Class Limited

FY18 Results Presentation

Kevin Bungard, CEO

21 August 2018

Class

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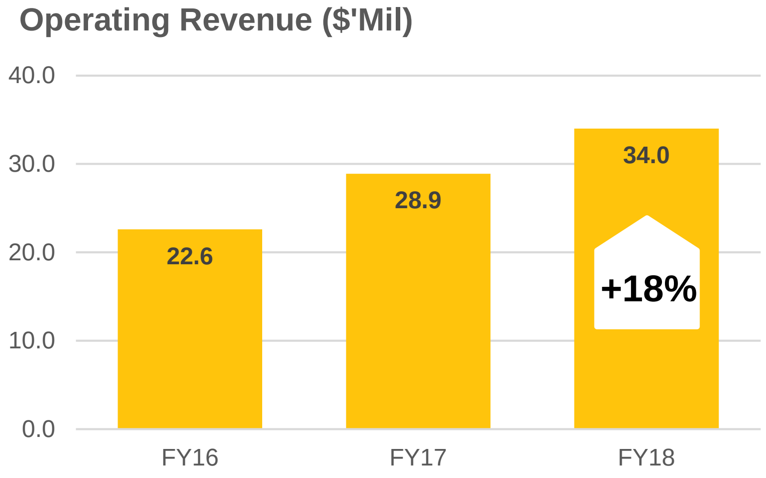
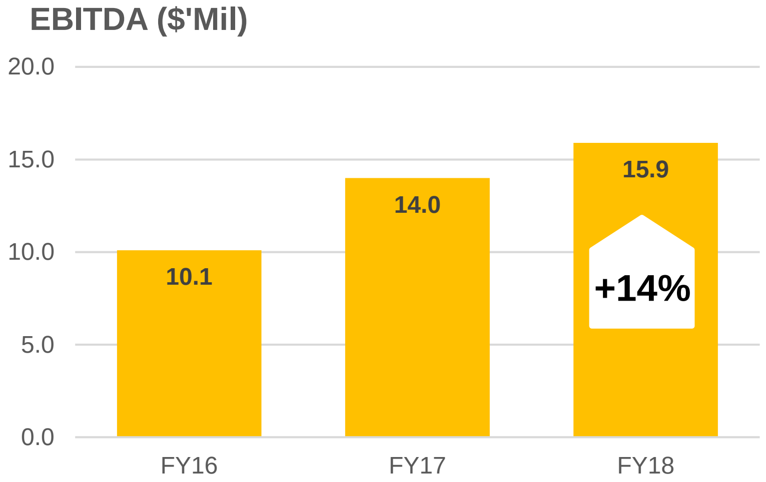
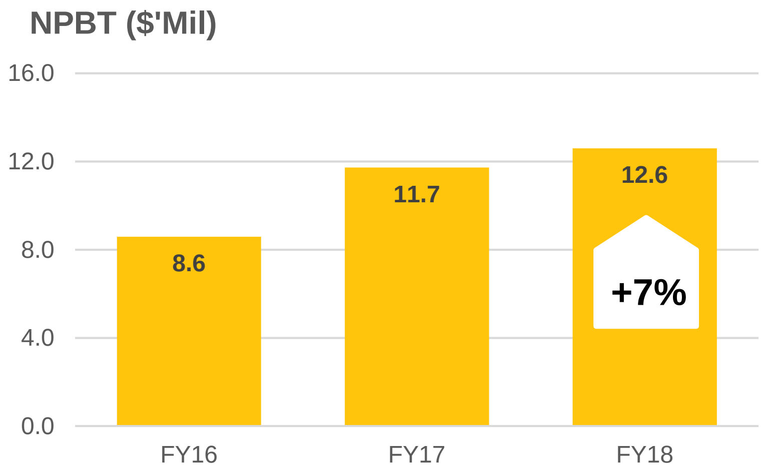
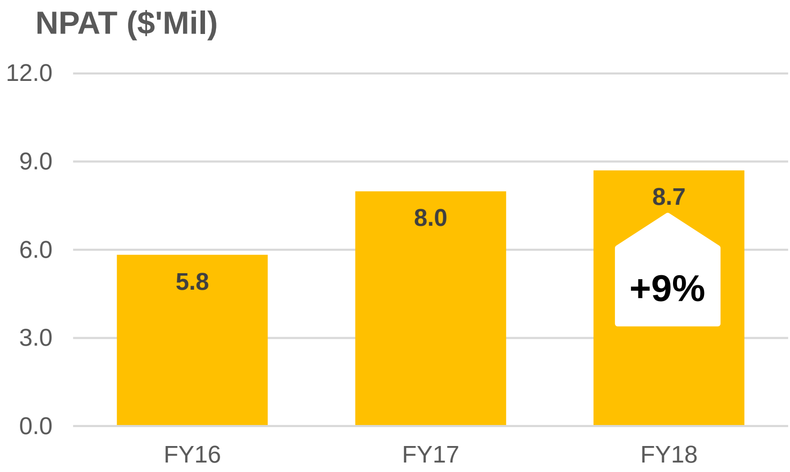
Strong Revenue Growth and Profit Margins





