



21 November 2018

CLASS LIMITED (CL1) - INVESTOR DAY

Today marks the 2018 Investor Day hosted by Class Limited.

A copy of the presentation is attached.

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

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Class Limited

Investor Day

21 November 2018

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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.

Agenda

| Session | Presenter | |
|---------------------------------|-------------------------------------------------------|---------------------------------------------|
| Business Update | Glenn Day Acting Chief Executive Officer, Class | |
| The Class Engine | Adam Ferguson Interim Chief Product Officer, Class | |
| Strategic Alliances Program | Glenn Poynton Strategic Alliances Director, Class | |
| Investment Trends Fireside Chat | Joel Smith Sales Director, Class | Michael Blomfield CEO, Investment Trends |
| Q & A Panel | | |
| Close | | |

Introduction



**Glenn Day,
Acting CEO
CFO & Company Secretary**

Strong Leadership Team



Glenn Day

Acting Chief Executive Officer
Chief Financial Officer
Company Secretary



Panos Alexandratos

Chief Operations Officer



Adam Ferguson

Interim Chief Product Officer



Lil Keaty

Marketing Director



Jacqui Levings

Human Resources Director
Maternity Leave



Joe Nalewabau

Chief Product Officer
Extended Leave



Glenn Poynton

Strategic Alliances Director



Joel Smith

Sales Director

Past Results Driving Future Success

Despite a disrupted FY18, Class delivered:

+18%
revenue
growth

47%
EBITDA
margin

+3%
SMSF
market share,
currently **27%**

+83%
Class Portfolio
growth

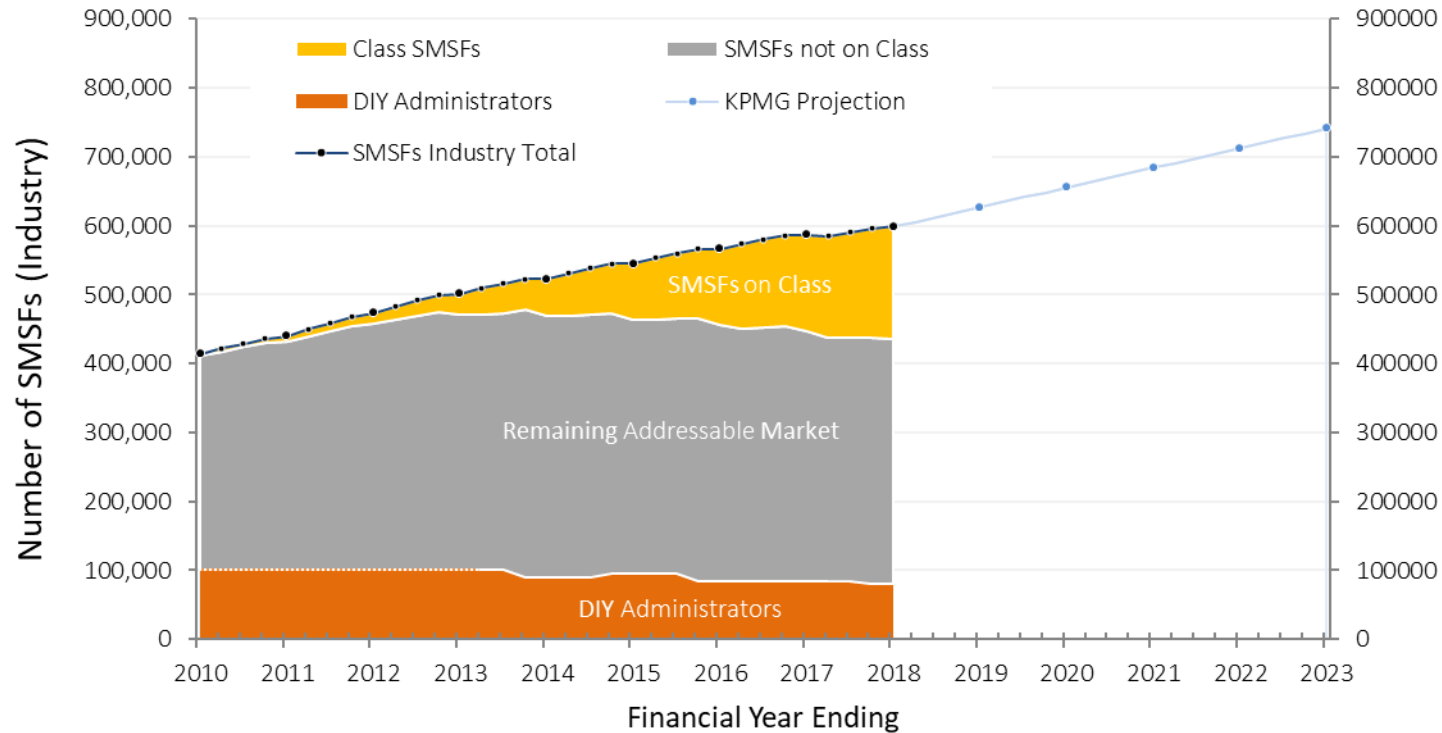
99.5%
retention rate¹

Highest Overall Client Satisfaction & Value for Money: SMSF Software, award wins²

