

Class Limited

Annual General Meeting

15 October 2018

Hilton Sydney

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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 FY18 financial report.
- All currency amounts are in AUD unless otherwise stated.

Today's Agenda

- **Chairman's Address**
- **CEO's Update**
- **Business of the Meeting**
- **Questions**

Chairman's Address



Mr Matthew Quinn

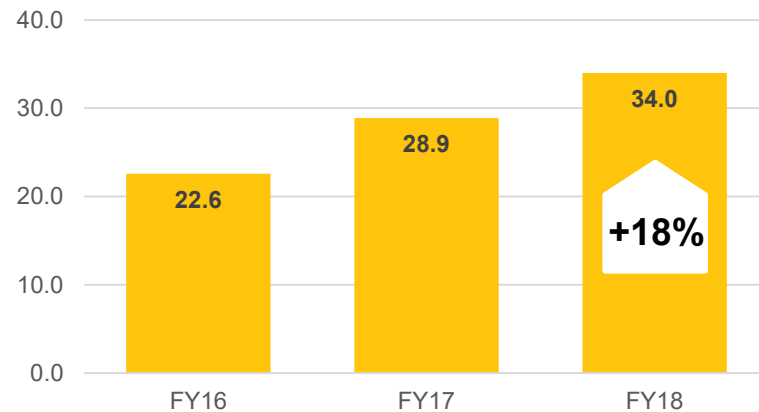
CEO's Update



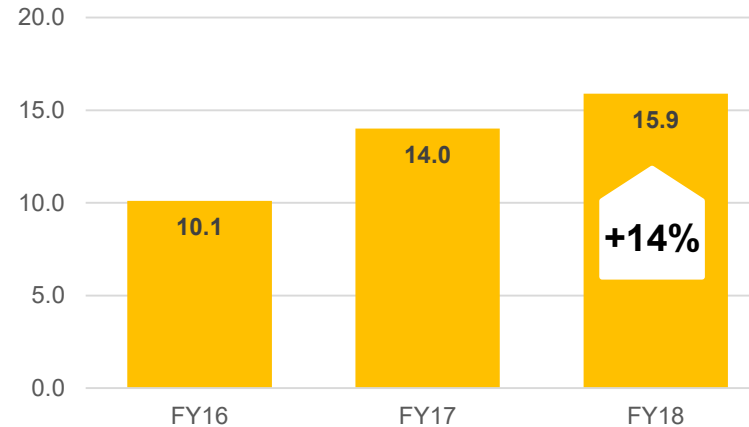
Mr Kevin Bungard

Strong Revenue Growth and Profit Margins

Operating Revenue (\$'Mil)

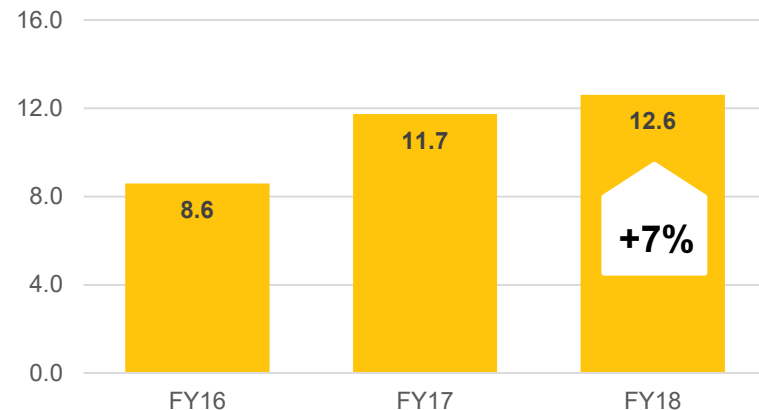


EBITDA (\$'Mil)

