



Investor Presentation

For the year ended 31 December 2024

To be read in conjunction with Appendix 4E 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 - \$54M in revenue generated in 2024 with EBITDA of \$20M and NPAT of \$4M
- ✓ Annual dividend of 2.5 cents fully franked paid September 2024
- ✓ Net debt of \$2.9M at 31 December 2024
- ✓ Legal Group subscription revenue ARR growth of 13%
- ✓ 7% cloud revenue growth with over 111K users on our cloud SME products (Business Group)
- ✓ Strategic acquisition of Cashflow Manager Business adding circa 20,000 new SME clients
- ✓ US\$4.5M funding round fully subscribed at a pre money valuation of US\$20M for the Legal Group



Corporate overview

✓ Capital Structure

ASX code:	RKN
Shares on issue:	113.3M
Market capitalisation:	\$64M
Share price – low to high	\$0.495 to \$0.67

✓ Major shareholders

Microequities Asset Management Pty Ltd	14.3%
MA Financial Group Ltd	11.7%
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

Revenue of \$41.8M and \$21.3M EBITDA in FY24

Total addressable market

3 million+ small businesses across Australia and New Zealand



LEGAL

Billing and Document Workflow for legal firms

Revenue of \$12.3M and \$1.1M EBITDA in FY24

Total addressable market

