

Class Limited

Half Year Results to 31 December 2015

9 February 2016



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

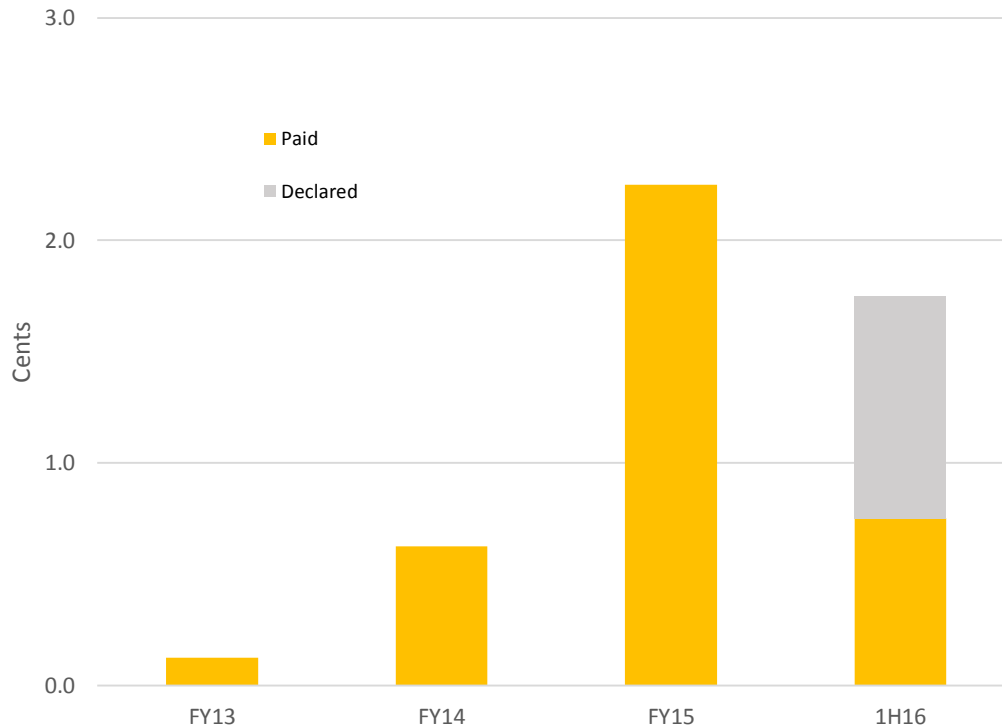
Strong First Half Result

\$'000	1H15	1H16	% Change
Sales Revenue	7,219	10,717	48%
EBITDA ¹	2,520	4,787	90%
NPBT ¹	2,198	4,147	89%
NPAT ¹	1,335	2,814	111%
Basic EPS ¹ (cents)	1.24	2.61	110%
Diluted EPS ¹ (cents)	1.24	2.59	109%

- Strong top line revenue growth driven by record growth in Billable Portfolios.
- Profitability increasing with scale.

1. All results above are before one-off transaction costs associated with Class' Initial Public Offering. They are non-IFRS measures and are used internally by management to assess the performance of the business.

Dividends

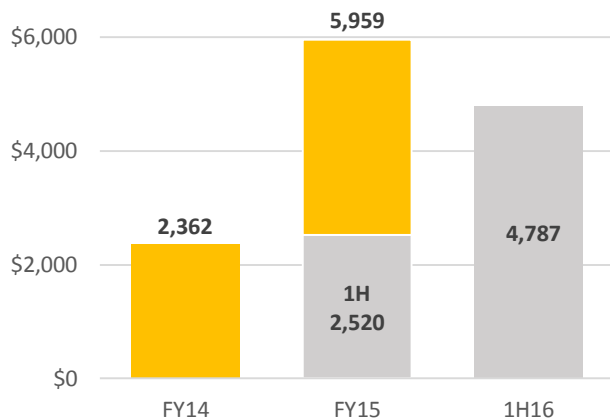


- First FY16 interim dividend of 0.75 cents was paid on 6 October 2015.
- Second FY16 interim dividend (December Qtr. 2015) increased to one cent declared on 9 February 2016, payable 7 March.
- Expected unfranked dividend of one cent per share for the remaining quarters of FY16.