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

Class Super, Growing SMSF Market



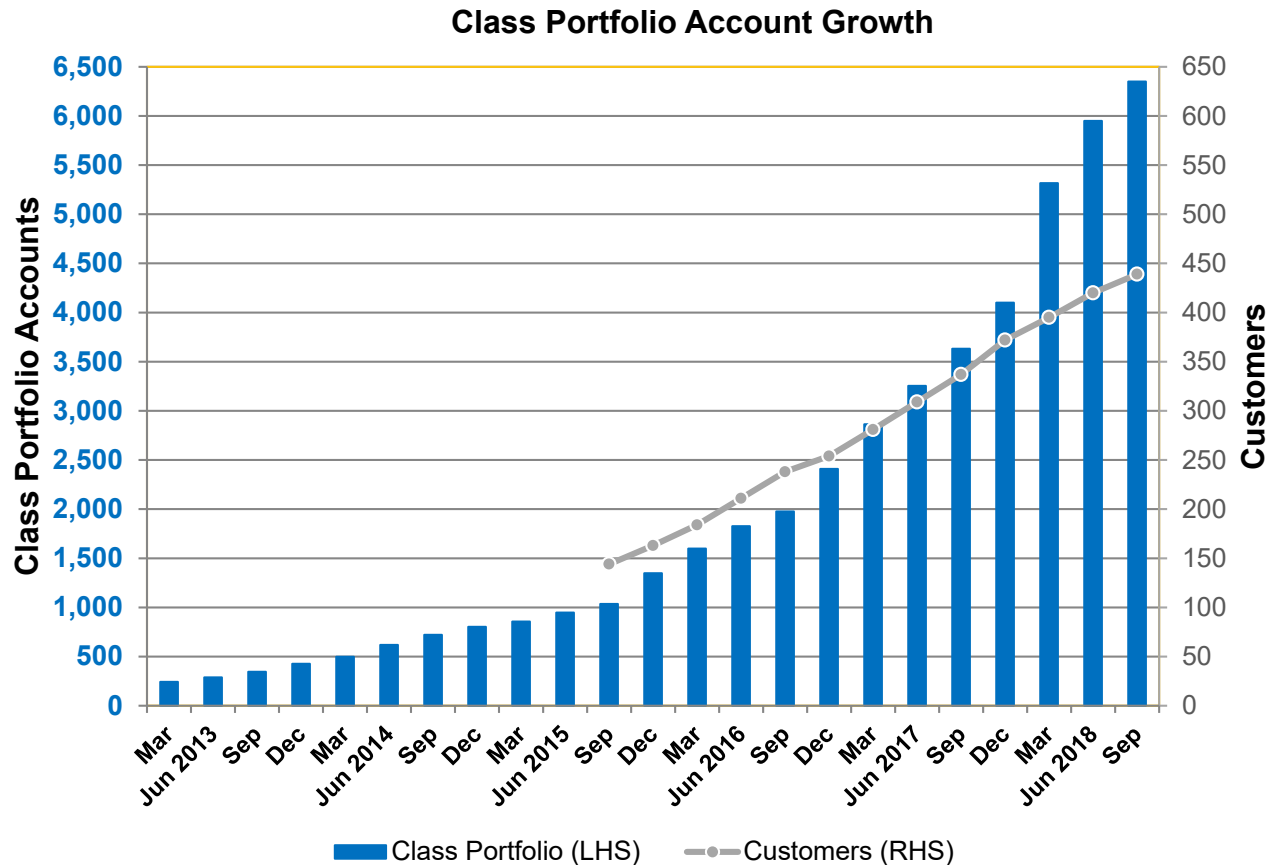
¹ KPMG Super Insights Report 2018

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

Class Portfolio Growth



- **2,695** new accounts added, **+83%** for FY18
- ...as at 30 Sep: **6,350** total accounts
- **31%** of Class Super customers 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

Clear Strategy in Place

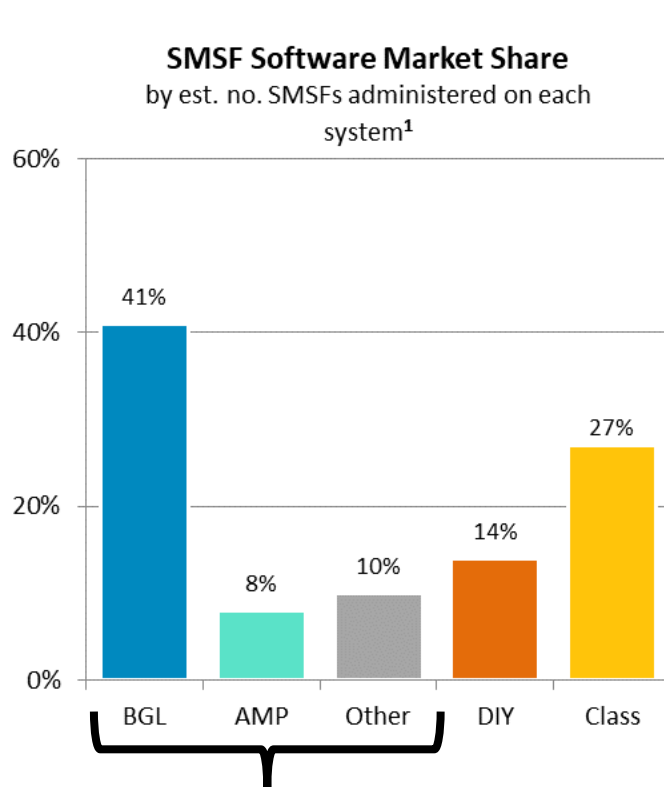
| Growth in existing market | | Growth in new markets | | Strategic Alliances Program |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Class Super | Lifetime Value | Class Portfolio | Wealth | Partners, Acquisitions & Integrations |
| <ul style="list-style-type: none">Continue to increase SMSF market share, +3% in FY18Apply learning as market matures & changesIncreased focus on sales & marketing | <ul style="list-style-type: none">Retention rate 99.5%Retention underpins \$36.0m ARR | <ul style="list-style-type: none">Increase Class Portfolio penetration +83% growth in FY18Refined sales & marketing approachFocus on multi-disciplinary firmsIntegrations with financial planning solutions | <ul style="list-style-type: none">Whole of wealth servicesIncreased automationBetter connecting the planner and accountant | <ul style="list-style-type: none">New team now in placeIntegrations with wealth accounting and financial advice toolsOpportunities for alliances in adjacent marketsPortfolio Engine |

