

Class Limited

Annual General Meeting

21 October 2019



Agenda

1. Chairman's Address
2. CEO's Update
3. Business of the Meeting
4. Questions



Chairman's Address

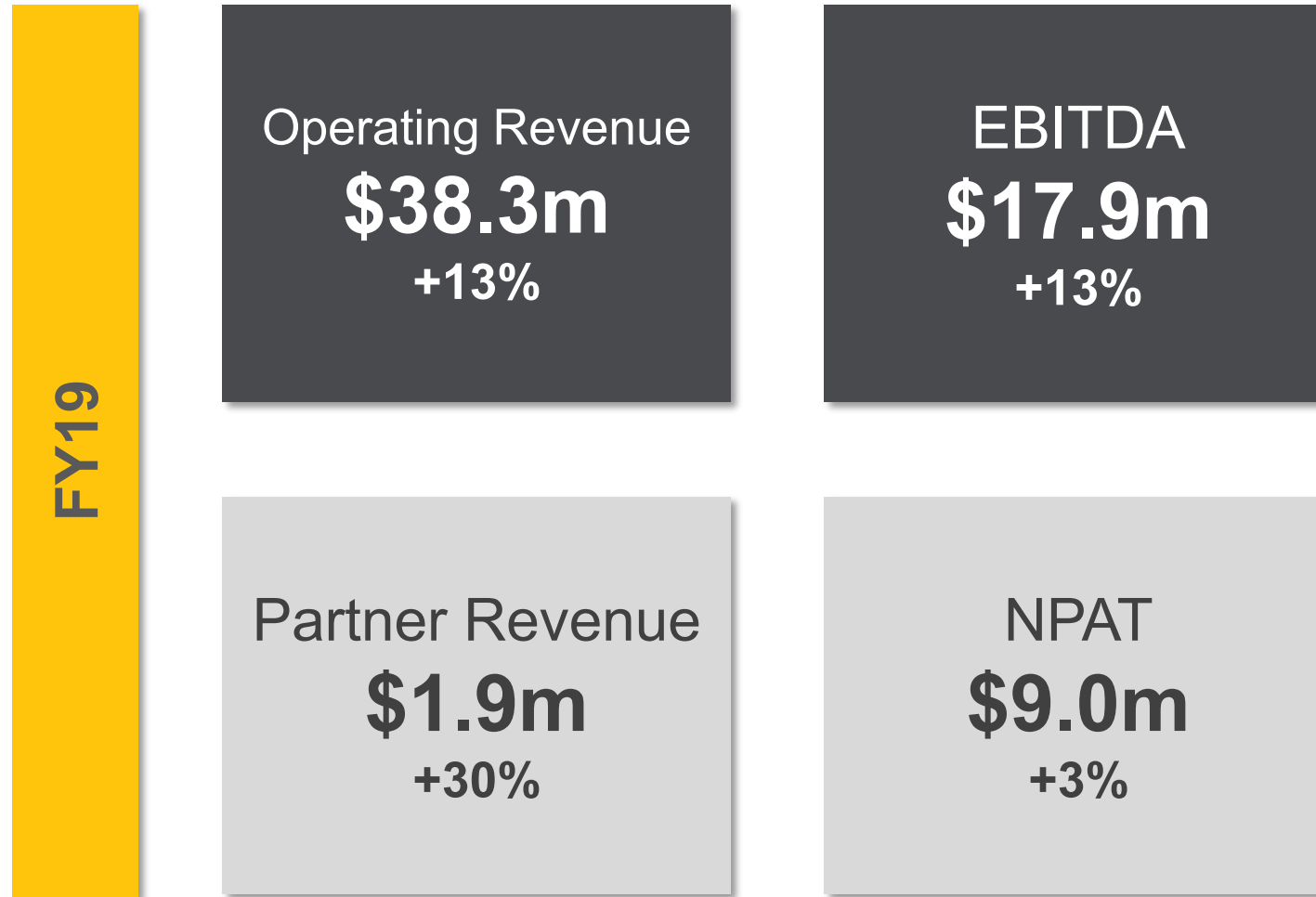


Mr Matthew Quinn



Mr Andrew Russell

FY19 Financial Metrics



Strong Client Retention & Product Recognition



2019 SMSF Accountant Report
Highest Overall Client Satisfaction:
SMSF Software
Class Super

