



22 November 2017

CLASS LIMITED (CL1) - INVESTOR DAY UPDATE

Today marks the inaugural Investor Day hosted by Class Limited.

The presentations will provide an overview of the business, the Super Reforms and their impact on the SMSF industry and how we are driving marketing and sales given the challenges faced by our client base.

We will also be updating attendees on the client and account numbers – key figures are provided below. Please refer to the associated presentation material for further details.

Between 30 September 2017 and the close of business 20 November 2017:

- Class Super has grown by an additional **3,321** accounts, currently **150,243** SMSFs
- Class Portfolio has grown by an additional **243** accounts, currently **3,874** portfolios
- We had our best October ever, a **+35%** uplift in new accounts compared with October last year
- Total Class customers increased by **45** subscribers, currently **1,249**
- Net new accounts added for the quarter to date are **+50%** up on this time last year

The above growth was supported by a marketing campaign aimed at stimulating cloud adoption decisions, that may otherwise have been deferred by Super Reforms. Further details are included in the presentation material.

As previously foreshadowed, AMP's SuperConcepts business has now consolidated their Class licences under a single agreement with a standard 90 days' notice of termination. We expect the AMP funds, which represent **6%** of annualised revenue, to migrate to AMP's systems, but no date has been specified.

You can register to receive information about upcoming events by emailing investor@class.com.au

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Class Limited

Investor Day

22 November 2017

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- This presentation contains non-IFRS measures which are used internally by management to assess the performance of the business and have been extracted or derived from the FY17 financial report.
- All currency amounts are in AUD unless otherwise stated.

Overview of Class

- Leading provider of cloud-based software for SMSF administration and wealth accounting.
- Class delivers efficiency, profitability and growth to accountants and specialist administrators by powering improved reporting and services to planners and investors, through:
 - data feeds and investment data aggregation
 - a fully automated GL, financial statements and tax reporting
 - investment reporting including asset allocation, income and performance
 - an extensive, integrated partner product and services network
- Flagship product, **Class Super**, launched in 2009, is used by 1,244 accounting and administration businesses to manage 150,243 SMSFs, 25% of Australia's 598,620 SMSFs¹.
- **Class Portfolio**, for trusts, investment companies and direct investments, launched in October 2015, now used to administer 3,874 portfolios

