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CLASS

1H21 Investor Briefing

Half Year Results to 31st December 2020

16th February 2021

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

Our Agenda

1H21 Results
(ASX:CL1)

- Company Overview & Business Highlights
- 1H21 Insights
- Strategy & Outlook
- Q & A
- Appendix

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Class Limited

Value proposition and Business model

- Commenced implementation of Reimagination strategy in 2019
- We create technology solutions to automate and simplify complex administration at scale
- Our solutions assist customers in automating key processes, reducing operating costs for their back office, improving data accuracy and reducing compliance risk
- Class products offered via recurring monthly software fee or Pay As You Go fee
- The Class suite of products achieve over 99% customer retention
- The Reimagination strategy has grown Class addressable market by 2.5X to $365m



Award Winning SMSF Administration and Wealth Accounting Software

Investment Trends

Overall Satisfaction SMSF Software Winner
2015, 2016, 2017, 2018 & 2019



Value for Money Winner
2017, 2018 & 2019



Fintech Business Awards

Accounting Innovator of the Year
2018 & 2019



SMSF Adviser

SMSF Software Provider Winner
2014, 2015, 2016 & 2017



Charity Partner

SOLARBUDDY

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Class is rapidly transforming to a multi- product technology solutions business focused on wealth accounting

Class is committed to simplifying and automating the Accountant's back office by bringing Wealth Accounting to an integrated platform

Class Super – SMSF Administration

Class Trust – Trust Accounting

Class Portfolio – Investment Management

NowInfinity – Documentation Suite, Corporate Messenger, Trust Register, Super Comply



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1H21 dashboard

Delivering strong topline growth as the Class business transforms

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Revenue

Revenue
$25.9m
Up 27%
▲ Full year Guidance 22%

Roll Forward Revenue
$52.9m
▲ Up 29.7%

Investment and Margin

Product Investment
$7.1m
▲ Full year Guidance $18.1m

EBITDA Margin
40%
Guidance - Underlying 40%

Profitability and Dividend

EBITDA
$10.4m
▲ Up 29%

1H Dividend
2.5 cents
Maintained

Customer

Customer base
4,456
▲ Up 183 %

Class Accounts
187,624
▲ Up 2.0%

Key achievements in 1H21

Class continues to execute well to the Reimagination strategic Plan



Successful Integration

Smartcorp was acquired in August 2020

Class successfully integrated the Smartcorp business on schedule in December 2020

Over 1,400 customers were migrated to the NI platform



Successful Class Trust Launch

Class launched Class Trust in October 2020

Since our October launch, there are now over 175 customers using Class Trust. Our customer group has grown from the pre-launch pilot group of ~40 customers

Over 2,700 Trusts are now operating on the software



Market Share

Class Super market share was maintained in line with system growth in the reporting period

Legal Documentation and Corporate Compliance market share is estimated to be 14% following the acquisition of Smartcorp and ReckonDocs



Social Responsibility

Class has proudly announced our official partnership with Solar Buddy

Solar buddy's purpose is to solve the Australian and global issue of energy poverty

The Class team with help from our customers and shareholders aims to provide lights to disadvantaged people across Australia and Vanuatu

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We continue to scale NowInfinity platform with targeted acquisitions – ReckonDocs

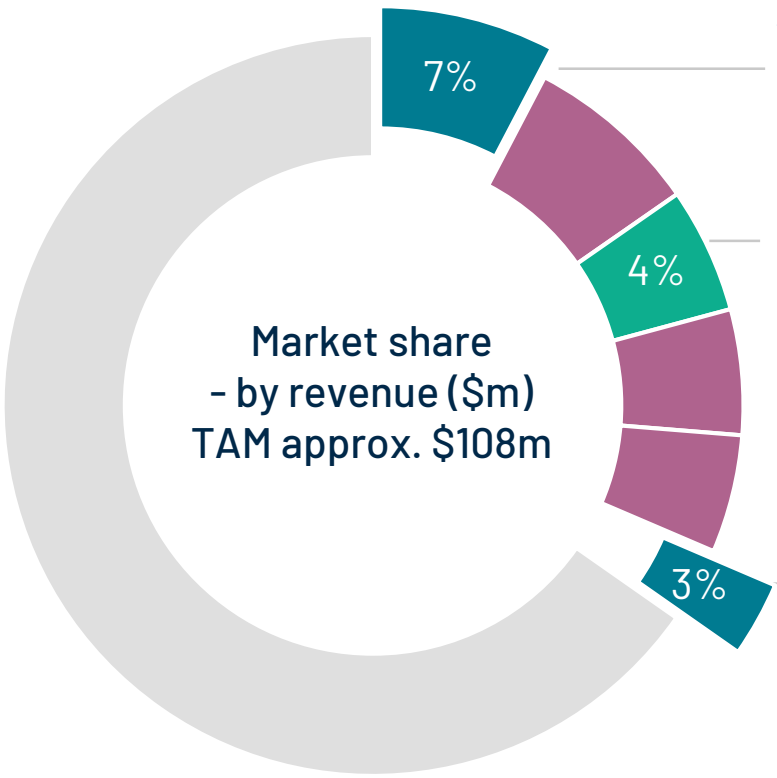
Customer acquisition opportunity to fast track a market leadership position in the documentation vertical

Strategic Rationale

- Accelerates the path of scaling NowInfinity
- ReckonDocs provides a documentation and corporate compliance platform to over 2,000 accountants, advisors and other professional service providers
- Opportunity to leverage NowInfinity platform to scale business and sell through

Transaction Detail

- Acquisition for enterprise value of $13m, adjusted for working capital
- The consideration for the transaction is 100% cash funded with $9.1m from our WBC facility. Completion date is 1 March 2021
- Circa $1.0m revenue contribution in FY21 (estimated $4.0m for FY22). EBITDA margin for FY22 is 60%
- EPS accretive in FY22
- M&A and integrations costs for all transactions is circa $900K, with $600k expected in 2H