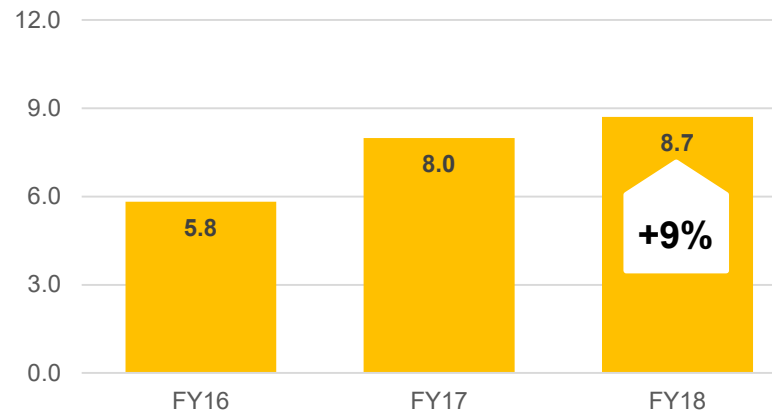


- Revenue growth **+18%**
- EBITDA margin **47%**
- NPAT margin **26%**
- EPS growth **+8%**
- ARR **\$36m**
- Final fully franked dividend of **2.5c** paid

NPBT (\$'Mil)



NPAT (\$'Mil)

