Class Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Class Limited
ABN:	70 116 802 058
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	26.1%	to	25,832
Profit from ordinary activities after tax attributable to the owners of Class Limited	up	5.1%	to	3,218
Profit for the half-year attributable to the owners of Class Limited	up	5.1%	to	3,218

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2020 paid on 18 September 2020	2.50	2.50

On 16 February 2021, the Directors declared a fully franked interim dividend for the year ending 30 June 2021 of 2.5 cents per ordinary share with a record date of 26 February 2021 to be paid on 19 March 2021.

Comments
Refer to 'Review of operations' in the Directors' Report for detailed commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.98	7.77

The net tangible assets per ordinary share is calculated based on 123,438,682 (30 June 2020: 122,307,803) ordinary shares on issue as at 31 December 2020 excluding 320,152 (30 June 2020: 450,604) treasury shares.

4. Control gained over entities

On 20 August 2020, the Group acquired 100% of the shares in Assuriti Pty Ltd. Refer to note 11 of the Interim Financial Report for further details.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

Details of attachments (if any):

The Interim Report of Class Limited for the half-year ended 31 December 2020 is attached.

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7. Signed

As authorised by the Board of Directors

Signed ______________________ Date: 16 February 2021

Matthew Quinn
Chairman
Sydney

Class Limited

ABN 70 116 802 058

Interim Report - 31 December 2020

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Class Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were Directors of Class Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Matthew Quinn - Chairman
Andrew Russell
Robert Bazzani
Kathryn Foster
Simon Martin
Nicolette Rubinsztein

Principal activities

During the financial half-year, the principal continuing activities of the Group were to develop and distribute cloud-based technology solutions to automate and simplify complex administration at scale in the financial services and professional services sector.

The Group's software solutions assist its customers in automating key processes, reducing operating costs for their back office, improving data accuracy and reducing their compliance risk accounting. The Group provides technology solutions for:

- Investment reporting and administration software, namely Class Super, Class Portfolio and the new Class Trust product; and
- Integrated solutions to simplify the management of entities and registers via the NowInfinity suite.

Significant changes in the state of affairs

On 20 August 2020, the Group acquired 100% of the ordinary shares of Assuriti Pty Ltd ('Smartcorp') for the total consideration of $4,355,000. Refer to note 11 of the financial report for further details of the acquisition.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Review of operations

The Group is executing successfully the three-year reimagination strategy to transform the business to become a world class technology solutions business.

EBITDA ('earnings before interest, taxation, depreciation and amortisation') is a financial measure not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash items, interest revenue, finance costs and tax expenses. The following table summarises key reconciling items between statutory profit after tax and EBITDA. The Directors consider EBITDA to reflect the core earnings of the Group.

	31 Dec 2020 $'000	31 Dec 2019 $'000	Change $'000	Change %
Operating revenue	25,828	20,397	5,431	27%
Other income	84	67	17	25%
Cost of undertaking business	(15,265)	(11,893)	(3,372)	28%
Acquisition and corporate advisory costs	(234)	(509)	275	(54%)
EBITDA	10,413	8,062	2,351	29%
Interest revenue	4	93	(89)	(96%)
Depreciation and amortisation	(5,040)	(3,622)	(1,418)	39%
Finance costs	(191)	(4)	(187)	4675%
Tax expense	(1,968)	(1,468)	(500)	34%
Statutory net profit after tax	3,218	3,061	157	5%

Operating revenue grew by 27% to $25,828,000. This growth was driven primarily by the NowInfinity (including Smartcorp) business.

Costs of undertaking business increased by $3,372,000 with increased investment in people and product to deliver on the Group's reimagination strategy.

EBITDA for the half-year grew by 29% to $10,413,000 (31 December 2019: $8,062,000).

As highlighted previously, the Group required a step-change in investment to deliver on the Group's reimagination strategy. The FY21 investment is focusing on maintaining Super leadership, Trust development, upgrading the Group’s technology platform and integrating NowInfinity into the business and meeting the super compliance requirements. This additional investment and amortisation on product investment business combinations, and the increase in base tax rate has resulted in the Group posting a 5% increase in statutory net profit on the prior corresponding period, to $3,218,000 for the half-year ended 31 December 2020.

Matters subsequent to the end of the financial half-year

On 16 February 2021, the Group announced the acquisition of all the assets of the ReckonDocs business. The business purchase agreement was executed on 15 February 2021 with an expected effective date of 1 March 2021 and an enterprise value of $13,000,000 adjusted for working capital. The purchase consideration is expected to be settled by an upfront cash payment. The acquisition will be partly funded through an increase to the existing bank debt facility.

The business will continue to monitor the potential impact of the Coronavirus (COVID-19) pandemic on the customers and the Group. The pandemic has not had a significant impact for the business for the financial half-year ended 31 December 2020. The Directors and management will continue to monitor the dynamic situation.