Class Acquisitions

NowInfinity
A CLASS TECHNOLOGY COMPANY
Acquired Jan 2020

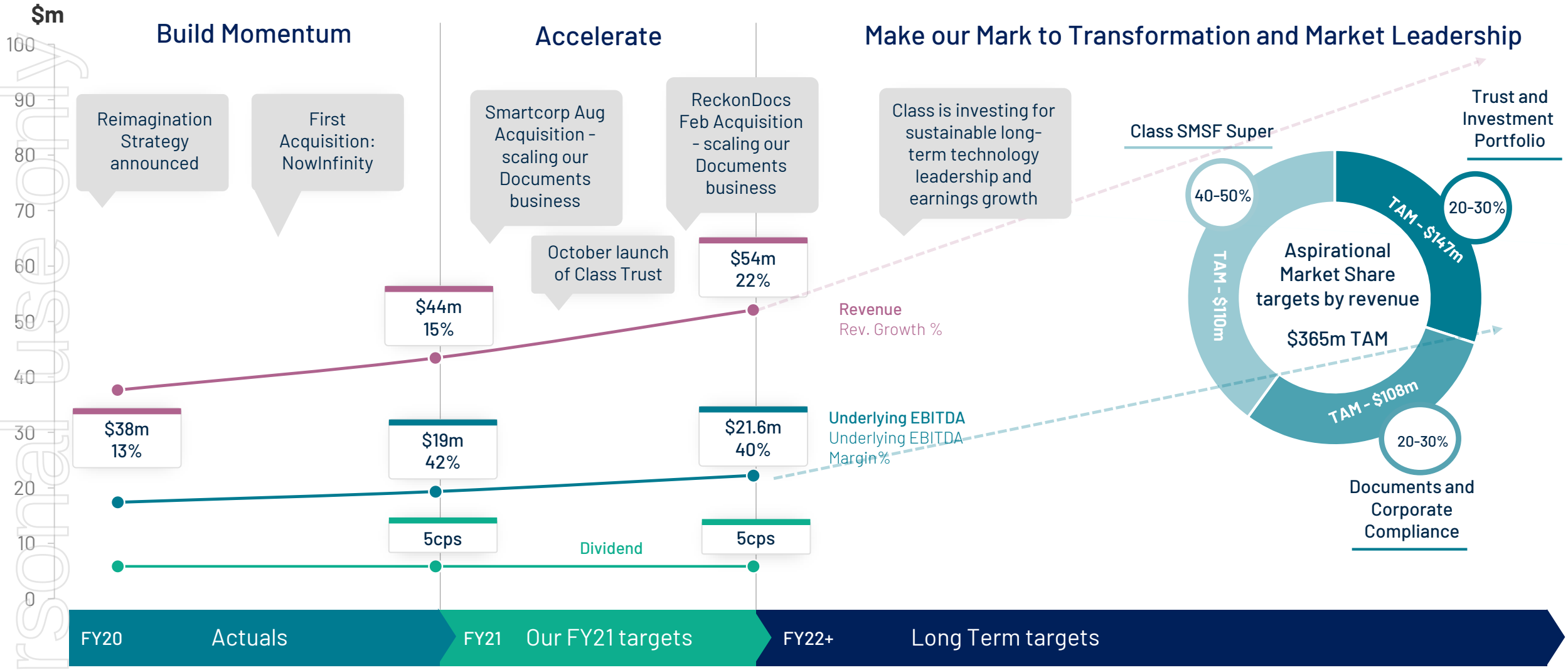
ReckonDocs
Announced Feb 21

smartcorp
Acquired August 2020

Fragmented market that is ripe for consolidation

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Our pursuit of fast transformation & multi vertical market leadership continues to plan



Reimagination Strategy

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Our Agenda

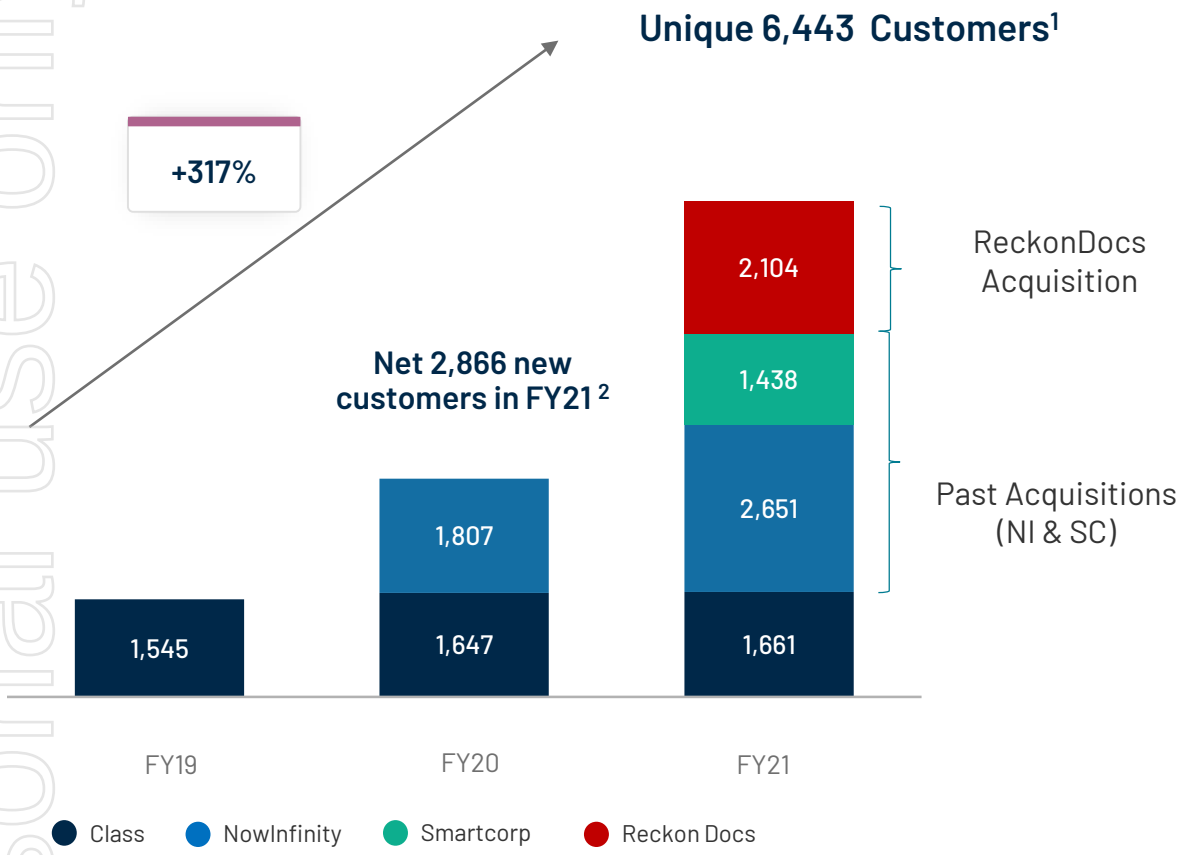
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Our Strategy is significantly growing our customer base

Continuing to expand the customer base and provide targeted multi product technology solutions following integration



Callouts

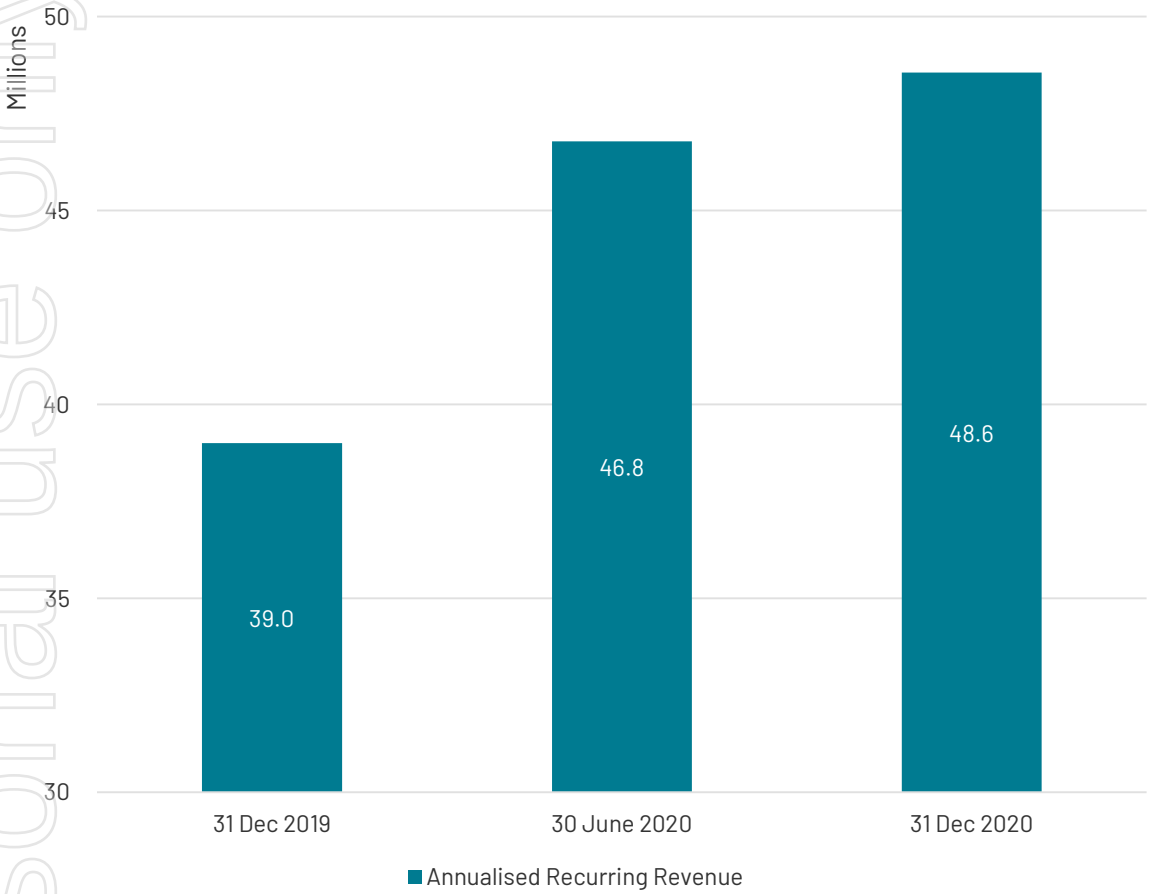
1. Our customer base has grown through the NowInfinity, Smartcorp and ReckonDocs acquisitions
2. Class will continue to make acquisitions to drive both further scale and improved capability
3. We are building business relationships with our new and growing customer base through various customer engagement, marketing and customer needs analysis
4. By building a large customer base, Class will now seek to increase revenues per customer from our growing product suite

