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# Annual Report 2025



# Reckon Limited Annual Report

ABN 14 003 348 730

For the Financial Year Ended 31 December 2025

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# Message from the Chairman

It is my pleasure to present to you Reckon Limited's Annual Report for the year ended 31 December 2025 (FY2025).

FY2025 saw significant growth in revenue, EBITDA and NPAT over FY2024 with the addition of Cashflow Manager for the full year supplementing solid organic growth from the established Business Group and our US based Legal Group trading as Zebraworks.

We continued to invest in the development of Reckon One and the Legal Group's cloud-based Billing Workflows product and the year saw encouraging growth from our cloud-based products across both business units. We intend to continue this investment through 2026 and beyond as we promote the transition away from the legacy Intuit code-based products to Reckon One in the Business Group and the promotion of the Billing Workflows product for the Legal Group.

Our strong cash generation enabled us to pay a fully franked \$0.025 dividend in FY2025 and we anticipate paying a similar dividend in Q3 2026. The Board remains conscious of maximizing the generation of shareholder value from the Company's strong cash flow.

The Board is also conscious of the rising and broad impact of Artificial Intelligence (AI) on software companies across software development, operations, competitor activity and market valuations. The recent launch of the first client facing AI tool by the Legal Group was encouraging and the Board maintains an active watch of the impact of AI on the current strategy of the Company.

I would like to take this opportunity to again thank the company's management team, led by CEO Sam Allert, our committed staff, partners, customer base and shareholders for their ongoing support – all of whom have contributed to growing Reckon into the established ASX tech company that it is today.



**Mr C Rabie**  
Chairman  
Sydney, 31 March 2026

# Message from the Group CEO

I am pleased to report that we delivered impressive growth in 2025 across revenue, EBITDA and NPAT, supported by the acquisition of Cashflow Manager in January 2025.

Reckon One, the Business Group's proprietary cloud-based product, drove the Business Group's organic growth with a 27% improvement in Reckon One revenue over the prior period and provided substantially all of the 8% improvement in total cloud revenue over the same period.

The Legal Group delivered subscription revenue growth of 15% over FY24 and, continuing the performance in FY24, again doubled the subscription revenue for the Billing Workflows product lines.

## Key highlights from the 2025 full year results

- \$62.4m in revenue, \$26.1m in EBITDA and NPAT of \$7.0m.
- Fully franked annual dividend of \$0.025 per share paid in September 2025.
- Transition to Reckon One well underway with a 27% increase in Reckon One revenue.
- Accelerating sales for Billing Workflows cloud suite.
- Legal Group achieved strong subscription revenue growth of 15%.
- \$15.1m invested predominantly in cloud-based product development to capitalise on growth opportunities in both business units.
- Integration of Cashflow Manager completed.

### REVENUE

**\$62** ↑  
million

↑+15% over PcP

### EBITDA

**\$26** ↑  
million

↑+29% over PcP

### NPAT

**\$7** ↑  
million

↑+94% over PcP

### DEVELOPMENT INVESTMENT

**\$15**  
million

### DIVIDEND

**2.5**  
cents  
per share fully franked

# Message from the Group CEO (continued)

In the Business Group, the year saw us commence the first structured phase for the transition of our legacy customer base to our proprietary software, Reckon One, and the continued promotion and development of Reckon One as our flagship product. From that, the Business Group saw a 27% increase in revenue from Reckon One for the year. Overall, Reckon One user numbers remained stable compared to FY24, however the quality of that revenue improved with a 29% increase in annual revenue per user. The transition of our customer base to Reckon One remains a key strategic focus for the Business Group.

- ✓ Continued focus on the transition to the Reckon One codebase
- ✓ 27% Reckon One revenue growth with overall cloud revenue growth of 8%
- ✓ Okke customers acquired from Cashflow Manager already transitioned
- ✓ Focused 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 One

NO. OF PAID SUBSCRIPTIONS

**22K**  
(FY24: 23k)

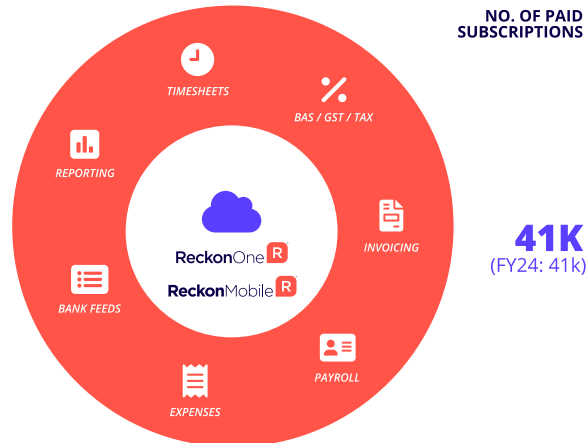
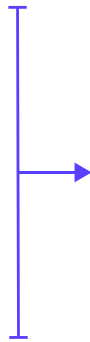
**ReckonAccounts**   
HOSTED

**19K**  
(FY24: 21k)

**ReckonAccounts**   
HOSTED

**19K**

 **CASHFLOW**  
manager



NO. OF PAID SUBSCRIPTIONS

**41K**  
(FY24: 41k)

The Legal Group restructured its sales capabilities during the year to capitalise on the market for value-added products for law firms. These efforts saw annual recurring revenue increase to \$13.7m, with the cloud-based Billing Workflows solution, that includes BillQ, PayQ and DataQ, again achieving a twofold increase in platform subscription revenue.

With revenue growth driven by increased subscription numbers, there was also a corresponding increase in the number of attorneys using Billing Workflows compared to the prior period. When all contracted installations are completed, the number of attorneys using Billing Workflows will increase to approximately 5,000 attorneys compared to the 1,600 attorneys at the end of 2024. Document Workflows, the Legal Group's original offering, which includes scan, print, and cost recovery solutions, continued its trend from FY24 with moderate revenue growth and remains the bedrock of the Legal Group's revenue base.

**Document Workflows**

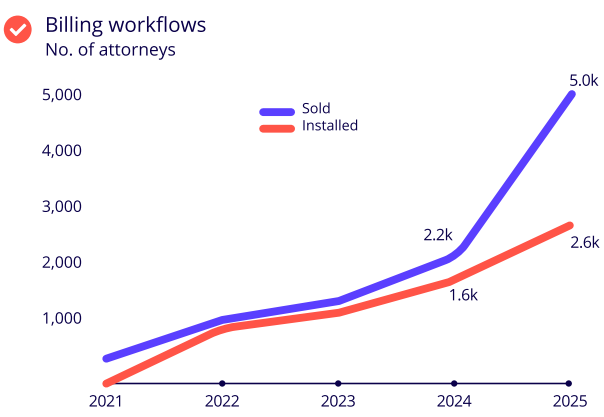


- ✓ **ScanQ** – streamlined scanning
- ✓ **MailQ** – digital mailroom
- ✓ **RecordsQ** – backscanning
- ✓ **PrintQ** – print management
- ✓ **CostQ** – cost tracking

**Billing Workflows**



- ✓ **BillingQ** – invoices-to-cash
- ✓ **PayQ** – online payments
- ✓ **DataQ AI** – billing and collections AI business intelligence



✓ ARR growth continues, especially for Billing Workflows

Document Workflows	\$12.3M
Billing Workflows	\$1.4M
<b>Total</b>	<b>\$13.7M</b>

✓ Current billing workflows SAM (Serviceable Addressable Market) is 77k attorneys

✓ Total attorneys in USA and Canada is 1.1 million

As to the year ahead, Billing Workflows is expected to drive further growth for the Legal Group into the substantial addressable market in the US and UK. The Business Group is expected to be much the same as 2025 with a focus on the acceleration of the transition of its legacy customer base to Reckon One through 2026 and into 2027.

I wish to thank our amazing team at Reckon for their hard work and dedication during the year and I look forward to their continuing support. I also wish to join the Chairman in thanking Reckon's customers, partners and shareholders for their ongoing support and I continue to look forward to the journey ahead with them.

**Sam Allert**  
Group CEO

# Directors' Report

The Directors of Reckon Limited submit these financial statements for the financial year ended 31 December 2025.

## Board of Directors

### Clive Rabie, Chairman

BCom

Clive was Chief Operating Officer of Reckon from 2001 until February 2006 and in that time played a pivotal role in its turn-around. In February 2006 Clive was appointed to the position of Group Chief Executive Officer and was appointed Group MD on 1 July 2018. He has extensive management and operational experience in the IT and retail sectors as both an owner and director of companies. Clive is also a director of AIM listed, GetBusy PLC.

### Greg Wilkinson, Independent Non-Executive Director

Chair of Remuneration Committee and Member of Audit & Risk Management Committee

Greg Wilkinson has over 35 years' experience in the computer software industry. Greg entered the industry in the early 1980s in London where he managed Caxton Software, which became one of the UK's leading software publishers. Greg co-founded Reckon in 1987 and was the Chief Executive Officer until February 2006. He was appointed to the position of Deputy Chairman in February 2006 and became a member of the board of the listed entity on 19 July 1999. He was appointed to the Audit & Risk Committee in February 2010 and Remuneration Committee in December 2011. He is also an investor and mentor to a number of cloud-based start-up companies.

### Philip Hayman, Independent Non-Executive Director

Chair of Audit & Risk Management Committee and member of Remuneration Committee

Phil Hayman was appointed to the board on 1 July 2018. He was a co-founder of Reckon in 1987. He resigned from Reckon in 2004 but maintained his interest in Reckon through his ongoing shareholding. Phil has had varied general entrepreneurial and commercial experience through his investments in companies in start-up and first round capital raising phases. Phil currently consults to an unlisted public company with manufacturing interests in China and sales in Australia, New Zealand and USA.

### Samuel Allert, Chief Executive Officer and Executive Director

Group Chief Executive Officer and Director from 1 July 2018

Sam was one of the first employees in the Australian Reckon APS business in 1999. He has held numerous roles in that business from National Sales Manager, Managing Director AU/NZ, eventually becoming CEO of Reckon APS in 2013. Taking on more responsibility Sam led the Australian and New Zealand business in a newly formed position of Managing Director Australia/ New Zealand for the Reckon Group in 2015. In July 2018 Sam stepped into the Group Chief Executive Officer position and was appointed as an Executive Director on 1 July 2018.

## Company Secretary

### Tom Rowe- Company Secretary

BA, LLB(Hons), GradDipAppFinInv, GradDipAppCorpGov

Tom Rowe is a corporate lawyer with extensive corporate governance experience across ASX listed companies in the financial services, manufacturing and software industries.

# Directors' Report (continued)

## Review of Operations and Statement of Principal Activities

The Company operated two business divisions, the Business Group and the Legal Group during FY2025.

The Business Group provides accounting and payroll software for small to medium sized businesses and personal wealth management software branded as Reckon One, Reckon Accounts Hosted, Reckon Accounts Business, Reckon Accounts Personal and Cashflow Manager, acquired in January 2025. The Business Group operates primarily in Australia and New Zealand.

The Legal Group operates under the Zebraworks brand. Zebraworks is a document and billing workflow company that leverages the power of its Zebraworks cloud-based integration platform to deliver digitalization, billing and collections automation, cost recovery and analytics solutions for law firms and government and corporate legal departments. Zebraworks seeks to accelerate the legal industry's move to the cloud by leveraging its legal technology expertise together with its cloud platform to bring together core legal workflows in one place.

The Zebrawork's products are its server-based scan, print, document workflow, and cost recovery systems together with its cloud based Billing Workflows technology providing the billings workflow solution, BillingQ and business intelligence tool, DataQ together with online payments through PayQ.

Zebraworks is based in the USA with additional operations in the United Kingdom and re-sellers in other parts of the world.

### Business Group

The Business Group distributes and supports a range of software products under the Reckon brand. These products are generally used by small to medium businesses in Australia and New Zealand.

The key product brands sold in this Group are: Reckon One, Reckon Accounts, Reckon Accounts Hosted and Cashflow Manager. Within the products are functions across accounting, payroll, timesheets, invoicing, payments and analytics.

Reckon Accounts and Cashflow Manager provide desktop solutions, and Reckon Accounts Hosted provides hosted solutions, across accounting and bookkeeping, invoicing, payroll, GST/BAS reporting, financial reporting, timesheets, and bank data feeds.

Reckon Accounts Hosted is a desktop application hosted in an Amazon Web Services cloud environment.

Reckon One is the Business Group's Software as a Service (SaaS) cloud-based accounting and payroll software platform and includes mobile app functionality. Reckon One together with Cashflow Manager are proprietary products as distinct to the Intuit code based Reckon Accounts and Reckon Accounts Hosted products. Development of Reckon One was a focus for FY2025, and will continue to be for the medium term, as the business improves the functionality of Reckon One to meet and exceed the functions available in the Intuit code-based products.

The Business Group continues to explore strategic partnerships with suppliers, particularly in financial services and point of sale payments to deliver additional revenue streams.

The Business Group is certified under ISO 27001 for its information security management systems and the Legal Group is certified under SOC 2.

# Directors' Report (continued)

## Legal Group

Funded by the \$US4.5 million capital raise at the end of 2024, the Legal Group restructured its sales capabilities during the year to capitalise on the market for value-added products for law firms. These efforts saw annual recurring revenue increase to \$13.7m (FY2024: \$12.4m).

FY 2025 saw the Legal Group experience moderate revenue growth in Document Workflows, its core offering which includes scan, print, and cost recovery solutions. Meanwhile, the cloud-based Billing Workflows solution demonstrated notable traction, repeating the performance from FY2024 and again achieved a twofold increase in platform subscription revenue compared to the previous year.

The Legal Group works with 12 of the 20 largest firms worldwide and 40% of the AmLaw 200 largest firms and has a unique opportunity to leverage its footprint and deliver ongoing organic revenue growth.

## Results of Operations

### Results Headlines

Continuing operations	2025	2024	%Growth
Revenue	\$62.4 million	\$54.1 million	+15.4%
EBITDA*	\$26.1 million	\$20.2 million	+29.3%
Net profit	\$7.0 million	\$3.6 million	+93.5%
Net profit attributable to members	\$7.4 million	\$4.4 million	+66.7%

\* Earnings before interest, tax, depreciation and amortisation.

Group revenue from continuing operations was \$62.4m, up 15% on the PcP and up 4% excluding the contribution from Cashflow Manager. The group remains committed to its core strategy of generating consistent growth in revenue and profit supported by an ongoing priority on R&D spending.

Group Net Profit After Tax (NPAT) was \$7.0m, up 94% compared to the PcP and up 48% excluding the contribution was \$26.1m, up 29% on the PcP and up 13% excluding the contribution from Cashflow Manager.

Cashflow Manager contributed \$6.1m in revenue, \$3.3m in EBITDA and \$1.6m in NPAT for FY25.

Group operating cashflow after accounting for \$15.1m of development spend was \$8.7m compared to \$3.4m after \$14.4m of development spend in FY24.

Net Debt increased from \$2.9m at the end of FY24 to \$5.4m at 31 December 2025 following the acquisition of Cashflow Manager in January 2025. The Board maintains its intention to pay one dividend annually after the half year. A \$0.025 fully franked dividend was paid during the year.

