Reckon

Appendix 4D

Half Year Ended – 30 June 2023

15 August 2023

1. Reckon Limited (ACN 003 348 730) results for the half year ended 30 June 2023

2. Results for announcement to the market

	6 months to June 2023	6 months to June 2022	% Growth
Revenue – continuing operations	**$28.2 million**	**$27.0 million**	**+4%**
Revenue – discontinued operations*	**-**	**$11.6 million**	**n/a**
EBITDA – continuing operations	**$11.0 million**	**$10.7 million**	**+3%**
EBITDA – discontinued operations*	**-**	**$6.1 million**	**n/a**
Net profit – continuing operations	**$3.8 million**	**$3.3 million**	**+16%**
Net profit – discontinued operations*	**-**	**$1.6 million**	**n/a**
Net profit attributable to members – continuing operations	**$4.2 million**	**$3.7 million**	**13%**
Net profit attributable to members – discontinued operations*	**-**	**$1.6 million**	**n/a**

* The Practice Management Accountant Group was sold effective 1 August 2022.

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

3. Net tangible assets

The net tangible assets per security as at 30 June 2023 is negative 10.7 cents per share (December 2022: negative 12.4 cents per share).

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

Not applicable.

5. Dividends

The Board has declared a fully franked dividend of 2.5 cents per share (2022: 3 cents per share). The dividend will be paid to shareholders recorded on the Company's Register as at record date of 1 September 2023 (see following announcement). The dividend is payable on 29 September 2023.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign accounting standards

Not applicable.

9. Audit

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

Sam Allert

Director, CEO
15 August 2023

Directors' Report

The directors of Reckon Limited submit herewith the financial report of Reckon Limited and it's subsidiaries (the Group) for the half year ended 30 June 2023. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Clive Rabie
Greg Wilkinson
Phil Hayman
Sam Allert

Review of Operations

Overview of financial performance for the half-year:

Reckon Limited ("Reckon" or the "Company") (ASX: RKN) is pleased to report that it is delivering to plan with a solid performance from the profitable Business Group, which is underpinning the continued investment in its cloud based products and the delivery of exceptionally strong topline growth for the Legal Group.

Financial highlights:

- Group revenue of $28.2m, up 4% on the previous corresponding period (PcP)
- Recurring revenue up 5% on the PcP to $25.8m
- EBITDA up 3% to $11.0m, compared to PcP
- NPAT of $3.8m, up 16% on PcP due primarily to a lower effective tax rate as a result of the R&D spend, offsetting higher amortisation costs
- Group operating cash flow for continuing operations of $3.8m, up 2% on PcP
- Balance sheet strengthened with net debt reduced by 90% from $2.8m to $0.3m
- Fully franked dividend of $0.025 per share

Operational highlights:

- Legal Group achieved exceptionally strong subscription revenue growth up 19% to $5.3m
- Business Group performance strengthened with a 6% uplift in cloud revenues despite a slight decline in user numbers to 109,000 following the discontinuation of the free Payroll app
- $7.3m invested in cloud-based product development to capitalise on growth opportunities in both business units

Financial commentary and operations overview:

Group revenue from continuing operations was $28.2m, up 4% on the previous corresponding period (PcP). The group remains committed to its core strategy of generating consistent growth in revenue and net profit supported by an ongoing priority on R&D spending.

Group Net Profit After TAX (NPAT) was $3.8m, a 16% uplift on the PcP, due primarily to a lower effective tax rate as a result of the group's R&D investments, offsetting higher amortisation costs. Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) during H1 was $11.0m, up 3% on the PcP.

Group operating cashflow was again solid at $3.8m (PcP $3.7m), after accounting for $7.3m of development spend, which has allowed Reckon to not only reduce net debt considerably but to also reward shareholders with a 2.5 cent fully franked dividend for the half, payable to shareholders 29 September 2023 with a record date of 1 September 2023. For the foreseeable future, the Board anticipates paying one dividend annually at the half year.

The strong cash flow also allowed Reckon to strengthen its balance sheet considerably, paying down $2.7m of debt and reducing net debt to just $0.3m, a prudent measure in the current environment.

During the half, Reckon's two core operating divisions – the Small Business Accounting and Payroll group ("Business Group") and the Legal Practice Management and Workflow group ("Legal Group") – continued to deliver solid growth.