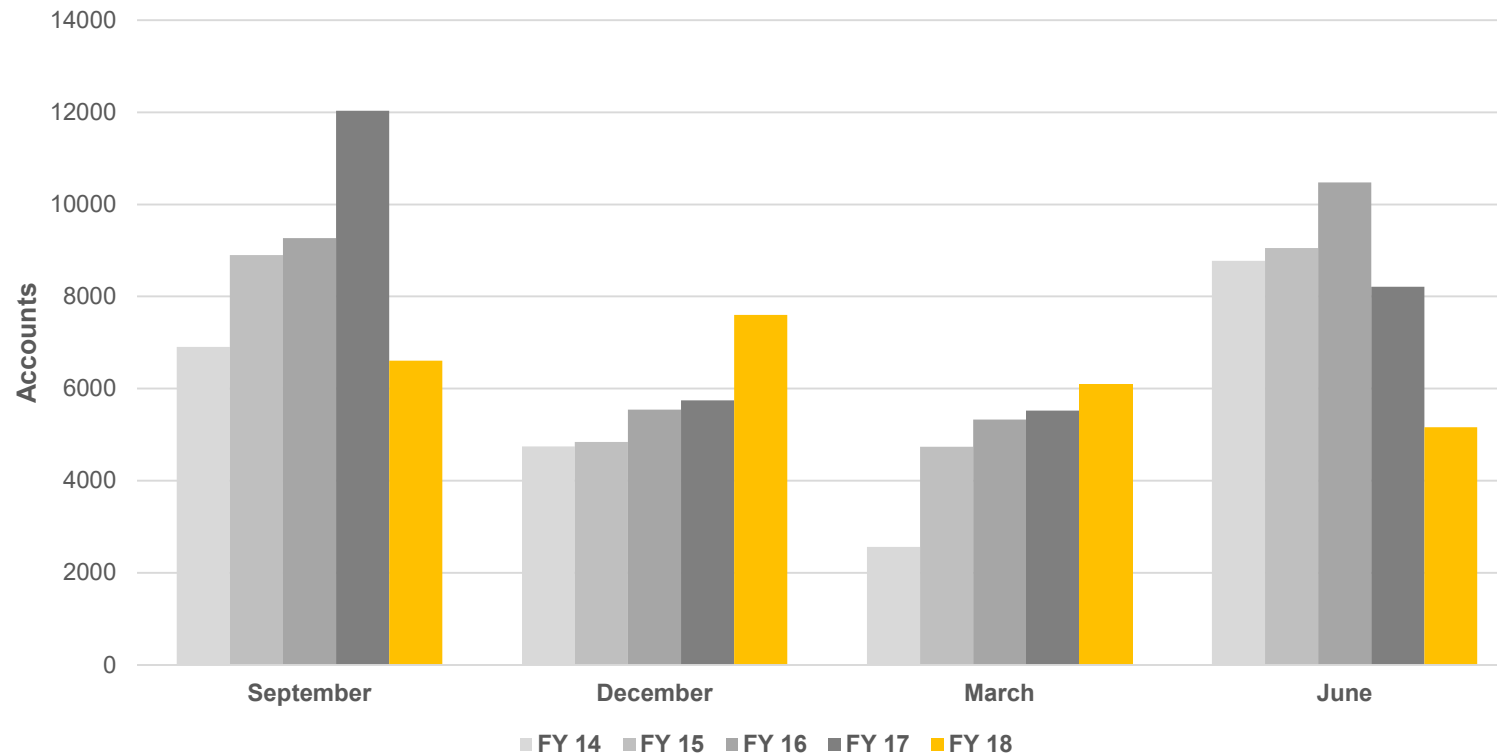


Notes:

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

Account Growth (SMSF and Portfolio)



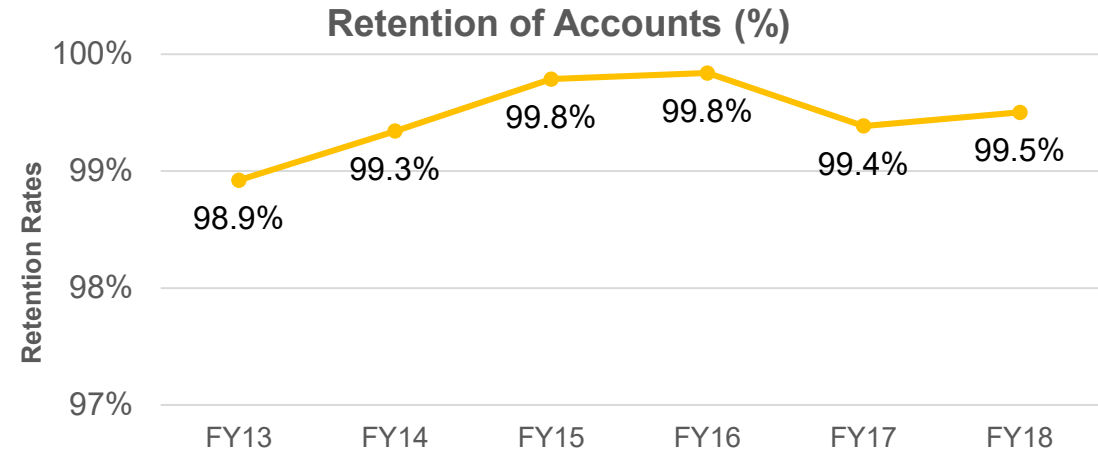
- +18% net account growth at EOFY

Accounts	EOFY18	30 Sep 2018
SMSF	163,464	166,102
Portfolio	5,949	6,350
Total	169,413	172,452

- Record growth in Dec & Mar quarters
- 25,469** net new accounts added in FY18 with CAC of **\$144**