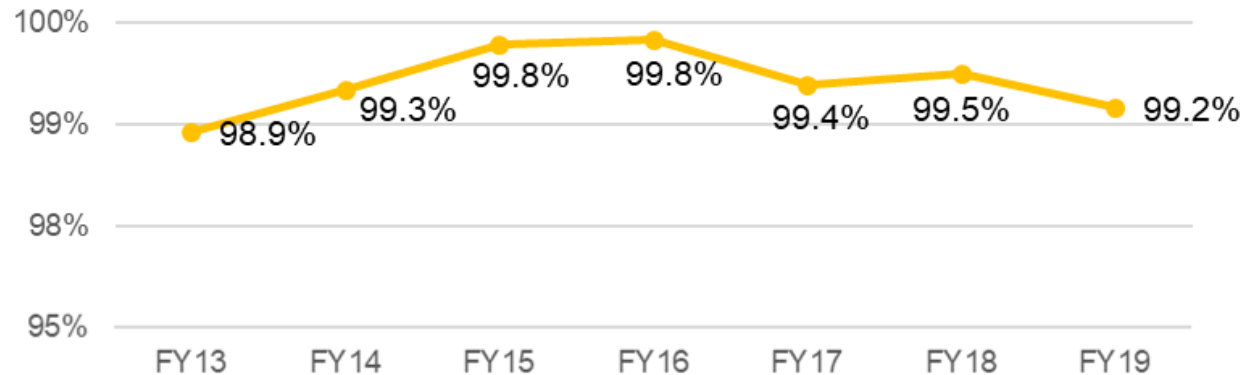


2019 SMSF Accountant Report
Value for Money
Class Super



- **2019 Investment Trends Winner¹:**
 - Highest Overall Client Satisfaction: SMSF Software (*5th year running*)
 - Value for Money (*3rd year running*)
- **2019 Fintech Business Awards:**
 - Software Services Innovator of the Year, 50 employees or more
 - Accounting Innovator of the Year (*2nd year running*)