## Business Group

Cloud-based subscription revenue for the Business Group rose by 8% to \$27.6m with Reckon One contributing \$8.9m for FY25 compared to \$7.0m in FY24, a 27% increase.

Subscription revenue from all products contributed 95% of total revenue for the division, providing safe recurring revenue.

## Legal Group

The Legal Group reported a 15% increase in subscription revenue to \$13.2m (12% increase in constant currency), with a 111% increase in revenue on the cloud-based Billing Workflows platform (107% increase in constant currency).

Document Workflows' annual recurring revenue was stable at \$12.3m with Billing Workflows increasing to \$1.4m from \$0.6m in FY24. Subscription revenue was 95% of the Legal Group's revenue (FY2024: 93%).

The Legal Group continued its investment in sales and development teams with the year delivering \$3.3m EBITDA, compared to \$1.1m in FY 2024. Development costs capitalised for the year remained stable at \$5.1m compared to \$4.8m for FY 2024.

## Significant Changes in State of Affairs

The Company acquired the Cashflow Manager business effective from 1 January 2025.

There were no other significant changes in the state of affairs of the Company during the financial year.

## Future Developments, Business Strategies and Prospects for Future Financial Years

The Company intends to leverage the strong cash flow produced by its Business Group to continue investing in the development and sales of cloud-based products in both the Business Group and the Legal Group.

The Business Group will continue to focus on products that deliver business efficiency tools for small to medium sized businesses while the Legal Group pursues revenue growth from its practice efficiency tools for legal firms.

The Business Group strategy over the next 5 years is:

- Continued development of Reckon One, Reckon's proprietary cloud based product to drive revenue growth;
- Maintenance of the customers currently using the Company's legacy Intuit code based products and Cashflow Manager; and,
- The transition of those customers to Reckon One over time.

The Legal Group will continue to pursue revenue growth from its core systems (scan, print and cost recovery software). The longer-term focus is on the opportunity presented by the Legal Group's cloud-based products Billing Workflows. These products provide a value-add solution to Law firms on top of their legacy practice management systems, and the investment in Billing Workflows presents considerable upside opportunity for Reckon given the size of the addressable market in the US and UK. BillingQ also provides an opportunity for increased wallet share on the payments conducted through its collections process. PayQ provides an integrated or standalone opportunity on customers payments processing.

The Legal Group also intends to pursue further third-party product integrations for its cloud based products to create a larger addressable market.

The Company will continue to assess corporate transactions.

# Directors' Report (continued)

## Material Business Risks, Climate and Social Risks

The Company and its divisions are subject to risks of both a general nature and ones that are specific to its business activities.

The Company's operations involve software development and sales activity with the vast majority of its products distributed through on-line channels. The major inputs into product development and sales and the available market for the Company's products are unlikely to be materially impacted by social or climate change, other than at a macroeconomic level.

Material business risks, specific to the Company's strategies include, but are not limited to, the following:

### *Product Development Execution*

The development of Reckon One as the Business Group's proprietary flagship product is key to the Company's medium term strategy. There may be delays or cost increases as these projects continue through the medium term.

Increases to the timeline or cost of the projects would likely impact the cash flow of the Company.

Mitigation strategies include:

- Targeted customer and market research programs to inform product development priorities.
- Focus available resources on highest priority initiatives.

### *Recurring Revenue*

A significant proportion of the Business Group's revenue and EBITDA is derived from the sale of the legacy products, Reckon Accounts and Reckon Accounts Hosted. These products utilise older software that may not readily allow for integration with third party services necessary to meet future market requirements, and in product developments to satisfy regulatory obligations of accounting and payroll services.

The inability to integrate or develop these products in the medium term may cause an acceleration to the decline in revenue from these products

Mitigation strategies include:

- Reallocation of resources to meet development requirements.
- Migration to alternative products within Reckon One.

### *Information Security Management*

The Company stores accounting, payroll and bank record data together with customer details with third party providers. Hacking or exploitation of any vulnerabilities in its network, or those of the third party providers, leading to the loss or disclosure of the data may negatively impact the revenue, profitability and reputation of the Company.

This risk, together with the Hosting Provider Disruption and Telecommunications and the Internet risks discussed below, are managed within the Business Group by an ISMS committee and its processes and procedures are subject to audit. The Legal Group's processes and procedures are also subject to audit.

### *Competition*

The Company, and particularly the Business Group, operates in a market dominated by much larger and well-resourced international competitors. The products offered by competitors in the future may be, or be perceived to be, superior to the Company's products or offered on commercial terms that the Company is unable to meet, thus limiting the commercial viability of the Company's products.

The acquisition of competitors of the Legal Group by providers of financial management and business operations software solutions may reduce the opportunity for the Legal Group to integrate its Billing Workflows products into those third-party solutions.

#### *Hosting Provider Disruption*

The Business Group relies on Amazon Web Services for the hosting of its cloud-based products. The Legal Group's cloud-based Billing Workflows technology is hosted on Microsoft Azure. Should Amazon Web Services or Microsoft Azure suffer outages, particularly the destruction of its data centres due to natural disaster, the relevant products and services offered would likely be disrupted.

The Legal Group's legacy products are installed on client's own servers. As the revenue on the cloud-based Billing Workflows technology increases, hosting provider risk will increase for the Legal Group.

#### *Technology and Artificial Intelligence*

The Company operates within a rapidly evolving technology environment in which Artificial Intelligence (AI) is increasingly embedded in software development, service delivery, and market competition. The emergence and adoption of AI technologies present both strategic opportunities and material risks that may impact the Company's operational performance, financial position, and long-term sustainability.

#### *Telecommunications and the Internet*

The Company's cloud-based SaaS products rely on the customer being able to access the products and services over the internet. An internet failure and the resulting reduction in consumer confidence in being able to access the products and services, regardless of whether the failure is the fault of the Company, is likely to have adverse financial consequences for the Company.

# Remuneration Report (Audited)

## 1. Persons Covered by this Report

The Remuneration Report sets out, in accordance with section 300A of the Corporations Act: (i) the Company's governance relating to remuneration, (ii) the policy for determining the nature and amount or value of remuneration of key management personnel; (iii) the various components or framework of that remuneration; (iv) the prescribed details relating to the amount or value paid to key management personnel, as well as a description of any performance conditions; (v) the relationship between the policy and the performance of the Company.

Key management personnel (KMP) are the non-executive directors, the executive directors and employees who have authority and responsibility for planning, directing and controlling the activities of the consolidated entity. On that basis, the following roles/individuals are addressed in this report:

### Non-Executive Directors

- Mr Clive Rabie, director since 24 May 2005
  - Chairman from 1 January 2023
- Mr Greg Wilkinson, director since 19 July 1999
  - Risk and Audit Committee member since 1 February 2010
  - Remuneration Committee chair since 1 January 2023
  - Non-executive director from 1 January 2023
- Mr Philip Hayman, non-executive director since 1 July 2018
  - Risk and Audit Committee Chairman since 1 July 2018
  - Remuneration Committee member since 1 July 2018

### Senior Executives Classified as KMP

- Mr Sam Allert
  - Executive Director since 1 July 2018
  - Group Chief Executive Officer since 1 July 2018
- Mr Chris Hagglund
  - Group Chief Financial Officer (CFO) since 1 October 2004

## 2. Context of KMP Remuneration

The Remuneration Committee and the board exercise their powers mindful of the various governance demands that impact on remuneration decisions and the interests of shareholders.

In 2023, the Board set a new KMP incentive plan to meet the strategic imperatives of the Company, the Cash Distribution Incentive Plan (CDIP). The CDIP was approved by shareholders at the 2023 AGM.

## 3. Overview of Reckon's Remuneration Governance Framework & Strategy

The Company is influenced in the governance of KMP remuneration by a wide range of sources, including:

- Remuneration Committee Members,
- Stakeholder groups including shareholders and proxy advisors, and
- Company management to understand roles and issues facing the Company.

The following outlines Reckon's remuneration governance framework.

### 3.1 Remuneration Committee

Authority for remuneration matters rests with the Remuneration Committee which reports to the board and makes recommendations regarding remuneration to the board which has ultimate responsibility for signing off on remuneration policies, practices and outcomes.

The Remuneration Committee in 2025 was comprised of two non-executive directors:

- Mr Philip Hayman (independent non-executive director)
- Mr Greg Wilkinson (independent, non-executive director).

The Remuneration Committee operated substantially in accordance with Principle 8 of the ASX Corporate Governance Principles and Recommendations ("ASX Principles and Recommendations"), including that the majority of the committee should be composed of independent non-executive directors.

The role and responsibilities of the committee are outlined in the Reckon Remuneration Committee Charter (the Charter), available on the Company Website. The role of the Remuneration Committee is to ensure that appropriate remuneration policies are in place which are designed to meet the needs of the Company and to enhance corporate and individual performance. That is, the development, maintenance and application of the Remuneration Governance Framework for the purposes of making recommendations to the Board regarding KMP remuneration matters, as well as advising the Board on procedures that must be undertaken in relation to the governance of remuneration, and communicating such matters to the market (such as the calculation of grants of incentives, review of performance conditions and receipt of independent advice, etc.).

Under the Charter, the Remuneration Committee is to be composed of at least three non-executive members with the majority being independent directors. Given the size of the Company and the board, the Remuneration Committee presently is comprised of only two members and many remuneration matters are considered directly by the Board.

The charter of the Remuneration Committee is available on the company's website at <https://www.reckon.com/au/investors>.

# Remuneration Report (Audited) (continued)

## 3.2 Executive Remuneration Policy

The following outlines the policy that applies to executive KMP (and does not apply to non-executive directors):

- Remuneration should be composed of:
  - Base Package (inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax (FBT) as well as any salary sacrifice arrangements)
  - Short term incentive (STI) which provides a reward for performance against annual objectives
  - Long term incentive (LTI) which provides reward for performance against indicators of shareholder benefit or value creation, over a minimum three-year or longer period
  - In total the sum of the elements will constitute a total remuneration package (TRP)
- Both internal and market factors should be considered in determining TRP
- TRPs ought to be structured with reference to market practices and the circumstances of the Company at the time
- Remuneration will be managed within a range so as to allow for the recognition of individual differences such as the calibre of the incumbent and the competency with which they fulfil a role
- Exceptions will be managed separately such as when particular talent needs to be retained or there are individuals with unique expertise that need to be acquired and
- Termination benefits will generally be limited to the default amount that may be provided for without shareholder approval, as allowed for under the Corporations Act.

Remuneration structures are driven by the budget setting process and cost to company as well as the particular circumstances of the relevant KMP, their skill set, experience, and value to the Company.

The Company will also take into account the impact of corporate transactions on incentives designed to retain talent for the longer term.

## 3.3 Non-executive Director Remuneration Policy

The Non-executive Director Remuneration Policy applies to non-executive directors (NEDs) of the Company in their capacity as directors and as members of committees, and may be summarised as follows:

- Remuneration may be composed of:
  - Board fees inclusive of superannuation
  - Other benefits (if appropriate), and
  - Equity (if appropriate at the time, currently not applicable)
- Committee fees do not form part of the NED remuneration because at present the workload of the Board is shared equitably amongst its members
- Remuneration will be managed within the aggregate fee limit (AFL) or fee pool approved by shareholders of the Company – currently \$500,000 in accordance with the Company's constitution
- Termination benefits will not be paid to NEDs by the Company

As at the commencement of FY2026 the following fees apply:

Function	Role	Fee Including Super
Main Board	Chair	\$179,157
	Member	\$89,579
Audit & Risk Committee	Chair	n/a
	Member	n/a
Nomination & Remuneration Committee	Chair	n/a
	Member	n/a
Other Committee	Chair	n/a
	Member	n/a

During the FY2025 reporting period the following fees were applicable:

Function	Role	Fee Including Super
Main Board	Chair	\$175,252
	Member	\$87,626
Audit & Risk Committee	Chair	n/a
	Member	n/a
Nomination & Remuneration Committee	Chair	n/a
	Member	n/a
Other Committee	Chair	n/a
	Member	n/a

### 3.4 Short Term Incentive (STI) Policy

The short term incentive policy of the Company is that an annual component of executive remuneration should be at-risk tested over a single financial year, and allow the Company to modulate the cost of employment to align with individual and Company performance while motivating value creation for shareholders. In addition:

- The STI should be paid in cash.
- The targets for the STI should be weighted towards KPI's that align with the creation of shareholder value and short term strategic goals.

### 3.5 Long Term Incentive (LTI) Policy

The Cash Distribution Incentive Plan (CDIP) was established during 2023 to provide a cash based long term incentive plan for executive KMP. There was no other LTI in place for any kind during 2024 or 2025.

# Remuneration Report (Audited) (continued)

## Cash Distribution Incentive Plan

The policy behind the Cash Distribution Incentive Plan (CDIP) is to incentivise the executive KMP to pursue value accretive transactions, including the potential sale or disposal of assets or companies within the consolidated group, which have benefits for and will result in distributions to shareholders over the long term.

The CDIP aligns the interest of the executive KMP with shareholders by incentivising them to deliver a significant “cash” return to shareholders. The CDIP utilises a variation to “total shareholder return” as the performance measure but ignores changes in share price. Instead, the CDIP focuses solely on the value received by shareholders in terms of dividends and distributions paid on Reckon shares and the consideration received by shareholders for their shares if Reckon itself is acquired, such as under a takeover.

The CDIP is paid in cash.

## 3.6 Variable Executive Remuneration – The Short Term Incentive (STI)

Short Term Incentive (STI)	
Aspect	Plan, Offers and Comments
Purpose	The STI Plan's purpose is to give effect to an element of Senior Executive Remuneration. This element of remuneration constitutes part of a market competitive total remuneration package and aims to provide an incentive for Senior Executives to deliver and outperform annual business plans that will lead to sustainable superior returns for shareholders. Target-based STI's are also intended to modulate the cost to the Company of employing Senior Executives, such that risk is shared with the executives themselves and the cost to the Company is reduced in periods of poor performance.
Measurement Period	The Company's financial year i.e. from 1 January to the following 31 December.
Award Opportunities	<p><b>FY2025 Offers</b></p> <p>The Group CEO was offered a target-based STI of approximately 30% of the Base Package for target performance, with a stretch opportunity of up to 120% of the target.</p> <p>The Group CFO was offered a target-based STI of approximately 30% of the Base Package for target performance with a stretch opportunity of up to 120% of the target.</p> <p><b>Comments</b></p> <p>The incentive levels offered in FY2025 were consistent with the proportional opportunities (proportional to Base Package) offered in previous years.</p> <p><b>FY2026 Offers</b></p> <p>The award opportunity for the FY2026 offers are substantially similar to the FY2025 offers.</p>

Key Performance Indicators (KPIs), Weighting and Performance Goals

**FY2025 Offers**

KPIs used for FY2025 included:

- Reckon One and Reckon Mobile annual revenue
- Cash/net debt at 31 December 2025

The KPIs are weighted equally with the award opportunity threshold at 90% of target for Reckon One and Reckon Mobile annual revenue and 100% of target for cash/net debt.