Introduction

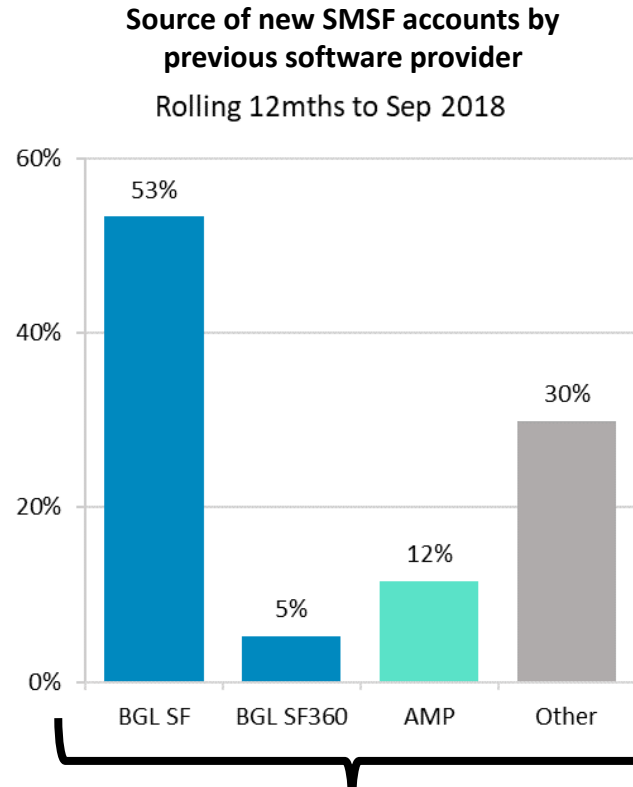


**Adam Ferguson,
Interim CPO**

Winning Across Addressable Market



Our addressable market
(% of estimated 600k SMSFs)

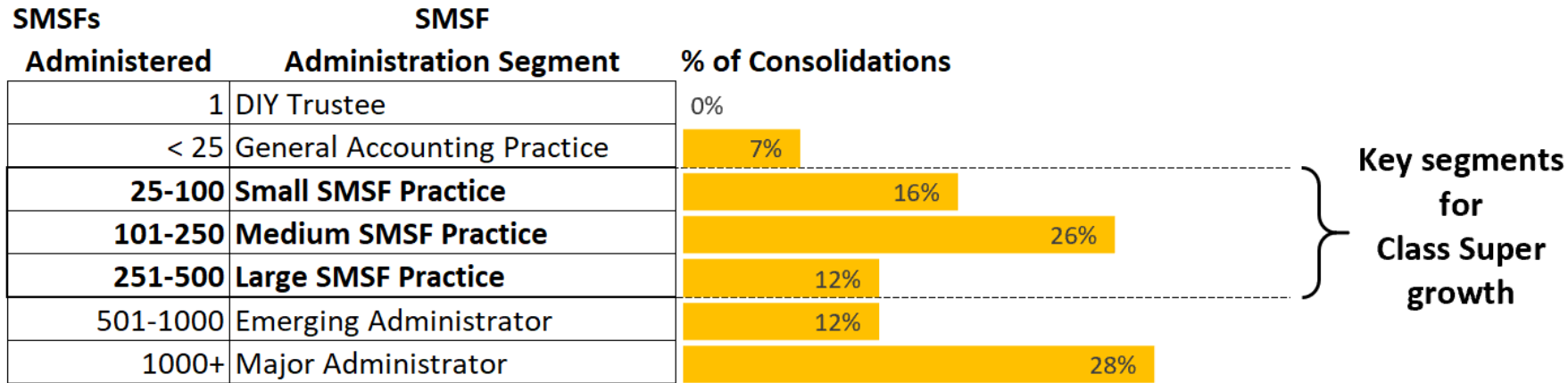


What we won
(% of new funds Class signed)