Momentum in the Business Group was highlighted by another strong half of cloud-based subscription revenue growth, which rose by 6% to $12.0m.

Reckon's suite of cloud-based SME products are now used by over 109,000 customers despite the decision to discontinue the free service via its Payroll app. In total, subscription revenues from desktop and cloud-based products continue to contribute over 90% of total revenues for the division, which rose to $22.5m for the half.

Reckon's core Business Group operations were complemented by a strong half of growth in the Legal Group, which reported a 19% increase in subscription revenues to $5.3m.

The H1 result for the Legal Group validates the Company's strategy to pursue topline growth for its Practice Management and Workflow software in the lucrative US legal market, which comprises 500 of the world's largest firms and 46,000 mid-size firms.

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

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

Segment performance:

Business Group

- H1 revenues of $22.5m (up 3% on PcP),
- Comprising 91% subscription revenue
- EBITDA of $12.3m, consistent with the PcP
- Cloud revenue up by a further 6% on PCP, representing 53% of the divisions HY revenue

Legal Group

- H1 subscription revenues of $5.3m, up 19% from PcP (13% in constant currency)
- Fifth consecutive half of subscription revenue growth since H1 2021
- Continued investment in cloud-based software products
- Ongoing sales & marketing initiatives in the huge US legal market, where there remains an opportunity to introduce cloud practice management products for law firms still largely using desktop software
- Reckon now serves 497 clients with 8 of the 25 largest law firms in the US and 5 of the top 7 law firms in Canada

Rounding of amounts to the nearest thousand dollars

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

Auditor's independence declaration

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

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

On behalf of the directors

Sam Allert
Director, CEO

Sydney, 15 August 2023

Condensed Consolidated Statement of Profit or Loss for the half-year ended 30 June 2023

	Note	Half-year 30 June 2023 $'000	Half-year 30 June 2022 $'000
Continuing operations			
Revenue from sale of goods and rendering of services	**3**	**28,168**	**27,000**
Product costs		(3,578)	(3,511)
Employee benefits expenses		(9,341)	(8,983)
Marketing expenses		(1,669)	(1,631)
Legal and professional expenses		(466)	(453)
Other expenses		(1,843)	(1,622)
Transaction costs		(239)	(59)
Depreciation and amortisation		(6,770)	(6,253)
Finance costs		(122)	(89)
Profit before income tax		**4,140**	**4,399**
Income tax expense	4	(314)	(1,113)
Profit for the half-year from continuing operations		**3,826**	**3,286**
Profit from discontinued operations - trading		-	2,025
Discontinued operations - sale costs expensed		-	(420)
Profit from discontinued operations attributable to owners of the parent	2, 12	-	1,605
Profit for the half-year		**3,826**	**4,891**
Profit attributable to:			
Owners of the parent		4,200	5,316
Non-controlling interest		(374)	(425)
		3,826	**4,891**
Earnings per share		cents	cents
Basic earnings per share		3.7	4.7
Diluted earnings per share		3.7	4.6
Earnings per share from continuing operations		cents	cents
Basic earnings per share		3.7	3.3
Diluted earnings per share		3.7	3.2
Earnings per share from discontinued operations		cents	cents
Basic earnings per share		-	1.4
Diluted earnings per share		-	1.4

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 30 June 2023

	Half-year 30 June 2023 $'000	30 June 2022 $'000
Profit for the half-year	**3,826**	**4,891**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value movement on interest rate swap	-	58
Exchange differences on translation of net asset values of foreign operations - continuing operations	15	441
Exchange differences on translation of net asset values of foreign operations - discontinued operations	-	(41)
	15	458
Total comprehensive income	**3,841**	**5,349**
Total comprehensive income attributable to:		
Owners of the parent	4,215	5,774
Non-controlling interest	(374)	(425)
	3,841	**5,349**