**Comments**

The Board selected KPI's that were identified as having the strongest links with long term value creation for shareholders at the Company level, and those objectives over which individuals had most control that would also be expected to contribute to long term value creation and sustainability for shareholders within a 12 month period, as well as KPIs to recognise individual role related objectives and business plans for FY2025.

**FY2026 Offers**

The KPIs for the FY2026 offers are targeted against the FY2026 budget for:

- Reckon One and Reckon Mobile annual revenue
- Cash/net debt at 31 December 2026

The KPIs are weighted equally with the award opportunity threshold at 100% of target for Reckon One and Reckon Mobile annual revenue and 90% of target for cash/net debt.

Award Determination and Payment

Calculations are performed following the end of the Measurement Period and the audit of Company accounts.

Payments are in cash with PAYG tax deducted, paid following the completion of the Measurement Period and completed audited full year accounts. There is no deferral of payment with the full award entitlement paid following its determination.

Performance was determined in February 2026.

Change of Control

The Board has discretion to terminate the STI for the Measurement Period and make pro-rata awards having regard to performance or make pro-rata awards based on performance and allow the plan to continue for the Measurement Period or make no interim awards and allow the Plan to continue for the Measurement Period.

Plan Gate and Board Discretion

If the Company's overall performance during the Measurement Period is substantially lower than expectations and resulted in significant loss of value for shareholders, the Board may abandon the STI Plan for the Measurement Period or adjust STI payouts downward. The Board also has discretion to increase payouts but such discretion will only be applied in exceptional circumstances.

Fraud, Gross Misconduct etc

If the Board forms the view that a Participant has committed fraud, defalcation or gross misconduct in relation to the Company then all entitlements in relation to the Measurement Period will be forfeited by that participant.

Clawback and Malus

A clawback policy is in place for cases of material misstatement or misconduct. The Remuneration Committee has the power to withdraw offers that have not vested or to clawback short-term incentives paid in the case of serious misconduct or material misstatement in the financial statements respectively.

# Remuneration Report (Audited) (continued)

## 3.7 Variable Executive Remuneration – Long Term Incentive (LTI)

Long Term Incentive (LTI) - Cash Distribution Incentive Plan	
Aspect	Plan, Offers and Comments
Purpose	The purpose of the CDIP is to comprise the long term incentive for executive KMP aligning their interests with the long term strategy of the Company and the delivery of shareholder value.
Measurement Period	24 May 2023 - 31 December 2029
Form of Benefit	The CDIP will be settled entirely in cash.
CDIP Value	<p>The CDIP was offered in 2023, following shareholder approval at the 2023 AGM, and the plan applies until 31 December 2029.</p> <p>There will be no further offers under the CDIP, although the Board may approve additional long-term incentives during the Measurement Period.</p> <p>Due to the Payment Conditions under the CDIP and the long Measurement Period the CDIP had minimal value at the date of offer. This value is disclosed in the table at Section 4 of the Remuneration Report.</p>
Payment Conditions	<p>The payment of cash under the CDIP is contingent on the following Payment Conditions:</p> <ul style="list-style-type: none"> <li>• the executive KMP being an employee of Reckon at 31 December 2029; and,</li> <li>• the cumulative total of the following payments in respect to Company shares paid or received by shareholders from 24 May 2023 to 31 December 2029 (<b>Shareholder Return</b>) being at least \$150,000,000: <ul style="list-style-type: none"> <li>• dividends;</li> <li>• distributions; and</li> <li>• if there is a change of control transaction occurring whereby 100% of the issued capital of Reckon Limited is acquired by a third party (<b>Control Transaction</b>), the consideration received by shareholders under the Control Transaction.</li> </ul> </li> </ul> <p>If the Shareholder Return includes shares or securities in another entity unrelated to Reckon, whether in addition to or instead of cash, the Board may determine the value of the shares or securities (if any) that will be factored into the calculation of the Shareholder Return, in its discretion.</p> <p>The Shareholder Return will not be reduced for any tax payable by shareholders and will be adjusted upwards for the effect of franking credits.</p>

Cash Distribution

If the Payment Conditions are met, the amount of the cash payment (**Cash Distribution**) will be calculated by the Board based on the following Distribution Schedule. Within each Shareholder Return Band, the Cash Distribution will be paid pro rata in proportion to where the Shareholder Return sits within the relevant Shareholder Return Band.

Distribution schedule:

Shareholder Return Bands	Cash Distribution – CEO	Cash Distribution - CFO
Under \$150,000,000	No cash distribution (Award is forfeited)	No cash distribution (Award is forfeited)
\$150,000,000 and up to \$200,000,000	\$770,000	\$230,000
\$200,000,000 and up to \$250,000,000	\$1,300,000	\$400,000
\$250,000,000 and up to \$300,000,000	\$2,600,000	\$800,000
\$300,000,000 or more	\$5,700,000	\$1,500,000

Any cash award will be paid as soon as possible following the end of the assessment period or any early testing.

Retesting

Retesting is not a feature of the CDIP.

Variation to Payment Conditions and Cash Distribution

The Board may, in its discretion, amend the Shareholder Return Bands and Cash Distribution amounts as is reasonably necessary to maintain the alignment of the incentive created by the CDIP with the value received by shareholders, including by:

- Reducing the Cash Distribution by any amount paid to a participant under a Reckon long term incentive plan between 24 May 2023 and 31 December 2029.
- Making changes to the Shareholder Return Bands and/or the Cash Distribution amount to take into account any capital raising activities of the Company.
- Reducing the thresholds under the Shareholder Return Bands in the event of early testing, as discussed below.
- Increasing the Cash Distribution amount if the highest Shareholder Return Band is materially exceeded.

Cessation of Employment during Measurement Period

Unless the Board determines (in its absolute discretion) otherwise, if a participant’s employment is terminated for cause or they resign (or give notice of their resignation) prior to the assessment date, all of their award will lapse.

If a participant ceases employment in other circumstances prior to the assessment date, unless the Board determines otherwise, the Board will test the award and determine the amount of the Cash Distribution (if any) based on the Shareholder Return up to the date of cessation and pay any award to the participant following testing. The Board may, in its discretion, also factor the participant’s contribution towards potential value accretive transactions that have not yet completed.

# Remuneration Report (Audited) (continued)

Change of Control of the Company

If, prior to 31 December 2029, there is a takeover bid or other event or circumstances arise which the Board considers should be treated in a similar way (**Change of Control Event**), the Board has the discretion to early test the award and to calculate the Shareholder Return and determine the Cash Distribution to be paid.

When determining the Cash Distribution to be paid where there is a Change of Control Event, the Board may make such adjustments to the Cash Distribution or the Shareholder Return Bands as it deems reasonable in the circumstances.

If a Control Transaction occurs but the Board has not exercised the discretion referred to above before this time, the award will be tested up to the date of the Control Transaction based on Shareholder Return up to that date and the participants will receive an award based on this assessment.

Fraud, Misconduct and Claw Back etc

The Board may determine that some or all of the entitlement under the CDIP lapses or that the participant must pay back, as a debt, any of the Cash Distribution that is paid, if the participant:

- acted fraudulently or dishonestly;
- engaged in gross misconduct;
- acted in a manner which brought the Company or the Group into disrepute;
- breached their duties or obligations to the Company (including acting in breach of the terms and conditions of their employment and/or the Company's code of conduct, as amended or replaced from time to time);
- is convicted of an offence or have a judgement entered against them in connection with the affairs of the Company;
- contributed to, either by act or omission, to a material misstatement or omission in the financial statements of the Company or any other circumstances or events which affect the Company's financial soundness or require re-statement of the Company's financial accounts, including, without limitation, as a result of misrepresentations, errors, omissions, or negligence; (**Disentitling Acts or Omissions**) and

the result of the Disentitling Acts or Omissions is that the original outcomes which the CDIP was intended to incentivise have not been realised, or would not have been realised if not for the Disentitling Acts or Omissions.

If the Board is considering whether Disentitling Acts or Omissions have occurred, the Board may delay payment of any Cash Distribution, without any liability to compensate the participant for the delay

## 3.8 Securities Holding Policy

The Board sees a securities holding policy as unnecessary since a number of executives already hold significant numbers of shares voluntarily.

## 3.9 Clawback Policy

Reckon has adopted a clawback policy which is activated in cases of material misstatements in the Company's financial reports, or in cases of misconduct by executives.

## 4. Remuneration Records for FY2025 – Statutory Disclosures

The following table outlines the remuneration accrued for Key Management Personnel of the Company during FY2025 and FY2024 prepared according to statutory disclosure requirements and applicable accounting standards:

Name	Role(s)	Year	Salary		Superannuation Contributions		Other Benefits <sup>2</sup>		Base Package Including Super and Other Benefits <sup>2</sup>		STI Awarded for the Financial Year		LTI for the FY <sup>1</sup>		Actual Total Remuneration Package (TRP)
			Amount	% of TRP	Amount	% of TRP	Amount	% of TRP	Amount	% of TRP	Amount	% of TRP	Amount	% of TRP	
Mr Chris Hagglund	Group CFO	2025	\$544,626	76%	\$29,100	4%	-\$46,092	-6%	\$527,634	74%	\$133,896	19%	\$51,300	7%	\$712,830
	Group CFO	2024	\$529,404	78%	\$27,900	4%	-\$47,231	-7%	\$510,073	75%	\$149,663	22%	\$19,500	3%	\$679,236
Mr Sam Allert	Group CEO	2025	\$641,109	63%	\$30,000	3%	\$21,798	2%	\$692,907	68%	\$159,084	15%	\$170,200	17%	\$1,022,191
	Group CEO	2024	\$623,150	70%	\$28,750	3%	\$17,647	2%	\$669,547	75%	\$152,920	17%	\$65,400	7%	\$887,867
<b>TOTALS</b>		<b>2025</b>	<b>\$1,185,735</b>		<b>\$59,100</b>		<b>-\$24,294</b>		<b>\$1,220,541</b>		<b>\$292,980</b>		<b>\$221,500</b>		<b>\$1,735,021</b>
		<b>2024</b>	<b>\$1,152,554</b>		<b>\$56,650</b>		<b>-\$29,584</b>		<b>\$1,179,620</b>		<b>\$302,583</b>		<b>\$84,900</b>		<b>\$1,567,103</b>

<sup>1</sup> The amounts in 2024 and in 2025 are the accrual for the CDIP issued to Mr Allert and Mr Hagglund. No cash has been paid.

<sup>2</sup> Other benefits include movement in annual leave and long service leave.

The maximum total value of an STI for FY2026 and future financial years is \$237,119 for the Group CEO and \$199,576 for the Group CFO. The maximum value of the LTI is described at section 3.7. The minimum amount for both the STI and LTI is nil.

# Remuneration Report (Audited) (continued)

Remuneration received by non-executive directors in FY2025 and FY2024 is disclosed below. The non-executive directors do not have any bonus or equity incentive.

Name	Role(s)	Year	Board Fees	Committee Fees	Superannuation	Other Benefits	Equity Grant	Termination Benefits	Total
Mr Clive Rabie	Non-executive Chairman	2025	\$172,246	-	\$3,006	-	-	-	\$175,252
	Non-executive Chairman	2024	\$166,005	-	\$4,208	-	-	-	\$170,213
Mr Greg Wilkinson	Independent, non-executive director	2025	\$78,413	-	\$9,213	-	-	-	\$87,626
	Independent, non-executive director	2024	\$76,500	-	\$8,606	-	-	-	\$85,106
Mr Philip Hayman	Independent, non-executive director	2025	\$78,413	-	\$9,213	-	-	-	\$87,626
	Independent, non-executive director	2024	\$76,500	-	\$8,606	-	-	-	\$85,106
<b>TOTALS</b>		<b>2025</b>	<b>\$329,072</b>	<b>-</b>	<b>\$21,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$350,504</b>
		<b>2024</b>	<b>\$319,005</b>	<b>-</b>	<b>\$21,420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$340,425</b>

## 5. Performance Outcomes for FY2025

### 5.1 Company Performance

All incentives paid for relevant periods for STI were measured strictly against the targets set.

The Board is satisfied that the targets correlate with performance.

The Board is mindful of the need to retain talent and believes that the KMPs are appropriately incentivised given that several parts of the business are almost in a start up phase. More impressive returns are only anticipated in the longer term if strategies are executed correctly.

As evidenced in this report, the Company as a whole has achieved:

- progress on transition to a cloud first company;
- significant revenue, profit, and cash generation;
- stable organic growth; and,
- $\pm 4.4\%$  yield by way of dividend paid;

Date	Revenue (\$m)	Profit After Tax attributable to owners of the parent (\$m)	Share Price	Change in Share Price	Dividends
31-Dec-25	\$62.4 <sup>1</sup>	\$7.4	\$0.570	-\$0.028	\$0.025
31-Dec-24	\$54.1	\$4.4	\$0.598	\$0.033	\$0.025
31-Dec-23	\$53.4	\$5.6	\$0.565	-\$0.035	\$0.025
31-Dec-22	\$64.7 <sup>2</sup>	\$57.8 <sup>2</sup>	\$0.60	-\$0.33	\$0.60
31-Dec-21	\$72.1 <sup>3</sup>	\$9.8 <sup>3</sup>	\$0.93	\$0.15	\$0.05

<sup>1</sup> Reckon acquired Cashflow Manger in January 2025 contributing \$6.1 million in revenue.

<sup>2</sup> The Accountant Group business was sold effective 1 August 2022 (\$13.5 million of revenue was transferred to discontinued operations).

<sup>3</sup> The ReckonDoc business was sold effective 1 March 2021 (\$0.8 million of revenue was transferred to discontinued operations).

### 5.2 Links Between Performance and Reward

The remuneration of executive KMP is intended to be composed of three parts as outlined earlier, being:

- Base Package, which is not intended to vary with performance,
- STI which is intended to vary with indicators of annual Company performance, and
- LTI which is also intended to deliver a variable reward based on improvement in shareholder value.

# Remuneration Report (Audited) (continued)

The STI achieved in relation to the FY2025 period was paid in February 2026. 82% of the award opportunity was paid. During the FY2025 period the objectives that were linked to the payment of STI were:

Name	Position Held at Year End	FY2025 Company Level KPI Summary				Award Outcomes
		KPI Summary	Weighting	Target	Achievement	Total Award
Mr Chris Hagglund	Group CFO	Cash/debt at 31 December 2025	50%	(\$9.3m)	120%**	\$133,896
		Reckon One and Reckon Mobile revenue	50%	-*	94%	
Mr Sam Allert	Group CEO	Cash/debt at 31 December 2025	50%	(\$9.3m)	120%**	\$159,084
		Reckon one and Reckon Mobile revenue	50%	-*	94%	

\*Target is commercially sensitive information.

\*\*Capped at 120%

This value is accounted for in the remuneration table presented earlier.