High Customer Satisfaction, Recurring Revenue

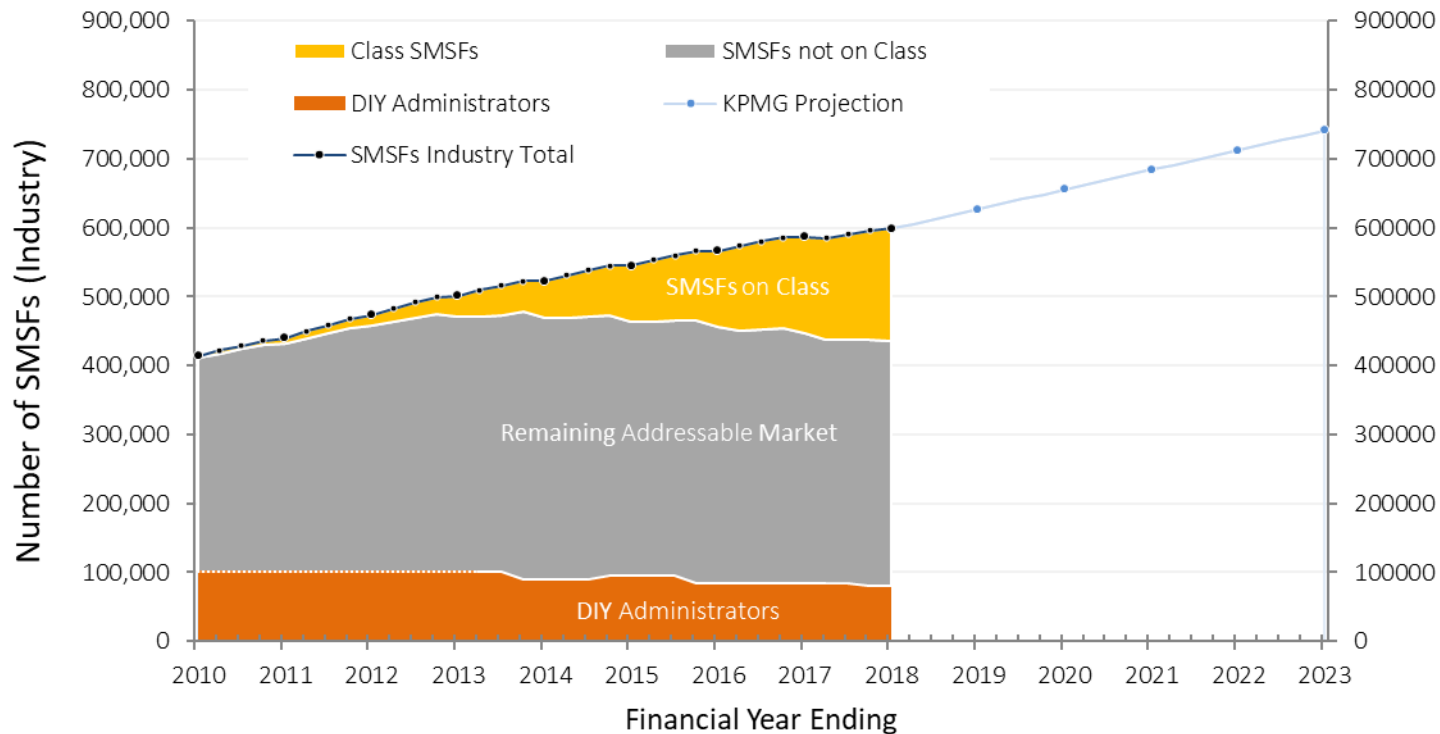
- At 30 June 2018:
 - High retention rate of **99.5%** on a rolling 12 month basis¹
 - Retention underpins **\$36.0m** ARR
 - Software licence fees make up **95%** of our revenue
- 2018 Investment Trends Winner²:
 - Highest Overall Client Satisfaction: SMSF Software (*4th year running*)
 - Value for Money (*2nd year running*)



¹ Rate is ex-AMP who had ~7,100 funds on Class and made up just over 3% of ARR; if AMP's ~2,700 suspensions for FY18 were included, retention rate would be ~98%