- **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*

Industry Consolidation Helps Organic Growth

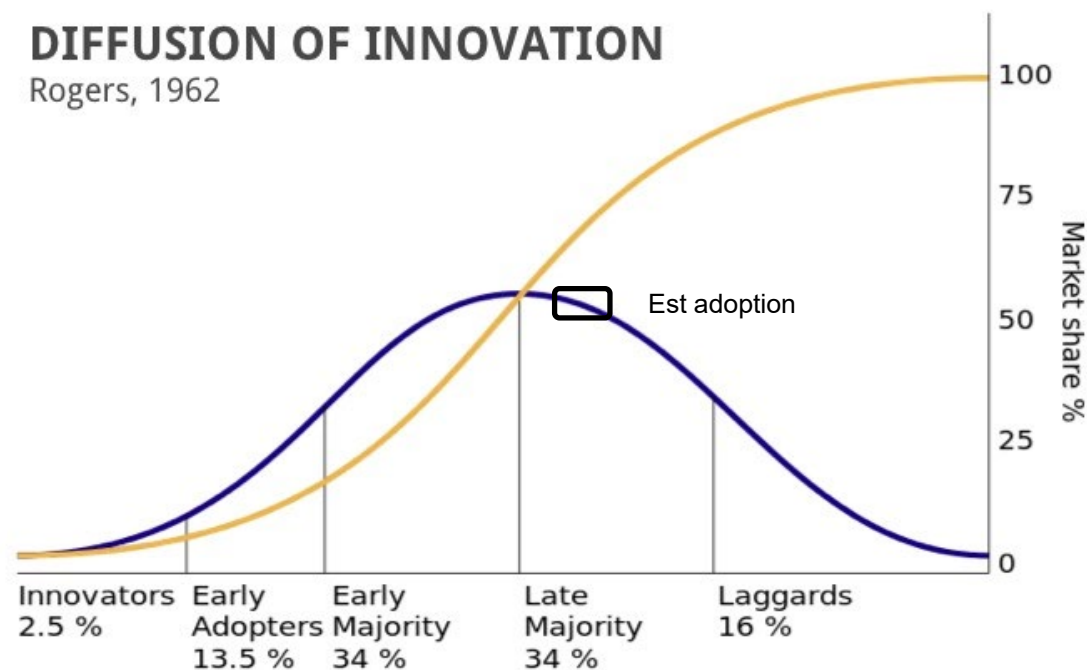


- Consolidation is a trend helping fuel Class customers' faster growth
- **60** Class-to-Class consolidations in FY18 vs **5** in FY17 ...a 12-fold increase
- Average of **74** accounts per consolidation
- 60% of consolidations were 1:1 relationship mergers
- 40% going to larger administration firms

Adoption now into the Late Majority

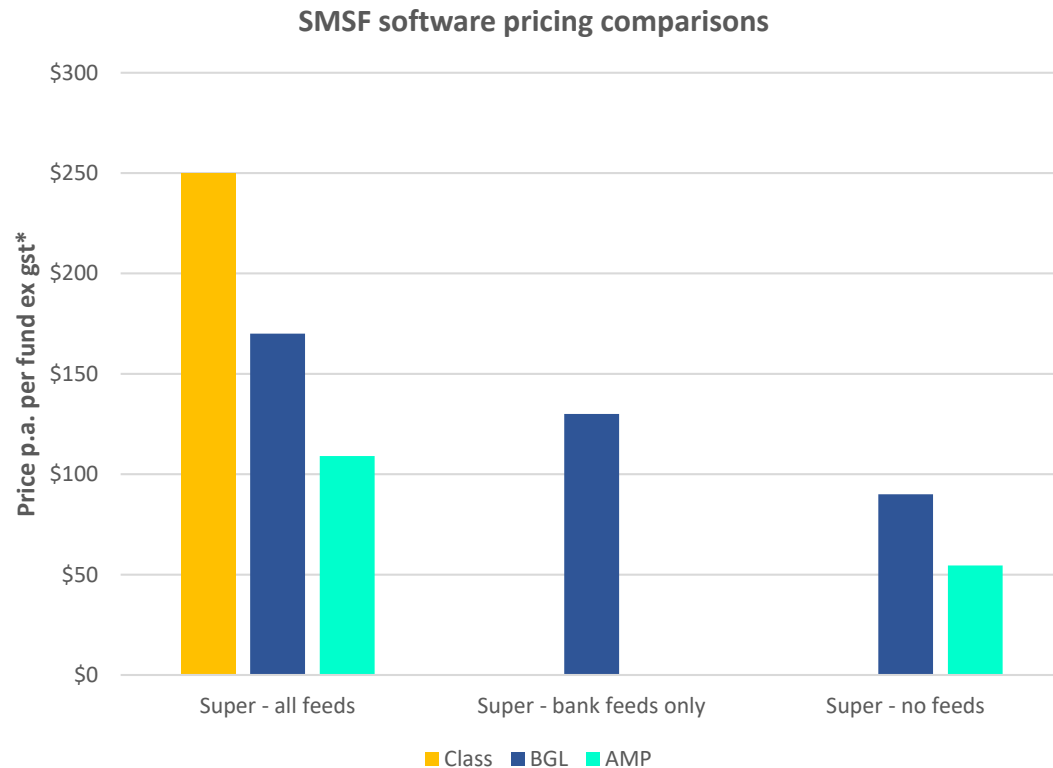
DIFFUSION OF INNOVATION

Rogers, 1962



- Market penetration estimated to somewhere between 55 – 65%.
- Clearly into the late majority
- By nature tend to be more conservative
- Sales and Marketing approach being refined to win late majority