Customer Retention by Accounts (%)²

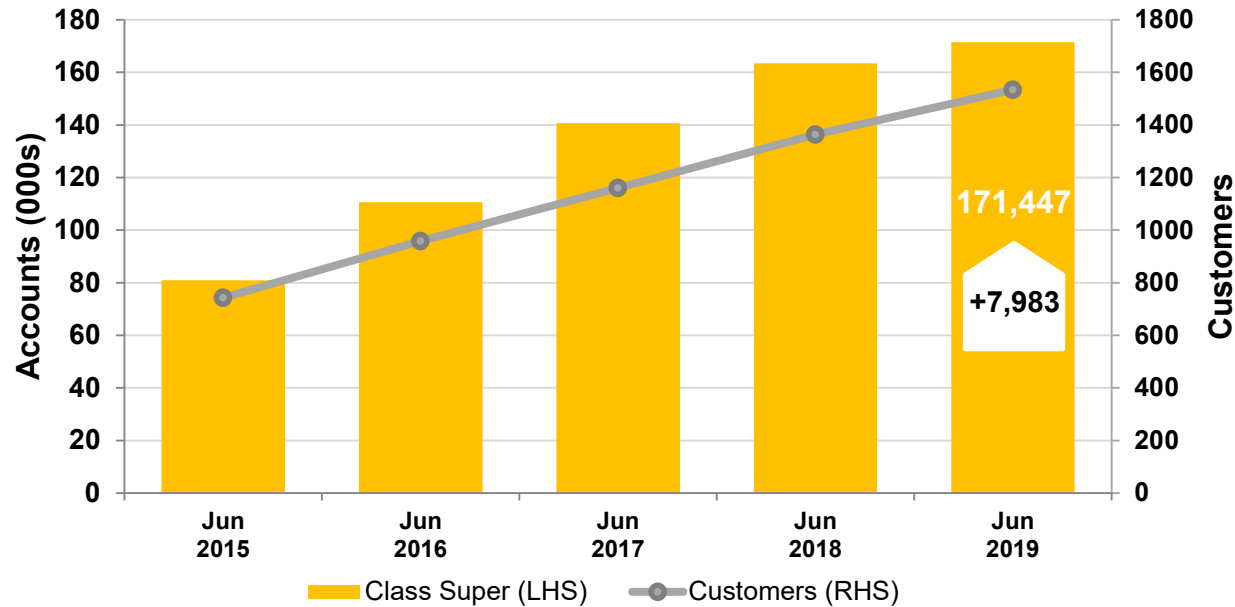


High retention rates & customer satisfaction give us a solid base on which to build

1. Source: Investment Trends 2019 SMSF Accountant Report, based on a survey of 644 accountants in public practice.

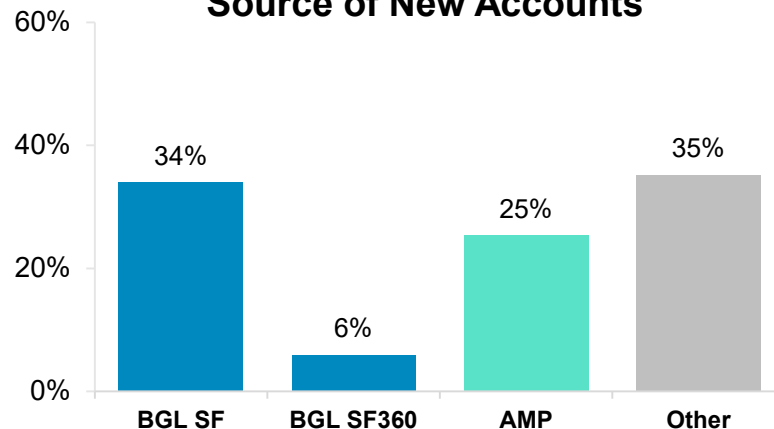
2. Rate is ex-AMP who had ~5,100 funds on Class and made up ~2.5% of Annual Recurring Revenue, if AMP's ~3,200 suspensions were included retention rate would be ~97.3%

Class Super Growth



- Independent surveys & awards confirm Class is the best cloud solution for SMSF administration
- During FY19 competitors offered lower prices and discounts to hold market share
- Despite having the best product, we must extend product differentiation and improve marketing to increase sales

