ASX Announcement

4 August 2026

Reckon delivers to plan as Reckon One and Billing Workflows growth continues

Reckon Limited ("Reckon" or the "Company") (ASX: RKN) is pleased to report another solid first half result, consolidating the significant growth in FY25 with the retention of revenue and EBITDA in constant currency while growing NPAT, as the Company continued executing its cloud transition strategy and growth in Reckon One and the Legal Group's Billing Workflows.

The Business Group progressed its strategy of migrating legacy customers to Reckon One, Reckon's proprietary cloud accounting platform, while the Legal Group continued to drive adoption of Billing Workflows and expand its presence in the large US legal market.

Reckon One, continued its revenue growth from HY25 with a 23% improvement in revenue over the prior period and a 19% increase in average revenue per subscription. The Business Group's total subscription revenue remained stable compared to the prior corresponding period as the business pursued its strategy of transitioning its legacy product customers to Reckon One.

Billing Workflows delivered 97% subscription revenue growth in constant currency. Total Legal Group revenue increased by 5% in constant currency compared with HY25.

Financial highlights:

- **Group revenue of $32m, a reduction of 3%, but stable in constant currency terms compared to the previous corresponding period (PcP)**
- **EBITDA stable at $14m**
- **NPAT of $5m, up 6% up on PcP**
- **Group operating cash flow after capitalised development costs of $5.6m. Reduction from $6.2m in HY25 due to increased tax payments during half year**
- **Net debt of $1.5m compared to $5.4m at 31 December 2025 with the final payment for Cashflow Manager of $1.25m paid in January 2026**
- **Fully franked dividend of $0.025 per share declared**

Operational highlights:

- **23% increase in Reckon One revenue and 19% increase in average revenue per subscription (ARPU)**
- **Billing Workflows subscription revenue growth of 97%**
- **Transition to Reckon One codebase in full swing**
- **$7.7m invested in cloud-based product development to capitalise on growth opportunities in both business units**

Management commentary:

Reckon Group CEO, Mr Sam Allert said: *"The first half saw continued execution of our strategy to migrate legacy customers to Reckon One while growing our cloud-based products across both operating divisions. Reckon One again delivered strong growth within the Business Group, while Billing Workflows continued to gain momentum in the Legal Group. These outcomes enabled the Group to maintain its elevated FY25 earnings base while increasing NPAT and generating strong operating cash flows.*

Investment in product development remained stable compared to HY25 as both divisions delivered to plan and the Business Group increased focus on migrating legacy product customers to Reckon One. Cash generation remained high, with a significant reduction in Net Debt during the period, including the final instalment payment for the acquisition of Cashflow Manger.

Within the Business Group, Reckon One revenue growth is encouraging, as is the increase in ARPU, with Reckon One representing approximately 22% of our subscription revenue base. Our sales and customer support teams focussed their efforts on the migration of legacy customers to Reckon One and sales to our existing customer base. The implementation and adoption of AI greatly reduced our development timelines allowing us to bring Reckon One closer to parity with the functional requirements *of the vast majority of our legacy product users faster than was anticipated.*

Investment in AI initiatives presents an opportunity to accelerate sales across the Group by driving innovation, improving customer outcomes and supporting shareholder value. With our strong cash generation, we see AI as an opportunity for revenue growth, rather than a tool to reduce cost. The Legal Group launched DataQ AI during FY25, marking our first AI-enabled product and we are collaborating with Amazon Web Services, through their dedicated AI initiatives and enablement programs, to accelerate product innovation and bring new AI-powered in-product capabilities to market quickly and with confidence in the Business Group.

In the Legal Group, a new sales team commenced in earnest during the half year with their impact being apparent by the end of the period as our pipeline continues to grow. We have only scratched the surface of the serviceable addressable market for Billing Workflows and our new sales team is primed for the challenge including targeting additional integrations with established financial management systems, such as our integrations with Prolaw, Elite 3E and Aderant, to broaden the exposure of our products in the market.