The STI paid during the FY2025 period related to performance during the FY2024 period and a deferred payment for FY2023 and was paid in cash in February 2025. The deferred payment from performance in FY2023 was \$75,223 for the Group CFO and \$64,480 for the Group CEO. These amounts were paid in addition to the amounts in the table below:

Name	Position Held at Year End	FY2024 Company Level KPI Summary				Award Outcomes
		KPI Summary	Weighting	Target	Achievement	Total Award
Mr Chris Hagglund	Group CFO	Revenue	40%	\$56.3m	96%	\$74,440
		EBITDA	30%	\$21.6m	93%	
		EPS	10%	4.4cps	89%	
		Reckon One and Reckon Mobile units	20%	-*	105%	
Mr Sam Allert	Group CEO	Revenue	40%	\$56.3m	96%	\$88,440
		EBITDA	30%	\$21.6m	93%	
		EPS	10%	4.4cps	89%	
		Reckon One and Reckon Mobile units	20%	-*	105%	

\*Target is commercially sensitive information.

This value is accounted for in the remuneration table presented earlier.

No LTIs vested in 2025 or to the date of this report to either the Group CEO or the Group CFO.

### **5.3 Links Between Company Strategy and Remuneration**

The Company intends to attract and retain the superior talent required to successfully implement the Company's strategies at a reasonable and appropriately variable cost by:

- positioning Base Packages (the fixed element) around P50 of relevant market data benchmarks when they are undertaken
- supplementing the Base Package with at-risk remuneration, being incentives that motivate executive focus on short to mid-term objectives linked to the strategy via KPIs and,
- long term value creation for shareholders by linking a material component of remuneration to the long term strategy of the Company.

Key strategies remain: investment in new technology; and sustaining existing profitable businesses. It is important to fix remuneration mindful of maintaining morale and retaining talent.

# Remuneration Report (Audited) (continued)

## 6. Employment Terms for Key Management Personnel

A summary of contract terms in relation to executive KMP is presented below:

Name	Position Held at Close of FY2025	Employing Company	Duration of Contract	Period of Notice		Base Salary Excluding Superannuation	Termination Payments
				From Company	From KMP		
Mr Chris Hagglund	Group CFO	Reckon Limited	Open ended	3 months	3 months	\$544,626	Up to 12 months*
Mr Sam Allert	Group CEO	Reckon Limited	Open ended	3 months	3 months	\$641,109	Up to 12 months*

\* Under the Corporations Act any termination benefit is limited to a maximum of 12 months average salary (measured over 3 years) unless shareholder approval is obtained.

Executive KMP remuneration is determined by the Board in accordance with the remuneration policy stated in this Remuneration Report. Remuneration is currently paid entirely in cash. In past years the LTI component has been paid in equity.

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation relevant to the office of the director. Non-executive directors are not eligible to receive termination payments under the terms of the appointments.

A summary of the appointment terms in relation to non-executive KMP is presented below:

Name	Position Held at Close of FY2025	Employing Company	Duration of Contract	Period of Notice		Termination Payments
				From Company	From KMP	
Mr Greg Wilkinson	Non-executive Director	Reckon Limited	Open ended	None	None	None
Mr Phillip Hayman	Non-executive Director	Reckon Limited	Open ended	None	None	None
Mr Clive Rabie	Non-executive Chairman	Reckon Limited	Open Ended	None	None	None

## 7. Changes in KMP Held Equity

The following table outlines the changes in the amount of equity held by executives over the financial year

Name	Instrument	Number Held at Open 2025	Granted FY2025	Forfeited	Vested	Purchased / Disposed / DRP	Number Held at Close 2025
		Number	Number	Number	Number	Number	Number
Mr Chris Hagglund	Shares	1,047,110	-	-	-	-	1,047,110
	Rights/Options	-	-	-	-	-	-
Mr Sam Allert	Shares	937,779	-	-	-	80,000	1,017,779
	Rights/Options	-	-	-	-	-	-

The following table outlines the changes in the amount of equity held by non-executive directors over the financial year:

Name	Instrument	Number Held at Open 2025	Granted FY2025	Forfeited	Vested	Purchased / DRP	Sold	Number Held at Close 2025
		Number	Number	Number	Number	Number	Number	Number
Mr Clive Rabie	Shares	8,206,535	-	-	-	-	1,000,000	7,206,535
	Rights/Options	-	-	-	-	-	-	-
Mr Greg Wilkinson	Shares	8,019,374	-	-	-	-	-	8,019,374
	Rights/Options	-	-	-	-	-	-	-
Mr Philip Hayman	Shares	1,397,460	-	-	-	-	-	1,397,460
	Rights/Options	-	-	-	-	-	-	-

# Remuneration Report (Audited) (continued)

## 8. Other Remuneration Related Matters

The following outlines other remuneration related matters that may be of interest to stakeholders, in the interests of transparency and disclosure, other than as disclosed,

- there were no loans to Directors or other KMP at any time during the reporting period and
- There were no relevant material transactions involving KMP other than compensation and transactions concerning shares, performance rights/options as discussed in this report.

This concludes the remuneration report which has been audited.

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## Indemnification of Directors and Officers and Auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the Company Secretary and all executive officers of the company, and of any related body corporate, against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

In addition, Rule 27 of the company's Constitution obliges the company to indemnify on a full indemnity basis and to the full extent permitted by law, every director, officer or former officer for all losses or liabilities incurred by the person as an officer. This obligation continues after the person has ceased to be a director or an officer of the company or a related body corporate, but operates only to the extent that the loss or liability is not covered by insurance.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company, or any related body corporate, against a liability incurred as an officer or auditor.

## Directors' Meeting

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director.

Reckon Limited – Attendance Tables						
Directors	Meeting					
	Board		Audit & Risk Committee		Remuneration <sup>1</sup> Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Clive Rabie	10	10	-	-	-	-
Sam Allert	10	10	-	-	-	-
Greg Wilkinson	10	10	2	2	-	-
Philip Hayman	10	9	2	2	-	-

<sup>1</sup> All remuneration matters were considered by the Board during the year.

## Non-Audit Fees

Details of the non-audit services can be found in note 6 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 6 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit & Risk Committee, for the following reasons:

- All non-audit services have been reviewed and pre- approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the company or jointly sharing economic risks and rewards.

## Subsequent Events

No events have occurred since 31 December 2025 and the date of this report that would require disclosure in the financial statements if they had occurred during the financial year.

## Capital Structure

The Company has 113,294,832 fully paid ordinary shares on issue and no shares were issued during the year. There are no options on issue, unissued shares or shares to be issued on the exercise of options.

## Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## Auditor's Independence Declaration

The auditor's independence declaration is included after this report on page 34.

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## Rounding Off of Amounts

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 are rounded off to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors,



**Mr C Rabie**  
Chairman  
Sydney 31 March 2026



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

As lead auditor of Reckon Limited for the year ended 31 December 2025, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Gareth Few  
Director

**BDO Audit Pty Ltd**  
Sydney  
31 March 2026



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## INDEPENDENT AUDITOR'S REPORT

To the members of Reckon Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Reckon Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group 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 audits of the financial report of public interest entities 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of

our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue Recognition

Key audit matter	How the matter was addressed in our audit
<p>As detailed in the revenue recognition accounting policy in Note 1, the Group derives revenue from multiple streams.</p> <p>In line with the Australian Accounting Standard <i>AASB 15: Revenue from Contracts with Customers</i> ('AASB 15'), the Group applies a five-step model to recognise revenue, doing so as or when performance obligations are satisfied through transferring the promised goods or services.</p> <p>For bundled goods or services, significant management judgement is required to determine the fair value of the transaction price allocated to each separate performance obligation and the amount of revenue deferral at year end.</p> <p>Considering these factors and the overall importance of revenue as a key performance indicator for the group, we considered revenue to be a key audit matter.</p>	<p>To determine whether revenue was appropriately accounted for and disclosed within the financial statements, we undertook, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Critically evaluated the revenue recognition policies for all material sources of revenue during the period to ensure they are in accordance with AASB 15.</li> <li>• Verified a sample of revenue transactions from various streams throughout the year against supporting documentation, including cash receipts. This involved assessing the fair value of each element of the bundled transactions to ensure revenue was appropriately recorded.</li> <li>• Verified the deferred revenue for the year, ensuring completeness and accuracy by verifying, on a sample basis, against underlying supporting documentation and data sources.</li> <li>• Performed procedures on manual journal entries over revenue and assessed the nature of manual journal entries recorded to revenue outside of expectations.</li> <li>• Assessed the adequacy of the Group's disclosures in respect of revenue and revenue recognition against the requirements of Australian Accounting Standards.</li> </ul>

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### Capitalised Development Cost

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in note 12, the group capitalised \$15.4m in development costs during the period, related to software development.</p> <p>The group carries out significant development activities, capitalising certain directly attributable costs. This requires significant judgement to ensure the costs have been capitalised in accordance with the requirements of <i>AASB 138: Intangible assets</i> ('AASB 138')</p> <p>Given the significant judgement involved and the amount of costs capitalised, we considered capitalisation of development costs as a key audit matter.</p>	<p>To determine whether development costs were appropriately accounted for and disclosed within the financial statements, we undertook, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the processes and key controls in place over the recording and identification of development costs and products for which these costs have been capitalised.</li> <li>• Reviewed the development expenditure capitalised during the year to ensure recognition is appropriate under AASB 138.</li> <li>• Tested a sample of additions during the year to source documentation ensuring recognition is appropriate under AASB 138.</li> <li>• Obtained the amortisation schedule and recalculated the amortisation for the financial year in line with the Group's accounting policy.</li> <li>• Obtained and assessed management's assessment of any indicators of impairment.</li> <li>• Assessed the adequacy of the Group's disclosure of capitalisation of development costs within the financial report against the requirements of Australian Accounting Standards.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2025, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/media/bwvjcgre/ar1\\_2024.pdf](https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf)

This description forms part of our auditor's report.



## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 30 of the directors' report for the year ended 31 December 2025.

In our opinion, the Remuneration Report of Reckon Limited, for the year ended 31 December 2025, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### BDO Audit Pty Ltd

A stylized signature of the BDO firm, consisting of the letters 'BDO' in a cursive, handwritten style.

A handwritten signature in cursive script that reads 'Gareth Few'.

Gareth Few  
Director

Sydney, 31 March 2026

# Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes as set out on pages 41 to 91, are in accordance with the Corporations Act 2001, and:
  - comply with Accounting Standards; and
  - give a true and fair view of the financial position as at 31 December 2025 and of the performance for the year ended on that date of the consolidated group;
2. in the directors opinion, the attached financial statements are in compliance with international financial reporting standards, as stated in note 1 to the financial statements,
3. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and
4. the directors have been given the declarations required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the directors,



**Mr C Rabie**  
Chairman  
Sydney, 31 March 2026

# Consolidated Statement of Profit or Loss

for the year ended 31 December 2025

	Note	Consolidated	
		2025 \$'000	2024 \$'000
<b>Revenue</b>	3, 4	<b>62,418</b>	<b>54,109</b>
Product costs	3	(8,344)	(8,147)
Employee benefits expenses		(19,888)	(18,407)
Marketing expenses		(3,225)	(3,107)
Legal and professional expenses		(718)	(745)
Other expenses		(4,131)	(3,514)
Depreciation and amortisation of other non-current assets	3	(16,332)	(15,652)
Finance costs	3	(339)	(85)
<b>Profit before income tax</b>		<b>9,441</b>	<b>4,452</b>
Income tax expense	5	(2,424)	(826)
<b>Profit for the year</b>		<b>7,017</b>	<b>3,626</b>
Profit attributable to:			
Owners of the parent		7,368	4,420
Non - controlling interest		(351)	(794)
<b>Profit for the year</b>		<b>7,017</b>	<b>3,626</b>
<b>Earnings per share</b>		Cents	Cents
Basic earnings per share	21	6.5	3.9
Diluted earnings per share	21	6.5	3.9

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

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2025

	Note	Consolidated	
		2025 \$'000	2024 \$'000
<b>Profit for the year</b>		<b>7,017</b>	<b>3,626</b>
<b>Other comprehensive (loss)/income, net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign operations	20	(1,074)	1,104
<b>Total other comprehensive (loss)/income, net of income tax</b>		<b>(1,074)</b>	<b>1,104</b>
<b>Total comprehensive income for the year</b>		<b>5,943</b>	<b>4,730</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		6,294	5,524
Non - controlling interest		(351)	(794)
		<b>5,943</b>	<b>4,730</b>

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

# Consolidated Statement of Financial Position

as at 31 December 2025

	Note	Consolidated	
		2025	2024
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	25	894	986
Trade and other receivables	7	2,230	2,669
Inventories		250	280
Current tax receivables		55	14
Other assets	8	1,327	1,789
<b>Total Current Assets</b>		<b>4,756</b>	<b>5,738</b>
<b>Non-Current Assets</b>			
Trade and other receivables	7	167	174
Property, plant and equipment	9	452	516
Deferred tax assets	11	3,905	3,581
Intangible assets	12	44,037	33,346
Other assets	8	89	33
Right of use assets	10	2,857	3,010
<b>Total Non-Current Assets</b>		<b>51,507</b>	<b>40,660</b>
<b>Total Assets</b>		<b>56,263</b>	<b>46,398</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		3,120	3,031
Provisions	14	2,141	1,914
Contract liabilities	16	7,147	5,499
Current tax liabilities		1,321	719
Deferred payments	25(c)	1,250	-
Lease liabilities	10	651	599
<b>Total Current Liabilities</b>		<b>15,630</b>	<b>11,762</b>
<b>Non-Current Liabilities</b>			
Trade and other payables		925	914
Borrowings	13	6,322	3,909
Deferred tax liabilities	15	3,658	2,912
Provisions	14	1,137	672
Contract liabilities	16	709	1,155
Lease liabilities	10	2,339	2,454
<b>Total Non-Current Liabilities</b>		<b>15,090</b>	<b>12,016</b>
<b>Total Liabilities</b>		<b>30,720</b>	<b>23,778</b>
<b>Net Assets</b>		<b>25,543</b>	<b>22,620</b>
<b>EQUITY</b>			
Issued capital	19	20,524	20,524
Reserves	20	(49,263)	(48,124)
Retained earnings		54,410	49,849
<b>Total Equity attributable to owners of the parent</b>		<b>25,671</b>	<b>22,249</b>
Non - controlling interest		(128)	371
<b>Total Equity</b>		<b>25,543</b>	<b>22,620</b>

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

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2025

Consolidated	Issued capital \$'000	Share buyback reserve \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Retained earnings \$'000	Acquisition of non controlling interest reserve \$'000	Non-controlling interest \$'000	Total \$'000
<b>Balance at 1 January 2025</b>	<b>20,524</b>	<b>(42,018)</b>	<b>(246)</b>	<b>292</b>	<b>49,849</b>	<b>(6,152)</b>	<b>371</b>	<b>22,620</b>
Profit for the year	-	-	-	-	7,368	-	(351)	7,017
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	(1,074)	-	-	-	-	(1,074)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(1,074)</b>	<b>-</b>	<b>7,368</b>	<b>-</b>	<b>(351)</b>	<b>5,943</b>
Share based payments expense (note 3)	-	-	-	82	-	-	-	82
Dividends paid (note 26)	-	-	-	-	(2,832)	-	-	(2,832)
Treasury shares acquired	(107)	-	-	-	-	-	-	(107)
Vested shares	107	-	-	(132)	25	-	-	-
Non-controlling interest shares acquired by Reckon Limited	-	-	-	-	-	-	(148)	(148)
Exchange adjustment	-	-	-	(15)	-	-	-	(15)
<b>Balance at 31 December 2025</b>	<b>20,524</b>	<b>(42,018)</b>	<b>(1,320)</b>	<b>227</b>	<b>54,410</b>	<b>(6,152)</b>	<b>(128)</b>	<b>25,543</b>