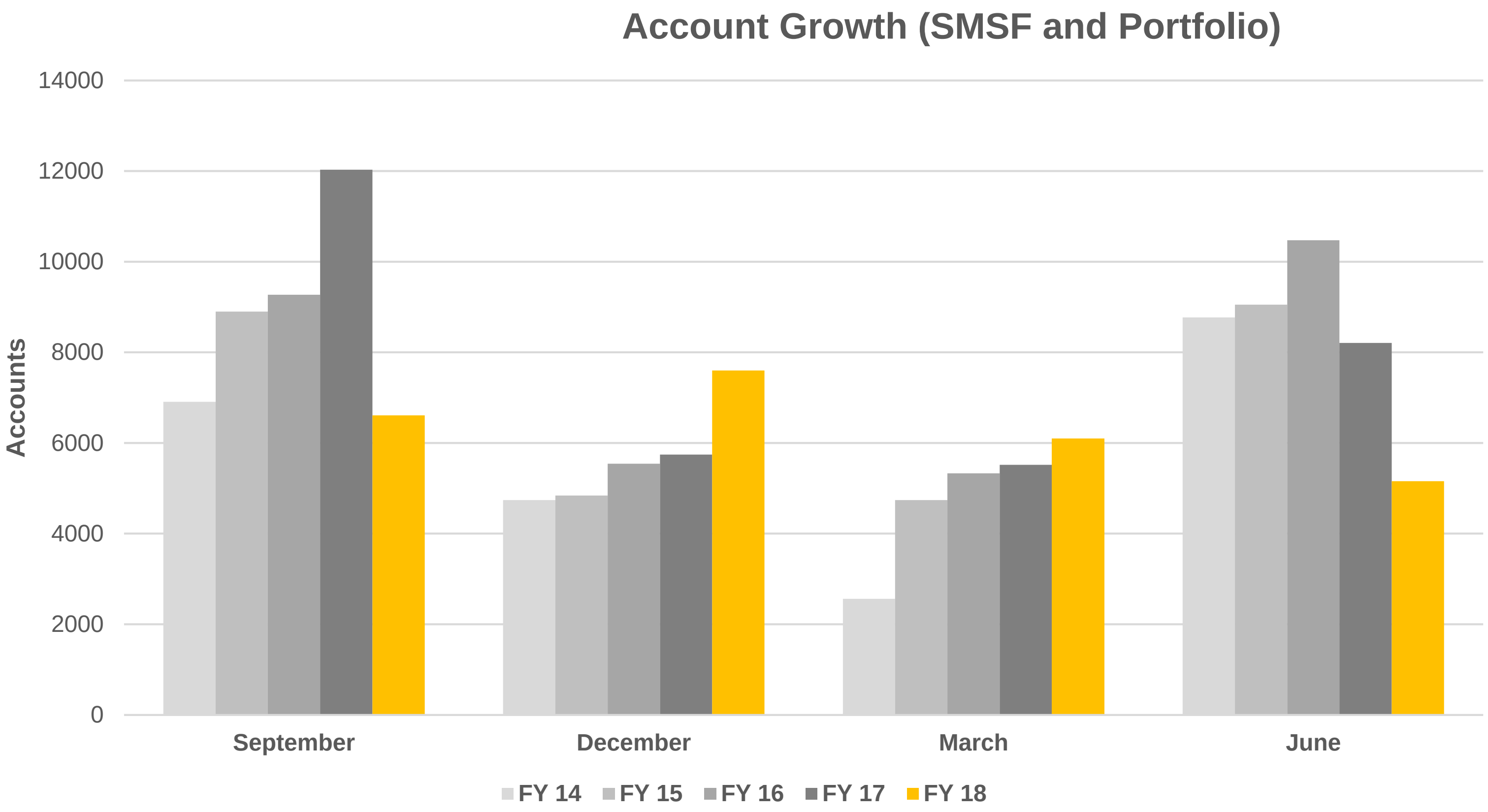




- EBITDA margin **47%**
- NPAT margin **26%**
- EPS growth **+8%**
- ACMR **$36m**
- Final fully franked dividend of **2.5c** to be paid in Sep 2018

Notes:
All references for FY16 are after adjusting for one-off initial public offering ('IPO') expense. They are non-IFRS measures and are used by management to assess the performance of the business and have been extracted or derived from the FY16 financial report.

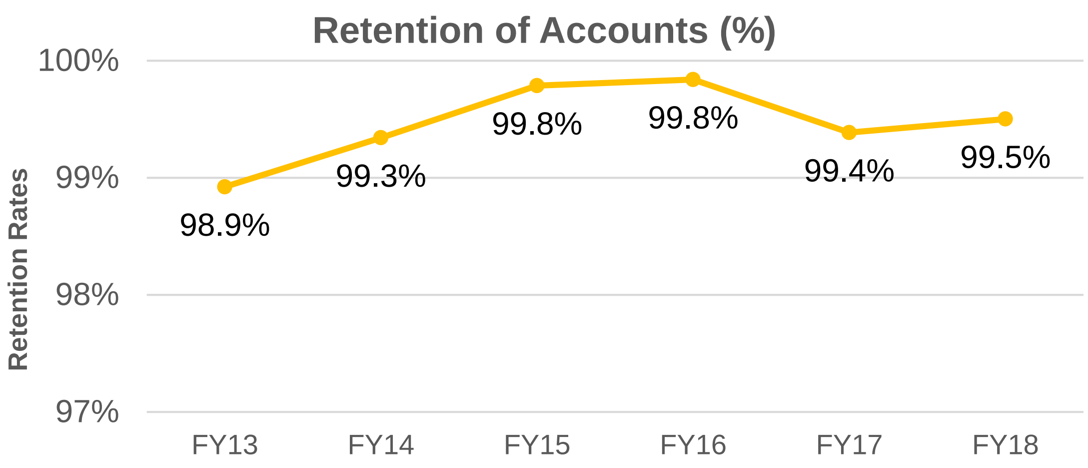
Success in a Challenging Year



- **+18%** net account growth
- Record growth in Dec and Mar quarters
- **25,469** net new accounts. CAC at **$144**
- **22,774** from SMSF accounts
- **2,695** from Portfolio accounts
- As previously advised, AMP is moving off Class, suspending **~2,700** funds in FY18

High Customer Satisfaction, Recurring Revenue

- At 30 June 2018:
  - High retention rate fuels strong recurring revenue, **99.5%** on a rolling 12 month basis[1]
  - ACMR for software licence fees that make up **95%** of our revenue was **$36.0m**
- 2018 Investment Trends Winner[2]:
  - Highest Overall Client Satisfaction: SMSF Software (*4th year running*)
  - Value for Money (*2nd year running*)

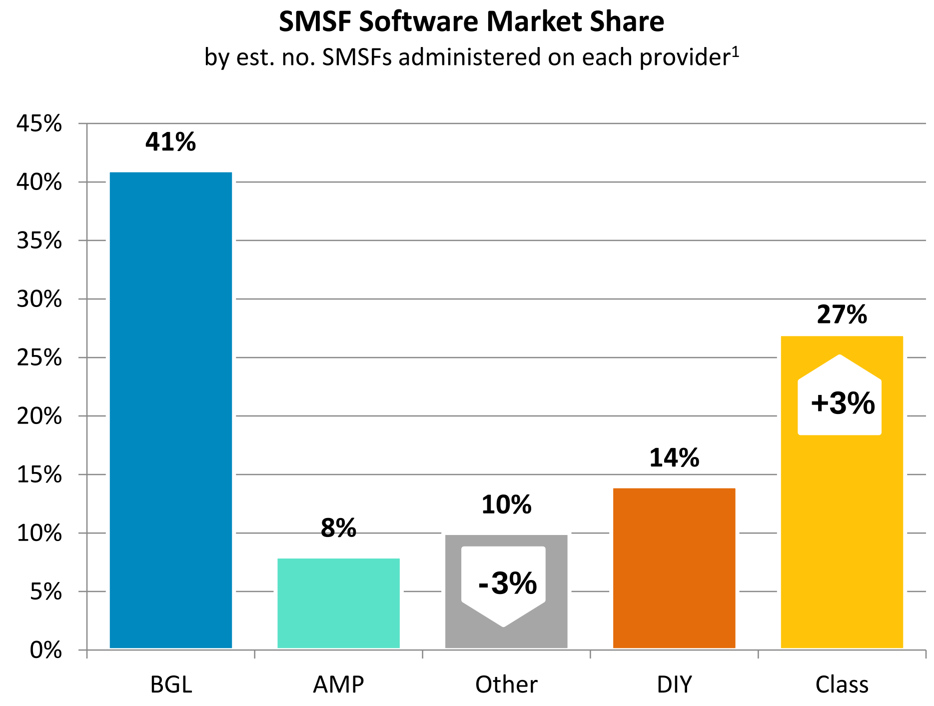


[1] *Rate is ex-AMP who had ~8,300 funds on Class and made up ~4% of ACMR, if AMP's ~2,700 suspensions were included retention rate would be ~98%*

[2] *Investment Trends 2018 SMSF Accountant Report, based on a survey of 942 accountants in public practice*

Class

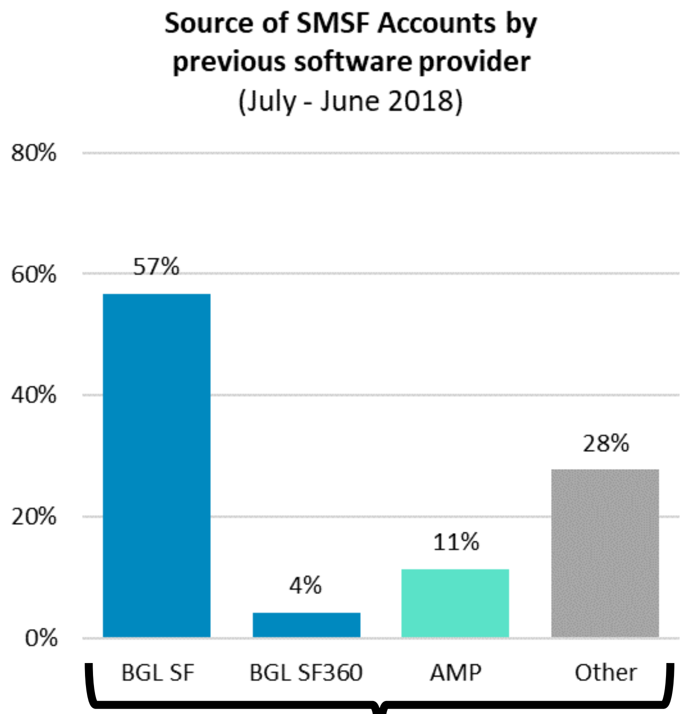
Sales & Organic Growth increase Market Share