¹ APRA Quarterly Superannuation Performance September 2017

High Customer Satisfaction, Recurring Revenue

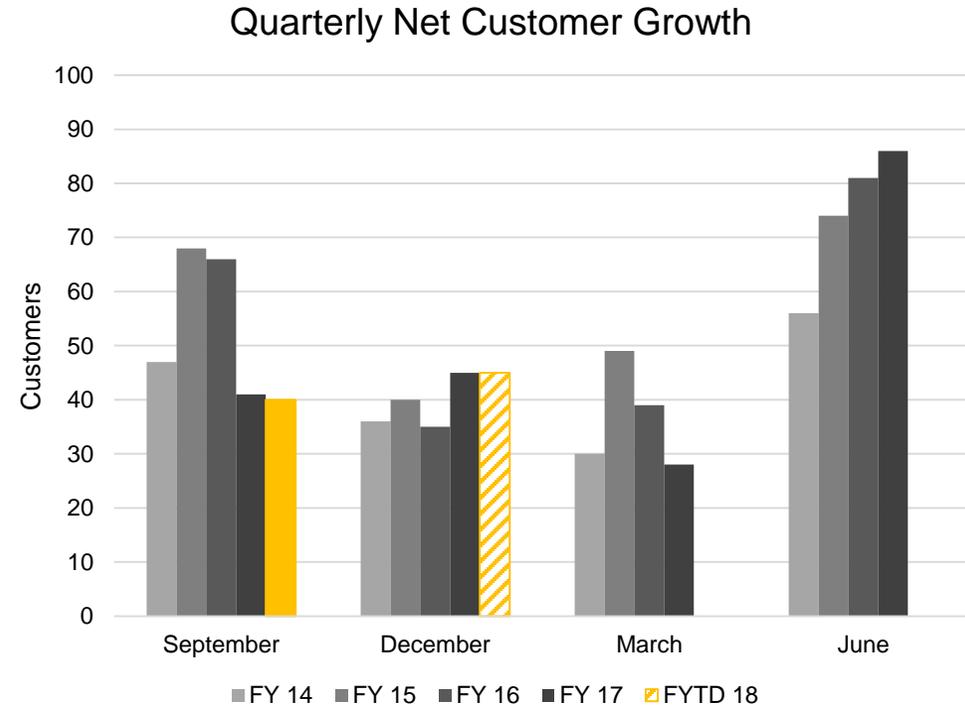
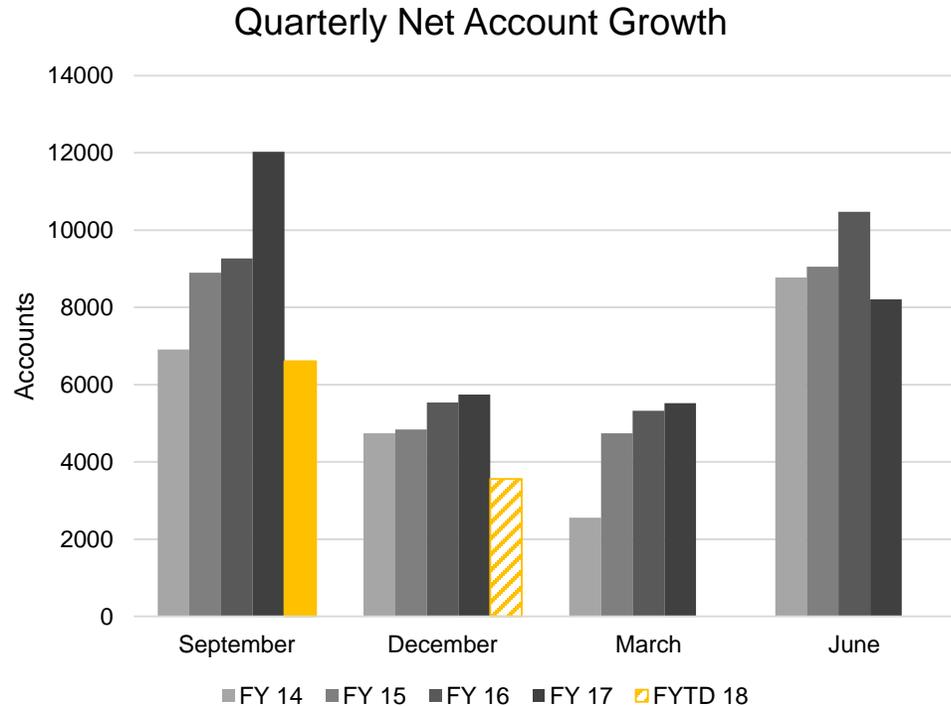
- Class Super has won all SMSF software awards since 2014
 - CoreData SMSF award for SMSF Accounting Software/Administration
 - SMSF Adviser SMSF Software Provider of the Year
 - Investment Trends Highest Overall Client Satisfaction: SMSF Software

- High retention rate fuels strong recurring revenue (**99.5%** on a rolling 12 month basis to 31 Oct 2017)
- Software licence fees makes up **95%** of our revenue; at 31 Oct 2017 ACMR was **\$32.6m**
 - AMP is **6%** of ACMR and has stated they will migrate to AMP software; no date has been given
 - As previously indicated, AMP now has a single Class agreement with a 90 day notice period
- An additional **4%** of Class' revenue is earned from Partner program fees

| | Core Data | SMSF Adviser | Investment Trends |
|------|---|---|---|
| 2013 | BGL Simple Fund (desktop) | | |
| 2014 |  Class |  Class | |
| 2015 |  Class |  Class |  Class |
| 2016 |  Class |  Class |  Class |
| 2017 |  Class |  Class |  Class |



Quarterly Growth



- **+3,564** new accounts (**3,321** SMSF, **243** portfolio) loaded for the quarter to date, **+50%** up on same time last year
- **+45** net new subscribers, already equaling the full quarter last year

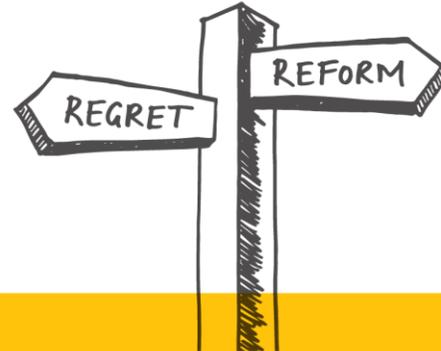
Q2 Campaign

Better move.

Choose **Class Super**
and pay nothing 'til 1 July 2018*

[Register Now](#)

Strictly limited - better be quick!