Apart from the above acquisition, and the dividend declared, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Matthew Quinn
Chairman

16 February 2021
Sydney

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Auditor's Independence Declaration

To the Directors of Class Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Class Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 16 February 2021

General information

These financial statements represent the consolidated financial statements of the Group consisting of Class Limited (the Company) and its subsidiaries. The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Class Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 228 Pitt Street
Sydney, NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 February 2021.

	Note	Consolidated 31 Dec 2020 $'000	Consolidated 31 Dec 2019 $'000
Revenue	3	25,828	20,397
Other income		84	67
Interest revenue calculated using the effective interest method		4	93
Expenses			
Employee benefits expense		(11,312)	(9,077)
Depreciation and amortisation expense		(5,040)	(3,622)
Selling and marketing expenses		(408)	(832)
Occupancy expenses		(114)	(19)
Technology, product and data costs		(1,360)	(707)
Acquisition and corporate advisory costs		(234)	(509)
Other expenses		(2,071)	(1,258)
Finance costs		(191)	(4)
Profit before income tax expense		5,186	4,529
Income tax expense		(1,968)	(1,468)
Profit after income tax expense for the half-year attributable to the owners of Class Limited		3,218	3,061
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Class Limited		3,218	3,061
		Cents	**Cents**
Basic earnings per share	12	2.61	2.62
Diluted earnings per share	12	2.60	2.62

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Class Limited
Statement of financial position
As at 31 December 2020

	Note	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Assets			
Current assets			
Cash and cash equivalents		14,062	16,488
Trade and other receivables		4,378	4,018
Other assets		1,745	1,107
Total current assets		20,185	21,613
Non-current assets			
Investments	4	3,360	3,276
Property, plant and equipment		925	1,004
Intangibles	5	40,865	35,133
Right-of-use assets		769	973
Other assets		2,003	2,078
Total non-current assets		47,922	42,464
Total assets		68,107	64,077
Liabilities			
Current liabilities			
Trade and other payables		5,435	4,897
Contract liabilities		739	610
Borrowings	6	2,910	1,000
Lease liabilities		611	832
Income tax provision		951	735
Provisions		1,503	1,345
Deferred consideration		-	500
Total current liabilities		12,149	9,919
Non-current liabilities			
Borrowings	6	9,592	9,000
Lease liabilities		111	97
Deferred tax		2,284	2,971
Provisions		479	425
Total non-current liabilities		12,466	12,493
Total liabilities		24,615	22,412
Net assets		43,492	41,665
Equity			
Issued capital	7	35,922	34,414
Reserves	8	1,717	1,522
Retained earnings		5,853	5,729
Total equity		43,492	41,665

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	**Issued capital $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 1 July 2019	22,507	1,490	4,900	28,897
Profit after income tax expense for the half-year	-	-	3,061	3,061
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	3,061	3,061
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	808	-	-	808
Share plan settlement	1,091	(791)	-	300
Share-based payment	-	506	-	506
Dividends paid (note 9)	-	-	(2,942)	(2,942)
Balance at 31 December 2019	24,406	1,205	5,019	30,630

Consolidated	**Issued capital $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 1 July 2020	34,414	1,522	5,729	41,665
Profit after income tax expense for the half-year	-	-	3,218	3,218
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	3,218	3,218
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 7)	1,470	-	-	1,470
Share plan settlement	38	(442)	-	(404)
Share-based payment	-	637	-	637
Dividends paid (note 9)	-	-	(3,094)	(3,094)
Balance at 31 December 2020	35,922	1,717	5,853	43,492

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2020 $'000	Consolidated 31 Dec 2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		28,043	21,917
Payments to suppliers and employees (inclusive of GST)		(18,118)	(14,771)
Interest received		4	97
Other revenue		7	220
Interest and other finance costs paid		(191)	(4)
Income taxes paid		(2,103)	(780)
Net cash from operating activities		7,642	6,679
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	11	(2,504)	-
Payment for prior year business combinations		(500)	-
Payments for investments		-	(800)
Payments for property, plant and equipment		(183)	(223)
Payments for intangibles	5	(5,183)	(3,632)
Payments for security deposits		(20)	-
Net cash used in investing activities		(8,390)	(4,655)
Cash flows from financing activities			
Payments for share purchase by employee share trust - treasury shares		(769)	-
Proceeds received on exercise of employee share options		174	808
Proceeds from borrowings		2,730	-
Repayment of borrowings		(228)	-
Dividends paid	9	(3,094)	(2,942)
Repayment of lease liabilities		(491)	(364)
Net cash used in financing activities		(1,678)	(2,498)
Net decrease in cash and cash equivalents		(2,426)	(474)
Cash and cash equivalents at the beginning of the financial half-year		16,488	17,464
Cash and cash equivalents at the end of the financial half-year		14,062	16,990

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2020 and are not expected to have any significant impact for the full financial year ending 30 June 2021.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Directors have determined that there is one operating segment identified and located in Australia. The information reported to the CODM is the consolidated results of the Group.