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

Addressable Market Growing



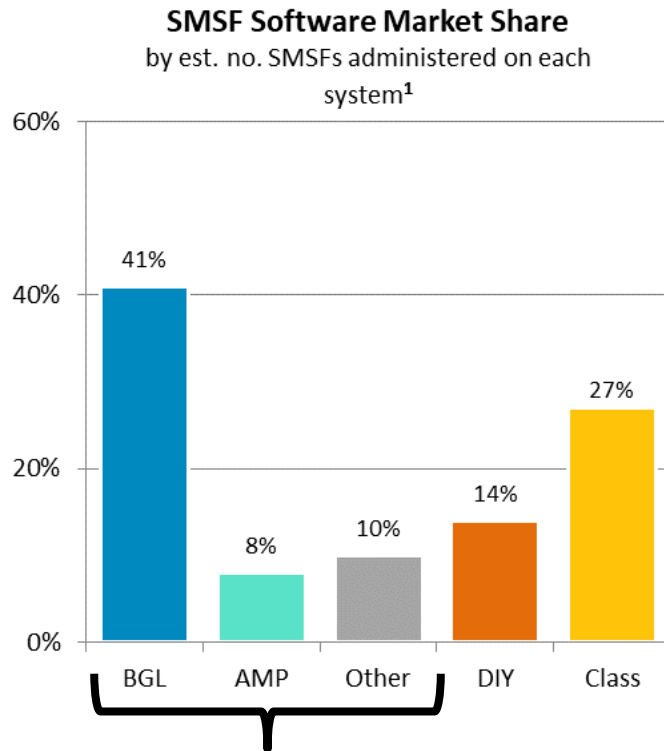
¹ KPMG Super Insights Report 2018

² Established firms are those customers who have been using Class for more than 12 months

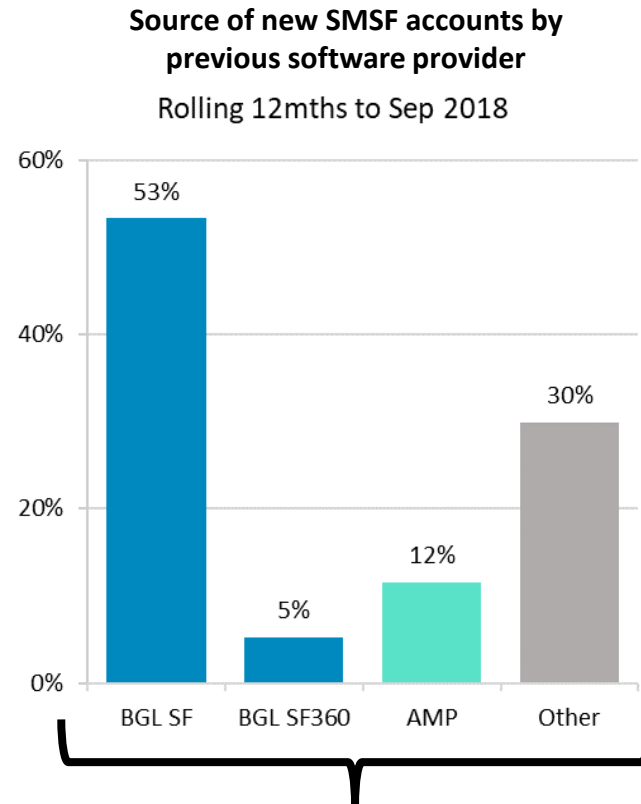
³ Investment Trends SMSF Investor Report for 2013 to 2018. Data pre 2013 is extrapolated

- KPMG analysis¹ expects to see a bounce-back in the establishments of SMSFs
- Established Class firms² grew by an average **6.5%** in FY18 ...**2½** times the SMSF industry growth rate of **2.5%**
- **20%** of account growth was Class customers growing their business
- DIY admin³ 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

Winning Across Addressable Market



Our addressable market
(% of estimated 600k SMSFs)