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

Condensed Consolidated Statement of Financial Position
as at 30 June 2023

	Note	June 2023 $'000	December 2022 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		1,130	1,233
Trade and other receivables	9	1,775	1,949
Inventories		286	347
Current tax receivables		-	-
Other assets		1,653	1,448
Total Current Assets		4,844	4,977
Non-Current Assets			
Trade and other receivables	9	562	146
Property, plant and equipment		555	686
Deferred tax assets		1,508	985
Intangible assets	13	32,111	31,017
Other assets		66	96
Right of use assets		1,542	2,037
Total Non-Current Assets		36,344	34,967
Total Assets		41,188	39,944
LIABILITIES			
Current Liabilities			
Trade and other payables		3,494	3,329
Provisions		2,001	1,927
Contract liabilities		5,784	5,804
Current tax liabilities		479	299
Lease liabilities		1,098	1,091
Total Current Liabilities		12,856	12,450
Non-Current Liabilities			
Trade and other payables		250	250
Borrowings	7	1,417	4,074
Deferred tax liabilities		2,525	2,389
Provisions		329	206
Contract liabilities		1,513	1,330
Lease liabilities		772	1,329
Total Non-Current Liabilities		6,806	9,578
Total Liabilities		19,662	22,028
NET ASSETS		21,526	17,916
EQUITY			
Issued capital	5	20,524	19,534
Reserves		(48,954)	(48,087)
Retained earnings		49,612	45,698
Equity attributable to owners of the parent		21,182	17,145
Non-controlling interest		344	771
TOTAL EQUITY		21,526	17,916

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

Condensed Consolidated Statement of Changes in Equity for the half-year ended 30 June 2023

	Issued capital $'000	Share buy back reserve $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Acquisition of non-controlling interest reserve $'000	Swap hedging reserve $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
Total equity at 1 January 2023	**19,534**	**(42,018)**	**(1,148)**	**1,231**	**(6,152)**	**0**	**45,698**	**771**	**17,916**
Profit for the half-year	-	-	-	-	-	-	4,200	(374)	3,826
Exchange differences on translation of net asset values of foreign operations	-	-	13	2	-	-	-	-	15
Total Comprehensive Income for the half year	-	-	13	2	-	-	4,200	(374)	3,841
Non-controlling interest shares acquired by Reckon Limited	-	-	-	-	-	-	-	(881)	(881)
Shares issued to non-controlling shareholders	-	-	-	-	-	-	-	747	747
Dividends paid	-	-	-	-	-	-	-	-	-
Vested shares (note 5)	990	-	-	(1,033)	-	-	(286)	-	(329)
Share based payments expense	-	-	-	151	-	-	-	81	232
Total equity at 30 June 2023	**20,524**	**(42,018)**	**(1,135)**	**351**	**(6,152)**	**0**	**49,612**	**344**	**21,526**
Total equity at 1 January 2022	**20,524**	**(42,018)**	**(1,689)**	**1,291**	**(6,152)**	**(58)**	**58,631**	**1,294**	**31,823**
Profit for the half-year	-	-	-	-	-	-	5,316	(425)	4,891
Fair value movement on interest rate swap	-	-	-	-	-	58	-	-	58
Exchange differences on translation of net asset values of foreign operations	-	-	397	3	-	-	-	-	400
Total Comprehensive Income for the half year	-	-	397	3	-	58	5,316	(425)	5,349
Dividends paid	-	-	-	-	-	-	(2,266)	-	(2,266)
Vested shares (note 5)	-	-	-	(444)	-	-	(364)	-	(808)
Share based payments expense	-	-	-	347	-	-	-	281	628
Total equity at 30 June 2022	**20,524**	**(42,018)**	**(1,292)**	**1,197**	**(6,152)**	**0**	**61,317**	**1,150**	**34,726**

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

Condensed Consolidated Statement of Cash Flows
for the half-year ended 30 June 2023

	Note	Half-year 30 June 2023 $'000	30 June[1] 2022 $'000
Cash Flows From Operating Activities			
Receipts from customers		31,396	42,568
Payments to suppliers and employees		(19,678)	(24,583)
Payment for capitalised development costs		(7,327)	(11,019)
Interest paid		(97)	(193)
Income tax paid		(506)	(1,256)
Net cash inflow from operating activities		3,788	5,517
Cash Flows From Investing Activities			
Payment for property, plant and equipment		(59)	(125)
Acquisition of non-controlling interest		(881)	-
Net proceeds from sale of business		120	-
Net cash inflow/(outflow) from investing activities		(820)	(125)
Cash Flows From Financing Activities			
Dividends paid		-	(2,266)
Payment for treasury shares		(43)	(808)
Payments for lease liabilities capitalised under AASB16		(598)	(984)
Proceeds from issue of shares to non-controlling interests		219	-
Repayment of borrowings		(2,657)	(1,871)
Net cash outflow from financing activities		(3,079)	(5,929)
Net Increase/(decrease) in Cash and Cash Equivalents		**(111)**	**(537)**
Cash and cash equivalents at the beginning of the half-year		1,233	1,394
Effects of exchange rate changes on cash and cash equivalents		8	(9)
Cash and Cash Equivalents at the end of the half-year		1,130	848