The segment results are as shown in the statement of profit or loss and other comprehensive income. Refer to the statement of financial position for segment assets and liabilities. Information about revenue from products and services is disclosed in note 3.

Major customers
There are no major customers that contributed more than 10% of revenue to the Group.

Note 3. Revenue

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Revenue from contracts with customers		
Software subscription license fees	23,484	19,194
Service fees	76	91
Commission and partner fees	977	892
Document sales	1,284	-
	25,821	20,177
Other revenue		
Other revenue	7	220
Revenue	25,828	20,397

Note 3. Revenue (continued)

Disaggregation of revenue

The revenue from contracts with customers is substantially all in Australia. Software subscription license fees and service fees are recognised over time. Commission and partner fees and document sales are recognised at a point in time.

Note 4. Investments

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Non-current assets		
Convertible notes at fair value through profit or loss	3,360	3,276

Refer to note 10 for further information on fair value measurement.

Note 5. Intangibles

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Non-current assets		
Goodwill - at cost	20,855	16,520
Trademark and domain names - at cost	60	49
Software development - at cost	43,879	38,590
Less: Accumulated amortisation	(27,182)	(23,478)
	16,697	15,112
Computer software - at cost	198	198
Less: Accumulated amortisation	(198)	(192)
	-	6
Contractual rights - at cost	700	362
Less: Accumulated amortisation	(433)	(267)
	267	95
Customer relationships	3,656	3,656
Less: Accumulated amortisation	(670)	(305)
	2,986	3,351
	40,865	35,133

Note 5. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $'000	Trademark and domain names $'000	Software develop-ment $'000	Computer software $'000	Contractual rights $'000	Customer relation-ships $'000	Total $'000
Balance at 1 July 2020	16,520	49	15,112	6	95	3,351	35,133
Additions	-	-	4,845	-	338	-	5,183
Additions through business combinations (note 11)	4,335	11	-	-	-	-	4,346
Amortisation expense	-	-	(3,260)	(6)	(166)	(365)	(3,797)
Balance at 31 December 2020	20,855	60	16,697	-	267	2,986	40,865

Note 6. Borrowings

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Current liabilities		
Bank loans	2,910	1,000
Non-current liabilities		
Bank loans	9,592	9,000
	12,502	10,000

Total secured liabilities
Additional facilities during the financial half-year
The Group increased the borrowings by $2,730,000 during the financial half-year to fund the acquisition of Assuriti Pty Ltd. The new facility is subject to a variable rate of 1.9% per annum. Interest plus a quarterly principal repayment of $228,000 are payable from 20 August 2020 for 3 years. The banking facility matures on 19 August 2023. The facilities are secured by fixed and floating charges over the Group's assets.

Note 6. Borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Total facilities		
Bank loans	12,502	10,000
Business overdraft	2,000	2,000
	14,502	12,000
Used at the reporting date		
Bank loans	12,502	10,000
Business overdraft	-	-
	12,502	10,000
Unused at the reporting date		
Bank loans	-	-
Business overdraft	2,000	2,000
	2,000	2,000

Note 7. Issued capital

	Consolidated 31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 $'000	30 Jun 2020 $'000
Ordinary shares - fully paid	123,758,834	122,758,407	36,624	35,154
Less: Treasury shares	(320,152)	(450,604)	(702)	(740)
	123,438,682	122,307,803	35,922	34,414

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2020	122,758,407	35,154
Issue of shares on acquisition of Assuriti Pty Ltd (note 11)	20 August 2020	1,000,427	1,470
Balance	31 December 2020	123,758,834	36,624

Movements in treasury shares

Details	Date	Shares	$'000
Balance	1 July 2020	(450,604)	(740)
Purchase of shares by Employee Share Trust	Various dates	(350,000)	(769)
Less: allocation of shares on exercise of options (note 8)	Various dates	480,452	633
Payments from option holders on exercise of options		-	174
Balance	31 December 2020	(320,152)	(702)

Note 8. Reserves

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Share-based payments reserve	3,470	2,833
Employee share acquisition reserve	(1,700)	(1,258)
Acquisition reserve	(53)	(53)
	1,717	1,522

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share-based payment reserve $'000	Share option purchase reserve $'000	Acquisition reserve $'000	Total $'000
Balance at 1 July 2020	2,833	(1,258)	(53)	1,522
Transfer from treasury shares	-	(633)	-	(633)
Tax effect on settlement	-	191	-	191
Share-based payment	637	-	-	637
Balance at 31 December 2020	3,470	(1,700)	(53)	1,717

Note 9. Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated 31 Dec 2020 $'000	Consolidated 31 Dec 2019 $'000
Final dividend for the year ended 30 June 2020 of 2.5 cents per ordinary share (2019: 2.5 cents)	3,094	2,942

On 16 February 2021, the Directors declared a fully franked interim dividend for the year ending 30 June 2021 of 2.5 cents per ordinary share, to be paid on 19 March 2021 to eligible shareholders on the register as at 26 February 2021. This equates to a total estimated distribution of $3,094,000, based on the number of ordinary shares on issue as at 31 December 2020. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2020 financial statements and will be recognised in subsequent financial reports.