Pricing Comparison

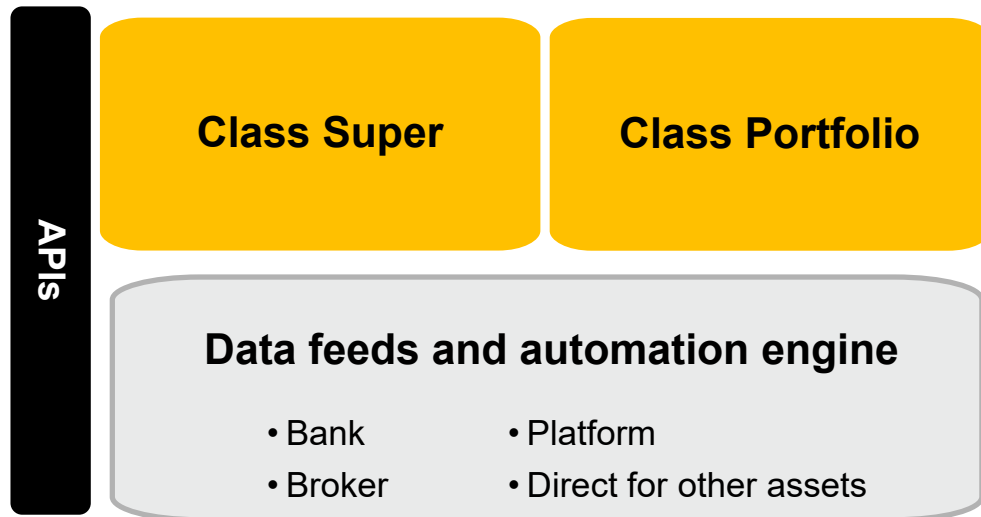


- Class Super is priced at a 32% premium on BGL and a 56% premium on AMP
- Class Super rated best value for money
- Class Super built on the premise of automation from feeds, hence no segmented offering



*Prices stated on website as at 20 November 2018

The Class Platform



- Class Super: Quick and efficient SMSF administration software
- Class Portfolio: Fast, accurate daily investment reporting for companies, trusts and individuals
- Data feeds and automation engine: The sourcing of direct feeds and the associated matching of bank feeds with investment information is key driver of automation

Why Class Super is better than the competitors

Class Super was designed and built to process SMSF's at scale

| Class Features | Typical Competitor Features ³ |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Fully automated general ledger streamlining admin, audit and actuarial services | Still requires many manual journal entries that undermine efficiency, reliability and integration |
| Android and Apple mobile app tailored specifically for planners and investors | Web browser interface only |
| ASAE 3402 audited transaction data feeds direct from providers for: <ul style="list-style-type: none">· Cash accounts· Share trading· Wrap and other platforms | Transaction data feeds that aren't formally assured for use by SMSF auditors |
| Automated FX accounting | Foreign exchange rates need manual application |
| Encrypted and securely-integrated broker data feeds | Email/PDF scraped data that can't be assured as source documents for SMSF auditors |
| Daily broker balance confirmations | Quarterly balance confirmations from some registries, that aren't formally assured for use by SMSF auditors |
| Automated accounting of international share transactions and pricing conversion for 20+ exchanges | Some foreign market pricing but accounting needs to be done manually |
| Bulk corporate action processing with automated journaling | Fund-by-fund processing with some manual journaling |
| Audited, encrypted and securely-integrated data feeds for the top 20 wrap and managed account platform providers | Incomplete coverage and unaudited manual file export/import |
| XPLAN integration via API and data feeds | Manual file export/import to XPLAN |

Some competitors may have addressed some of these differences since this table was produced.

Source: Class Limited 2018 Annual Report

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“We started using Class Super in 2011. The software has been a great SMSF processing solution that has given us the capability to grow our SMSF service and clients tenfold in 4 years. We are now able to be competitive by charging our clients less, whilst making more profit due to processing efficiency.”

Barossa Accounting & Tax Services

“Compared to other SMSF accounting software products, Class has enabled our accountants to look after two, if not three times as many SMSFs as they could previously.”

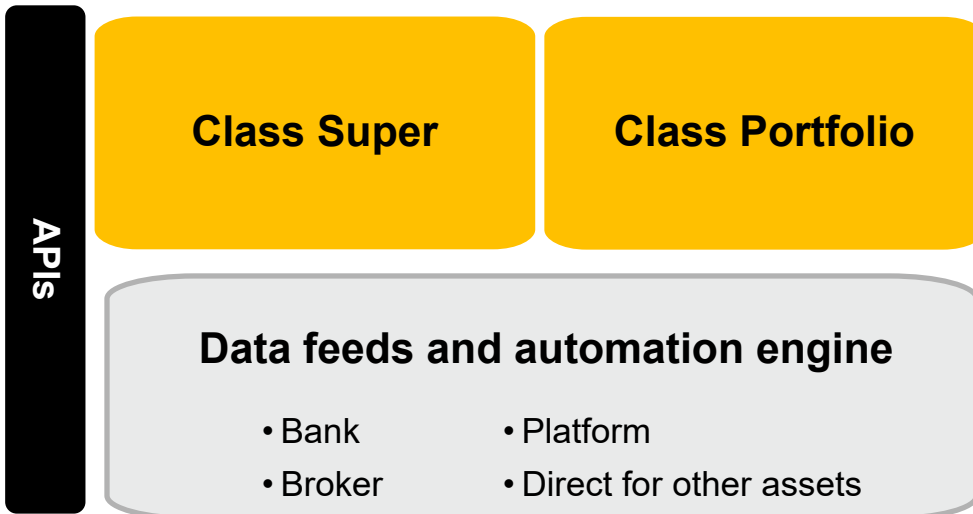
Superfund Partners



Accountants

Job to be done

- **Super:** Process SMSF compliance requirements
- **Portfolio:** Process non-SMSF investment compliance requirements



Product strategy: Drive Automation

Key deliverables

Feeds: Increase depth, breadth and speed of delivery

- Enhance Managed Accounts automation
- Enhance Dividend Re-investment plans (DRP's) automation
- Add new feeds as required

Processing: Increase efficiency

- Drive increased auto-matching, e.g. Income Generation
- Simplify pension payments processing
- Improve year-end processing