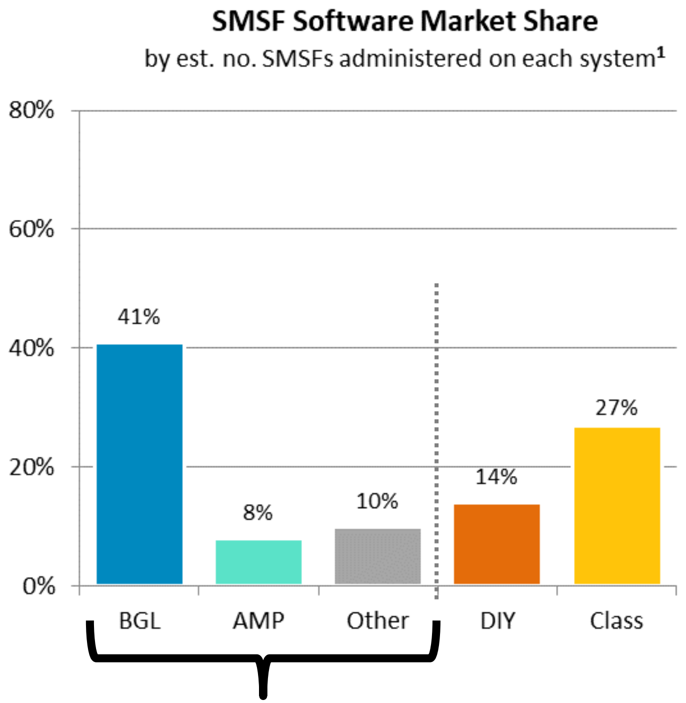
- **27%** Class Super share, +**3%** net growth this year
- "Other" share **-3%** (down from **18%** 3 years ago)
- DIY, AMP and BGL had little net share change
- Class customers continue to win market share from peers
- Established Class users[2] grew an average **6.5%** in FY18 …nearly **3x** SMSF industry growth rate of **2.3%**
- Over **20%** of growth was organic

[1] The ***Investment Trends 2018 SMSF Accountant Report*** is based on a detailed online survey of accountants in public practice conducted between February and March 2018. After data cleaning, validation and de-duplication a total of 942 responses were received from accountants in public practice, 871 of which were from accountants who service clients with an SMSF. DIY = SMSFs administered directly by investors. Other = SMSFs administered by accountants on Excel and general accounting software.
[2] Ex-AMP

Winning across Addressable Market



What we won
(% of new funds Class signed in FY18)

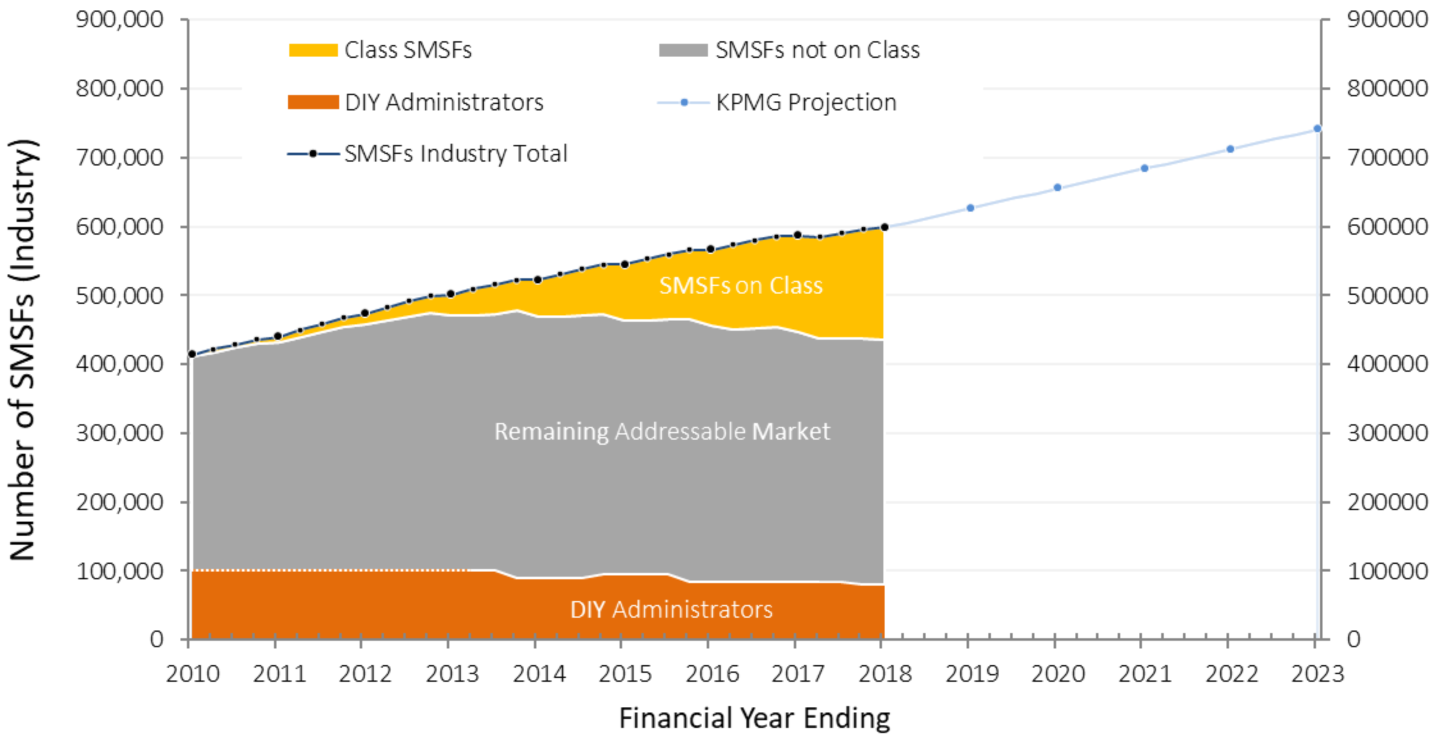


Our addressable market
(% of estimated 600k SMSFs)

- Class is winning against all alternatives
- **15%** of new accounts are from other cloud products
- Estimated remaining addressable market is **59%**

[1] Usage data from ***Investment Trends 2018 SMSF Accountant Report***

Addressable Market Growing



- KPMG analysis[1] expects to see a bounce-back in the establishments of SMSFs
- DIY admin[2] portion slowly declining as regulations become more complex
- In 2010 there were ~320,000 SMSFs for Class to win; in 2018 there are still over 350,000

[1] *KPMG Super Insights Report 2018*

[2] *Investment Trends SMSF Investor Report* for 2013 to 2018. Data pre 2013 is extrapolated