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

# Consolidated Statement of Changes in Equity (continued)

for the year ended 31 December 2025

Consolidated	Issued capital \$'000	Share buyback reserve \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Retained earnings \$'000	Acquisition of non controlling interest reserve \$'000	Non-controlling interest \$'000	Total \$'000
<b>Balance at 1 January 2024</b>	<b>20,524</b>	<b>(42,018)</b>	<b>(1,350)</b>	<b>414</b>	<b>48,148</b>	<b>(6,152)</b>	<b>58</b>	<b>19,624</b>
Profit for the year	-	-	-	-	4,420	-	(794)	3,626
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	1,104	-	-	-	-	1,104
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,104</b>	<b>-</b>	<b>4,420</b>	<b>-</b>	<b>(794)</b>	<b>4,730</b>
Share based payments expense (note 3)	-	-	-	102	-	-	-	102
Dividends paid (note 26)	-	-	-	-	(2,832)	-	-	(2,832)
Treasury shares acquired	(129)	-	-	-	-	-	-	(129)
Vested shares	129	-	-	(242)	113	-	-	-
Non-controlling interest shares acquired by Reckon Limited	-	-	-	-	-	-	(70)	(70)
Shares issued to non-controlling shareholders	-	-	-	-	-	-	1,177	1,177
Exchange adjustment	-	-	-	18	-	-	-	18
<b>Balance at 31 December 2024</b>	<b>20,524</b>	<b>(42,018)</b>	<b>(246)</b>	<b>292</b>	<b>49,849</b>	<b>(6,152)</b>	<b>371</b>	<b>22,620</b>

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

# Consolidated Statement of Cash Flows

for the year ended 31 December 2025

	Note	Consolidated Inflows/(Outflows)	
		2025	2024
		\$'000	\$'000
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		68,742	59,161
Payments to suppliers and employees		(42,044)	(39,789)
Interest (paid) / received		(234)	(61)
Income taxes paid		(2,669)	(1,426)
<b>Net cash inflow from operating activities</b>	25(b)	<b>23,795</b>	<b>17,885</b>
<b>Cash Flows From Investing Activities</b>			
Payment for purchase of business	25(c)	(7,408)	-
Net proceeds from sale of business		74	51
Acquisition of non-controlling interest		(148)	(70)
Payment for capitalised development costs		(15,073)	(14,446)
Payment for property, plant and equipment		(177)	(359)
<b>Net cash outflow from investing activities</b>		<b>(22,732)</b>	<b>(14,824)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds / (Repayment) of borrowings		2,413	155
Payments for lease liabilities capitalised under AASB 16		(868)	(1,259)
Treasury shares acquired		(107)	(129)
Dividends paid to owners of the parent	26	(2,832)	(2,832)
Proceeds from issue of shares in non-controlling interests		290	989
<b>Net cash outflow from financing activities</b>		<b>(1,104)</b>	<b>(3,076)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(41)</b>	<b>(15)</b>
Cash and cash equivalents at the beginning of the financial year		986	975
Effects of exchange rate changes on cash and cash equivalents		(51)	26
<b>Cash and cash equivalents at the end of the financial year</b>	25(a)	<b>894</b>	<b>986</b>

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

# Notes to the Financial Statements

for the year ended 31 December 2025

## 1 Material Accounting Policy Information

The principal accounting policies adopted in the preparation of the financial report are set out below. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. The financial report includes the consolidated entity consisting of Reckon Limited and its subsidiaries. For the purposes of preparing the consolidated financial statements, the company is a for-profit entity.

### Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations and the Corporations Act 2001, and complies with the other requirements of the law.

Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of Reckon Limited comply with International Financial Reporting Standards (IFRSs). Consequently, this financial report has been prepared in accordance with and complies with IFRSs as issued by the International Accounting Standards Board.

The financial report has been prepared in accordance with the historical cost convention, except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair values of the consideration given in exchange for assets. 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 financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

### Material Accounting Policies

#### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

# Notes to the Financial Statements (continued)

## (b) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements and share-based payment arrangements are recognised and measured in accordance with the relevant accounting standards.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Where a business combination involves the issuance of a put option granted to the vendor in respect of an equity interest not owned by the parent, the present value of the put exercise price is recognised as a financial liability in the consolidated accounts of the parent entity. The recognition of this liability effectively treats the option as if it has been exercised, constituting a transaction between owners as owners which is recorded in equity. Any subsequent re-measurement is considered to be part of the equity transaction and is recorded in equity via an "acquisition of non-controlling interest reserve".

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

## (c) Depreciation and Amortisation

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight-line basis. Leasehold improvements are amortised over the period of the lease or the estimated useful life, whichever is the shorter, using the straight-line method. The following estimated useful lives are used in the calculation of depreciation and amortisation:

- Plant and equipment 3 - 5 years
- Leasehold improvements 3 - 7 years

Right of use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

## (d) Contributed Equity

### Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

## (e) Foreign Currency Translation

### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Reckon Limited's functional and presentation currency.

### *Transactions and balances*

All foreign currency transactions during the financial year have been brought to account in the functional currency using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are brought to account in the profit or loss in the period in which they arise.

### *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency of the consolidated entity as follows:

- Assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- Income and expenses are translated at average rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

On consolidation, exchange differences arising from the translation of monetary items forming part of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken directly to reserves. When a foreign operation is sold, a proportionate share of such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity at the closing rate.

## (f) Intangible assets

### *Goodwill*

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently

# Notes to the Financial Statements (continued)

when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## *Intellectual Property*

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Customer contracts are amortised on a straight-line basis over their useful life to the Group of ten years.

Brand names are not amortised but are subject to annual impairment testing. The Group has committed to continually use, invest in and promote acquired brands, therefore brands have been assessed to have an indefinite life.

## *Research and development costs*

Research expenditure is recognised as an expense when incurred.

An internally-generated intangible asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs in respect of enhancements on existing suites of software applications are capitalised and amortised over a 3 to 4-year period. Development costs on technically and commercially feasible new products are capitalised and written off on a straight-line basis over a period of 3 to 4 years commencing at the time of commercial release of the new product.

Development costs include cost of materials, direct labour and appropriate overheads.

At each balance date, a review of the carrying value of the capitalised development costs being carried forward is undertaken to ensure the carrying value is recoverable from future revenue generated by the sale of that software.

## **(g) Income Tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities, and their carrying amounts in the financial statements, and to unused tax losses.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of finance professionals within the Company and on specialist independent tax advice.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. All deferred tax liabilities are recognised.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Reckon Limited. The Group uses the standalone approach by reference to the carrying amounts in the separate financial statements of each entity in applying the accounting for tax consolidation.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

### **(h) Share-based payments**

Equity settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in note 18.

The fair value determined at grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision is recognised in the profit or loss.

### **(i) Employee Benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

The Group recognises a liability and an expense for the long-term incentive plan for selected executives based on a formula that takes into consideration the ranking of total shareholder return measured against a comparator group of companies.

# Notes to the Financial Statements (continued)

Contributions are made by the Group to defined contribution employee superannuation funds and are charged as expenses when incurred.

## (j) Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk component of a financial asset is designated as a hedging instrument for a hedge of foreign currency risk.

#### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL (expected credit losses) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

#### *(i) Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

#### *(ii) Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

#### *(iii) Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### *(iv) Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

#### *(v) Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

# Notes to the Financial Statements (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

## Financial liabilities and equity

### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### *Financial liabilities*

All financial liabilities are measured subsequently at amortised cost or at fair value through profit or loss (FVTPL).

### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'foreign exchange losses /(gains)' line item in profit or loss (note 3) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### *Derivative financial instruments*

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

## (k) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current

market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## **(I) Revenue Recognition**

### *Sale of goods and services*

The Group applies the following 5-step model for revenue recognition related to contracts with customers:

- a. Identify the contract(s) with customer
- b. Identify the performance obligation in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligation in the contract
- e. Recognise revenue when or as the entity satisfied in performance obligations.

The Group recognises sales revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer, which is when the customer receives the product upon delivery. The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled in exchange for those goods or services. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled and only to the extent that it is highly probable that a significant reversal of revenue will not occur.

Contracts with customers can include various combinations of products and services, which are in certain circumstances bundled and in other circumstances are capable of being distinct and accounted for as separate performance obligations. Where a contract with multiple performance obligations that is not bundled, the revenue associated with each obligation is calculated based on its stand-alone selling price.

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.

The Group recognises revenue predominantly from the following sale of software and services:

### *Business Group desktop products*

Business Group desktop products are sold with post-sale technical support services. These are sold on an annual subscription basis. For all Business Group desktop products contracts that contain the sale of a licence, three

## Notes to the Financial Statements (continued)

distinct performance obligations are:

- i. Sale of a software/upgrade licence; and
- ii. The provision of minor maintenance updates which may be made available over the period of the contracts; and
- iii. Post-sale technical support for a specified period of time.

Revenue is recognised for a Business Group desktop licence at the point of sale. This is because customers purchase a specific version of the software that exists at the time the licence is granted.

Revenue is recognised for the customer's entitlement to access additional maintenance updates and the provision of post-sale technical support over the time of the contract with the customer. This is due to the fact that Reckon may provide minor maintenance updates to which the customer may be entitled over the term of the contract. In relation to the post-sale technical support, the customer is deemed to simultaneously receive and consume the benefits provided by Reckon's performance of the post-sale technical support services as it is performed.

The price allocated to the post-sale technical support has been determined on management's assessment by using an expected cost plus margin approach. The price allocated to the sale of the software licence has been determined by using the residual approach.

The revenue stream forms part of "Subscription revenue" as outlined in Note 4.

### *Reckon One (Business Group)*

Reckon One is a cloud software as a service (sold on a monthly subscription basis) that is accessible to a customer through their web browser and is sold with post-sale technical support services. Within these contracts, the contract promises generally are:

- i. Sale of a licence;
- ii. Ongoing maintenance of the cloud platform to ensure that it is accessible; and
- iii. Post-sale technical support for a specified period of time.

As the customer is not able to benefit from the licence if the cloud is not accessible, two distinct performance obligations generally are:

- i. Sale of a licence and ongoing maintenance for access to the cloud; and
- ii. Post-sale technical support.

The transaction price is fixed in the contract entered into by the customer dependent on the specific modules purchased.

Revenue for the licence and ongoing maintenance for the Reckon One product is recognised over the time of the contract with the customer. Reckon is providing a continuous service of making the online portal available during the contract period and the customer simultaneously receives and consumes the benefits provided by Reckon's performance as Reckon delivers the service.

Revenue for the post-sale technical support provided is also recognised over time. This is due to the fact that the customer simultaneously receives and consumes the benefits provided by the Reckon's performance of the post-sale technical support services. The services are made available to the customer throughout the term of the contract.

Although there are two distinct performance obligations, both currently maintain the same contractual billing period and are recognised over time. Accordingly, Reckon have deemed it unnecessary to allocate the transaction price allocated to each performance obligation separately.

The revenue stream forms part of "Subscription revenue" as outlined in Note 4. Subscription revenue relates to streams where customers use the services over the life of the contract.

*Reckon Accounts Hosted (Business Group)*

Reckon Accounts Hosted is a hosted software where software is accessible via a web browser or through a desktop icon, and allows the customer to store data on the customer's device or an external server. Reckon Accounts Hosted can be sold as on an annual or monthly subscription basis. For all Reckon Accounts Hosted contracts that contain the sale of a licence, the goods and services provided are:

- i. Sale of a software licence;
- ii. The provision of minor maintenance updates which may be made available over the period of the contracts;
- iii. Post-sale technical support for a specified period of time; and
- iv. Hosting services for a specified period of time.

Each of the contract promises are considered as a distinct performance obligation because the customer can benefit from the use of the software without the provision of the technical support and/or hosting services and they are distinct within the context of the contract.

Revenue is recognised for a Reckon Accounts Hosted licence at the point of sale. This is because customers purchase a specific version of the software that exists at the time the licence is granted.

Revenue for the hosting services and ongoing support is recognised over the time of the contract with the customer. Reckon is providing a continuous service of hosting the customer's data and providing post-sale technical support over the contract period and the customer simultaneously receives and consumes the benefits provided by Reckon's performance as Reckon performs. The services are made available to the customer throughout the term of the contract.

The price allocated to the hosting services and post-sale technical support has been determined on management's assessment by using an expected cost plus a margin approach. The price allocated to the sale of the software licence has been determined by using the residual approach.

This revenue stream forms part of "Subscription Revenue" as outlined in Note 4. Subscription revenue relates to streams where customers pay for the services over the life of the contract, rather than upfront at the commencement of the contract.

*Membership fees (Business Group)*

Membership revenue relates to fees obtained as part of the Reckon's Partner Program. Memberships are sold on an annual basis. For all Membership contracts, the goods and services provided include:

- i. The provision of software licences;
- ii. Access to a dedicated partner support team;
- iii. A partner resource kit;
- iv. Invitations to exclusive events and training;
- v. Marketing tool kits; and
- vi. Annual partner awards.

Each of the contract promises above are considered to be a distinct performance obligations because the customer can benefit from the use the software without the provision of the other contract promises listed above and they are distinct within the context of the contract.

Revenue is recognised for a software licence at the point of sale. This is because customers purchase and obtain a specific version of the software that exists at the time the licence is granted.

Revenue for the remaining benefits of joining the membership is recognised over time. Reckon provides a range of different services which are delivered to the customer over the life of the contract. The nature of the services are such

# Notes to the Financial Statements (continued)

that the customer simultaneously receives and consumes the benefits provided by Reckon's performance as Reckon performs.

The price allocated to the performance obligations apart from the software licence has been determined on management's assessment by using an expected cost plus a margin approach. The price allocated to the software licence has been determined based on the residual approach.

This revenue stream forms part of "Other Revenue" as outlined in Note 4.

## *Legal Group*

The Legal Group sells nQ Zebraworks and Zebraworks software and some hardware to the customer. The product includes cost recovery software which allows customers to track the costs associated with printing, photocopying, and other disbursements and allocate these costs to their clients. Legal Group also provides scanning and print solutions to its clients as well as cloud based integration platforms. Legal Group licences are sold with implementation and post-sale technical support services. Legal Group licences are sold either as a bundle including post-technical support services, but with implementation services sold separately (subscription model) or the software, support and implementation services are all sold separately (upfront model).