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

Financial Results – Full Year 2024

REVENUE

\$54↑
million

↑ +1% over PcP

ARR*

\$54↑
million

↑ +5% over PcP

EBITDA

\$20↑
million

↑ +2% over PcP

NPAT

\$4
million

DEVELOPMENT INVESTMENT

\$14
million

DIVIDEND

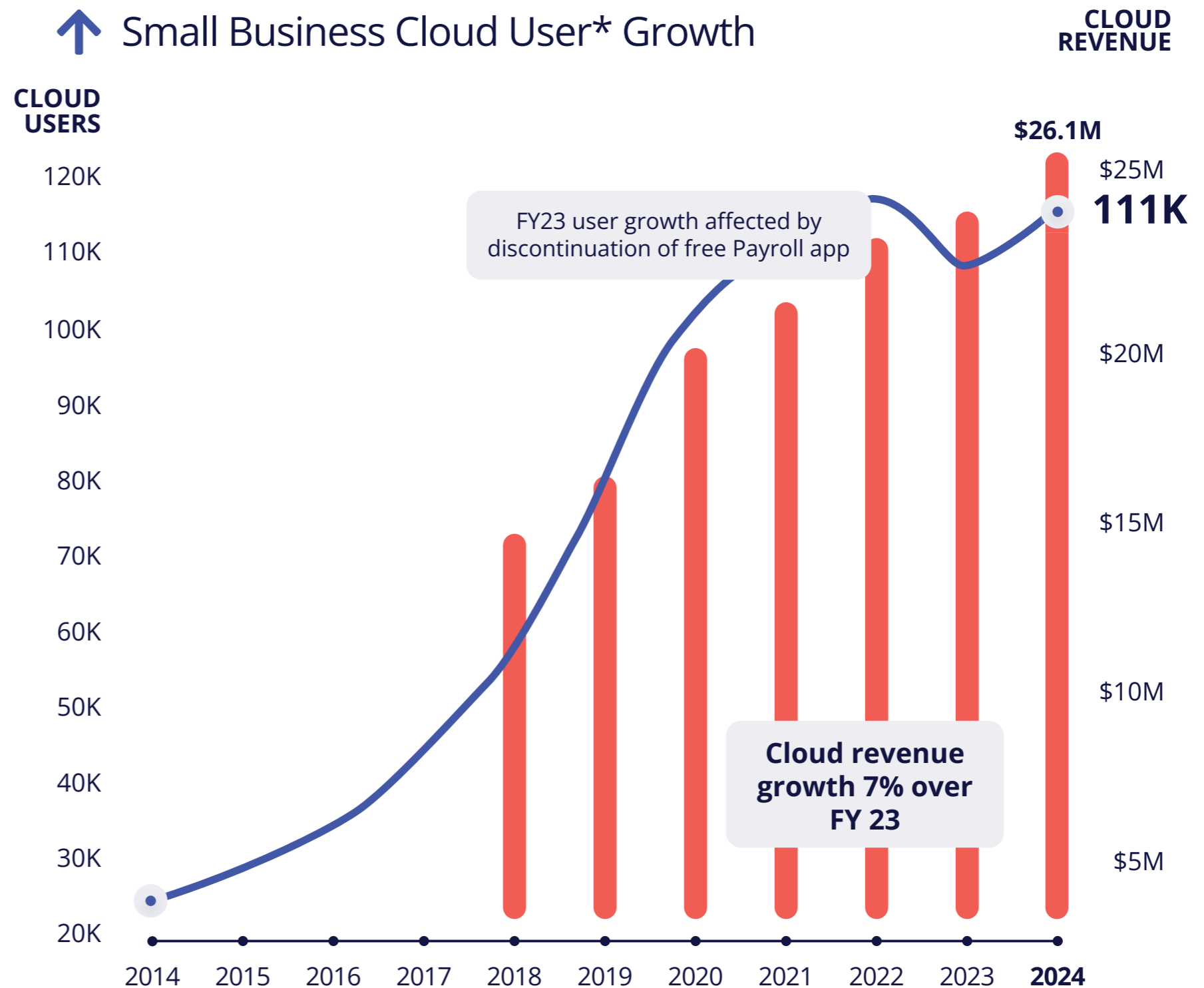
2.5
cents
per share fully franked

*Note: ARR excludes installation revenue in the Legal Group and minor non-recurring revenue in the Business Group.

Cloud revenue growth of 7%

- ✓ 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 51% and Adjusted EBITDA Margin (after development costs) of 28% for FY24
- ✓ 111K Cloud users
- ✓ Cloud users increased by 5%
- ✓ Acquisition of Cashflow Manager business adding 20K new clients

↑ Small Business Cloud User* Growth

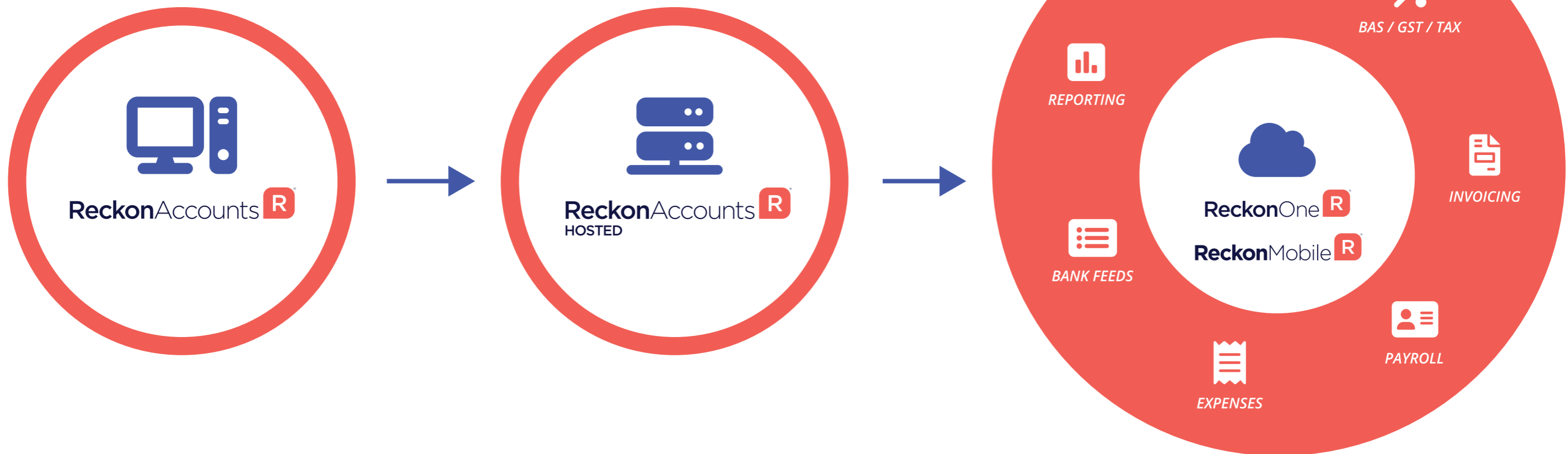


62% of SME Group revenue is cloud based for FY 2024

* 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

- ✓ Increased focus on the transition to the Reckon One codebase
- ✓ 7% cloud revenue growth and 5% 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*
- ✓ 700 Desktop Payroll Premier customers successfully upgraded to Reckon One



*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.

