

1. Reckon Limited (ACN 003 348 730) results for the half year ended 30 June 2024
2. Results for announcement to the market

|   | 6 months to June 2024 | 6 months to June 2023 | % Growth     |
|---|-----------------------|-----------------------|--------------|
| <b>Revenue</b>                            | <b>\$28.4 million</b> | <b>\$28.2 million</b> | <b>+1%</b>   |
| <b>EBITDA</b>                             | <b>\$11.7 million</b> | <b>\$11.0 million</b> | <b>+6%</b>   |
| <b>Net profit</b>                         | <b>\$3.1 million</b>  | <b>\$3.8 million*</b> | <b>-18%*</b> |
| <b>Net profit attributable to members</b> | <b>\$3.5 million</b>  | <b>\$4.2 million*</b> | <b>-17%*</b> |

\* Half year 2023 net profit included an adjustment to the prior period tax benefit from research and development grants of \$0.7m.

Please refer to the Review of Operations within the Directors' Report for an explanation of the results.

### 3. Net tangible assets

The net tangible assets per security as at 30 June 2024 is negative 10.8 cents per share (December 2023: negative 12.7 cents per share).

### 4. Details of entities over which control has been gained or lost during the period

Not applicable.

### 5. Dividends

The Board has declared a fully franked dividend of 2.5 cents per share (2023: 2.5 cents per share). The dividend will be paid to shareholders recorded on the Company's Register as at record date of 16 August 2024 (see following announcement). The dividend is payable on 2 September 2024.

### 6. Dividend reinvestment plans

Not applicable.

**7. Details of associates and joint venture entities**

Not applicable.

**8. Foreign accounting standards**

Not applicable.

**9. Audit**

This report has been reviewed (not audited) by the Company auditors and is not subject to any dispute or qualification.



**Sam Allert**

Director, CEO  
6 August 2024

## Directors' Report

The directors of Reckon Limited submit herewith the financial report of Reckon Limited and its subsidiaries (the Group) for the half year ended 30 June 2024. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The names of the company's directors in office during or since the end of the half-year are as follows:

Clive Rabie  
Greg Wilkinson  
Phil Hayman  
Sam Allert

### Review of Operations

Overview of financial performance for the half-year:

**Reckon Limited ("Reckon" or the "Company") (ASX: RKN)** is pleased to report that it maintained top line performance and has improved EBITDA and operating cash flow while progressing its transition to an entirely cloud based product offering. The cash generating Business Group continues to underpin the investment in its cloud-based products across both the Reckon One and the Legal Group's BillingQ, DataQ and PayQ product lines.

### Financial highlights:

- Group revenue of \$28.4m, up 1% on the previous corresponding period (PcP)
- Recurring revenue up 2% on the PcP to \$26.3m
- EBITDA up 6% to \$11.7m, compared to PcP
- NPAT of \$3.1m, down on PcP but flat when normalised for a prior year tax adjustment of \$0.7m
- Group operating cashflow after capitalised development costs of \$4.3m, up 14% on PcP
- Balance sheet strengthened with the repayment of \$3.8m of debt in the half year. Net cash of \$0.9m at 30 June 2024
- Fully franked dividend of \$0.025 per share

### Operational highlights:

- Business Group performance strengthened with an 8% uplift in cloud revenues with a 4% increase in cloud user numbers to 109 thousand
- Legal Group subscription revenue growth of 5% to \$5.5m
- 2,600 users on the Legal Group's cloud products, BillingQ and DataQ, with positive market feedback
- \$7.0m invested in cloud-based product development to capitalise on growth opportunities in both business units

### Financial commentary and operations overview:

Group revenue was \$28.4m, up 1% on the previous corresponding period (PcP). The group remains committed to its core strategy of generating consistent growth in revenue and net profit supported by an ongoing priority on R&D spending.

Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) during H1 was \$11.7m, up 6% on the PcP. Group Net Profit After Tax (NPAT) was flat at \$3.1m, normalised for prior period tax adjustment of \$0.7m.

Group operating cashflow improved to \$4.3m (PcP: \$3.8m), after accounting for \$7.0m of development spend, which has allowed Reckon to end the half with a net cash position of \$0.9m (net debt of \$2.8m at FY23).

The Company declared a 2.5 cent fully franked dividend for the half, payable on 2 September 2024 with a record date of 16 August 2024 and ex-date of 15 August 2024. For the foreseeable future, the Board anticipates paying one dividend annually following the half year.

