



18 October 2021

Ms. Ramona Seeto  
Listing Compliance Adviser  
Australian Securities Exchange  
Exchange Centre  
20 Bridge Street  
Sydney  
NSW 2000

Dear Ramona

**Class Limited (CL1) 2021 Annual General Meeting**

Class Limited's Annual General Meeting (AGM) will be held today, commencing at 3:00pm, Sydney time, Monday 18 October 2021.

Please find attached:

- 1) Chairman's address;
- 2) CEO update; and
- 3) Accompanying presentation slides.

Due to the coronavirus (COVID-19), we continue to treat the health and safety of our shareholders and employees with paramount importance.

In light of restrictions on large gatherings, it is not feasible or advisable for shareholders to physically attend this year's AGM. Accordingly, we have continued to adopt measures to allow shareholders to participate in the AGM online this year.

The AGM will be made accessible to shareholders, proxy holders and guests via an online platform <https://agmlive.link/CL121> which will include a webcast and the facility for shareholders and proxy holders to ask real-time questions (online and via telephone) in relation to the business of the Meeting and to vote in real-time at the Meeting.

More information about how to use the online platform (including how to vote and ask questions online during the AGM) is available in the Online Platform Guide, which is available on Class' website at <https://investors.class.com.au/Investors/> (under *Company Information, Annual General Meetings*).

The Directors of Class encourage shareholders to participate in the in Meeting via the online platform.

Yours sincerely,

Jasmin Chew  
Company Secretary

Approved for release by Andrew Russell, CEO & Managing Director

(ASX:CL1)



# Annual General Meeting

18 October 2021

*We will reimagine a more simple, automated world for our customers and they will love it!*

# Our Agenda



Chairman's address



CEO update



Formal business



Q & A (via online platform)

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AGM 2021  
(ASX:CL1)



# Chairman's Address

Matthew Quinn, Chairman, Class Limited



# Our Agenda

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AGM 2021  
(ASX:CL1)

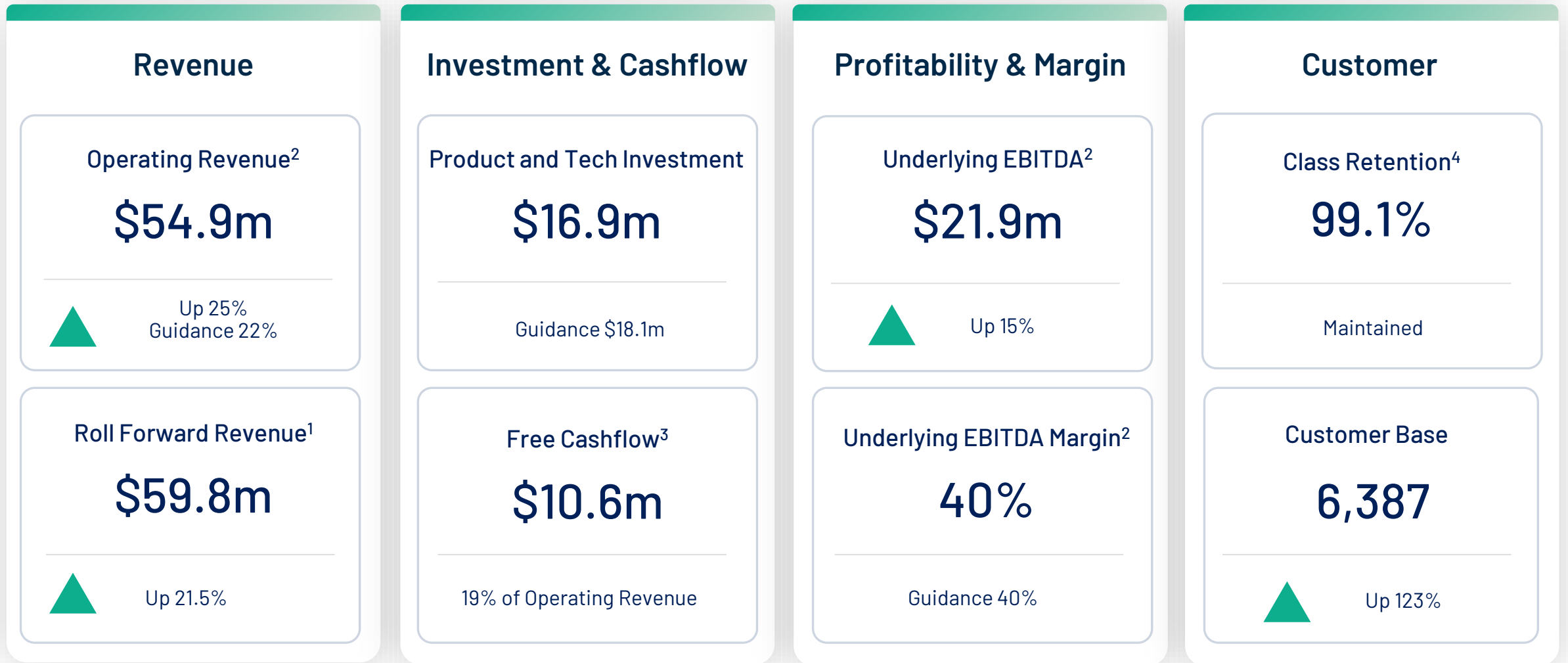
- ✓ Chairman's address
- ✓ CEO update
- ✓ Formal business
- ✓ Q & A (via online platform)