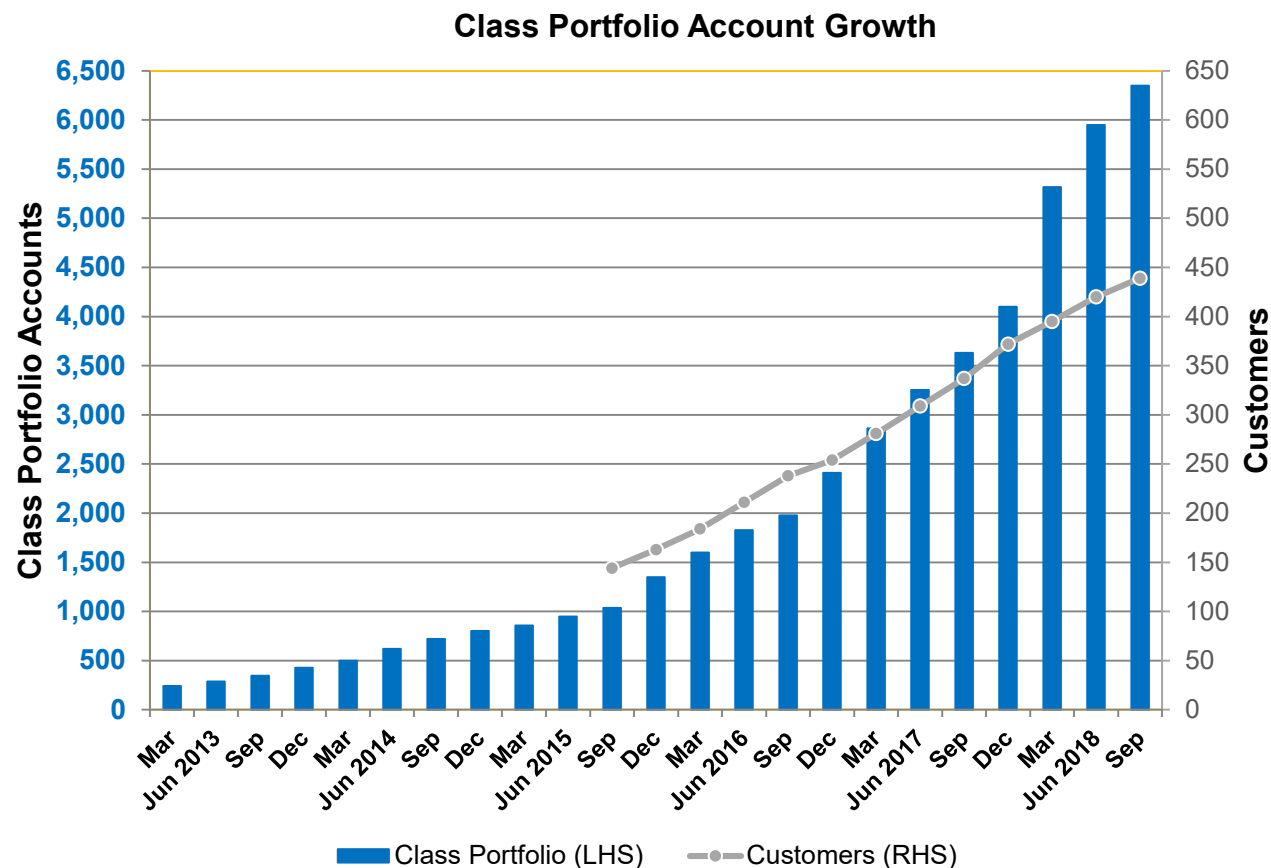


What we won
(% of new funds Class signed)

- **27%** Class Super total market share, up by **+3%** for FY18
- Estimated remaining addressable market is **59%** and we estimate over 200,000 of those are yet to be migrated to the cloud
- **17%** of new accounts now coming from firms who have already migrated to the cloud