Note 1: The prior year cash flows include the cash flows from the discontinued operation (refer note 12)

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

Notes to the Condensed Consolidated Financial Statements for the half-year ended 30 June 2023

Note 1. Basis of preparation of half-year report

This general purpose financial report for the interim half year ended 30 June 2023 has been prepared in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

This interim financial report does not include all of the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by Reckon Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

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

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

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

Note 2: Segment information

Primary segments

	Business Group $'000	Practice Management Legal Group $'000	Continuing operations Group $'000	Discontinued operations Group $'000	Consolidated Group $'000
Half-year 2023					
Segment revenue	**22,462**	**5,706**	**28,168**	**-**	**28,168**
Segment EBITDA	**12,268**	**244**	**12,512**	**-**	**12,512**
Depreciation and amortisation	(4,707)	(2,063)	(6,770)	-	(6,770)
Total segment profit before tax	**7,561**	**(1,819)**	**5,742**	**-**	**5,742**
Central administration costs			(1,241)	-	(1,241)
Transaction costs			(239)	-	(239)
Finance costs			(122)	-	(122)
Profit before tax			**4,140**	**-**	**4,140**
Income tax expense			(314)	-	(314)
Profit for the half-year			**3,826**	**-**	**3,826**
Half-year 2022					
Segment revenue	**21,904**	**5,096**	**27,000**	**11,623**	**38,623**
Segment EBITDA	**12,331**	**(108)**	**12,223**	**6,679**	**18,902**
Depreciation and amortisation	(4,196)	(2,057)	(6,253)	(3,930)	(10,183)
Total segment profit before tax	**8,135**	**(2,165)**	**5,970**	**2,749**	**8,719**
Central administration costs			(1,423)	-	(1,423)
Transaction costs			(59)	(600)	(659)
Finance costs			(89)	-	(89)
Profit before tax			**4,399**	**2,149**	**6,548**
Income tax expense			(1,113)	(544)	(1,657)
Profit for the half-year			**3,286**	**1,605**	**4,891**

The revenue reported above represents revenue generated from external customers.

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

The principal activities of these divisions are as follows:

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

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

Discontinued operations relate to the Practice Management, Accountants Group sold effective 1 August 2022.
Details of the transaction is set out in note 12.

Note 3. Revenue

Reckon generates revenue from the following revenue streams:

Primary segments		Revenue recognition	Business Group $'000	Practice Management Accountant Group $'000	Practice Management Legal Group $'000	Consolidated Group $'000
Half-year 2023						
Segment operating revenue:						
Subscription revenue	Licence, support and hosting	Over time	6,171	-	5,257	11,428
	Licence	Point in time	14,311	-	-	14,311
Other recurring revenue	Support	Over time	2	-	-	2
	Licence	Point in time	80	-	-	80
Loan income	Interest and commission	Over time	85	-	-	85
Other revenue	Membership support	Over time	329	-	-	329
	Membership fees - licence	Point in time	963	-	-	963
	Licence and implementation	Point in time	-	-	449	449
	Other	Point in time	521	-	-	521
Continuing operations			**22,462**	**0**	**5,706**	**28,168**
Half-year 2022						
Segment operating revenue:						
Subscription revenue	Licence, support and hosting	Over time	5,686	-	4,408	10,094
	Licence	Point in time	14,263	-	-	14,263
Other recurring revenue	Support	Over time	3	-	-	3
	Licence	Point in time	128	-	-	128
Loan income	Interest and commission	Over time	106	-	-	106
Other revenue	Membership support	Over time	351	-	-	351
	Membership fees - licence	Point in time	988	-	-	988
	Licence and implementation	Point in time	-	-	688	688
	Other	Point in time	379	-	-	379
Continuing operations			**21,904**	**0**	**5,096**	**27,000**
Discontinued operations	Bundled license, support Hosting and implementation	Over time	-	11,256	-	11,256
	Licence and implementation	Point in time	-	367	-	367
Total revenue			**21,904**	**11,623**	**5,096**	**38,623**

Note 4. Income tax for continuing operations

	Half-year 30 June 2023 $'000	30 June 2022 $'000
Current tax	1,011	1,113
Adjustment to prior year research and development claim	(697)	-
	314	1,113

Note 5. Issued capital

113,294,832 shares were in issue at 30 June 2023 and at 31 December 2022.