# CEO Update

Andrew Russell, Managing Director & CEO, Class Limited



# We continued to successfully execute to plan in Year 2 of our Reimagination Strategy



<sup>1</sup> Total roll forward revenue comprises \$50.7m of subscription ARR and \$9.1 of PAYG revenue based on Last Twelve Months (LTM) actual figures. Refer to slide 9&19

<sup>2</sup> Refer to slide 24

<sup>3</sup> Refer to slide 26

<sup>4</sup> Rate calculation methodology set out on slide 32. Current rate excludes AMP who had ~1,300 funds on Class as at 30 Jun 2021; if AMP's ~1,800 suspensions over the last 12 months were included retention rate would be ~98.2%

# We accelerated our growth, enhanced our capability and improved the scale of offerings to our customers



**Maintaining SMSF product leadership and launching Class Trust**

- Growth in Class products
- Successful launch of Class Trust, ahead of schedule
- Multi industry awards in FY21, 'SMSF Software provider of the Year' – SMSF Adviser & Digital Technology Awards



**Accelerating Growth through strategically aligned acquisitions**

- Acquisition of Smartcorp, Reckon Docs and most recently, Topdocs
- FY21 acquisitions successfully integrated and organically outperforming



**Growing the number of Wealth Accounting customer relationships**

- Redesign of our customer engagement and sales strategy
- Segmentation / sell through strategy to drive increased product penetration and increased Customer Lifetime Value (LTV)