[1] Total 7,854 customers minus 1,411 customers using multiple products equals 6,443 unique customers
[2] Total 3,454 customers minus 588 customers using multiple products equals 2,866 net customers

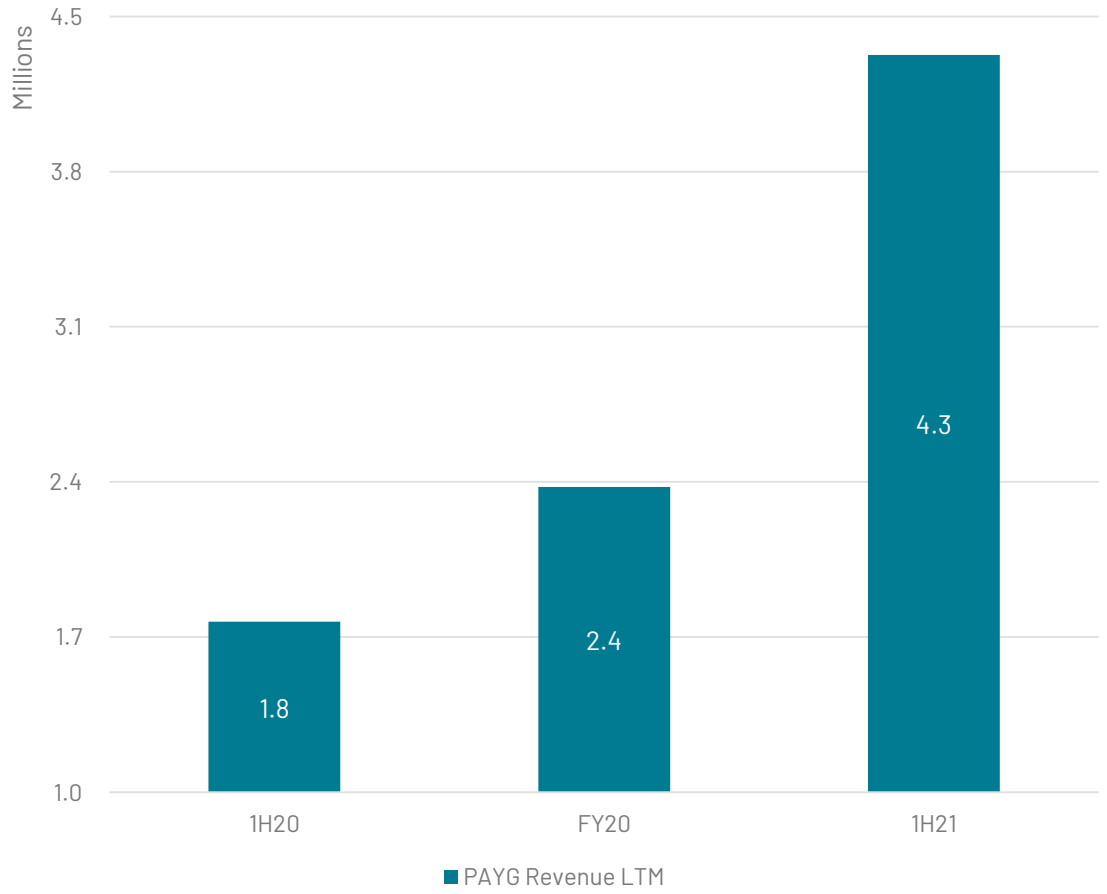
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ARR increased by 24.6% and Roll Forward Revenue increased by 29.7%*

Annualised Recurring Revenue



PAYG Revenue LTM



- NowInfinity PAYG includes the forecasted contribution to PAYG from migrating Smartcorp customers over the following 12 months.
- *Revenue that is recurring in nature calculated as ARR + PAYG Revenue for Last Twelve Months (LTM).

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Our Agenda

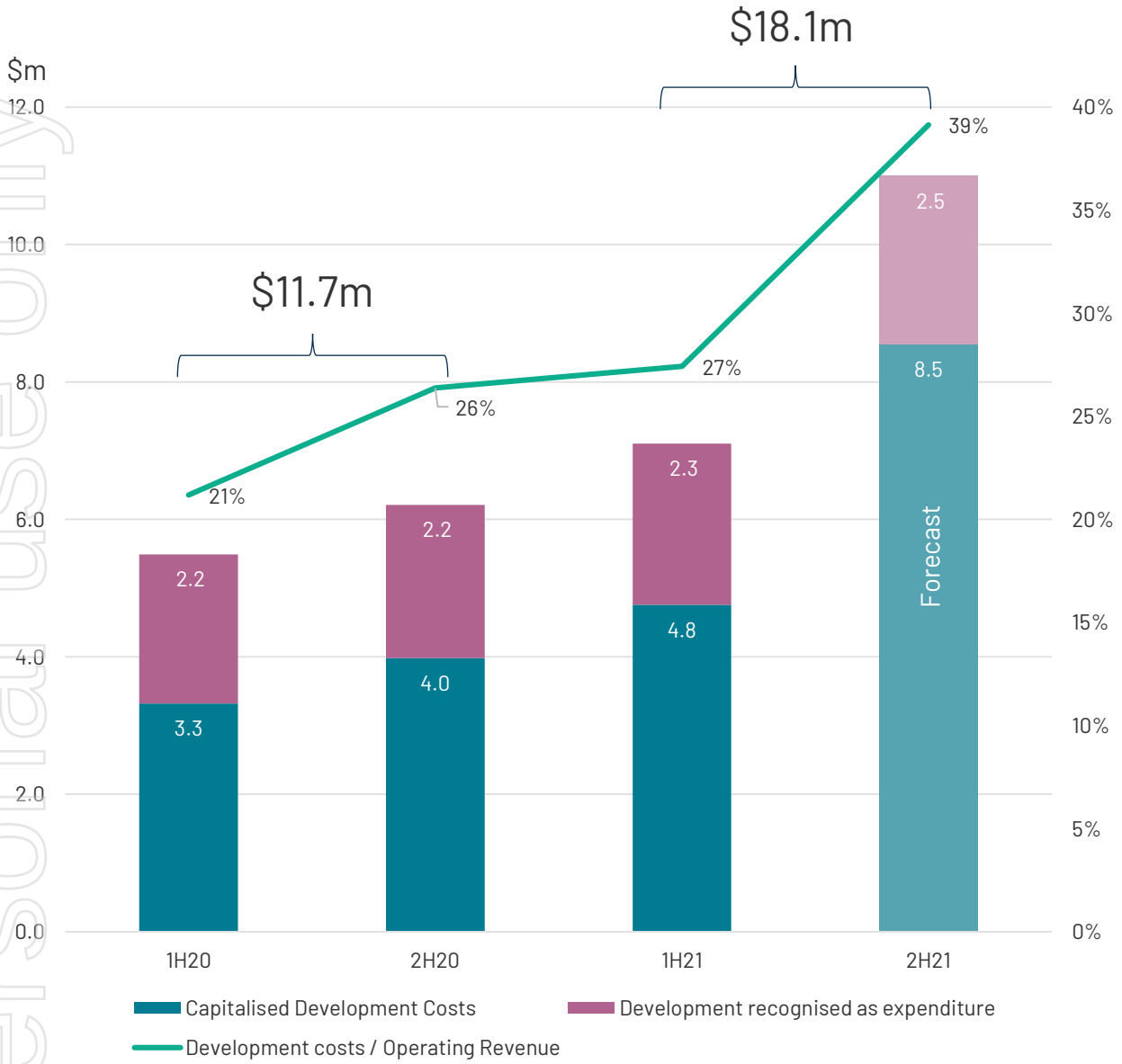
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Product and Technology Investment