81,249 treasury shares (2022: 796,479) were purchased in the current period for $42 thousand.

1,731,250 treasury shares (2022: 796,479) vested in the current period valued at $1,033 thousand.

Note 6. Dividends

	Half-year	
	30 June 2023 $'000	30 June 2022 $'000
Ordinary shares		
Dividends paid during the half-year	-	2,266
Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of a dividend of 2.5 cents per share fully paid ordinary share (2022: 3 cents). The dividend will be fully franked. The aggregate amount of the proposed dividend expected to be paid on 29 September 2023 out of the retained profits at 30 June 2023, but not recognised as a liability at the end of the half-year, is	2,832	3,399

Note 7. Borrowings

The Group has bank facilities in place to March 2025. The facility comprises variable rate bank overdraft facilities, loan facilities, bank guarantee and transactional facilities that totalled $25million during the period. The facility is secured over the Australian and New Zealand assets.

Note 8. Fair value of financial instruments

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

Note 9. Trade and other receivables

	30 June 2023 $'000	December 2022 $'000
Current		
Trade receivables	1,409	1,881
Expected credit loss	(24)	(30)
Other receivables	390	98
	1,775	1,949
Non-Current		
Receivables from non-controlling interests	410	-
Other receivables	152	146
	562	146

Note 10. Working capital deficiency

The condensed consolidated statement of financial position indicates an excess of current liabilities over current assets of $8,012 thousand for continuing operations (December 2022: $7,473 thousand). This arose partly due to adoption of AASB 16, whereby right of use assets are treated as non-current assets, whereas a portion of lease liabilities are treated as current liabilities. Also, included in current liabilities are contract liabilities of $5,784 thousand, settlement of which will involve substantially lower cash outflows. Net cash inflows from operating activities for the half year were $3,788 thousand (2022: $5,517 thousand).
Unused bank facilities at reporting date was $22,356 thousand.
Based on the above, the Directors believe that preparation of the financial report on a going concern basis is appropriate.

	30 June 2023 $'000	30 June 2022 $'000

Note 11. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. STI and vested shares in respect of the 2022 year were paid/released in the half year. No STI has been paid or shares vested in respective of the 2023 year during the half year.

Note 12. Disposal of Practice Management Accountant Group

The Practice Management Accountant Group was sold to the Access Group for $100 million during the prior half year. The transaction completed on 1 August 2022.

Discontinued operations trading results

	30 June 2023 $'000	30 June 2022 $'000
Revenue	-	11,623
Expenses	-	(8,874)
Sale costs expensed	-	(600)
Profit before tax	-	2,149
Attributable income tax expense	-	(544)
Profit from discontinued operations attributable to owners of the parent	-	1,605
Exchange differences on translation of net asset values of foreign operations(discontinued operations)	-	(41)

Cashflows from discontinued operations

	30 June 2023 $'000	30 June 2022 $'000
Net cashflow from operating activities	-	1,800
Net cashflow from investing activities	-	(11)
Net cashflow from financing activities	-	(334)
	-	1,455

Note 13. Intangible assets

	30 June 2023 $'000	December 2022 $'000
Goodwill		
Balance at the beginning of the period	3,171	18,349
Disposals	(46)	(14,641)
Impairment to goodwill	-	(684)
Effect of foreign currency exchange differences	80	147
	3,205	3,171
Development costs	28,906	27,846
Total intangible assets	32,111	31,017

Note 14. Subsequent events

There were no subsequent events that have significantly affected, or may significantly affect the consolidated entity's results and financial position at 30 June 2023.

Directors' Declaration

The directors declare that:

in the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position as at 30 June 2023 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) complying with accounting standards

(b) there are reasonable grounds to believe that Reckon Limited will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

Sam Allert
Director, CEO

Sydney, 15 August 2023

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Sydney NSW 2000
Australia

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

As lead auditor for the review of Reckon Limited for the half-year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Gareth Few
Director

BDO Audit Pty Ltd

Sydney, 15 August 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Reckon Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Reckon Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 30 June 2023, the condensed consolidated statement of profit or loss , the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit Pty Ltd

BDO

Gareth Few

Gareth Few
Director

Sydney, 15 August 2023