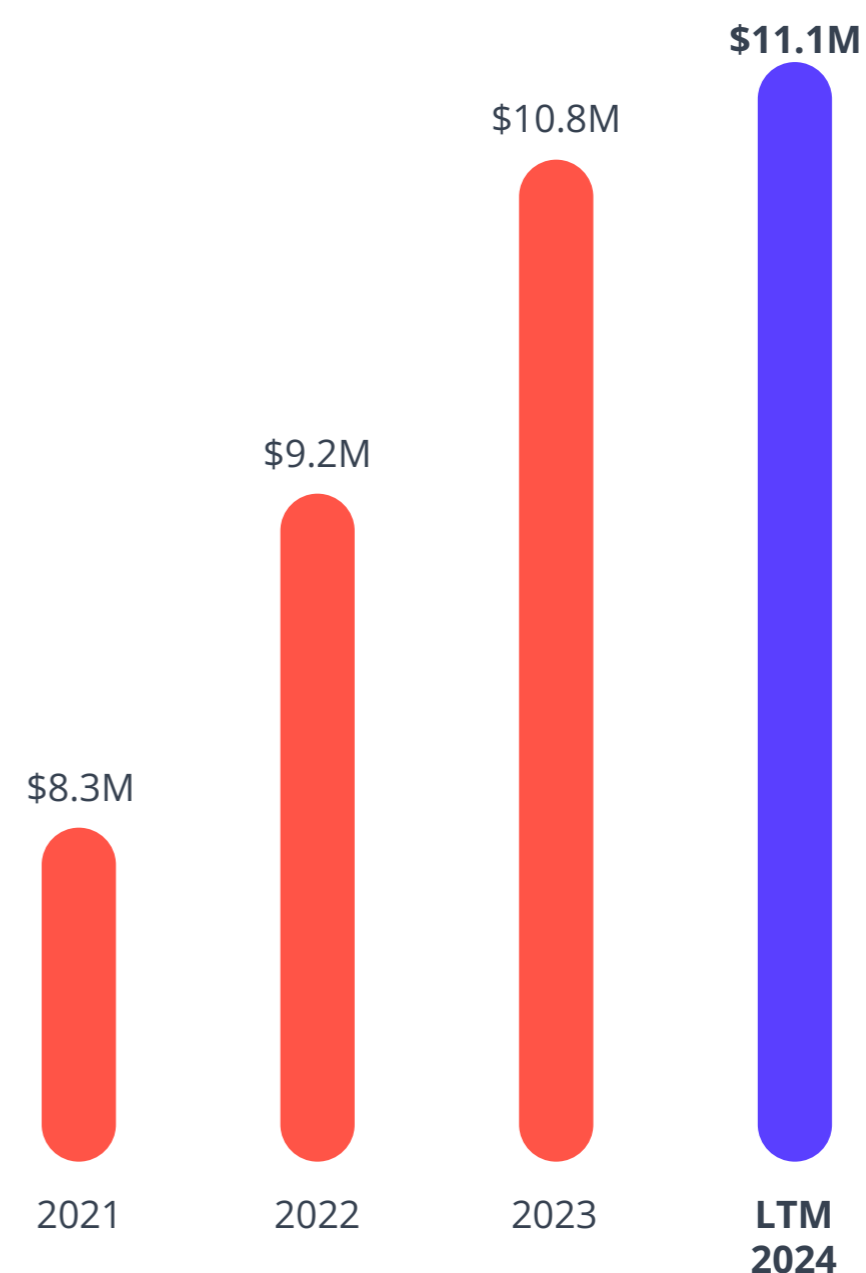


PRACTICE MANAGEMENT AND WORKFLOW FOR LEGAL FIRMS

Growth business in large US and global markets

- ✓ Servicing Legal firms with workflows through scanning & printing, billing and collections, cost recovery and analytics solutions
- ✓ Subscription revenue growth of 5% for HY24
- ✓ 2,600 users on our new cloud products BillingQ and DataQ
- ✓ Enormous market opportunity – 500 of the world’s largest firms operate in the US, alongside 46,000 mid-size firms
- ✓ Highly regarded management team with a successful track record of developing and distributing legal practice management software in US market
- ✓ Footprint in UK and resellers in other parts of the world

↑ Subscription revenue growth



PRACTICE MANAGEMENT AND WORKFLOW FOR LEGAL FIRMS

Upgrade to core product suite and investment in new cloud solutions providing growth opportunity in large US Legal market