For Legal Group upfront model, three distinct performance obligations have been identified:

- i. The provision of the software licence; and
- ii. The provision of implementation services; and
- iii. The provision of support services over the life of the contract.

Revenue is recognised for the licence at the point of sale. This is because customers purchase a specific version of the software that exists at the time the licence is granted.

Revenue is recognised for the implementation services at point at which the services have been provided. These services are sold on an ad-hoc basis as required by a customer and deemed to have one distinct performance obligation for the services provided.

The support services have been deemed to be a separately distinct performance obligation. These services are provided to customers who have existing contracts with the Legal Group. Customers can choose to purchase the support services on a yearly basis. As such, the customer can benefit from support services on their own. It is noted that support services are all separately identifiable within the context of the contract because support services do not significantly modify the software.

The price allocated to the provision of the software licence and implementation services, and well as the price allocated to the support services is based upon a price list and is separately identifiable.

Revenue for the software licence and implementation services is recognised as and when the performance obligation is transferred which is generally when installation is completed.

Conversely, revenue for the provision of support services is recognised over the life of the contact as the benefits from any support is simultaneously consumed by the customer as it is provided. The services are made available to the customer throughout the term of the contract.

Revenue for the performance obligation related to the subscription model (being the bundled licence and support) is recognised over time. Reckon is providing a continuous service of making the software and support available so long as the customer continues to pay for the service. As the customer is not able to benefit from the software and support if Reckon does not grant continuous access, the performance obligation is transferred over the term of the contract. The customer simultaneously receives and consumes the benefits provided by Reckon's performance as Reckon performs.

This software licence and implementation services revenue above forms part of "other revenue" and revenue from

the sale of subscription products and the provision of support services forms part of "subscription revenue" as described in Note 4.

*Cost of obtaining a customer contract*

AASB 15 requires that incremental costs associated with acquiring a customer contract, such as sales commissions, are recognised as an asset and amortised over a period that corresponds with the period of benefit.

An assessment of commissions paid by the Group was performed in connection with the sale of all products. The contracts for which commissions are paid vary in length however commissions are expensed over a maximum of 12 months.

There are no other costs incurred that are considered to be incremental.

The following table summarises the revenue recognition of major sale of software and services:

Revenue stream	Performance obligation	Timing of recognition
Business Group desktop products	Sale of a software licence	At the point of sale.
	Maintenance updates	Over the time of the contract with the customer.
	Post-sale technical support for a specified period of time	Over the time of the contract with the customer.
Reckon One	Sale of licence and ongoing maintenance for access to the cloud	Over the time of the contract with the customer.
	Post-sale technical support for a specified period of time	Over the time of the contract with the customer.
Reckon Accounts Hosted	Sale of a software licence	At the point of sale.
	Post-sale technical support for a specified period of time	Over the time of the contract with the customer.
	Hosting services for a specified period of time	Over the time of the contract with the customer.
Membership fees – sale of license	Sale of a software licence	At the point of sale.
Membership fees – support	Additional membership benefits	Over the time of the contract with the customer.
Legal Group	The provision of the software licence and implementation services	At the point of sale.
	The provision of support services (upfront model) and software license and support services (subscription model) over the life of the contract	Over the time of the contract with the customer.

**(m) Contract liabilities**

Contract liabilities relate to payments received from customers for performance obligations which have not yet been fulfilled. Contract liabilities arise when payment for performance obligations do not match the timing of when the

# Notes to the Financial Statements (continued)

performance obligations are satisfied. Contract liabilities are recognised at the inception of the contract and unwound as the performance obligation is satisfied over the life of the contract.

## (n) Earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of dilutive potential ordinary shares.

## (o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and bank overdrafts.

## (p) Borrowings

Borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## (q) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured.

## (r) Fair Value estimation

The fair value of financial instruments and share based payments that are not traded in an active market is determined using appropriate valuation techniques. The Group uses a variety of methods and assumptions that are based on existing market conditions. The fair value of financial instruments traded on active markets (quoted shares), are based on balance date bid prices.

The Directors consider that the nominal value less estimated credit adjustments of trade receivables and payables approximate their fair values.

## (s) Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should continue to develop its range of software products, are offset against development costs in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as other income in

profit or loss in the period in which they become receivable.

Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

## **(t) Leases**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate. This rate has been determined by considering the nature of the leased assets, the Group's credit rating and the borrowing rate of funds in similar economic environments.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liabilities is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised leased payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'premises expenses or other expenses' in the statement of profit or loss.

# Notes to the Financial Statements (continued)

## (u) Significant accounting judgments, estimates and assumptions

### *Significant accounting judgments*

In applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the financial statements:

Capitalisation of development costs – the Group has adopted a policy of capitalising development costs only for products for which an assessment is made that the product is technically feasible and will generate definite economic benefits for the Group going forward. The capitalised costs are subsequently amortised over the expected useful life of the product.

Revenue recognition – The Group has made judgements in relation to the bundling of contract promises into a single distinct performance obligation by determining whether the contract promises are separately identifiable in the context of the contract. The Group has also used judgement in allocating the transaction price to revenue streams which have more than one performance obligation and where the stand-alone selling price is not directly observable. The Group has applied the expected cost plus a margin approach in estimating these prices as described in Note 1(l) above.

ECL on impairment of financial assets – An allowance for doubtful debts is recognised based on the expected credit loss (ECL) from the time the receivable is initially recognised. The ECL is based on a provision matrix that reflects the Group's historical credit loss experience, adjusted for management's knowledge of specific customers' circumstances, as well as current collection trends and business conditions.

Basis of consolidation – In assessing whether it has control over the nQueue Zebraworks Inc. Group following the acquisition in February 2021, the Group has made some key judgements, including contractual arrangements between the Group and shareholders, which provides the Group with the ability to execute power over the relevant activities of nQueue Zebraworks Inc. Following this assessment, the Group concluded that it has control.

### *Significant accounting estimates and assumptions*

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities are:

Impairment of goodwill – the Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the goodwill is allocated. The assumptions used in this estimation, and the effect if these assumptions change, are disclosed in Note 12.

Product life and amortisation – the Group amortises capitalised development costs based on a straight-line basis over a period of 3-4 years commencing at the time of commercial release of the new product. This is the assessed useful life.

Cash distribution incentive plan - the Group provides for the potential settlement of cash payments in relation to this plan based on the assumption that returns to shareholders will be similar to previous transactions. Provisions are raised on a pro-rata basis over the life of the plan.

## (v) New Accounting Standards

The Group has adopted all of the new and revised Accounting 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.

None of the new standards or revisions that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period and are not likely to significantly affect future periods.

The Group has not early adopted any new or revised Accounting Standards and Interpretations issued by AASB which are not yet effective during the year.

### **(w) Working capital deficiency**

The consolidated statement of financial position indicates an excess of current liabilities over current assets of \$10,874 thousand (2024: \$6,024 thousand). This arises partly due to the recognition of AASB 16, whereby the right of use assets are treated as non-current assets, whereas a portion of the lease liabilities are treated as current liabilities. Net cash inflows from operating activities for the year net of payments for capitalised development costs were \$8,722 thousand (2024: \$3,439 thousand). Unused bank facilities at balance date was \$18,020 thousand. Also, included in current liabilities are contract liabilities of \$7,147 thousand (2024: \$5,499 thousand), settlement of which is expected to involve minimal cash outflows in accordance with the policy outlined in note 1(m).

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

## **2 Segment Information**

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

### **(a) Business segment information**

The consolidated entity is organised into two operating divisions:

- Business Group
- Legal Group

These divisions are the basis upon which the consolidated entity reports its financial information to the chief operating decision maker, being the Board of directors.

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

# Notes to the Financial Statements (continued)

## 2 Segment Information (continued)

	Business Group \$'000	Legal Group \$'000	Consolidated Group \$'000
<b>2025</b>			
Operating revenue	48,643	13,775	62,418
<b>Segment results</b>			
EBITDA <sup>1</sup>	25,367	3,296	28,663
Depreciation and amortisation	(10,960)	(5,372)	(16,332)
Segment profit before tax	14,407	(2,076)	12,331
Central administration costs			(2,551)
Finance costs			(339)
<b>Profit before income tax</b>			9,441
Income tax expense			(2,424)
<b>Profit for the year</b>			<b>7,017</b>
<b>2024</b>			
Operating revenue	41,824	12,285	54,109
<b>Segment results</b>			
EBITDA <sup>1</sup>	21,310	1,061	22,371
Depreciation and amortisation	(10,108)	(5,544)	(15,652)
Segment profit before tax	11,202	(4,483)	6,719
Central administration costs			(2,182)
Finance costs			(85)
<b>Profit before income tax</b>			4,452
Income tax expense			(826)
<b>Profit for the year</b>			<b>3,626</b>

<sup>1</sup> EBITDA means earnings before interest, tax, depreciation and amortisation.

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, new market expenditure, 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.

No single customer contributed 10% or more of Group revenue for either 2025 or 2024.

## 2 Segment Information (continued)

Segment assets and liabilities	Assets		Liabilities		Additions to non-current assets	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Business Group	35,075	23,055	14,231	10,178	22,600	9,885
Legal Group	16,193	17,510	5,187	6,060	5,302	8,082
Corporate Division	4,995	5,833	11,302	7,540	-	-
	56,263	46,398	30,720	23,778	27,902	17,967

### (b) Geographical information

	Revenue from external customers		Non-current assets	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Australia	46,055	39,600	33,830	22,364
United States of America	11,462	10,354	14,661	15,020
Other countries (i)	4,901	4,155	3,016	3,276
	62,418	54,109	51,507	40,660

(i) No other individual country outside of Australia and the United States of America are considered to generate revenues which are material to the group.

# Notes to the Financial Statements (continued)

## 3 Profit for the Year

	Consolidated	
	2025	2024
	\$'000	\$'000

Profit before income tax includes the following items of revenue and expense:

### Revenue

#### Sales revenue

Subscription revenue	59,241	50,370
Other recurring revenue <sup>(1)</sup>	-	180
Loans revenue <sup>(1)</sup>	-	72
Other revenue	3,177	3,487
Sale of goods and rendering of services	62,418	54,109

### Expenses

Product costs	8,344	8,147
Expected credit losses:		
Other Entities	4	95
Depreciation of non-current assets:		
Property, plant and equipment	233	282
Amortisation of non-current assets:		
Leasehold improvements	36	176
Right of use assets	544	662
Development costs	15,519	14,532
Total depreciation and amortisation	16,332	15,652
Foreign exchange losses / (gains)	254	(46)
Employee benefits expense:		
Post employment benefits – defined contribution plans	2,254	2,022
Termination benefits	181	131
Equity settled share based payments	82	102
Finance costs/(income):		
Loans/overdrafts	397	147
Leases	105	24
Other	(163)	(86)
	339	85
Operating lease rental expenses:		
Minimum lease payments	297	145

(1) 2025 included in other revenue.

## 4 Revenue

Primary segments	Product Description	Revenue recognition	Busines Group \$'000	Legal Group \$'000	Consolidated Group \$'000
<b>2025</b>					
Subscription revenue	Licence, support and hosting	Over time	20,191	13,139	33,330
	Licence	Point in time	25,911	-	25,911
Other revenue	Membership support	Over time	538	-	538
	Membership fees - license	Point in time	1,599	-	1,599
	Licence and implementation	Point in time	-	636	636
	Other	Point in time	363	-	363
	Other	Over time	41	-	41
<b>Total revenue for continuing operations</b>			<b>48,643</b>	<b>13,775</b>	<b>62,418</b>
<b>2024</b>					
Subscription revenue	Licence, support and hosting	Over time	13,312	11,413	24,725
	Licence	Point in time	25,645	-	25,645
Other recurring revenue	Support	Over time	6	-	6
	Licence	Point in time	174	-	174
Loan income	Commission	Over time	72	-	72
Other revenue	Membership support	Over time	336	-	336
	Membership fees - license	Point in time	1,689	-	1,689
	Licence and implementation	Point in time	-	872	872
	Other	Point in time	590	-	590
<b>Total revenue for continuing operations</b>			<b>41,824</b>	<b>12,285</b>	<b>54,109</b>

# Notes to the Financial Statements (continued)

## 5 Income Tax

	Consolidated	
	2025 \$'000	2024 \$'000

### (a) Income tax expense recognised in profit and loss

Current tax	3,221	2,160
Deferred tax	(806)	(1,296)
Under/(Over) provided in prior years	9	(38)
	<u>2,424</u>	<u>826</u>

### (b) The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

<b>Profit before income tax</b>	9,441	4,452
Income tax expense calculated at 30% of profit	2,832	1,336
<b>Tax Effect of:</b>		
Effect of lower tax rates on overseas income	56	108
Tax effect of non-deductible/non-taxable items:		
Research and development claims	(482)	(579)
Sundry items	9	(1)
	<u>2,415</u>	<u>864</u>
Under/(Over) provided in prior years	9	(38)
Income tax expense attributable to profit	<u>2,424</u>	<u>826</u>

The tax rate used for the 2025 and 2024 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. The tax rate for USA entities is 27% for 2025 and 2024.

### (c) Future income tax benefits not brought to account as an asset:

Tax losses:		
Revenue	469	506
Capital	-	-
	<u>469</u>	<u>506</u>

## 6 Remuneration of Auditors

	Consolidated	
	2025	2024
	\$	\$
<b>(a) BDO Audit Pty Ltd</b>		
During the year, the auditors of the parent entity earned the following remuneration:		
Auditing and reviewing of financial reports	246,300	218,000
Tax compliance	79,500	70,000
	<u>325,800</u>	<u>288,000</u>
<b>(b) Other Auditors</b>		
Auditing and reviewing of financial reports	73,425	23,219
Tax compliance and other consulting services	15,123	3,576
	<u>88,548</u>	<u>26,795</u>

# Notes to the Financial Statements (continued)

## 7 Trade and Other Receivables

	Consolidated	
	2025 \$'000	2024 \$'000
<b>Current:</b>		
Trade receivables (i)	2,135	2,138
Allowance for Expected Credit Loss (ECL)	(68)	(27)
	<u>2,067</u>	<u>2,111</u>
Receivables from non-controlling interests(ii)	127	417
Other receivables	36	141
	<u>2,230</u>	<u>2,669</u>

<b>Non-current:</b>		
Other receivables	167	174

(i) The ageing of past due receivables at year end is detailed as follows:

Past due 0 – 30 days	986	998
Past due 31 – 60 days	86	375
Past due 61+ days	222	166
Total	<u>1,294</u>	<u>1,539</u>

The movement in the ECL in respect of trade receivables is detailed below:

Balance at beginning of the year	27	65
Amounts written off during the year	(4)	(95)
Increase in ECL recognised in the profit and loss	45	57
Balance at end of year	<u>68</u>	<u>27</u>

(ii) In March 2023 and in December 2024 Reckon announced that it, together with minority shareholders, had committed to provide growth capital for the Legal Group. The capital to be provided by Reckon and Legal Group CEO Bill Bice is staggered based upon requirements. This receivable represents the remaining contribution from Bill Bice.