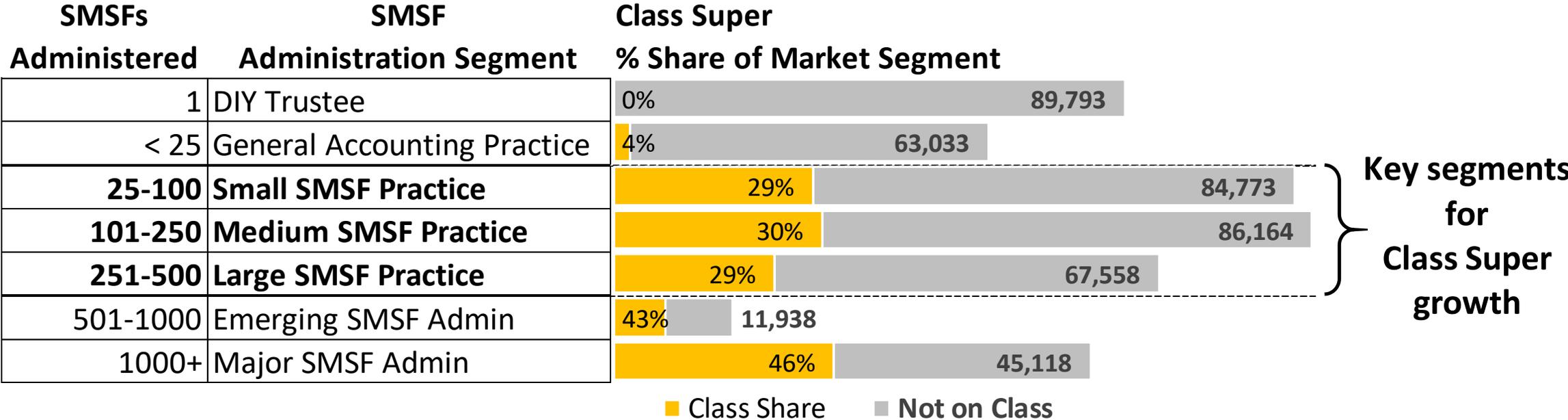


*Terms & Conditions Apply



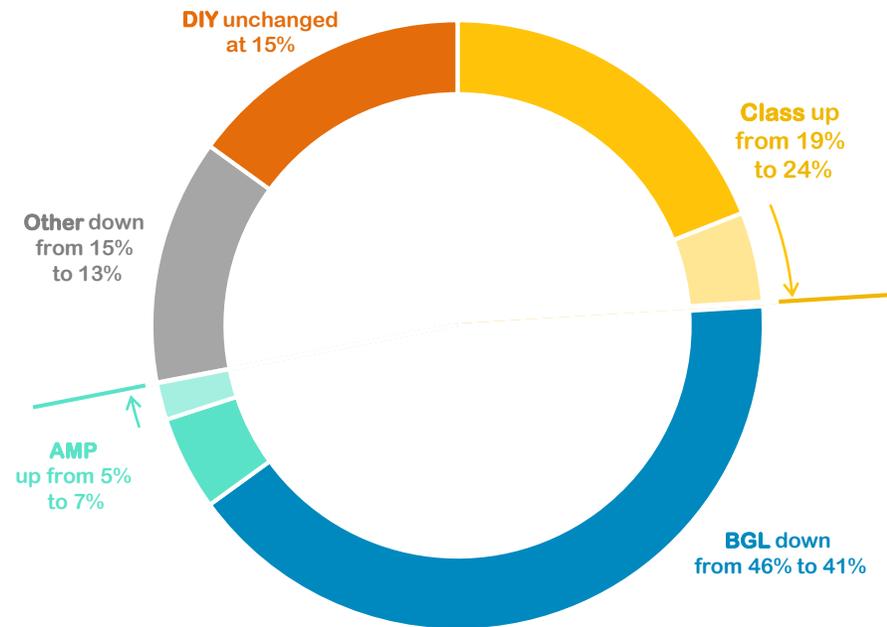
- **Goal:** incentivise firms who:
 - were deferring due to Super Reforms
 - will be 'too busy' to migrate in Q3/Q4
 - see moving to their current provider's cloud solution as the 'easy' option
- **Result:** record number of new accounts loaded in October, **+35%** on last year
- Our quarter to date figures are already **+50%** up on net new accounts added by this time last year

Plenty of Opportunity to Increase Share



Where is Class winning market share?