Momentum in the Business Group was highlighted by another strong half of cloud-based subscription revenue growth, which rose by 8% to \$13.0m.

Reckon's suite of cloud-based SME products are now used by over 109 thousand users. In total, subscription revenues from desktop and cloud-based products contribute 93% of total revenues for the division at \$20.8m for the half.

The EBITDA margin for the Business Group was 55% for the half and 33% after adjustment for development costs. Development costs remained stable at \$4.8m (\$4.9m PcP)

Subscription revenue growth for the Legal Group was encouraging at 5%. The growth was supported by subscriptions to the Zebraworks cloud platform and its Billing Q and DataQ products and favourable exchange rates. nQ Zebraworks continues to pursue topline growth for its document and billing workflow software in the lucrative US legal market, which comprises 500 of the world's largest firms and 46,000 mid-size firms.

nQ Zebraworks continues to serve five of the largest US law firms and has a unique opportunity to leverage its footprint and deliver ongoing organic revenue growth.

nQ Zebraworks' strategy is being spearheaded by a highly regarded on-ground management team with a successful track record of developing and distributing document and billing workflow management software in the US market.

**Segment performance:**

**Business Group**

- Cloud revenue up by a further 8% on PCP, representing 58% of the divisions HY revenue
- H1 revenues of \$22.4m (\$22.5m PcP),
- Comprising 93% subscription revenue
- EBITDA of \$12.3m, consistent with the PcP

**Legal Group**

- H1 subscription revenues of \$5.5m, up 5% from PcP (2% in constant currency)
- Annual recurring revenue of \$0.3m on the ZebraWorks' platform together with encouraging market feedback giving the strongest indicators of the opportunity for cloud automation products with law firms still largely using desktop software
- Increase in EBITDA to \$0.7m (\$0.2m PcP)
- Supported by the Company, the Legal Group continued its investment in ZebraWorks platform and its BillingQ and DataQ products with capitalised capitalised development costs of \$2.2m for the HY (\$2.4m PcP)
- nQ ZebraWorks serves 12 of the top 20 law firms globally and 40% of the AmLaw 200 in the USA.

**Rounding of amounts to the nearest thousand dollars**

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports), Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the directors' report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

**Auditor's independence declaration**

We have obtained an independence declaration from our auditors, BDO Audit Pty Ltd, which is attached to these financial statements.

Signed in accordance with a resolution of the directors, made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors



Sam Allert  
Director, CEO

Sydney, 6 August 2024

## Condensed Consolidated Statement of Profit or Loss for the half-year ended 30 June 2024

|   |          | 30 June<br>2024<br>\$'000 | Half-year | 30 June<br>2023<br>\$'000 |
|---|----------|---------------------------|-----------|---------------------------|
|   | Note     |                           |           |                           |
| <b>Revenue from sale of goods and rendering of services</b> | <b>3</b> | <b>28,437</b>             |           | <b>28,168</b>             |
| Product costs   |          | (3,665)                   |           | (3,578)                   |
| Employee benefits expenses                                  |          | (9,486)                   |           | (9,341)                   |
| Marketing expenses  |          | (1,357)                   |           | (1,669)                   |
| Legal and professional expenses                             |          | (319)                     |           | (466)                     |
| Other expenses  |          | (1,914)                   |           | (1,843)                   |
| Transaction costs   |          | -                         |           | (239)                     |
| Depreciation and amortisation                               |          | (7,616)                   |           | (6,770)                   |
| Finance costs   |          | (105)                     |           | (122)                     |
| <b>Profit before income tax</b>                             |          | <b>3,975</b>              |           | <b>4,140</b>              |
| Income tax expense  | 4        | (828)                     |           | (314)                     |
| <b>Profit for the half-year</b>                             |          | <b>3,147</b>              |           | <b>3,826</b>              |
| Profit attributable to:                                     |          |                           |           |                           |
| Owners of the parent  |          | 3,481                     |           | 4,200                     |
| Non-controlling interest                                    |          | (334)                     |           | (374)                     |
|   |          | <b>3,147</b>              |           | <b>3,826</b>              |
| <b>Earnings per share</b>                                   |          | cents                     |           | cents                     |
| Basic earnings per share                                    |          | 3.1                       |           | 3.7                       |
| Diluted earnings per share                                  |          | 3.1                       |           | 3.7                       |

