



ASX Announcement

3 July 2012

Acquisition of Linden House Software Limited (UK)

Reckon Limited is pleased to announce the acquisition of Linden House Software Limited (LH), a business based in Cambridge, United Kingdom, developing and distributing the following products:

- Virtual Cabinet – which is a Document Management (DM) solution; and
- Virtual Portal – a Client Portal (CP) solution that allows businesses to collaborate online.

The price for this acquisition will be based upon the performance of the LH business over the next 3 years, to give Reckon an effective acquisition multiple of 5x 2015 EBITDA. The initial payment is \$9 million, and the most likely total payment for this business is \$22 million.

The acquisition is effective from 1 July 2012.

Reckon Group CEO, Clive Rabie said:

“We have been searching for a DM and CP solution that fits all parts of our business for a long time and feel certain we have now achieved that.

The beauty of the deal is that LH management with its excellent history retain control and remains incentivised to grow EBITDA both by organic growth and with a strategic relationship within the Reckon group. All parties are therefore motivated to help grow the business.

The LH products are sold to hundreds of customers across a wide variety of industries, with its strongest presence in accounting practices, financial services providers and insurance companies. It is used by clients ranging from micro businesses to large corporations and practices.

The Virtual Cabinet products will form part of:

- our APS suite (targeting larger accounting practices),
- our Elite suite (targeting the remaining accounting market),
- our NQBB suite (targeting legal practices across the world),
- as well as our small and medium size business suite.

LH’s products will round off many of our software solutions. It is a solution that is getting great traction in the UK market in many industries and consequently provides a good future opportunity for Reckon across all of our divisions.”

Alison Jackson, co-founder and Sales Director of LH said:

“Partnering with Reckon will allow us to take our market leading Document Management and Client Portal products to the Australian, New Zealand and US markets. We can add value both in domain expertise and the sales process to help with a successful rollout. I also believe that culturally both companies will fit well together.”

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