SMSF Software Market Share (c. Mar 2017)
by est. no. SMSFs administered on each system¹

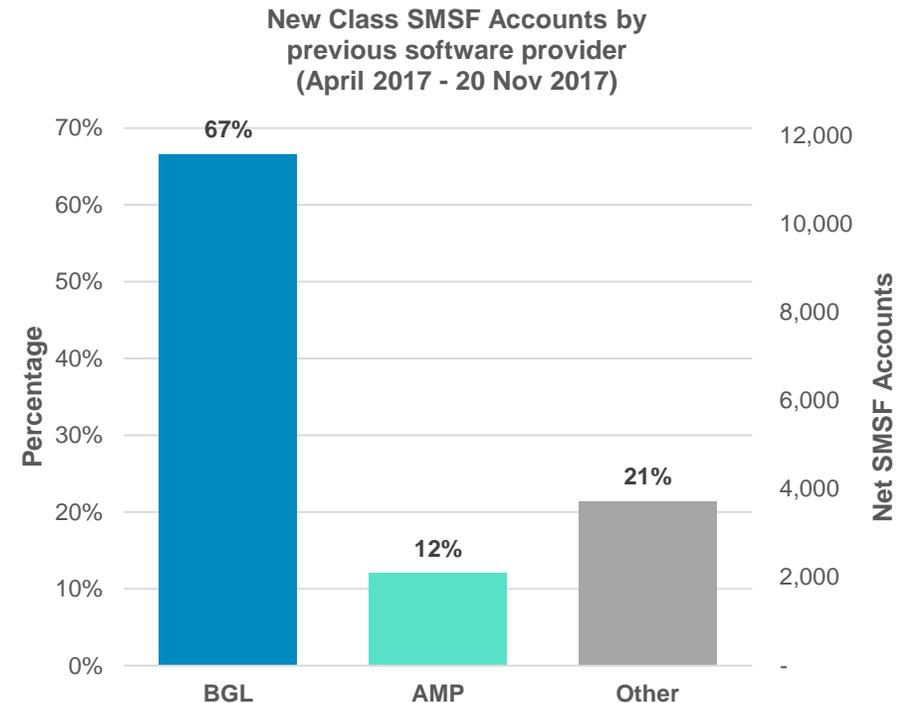


¹ Estimated from company announcements and various *Investment Trends surveys of SMSF Investors, Planners and Accountants in 2016 and 2017*.

DIY = SMSFs administered directly by investors.

Other = SMSFs administered by accountants on Excel and general accounting software.

Source of Class Wins (since Mar 2017)



- Since March the number of SMSFs has grown ~1.3%²
- Class Super grew by ~13% from 1 Apr to 20 Nov 2017