*The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.*

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 30 June 2024

|   | 30 June<br>2024<br>\$'000 | Half-year<br>30 June<br>2023<br>\$'000 |
|---|---------------------------|--|
| <b>Profit for the half-year</b>   | <b><u>3,147</u></b>       | <b><u>3,826</u></b>                    |
| <b>Other comprehensive income</b>   |                           |  |
| <i>Items that may be reclassified subsequently to profit or loss:</i>         |                           |  |
| Exchange differences on translation of net asset values of foreign operations | <u>213</u>                | <u>15</u>                              |
|   | <u>213</u>                | <u>15</u>                              |
| <b>Total comprehensive income</b>   | <b><u>3,360</u></b>       | <b><u>3,841</u></b>                    |
| Total comprehensive income attributable to:                                   |                           |  |
| Owners of the parent  | 3,694                     | 4,215                                  |
| Non-controlling interest  | <u>(334)</u>              | <u>(374)</u>                           |
|   | <b><u>3,360</u></b>       | <b><u>3,841</u></b>                    |

*The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**Condensed Consolidated Statement of Financial Position  
as at 30 June 2024**

|   | Note | June<br>2024<br>\$'000 | December<br>2023<br>\$'000 |
|---|------|------------------------|----------------------------|
| <b>ASSETS</b>                               |      |                        |                            |
| <b>Current Assets</b>                       |      |                        |                            |
| Cash and cash equivalents                   |      | 855                    | 975                        |
| Trade and other receivables                 | 9    | 2,001                  | 2,196                      |
| Inventories                                 |      | 337                    | 316                        |
| Current tax receivables                     |      | 155                    | 96                         |
| Other assets                                |      | 1,434                  | 1,683                      |
| <b>Total Current Assets</b>                 |      | <b>4,782</b>           | <b>5,266</b>               |
| <b>Non-Current Assets</b>                   |      |                        |                            |
| Trade and other receivables                 | 9    | 157                    | 151                        |
| Property, plant and equipment               |      | 490                    | 499                        |
| Deferred tax assets                         |      | 2,642                  | 1,979                      |
| Intangible assets                           | 12   | 32,503                 | 32,088                     |
| Other assets                                |      | 25                     | 32                         |
| Right of use assets                         |      | 695                    | 1,192                      |
| <b>Total Non-Current Assets</b>             |      | <b>36,512</b>          | <b>35,941</b>              |
| <b>Total Assets</b>                         |      | <b>41,294</b>          | <b>41,207</b>              |
| <b>LIABILITIES</b>                          |      |                        |                            |
| <b>Current Liabilities</b>                  |      |                        |                            |
| Trade and other payables                    |      | 3,813                  | 2,829                      |
| Provisions                                  |      | 1,993                  | 1,827                      |
| Contract liabilities                        |      | 5,407                  | 5,808                      |
| Current tax liabilities                     |      | 707                    | 423                        |
| Lease liabilities                           |      | 854                    | 1,211                      |
| <b>Total Current Liabilities</b>            |      | <b>12,774</b>          | <b>12,098</b>              |
| <b>Non-Current Liabilities</b>              |      |                        |                            |
| Trade and other payables                    |      | 876                    | 906                        |
| Borrowings                                  | 7    | -                      | 3,754                      |
| Deferred tax liabilities                    |      | 2,747                  | 2,606                      |
| Provisions                                  |      | 591                    | 463                        |
| Contract liabilities                        |      | 1,378                  | 1,519                      |
| Lease liabilities                           |      | -                      | 237                        |
| <b>Total Non-Current Liabilities</b>        |      | <b>5,592</b>           | <b>9,485</b>               |
| <b>Total Liabilities</b>                    |      | <b>18,366</b>          | <b>21,583</b>              |
| <b>NET ASSETS</b>                           |      | <b>22,928</b>          | <b>19,624</b>              |
| <b>EQUITY</b>                               |      |                        |                            |
| Issued capital                              | 5    | 20,524                 | 20,524                     |
| Reserves                                    |      | (48,944)               | (49,106)                   |
| Retained earnings                           |      | 51,624                 | 48,148                     |
| Equity attributable to owners of the parent |      | 23,204                 | 19,566                     |
| Non-controlling interest                    |      | (276)                  | 58                         |
| <b>TOTAL EQUITY</b>                         |      | <b>22,928</b>          | <b>19,624</b>              |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Condensed Consolidated Statement of Changes in Equity for the half-year ended 30 June 2024