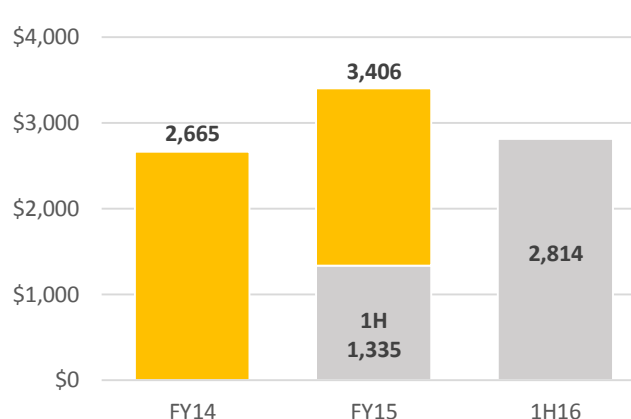
The dividends are presented based on the FY to which they relate, not the day they were declared or paid.

Profitable and Growing

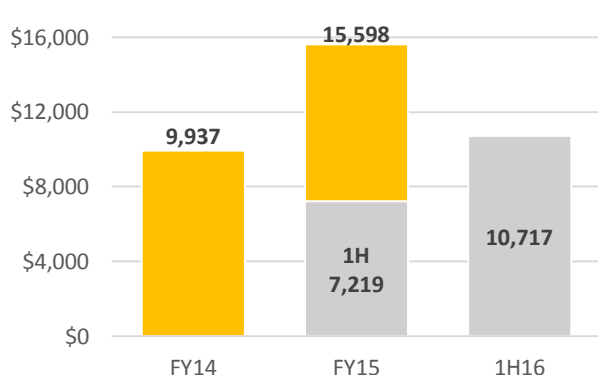
EBITDA (\$'000)



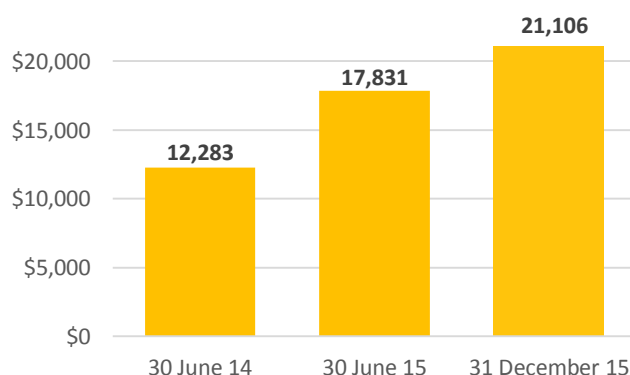
NPAT (\$'000)



Revenue (\$'000)



Annualised Licence Fees (\$'000)