Key Segment Growth Supports ARPU

SMSFs Administered	SMSF Administration Segment	SMSFs on Class FY17	SMSFs on Class FY18	Growth	Class Super % Fund Growth
1	DIY Trustee	-	-	-	0%
< 25	General Accounting Practice	2,411	2,682	271	1%
25-100	**Small SMSF Practice**	**32,198**	**38,323**	**6,125**	27%
101-250	**Medium SMSF Practice**	**34,761**	**42,481**	**7,720**	34%
251-500	**Large SMSF Practice**	**27,038**	**29,905**	**2,867**	13%
501-1000	Emerging Administrator	7,173	10,392	3,219	14%
1000+	Major Administrator	37,109	39,681	2,572	11%

Key segments for Class Super growth

- Growth well distributed across key market growth segments helping to maintain ARPU at **$215**
- The Medium SMSF Practice range, 101-250 funds, saw the most SMSFs added
- Average customer size remains steady at **120** funds per firm

- In addition to new customer acquisition, future revenue growth is underpinned by a reinforcing combination of:

recurring revenue
+ high retention rate
+ organic growth (inc. consolidation)

Regulation Driving Move to Class Super

Total Super Balance (TSB)

Threshold	What happens?
$1.6m	ECPI calculation method ***must be proportionate (actuarial certificate)*** Non-Concessional Contributions ***not allowed***
$1.5m	Non-Concessional Contributions Bring-Forward ***not allowed***
$1.4m	Non-Concessional Contributions Bring-Forward ***reduced to 2 years***
$1.0m	Transfer Balance Account Report (TBAR) lodgment frequency ***switches to quarterly (instead of annual)***
$.5m	Concessional Contributions Carried-Forward ***not allowed***

“The TBAR functionality in Class is a great example of Class making complex compliance requirements easy to manage.”

Paul Murray, CEO, First Class Super

Class

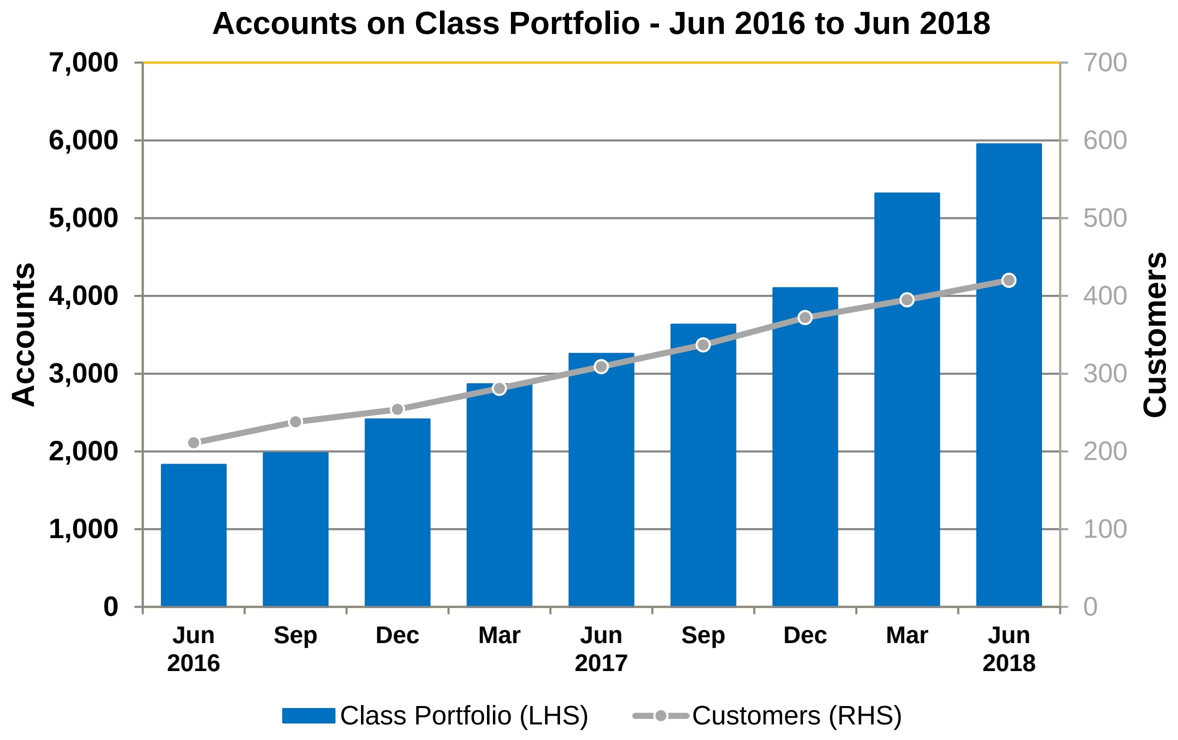
Industry Consolidation Helps Organic Growth

SMSFs Administered	SMSF Administration Segment	% of Consolidations
1	DIY Trustee	0%
< 25	General Accounting Practice	7%
25-100	**Small SMSF Practice**	16%
101-250	**Medium SMSF Practice**	26%
251-500	**Large SMSF Practice**	12%
501-1000	Emerging Administrator	12%
1000+	Major Administrator	28%

Key segments for Class Super growth

- Consolidation is a trend helping fuel Class customers' faster growth
- **60** Class-to-Class consolidations in FY18 vs **5** in FY17 …a 12-fold increase
- Average of **74** accounts per consolidation
- 60% of consolidations were 1:1 relationship mergers
- 40% going to larger administration firms

Class Portfolio Growth



- **2,695** new accounts, **+ 83%**
- **70%** of existing Class Super subscribers surveyed are potential Class Portfolio users
- **31%** of Class Super subscribers now use Class Portfolio, average **14.2** accounts per subscriber
- **$139** ARPU
- Continuing to refine product market positioning and sales approach
- Focused on multi-disciplinary firms and integrations with financial planning solutions

Strategic Alliances Program

- We are making investments to:
  - Expand API support
    - Dedicated staff now focused on API and partner feature development
    - Laying foundation to lift partner revenue, contribution to earnings expected late FY19
  - Broaden our partner ecosystem
    - Working to increase revenue share from partner products
    - Expanding the partner network – discussions underway with providers including practice management, advice platform and audit
- We are actively reviewing opportunities for alliances (including M&A) in adjacent markets

Partner Revenue

- FY17 **$1.2m**
  4.2% of Operating Revenue
- FY18 **$1.4m**
  4.3% of Operating Revenue
- FY19+ big opportunity to grow

Investing for Growth

	FY17	FY18
Growth Focused on Employees		
33% increase		
Customer Acquisition	25	27
Product and R&D	21	34
Delivery Focused Employees		
12% increase		
CEO, Finance, HR and Admin	7	9
Service Delivery	35	38
Total	88	108

- Incremental growth in sales and marketing employees - capacity sufficient for FY19 acquisition plans

- Investment focused on next generation of innovation - broadening feeds, Open Banking, NPP and integrations
- Laying foundation for APIs and integrations to lift partner revenue; contribution to earnings expected late FY19

- Highly efficient service delivery, driven by investments in scalability and automation, will drive future profitability and margin growth

- Fintech employees are in very high demand. As part of a broader retention strategy, Class has committed to a material uplift in performance based rewards over the next 3 years – see our Remuneration Report for details
- This initiative will be accommodated from revenue growth but it will limit margin expansion over the period

Summary

Despite a disrupted year, Class still delivered:

- Strong +18% revenue growth, 47% EBITDA margin and +3% growth in estimated SMSF market share
- Class Portfolio growth of +83%
- Highest Overall Client Satisfaction & Value for Money: SMSF Software, award wins[1]

The outlook for SMSF growth in FY19 is very positive:

- Desktop and excel users migrating to cloud
- Increased switching from other cloud products
- Strong organic growth, consolidation and establishments

Outside of SMSF, Class is focused on:

- Expanding on our engagement with financial planners
- Growing Class Portfolio and partner revenue
- Exploring strategic alliances and M&A in adjacent markets

[1] *Investment Trends 2018 SMSF Accountant Report, based on a survey of 942 accountants in public practice*

Appendix

Glossary

Accounts: Class Super funds and Class Portfolio entities.