- ✓ Core products upgraded to take advantage of increased market interest and opportunity
- ✓ Continued ongoing investment into Cloud based Platform solutions
- ✓ Client base includes 6 of the top 10 firms in the world and 8 of the top 25 firms in the US
- ✓ Newer platform solutions can be cross sold into Core client base
- ✓ Additional product integrations planned for Platform solutions creating larger addressable market
- ✓ Over \$0.3m of ARR with 2,600 users of Platform sales made



Core

- ✓ **ScanQ** and **MailQ** – scanning
- ✓ **PrintQ** – printing
- ✓ **CostQ** – cost tracking



Platform

- ✓ **BillingQ** – billing workflows
- ✓ **DataQ** – business intelligence

Client Testimonials for BillingQ

Integrated Cloud Solutions and Efficient Workflows

"After a month of implementation our accountant had shaved off two days from her billing process."

***Dawn Donham, Legal Administrator,
Markowitz Herbold***

Streamlining Billing Processes and Enhancing Efficiency

"BillingQ has made our accountant's and attorneys' lives so much simpler."

***Sandra Haislet, VP of Firm Administration,
Practus LLP***

Improving Accounts Receivable (A/R) Management

"We have saved a lot of time with our manual process and we have seen an uptick in our A/R collections."

***Natalie Burns, Assistant Firm Administrator,
McNamee Hosea***

Exceptional Support & Customisation

"We encourage everyone at the firm to use BillingQ as the central financial management platform."

***Gina Martin, Executive Director,
Nelson Hardiman***



Financial Highlights

Group financial performance and cash flow

(Continuing operations)

	HY24	HY23	GROWTH		HY24	HY23
	\$ M	\$ M	%		\$ M	\$ M
✓ Revenue	28.4	28.2	+1%	✓ Operating Cashflow (before development)	11.3	11.1
✓ EBITDA	11.7	11.0	+6%	✓ Development Spend	(7.0)	(7.3)
✓ Normalised NPAT*	3.1	3.1	-	✓ Dividend Paid	-	-
✓ Reported NPAT	3.1	3.8		Fully franked dividend of 2.5 cents per share to be paid September 2024		
				✓ Debt Repaid	(3.8)	(2.7)

*NON-IFRS: adjusted for prior period tax adjustment of \$0.7m

ACCOUNTING AND PAYROLL SOLUTIONS FOR SMES

Business Group Financials

A subscription business with consistently strong online growth

✓ Financial performance

Revenue

- Consistently strong cloud revenue growth
- Subscription revenue is 93% of revenue
- EBITDA margin 55%
- Adjusted EBITDA margin 33% (after development costs)

✓ Revenue

	HY24 \$ M	HY23 \$ M	GROWTH
CLOUD SUBSCRIPTION	13.0	12.0	8%
DESKTOP SUBSCRIPTION	7.8	8.5	-8%
SUBSCRIPTION	20.8	20.5	1%
OTHER	1.6	2.0	-14%
TOTAL	22.4	22.5	-

✓ EBITDA

	12.3	12.3	-
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✓ Capitalised development costs

	4.8	4.9
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Legal Group Financials

Growing subscription revenue and a top tier customer base

✓ Financial highlights

Revenue

- Platform products start to contribute to subscription growth
- Subscription is 92% of revenue

✓ Revenue

	HY24 \$ M	HY23 \$ M	GROWTH	CONSTANT CURRENCY GROWTH
CORE SUBSCRIPTION	5.3	5.3		
PLATFORM SUBSCRIPTION	0.2	-		
SUBSCRIPTION	5.5	5.3	+5%	+2%
UPFRONT AND SERVICE	0.5	0.4	+4%	+1%
	6.0	5.7	+5%	+2%

✓ EBITDA

- Investment in sales and development teams for future growth continues

✓ EBITDA

	HY24	HY23	GROWTH
EBITDA	0.7	0.2	+175%

✓ Capitalised development costs

	HY24	HY23
Capitalised development costs	2.2	2.4

Summary

- ✓ A software as a service (SaaS) company with two clearly defined businesses and opportunities
- ✓ Strong consistent financial results - \$53M in Revenue, \$20M in EBITDA, and NPAT of \$5M for full year 2023. Executing on plan to create valuation improvement and shareholder return
- ✓ A clean Balance Sheet with \$0.9M in cash and with a \$25M bank facility
- ✓ Consistent dividend paying company - 2.5 cents Annual Dividend (paid in Sept 2024)
- ✓ 5% Subscription revenue growth for the Legal Group
- ✓ 8% cloud revenue growth with total cloud users of 109k in the Business Group
- ✓ Continued investment into scaling our cloud products





Questions

Resources

 Website
reckon.com

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 Investors
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