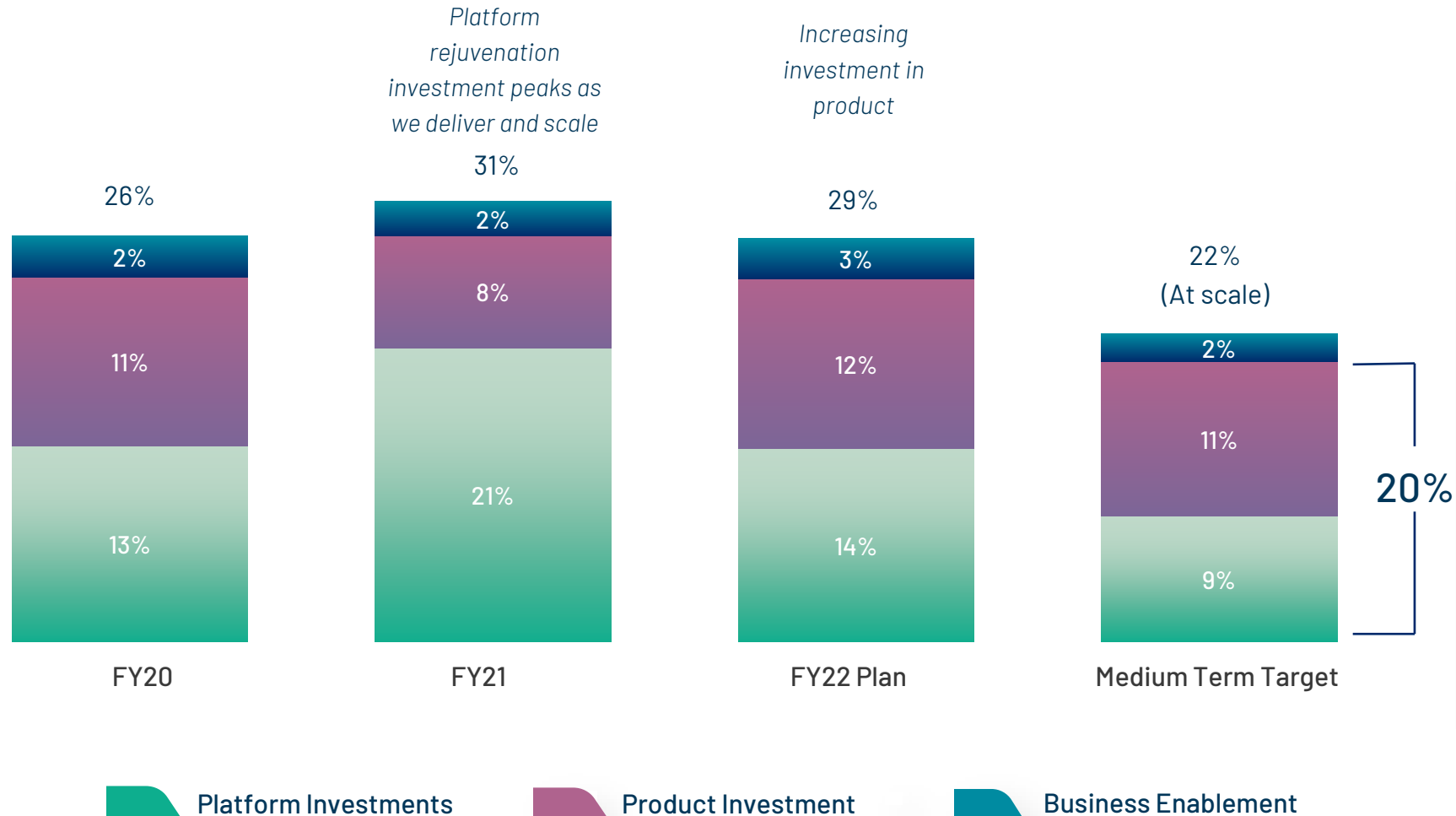


**Rejuvenating the Technology Stack for Next Generation, World Class capabilities**

- Fully ISO /27001 compliant
- ASAE3402 – security and audit review of data feeds and tax statements
- Material progress in tech and product capability transformation