Accounts Lost: The maximum number of Accounts the customer had in the 12 months prior to terminating.

API: Application programming interface.

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 & implementations expenses divided by gross new Accounts added (rolling 12 month basis)

CAC Months: Number of months required to offset cost of acquiring an Account = CAC/(ARPU/12)

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 Net profit after tax by operating revenue.

NPBT margin: calculated by dividing Net profit before tax by operating revenue.

Retention Rate: (average accounts for the period less accounts Lost) / average accounts for the period.

TBAR: Transfer balance account reporting.

Investing in Product

$m	FY17	FY18
Total Development Costs	5.2	6.1
Development costs / Operating Revenue	18.1%	17.8%
Less: Development recognised as expenditure	(1.5)	(1.8)
Capitalised Development Costs	**3.7**	**4.3**
Capitalised development / Operating Revenue	12.7%	12.6%
Other Intangibles and Capitalised Development	-	0.5
Computer and Office Equipment & Other	0.6	0.5
Total Capital Expenditure	**4.3**	**5.3**
Less: Leasehold Improvements & Fit-out/Furniture	(0.3)	(0.4)
Adjusted Capital Expenditure	**3.9**	**4.9**
Capex / Operating Revenue	14.8%	15.6%
Capex / EBITDA	28.1%	33.3%
Depreciation & Amortisation	2.6	3.7

- Super Reform spend across the business was ~$2m
- FY19 Depreciation and Amortisation expense is expected to be:
    - ~5.4m development and other capital expenditure
    - ~0.8m AASB 15 customer acquisition
    - TOTAL ~6.2m

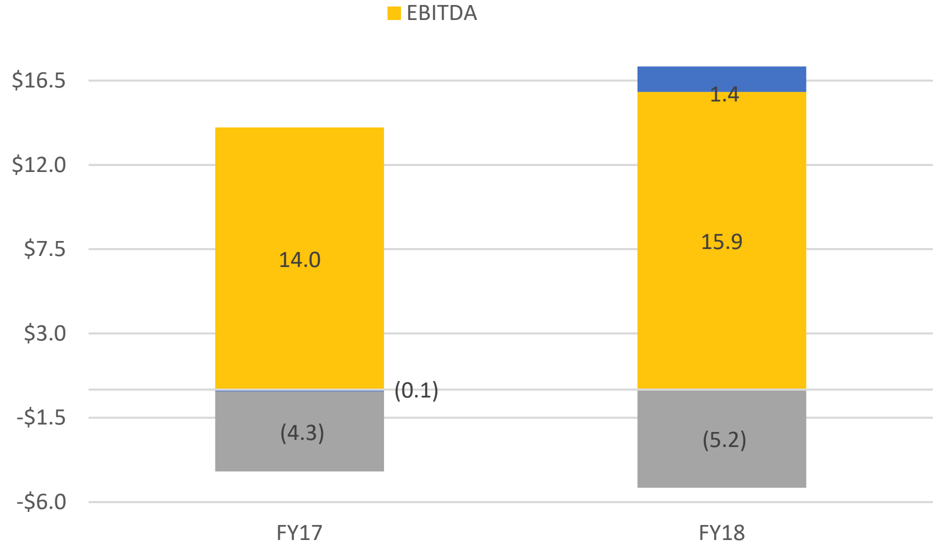
Summary P&L and Key Operating Metrics

$m	FY17	FY18	
Operating Revenue	**28.9**	**34.0**	**+18%**
Employee costs	(11.1)	(13.1)	
Other costs of undertaking business	(3.8)	(5.0)	
EBITDA	**14.0**	**15.9**	**+14%**
Depreciation	(0.4)	(0.4)	
Amortisation	(2.2)	(3.3)	
Net interest benefit	0.3	0.4	
NPBT	**11.7**	**12.6**	**+8%**
Income tax (expense) / benefit	(3.7)	(3.9)	
NPAT	**8.0**	**8.7**	**+9%**
Basic EPS (cents)	6.8	7.4	**+8%**
Diluted EPS (cents)	6.7	7.3	**+9%**

	FY17	FY18
No. of customers	1,164	1,367
Class Super accounts at 30 June	140,690	163,464
Class Portfolio accounts at 30 June	3,254	5,949
Total accounts at 30 June	143,944	169,413
EBITDA margin (% of revenue)	48.4%	46.8%
NPBT margin (% of revenue)	40.5%	37.1%
NPAT margin (% of revenue)	27.6%	25.6%
ACMR ($m)	30.9	36.0
ARPU – Super ($)	216	215
ARPU – Portfolio ($)	147	139
CAC ($)	114	144

Summary Cash Flow & Balance Sheet

Cash flow before Financing and Taxation ($m)



$m	FY17	FY18
EBITDA	14.0	15.9
Non-Cash Items	(0.1)	1.4
Capex	(4.3)	(5.3)
Net free cash flow	9.6	12.0
% of EBITDA	68.7%	75.5%

Balance Sheet ($m)	30-Jun-17	30-Jun-18
Current Assets		
Cash and cash equivalents	19.4	22.7
Trade and other receivables	3.1	3.2
Other current assets	0.7	0.7
Total Current Assets	**23.3**	**26.6**
Property and equipment	0.8	0.9
Intangible assets	5.0	6.4
Total Non Current Assets	**5.9**	**7.3**
Total Assets	**29.1**	**33.9**
Current Liabilities		
Trade and other payables	2.4	3.0
Provisions	0.5	0.7
Tax liabilities	1.8	1.4
Total Current Liabilities	**4.7**	**5.1**
Deferred Tax	0.7	0.9
Provisions	0.3	0.4
Total Non Current Liabilities	**1.0**	**1.3**
Total Liabilities	**5.7**	**6.4**
Net Assets	**23.4**	**27.5**

Impact of AASB15 on P&L

Profit & Loss($m)	FY17	FY18	ADJ	ADJ FY18
Operating Revenue	**28.9**	**34.0**	**0.0**	**34.0**
Employee costs	(11.1)	(13.1)	0.8	(12.3)
Other costs of undertaking business	(3.8)	(5.0)	-	(5.0)
EBITDA	**14.0**	**15.9**	**0.9**	**16.8**
Depreciation	(0.4)	(0.4)	-	(0.4)
Amortisation	(2.2)	(3.3)	-	(3.3)
AASB15 amortisation	-	-	(0.7)	(0.7)
Net interest benefit	0.3	0.4	-	0.4
NPBT	**11.7**	**12.6**	**0.2**	**12.8**
Income tax (expense) / benefit	(3.7)	(3.9)	(0.1)	(3.9)
NPAT	**8.0**	**8.7**	**0.2**	**8.9**

If AABS15 was applied to FY18, the impact of adopting would be as follows:

1. Revenue would be marginally higher; the overall the impact on revenue would have been minimal as revenue is recognised predominately using the SaaS model

2. Expenses would be lower, as the incremental costs such as commissions and transitions expenses would be capitalised as an asset on the Balance Sheet

3. Amortisation would increase following the abovementioned capitalisation of commissions and transitions costs. They would be amortised over their estimated useful life of 5 years. The amortisation for FY19 is expected to be approximately $800k.