The ongoing product and technology investment is bringing to life our technology vision



Callouts

The key areas of product and technology focus for FY21;

1. Rejuvenation of the technology stacks – Class and NI
2. New product features – including Digital Signatures and Trust Tax lodgement
3. Compliance and Regulatory compliance - SuperStream Rollover
4. Business enablement – to support the business to scale
5. Our accelerated spend in H2 is to fast track the transformation and delivery of new features in FY21
6. Further detail on our product roadmap can be found in the appendix of the presentation deck

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Improving and scaling the business through targeted acquisitions

Acquisitions are adding technology, functional and customer benefits which will collectively create a market leading suite of products and services

Winning Capabilities		Via Acquisition		
	NowInfinity (A CLASS TECHNOLOGY COMPANY)	smartcorp	ReckonDocs	CLASS
Corporate Messenger	✓			✓
Trust Register	✓			✓
Super Compliance	✓			✓
Documents Suite	✓		✓	✓
Printing		✓		✓
People Capability	✓		✓	✓
Scale Benefits		✓	✓	✓
Customer Acquisition	✓	✓	✓	✓

Integration Callouts

1. Class has executed a disciplined and strategic approach to enter this vertical
2. Class has built a successful track record in acquiring and integrating
3. Class will continue to monitor and evolve our prudent capital management strategy

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FY21 targets

We have increased our revenue target to include ReckonDocs



1. Target provided in FY20 Results Presentation
2. ReckonDocs revenue recognition – part year only March-June. Estimated FY22 revenue $4.0m

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Summary and Outlook

- **1H21** results have continued to deliver to our strategy promise with **27% revenue growth and EBITDA growth of 28% pcp**
- We launched Class Trust in October 2020. As of February, we have over **175 customers using the Trust software and we have loaded over 2,700 trusts** generating fees for Class
- **We have successfully integrated Smartcorp into the NowInfinity Platform** with positive customer feedback and high customer retention. Class has established a track record of buying and integrating well
- The ReckonDocs acquisition progresses Class **to a market leadership position in the Legal Documentation and Corporate Compliance vertical**
- We will invest $18.1m in product and technology in FY21
- **We have increased our revenue growth target to 22% which includes ReckonDocs.** We are targeting an **underlying EBITDA margin target of 40%**

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Q & A

1H21 Results
(ASX:CL1)

Our Agenda

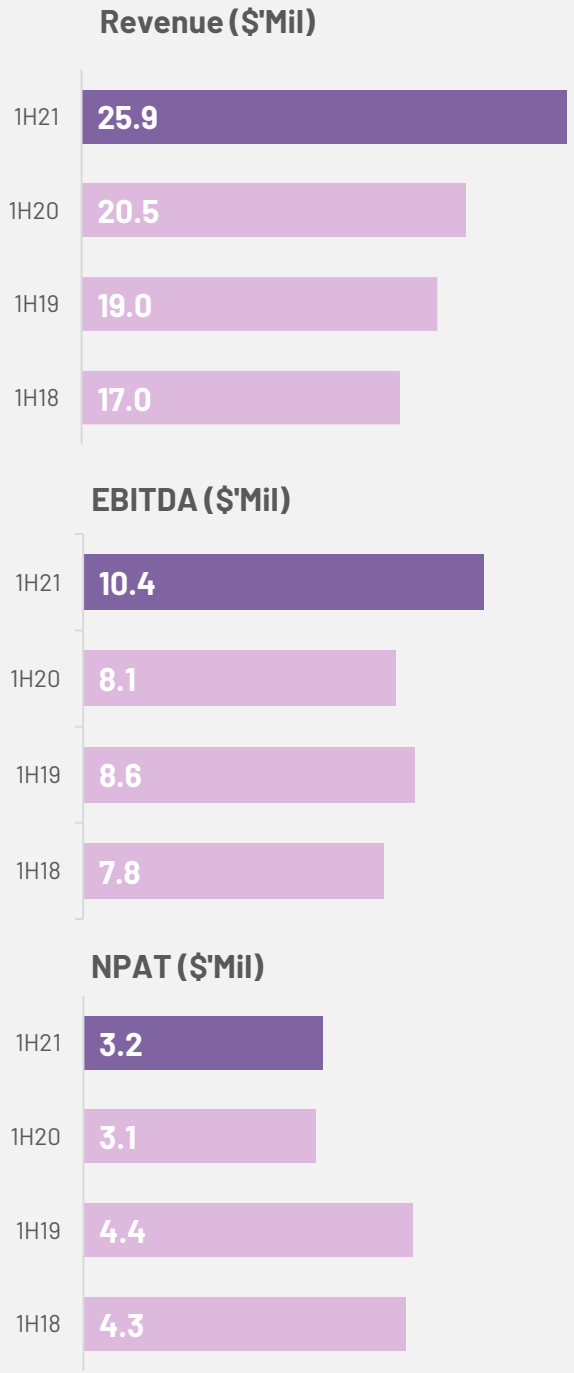
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Financial Operating Results

$m	1H20	1H21
Revenue	**20.5**	**25.9**
Employee costs	(9.1)	(11.3)
Costs of undertaking business	(2.8)	(4.0)
Acquisition and corporate advisory costs	(0.5)	(0.2)
EBITDA	**8.1**	**10.4**
EBITDA margin	40%	40%
Depreciation	(0.6)	(0.8)
Amortisation	(3.1)	(3.7)
Amortisation from business combinations	-	(0.6)
Net interest benefit/(expense)	0.1	(0.2)
NPBT	**4.5**	**5.1**
Income tax expense – Base rate 30% (FY20: 27.5%)	(1.4)	(1.9)
Statutory NPAT	**3.1**	**3.2**
Amortisation from NowInfinity acquisition net of tax	-	0.5
NPATA	**3.1**	**3.7**
Basic EPS (cents)	2.6	2.6
Diluted EPS(cents)	2.6	2.6
Dividend per share (cents)	2.5	2.5



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Investing in Product

$m	1H20	1H21
Total investment in product & development	5.5	7.1
Development costs / Operating Revenue	*21.2%*	*27.4%*
Less: Development recognised as expenditure	(2.2)	(2.3)
Capitalised Product & Development Costs	**3.3**	**4.8**
Other Intangibles	0.3	0.4
Computer and Office Equipment & Other	0.2	0.2
Capitalised Acquisition Costs	0.4	0.3
Total Capital Expenditure	**4.2**	**5.6**
Capex / Operating Revenue	*20.6%*	*21.7%*
Capex / EBITDA	*52.3%*	*54.1%*
Depreciation & Amortisation	2.9	3.5
Business Combination Amortisation	-	0.6
Depreciation & Amortisation - AASB15	0.4	0.4
Depreciation & Amortisation – AASB16	0.4	0.4

[1]FY20 Leasehold Improvements & Fit-out/Furniture are from asset acquired on consolidation.