|  | Issued<br>capital<br>\$'000 | Share buy<br>back<br>reserve<br>\$'000 | Foreign<br>currency<br>translation<br>reserve<br>\$'000 | Share-based<br>payments<br>reserve<br>\$'000 | Acquisition of<br>non-<br>controlling<br>interest<br>reserve<br>\$'000 | Retained<br>earnings<br>\$'000 | Non-<br>controlling<br>interest<br>\$'000 | Total<br>\$'000 |
|--|-----------------------------|--|---|--|--|--------------------------------|---|-----------------|
| <b>Total equity at 1 January 2024</b>  | <b>20,524</b>               | <b>(42,018)</b>                        | <b>(1,350)</b>  | <b>414</b>                                   | <b>(6,152)</b>   | <b>48,148</b>                  | <b>58</b>                                 | <b>19,624</b>   |
| Profit for the half-year   | -                           | -                                      | -   | -  | -  | 3,481                          | (334)                                     | 3,147           |
| Exchange differences on translation<br>of net asset values of foreign operations | -                           | -                                      | 211   | 2  | -  | -                              | -   | 213             |
| Total Comprehensive Income<br>for the half year                                  | -                           | -                                      | 211   | 2  | -  | 3,481                          | (334)                                     | 3,360           |
| Treasury shares acquired   | (129)                       | -                                      | -   | -  | -  | -                              | -   | (129)           |
| Vested shares (note 5)   | 129                         | -                                      | -   | (124)  | -  | (5)                            | -   | -               |
| Share based payments expense   | -                           | -                                      | -   | 73   | -  | -                              | -   | 73              |
| <b>Total equity at 30 June 2024</b>  | <b>20,524</b>               | <b>(42,018)</b>                        | <b>(1,139)</b>  | <b>365</b>                                   | <b>(6,152)</b>   | <b>51,624</b>                  | <b>(276)</b>                              | <b>22,928</b>   |
| <b>Total equity at 1 January 2023</b>  | <b>19,534</b>               | <b>(42,018)</b>                        | <b>(1,148)</b>  | <b>1,231</b>                                 | <b>(6,152)</b>   | <b>45,698</b>                  | <b>771</b>                                | <b>17,916</b>   |
| Profit for the half-year   | -                           | -                                      | -   | -  | -  | 4,200                          | (374)                                     | 3,826           |
| Exchange differences on translation<br>of net asset values of foreign operations | -                           | -                                      | 13  | 2  | -  | -                              | -   | 15              |
| Total Comprehensive Income<br>for the half year                                  | -                           | -                                      | 13  | 2  | -  | 4,200                          | (374)                                     | 3,841           |
| Non-controlling interest shares acquired<br>by Reckon Limited                    | -                           | -                                      | -   | -  | -  | -                              | (881)                                     | (881)           |
| Shares issued to non-controlling<br>shareholders                                 | -                           | -                                      | -   | -  | -  | -                              | 747                                       | 747             |
| Vested shares (note 5)   | 990                         | -                                      | -   | (1,033)                                      | -  | (286)                          | -   | (329)           |
| Share based payments expense   | -                           | -                                      | -   | 151  | -  | -                              | 81  | 232             |
| <b>Total equity at 30 June 2023</b>  | <b>20,524</b>               | <b>(42,018)</b>                        | <b>(1,135)</b>  | <b>351</b>                                   | <b>(6,152)</b>   | <b>49,612</b>                  | <b>344</b>                                | <b>21,526</b>   |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