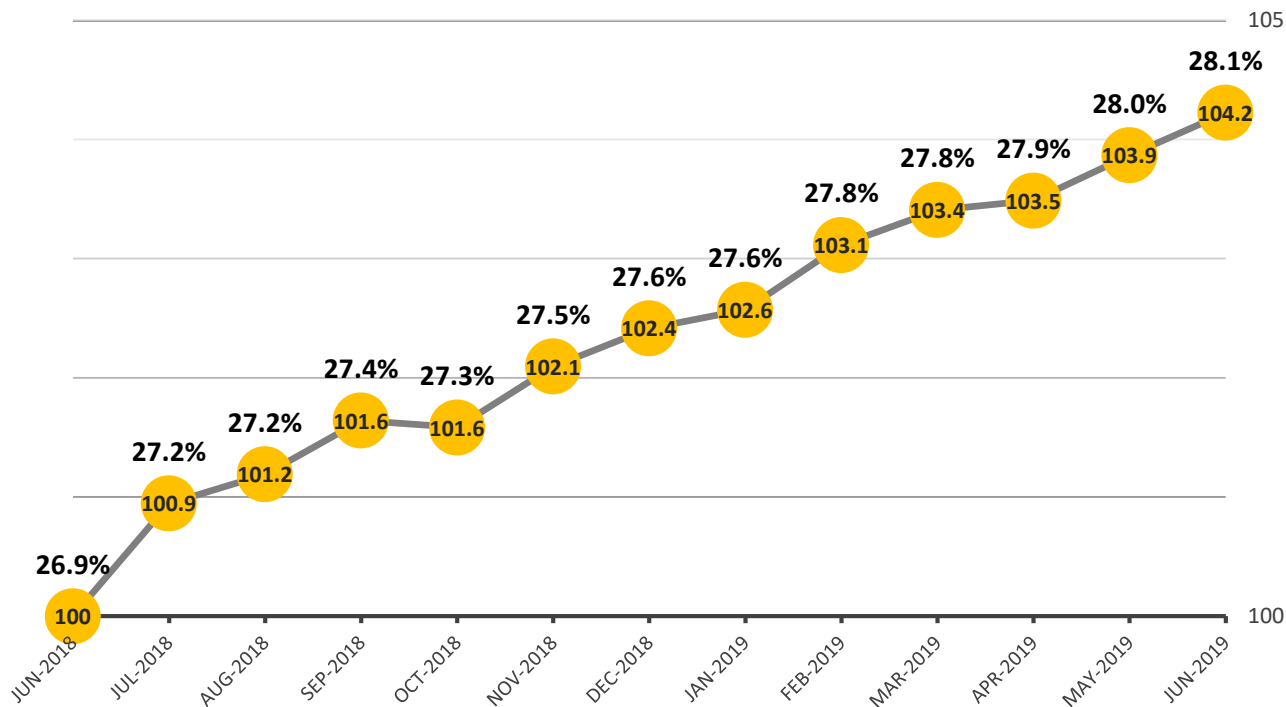
Source of New Accounts



Class Super is the best product in the market and continues to win business from both cloud & desktop providers

Class Market Share Index FY19, by Accounts¹

One year growth in market share: 4.2% or 1.2 percentage points



¹ Methodology: See Appendices for details.

- Our market share continues to grow
 - 28% market share (+1.2% market share uplift)

To accelerate market share growth and extend the lead over our competitors, the business needs to invest more in product development

Class Super – Focusing on the Fundamentals

Product Differentiation:

- Partner with industry leading accounting firms to develop customer focused products
- Focus on removing pain points, simplifying and automating back office processes
- Deliver against our promise of saving our customers time and cost in their back office

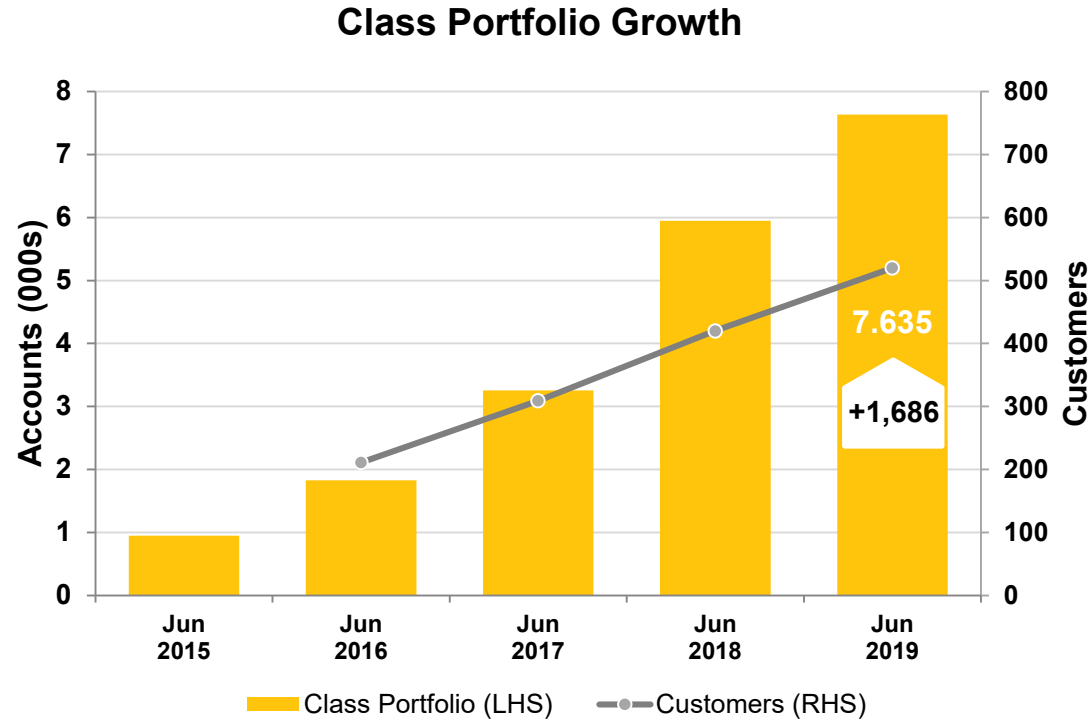
Marketing & Sales:

- Combining product development and marketing teams to drive focus and delivery
- More effective communication of product to existing and new customers through continuous feedback

We will significantly improve our sales, marketing and product development capability to increase the gap between Class and our competitors



Class Portfolio and the launch of Class Trust



Key learnings:

- Class Portfolio has not performed to our expectations
- Insufficient investment meant we did not address customer pain points (automation & performance reporting)
- Continue to evolve Portfolio as an investment reporting product in FY20

Expanding our product suite with Class Trust:

- Trusts are the primary wealth vehicle outside of SMSF and current accounting solutions in market are manual, time consuming and inefficient
- Working with customers to design a product that meets their Trust needs the way we have with Super

We will launch a new product in the Trust space which will increase our addressable market by a similar size as SMSF



Class Reimagined

BETTER
FASTER
STRONGER

ing Hackat...

Reimagination Strategy

Lift Growth in Existing Markets

Growing our core SMSF market share

Increasing lifetime value per client

Growth in New Products & Markets

New products to existing clients (e.g. Class Trust)

Selling into new markets

Strengthen and Accelerate Growth

Strategic acquisition and partnership opportunities

Investing for Future Growth

Product Capability Development

Investing to deliver new features and capabilities in support of new products and new markets

People Investment

Investing in technology development, product, marketing and sales

Key Takeaways

1. FY19 **results were solid** but a step change in capability and execution is required to deliver the growth we believe we are capable of
2. Product development must be **better, faster and more customer focused**. We will be improving our **current products and entering new growth segments** that are adjacent to the core to build our 'Class Suite'
3. We will increase our investment in product development and technical capability by 33% to **\$12M in FY20** to set a platform for growth
4. The uplift from this investment won't be felt in FY20 but we are still targeting **10% revenue growth**
5. We expect a material uplift in revenue and EBITDA performance in **FY21 and beyond**
6. We will **optimise our pathway to accelerated growth** through a combination of "Build, Acquire and Partner"





Formal Business

Proxy Results

	Item	For	%	Open	%	Against	%	Abstain
1	Re-election of Mr Matthew Quinn	62,758,891	99.40%	240,316	0.38%	139,016	0.22%	146,880
2	Remuneration Report	62,691,099	99.25%	214,116	0.34%	257,755	0.41%	122,133
3	Grant of Performance Rights to Mr Andrew Russell, Managing Director & CEO	62,595,691	99.06%	229,616	0.36%	367,603	0.58%	92,193

Proxy forms received as at 3pm on Saturday, 19 October 2019.



Q & A

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
- **APR:** Annualised Partner Revenue: calculated using known recurring Partner Revenue at reporting date multiplied by number of periods required to determine revenue over a 12 month period.
- **ARPU:** Average Revenue Per Unit: licence fee assuming any sales promotions have ended and other factors such as pricing remain unchanged
- **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 = $CAC / (ARPU / 12)$
- **CAGR:** Compound Annual Growth Rate
- **Customer Retention Rate:** (average Accounts for the period less Accounts Lost) / average Accounts for the period
- **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

Methodology

Class Market Share Index Calculation

- Numerator to be based on total Class Super accounts LESS the following:
 - Duplicate ABNs (i.e. only one SMSF will be counted per ABN)
 - SMSFs with cancelled, non-complying, or indeterminate status
 - ABNs (including blanks) not validated as belonging to an SMSF
- Denominator to be based on ATO SMSF first-release figures for the end of quarter (i.e. no back-revision for subsequent ATO releases)
 - Prior to first-release figures being available, estimates will be used
 - After first-release figures become available, actuals will be used (with interpolation for intra-quarter months)
- 30 June 2018 = 100 (base)

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- All currency amounts are in AUD unless otherwise stated.