Estimated FY21 D&A

$m	FY21
Product Development	6.9
Contractual Rights	0.5
AASB 15 Customer Acquisition	0.9
Business Combination Amortisation	1.5
AASB 16 Leases Depreciation	1.0
Property, Plant & Equipment	0.7
Total	**11.5**

Preliminary Financial Statements

Summary Cash Flow

$m	1H20	1H21	Movement
EBITDA	8.1	10.4	2.3
Non-Cash Items & changes in working capital	(0.3)	(0.1)	0.2
Capitalised product related development & PPE	(3.9)	(5.4)	(1.5)
Capitalised customer acquisition costs	(0.4)	(0.3)	(0.1)
Lease (AASB16 effective 1/7/19)	(0.4)	(0.5)	(0.1)
Free cash flow (excl. Financing & tax)	**3.1**	**4.1**	**1.0**
FCF (% of operating revenue)	15%	16%	
Taxes Paid	(0.8)	(2.1)	(1.3)
Net Interest Received/(Paid)	0.1	(0.2)	(0.3)
Investment in Philo	(0.8)	-	0.8
Net purchase of Smartcorp	-	(2.5)	(2.5)
Net Proceeds from Borrowings	-	2.5	2.5
Deferred Consideration Paid for NowInfinity	-	(0.5)	(0.5)
Dividends	(2.9)	(3.1)	(0.2)
Share-related proceeds/on market acquisitions	0.8	(0.6)	(1.4)
Net cashflow	**(0.5)**	**(2.4)**	**(1.9)**

Original Display

Balance Sheet

($m)	30-Jun-20	31-Dec-20
Current Assets		
Cash and cash equivalents	16.5	14.1
Trade and other receivables	4.0	4.4
Other current assets	1.1	1.7
Total Current Assets	**21.6**	**20.2**
Investments	3.3	3.4
Property and equipment	1.0	0.9
Right-of-use assets	1.0	0.8
Intangible assets	35.1	40.9
Customer acquisition costs	2.1	2.0
Total Non Current Assets	**42.5**	**47.9**
Total Assets	**64.1**	**68.1**

($m)	30-Jun-20	31-Dec-20
Current Liabilities		
Trade and other payables	4.9	5.4
Contract liabilities	0.6	0.7
Borrowings	1.0	2.9
Lease Liabilities	0.8	0.6
Provisions	1.3	1.5
Tax liabilities	0.7	1.0
Deferred Consideration	0.5	0
Total Current Liabilities	**9.9**	**12.1**
Borrowings	9.0	9.6
Lease Liabilities	0.1	0.1
Deferred Tax	3.0	2.3
Provisions	0.4	0.5
Total Non Current Liabilities	**12.5**	**12.5**
Total Liabilities	**22.4**	**24.6**
Net Assets	**41.7**	**43.5**

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Key Operating Metrics

	1H20	1H21
Class Customers	1,576	1,661
NowInfinity Customers	n/a	2,651
Smartcorp Customers (PAYG LTM)	n/a	1,438
Shared Customers	n/a	(1,294)
Total Customers	**1,576**	**4,456**
Class Super accounts	174,360	175,630
Class Portfolio accounts	8,875	9,423
Class Trust accounts	720	2,571
Total accounts	**183,955**	**187,624**

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Class' product suite and technology investment

Our FY21 investment has focused on maintaining Super leadership, Trust development, upgrading our Class technology platform and integrating NowInfinity

FY 20 Investment

FY 21 Investment

CLASS SUPER

- Tax Statement Automation & OCR
- Bulk Income Generation & Automatch
- Covid 19 Legislation Updates
- CloudOffis SMSF Sorted integration
- Class to XPLAN Integration
- Superstream rollovers including tracking and notifications
- Enhanced Managed Account data feed
- Digital Signatures

CLASS PORTFOLIO

- Portfolio Fees
- Investment Reports
- Class to XPLAN Integration
- Digital Signatures
- Enhanced Managed Account data feed

CLASS TRUST

- Unit Trust - buys and sells
- Financial Statements including Current & Non-Current classification
- Trust Accounting (capital works & revaluation reserves)
- Trust Accounting Reconciliation Report
- Trust Tax Reports (Statement of Net Income & Statement of Distribution)
- Incoming Streaming
- Digital Signatures
- Trust Tax Lodgement

NowInfinity

A CLASS TECHNOLOGY COMPANY

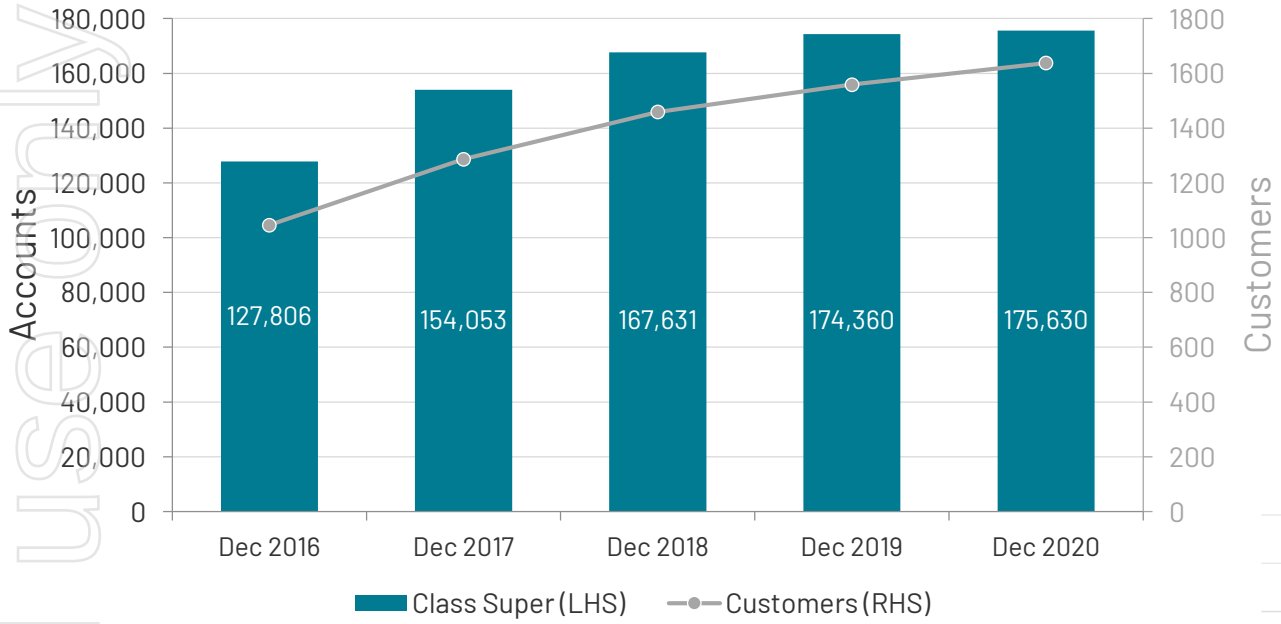
- Class and NowInfinity integration
- Documentation Suite
- Corporate Messenger
- Trust Register – Unit Redemptions
- Managing transactions of unit trusts & companies (unit/share certificates)
- Printing and stamping
- Online document editor
- SmartCorp integration

Class will continue to invest **in all products in FY21 and meet our compliance obligations**

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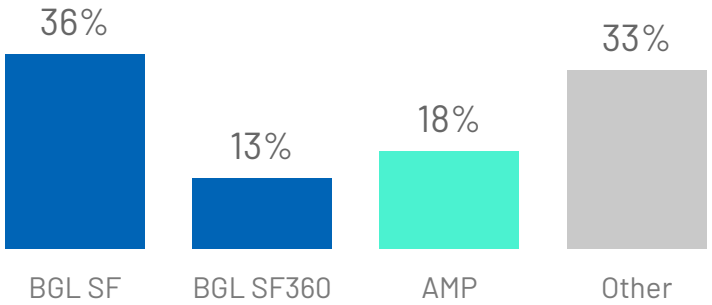
Class Super

Class Super Growth



Source of New Accounts (Class Super)