Acquisition of Cashflow Manager Business

- ✓ Strategic acquisition of Cashflow Manager Business and clients
- ✓ 20,000 SME clients and 1,000 accounting and bookkeeping partners
- ✓ Expected to contribute \$6M in revenue, \$3M in EBITDA and \$1M in NPAT in 2025
- ✓ Plan to continue supporting the Cashflow Manager product and clients whilst providing an upgrade path to Reckon One over coming years

The logo for okke features the word "okke" in a bold, dark blue, lowercase sans-serif font. A small crown icon is positioned above the letter "e".

Customer case study:**Michael Fox Arts Accountant & Valuer**

Make your clients' accounting simple with intuitive payroll software and keep them compliant.

The challenge: Michael's challenge in making sure his clients are well-cared for is getting them to use the right software. He knows that word of mouth can steer people to use certain tools that may not apply to his clients.

The solution: Michael and his firm have enjoyed the ease of getting their clients onto Reckon software to manage their accounting and payroll.

But the success isn't just in the software. The people behind the product also give Michael confidence in Reckon.

Benefits: With Reckon's intuitive and easy-to-use software, Michael can focus on his accounting practice and art gallery, knowing that his client's payroll and compliance are handled.



"Once you have a business, you need software to run it. Reckon is very good software, and it is quite intuitive."

Michael Fox, Principal of Arts Accountant and Valuer

Continued focus on employee engagement

✓ Very low staff turnover of less than 10%. Great spread of experience and new ideas with good tenure split. Tenure Summary: 1-5 YEARS - 45% 5-10 YEARS - 24% 10+ YEARS - 31%



94% 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'.