**Condensed Consolidated Statement of Cash Flows  
for the half-year ended 30 June 2024**

|   | <i>Note</i> | 30 June<br>2024<br>\$'000 | Half-year<br>30 June<br>2023<br>\$'000 |
|---|-------------|---------------------------|--|
| <b>Cash Flows From Operating Activities</b>                   |             |                           |  |
| Receipts from customers                                       |             | 31,235                    | 31,396                                 |
| Payments to suppliers and employees                           |             | (18,723)                  | (19,678)                               |
| Interest paid   |             | (90)                      | (97)                                   |
| Income tax paid   |             | (1,092)                   | (506)                                  |
|   |             | <u>11,330</u>             | <u>11,115</u>                          |
| <b>Net cash inflow from operating activities</b>              |             |                           |  |
|   |             | <u>11,330</u>             | <u>11,115</u>                          |
| <b>Cash Flows From Investing Activities</b>                   |             |                           |  |
| Payment for property, plant and equipment                     |             | (162)                     | (59)                                   |
| Acquisition of non-controlling interest                       |             | -                         | (881)                                  |
| Payment for capitalised development costs                     |             | (7,022)                   | (7,327)                                |
| Net proceeds from sale of business                            |             | 6                         | 120                                    |
|   |             | <u>(7,178)</u>            | <u>(8,147)</u>                         |
| <b>Net cash inflow/(outflow) from investing activities</b>    |             |                           |  |
|   |             | <u>(7,178)</u>            | <u>(8,147)</u>                         |
| <b>Cash Flows From Financing Activities</b>                   |             |                           |  |
| Payment for treasury shares                                   |             | (129)                     | (43)                                   |
| Payments for lease liabilities capitalised under AASB16       |             | (620)                     | (598)                                  |
| Proceeds from issue of shares to non-controlling interests    |             | 229                       | 219                                    |
| Repayment of borrowings                                       |             | (3,754)                   | (2,657)                                |
|   |             | <u>(4,274)</u>            | <u>(3,079)</u>                         |
| <b>Net cash outflow from financing activities</b>             |             |                           |  |
|   |             | <u>(4,274)</u>            | <u>(3,079)</u>                         |
| <b>Net Increase/(decrease) in Cash and Cash Equivalents</b>   |             | <b>(122)</b>              | <b>(111)</b>                           |
| Cash and cash equivalents at the beginning of the half-year   |             | 975                       | 1,233                                  |
| Effects of exchange rate changes on cash and cash equivalents |             | 2                         | 8                                      |
|   |             | <u>855</u>                | <u>1,130</u>                           |
| <b>Cash and Cash Equivalents at the end of the half-year</b>  |             | <b>855</b>                | <b>1,130</b>                           |

*The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## Notes to the Condensed Consolidated Financial Statements for the half-year ended 30 June 2024

### Note 1. Basis of preparation of half-year report

This general purpose financial report for the interim half year ended 30 June 2024 has been prepared in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

This interim financial report does not include all of the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by Reckon Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. All amounts are presented in Australian dollars.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the directors' report in the half year financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as noted below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### Amendments to Accounting Standards and new Interpretations that are mandatory effective from the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. There has been no impact on the Group results as a result of these new Standards.

#### Restatement of comparatives

The comparative figures in the statement of cashflows have been restated to reflect the reclassification of capitalised development costs as cashflows from investing activities in the current year. Payment for capitalised development costs were previously disclosed as cashflows from operating activities. The reclassification of these payments has been carried out to align classification of those cashflows with requirements of AASB 107 Statement of Cashflows.

## Note 2: Segment information

### Primary segments

|  | Business<br>Group<br>\$'000 | Legal<br>Group<br>\$'000 | Continuing<br>operations<br>Group<br>\$'000 |
|--|-----------------------------|--------------------------|---|
| <b>Half-year 2024</b>                  |                             |                          |   |
| <b>Segment revenue</b>                 | <b>22,439</b>               | <b>5,998</b>             | <b>28,437</b>                               |
| <b>Segment EBITDA</b>                  | <b>12,302</b>               | <b>670</b>               | <b>12,972</b>                               |
| Depreciation and amortisation          | (4,987)                     | (2,629)                  | (7,616)                                     |
| <b>Total segment profit before tax</b> | <b>7,315</b>                | <b>(1,959)</b>           | <b>5,356</b>                                |
| Central administration costs           |                             |                          | (1,276)                                     |
| Finance costs                          |                             |                          | (105)                                       |
| <b>Profit before tax</b>               |                             |                          | <b>3,975</b>                                |
| Income tax expense                     |                             |                          | (828)                                       |
| <b>Profit for the half-year</b>        |                             |                          | <b>3,147</b>                                |
| <b>Half-year 2023</b>                  |                             |                          |   |
| <b>Segment revenue</b>                 | <b>22,462</b>               | <b>5,706</b>             | <b>28,168</b>                               |
| <b>Segment EBITDA</b>                  | <b>12,268</b>               | <b>244</b>               | <b>12,512</b>                               |
| Depreciation and amortisation          | (4,707)                     | (2,063)                  | (6,770)                                     |
| <b>Total segment profit before tax</b> | <b>7,561</b>                | <b>(1,819)</b>           | <b>5,742</b>                                |
| Central administration costs           |                             |                          | (1,241)                                     |
| Transaction costs                      |                             |                          | (239)                                       |
| Finance costs                          |                             |                          | (122)                                       |
| <b>Profit before tax</b>               |                             |                          | <b>4,140</b>                                |
| Income tax expense                     |                             |                          | (314)                                       |
| <b>Profit for the half-year</b>        |                             |                          | <b>3,826</b>                                |

The revenue reported above represents revenue generated from external customers.