Rolling 12 months to 31 Dec 2020

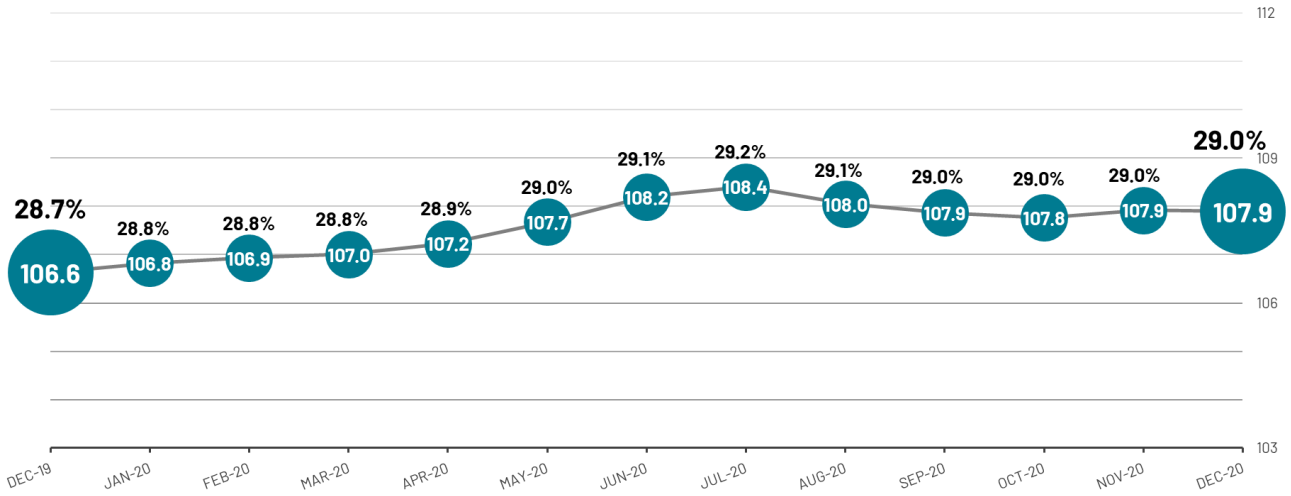


- We continue to outgrow the market with 29.0% market share (+1.2%[1] over the PCP) in a mature market. System growth estimated at 0.5%
- Customer retention by accounts remains high at 99.5%[2] (rolling 12 months)

1. *Representing an increase of 0.34 percentage points*
2. *Rate is ex-AMP who had ~2,000 funds on Class; if AMP's ~2,000 suspensions over the last 12 months were included retention rate would be ~98.5%*

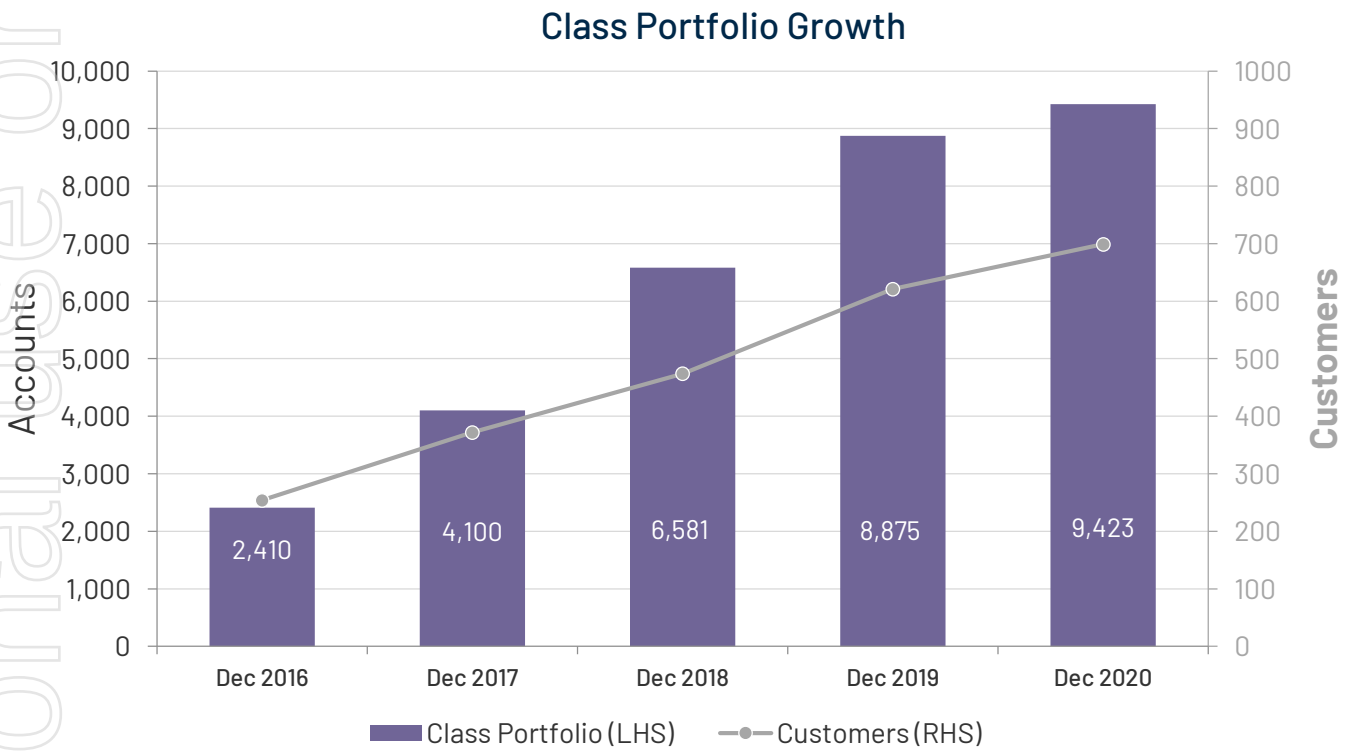
Class Market Share Index LTM, by Accounts

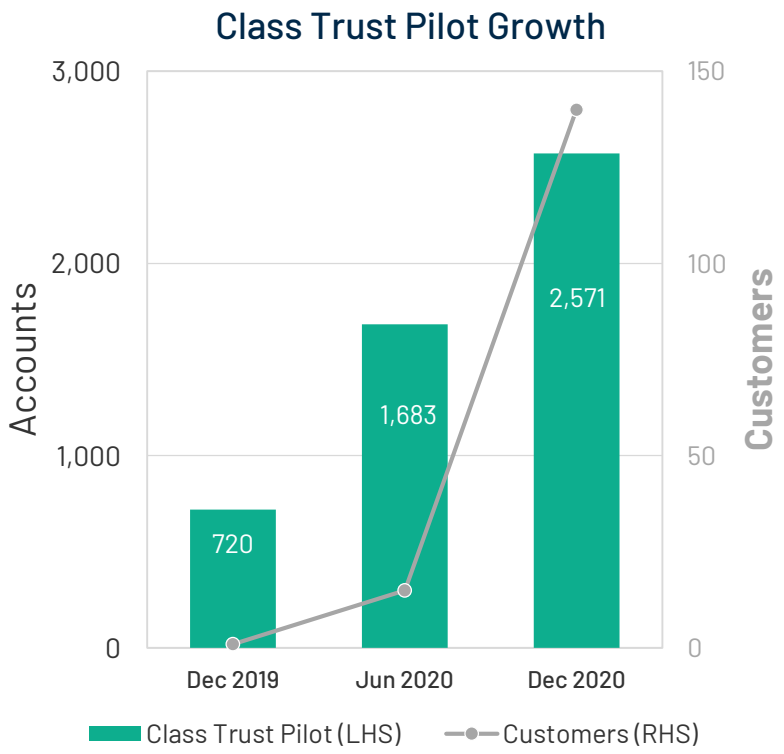
One year growth in market share: 1.2% (or 0.34 percentage points)



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Class Portfolio and Class Trust





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Glossary

Accounts
Class Super funds, Class Trust 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: monthly licence fee assuming any sales promotions have ended and other factors such as pricing remain unchanged.