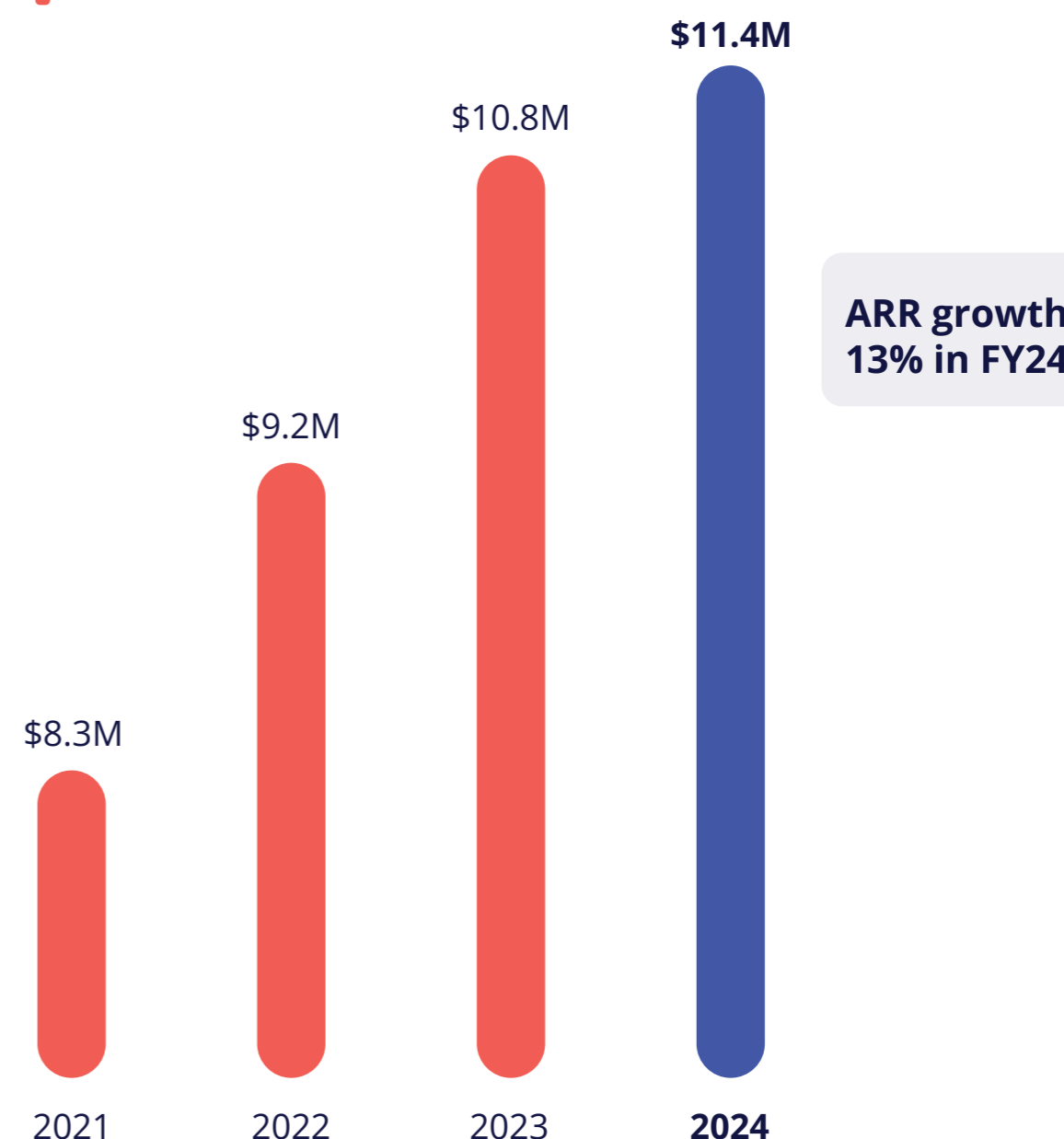


PRACTICE MANAGEMENT AND WORKFLOW FOR LEGAL FIRMS

Growth business in large US and global markets

- ✓ Servicing Legal firms with workflows through scanning & printing, billing and collections, cost recovery and analytics solutions
- ✓ Our workflow solutions are integrated with the core systems in law firms, including financial management and document management
- ✓ We work with 12 of the 20 largest law firms worldwide and 40% of the AmLaw 200 largest firms in the US
- ✓ Annual Recurring Revenue (ARR) growth of 13%
- ✓ Highly regarded management team with a successful track record of developing and distributing legal practice management software in US market
- ✓ US\$4.5M funding round fully subscribed at a pre money valuation of US\$20M

↑ Subscription revenue growth



PRACTICE MANAGEMENT AND WORKFLOW FOR LEGAL FIRMS

Servicing Legal firms with our Queues workflow engine in two product families - Document Workflows and Billing Workflows

- ✓ Document Workflows streamlines digital transformation with scanning, digital mailroom, records, print management, and cost tracking
- ✓ Billing Workflows enhances firms' existing financial management systems with invoices-to-cash, online payments, and billing & collections business intelligence

- ✓ Ongoing investment in cloud-based Billing Workflows, including integrations with additional financial management systems Elite 3E and Aderant

- ✓ 13% total ARR growth with 89% Billing Workflow ARR growth
 - Document Workflows \$11.8M (growth 11%)
 - Billing Workflows \$0.6M (growth 89%)
 - Total \$12.4M (growth 13%)



Document Workflows

- ✓ **ScanQ** – streamlined scanning
- ✓ **MailQ** – digital mailroom
- ✓ **RecordsQ** – backscanning
- ✓ **PrintQ** – print management
- ✓ **CostQ** – cost tracking



Billing Workflows

- ✓ **BillingQ** – invoices-to-cash
- ✓ **PayQ** – online payments
- ✓ **DataQ** – billing & collections 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 accountants' 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**

Next Generation Online Payments

"With PayQ, we "found money" that used to go directly to credit card companies."

**Paul Masuret, Executive Director,
Casner & Edwards**



Financial Highlights

Group financial performance and cash flow

	FY24	FY23	GROWTH
	\$ M	\$ M	%
✓ Revenue	54.1	53.4	+1%
✓ EBITDA	20.2	19.7	+2%
✓ Depreciation and Amortisation	(15.7)	(14.4)	
Interest	(0.1)	(0.2)	
Tax - current year	(0.8)	(1.0)	
- prior year adjustment	-	0.8	
✓ NPAT*	3.6	4.9	