# As we scale, Product and Technology investment as a % of revenue is normalising



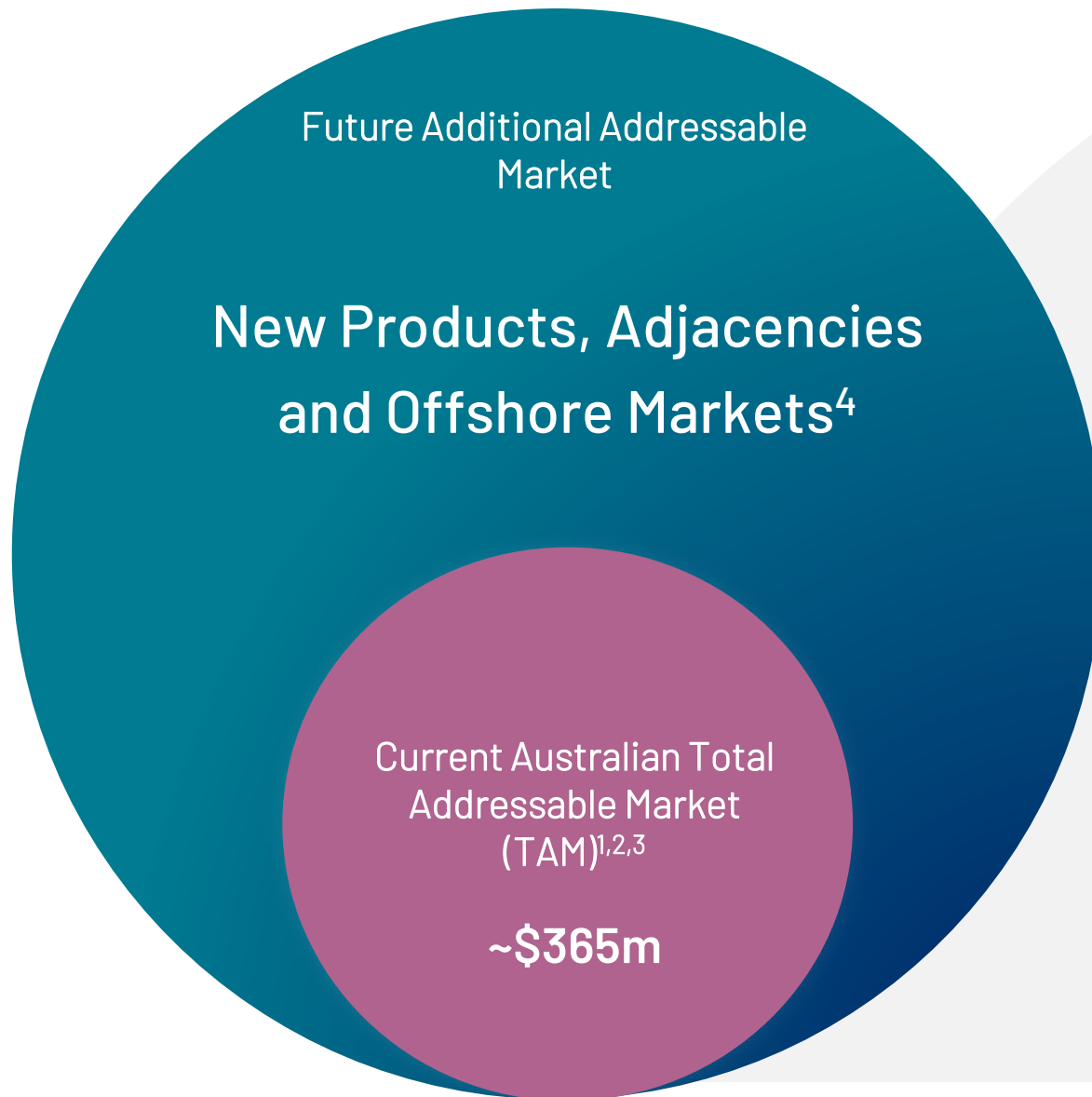
\$16.9m<sup>1</sup> was invested in FY21 to fast-track transformation of the platform and delivery of new product features<sup>2</sup>

Total spend as a % of revenue will continue to trend downward as we scale

<sup>1</sup> Refer to slide 25

<sup>2</sup> Product investment relates to delivery of new features and product enhancements; platform investment relates to upgrades and uplifts to existing enabling platforms

Our strategy is focused on continued growth of our total addressable market through new products, adjacencies and offshore markets



We are exploring opportunities to grow our TAM in FY22 and beyond:

1. **New product categories** where complex administration rules exist and can be automated by technology and complement our product suite
2. **New adjacencies** where complex administration rules exist and can be automated by technology and CL1 core competencies can be replicated
3. **Offshore markets** where analysis proves CL1 product suite can differentiate and grow shareholder value

