



# ASX Announcement

19 May 2022

---

## Reckon signs agreement to sell Accountants Practice Management Group for \$100 million

### Highlights

- All-cash sale for \$100 million of Accountants Practice Management Group to The Access Group, subject to regulatory approvals in Australia
- Board and management believe the Transaction represents good value for shareholders relative to the market capitalisation of the Company
- Purchase price represents a 4.6x multiple of FY21 revenue and 8.4x multiple of FY21 EBITDA for the Accountants Practice Management Group
- Following completion, Reckon plans to return the majority of proceeds, net of taxes, to shareholders via a special dividend. Full details of how funds are proposed to be distributed to be outlined following completion
- Post transaction Reckon would comprise the Business Group and the Legal Practice Management Group, which together generated ~\$50 million of revenue and EBITDA of ~\$17 million in FY2021, representing ~70% and ~60% of Reckon's pre-Transaction revenue and EBITDA respectively
- Management is excited to focus on the remaining businesses and believe Reckon is well positioned to take advantage of the strong global market opportunities that exist for both divisions, with its expanding cloud product set

Reckon Limited ("Reckon" or the "Company") (ASX: RKN) is pleased to advise that it has entered into an agreement with Access Software Australia Pty Ltd, Access Workspace NZ Limited and Access UK Ltd ("Access Group") to sell its Accountants Practice Management Group in an all-cash sale for \$100 million<sup>1</sup> (the "Transaction").

The Transaction is for the sale of assets used by the Accountants Practice Management Group which comprises the APS Practice Management and the Reckon Elite Practice Management products. Completion of the sale is conditional on, and subject to, regulatory approval from the Australian Competition and Consumer Commission and the Foreign Investment Review Board, and customary closing conditions.

### The Transaction is expected to deliver the following key benefits to shareholders

- The majority of proceeds are proposed to be returned to shareholders via a partially franked special dividend;

---

<sup>1</sup> Subject to customary completion adjustments.



- Reckon proposes to repay a portion of outstanding debt, and as such would strengthen its balance sheet; and
- following the Transaction, Reckon would be a focused, cloud-based business with exposure to high-growth markets in Australia and the United States that delivered ~\$50 million in revenue and EBITDA of \$17 million in FY2021.

The Transaction is expected to complete within the next three months.

The Transaction follows the sale of the Company's ReckonDocs business, which was part of the Accountant Practice Management Group, for \$13 million in 2021 (refer ASX announcement: 16 February 2021).

### **Management commentary**

#### **Reckon Group CEO, Mr Sam Allert said:**

*"The sale agreement with Access Group represents a compelling offer, which we believe is in the best interests of our shareholders. The transaction unlocks significant value for shareholders.*

*Reckon will be in a stronger position to focus on and invest in the growth and development of the Business and Legal Groups, should the transaction complete. These divisions represented approximately 70% of the Company's revenue and 60% of the Company's EBITDA prior to this Transaction and we believe have significant upside.*

*This transaction would allow us to focus on our remaining business divisions. We plan to build on our 114,000 cloud users, to expand our suite of accounting and payroll cloud solutions and continue to help small businesses turn ambition into accomplishment, as well as pursue our practice management opportunities in the global legal market.*

*Proceeds from the sale will allow the company to reward shareholders with a special dividend.*

*We look forward to working with Access to ensure a smooth transition for customers and employees."*

### **Reckon's focus upon completion of the Transaction**

Upon completion of the sale of its Accountants Practice Management Group, Reckon's operations would comprise its Business Group, which provides accounting and payroll software for small to large sized businesses and personal wealth management solutions, and its Legal Practice Management Group that focuses on practice management and workflow solutions to law firms in the USA.

The Business Group has recently achieved strong growth in cloud-based subscription revenue and has a user base of over 114,000 cloud users. Reckon believes that its continued investment in product development and the introduction of new, unique cloud-based offerings will grow customer numbers, ensure continued high retention rates and drive earnings.

Reckon's Legal Practice Management Group is primarily focused on the sale and development of cloud practice management products for law firms globally. The group is headquartered in the USA, which represents a large market opportunity, and has operations in the United Kingdom, with resellers in other geographies.



### **Next steps**

Reckon will continue to operate its Accountants Practice Management Business until completion and work closely with Access Group to ensure a successful transition that is “business as usual” for all clients and employees. Reckon will also provide certain transitional services to Access Group for a period of time after completion.

Reckon is being advised by Rothschild & Co and Herbert Smith Freehills.

### **About Access Group**

The Access Group is a leading provider of business management software and solutions to mid-sized and Asia Pacific organisations. It services 60,000+ customers across commercial and not-for-profit sectors through a range of finance and Human Resources focused technology solutions. [www.theaccessgroup.com](http://www.theaccessgroup.com)

### **About Reckon**

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

Reckon currently operates three divisions:

1. Business Group: provides accounting and payroll software for small to larger sized businesses and personal wealth management software branded as Reckon One and Reckon Accounts Hosted (cloud products), Reckon Accounts Business and Reckon Accounts Personal respectively. The divisions operate predominantly in Australia and New Zealand.
2. Accountants Practice Management Group: provides accounting practice management, client accounting, tax compliance and related software under the Reckon APS brand (to larger accounting firms), and Reckon Elite (to smaller accounting firms) (and which will no longer be part of Reckon if the Transaction completes)
3. Legal Practice Management Group: provides practice management software and workflow solutions to legal firms and corporations for document scanning and routing, print management and cost recovery solutions under the nQ Zebraworks brand, with a focus on releasing a new cloud practice management suite. It is operational predominantly in the USA and United Kingdom, with re-sellers in other parts of the world.

**AUTHORISED FOR RELEASE BY THE BOARD OF DIRECTORS OF RECKON LIMITED**

For further information, please contact:

Mr. Sam Allert  
Group CEO  
Reckon Limited  
(02) 9134 3310

Mr. Chris Hagglund  
Group CFO  
Reckon Limited  
(02) 9134 3360