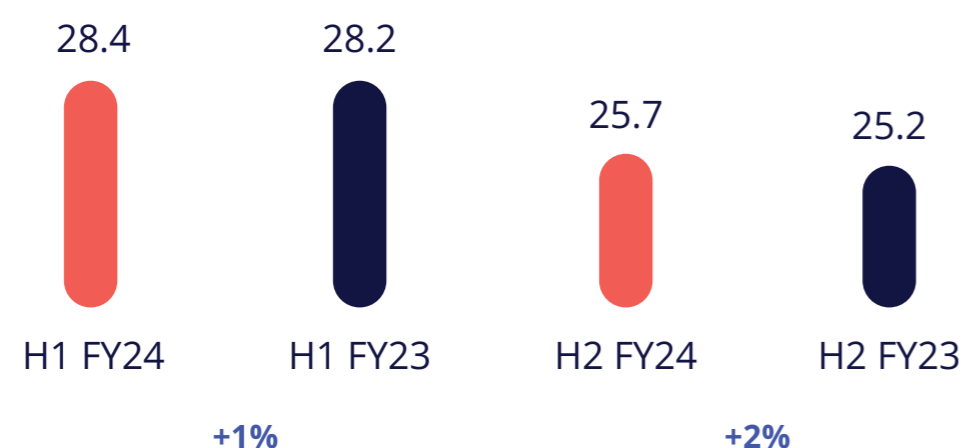
	FY24	FY23
	\$ M	\$ M
✓ Operating Cashflow (before development)	17.9	19.1**
✓ Development Spend	(14.4)	(14.4)
✓ Dividend Paid	(2.8)	(2.8)

Fully franked dividend of 2.5 cents per share to be paid September 2024

*Higher amortisation due to a higher development spend in prior periods and PcP included an R & D refund related to FY22

**PcP included an R & D refund related to FY22

✓ Revenue by half (\$M)



✓ EBITDA by half (\$M)



Business Group Financials

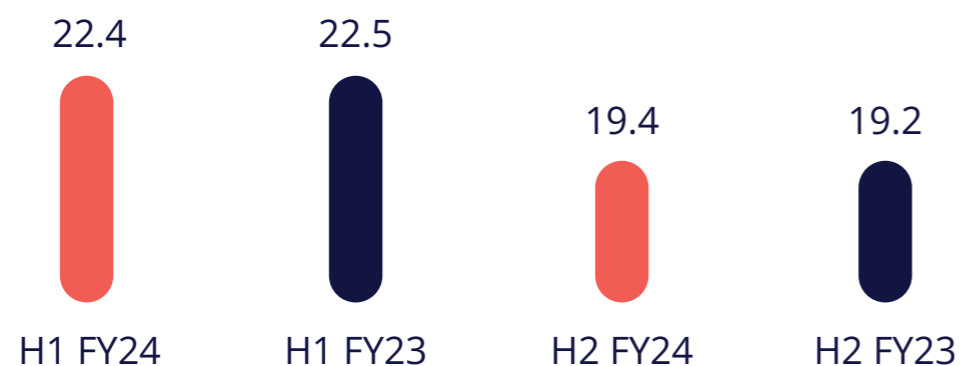
A subscription business with consistently strong online growth

✓ Financial performance

Revenue

- Consistently strong cloud revenue growth
- Subscription revenue is 93% of revenue
- EBITDA margin 51%
- Adjusted EBITDA margin 28% (after development costs)

✓ Revenue by half (\$M)



✓ Revenue

	FY24 \$ M	FY23 \$ M	GROWTH
CLOUD SUBSCRIPTION	26.1	24.3	7%
DESKTOP SUBSCRIPTION	13.0	14.1	-7%
SUBSCRIPTION	39.1	38.4	2%
OTHER	2.7	3.3	-18%
TOTAL	41.8	41.7	-