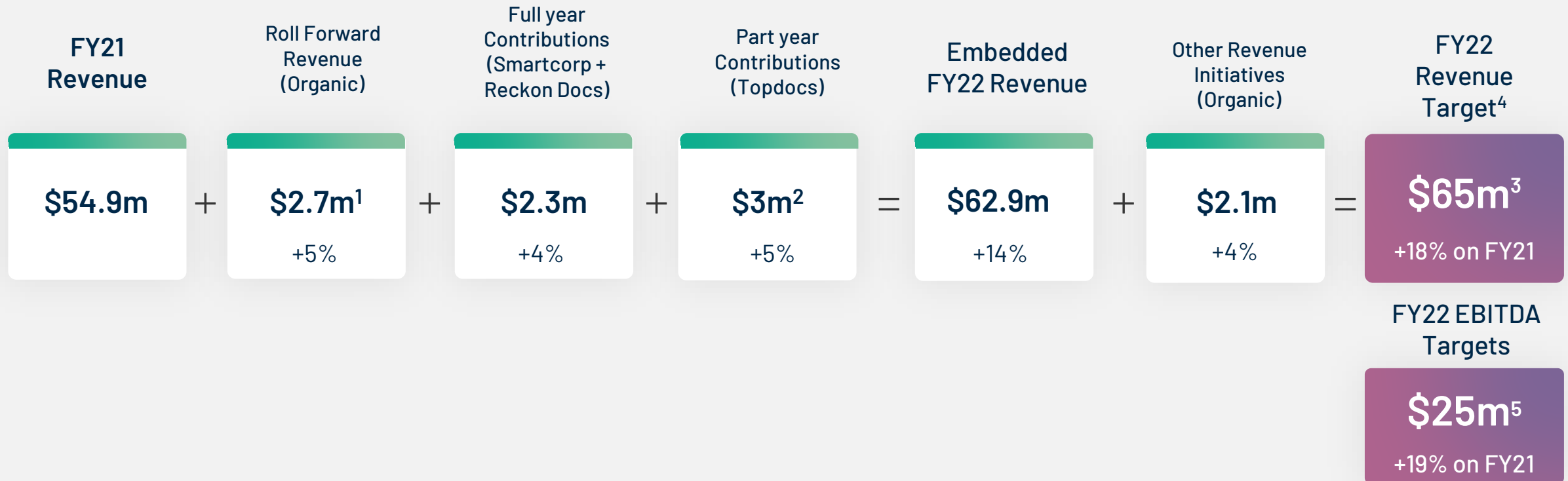
<sup>1</sup> Frost & Sullivan independent market report 2020

<sup>2</sup> TAM includes accounting practices, SMSF administrators, lawyers, and financial planners/advisers

<sup>3</sup> \$365m = (Super/Portfolio \$140m + Leg Doc and CC \$108m + Trust \$117m)

<sup>4</sup> Horizon 2 strategy development work currently in progress

## We are well positioned to achieve our FY22 targets for the 'Make our Mark' Year of the Reimagination Strategy



<sup>1</sup> Includes full year of subscriptions from accounts added in FY21

<sup>2</sup> Topdocs revenue recognition – annualised revenue \$4m

<sup>3</sup> Embedded FY22 revenue plus reasonable expectation of additional organic growth. Excludes acquisitions

<sup>4</sup> Approximately ~9% organic growth

<sup>5</sup> 39% EBITDA margin target, 19% increase on Philo Capital adjusted FY21 EBITDA

## FY21 Results Takeaways



Delivered business reimagination and accelerated growth including record Revenue



Acquisitions are delivering double digit organic revenue growth



Class is well positioned for ongoing sustainable revenue and TAM growth



We are targeting 18% revenue growth and 19% EBITDA growth for FY22



We are exploring new products, adjacencies and offshore expansion to drive accelerated growth



# Our Agenda

- ✓ Chairman's address
- ✓ CEO update
- ✓ Formal business
- ✓ Q & A (via online platform)

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AGM 2021  
(ASX:CL1)

## Formal Business

	Item	For	%	Open	%	Against	%	Abstain
1	RE-ELECTION OF MATTHEW QUINN	69,093,877	99.44	245,188	0.35	144,765	0.21	1,878,953
2	REMUNERATION REPORT	68,172,537	98.75	225,188	0.33	636,590	0.92	1,427,685
3	GRANT OF PERFORMANCE RIGHTS AND DEFERRED RIGHTS TO ANDREW RUSSELL, MANAGING DIRECTOR AND CEO	68,515,853	98.71	225,188	0.32	669,777	0.96	1,901,965
4	PROVISION OF FINANCIAL ASSISTANCE BY THE TOPDOCS COMPANIES	69,153,112	99.54	237,888	0.34	82,698	0.12	1,889,085
5	RE-INSERTION OF PROPORTIONAL TAKEOVER PROVISIONS IN CONSTITUTION	71,030,365	99.59	231,688	0.32	60,178	0.08	40,552
6	AMENDMENTS TO THE CONSTITUTION	67,274,190	94.34	257,888	0.36	3,779,663	5.30	51,042