We have continued our track record of rewarding shareholders with healthy dividends, and we maintain our intention is to pay one dividend annually at a high yield based on the current share price."

Financial commentary and operations overview:

Group revenue was $31.9m, down 3% on the prior corresponding period and down 1% on a constant currency basis.

Revenue was impacted by the Business Group's continuing success in its strategy of migrating its legacy product customers to its proprietary cloud-based product, Reckon One. The success resulted in a shift in revenue recognition and an increase in deferred revenue due to the differing licencing, hosting and support structures between legacy products and Reckon One. The impact was an adverse deferred revenue movement of $0.6m between HY25 and HY26.

EBITDA was $14.2m, up 1% on the prior corresponding period and up 6% after adjusting for currency movements and the government stimulus receipt recognised in HY25.

NPAT increased 6% to $4.5m and was up 18% on the same adjusted basis.

Strong operating cash generation enabled the Group to reduce net debt to $1.5m, compared with $5.4m at FY25, despite funding the final $1.25m instalment payment associated with the Cashflow Manager acquisition.

The Company declared a fully franked dividend of 2.5 cents per share, payable on 31 August 2026. The Board anticipates continuing to pay one dividend annually following the half year.

Total cloud-based subscription revenue for the Business Group grew by 2% compared to HY25 to $14.4m, with Reckon One contributing all of the growth. Reckon One revenue increased to $5.4m compared to $4.4m for HY25.

Subscription revenues from cloud-based and desktop products contributed 93% of total revenues for the division highlighting stable and consistent revenue. The EBITDA margin for the Business Group was 55% for the half and 34% after adjustment for development costs. Development costs remained stable at $5.3m ($5.0m PcP).

The Legal Group continued to invest in its Billing Workflows teams and solutions to pursue topline growth in the lucrative US legal market. Annual recurring revenue for Billing Workflows increased by 5% on a constant currency basis to $1.4m. Subscription revenue comprises 94% of revenue for this division.

Billing Workflows sales to date comprises approximately 6.4K attorneys (4.8K at HY25), with 3.0K installed by HY26 (1.9K at HY25). Management estimates the current serviceable addressable market in the United States for Billing Workflows to be 175K attorneys, up from 77k at FY25. Subscription revenue growth for the Legal Group was 4% at $6.2m for the half year with Billing Workflows subscription revenue increasing by 97%.

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

Segment performance:

Business Group

- 23% revenue growth for Reckon One
- H1 revenues of $25.4m compared to $26.1m for HY25.
- Comprising 93% subscription revenue.
- The increased velocity in migrations to Reckon One has resulted in an adverse deferred revenue impact in HY26 of $0.6m
- EBITDA stable at $14.0m.

Legal Group

- H1 subscription revenues of $6.2m, up from $5.9m in PcP
- Increase in EBITDA to $1.5m up 10% on the PcP and up 111% when adjusted for currency exchange movement and the $0.5m receipt from the final COVID stimulus receipt received in HY25 (EBITDA $1.4m PcP).
- Continued investment in Billing Workflows products, including integrations with additional financial management systems Elite 3E, Aderant and others with capitalised development costs of $2.4m for the HY ($2.7m PcP).
- Strengthened sales team increasing Billing Workflows sales.
- Zebraworks serves 12 of the top 20 law firms globally and 40% of the AmLaw 200 in the USA.

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About Reckon:

Reckon is an Australian listed software company (ASX:RKN) that provides world class software for Start Ups, sole traders, SMEs, accountants, bookkeepers, and lawyers. The company has offices in Australia, New Zealand, UK and the USA.

Reckon currently operates two divisions:

1. Business Group: provides accounting and payroll software for small to medium sized businesses and personal wealth management software branded as Reckon One, Reckon Mobile and Reckon Accounts Hosted, Reckon Accounts Business, Reckon Accounts Personal and Cashflow Manager.

   The Business Group operates in Australia and New Zealand.

2. 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 digitalisation, billing and collections automation, cost recovery and analytics solutions for law firms and government and corporate legal departments.

   Zebraworks' products are its server-based Document Workflows products across 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.

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