Compliance: Keep up to date and secure

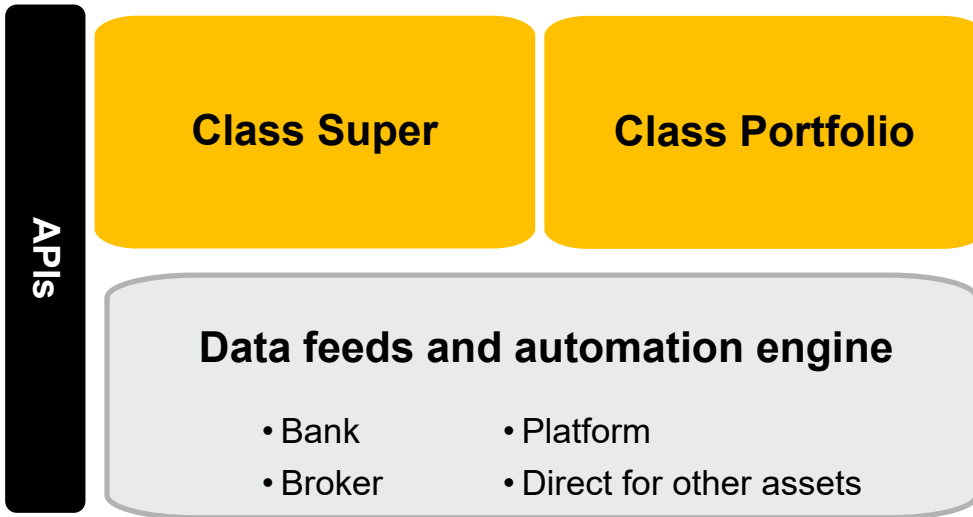
- Keep system compliant with legislation
- Deliver timely corporate actions
- Keep secure, e.g. multi-factor authentication



Advisers

Job to be done

- **Super & Portfolio:** Support an efficient and scalable advice process



Product strategy: Deliver aggregated & timely data

Key deliverables

Reporting: Consolidate and simplify reporting

- Adviser dashboard

Integrations:

- XPLAN and Midwinter integration

Feeds and automation: Increase depth, breadth and speed of delivery

- Enhance Managed Accounts automation
- Enhance Dividend Re-investment plans (DRP's) automation
- Add new feeds as required

Compliance: Keep up to date and secure

- Keep system compliant with legislation
- Keep secure, e.g. multi-factor authentication



Overview

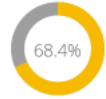


19
Portfolios

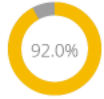


\$53.1m
Total Portfolio Amount

\$2.8m
Average Portfolio Amount

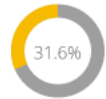


13
SMSFs

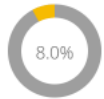


\$48.8m
Total SMSF Amount

\$3.8m
Average SMSF Amount



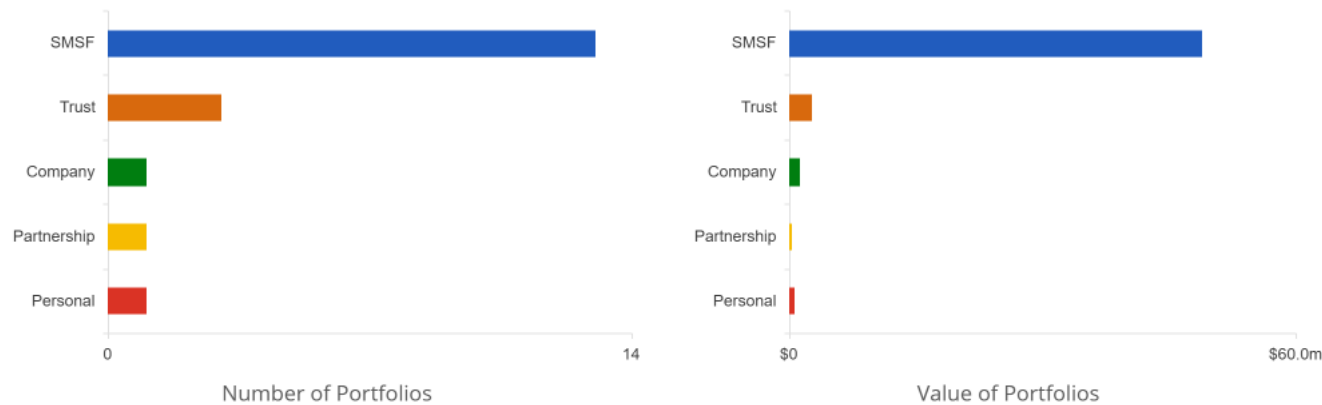
6
Non-SMSFs



\$4.2m
Total Non-SMSF Amount

\$707.6k
Average Non-SMSF Amount

Portfolio Types



Top Investments

| | | | |
|----|-----------|----------------------------------------------------------------|-------------|
| 01 | GOOG | Google Inc | \$1,962,260 |
| 02 | CBA | Commonwealth Bank Of Australia. | \$1,283,290 |
| 03 | RIO | Rio Tinto Limited | \$1,215,701 |
| 04 | IWV | Ishares S&P 500 ETF - Exchange Traded Fund Units Fully Paid | \$1,147,980 |
| 05 | WOW | Woolworths Group Limited | \$847,744 |
| 06 | BHP | BHP Billiton Limited | \$826,178 |
| 07 | COH | Cochlear Limited | \$816,577 |
| 08 | ANZ | Australia And New Zealand Banking Group Limited | \$747,631 |
| 09 | CSL | CSL Limited | \$744,044 |
| 10 | PLA0001AU | Platinum European Fund | \$698,720 |
| 11 | ASX | ASX Limited | \$689,526 |
| 12 | WBC | Westpac Banking Corporation | \$621,888 |
| 13 | WDC | Westfield Group - Ordinary/Units Fully Paid Stapled Securities | \$542,000 |
| 14 | WES | Wesfarmers Limited | \$534,263 |
| 15 | NAB | National Australia Bank Limited | \$487,795 |
| 16 | WPL | Woodside Petroleum Limited | \$466,625 |
| 17 | SUN | Suncorp Group Limited | \$315,560 |
| 18 | TLS | Telstra Corporation Limited. | \$308,454 |
| 19 | PLA0004AU | Platinum Asia Fund | \$306,363 |
| 20 | FSF0046AU | Colonial First State Personal Pension Plan - Balanced | \$302,434 |