## 7 Trade and Other Receivables (continued)

To determine the expected credit loss of trade receivables, a provision matrix is determined based on historic credit loss rates for each group of customers, adjusted for any material expected changes to the customers' future credit risk. On that basis, the credit loss allowance as at 31 December 2025 was determined as follows:

### 2025

Receivables	Business Group \$'000	Legal Group \$'000	Group \$'000
Current	370	471	841
Past due 1 to 30 days	65	921	986
Past due 30 to 60 days	3	83	86
Past due over 60 days	34	188	222
Total receivables	472	1,663	2,135
Allowance based on historic credit losses	(1)	(5)	(6)
Adjustment for expected changes in credit risk <sup>1</sup>	(11)	(51)	(62)
Credit loss allowance	(12)	(56)	(68)
Net carrying amount	460	1,607	2,067

<sup>1</sup> Adjustment to reflect the expected change in the probability of default relating to customers that are over 60 days past due and those customers specifically identified.

# Notes to the Financial Statements (continued)

## 7 Trade and Other Receivables (continued)

2024

Receivables	Business Group \$'000	Legal Group \$'000	Group \$'000
Current	421	178	599
Past due 1 to 30 days	136	862	998
Past due 30 to 60 days	17	358	375
Past due over 60 days	17	149	166
Total receivables	591	1,547	2,138
Allowance based on historic credit losses	(1)	(5)	(6)
Adjustment for expected changes in credit risk <sup>1</sup>	(10)	(11)	(21)
Credit loss allowance	(11)	(16)	(27)
Net carrying amount	580	1,531	2,111

<sup>1</sup> Adjustment to reflect the expected change in the probability of default relating to customers that are over 60 days past due and those customers specifically identified.

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## 8 Other Assets

	Consolidated	
	2025 \$'000	2024 \$'000
<b>Current:</b>		
Prepayments	1,318	1,778
Other	9	11
	<u>1,327</u>	<u>1,789</u>
<b>Non current:</b>		
Prepayments	83	19
Other	6	14
	<u>89</u>	<u>33</u>

# Notes to the Financial Statements (continued)

## 9 Property, Plant and Equipment

	Consolidated	
	2025 \$'000	2024 \$'000
<b>Leasehold Improvements</b>		
At cost	484	526
Less: Accumulated amortisation	(463)	(506)
Total leasehold improvements	21	20

<b>Plant and equipment</b>		
At cost	2,507	2,535
Less: Accumulated depreciation	(2,076)	(2,039)
Total plant and equipment	431	496
	452	516

	Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
<b>Consolidated</b>			
Carrying amount at 1 January 2025	20	496	516
Additions net of disposals	22	155	177
Acquisition of Cashflow Manager	-	27	27
Effect of foreign currency exchange differences	-	(14)	(14)
Capitalised lease incentive reallocated	15	-	15
Depreciation/amortisation expense	(36)	(233)	(269)
Balance at 31 December 2025	21	431	452

<b>Consolidated</b>			
Carrying amount at 1 January 2024	104	395	499
Additions net of disposals	-	359	359
Effect of foreign currency exchange differences	1	12	13
Capitalised lease incentive reallocated	91	-	91
Depreciation/amortisation expense	(176)	(270)	(446)
Balance at 31 December 2024	20	496	516

## 10 Right of Use Assets/Lease liabilities

	Consolidated	
	2025 \$'000	2024 \$'000
<b>Right of use assets</b>		
At cost	3,470	9,211
Less: Accumulated amortisation	(613)	(6,201)
	2,857	3,010
<b>Lease liabilities</b>		
Current	651	599
Non-current	2,339	2,454
	2,990	3,053
<b>Lease liabilities maturity profile</b>		
Year 1	651	599
Year 2	734	481
Year 3	713	546
Year 4	760	616
Year 5	132	691
Year 6	-	120
	2,990	3,053
<b>Consolidated Right of Use Assets</b>		
Carrying amount at 1 January	3,010	1,192
Additions	659	2,811
Effect of foreign currency exchange differences	-	9
Depreciation/amortisation expense	(812)	(1,002)
Balance at 31 December	2,857	3,010

Leases relate to office premises with lease terms of between 1 to 5 years.

# Notes to the Financial Statements (continued)

## 11 Deferred Tax Assets

	Consolidated	
	2025 \$'000	2024 \$'000
The balance comprises temporary differences attributable to:		
Expected credit loss	-	1
Employee benefits	-	1
Recoverable losses	3,905	3,579
	<u>3,905</u>	<u>3,581</u>
Details of unrecognised deferred tax assets can be found in Note 5(c)		
Reconciliation:		
Opening balance at 1 January	3,581	1,979
Acquisition of Cashflow Manager	33	-
Effect of foreign currency exchange differences	(281)	-
Credited to profit or loss	572	1,602
Balance at 31 December	<u>3,905</u>	<u>3,581</u>

## 12 Intangibles

Intellectual property – at cost	9,901	9,901
Accumulated amortisation	(9,901)	(9,901)
	<u>-</u>	<u>-</u>
Software – at cost	1,032	-
Accumulated amortisation	(258)	-
	<u>774</u>	<u>-</u>
Customer contracts – at cost	2,236	-
Accumulated amortisation	(280)	-
	<u>1,956</u>	<u>-</u>
Development costs – at cost	143,576	130,066
Accumulated amortisation	(113,865)	(100,150)
	<u>29,711</u>	<u>29,916</u>
Goodwill – at cost	11,596	3,430
	<u>44,037</u>	<u>33,346</u>

## 12 Intangibles (continued)

Consolidated movements in intangibles	Note	Goodwill	Software	Customer	Development	Total
		\$'000	\$'000	Contracts \$'000	Costs \$'000	\$'000
At 1 January 2025		3,430	-	-	29,916	33,346
Additions		-	-	-	15,398	15,398
Acquisition of Cashflow Manager	25(c)	8,373	1,032	2,236	-	11,641
Effect of foreign currency exchange differences		(207)	-	-	(622)	(829)
Amortisation charge		-	(258)	(280)	(14,981)	(15,519)
At 31 December 2025		11,596	774	1,956	29,711	44,037
At 1 January 2024		3,140	-	-	28,948	32,088
Additions		-	-	-	14,797	14,797
Effect of foreign currency exchange differences		290	-	-	703	993
Amortisation charge		-	-	-	(14,532)	(14,532)
At 31 December 2024		3,430	-	-	29,916	33,346

	Consolidated	
	2025 \$'000	2024 \$'000

### Impairment test for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified based on how the businesses are managed and reported on and taking into account the use of shared resources, as follows

Business Group	8,373	-
Legal Group	3,223	3,430
	11,596	3,430

The recoverable amount of a CGU is the higher of its fair value less costs of disposal or its value in use. The Group has used the value in use assessment method in the current year.

In assessing impairment using value in use for the Business Group, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 13.52% (2024:13.52%) which reflects current market assessments of the time value of money and the risks specific to the CGU for which the estimates of future cash flows have not been adjusted. Value in use calculations utilise the most recently completed approved budgets for the forthcoming year. Subsequent cash flows are projected using constant long term average growth rates of 2.5% per annum (2024:2.5%).

In assessing impairment using value in use for the Legal Group, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 12.6% (2024:12.6%), which reflects current market assessments of the time value of money and the risks specific to the CGU for which the estimates of future cash flows have not been adjusted. Value in use calculations utilise the most recently completed approved budgets for the forthcoming year and forecasts for a further 3 years. Subsequent cash flows are projected using constant long term average growth rates of 3% per annum (2024:3%).

Sensitivity analysis performed indicates that if a change in profit and associated development costs reflected in the models were to decrease by up to 15% for the respective CGU's there would be no impairment.

# Notes to the Financial Statements (continued)

## 13 Borrowings

	Consolidated	
	2025 \$'000	2024 \$'000
<b>Current:</b>		
Bank overdraft (i)	-	-
<b>Non-current</b>		
Bank borrowings (i)	6,322	3,909

(i) The consolidated entity has bank facilities of \$25 million (2024:\$25 million). The facility comprises variable rate bank overdraft facilities, loan facilities, and bank guarantee and transactional facilities. The facilities expire in September 2027. The facility is secured over the Australian and New Zealand net assets. All covenants have been complied with.

2025	Bank overdraft and bank guarantee	
	Loan facility \$'000	\$'000

The available, used and unused components of the facility at year end is as follows:

Available	22,000	3,000
Used	6,322	658
Unused	15,678	2,342

The remaining contractual maturity for the facility is as follows:

2-5 years	6,322	658
Weighted average interest rate	5.55%	5.79%

## 14 Provisions

	Consolidated	
	2025 \$'000	2024 \$'000
<b>Current:</b>		
Employee benefits – annual leave	718	682
Employee benefits – long service leave	1,423	1,232
	<u>2,141</u>	<u>1,914</u>
<b>Non-current:</b>		
Employee benefits – incentive plans	847	407
Employee benefits – long service leave	290	265
	<u>1,137</u>	<u>672</u>

## 15 Deferred Tax Liabilities

	Consolidated	
	2025 \$'000	2024 \$'000
<b>The temporary differences are attributable to:</b>		
Expected credit loss	(4)	(3)
Employee benefits	(975)	(644)
Contract liabilities	(421)	(389)
Difference between book and tax value of non-current assets	5,162	4,192
Other provisions	(104)	(244)
	<u>3,658</u>	<u>2,912</u>
Reconciliation:		
Opening balance at 1 January	2,912	2,606
Acquisition of Cashflow Manager	980	-
(Credited) / charged to profit or loss	(234)	306
Balance at 31 December	<u>3,658</u>	<u>2,912</u>
Details of unrecognised deferred tax assets can be found in Note 5(c)		

# Notes to the Financial Statements (continued)

## 16 Contract liabilities

	Consolidated	
	2025 \$'000	2024 \$'000

The unsatisfied performance obligations are as set out below:

Current		
Subscription revenue	7,028	5,374
Other revenue	119	125
	<hr/>	<hr/>
	7,147	5,499
Non-current		
Subscription revenue	709	1,155

## 17 Parent Entity Disclosures

	Parent	
	2025 \$'000	2024 \$'000
<b>Financial position</b>		
Assets		
Current assets	1,242	1,712
Non-current assets	62,134	48,484
	<u>63,376</u>	<u>50,196</u>
Liabilities		
Current liabilities	11,000	6,696
Non-current liabilities	14,347	11,117
	<u>25,347</u>	<u>17,813</u>
Equity		
Share capital	20,524	20,524
Share buyback reserve	(42,018)	(42,018)
Share based payments reserve	-	78
Acquisition of non-controlling interest reserve	(1,657)	(1,657)
Foreign currency translation reserve	(476)	(476)
Retained earnings	61,656	55,932
	<u>38,029</u>	<u>32,383</u>
<b>Financial performance</b>		
Total comprehensive income	8,532	6,402
<b>Capital commitments for the acquisition of property, plant and equipment</b>		
Not longer than 1 year	-	-
<b>Other</b>		

Reckon Limited assets have been used as security for the bank facilities set out in note 13.

The parent entity has no contingent liabilities.

Working capital deficiency - refer note 1(w).

# Notes to the Financial Statements (continued)

## 18 Employee Benefits

### Long-term incentive plan

The long-term incentive plan previously comprised the grant of equity under a performance share plan. The board had discretion to make offers to applicable employees to participate in these plans. Performance shares offered (all in respect of the company's ordinary shares) do not vest before three years after their grant date and are conditional on the participant remaining employed at vesting date, subject to board discretion. Vesting is also conditional upon the company achieving defined performance criteria. Participation in this plan is no longer offered and final settlement of vested shares occurred during 2025.

Share based payments are expensed over the vesting period for each tranche offered.

No options were issued during the year (2024: Nil).

At the 2023 AGM shareholders approved a cash based long-term incentive plan for the CEO and CFO, replacing the previous share based payment plans. Similarly, cash based incentive plans also replaced share based payment plans for senior executives, hence nil performance shares (2024: nil), were issued during the year. The expense recognised in 2025 for the rights/performance shares was \$53 thousand (2024: \$39 thousand). Remaining share based payments of \$29 thousand (2024: \$163 thousand) relates to nQueue Zebraworks Inc.

## 18 Employee Benefits (continued)

Senior Executive Rights								
Grant Date	Expiry Date	Rights Granted	Rights lapsed during the year		Rights vested during the year		Rights available at the end of the year	
			2025	2024	2025	2024	2025	2024
Jan'21	Dec'23	595,000	-	-		200,000	-	-
Jan'22	Dec'24	475,000	-	206,666	206,666	-	-	103,334

### Short-term incentive plan

Each annual budget fixes a pool of cash representing a total potential amount in which the relevant employees can share if short term performance conditions are met.

The performance period for the short-term incentive plan is one-year.

The performance conditions for the year were budgeted targets set for Reckon One revenue and net debt. Actual performance is the measured on a sliding scale from 90% to 120% against the budgeted performance of the group to determine the extent to which incentives are paid. The incentive is paid on a sliding scale. Below 90% no incentive is paid. Between 90% and 120% a pro rata increase is paid, capped at 120%.

# Notes to the Financial Statements (continued)

## 19 Issued Capital

	2025		2024	
	No.	\$'000	No.	\$'000
<b>Fully Paid Ordinary Share Capital</b>				
Balance at beginning of financial year	113,294,832	20,524	113,294,832	20,524
Dividend re-investment plan	-	-	-	-
Balance at end of financial year	113,294,832	20,524	113,294,832	20,524
<b>Less Treasury shares</b>				
Balance at beginning of financial year	-	-	-	-
Shares purchased in current period	206,666	107	225,000	129
Shares vested	(206,666)	(107)	(225,000)	(129)
Balance at end of financial year	-	-	-	-
Balance at end of financial year net of treasury shares	113,294,832	20,524	113,294,832	20,524

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the then Corporations Law abolished the authorised capital and par value concepts in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

During the year nil shares were bought back.

No options were exercised during the year.

The Group implemented a dividend re-investment plan in 2016. The dividend re-investment plan was suspended during the year.

## 20 Reserves

### Nature and purpose of reserves

#### (a) Foreign currency translation reserve

Exchange differences arising on translation of the financial reports of foreign subsidiaries are taken to the foreign currency translation reserve, as described in note 1(e).

#### (b) Share buyback reserve

The value of shares bought back are allocated to this reserve.

#### (c) Share-based payments reserve

The share-based payments reserve is for the fair value of options granted and recognised to date but not yet exercised, and treasury shares purchased and recognised to date which have not yet vested.

#### (d) Acquisition of non-controlling interest reserve

The acquisition of non-controlling interest reserve represents an equity account to record transactions between equity holders.

## 21 Earnings per Share

	Consolidated	
	2025 cents	2024 cents
Basic earnings per share – continuing operations	6.5	3.9
Diluted earnings per share – continuing operations	6.5	3.9
Weighted average number of ordinary shares used in the calculation of basic earnings per share	113,294,832	113,294,832
Weighted average number of ordinary shares and potential ordinary shares (in relation to employee performance shares) used in the calculation of diluted earnings per share	113,294,832	113,398,166

Earnings used in the calculation of earnings per share is \$7,368 thousand (2024: \$4,420 thousand).