Class

Impact of AASB15 on Balance Sheet

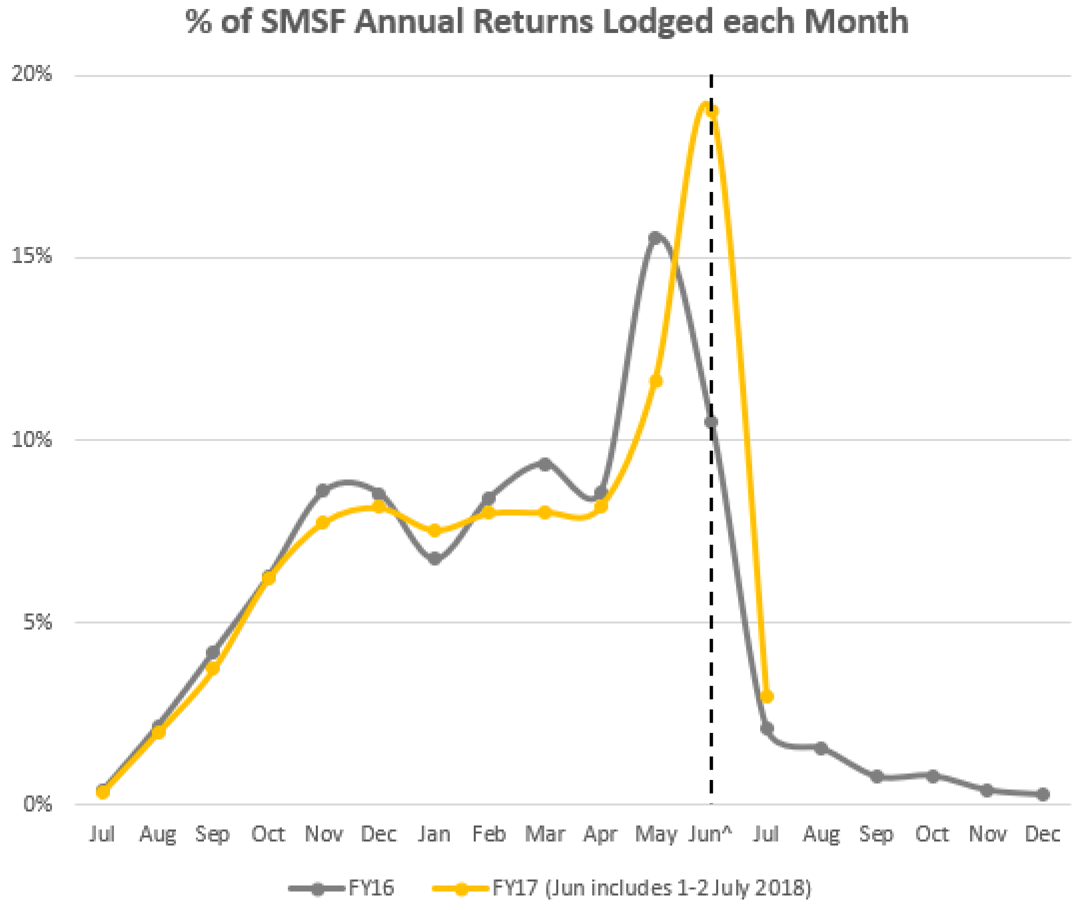
Balance Sheet ($m)	FY17	FY18	Adjustments	ADJ FY18
Current Assets				
Cash and cash equivalents	19.4	22.7	-	22.7
Trade and other receivables	3.1	3.2	-	3.2
Other current assets	0.7	0.7	-	0.7
Total Current Assets	**23.3**	**26.6**	-	**26.6**
Property and equipment	0.8	0.9	-	0.9
Intangible assets	5	6.4	-	6.4
Intangible assets – Capitalised Customer Cost	-	-	2.0	2.0
Total Non Current Assets	**5.9**	**7.3**	**2.0**	**9.3**
Total Assets	**29.1**	**33.9**	**2.0**	**35.9**
Current Liabilities				
Trade and other payables	2.4	3.0	-	3.0
Provisions	0.5	0.7	-	0.7
Tax liabilities	1.8	1.4	-	1.4
Total Current Liabilities	**4.7**	**5.1**	-	**5.1**
Deferred Tax	0.7	0.9	0.4	1.3
Deferred Revenue	-	-	0.5	0.5
Provisions	0.3	0.4	-	0.4
Total Non Current Liabilities	**1**	**1.3**	-	**1.3**
Total Liabilities	**5.7**	**6.4**	**0.9**	**7.3**
Net Assets	**23.4**	**27.5**	**1.1**	**28.6**
Equity				
Issued capital	25	25.2	-	25.2
Reserves	1.1	1.7	-	1.7
Retained earnings	(2.7)	0.6	1.1	1.7
Total Equity	**23.4**	**27.5**	**1.1**	**28.6**

If AABS15 was applied to FY18, the impact of adopting would be as follows:

1. An additional net intangible asset would be recognised as a result of commissions and transition costs capitalised and associated accumulative amortisation. These costs recognised each month are pooled, capitalised and amortised on a straight line basis over 5 years.

2. The above would have an impact on deferred tax, deferred revenue and retained earnings accordingly.

Delayed Lodgments, Delayed Migrations



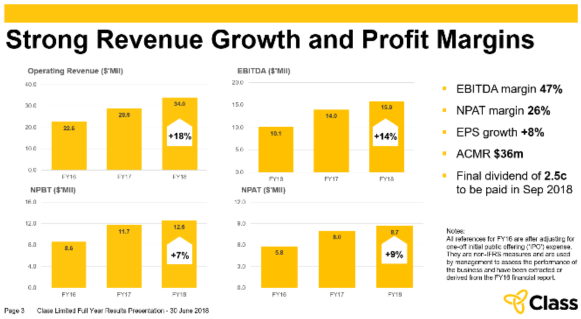
- Class firms ran much later with lodgments than last year
- Anecdotally, the desktop and manual SMSF administrators have been delayed even more
- 1Q19 expected to start slow due to “lodgment over-hang”
- Beyond that, tighter cap, limits and reporting requirements will accelerate technology adoption

Note: data is from SMSF Annual Returns lodged electronically via the Class Super application

CLASS INVESTOR PRESENTATION FY18

CEO COMMENTARY

Slide 3. STRONG REVENUE GROWTH AND PROFIT MARGINS



The fundamentals of the Class business model are strong despite industry disruption from reforms.

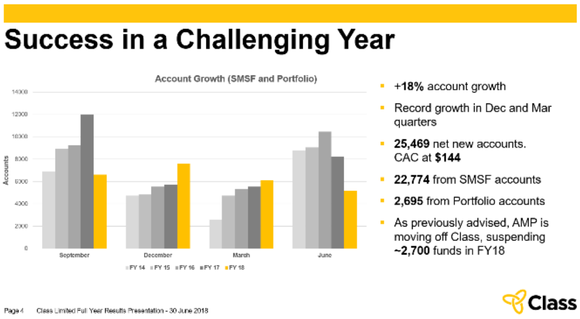
Our FY18 revenue was up **18%** compared to this time last year, driven by the addition of over **25,000** net new accounts for the financial year.

This result flowed through to the profit line with a **14%** increase in EBITDA.

The increased investment in product development made over the last couple of years saw a larger impact from amortisation with a **9%** increase in net profit after tax to **$8.7m**, a net profit margin of **26%**.

Given the continued revenue growth, **8%** EPS growth and a steady EBITDA margin of **47%**, a fully franked final dividend of **2.5 cents** will be paid in September 2018.

4. SUCCESS IN A CHALLENGING YEAR



Overall FY18 was a very successful year, with net new accounts growing by **+18%** *and we had record quarters in December and March*.