Note 10. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Convertible notes at fair value through profit or loss	-	-	3,360	3,360
Total assets	-	-	3,360	3,360

Consolidated - 30 Jun 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Convertible notes at fair value through profit or loss	-	-	3,276	3,276
Total assets	-	-	3,276	3,276

There were no transfers between levels during the financial half-year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Convertible note receivables are held at fair value through profit or loss as the convertible feature does not meet the requirements of being held to collect solely payment of principal and interest and therefore cannot be carried at amortised cost or at fair value through other comprehensive income. The coupon rate received periodically over the term of the notes is classified as part of the fair value gain or loss in other income. The valuation technique used for fair value measurements categorised within level 3 was based upon a Discounted Cash Flow model. The convertible notes measured within this category are held for the purpose of converting the notes into equity of Philo Capital Holdings in the future. If the notes are converted into equity then changes in fair value in future years will be assessed based upon forecast cash flows, revenue and Funds Under Administration (‘FUA’) targets.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Convertible notes at fair value through profit or loss $'000
Balance at 1 July 2020	3,276
Gains recognised in profit or loss	84
Balance at 31 December 2020	3,360

Note 11. Business combinations

On 20 August 2020, the Group acquired 100% of the ordinary shares of Assuriti Pty Ltd ('Smartcorp') for the total consideration of $4,355,000. Smartcorp was founded in 1979 and in 2003 launched Australia's first online company ordering and ASIC compliance system. Smartcorp is expected to complement the Group's NowInfinity business and will help in growing the Group's footprint in the document and corporate compliance market. The goodwill of $4,335,000 represents the profitability of the acquired business and the synergistic opportunities that will arise from the acquisition.

The acquired business contributed revenues of $692,000 and profit after tax of $136,000 to the Group for the period from 20 August 2020 to 31 December 2020. If the acquisition occurred on 1 July 2020, the half-year contributions would have been revenues of $1,077,000 and profit after tax of $253,000. The values identified in relation to the acquisition of Smartcorp are provisional as at 31 December 2020.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	381
Trade receivables	73
Prepayments	28
Other current assets	67
Plant and equipment	46
Patents and trademarks	11
Deferred tax asset	56
Trade payables	(19)
Other payables and accruals	(188)
Contract liabilities	(202)
Provision for income tax	(72)
Employee benefits	(161)
Net assets acquired	20
Goodwill	4,335
Acquisition-date fair value of the total consideration transferred	4,355
Representing:	
Cash paid or payable to vendor	2,885
Class Limited shares issued to vendor	1,470
	4,355
Acquisition costs expensed to profit or loss	181
Cash used to acquire business, net of cash acquired:	
Cash paid to vendor	2,885
Less: cash and cash equivalents acquired	(381)
Net cash used	2,504

Note 12. Earnings per share

	Consolidated 31 Dec 2020 $'000	Consolidated 31 Dec 2019 $'000
Profit after income tax attributable to the owners of Class Limited	3,218	3,061
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	123,206,907	116,671,079
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	119,641
Performance rights over ordinary shares	422,961	224,835
Weighted average number of ordinary shares used in calculating diluted earnings per share	123,629,868	117,015,555
	Cents	**Cents**
Basic earnings per share	2.61	2.62
Diluted earnings per share	2.60	2.62

Note 13. Events after the reporting period

On 16 February 2021, the Group announced the acquisition of all the assets of the ReckonDocs business. The business purchase agreement was executed on 15 February 2021 with an expected effective date of 1 March 2021 and an enterprise value of $13,000,000 adjusted for working capital. The purchase consideration is expected to be settled by an upfront cash payment. The acquisition will be partly funded through an increase to the existing bank debt facility.

The business will continue to monitor the potential impact of the Coronavirus (COVID-19) pandemic on the customers and the Group. The pandemic has not had a significant impact for the business for the financial half-year ended 31 December 2020. The Directors and management will continue to monitor the dynamic situation.

Apart from the above acquisition, and dividend declared as disclosed in note 9, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Matthew Quinn
Chairman

16 February 2021
Sydney

Grant Thornton

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Independent Auditor's Report

To the Members of Class Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Class Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Class Limited does not give a true and fair view of the financial position of the Group as at 31 December 2020, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Class Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 16 February 2021