² APRA Quarterly Superannuation Performance March 2017 & September 2017

Impact of Super Reforms

FY17

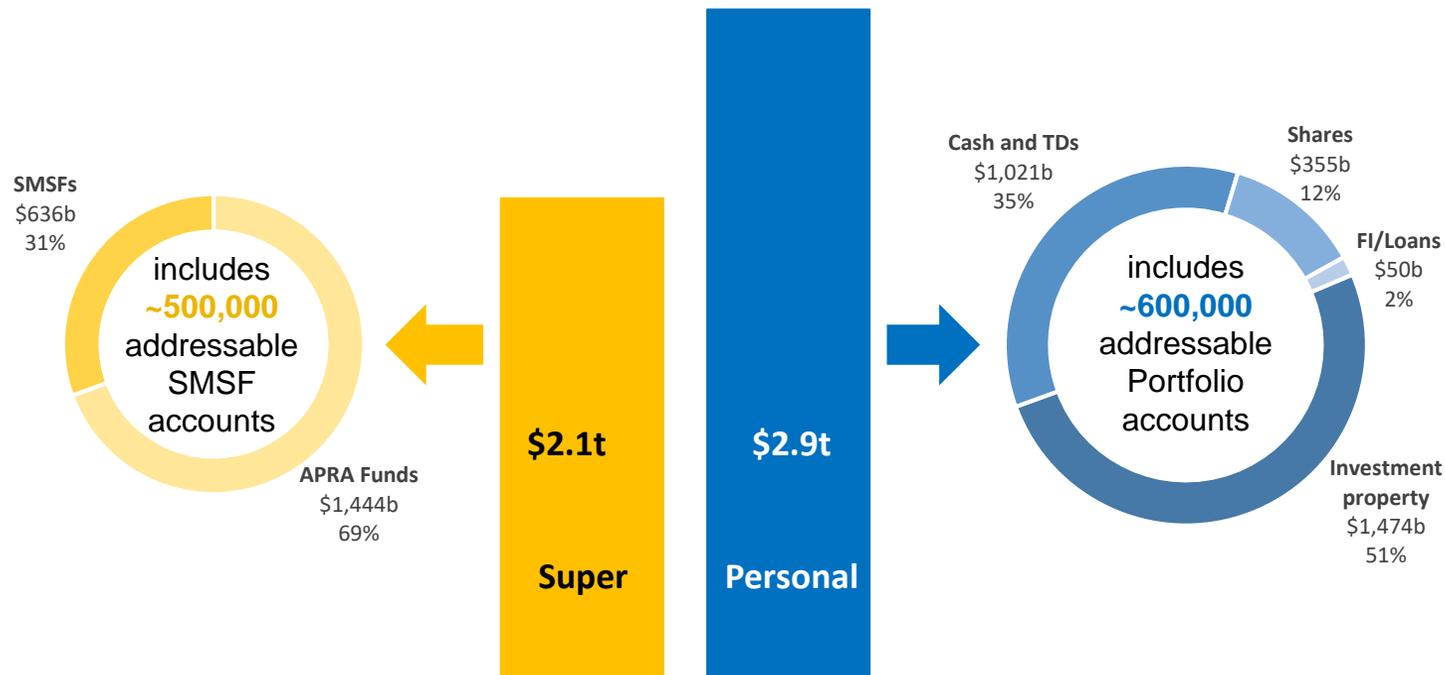
| | |
|--|---|
| Uncertainty with rules for much of 2017 | ...saw 4% industry growth, lowest in five years |
| Industry disrupted by time required to assess and advise investors | ...delayed industry lodgments and loading to Class |
| Significant technology costs for industry | ...Class Super ~\$1m in FY17 (...similar spend in FY18) |

Moving forward

| | |
|--|--|
| Complexity, especially upcoming reporting | ...driving need for Class Super |
| Caps on contributions and pension balances | ...driving need for Class Portfolio's 'whole of wealth' solution |

Large Class Portfolio Opportunity

Household Investment Assets*



*Excludes owner-occupied dwellings and ownership of own business

Sources: APRA, ATO

Sources: ABS, ATO, CoreLogic, Rice Warner

- SMSFs are no longer the “catch-all” they used to be
- Accountants need to have plans for ‘Family Office’ style offerings and a whole of wealth view
- Class Portfolio provides the platform for accountants to deliver these solutions

Partner Ecosystem

- 76 live partners across 13 categories who provide innovative solutions and opportunities for revenue share and cross-sell
- Wide range of products, services and solutions that are integrated with, or complementary to, Class
- Includes partners, such as Stockspot, that embed the core components of Class in their FinTech solutions:
 - accounts are NOT counted in Class Super or Portfolio account numbers
 - revenue from these clients is booked to partner revenue not ACMR
- Current partner revenue accounts for **4%** of total revenue

Actuarial Services

Audit Services

Administration

Advice Tools

**Audit
Software**

Bank Accounts

Education Solutions

**Document
Providers**

Insurance

Investing & Trading

Practice Management

**Adviser
Solutions**

**Property
Services**

Clear Strategy

- **Class Super**

- invest in a product roadmap to maintain market leadership of cloud
- win market share by providing what customers need

- **Class Portfolio**

- deliver a 'whole of wealth' and investor centred solution for the future
- broadens our target market to embrace financial planners

- **Broaden Platform**

- partner, build or buy to increase partner revenue from across the wealth accounting value chain
- enhance benefits for customers creating a 'network effect' for client acquisition and retention

Glossary

Accounts: billable Class Super funds and Class Portfolio entities.

ARPU: (Average Revenue Per Unit) assuming any sales promotions have ended and other factors such as pricing remain unchanged.

ACMR: (Annualised Committed Monthly Revenue) number of Accounts at the end of period multiplied by ARPU.

CAC: (Customer Acquisition Costs) sales, marketing and implementations expenses divided by gross new Accounts added.

EBITDA margin: calculated by dividing EBITDA by operating revenue.

Established Customers: practices that have been using Class for over 12 months.

NPAT margin: calculated by dividing NPAT by operating revenue.

NPBT margin: calculated by dividing NPBT by operating revenue.

Retention Rate: (Accounts for the period less Accounts lost due to customer terminations) / Accounts for the period. Accounts lost = the maximum number of Accounts the customer had during the year. Novations do not count as customer terminations.