Segment profit represents the profit earned by each segment without allocation of central administration costs, finance costs and income tax expense, all of which are allocated to Corporate head office. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessing performance.

The principal activities of these divisions are as follows:

Business Group - development, distribution and support of business accounting and personal financial software, as well as related products and services. Products sold in this division include Reckon Accounts and Reckon One.

Legal Group - development, distribution and support of cost recovery, cost management, scan and cloud based integration platforms under the nQ ZebraWorks brand predominantly to the legal market.

### Note 3. Revenue

Reckon generates revenue from the following revenue streams:

| Primary segments                  |                              | Revenue recognition | Business Group<br>\$'000 | Legal Group<br>\$'000 | Consolidated Group<br>\$'000 |
|-----------------------------------|------------------------------|---------------------|--------------------------|-----------------------|------------------------------|
| <b>Half-year 2024</b>             |                              |                     |                          |                       |                              |
| <b>Segment operating revenue:</b> |                              |                     |                          |                       |                              |
| Subscription revenue              | Licence, support and hosting | Over time           | 6,406                    | 5,531                 | 11,937                       |
|                                   | Licence                      | Point in time       | 14,323                   | -                     | 14,323                       |
| Other recurring revenue           | Support                      | Over time           | 2                        | -                     | 2                            |
|                                   | Licence                      | Point in time       | 80                       | -                     | 80                           |
| Loan income                       | Interest and commission      | Over time           | 58                       | -                     | 58                           |
| Other revenue                     | Membership support           | Over time           | 306                      | -                     | 306                          |
|                                   | Membership fees - licence    | Point in time       | 921                      | -                     | 921                          |
|                                   | Licence and implementation   | Point in time       | -                        | 467                   | 467                          |
|                                   | Other                        | Point in time       | 343                      | -                     | 343                          |
|                                   |                              |                     | <b>22,439</b>            | <b>5,998</b>          | <b>28,437</b>                |

### Half-year 2023

#### Segment operating revenue:

|                         |                              |               |               |              |               |
|-------------------------|------------------------------|---------------|---------------|--------------|---------------|
| Subscription revenue    | Licence, support and hosting | Over time     | 6,171         | 5,257        | 11,428        |
|                         | Licence                      | Point in time | 14,311        | -            | 14,311        |
| Other recurring revenue | Support                      | Over time     | 2             | -            | 2             |
|                         | Licence                      | Point in time | 80            | -            | 80            |
| Loan income             | Interest and commission      | Over time     | 85            | -            | 85            |
| Other revenue           | Membership support           | Over time     | 329           | -            | 329           |
|                         | Membership fees - licence    | Point in time | 963           | -            | 963           |
|                         | Licence and implementation   | Point in time | -             | 449          | 449           |
|                         | Other                        | Point in time | 521           | -            | 521           |
|                         |                              |               | <b>22,462</b> | <b>5,706</b> | <b>28,168</b> |

| Half-year                 |                           |
|---------------------------|---------------------------|
| 30 June<br>2024<br>\$'000 | 30 June<br>2023<br>\$'000 |

### Note 4. Income tax for continuing operations

|   |            |            |
|---|------------|------------|
| Current tax   | 877        | 1,011      |
| Adjustment to prior year research and development claim | (49)       | (697)      |
|   | <u>828</u> | <u>314</u> |

## Note 5. Issued capital

113,294,832 shares were in issue at 30 June 2024 and at 31 December 2023.

225,000 treasury shares (2023: 81,249) were purchased in the current period for \$129 thousand.