> Portfolios

| Portfolio | Contacts | Type | Value |
|-------------------------------|-----------------------------------------------|-------|--------------|
| James & Jane Super Fund | Mr James Jones, Ms Jane Jones, Mr Liam Jones | SMSF | \$15,241,965 |
| Peter's Retirement Fund | Mr Peter Yates, Mrs Tamara Yates | SMSF | \$7,907,313 |
| Steph Self Managed Super Fund | Mr Tom Mance, Mrs Susan Mance | SMSF | \$7,068,465 |
| The Or Superannuation Fund | Ms Rahat Singh, Mrs Susan Mance, Mr Or Oliver | SMSF | \$7,068,465 |
| Jones Family Super Fund | Mr Randy Jones, Mrs Jennifer Jones | SMSF | \$3,712,225 |
| Bailey Family Super Fund | Mr William Bailey, Mrs Sarah Bailey | SMSF | \$2,919,224 |
| Alex Superannuation Fund | Mr Alexander Sermeci | SMSF | \$2,368,226 |
| Scott Trust Fund | | Trust | \$1,465,433 |

> Insights

\$53.1m
19 Portfolios

4
Over Contribution Caps

\$48.8m
13 SMSFs

8
High Cash Balances

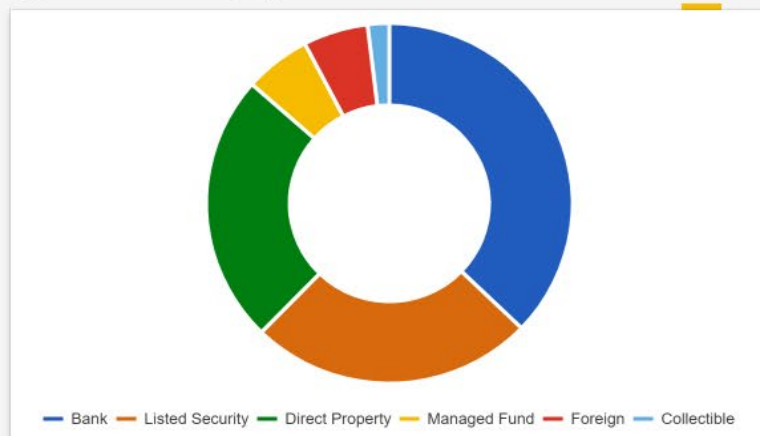
\$4.2m
6 Non-SMSFs

6
Low Cash Balances

> Investments by Type



> Top Investments



| | | |
|----|------|-------------|
| 01 | GOOG | \$1,962,260 |
| 02 | CBA | \$1,283,290 |
| 03 | RIO | \$1,215,701 |
| 04 | IVV | \$1,147,980 |
| 05 | WOW | \$847,744 |
| 06 | BHP | \$826,178 |
| 07 | COH | \$816,577 |
| 08 | ANZ | \$747,631 |

> News

Do you know the fees you're paying?

Depending on the type of fund you use and whether you pay for advice, there is a large difference in the size of fees. It might be worth paying for extras but choose the fund...

When the \$1.6m cap is no longer relevant

There has been a massive focus on the maximum allowed in a tax-free pension of \$1.6 million, but what happens if your portfolio rises in value and you exceed it? Should you...

Royal Commission must remove aged care anomalies

The current system is complex and inequitable, and those most affected by aged care anomalies are often least able to understand the consequences.

Share outlook turns negative for first time

A monthly survey carried out for almost a decade shows the Australian retail market has turned suddenly bearish recently. Lots of factors are worrying people.

Introduction



Glenn Poynton,
Strategic Alliances Director

Strategic Alliances Program

Aggregate, Automate, Connect

Grow the Partner Ecosystem

Extending the Class Platform

- New Partner and API team now in place
- New Integrations in Audit & Advice tools (XPLAN, Midwinter) delivered
- More planned

Creating New Revenue Opportunities

- Extending Class API capabilities
- Delivering coordinated solutions with opportunities to share revenues
- Increased ARR

Growing Class Opportunity in Wealth Segment

Class Portfolio

- Future growth increasingly to come from accounting and wealth

Portfolio Engine

- Uniquely positioned to support key changes in the wealth industry
- Better connecting the adviser, accountant and investor

Non Organic Growth

Acquisitions & Investments

- Extend Class participation across the current value chain
- Exploring strategic alliances and M&A in adjacent markets