## 22 Contingent Liabilities

There are no material contingent liabilities as at 31 December 2025 (2024: Nil).

# Notes to the Financial Statements (continued)

## 23 Commitments for Expenditure

### (a) Capital Expenditure Commitments

The consolidated entity has capital expenditure commitments of \$nil as at 31 December 2025 (2024: \$nil).

	Consolidated	
	2025 \$'000	2024 \$'000
<b>(b) Other Commitments</b>		
Within 1 year	202	189
Later than 1 year and not longer than 5 years	701	854
	<u>903</u>	<u>1,043</u>

## 24 Subsidiaries

Name of Entity	Country of Incorporation	Ownership Interest	
		2025 %	2024 %
<b>Parent Entity</b>			
Reckon Limited	Australia		
<b>Subsidiaries</b>			
Reckon Australia Pty Limited	Australia	100	100
Reckon Limited Performance Share Plan Trust	Australia	100	100
Reckon New Zealand Limited	New Zealand	100	100
Reckon Accountants Group Pty Limited <sup>2</sup>	Australia	0	100
Reckon Holdings NZ Pty Limited	New Zealand	100	100
Reckon One Limited	United Kingdom	100	100
Reckon Docs Pty Limited <sup>2</sup>	Australia	0	100
nQueue Zebraworks Pty Limited <sup>1</sup>	Australia	78	78
nQueue Zebraworks Limited <sup>1</sup>	United Kingdom	78	78
nQueue Zebraworks Inc	United States of America	78	78
nQueue Zebraworks LLC <sup>1</sup>	United States of America	78	78

<sup>1</sup> Wholly owned subsidiaries of nQ Zebraworks Inc.

<sup>2</sup> Deregistered in 2025.

All shares held are ordinary shares, except for NQueue Zebraworks Inc, where preference shares are also held.

## 25 Notes to the Statement of Cash Flows

	Consolidated	
	2025 \$'000	2024 \$'000

### (a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash (i)	894	986
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(i) Cash balance is predominantly in the form of short-term money market deposits, which can be accessed at call.

### (b) Reconciliation of Profit After Income Tax To Net Cash Flows From Operating Activities

Profit after income tax	7,017	3,626
Depreciation and amortisation of non-current assets	16,332	15,652
Non-cash interest	105	24
Non-cash employee benefits expense – share based payment	82	102
Increase in current tax liability/asset	561	378
Increase in deferred tax balances	(806)	(978)
Unrealised foreign currency translation amount	84	(219)
(Increase)/decrease in assets:		
Current receivables	75	(336)
Current inventories	30	24
Other current assets	447	(106)
Non-current receivables	7	(23)
Non-current other	(56)	(1)
Increase/(decrease) in liabilities:		
Current trade payables	62	111
Other current liabilities	(621)	(222)
Other non-current liabilities	476	(147)
Net cash inflow from operating activities	23,795	17,885

# Notes to the Financial Statements (continued)

## 25 Notes to the Statement of Cash Flows (continued)

### (c) Acquisition of Cashflow Manager

Reckon Limited acquired the Cashflow Manager and OKKE businesses from Money Management Limited and its UK subsidiary Money Management Group (UK) Limited effective 1 January 2025.

The businesses are Adelaide based accounting and payroll businesses. Cashflow Manager flagship product is its namesake desktop software solution. The purchase also included OKKE, a startup SaaS accounting product, whose users Reckon has since migrated to Reckon One. Reckon acquired complete ownership of both products.

	2025 \$'000
Consideration:	
Cash paid	7,408
Deferred payment - payable in 2026	1,250
	8,658
Comprising:	
Intangible assets - Goodwill	8,373
Intangible assets - Software	1,032
Intangible assets - Customer contracts	2,236
Plant and equipment	27
Future income tax benefit	33
Trade creditors	(13)
Deferred revenue	(1,938)
Deferred tax liability	(980)
Leave provisions	(112)
	8,658

The Cashflow Manager business contributed revenue of \$6,093 thousand, EBITDA of \$3,344 thousand and NPAT of \$1,656 thousand.

### (d) Assets and liabilities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Note	Cash		Non-cash	Balance at 31 Dec 2025 \$'000
	Balance at 1 Jan 2025 \$'000	Financing cash flows (i) \$'000	Fair value adjustment \$'000	
Borrowings	3,909	2,413	-	6,322

(i) The cash flows from bank loans, and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

Note	Cash		Non-cash	Balance at 31 Dec 2024 \$'000
	Balance at 1 Jan 2024 \$'000	Financing cash flows (i) \$'000	Fair value adjustment \$'000	
Borrowings	3,754	155	-	3,909

(i) The cash flows from bank loans, and other borrowings make up the net amount of proceeds from borrowings and

## 26 Dividends – Ordinary Shares

	Consolidated	
	2025 \$'000	2024 \$'000
A fully franked dividend for the year ended 31 December 2025 of 2.5 cents (2024: 2.5 cents) per share was paid on 2 September 2025.	2,832	2,832
Franking credits available for subsequent financial years based on a tax rate of 30% (2024: 30%)	1,898	497

## 27 Financial Instruments

### (a) Financial Risk Management Objectives

The Board of Directors has overall responsibility for the establishment and oversight of the company and group's financial management framework.

The Board of Directors oversees how Management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks. The main risk arising from the company and group's financial instruments are currency risk, credit risk, liquidity risk and cash flow interest rate risk.

### (b) Interest Rate Risk

The group is exposed to interest rate risk on the cash held in bank deposits and on bank borrowings. Cash deposits of \$894 thousand (2024: \$986 thousand) were held by the consolidated entity at the reporting date, attracting an average interest rate of 3.29% (2024: 3.85%). Interest bearing borrowings by the consolidated entity at the reporting date were \$6,322 thousand (2024: \$3,909 thousand). Interest rate risk is not considered material, and so is not hedged. Variable rate borrowings during the year attracted an average interest rate of 5.79% (2024: 6.35%) on overdraft facilities and 5.55% on loan facilities (2024: 5.65%). If interest rates had been 50 basis points higher or lower (being the relevant volatility considered relevant by management) and all other variables were held constant, the group's net profit would decrease/increase by \$27 thousand (2024: \$15 thousand).

Hedging activities are evaluated to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The maturity profile for the consolidated entity's cash (\$894 thousand) that is exposed to interest rate risk is one year, and interest-bearing borrowings (\$6,322 thousand) that are exposed to interest rate risk, is 1 to 2 years. On the assumption that interest bearing borrowings and variable interest rates remain at the current level, the annual interest costs are expected to be \$351 thousand.

Further details are set out in note 13.

### (c) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

# Notes to the Financial Statements (continued)

## 27 Financial Instruments (continued)

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

The average credit period on sale of goods is 45 days. Interest is generally not charged. The group has assessed the expected credit loss on receivables and have used a provision matrix to measure the Group's estimated impairment losses (refer note 7).

### (d) Foreign Currency Risk

The consolidated entity includes certain subsidiaries whose functional currencies are different to the consolidated entity presentation currency. The main operating entities outside of Australia are based in New Zealand, United States of America and the United Kingdom. These entities transact primarily in their functional currency and, aside from inter-group loan balances, do not have significant foreign currency exposures due to outstanding foreign currency denominated items. The consolidated entity's future reported profits could therefore be impacted by changes in rates of exchange between the Australian Dollar and the New Zealand Dollar, and the Australian Dollar and the US Dollar and the Australian Dollar and the UK Sterling. The Group had assessed that any reasonable change in rates of exchange would not result in a material impact to the consolidated entity.

### (e) Liquidity

The Group manages liquidity risk by maintaining adequate cash reserves and banking facilities by continuously monitoring forecast and actual cash flows.

The credit period for the majority of goods purchased is 30 days. No interest is charged. The Group has policies in place to ensure payables are paid within the credit periods.

Further details are set out in notes 1 and 13.

### (f) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of cash, other financial assets, debt and equity attributable to equity holders of the parent. The Board reviews the capital structure on a regular basis. Based upon this review, the Group balances its overall capital structure through borrowings, the payment of dividends, issues of shares, share buy-backs and returns of capital. This strategy remains unchanged since the prior year.

### (g) Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial report approximates their respective fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

## 28 Subsequent events

No events have occurred since 31 December 2025 and to the date of this report that would require disclosure in the financial statements if they had occurred in the financial year.

## 29 Related Party Disclosures

### (a) Key Management Personnel Remuneration

	Consolidated	
	2025	2024
	\$	\$
Short term benefits	1,783,492	1,744,558
Post-employment benefits	80,533	78,070
Long term benefits / share based payments	221,500	84,900
	<u>2,085,525</u>	<u>1,907,528</u>

The names of and positions held by the key management are set out on page 14 of the Remuneration Report. Further details of the remuneration of key management are disclosed in the Remuneration Report.

### (b) Other Transactions with Key Management Personnel

There were no transactions with Directors and other key management personnel apart from those disclosed in this note.

### (c) Directors' and Key Management Equity Holdings

Refer to the tables on page 29 of the Remuneration Report.

### (d) Other related party transactions

There were no other related party transactions apart from as disclosed in note 7.

## 30 Company Information

Reckon Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

- Level 2, 100 Pacific Highway  
North Sydney  
Sydney NSW 2060

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the Directors' Report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 31 March 2026.

# Consolidated Entity Disclosure Statement

as at 31 December 2025

Name of Entity	Country of Incorporation and Tax Residency	Ownership Interest %
<b>Parent Entity</b>		
Reckon Limited	Australia	
<b>Subsidiaries</b>		
Reckon Australia Pty Limited <sup>(2)</sup>	Australia	100
Reckon Limited Performance Share Plan Trust <sup>(1)</sup>	Australia	100
Reckon New Zealand Limited	New Zealand	100
Reckon Accountants Group Pty Limited <sup>(3)</sup>	Australia	0
Reckon Holdings NZ Pty Limited	New Zealand	100
Reckon One Limited	United Kingdom	100
Reckon Docs Pty Limited <sup>(3)</sup>	Australia	0
nQueue Zebraworks Pty Limited	Australia	78
nQueue Zebraworks Limited	United Kingdom	78
nQueue Zebraworks Inc	United States of America	78
nQueue Zebraworks LLC	United States of America	78

1 All entities are body corporates apart from Reckon Limited Performance Share Plan Trust.

2 Trustee company for the Reckon Limited Performance Share Plan Trust.

3 Deregistered during 2025.

## Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDs) has been prepared in accordance with the Corporations Act 2001, reflecting the amendments to section 295(3A)(vi) and (vii) which clarify the definition of foreign resident as being an entity that is treated as a resident of a foreign country under the tax laws of that foreign country. These amendments apply to financial years beginning on or after 1 July 2024. The CEDs includes certain information for each entity that was part of the consolidated entity at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

### Determination of Tax Residency

The consolidated entity has determined that each entity is a tax resident of its place of incorporation, being the jurisdiction in which the entity principally conducts its business.

The Reckon Limited Performance Plan Share Trust is a tax resident of Australia as it was settled in Australia to hold shares in the Parent Entity for Australian resident beneficiaries.

# Additional Information

as at 17 February 2026 (Unaudited)

## Corporate Governance Statement

The Reckon Limited Corporate Governance Statement is available on our website in the section titled Corporate Governance (<https://www.reckon.com/au/investors>)

## Twenty Largest Holders of Quoted Equity Securities

Name	Units	% Units
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,585,282	15.52
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	17,394,501	15.35
BNP PARIBAS NOMINEES PTY LTD	8,391,698	7.41
MICROEQUITIES ASSET MANAGEMENT PTY LTD	6,327,929	5.59
GREGORY JOHN WILKINSON	6,280,487	5.54
DJZ INVESTMENTS PTY LTD	5,690,000	5.02
UNDERWOOD CAPITAL LIMITED	2,000,000	1.77
CITICORP NOMINEES PTY LIMITED	1,758,582	1.55
VELKOV FUNDS MANAGEMENT PTY LTD	1,600,000	1.41
MR CLIVE ALAN RABIE	1,516,535	1.34
RAWFORM PTY LTD	1,330,306	1.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,315,936	1.16
DMX CAPITAL PARTNERS LTD	1,125,000	0.99
MS KYLIE LYNETTE NUSKE & MR MATTHEW JAMES COOK	1,120,838	0.99
VANWARD INVESTMENTS LIMITED	980,196	0.87
BIATAN PTY LTD	835,049	0.74
MR SAMUEL JAMES ALLERT	749,279	0.66
BNP PARIBAS NOMS PTY LTD	679,596	0.60
MR PHILIP ROSS HAYMAN	650,909	0.57
HAGGLUND FAMILY SUPER PTY LTD	636,693	0.56
TOTAL	77,968,816	68.82

## Number of Holders of Equity Securities

113,294,832 fully paid ordinary shares are held by 2,813 individual shareholders. Each share entitles the holder to one vote.

### Less than marketable parcels

499 shareholders holding less than a marketable parcel of 944 ordinary fully paid shares.

# Additional Information

as 17 February 2026 (Unaudited) (continued)

## Distribution of Holders of Equity Securities

Range	Total holders	Units	% Units
1 - 1,000	771	474,344	0.42
1,001 - 5,000	1,143	3,054,669	2.70
5,001 - 10,000	362	2,860,502	2.52
10,001 - 100,000	448	13,869,810	12.24
100,001 Over	89	93,035,507	82.12
Total	2,813	113,294,832	100.00

## Substantial Holders

Substantial Holder	Number of Shares	Voting Power
Microequities Asset Management Pty Ltd	18,530,969	16.36%
MA Financial Group Limited	13,250,826	11.70%

## Securities Purchased On-Market

During the financial year, 206,666 fully paid ordinary shares in the Company were purchase on-market at an average price of \$0.514 per share to satisfy the entitlements of holders of Performance Rights.

## Unquoted Equity Securities

Nil.

# Additional Information

as at 17 February 2026 (Unaudited) (continued)

## Registered Office

Level 2, 100 Pacific Highway  
North Sydney NSW 2060  
Tel: (02) 9134 3300

## Share Registry

Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street  
Sydney NSW 2000  
Tel: (02) 8234 5000

## Stock Exchange Listings

Reckon Limited's ordinary shares are listed on the Australian Securities Exchange Limited under the symbol 'RKN'.

## Company Secretary

Tom Rowe

## Annual General Meeting

The Annual General Meeting for Reckon Limited will be held **on 20 May 2026 at 10:00am at Level 2, 100 Pacific Highway, North Sydney, NSW.**

Pursuant to Article 13.3 of the Company's Constitution, the closing date for receipt of director nominations is 8 April 2026.

## Important Information – Corporate Notices

Security holders have the option as to how they receive statutory corporate notices and reports. In the interest of cost saving and the environment, we encourage you to opt in to receive all notices and reports electronically.

Please go to: [www.computershare.com/au](http://www.computershare.com/au) and then Login to Investor Centre to register your request to opt in to receive TO RECEIVE ALL NOTICES AND REPORTS IN ELECTRONIC FORMAT.

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