The challenges this year were:

- Super Reform restricting growth in the Sep and Jun quarters, …historically our "peak periods"
- And, as previously advised, AMP are migrating off Class Super and they reduced net growth by **~2,700** accounts this year

Excluding AMP the FY18 new account adds were over **28,000**, down **~10%** on FY17.
Net new accounts were **25,469**.

The message seems clear; when the industry is not wrestling with regulatory change, we continue to win accountants to the Class software platform.

As previously advised, we scaled-up acquisition staff in expectation of higher growth. The lower actual net account adds in the year, resulted in the cost of acquisition being up by **7%** to **$144** per account. Our investment in acquisition staff positions us well for growth in FY19 and expect the CAC to average down as sales increase in the new year.

As we proceed into the FY19 we see several very positive trends that give us confidence for increased account growth.

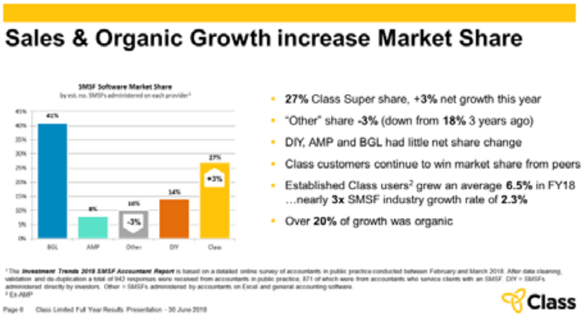
5. HIGH CUSTOMER SATISFACTION, RECURRING REVENUE

Firstly, our continued market leadership in customer satisfaction and value for money is reflected in our retention rate, which remains above **99%**. *Class is the best SMSF solution available.*

This retention rate is ex-AMP who, as mentioned previously, are migrating off Class Super. As at 30 June 2018, AMP had **~8,300** funds on Class and they accounted for **~4%** of our recurring software licence revenue.

This excellent customer retention underpins an annualised recurring revenue of **$36.0m**, up **17%** compared to last year.

6. SALES & ORGANIC GROWTH ADD MARKET SHARE



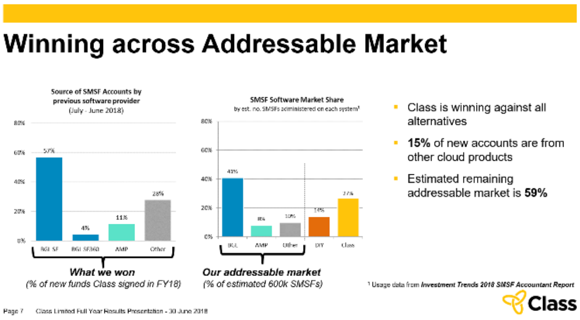
The organic growth of our established customers is another significant factor which will drive growth in the coming year.

In FY18 Class users won market share from their peers and outgrew the industry rate by nearly 3 times – our established clients (excluding AMP) grew an average of **6.5%** in the year compared to an industry growth rate or **2.3%.** *Class is the best solution for SMSF practices that want to grow.*

Our customers contributed **over 20%** of our new funds. The remainder came from new business sales.

Even with the industry disruption, Class was able to expand its SMSF market share by **+3%** across the year taking our total to over **163k** funds or ~**27%** of an est. 600k SMSFs.

7. WINNING ACROSS ADDRESSABLE MARKET



We are seeing a growing proportion of clients switching to Class from other cloud software providers; **15%** of our new business came from other cloud products across this year.

These are users who have tried a competitor's cloud product and, typically, found that they did not get value for money or the efficiencies they expected.

Given the success against Cloud competitors, we consider our remaining addressable market is **59%** of all SMSF. That is, after taking out the Class share and **14%** for DIY trustees, our remaining addressable market is still **~350,000** funds.

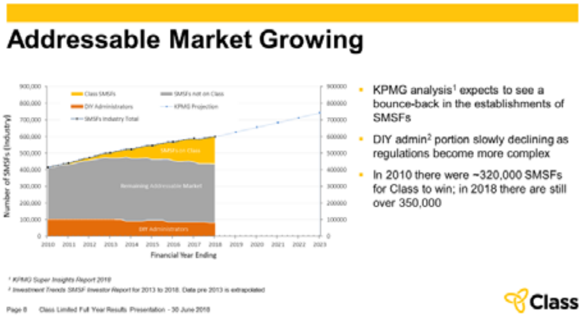
Class is winning business against all competitors broadly in proportion to their estimated market share.

28% of our new business came from "Other" solutions, this is predominately accountants using Excel and practice ledgers to complete SMSF work.

The market share of these Excel users has fallen from **18%** to **10%** in three years.

Given the demands of higher regulation and tighter caps and limits we expect to see this trend continue as manual and excel based operators move to the cloud, outsource, or exit SMSF admin over the next 2-3 years.

8. ADDRESSABLE MARKET GROWTH



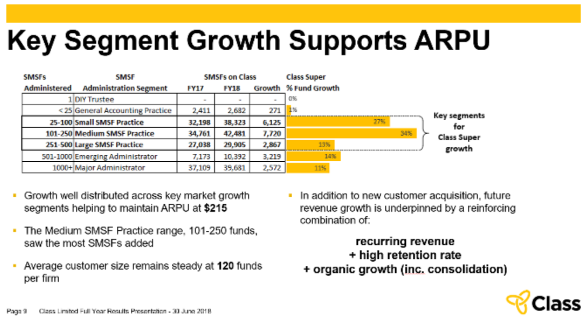
A recent report by KPMG estimates the number of SMSFs will grow to over **740k** funds by 2023.

The $1.6m balance transfer cap and contributions limits will limit the future dollar inflows into SMSFs and pensions, but for most people a $1.6m member balance is still aspirational and the cap alone will not significantly limit the establishment of future SMSFs.

Of course, future political decisions, the Royal Commission and a Productivity Commission report into Superannuation all have potential to alter the SMSF landscape and will continue to create some uncertainty across the industry over the next several months. Class does not service the dedicated group of trustees administering their own funds and we do not expect this to decline in the same way that we expect the excel accounting firms to do. The Super Reforms and better services from accountants have seen a small drop in the number of these accounts over the years.

That along with the overall industry growth means that since Class Super was released in 2009, the remaining addressable market that Class can win has grown and, despite our 27% market share today, there are still over 350,000 SMSFs for Class to win …more than the 320,000 that there was in 2010!

9. KEY SEGMENT GROWTH SUPPORTS ARPU



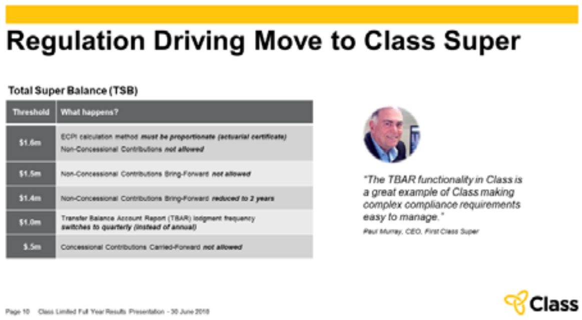
As a software as a service provider the mix of the addressable market in terms of client size and cost to service is important.

In FY18 Class maintained an average client size of **120** funds and an ARPU of **$215**.

The 100-250 funds per practice band saw the largest growth. The 25-500 fund client segment is our core target market, it represents a great balance between the cost of acquiring clients and maintaining a good ARPU.

Large scale admin firms will continue to grow and service financial planners and accounting firms that do not want to specialise in SMSFs, but we believe the 25-500 fund SMSF practices will continue to consolidate market share, particularly as smaller players exit the market under the weight of increased regulatory pressure.