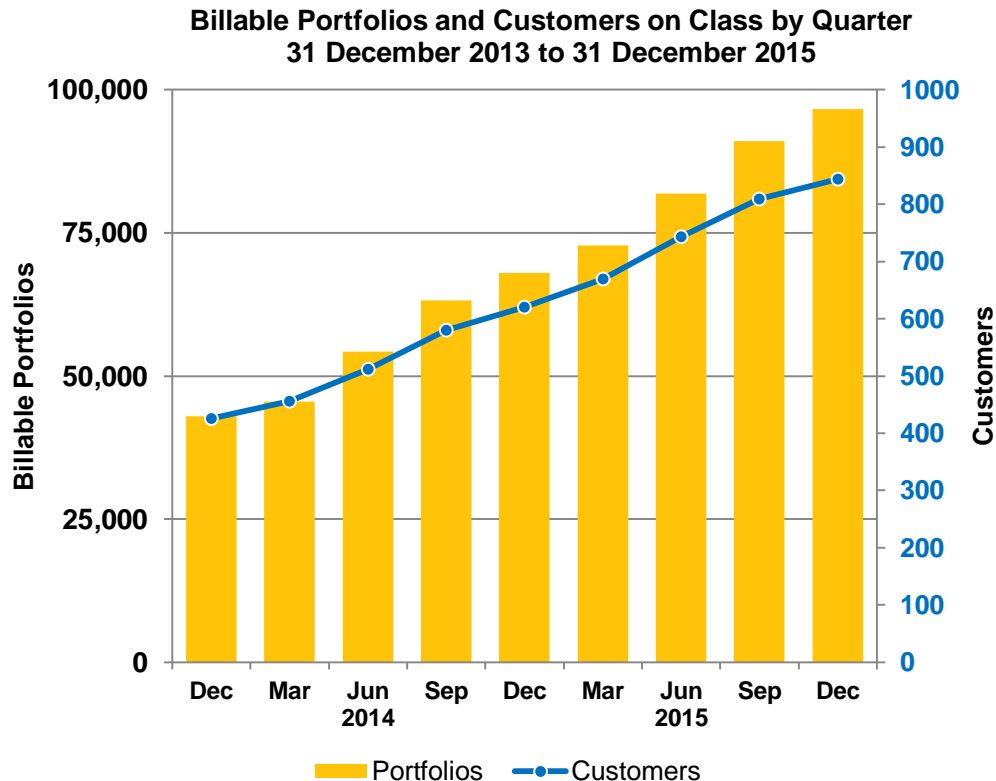


■ Full Year
■ Half Year

1. All results above are before one-off transaction costs associated with Class' Initial Public Offering. They are non-IFRS measures and are used internally by management to assess the performance of the business.



Portfolios



- As at 31 December 2015 Class had 96,637 Billable Portfolios. Between 1 July and 31 December 2015, Class grew its Billable Portfolios by 14,814 and 28,617 in the 12 months to 31 December.
- Class increased its number of customers by 101 over the six months to 31 December 2015, bringing the total number to 844.
- Class was the top rated SMSF software provider among accountants in terms of overall customer satisfaction.¹

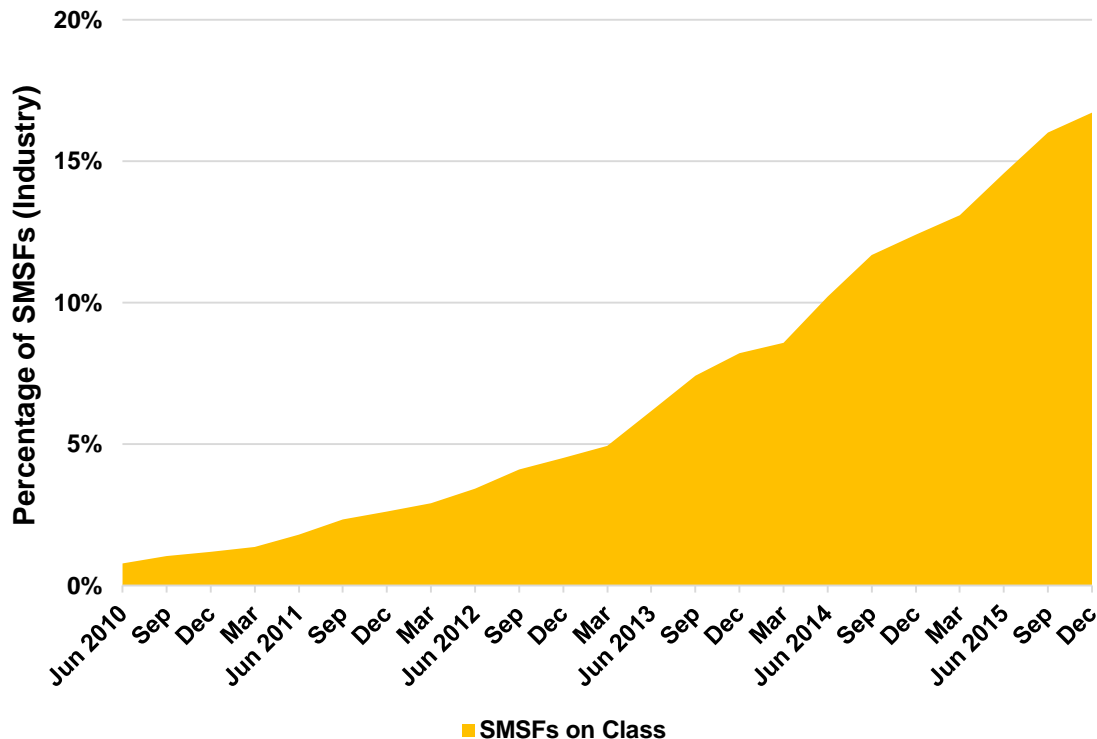
Notes:

1. Investment Trends 2015 SMSF Accountant Report, based on a survey of 1,647 accountants in public practice.

Class' growth relative to the Industry

Strong Growth in SMSFs on Class Administration Platform

Total number of SMSFs on Class since 2010, per quarter



- Over the last five years, Class has continued to increase its market share of the SMSF industry.
- Class' share of the SMSF market at 31 December 2015 was 16.7% (95,289 billable SMSFs on Class out of an estimated 570,030 total SMSFs).
- According to the ATO, the number of SMSFs is growing at approximately 29,000 per annum.

Summary P&L and Key Operating Metrics

\$'000	FY14	FY15	1H16
Operating Revenue	9,937	15,598	10,717
Costs of undertaking business	(7,575)	(9,639)	(5,930)
EBITDA¹	2,362	5,959	4,787
Depreciation	(81)	(161)	(91)
Amortisation	(1,676)	(698)	(585)
Net interest benefit	49	86	36
NPBT¹	654	5,186	4,147
Income tax (expense) / benefit	2,011	(1,780)	(1,333)
NPAT¹	2,665	3,406	2,814
One-off IPO expenses	-	-	(617)
STATUTORY NPAT	2,665	3,406	2,197

	FY14	FY15	1H16
No. of customers	528	762	844
No. of Billable Portfolios at end of period	54,280	81,823	96,637
EBITDA margin (% of revenue) ²	23.8%	38.2%	44.7%
NPAT margin (% of revenue) ³	26.8%	21.8%	26.3%
Annualised licence fee revenue (\$'000) ⁴	12,283	17,831	21,106

Commentary

- Employee expenses in 1H16 totalled \$4.645 million (representing 78.3% of costs of undertaking business). Additional investment in key business areas included client acquisition and product support.
- Early software development was fully amortised by FY15. Increase in amortisation in 1H16 represents the increased investment in the products from FY14 onward.
- Income tax expense in FY14 included the recognition of a tax benefit of \$2.15 million in unused tax losses.
- One-off IPO expenses of \$0.617 million net consisting of \$0.881 million less a \$0.264 million income tax benefit.

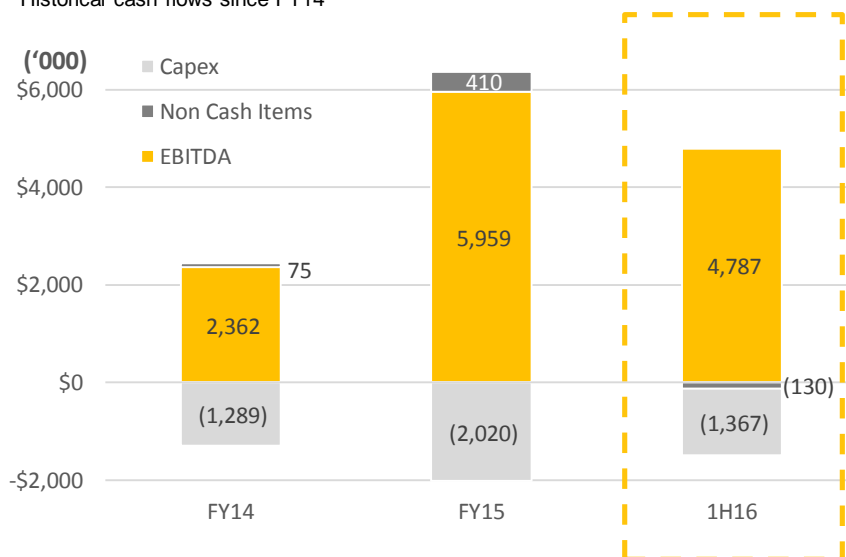
Notes:

- All references are before one-off initial public offering ('IPO') expense. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from half year financial report.
- EBITDA margin has been calculated by dividing EBITDA by revenue
- NPAT margin has been calculated by dividing NPAT by revenue
- Based on number of Billable Portfolios at the end of each period

Summary cash flow statement

Cash flow before Financing and Taxation

Historical cash flows since FY14



\$'000	FY14	FY15	1H16
Net free cash flow	1,148	4,349	3,290
% of EBITDA	48.6%	73.0%	68.7%
Capex / Revenue	13.0%	13.0%	12.8%
Capex / EBITDA	54.6%	33.9%	28.6%

Non cash items

- Primarily share based payments expensed over the vesting period.
- Includes amortisation of lease incentives in relation to tenancy of business premises.