ARR
Annualised Recurring Revenue: number of Accounts/Subscriptions at the end of period (December 2020) multiplied by ARPU, multiplied by 12.

CAGR

Compound Annual Growth Rate.

Customer Retention Rate

Average accounts for the period less Accounts Lost/Average Accounts for the period.

NPATA

Net profit after tax adjusted to add back amortisation from business combinations (net of tax benefit).

PAYG Revenue

Revenue earned from adjacent products that are recurring in nature such as audit and actuarial certificates, PAYG documents (such as company statements, trust deeds) ie. Non-subscription based revenue.

Roll Forward Revenue

Revenue that is recurring in nature calculated as ARR + PAYG Revenue for the Last Twelve Months (LTM).

Subscription License fees

Includes Class Super, Portfolio, Trust and NowInfinity subscription fees.

TAM – Total Addressable Market

A measure of the potential market opportunity for a product or service, assuming 100% penetration of the potential client base.

Underlying EBITDA Margin

EBITDA margin excluding acquisition and corporate advisory costs.

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Methodology

Class Market Share 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)

Class Market Share Index

- 30 June 2018 = 100 (base)

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All currency amounts are in AUD unless otherwise stated.

Preliminary

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PRESENTATION NOTES

Good morning, thank you for joining us for the presentation of the Class Limited First Half 21 results

My Name is Andrew Russell and I am the CEO of Class Limited. I am joined today by CFO – Glenn Day, Chief Strategy Officer – Glenn Poynton, Jason Wilson – Chief Customer Officer and our Investor Relations Assistant – Zoe Wise

Today I will present to the following agenda (slide 2)

1. Company overview and Business Highlights
2. 1H 21 Insights
3. Strategy and Outlook
4. Question and Answers

Slide 3 – Who is Class Limited

I would like to take the opportunity to frame who Class Limited is for those who are new to our business.

Class is a multi-award winning technology business.

We create technology solutions to automate and simplify complex administration - at scale - in the financial services and related professional services sectors.

Our customers are Accountants, SMSF administrators and auditors, Investment Advisors, Financial Planners and Lawyers.

The Class software solutions assist our customers to automate key processes, reduce operating costs for their back office, improve data accuracy and reduce compliance risk.

Class's revenue is derived from our suite of products offered via a monthly software fee and PAYG fees.

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Over a year ago we commenced our Reimagination strategy, which is focused on rapidly **transforming** Class to a **multiproduct software as a service provider**, with the ambition to become a world class technology solutions business.

Today's presentation will outline our 1H21 performance and our progress in executing that strategy.

We will show that:

- Class / CL1 continues to generate double-digit top line growth
- Class is growing market share in its materially expanded addressable market, and doing so in a short period of time
- Class is growing profitability while continuing to invest prudently back into the business
- Class continues to pay a dividend
- Class has resilient and predictable earnings, **and**
- Class successfully navigated the business challenges and the ongoing social and economic headwinds resulting from COVID-19.

The key messages to shareholders and the market today are simply these;

1. We continue to execute well to our reimagination strategy with both financial and operational results on target
2. We now have a successful track record with acquisitions, in both identifying the right businesses and integrating them successfully, as evidenced by Nowinfinity and Smartcorp.
3. The ReckonDocs acquisition announced today provides Class with another good margin, in addition to customer acquisition to further scale and grow revenues
4. We reconfirm our full year financial targets

Slide 4 – The business is Transforming

The transformation of Class is clearly underway at speed as we grow. Our acquisitions and product development results over the past 18 months are building the leading integrated technology platform that ensures our customers can provide efficient and accurate business services at scale in;

1. Establishing
2. Managing

3. And Administrating

Wealth Accounting.

In the current environment, the Class cloud based technology solutions have never been more important for our customers, to help them improve back office efficiency, reduce cost and mitigate operational risk.

Agenda 2 - Slide 5 – Financial Results Summary

Turning to our first half financial results - The business set out boldly our key financial targets for FY21 when we last reported in August 2020.

It is pleasing to announce that the business is tracking well to those financial targets, and **we are proving our capability to execute to our targets**.

Our first half highlights are:

- Revenue of $25.9 million, growth of 27% on pcp.
- Roll Forward Revenue of $52.9 million*, growth of 29.7% pcp
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of $10.4 million, growth of 29% pcp.
- The board has declared a fully franked dividend of 2.5 cents for 1H.
- Our EBITDA margin of 40% continues to track to target as we invest in the business.

* Revenue that is recurring in nature calculated as ARR + PAYG Revenue for the Last Twelve Months (LTM).

Our investment in technology innovation and product development is ongoing, and it is rapidly transforming the business. We invested $7.1m in the first half of FY21 with further investment continuing in platform rejuvenation, acquisition integration, super product compliance and new product features for all our products in the second half of FY21

Class has significantly grown customer numbers as we have expanded our product set, and acquired new businesses to scale the NowInfinity platform. Our customer growth is tracking over 180% pcp.

The board has declared a fully franked dividend and our dividend remains unchanged at 2.5 cents per share for 1H 21

In summary - the financial results are solid, and, equally importantly, we are executing well to our 3-year plan.

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Further detail on our financial performance including

- Operating Results
- Product Investment
- Cashflow
- Balance Sheet and
- Key Operating Metrics

Can be reviewed in the Appendix of the results presentation deck

Slide 6 – Key achievements for 1H

The transformation of Class is accelerating in FY21. Some of key achievements in the past 6 months are:

1. **Building an impressive Integration Track Record**

To briefly recap, NowInfinity was acquired in January 2020 and was Class's first ever acquisition. It allowed us to grow our Total addressable market by over $100m, to $365m by revenue.

The NowInfinity business was our beachhead investment in the Legal Document and Corporate compliance vertical, and we acquired NowInfinity because we believe it the best technology platform in the Legal documentation and Corporate Compliance marketplace.

To fast track the scaling of NowInfinity, we announced the acquisition of Smartcorp in August 2020.

We are very pleased to announce that we have successfully integrated the Smartcorp business and migrated over 1,400 customers onto the Nowinfinity platform.

We completed the initial integration in December 2020, on schedule to our bold plans. The business and revenues are tracking to our expectations.

The Class team is building a credible track record in buying and integrating our acquisitions to plan. It is pleasing to announce our third acquisition – ReckonDocs – which I will give detail on shortly.

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2. The launch of Class Trust was a significant achievement and milestone for the re-imagination strategy

We launched Class trust 3 months ahead of schedule in October 2020 .

We have now grown our Class Trust customer numbers impressively since the product launch. As of today there are over 175 customers using the software and Trusts loaded exceed 2,700.

We are pleased with the product launch results to date. We are continuing to receive positive feedback from our Class Trust customers.

The following are key themes advocated by key customers;

1. The product drives material time and cost efficiency in the administration of Trusts
2. The intuitive technology of the product results in lower cost resources being employed to administer using the software so that more experienced resources can be refocused on customer and business development activities
3. The product efficiency provides the catalyst for firms to explore combining their administration functions of Super and Trust which provides further margin improvements in their operations

3. We are pleased to see we continue to grow market share in our expanded addressable market

Class has maintained or grown market share in all our products in the past 6 months pcp.

The essence of the Reimagination strategy is to deliver a multi-product and diversified revenue capability for Class. Undoubtedly, the Self Managed Super market has matured and the account growth and customer switching opportunities are slowing.

The SMSF market growth outlook is subdued for FY21 with the ongoing challenges of the overhang of the Royal Commission, the uncertainty of further

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regulation increasing costs, and the lack of direct support of the SMSF product from ASIC and the Productivity Commission.

Without question, the perception of uncertainty has impacted the confidence of our wealth accounting customers in recommending SMSFs to their clients, which is impeding the organic growth of the market.