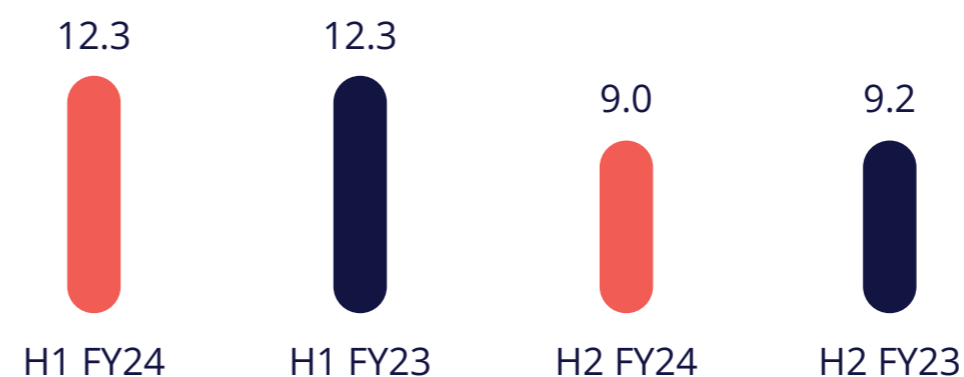
✓ EBITDA

	21.3	21.5	-1%
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✓ Capitalised development costs

	9.7	9.6
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✓ EBITDA by half (\$M)



Legal Group Financials

Growing subscription revenue and a top tier customer base

✓ Financial highlights

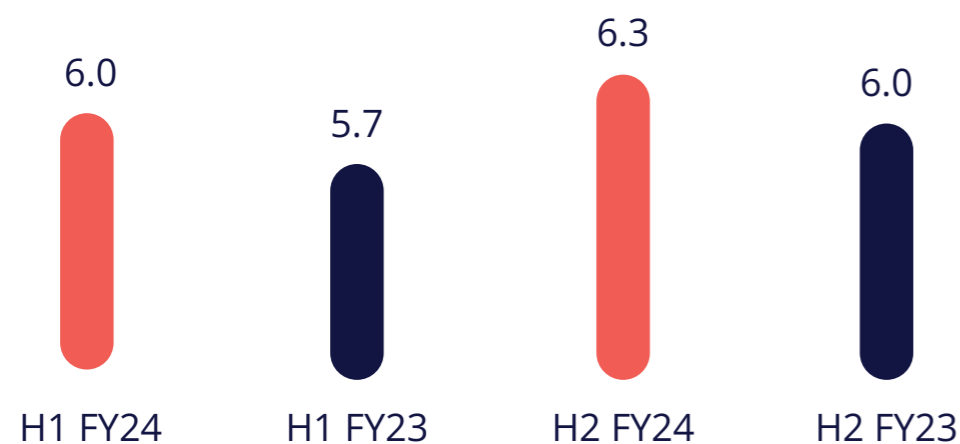
Revenue

- Strong subscription ARR growth of 13%
- Subscription revenue is 93% of revenue

EBITDA

- Investment in sales and development teams for future growth continues

✓ Revenue by half (\$M)



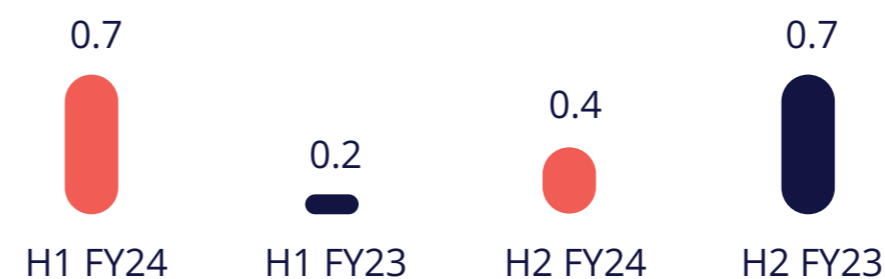
✓ Revenue

	FY24 \$ M	FY23 \$ M	GROWTH
DOCUMENT WORKFLOWS SUBSCRIPTION	11.0	10.6	+4%
BILLING WORKFLOWS SUBSCRIPTION	0.4	0.2	+97%
	<u>11.4</u>	<u>10.8</u>	+6%
UPFRONT AND SERVICE	0.9	0.9	-2%
	<u>12.3</u>	<u>11.7</u>	+5%
EBITDA	<u>1.1</u>	<u>0.9</u>	+18%
Capitalised development costs	<u>4.8</u>	<u>4.9</u>	