Based on forms received as at 3pm on Saturday, 16 October 2021

# Q & A

(via online platform)

AGM 2020  
(ASX:CL1)

**CHAIRMAN'S ADDRESS & CEO UPDATE**  
**2021 ANNUAL GENERAL MEETING OF CLASS LIMITED**  
**18 OCTOBER 2021 (ONLINE)**

***[Slide 2-3: Chairman's address slide]***

Good afternoon. I am Matthew Quinn, Chairman of Class Limited, and it is my pleasure to welcome you to our 2021 AGM.

It is now 3pm and, as the necessary quorum is present, I declare the meeting open.

I would like to begin by introducing our directors Kathryn Giudes, Nicolette Rubinsztein, Rob Bazzani and Andrew Russell, who is also the CEO.

I would also like to welcome Conor Farley from Grant Thornton, our auditors, who will be available to answer any questions on the audit.

**Voting Procedures**

Information about how to use the online platform, including how to vote and ask questions, is available in the Online Platform Guide which is available on our website.

If you haven't already done so, please register to vote now. Once you have registered, your voting card will appear, and you may cast your votes at any time from now until the close of the on-line poll.

**Asking questions**

We will take questions from shareholders on all resolutions and general business using the online platform and via the telephone service, and you can ask a question after you have registered to vote.

Questions submitted prior to the meeting are on the online platform.

Not all questions are guaranteed to be answered during the AGM, but we will do our best to answer as many as possible.

If your question has been answered and you would like to exercise your right of reply, you can do so by submitting another question.



Today's news for Class is obviously dominated by the announcement that Class and Hub24 have entered into a Scheme Implementation Deed under which Hub24 has agreed to acquire all of the issued shares in Class by way of a recommended court-approved Scheme of Arrangement. The combined entity will create one of Australia's leading providers of platform, data and technology solutions to the wealth and SMSF industries.

Under the terms of the Scheme Implementation Deed, Class shareholders will receive:

- 1 Hub24 share for every 11 Class shares; and
- A cash amount of 10 cents for every Class share.

In addition, Class shareholders will be eligible for the FY22 interim dividend of up to 2.5 cents per share.

The Class Board of Directors has carefully considered the proposal and believes it represents compelling value for Class shareholders. Based on Hub24's closing share price on Friday, the offer is worth \$3.11 per share, a significant premium to our recent share price.

Our board unanimously recommends that you vote in favour of the transaction at a special meeting expected to be held around February 2022, in the absence of a superior proposal and subject to an Independent Expert concluding that the transaction is in the best interest of Class shareholders.

Even though this AGM is focused on the results for last financial year, I am happy to use today's meeting to answer any questions you may have on the announcement.

I am pleased to report that FY21 was a successful and transformational year for Class, marking the completion of the second year of the three-year Reimagination strategy launched in 2019 by Andrew Russell.

The strategy is being well executed and the Board is very satisfied with progress. Andrew will explain the results shortly.

During FY21 Simon Martin retired as director due to health reasons, and we thank Simon for his contribution to Class and wish him all the best in his recovery.

Kathryn Giudes has advised the Board that she will not be seeking re-election and will retire as a director at the close of the AGM. Kathryn joined Class prior to our IPO in 2015 and her skills in technology, sales and early-stage start-up companies have been extremely valuable. We thank Kat for her contribution to Class and we wish her well in her future endeavours.

I would also like to thank all Class employees and my fellow board members for what we have achieved together in FY21, particularly given the ongoing challenges of remote working.

Thank you to our shareholders for your ongoing support.

I will now invite Andrew Russell to provide an overview of our FY21 performance and some insights on our progress so far in FY22.