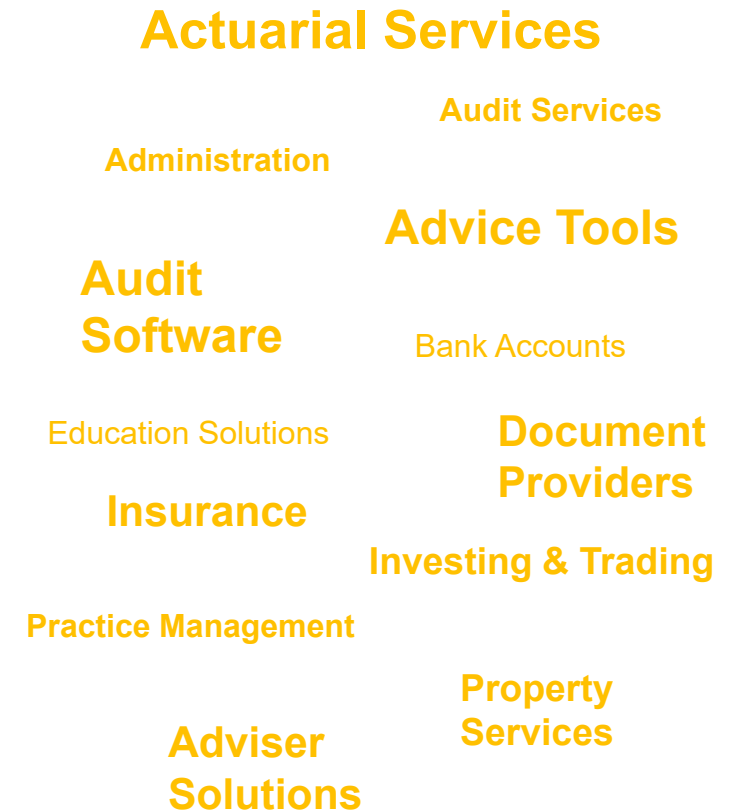


Partner Ecosystem

- Partners across 13 categories who provide innovative solutions and opportunities for revenue share and cross-sell
- Best of breed product and service providers, who form an essential part of our business development and growth
- Wide range of products, services and solutions that are integrated with, or complementary to, Class
- Current partner revenue accounts for **4%** of total revenue

Partner Revenue

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



Extending the Class platform into Wealth

Opportunity to drive down the cost of advice, and support scalable growth

Partnering with innovative propositions

Adviser Solutions

iress

WEALTHO₂

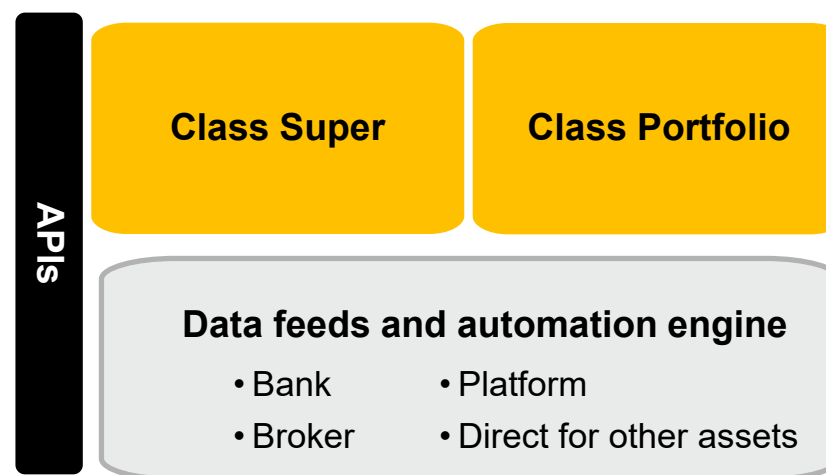
financial/simplicity

myprosperity

AdviserLogic

midwinter

Class portfolio engine, Class API and Class automation



Leveraging Class Capabilities

Class Portfolio

Class Super

Class API

Class Data Feeds and Automation

Extending the Class Platform, Supporting Managed Accounts

Opportunity to drive down the cost of advice, and support scalable growth

Partnering with innovative
and new propositions

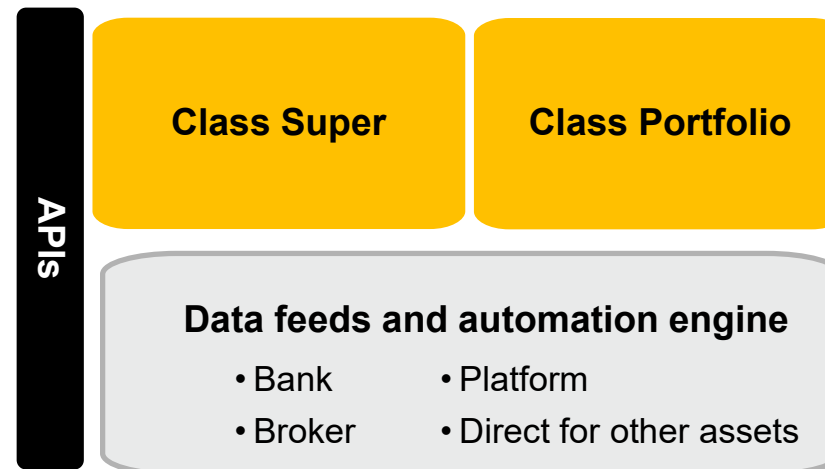
Class portfolio engine, Class
API and Class automation

Leveraging Class capabilities

Managed Accounts



INVESTSMART
LET'S MAKE WEALTH HAPPEN



Class Portfolio

Class Super

Class API

Class data feeds and
automation engine



Future opportunities

Aggregate, Automate, Connect

Grow the Partner Ecosystem

Extending the
Class Platform

Creating New
Revenue
Opportunities

Growing Class Opportunity in
Wealth segment

Class Portfolio

Portfolio Engine

Non Organic
Growth

Acquisitions &
Investments

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.