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

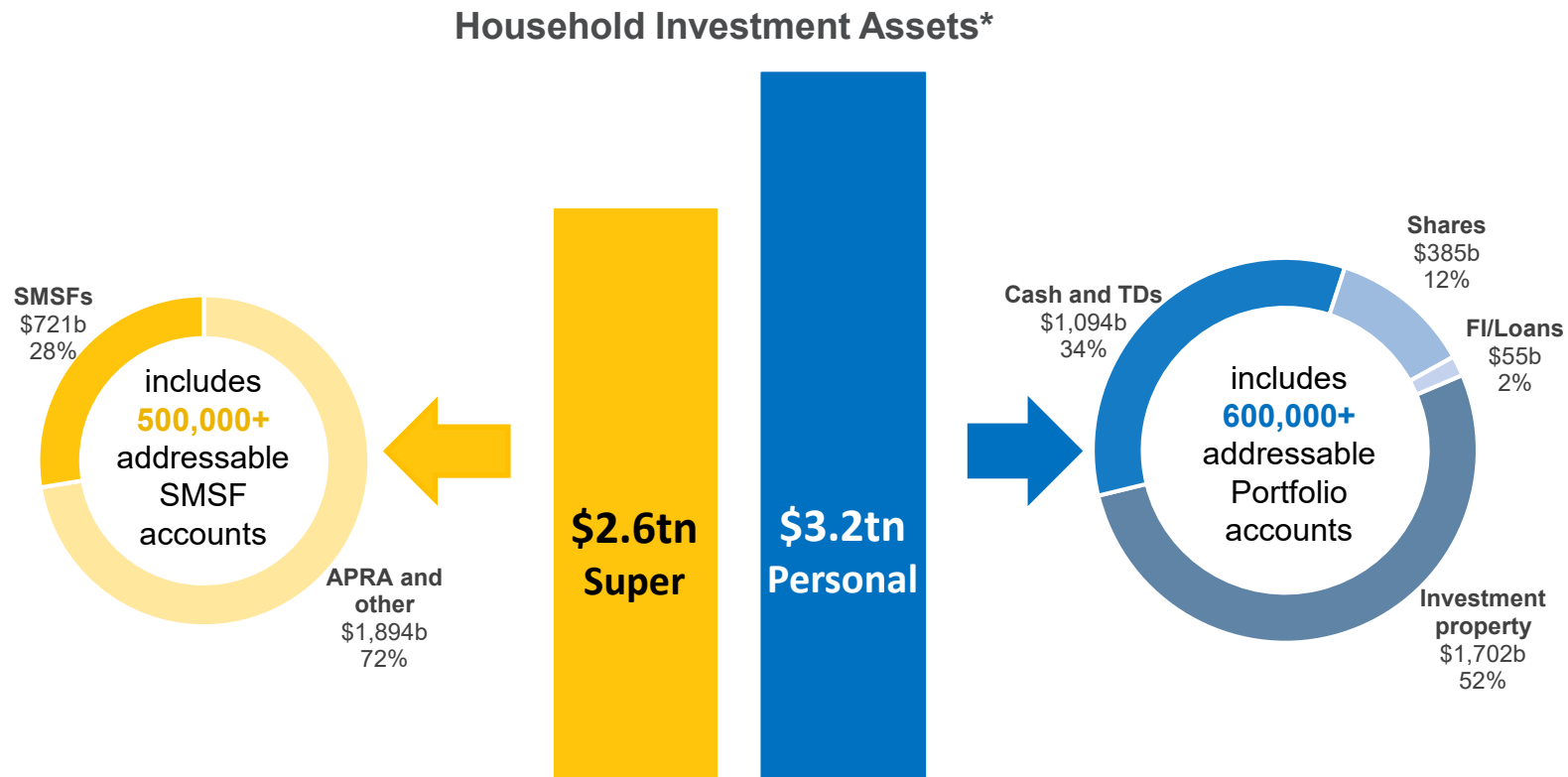
Class Portfolio Growth



- **2,695** new accounts added, **+83%** for FY18
...as at 30 Sep: **6,350** total accounts
- **70%** of existing Class Super subscribers surveyed are potential Class Portfolio users
- **31%** of Class Super subscribers use Class Portfolio with an average of **14.2** accounts per customer
- **\$139** ARPU
- Continuing to develop product and refine market positioning and sales approach
- Focused on multi-disciplinary firms and integrations with financial planning solutions



Portfolio Potential and Addressable Market



Sources: APRA, ATO

**Excludes owner-occupied dwellings and ownership of own business*

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

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

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 wins¹

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

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: same as ARR.

ARR: Annualised Recurring 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.