I know the SMSF industry body is working diligently with all the key government bodies to communicate the concerns, and supplying for reference data-supported facts of the SMSF product's success over the years. We welcome and hope to see further productive dialogue with the government and their key regulating agencies in 2021, with the aim of increasing confidence to the SMSF industry and – as importantly – of existing and potentially new SMSF product users.

The SMSF Association and Rice Warner's recent publication of "Costs of operating SMSFs 2020" was a comprehensive analysis of superannuation and SMSFs. The findings clearly reinforce the benefits and importance of the SMSF offering in the competitive landscape. It furthermore highlights the relative and compelling cost metrics of SMSFs for balances more than $500k, relative to other industry and retail superannuation product offerings.

Notwithstanding the current SMSF market dynamics, the fact remains that the Class software suite is more than ever, strategically important for our wealth accounting customers. For our customers, the learnings from COVID where businesses need to ensure they have cloud based software, and the ever pressing need for revenue growth and operating margin improvements. Our suite of cloud based products are well placed to help customers achieve their strategic goals by reducing costs and improving efficiency by solving the key pain points in wealth accounting through technology automation at scale.

4. **We are immensely proud to announce our first social responsibility partner -Solar Buddy**

Solar buddy's purpose is to solve the important global issue of energy poverty. The team and I look forward to working closely with our charity partner to support this excellent cause in FY21 and beyond.

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Slide 7 – Our ReckonDocs Acquisition is a key building block in our strategy

Another significant achievement in the past 6 months and in line with our fast-paced transformation is the announcement of an additional high margin and customer growth acquisition. ReckonDocs.

ReckonDocs is part of the ASX listed Reckon business and is a well-regarded player in the legal documentation and corporate compliance market.

ReckonDocs services over 2000 businesses, primarily in the accounting space, including many APS customers. ReckonDocs enjoy long-term partnerships with its clients.

We have announced today the execution of an agreement where Class will buy ReckonDocs for an enterprise value of $13m adjusted for working capital.

The consideration for the transaction is funded with $9.1m from our WBC facility and cash at bank.

ReckonDocs will integrate with NowInfinity. ReckonDocs similarly to the Smartcorp acquisition is a key building block in scaling the NowInfinity platform and will help fast track Class to a market leadership position in the legal document and corporate compliance vertical.

We also believe this will be beneficial for the ReckonDocs customers given they will now utilise a newer technology platform and an expanded set of products.

The business is forecast to generate $1m of revenue in FY21. We estimate the FY22 revenue to be $4m. The business will produce good cash flow going forward as its EBITDA margin is 60% in FY22.

M&A and Integration costs for the full year across all transactions will be $900K with $600k expected in H2.

The transaction is expected to complete on March 1 and will be earnings accretive in FY22.

Slide 8 – Reimagination Strategy Recap- We are on track

The essence of the Reimagination strategy is to bring laser focus to our key priorities;

- re-energise the business in terms of culture and innovation,

- bring new talent into the organisation and build momentum for accelerated growth in FY21/22 and beyond.

Our progress so far has been positive and fast paced

You can see by this slide that we are already on track to achieving the targets for our **"accelerate"** year of the strategy.

This slide illustrates our aspirations as we transform Class.

We have set ourselves aspirational Revenue market share and Revenue targets in our expanded TAM. We believe these will be within our reach as we continue to execute successfully.

Agenda H1 Insights

Slide 10 - - Customer Numbers

Our customer numbers have grown materially from our NowInfinity, Smartcorp and now ReckonDoc acquisitions.

Following the ReckonDocs acquisition Class now has over 6000 unique customers.

Our customer growth is impressive by any measure with over 300% growth since embarking on the re-imagination strategy in 2020.

Our strategy now is to continue to develop our relationships with our new customers as well as research and analyse customer needs so that we can over time increase our revenue per customer with targetted technology solutions.

Slide 11 – Recurring and PAYG Revenue – Turning to briefly to give some detail on revenue insights

Revenue

Class revenues are a combination of Recurring and PAYG revenue from the NowInfinity business.

Our Recurring and PAYG revenue growth profile is tracking to our growth targets. ARR increased by 24.6% and Roll Forward revenue increased by 29.7%

Our new acquisitions do result in more transactional PAYG customers.

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However, this provides Class with an attractive opportunity to slowly transition these customers to subscription offerings.

Agenda 3 - Turning to Strategy update and Outlook

Slide 13 – Product and Technology Development

We will continue to make investment for further growth in our technology and product development in H2. The ongoing investment is critical to ensure delivery in the rejuvenation and upgrading of our core technology platforms, as well as, the ongoing build of competitive product features that widen our competitive moat.

Our key areas of focus for FY21

1. Continued rejuvenation of the technology stacks – Class and NI
2. New product features – including Digital signatures and Trust Tax lodgement,
3. Compliance and Regulatory compliance - Super Stream Rollover
4. Business enablement – to support the business to scale

We estimate our full year technology and product investment will be $18.1m for FY21.

The ongoing product and technology investment is bringing to life our technology vision. Our accelerated spend in H2 is to fast track the transformation and delivery of new features in FY21

Further detail on our product roadmap can be found in the appendix of the presentation deck

Slide 14 – Our New Vertical –Legal Documentation and Corporate Compliance

The NowInfinity business was launched in 2012 to help reduce back-office pain points for accountants through technology automation for documents and compliance. NowInfinity is arguably the market leader in the document and corporate compliance marketplace

The NowInfinity suite of products include documents, corporate messenger, trust register and super comply and those products fit well into the Class product suite.

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These products allow Class to broaden and deepen our relationships with the accounting and legal professional services segment.

Our acquisition approach has been disciplined and strategic, as well as meeting our internal investment hurdles

Our acquisition strategy is simply to;

1. Enter the market with the NI investment beachhead.

2. Scale the business through targeted acquisitions that increase customers on the platform and improve functionality. We seek businesses that have good revenue, margin and cashflow

3. Integrate well to leverage the investment

We will continue to monitor and evolve a prudent capital management strategy and approach in FY21.

In terms of the "sell through" opportunity to our customer base, We are pleased to announce today the signing of Findex to use the NowInfinity Documentation Suite for their extensive national accounting network.

As an SMSF, Portfolio, NowInfinity Trust Register, and Corporate Compliance customer, as well as our cornerstone pilot customer in Class Trust, **Findex is an example of how the Class multi-product offerings are resonating with our customers.**

Slide 15 – FY21 Outlook

With the ongoing uncertainty right across Australia in regards to COVID, Class will continue to monitor the impacts on our customers in the coming months.

Notwithstanding the unknowns of COVID-19, we wish to confirm our FY21 financial targets we announced in August 2020:

To Recap – the Class revenue for FY21 is combination of:

- Our ongoing existing customer revenue, plus
- Roll forward revenue derived from growth in our new customers, including our NowInfinity acquisition, AND
- Our Smartcorp and ReckonDocs acquisition part year revenue.

We would like to make it clear – we are not forecasting any material contribution for revenue from Class Trust in FY21.

We have increased our revenue target to include ReckonDocs. We are targeting FY21 revenue of $54m which is 22% growth from our FY20 results.

We will continue to target an underlying EBITDA margin of 40%

Slide 16– 1HFY21 Result Headlines

I would like to conclude with several headlines:

1. The first half 21 financial results are solid, and as importantly, we are executing well to our Re-imagination strategy.
2. We have launched Class Trust and we now have over 175 customers and 2700 trusts generating subscription revenue for Class.
3. We are showing a track record in successful acquisition and integration. Class will commence integration of ReckonDocs onto the NI platform over the second half of 21. The acquisition will progress Class to a leadership position in the Legal Documents and Corporate Compliance vertical

Thank you for your ongoing support and interest in Class. The future is exciting as our vision comes alive, and as we deliver accelerated results in FY21.

Slide 17 - I will now open for questions

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