

Reckon invests further in nQ Zebraworks for cloud growth

US\$4.5 million additional funding for nQ Zebraworks

Reckon Limited (“Reckon” or the “Company”) (ASX: RKN) advises that it, together with minority shareholders, has agreed funding for nQ Zebraworks to continue to pursue cloud growth and, as a result, has participated in a US\$4.5M million (AUD 7.0 million) preference share issue by nQueue Zebraworks Inc, a Reckon subsidiary and the holding company for the Legal Group, trading as nQ Zebraworks.

Reckon’s commitment is US\$3.75 million (AUD 5.9 million), which includes Reckon’s pro rata entitlement and a portion of the shortfall as a result of certain minority shareholders not contributing. Reckon will contribute US\$1.6M on issue of the preference shares, via conversion of existing debt, with the balance of the commitment at call by nQueue Zebraworks Inc. The balance is anticipated to be fully called by the end of 2026.

The balance of the capital raising was through existing nQueue Zebraworks Inc. shareholders, including nQ Zebraworks CEO, Bill Bice and CRO, Ken Bassham.

Reckon’s contribution will be funded through earnings from existing operations and the company’s existing debt facilities. The material terms of the preference shares are included in the Annexure to this announcement together with the capital structure of nQueue Zebraworks Inc. post preference share issue.

The ASX granted Reckon a waiver from ASX Listing Rule 10.1 to permit Reckon to acquire the preference shares without obtaining shareholder approval.

Reckon Group CEO, Mr Sam Allert said: *“We have committed significant resources to the development of nQ Zebraworks’ cloud-based technology and the build out of its sales and support functions over the past few years. We remain confident that the addressable market for the BillingQ offering justifies our continued investment. Leading indicators are positive with an increase in orders taken over 2023 including our largest individual annual recurring revenue sale.*

In addition to continued product development, this funding will allow nQ Zebraworks to pursue the higher growth strategy that commenced at the end of Q3 2024 with an increased headcount in sales, support and development. This funding is expected to support the business through to the end of 2026.”

nQ Zebraworks CEO, Bill Bice said: *“This additional investment in nQ Zebraworks will allow us to pursue the market opportunities for BillingQ that we have been building towards. It is an exciting time to lead the business as we look to capitalise on years of development effort and drive exponential sales growth in the near term.”*

AUTHORISED FOR RELEASE BY THE BOARD OF DIRECTORS OF RECKON LIMITED

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 and Reckon Accounts Personal.

The Business Group operates in Australia and New Zealand.

2. The Legal Group operates under the nQ Zebraworks brand. nQ 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.

nQ Zebraworks products are its server-based scan, print, document workflow, and cost recovery systems together with its cloud based "Queues" technology billings workflow solution, BillingQ and business intelligence tool, DataQ.

nQ 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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ANNEXURE

Terms of preference shares issued include:

- Total value raised of US\$4.5m, based on a US\$20m pre money valuation
- Issue Price US\$1.5766 per preference share
- Preference shareholders are entitled to a 7% per annum dividend on Issue Price
- In addition to class voting rights, preference shareholders vote 1 for 1 with ordinary shareholders
- In the event of a sale of the business or any liquidation of nQueue Zebraworks Inc., preference shareholders are entitled to receive 3.5 times the Issue Price together with unpaid dividends prior to a distribution to other shareholders

Issued capital post preference share issue:

	Fully Paid Ordinary Shares (Common Stock)	Preference Shares (Series B Preferred Shares)	Total
Reckon	9,665,241	2,378,536	12,043,777
Total on issue (inclusive of 327,653 US\$0.25 options)	12,685,070	2,854,242	15,539,312
Reckon Percentage Holding	76.19%	83.33%	77.51%

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