✓ EBITDA

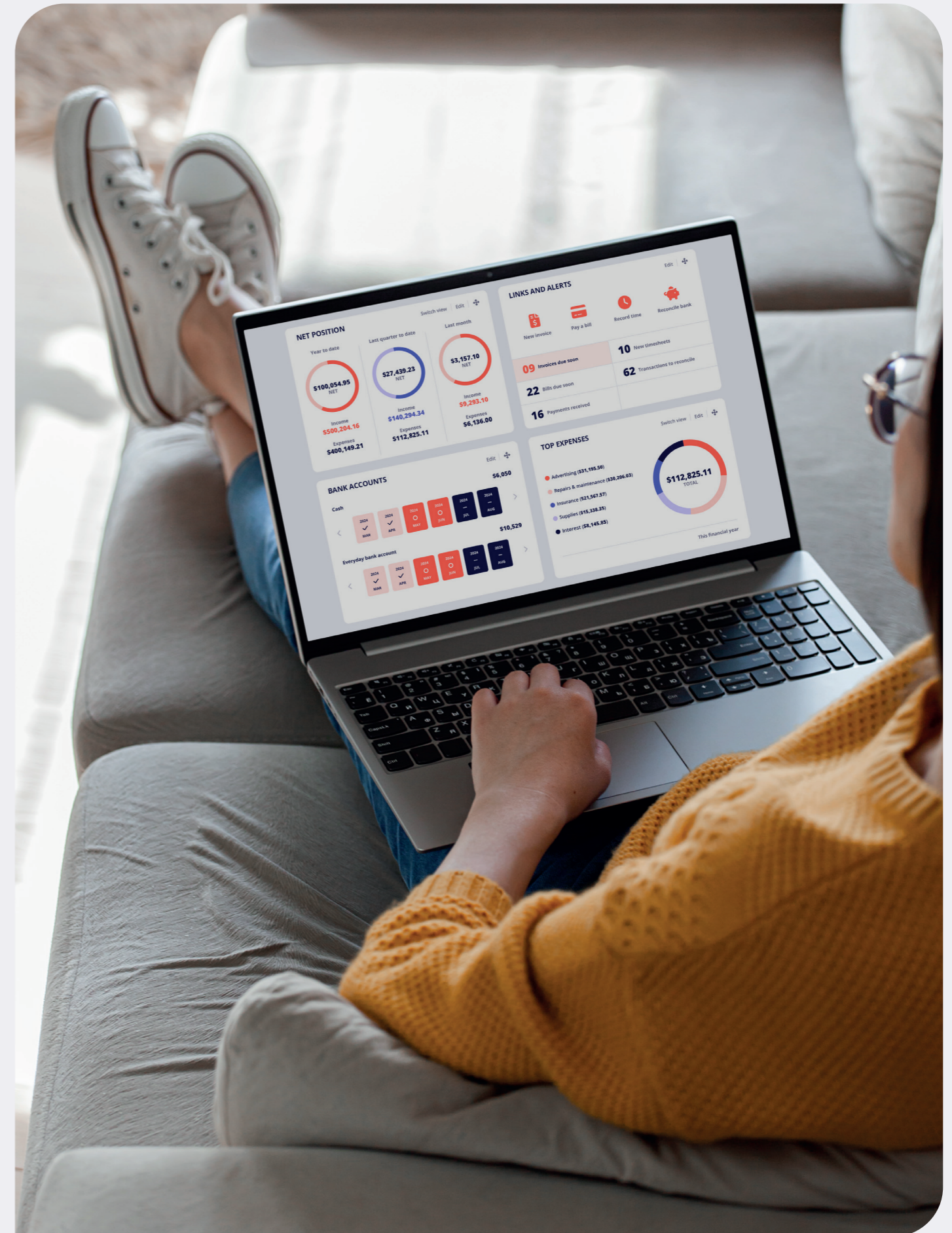
✓ Capitalised development costs

✓ EBITDA by half (\$M)



Summary

- ✓ A software as a service (SaaS) company with two clearly defined businesses and opportunities
- ✓ Executing on plan to create valuation improvement and shareholder return
- ✓ Strong consistent financial results - \$54M in Revenue, \$20M in EBITDA, and NPAT of \$4M for full year 2024
- ✓ A clean Balance Sheet with \$2.9M in net debt at 31 December 2024 and with a \$25M bank facility
- ✓ Consistent dividend paying company - 2.5 cents annual dividend (paid in Sept 2024)
- ✓ 13% Subscription revenue ARR growth for the Legal Group
- ✓ 7% cloud revenue growth with total cloud users of 111K in the Business Group
- ✓ Continued investment into scaling our cloud products





Questions

Resources



Website
reckon.com



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