***[Slide 4 – Agenda slide]***

**HANDOVER TO ANDREW**

***[Slide 5: CEO update]***

Good afternoon ladies and gentlemen and thank you for joining us for the for 2021 AGM.

On behalf of the Class team it is pleasing to stand here today at the Class AGM with the business energized by the ongoing transformation success and importantly, performing well to our financial targets.

The key messages to our shareholders today are simply these:

- Firstly, despite the announcement today regarding the proposed Scheme of Arrangement with Hub24, we remain totally focused on maximising business performance and developing opportunities for future revenue and profit growth. This is clearly in the best interests of ongoing shareholders irrespective of whether or not the Scheme is approved given the scrip nature of the transaction.
- Class continues to execute well to our Reimagination Strategy with both accelerated financial and operational results

- Class continues our successful track record of buying and integrating acquisitions well. We are realising good organic growth with these acquisitions as we scale the Class NowInfinity platform and grow our market leadership
- Our technology and product investment has been fast tracked and is delivering improved operating efficiency. Consequently, the platform rejuvenation program is on track so the investment as a % of revenue has peaked and will trend downward as we scale
- Class is well positioned for ongoing sustainable revenue and TAM growth in FY22 and beyond.
- We set our revenue and EBITDA targets for FY22 in August. The business continues to track to both 18% revenue growth and 19% EBITDA growth for FY22.

***[Slide 6 – Results Summary – Our FY21 Dashboard]***

Turning to recap our FY21 financial results - the business boldly set out our key financial targets for FY21.

The business has delivered to those targets.

Our highlights are:

- Record operating revenue and other income of \$54.9 million, up 25% and ahead of guidance
- Roll forward revenue of \$59.8 million, up 21.5%
- Underlying earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$21.9 million, up 15%
- Maintained an underlying EBITDA margin of 40%, in line with guidance
- Class has strong free cashflow of \$10.6 million
- The balance sheet is very healthy and free cash flow from operations is increasing as the business grows and achieves economies of scale
- We have invested \$16.9 million over the past year to progress our next generational technology and product development capability vision
- The customer base has grown by 123%

- The board has declared a final fully franked dividend of 2.5 cents for 2H FY21

In summary - the FY21 financial results are solid, and, as importantly, we are transforming and scaling Class in line with our 3-year plan.

### **[Slide 7 - Key achievements for FY21]**

The transformation strategy has been to grow new revenues and TAM, scale the business and, at the same time, improve operating capability.

We have 4 areas of focus:

1. Maintaining SMSF product leadership and Launching Class Trust
2. Accelerating Growth through strategically aligned Acquisitions
3. Growing the number of Wealth Accounting customer relationships
4. Rejuvenating the Technology Stack for Next Generation, World Class capabilities

In FY21 we have shown our ongoing commitment to invest in Class Super to ensure it remains a multi-award winning and market leading SMSF administration software.

Class now has a diversified and growing product revenue portfolio in FY21 and beyond.

The launch of Class Trust is a significant milestone for the Reimagination Strategy. Our market research has been validated that there is a key pain point for trust administration as there was for SMSF administration for our customers.

Our strategy has been to 'sell through' to our customer base who already have Trust Advisory practices. We have now grown our Class Trust customer numbers impressively since the Class Trust product launch. As at 30 June the Trust customer numbers were over 250. As at 30 September our Class Trust numbers have grown to over 280 with all Class's customer segments – Enterprise, Medium/Large and Small adopting the Trust software in their businesses over the first quarter of FY22.

We remain pleased with the Trust product launch results to date and the continuing positive feedback from customers.



Our acquisitions are a key step in evolving Class to an integrated multi-product offering to our professional services customers, diversifying Class revenue mix.

The acquisitions of Nowinfinity, Smartcorp and Reckon Docs have been integrated under the Class NowInfinity banner. The acquisition of Topdocs announced in August will further enhance our market leading position. The integration of the Topdocs is meeting our expectations and meeting our integration timelines

All our acquisitions have been targeted and well executed, in line with our strategy to fast track our market entry into corporate compliance by buying businesses that are profitable and EPS accretive. We now have over 7800 active customers and product relationships with 81 of the top 100 Australian accounting firms

***[Slide 8 – Our Product Development and Trust update Turning to Product and Technology ongoing investment***

A core pillar of transformation was to invest in our product and technology capability. Our vision is to build a competitive moat by ensuring Class has a next generational technology platform, product pipeline and business enablement to support our transformation.