10. REGULATION DRIVING THE MOVE TO CLASS



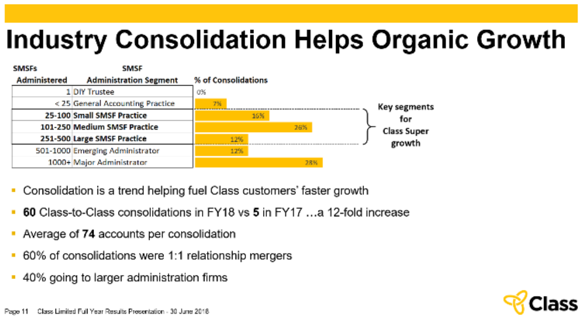
Regulatory pressure is, for Class, the silver lining of Super Reform.

...the ongoing day-to-day, BAU aspects of Super Reform kick-in, and we are confident that the more stringent caps, limits and the introduction of event-based reporting (TBAR), will provide regulatory pressure to accelerate the adoption of cloud technology.

I won't go into the details of this site but Total Super Balance (TSB), and Transfer Balance Account Reporting (TBAR) in particular, introduce a very complex environment for planners, accountants and investors.

Class is the best technology for multi-disciplinary firms to stay on top of the numbers and service their clients.

11. INDUSTRY CONSOLIDATION HELPS ORGANIC GROWTH



Due to regulatory pressure, some smaller firms in particular, are outsourcing or exiting SMSF admin completely.

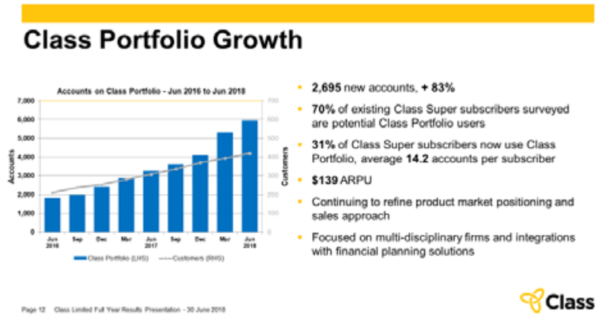
In FY18 our new subscribers grew by **+17%** with **203** net new customers embracing our technology and moving to Class …this would have been higher if it was not for a record number of consolidations.

There was a **12-fold** increase in consolidations, from **5** in FY17, to **60** in FY18.

The **3x** industry growth rate seen across the Class client base, is in part, fuelled by a consolidation of books of business from smaller, less SMSF-focused practices ***outside*** the Class user base.

Class Super enables clients to increase their client base by taking on work on behalf of others, or buying books of business from firms, that choose not to specialise in SMSF accounting.

12. CLASS PORTFOLIO GROWTH



As well growth in SMSFs, Class is continuing to promote a broadening of our wealth management platform outside Super.

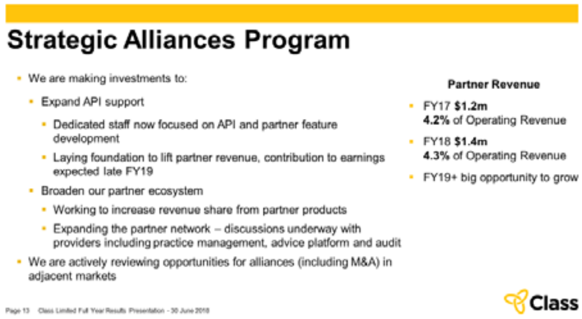
Class Portfolio gained significant traction with growth in accounts up **83%** over the year.

We continue to see an increase in the cross-sell of Class Portfolio into the existing Class Super user base with **31%** of those customers now using Class Portfolio for trusts and other personal investments outside super.

The average number of Portfolio accounts per customer continued to increase, up **27%**, to over **14** accounts.

As we promote and demonstrate to firms how to leverage Class Portfolio within their business, and as we roll out new features, especially those aimed at better connecting the planner and accountants, we expect this usage to continue to increase.

13. STRATEGIC ALLIANCES PROGRAM



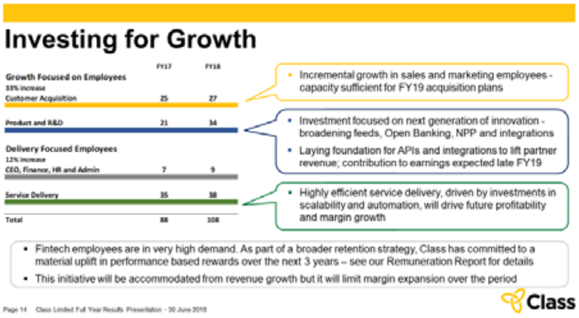
Better connecting the planner, accountant and investor is also a goal of our Strategic Alliances Program.

We are making investments in APIs and our partner ecosystem to generate partner revenue share beyond the **5%** that it contributes to revenue today.

We are looking to broaden the partner products offered and, where appropriate, we are exploring opportunities to form strategic alliances or make acquisitions in adjacent markets.

These initiatives are expected to contribute to earnings in late FY19.

14. INVESTING FOR GROWTH



We have expanded the Product Development team to support the APIs and partner initiatives, as well as for planned innovations in the data feeds and automation. Most of the required team is now in place and we expect more modest growth in this area in FY19.

As noted earlier, the investments we have made for sales growth is at a level that we are confident can service expected sales targets in FY19.

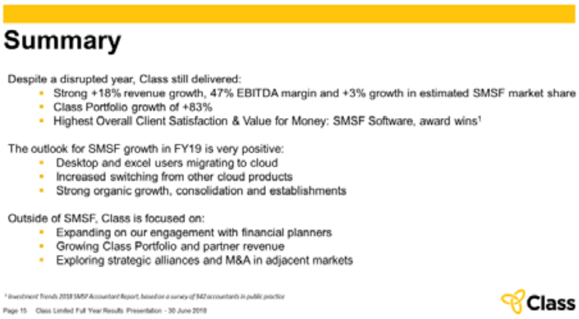
Our cost of delivery continues to demonstrate excellent operational efficiency and the scalability of the business. A less than **9%** increase in FTEs was required to service an **18%** increase in account numbers.

Investing in people is critical to our business success. Class has always been proud of the amazing team of people who have delivered continued success in all aspects of this business.

Although wages growth is low across many industries, Fintech is not one of those. Fintech businesses also present greater opportunities for employees to be rewarded for business success. Continued expansion in the Fintech sector, by both new and established businesses, has created high demand for sales, support and product development skills.

Because of this competitive landscape, Class reviewed its remuneration framework to ensure we could continue to attract and retain the best talent. As a result, Class has committed to a three-year program to increase the performance-based rewards available to employees – further details are in the Remuneration Report. Performance rewards are revenue-linked, so the impact on profit growth is constrained. Nonetheless, this program will limit margin expansion in FY19, with the EBITDA margin expected to remain at **~47%**.

15. SUMMARY



Despite an unusual, disrupted year:

- We had record quarterly growth in Dec and Mar a **+3%** market share increase, **99%+** retention rate and **47%** EBITDA margin.
- Class Portfolio usage improved by **83%,** and
- Class Super remained #1 in client satisfaction and value for money

The business is continuing to invest in product and people to ensure that we are well positioned to take advantage of several trends that will drive our growth over the next few years:

1. “Other” (Excel) users adopting technology due to tighter caps, limits and reporting requirements
2. Increasing conversions from other cloud solutions as clients look for efficiency gains
3. Continued strong organic growth from Class customers
4. SMSF industry consolidation
5. Future SMSF establishments

Class is set to benefit from these SMSF growth trends, and outside SMSF we will:

- Expand on our engagement with partners and financial planners
- Grow Portfolio and partner revenue, and
- Explore strategic alliances and acquisitions in adjacent markets

End