Capital expenditure

- Majority of capex was in relation to R&D, but also includes additional property, plant and equipment.
- In the first half of FY16, Class spent a total of \$2.07 million, primarily focused on delivering competitive new product features, integrated services and operational efficiencies but also including maintenance work.
- Total R&D expenditure is apportioned between capital expenditure and operating expenditure. Capitalised costs are amortised over a period of 3 years.

Class Total R&D Expenditure

Breakdown since FY14

\$'000	FY14	FY15	1H16
R&D recognised as operating expenditure	\$1,518	\$1,453	\$786
R&D recognised as capital expenditure	\$985	\$1,803	\$1,288
Total R&D spend	\$2,503	\$3,256	\$2,074

Summary Balance Sheet

\$'000	30 June 2015		31 December 2015
Current Assets			
Cash and cash equivalents	5,950	A B C	14,542
Trade and other receivables	1,667		2,197
Other current assets	265		459
Total Current Assets	7,882		17,198
Property and equipment	480		480
Intangible assets	2,381		3,0731
Deferred tax assets	1,111		819
Total Non Current Assets	3,972		4,372
Total Assets	11,854		21,570
Current Liabilities			
Trade and other payables	1,615		2,235
Employee provisions	355		335
Tax liabilities	523		753
Lease incentive	47		47
Total Current Liabilities	2,540		3,370
Employee provisions	222		260
Lease incentive	75		51
Total Non Current Liabilities	297		311
Total Liabilities	2,837		3,681
Net Assets	9,017		17,889
Shareholders Equity			
Issued capital	16,152	A B C	24,269
Retained losses	(9,782)		(6,702)
Other reserves	2,647		322
Total Shareholders Equity	9,017		17,889

Commentary

- Strong cash position and Balance Sheet.
 - The business is in a strong position to implement our business strategies and take advantage of opportunities.
- A. IPO raised \$5.43 million through the issue of new fully paid ordinary shares at \$1 per share.
- B. Of the expenses associated with the Offer, approximately \$0.3 million has been attributed to contributed equity and \$0.881 million to retained losses. This included \$0.237 million of stamp duty payable on transfer and on-sale of shares from existing shareholders into the IPO.
- C. Proceeds of \$2.943 million were received from the repayment of full recourse loans granted to executives under the terminated loan funded share plan.

Business Highlights

Growth of Class Super	<ul style="list-style-type: none">Class Super market share increased to approx. 16.7% of total SMSF market. There are now 95,289 SMSFs on Class, following seven consecutive quarters of record growth to corresponding period.
Class Portfolio	<ul style="list-style-type: none">Increasing interest in Class' non-SMSF solution, Class Portfolio, which has experienced strong growth in billable portfolios since its official release in October 2015.
Class Conference	<ul style="list-style-type: none">In October 2015, Class hosted its first annual conference, in conjunction with Countplus. The two day event, which was attended primarily by existing customers, provided an excellent opportunity to strengthen the Class network and help drive customer engagement.
Awards	<ul style="list-style-type: none">SMSF Adviser 2015 SMSF Award – SMSF Software Provider Winner.2015 <i>BRW</i> Most Innovative Companies.Investment Trends 2015 SMSF Accountant Report – Best overall user satisfaction for SMSF Software.¹CoreData 2015 SMSF Award (SMSF Accounting Software category).Deloitte Technology Fast 50 Australia 2015.

Notes

1. Class Super received the highest overall user satisfaction ratings for SMSF software, according to the Investment Trends 2015 SMSF Accountant Report, based on a survey of 1,647 accountants in public practice who service SMSF clients.