To achieve our technology advancement, we have been focused on upgrading our Class technology platform and enhancing our product features to maintain our SMSF product leadership, develop Class Trust, and integrate the NowInfinity products deeper into the Class business.

Over the past two years we have;

- 1. Invested in the core platform.**
- 2. Invested to build a world class product development capability.**
- 3. Invested in business enablement to allow Class to scale at speed**

The key callout with respect to our investment in Product and Technology are:

- Our product and technology investment as a % of revenue has peaked and will now trend downward as we scale.
- Furthermore, investment will be reallocated from platform to product development in the years ahead.

## **[Slide 9] Turning now to Strategy and Outlook**

We are now turning our thinking to Horizon 2 given our progress and success to date.

We are exploring opportunities to further grow our TAM in FY23 and beyond via:

1. New product categories
2. New adjacencies
3. Offshore markets

We will communicate a clear and connected business development vision for FY23 and beyond as we complete our opportunity assessments and prioritisation over the coming year. We intend to present our Horizon 2 Strategic Plan at our Investor Day in May 2022.

## **[Slide 10 – We are positioned well to achieve our FY22 Targets]**

Our revenue target for FY22 is a combination of:

- Ongoing existing customer revenue; plus
- Roll forward revenue derived from growth in our new customers; plus
- Full year revenue contributions from Smartcorp and Reckon Doc acquisitions; plus
- The Topdoc acquisition part FY22 revenue contribution of \$3m revenue; and
- Additional organic revenue initiatives.

We confirm our **FY22 revenue target of \$65m which is a 18% uplift from our FY21 results.**

We confirm our **EBITDA target of \$25m which is a 19% uplift on the FY21 results** and illustrates improvement in our operating leverage as we scale.

### **[Slide 11 – FY21 Result Takeaways]**

I would like to conclude with several takeaways:

1. We have an impressive strategy execution score card. Our FY21 financial results are solid and exceeded our revenue target
2. We have a successful acquisition track record. We now have market leadership in all our product areas and that also puts us in a position of strength. We will continue to seek acquisitions that are strategically aligned to our vision
3. We have outlined our Revenue and EBITDA targets for FY22 with pcp uplifts of 18% and 19% respectively. We are positioned well to achieve those targets
4. Finally, the Class business is very well placed for value and sustainable revenue growth in FY22 and beyond. We have realistic and achievable growth ambitions which include material TAM expansion opportunities in FY23 and beyond

I would also like to thank all Class employees and my fellow board members for what we have achieved together in FY21 and indeed in the past 2 years.

Thank you to all our shareholders for your ongoing support of Class and the Reimagination strategy.

The future is very exciting as our vision comes alive.

I will now hand back to Matthew for the Formal Business part of the Meeting.

### **[Slide 12 - Formal Business agenda slide]**

## **[Slide 13 - Formal Business]**

### **2021 NOM resolutions:**

We have six resolutions to be voted on today:

1. My re-election
2. Approval of the Remuneration Report
3. Grant of Performance Rights and Deferred Rights to Andrew Russell, CEO and Managing Director
4. Provision of Financial Assistance by the Topdocs Companies
5. Re-insertion of Proportional takeover provisions in the constitution
6. Amendments to the constitution

All resolutions are explained in the Notice of meeting which I will take as read. Voting will be via a poll and the poll will be open until the end of the meeting. Poll results will be placed on our website and lodged with the ASX after the meeting.

I now invite you to ask any questions you wish to raise in respect of any of the resolutions, and any questions in relation to the proposed Scheme of arrangement with Hub24.

Any questions regarding my re-election will be answered by Nicolette Rubinsztein.

### **Slide 14 – Q&A** (via online platform and via telephone)

Thank you and, as there are no further questions, I call the meeting to a close.

# Important Information

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