225,000 treasury shares (2023: 1,731,250) vested in the current period valued at \$124 thousand.

|  | Half-year       |                 |
|--|-----------------|-----------------|
|  | 30 June<br>2024 | 30 June<br>2023 |
|  | \$'000          | \$'000          |

## Note 6. Dividends

### Ordinary shares

Dividends paid during the half-year

|   |   |
|---|---|
| - | - |
|---|---|

### Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half-year the directors have recommended the payment of a dividend of 2.5 cents per share fully paid ordinary share (2023: 2.5 cents). The dividend will be fully franked. The aggregate amount of the proposed dividend expected to be paid on 2 September 2024 out of the retained profits at 30 June 2024, but not recognised as a liability at the end of the half-year, is

|       |       |
|-------|-------|
| 2,832 | 2,832 |
|-------|-------|

## Note 7. Borrowings

The Group has bank facilities in place to September 2027. The facility comprises variable rate bank overdraft facilities, loan facilities, bank guarantee and transactional facilities that totalled \$25million during the period. The facility is secured over the Australian and New Zealand assets.

## Note 8. Fair value of financial instruments

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets, is determined with reference to quoted market prices. The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable market transactions. The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models. The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair value.

|  | 30 June<br>2024 | 31 December<br>2023 |
|--|-----------------|---------------------|
|  | \$'000          | \$'000              |

## Note 9. Trade and other receivables

### Current

Trade receivables

1,787 1,821

Expected credit loss

(108) (65)

Receivables from non-controlling interests

- 229

Other receivables

322 211

|              |              |
|--------------|--------------|
| <u>2,001</u> | <u>2,196</u> |
|--------------|--------------|

### Non-Current

Other receivables

157 151

|            |            |
|------------|------------|
| <u>157</u> | <u>151</u> |
|------------|------------|

## Note 10. Working capital deficiency

The condensed consolidated statement of financial position indicates an excess of current liabilities over current assets of \$7,992 thousand for continuing operations (December 2023: \$6,832 thousand). This arose partly due to adoption of AASB 16, whereby right of use assets are treated as non-current assets, whereas a portion of lease liabilities are treated as current liabilities. Also, included in current liabilities are contract liabilities of \$5,407 thousand, settlement of which will involve substantially lower cash outflows. Net cash inflows from operating activities for the half year net of payments for capitalised development costs were \$4,308 thousand (2023: \$3,788 thousand). Unused bank facilities at reporting date was \$23,995 thousand.

Based on the above, the Directors believe that preparation of the financial report on a going concern basis is appropriate.

| 30 June<br>2024<br>\$'000 | 30 June<br>2023<br>\$'000 |
|---------------------------|---------------------------|
|---------------------------|---------------------------|

**Note 11. Key management personnel**

Remuneration arrangements of key management personnel are disclosed in the annual financial report. STI and vested shares in respect of the 2023 year were paid/released in the half year. No STI has been paid or shares vested in respective of the 2024 year during the half year.

| 30 June<br>2024<br>\$'000 | 31 December<br>2023 <sup>1</sup><br>\$'000 |
|---------------------------|--|
|---------------------------|--|

**Note 12. Intangible assets**

**Goodwill**

|   |              |              |
|---|--------------|--------------|
| Balance at the beginning of the period          | 3,140        | 3,171        |
| Disposals                                       | -            | (45)         |
| Effect of foreign currency exchange differences | 50           | 14           |
|   | <u>3,190</u> | <u>3,140</u> |

**Development costs**

|   |               |               |
|---|---------------|---------------|
| Balance at the beginning of the period          | 28,948        | 27,846        |
| Additions                                       | 7,200         | 14,728        |
| Effect of foreign currency exchange differences | 228           | 89            |
| Sale of business                                | -             | (446)         |
| Amortisation charge                             | (7,063)       | (13,269)      |
|   | <u>29,313</u> | <u>28,948</u> |

**Total intangible assets**

|  |               |               |
|--|---------------|---------------|
|  | <u>32,503</u> | <u>32,088</u> |
|--|---------------|---------------|

Note 1: Prior period movements are in respect of the 12 months to 31 December 2023

**Note 13. Subsequent events**

There were no subsequent events that have significantly affected, or may significantly affect the consolidated entity's results and financial position at 30 June 2024.

## Directors' Declaration

The directors declare that:

in the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 30 June 2024 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) complying with accounting standards
  
- (b) there are reasonable grounds to believe that Reckon Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Sam Allert  
Director, CEO

Sydney, 6 August 2024

## DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF RECKON LIMITED

As lead auditor for the review of Reckon Limited for the half-year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Reckon Limited and the entities it controlled during the period.



**Gareth Few**  
Director

**BDO Audit Pty Ltd**

Sydney, 6 August 2024



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Reckon Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Reckon Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 30 June 2024, the condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit Pty Ltd**



**Gareth Few**  
**Director**

Sydney, 6 August 2024