1. Company details

Name of entity:	Class Limited
ABN:	70 116 802 058
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

The Group has adopted Accounting Standard AASB 16 'Leases' for the year ended 30 June 2020 using the modified retrospective approach and as such the comparatives have not been restated.

				$'000
Revenues from ordinary activities	up	14.0%	to	44,023
Profit from ordinary activities after tax attributable to the owners of Class Limited	down	23.8%	to	6,840
Profit for the year attributable to the owners of Class Limited	down	23.8%	to	6,840

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2019 paid on 17 September 2019	2.50	2.50
Interim dividend for the year ended 30 June 2020 paid on 27 March 2020	2.50	2.50

On 13 August 2020, the Directors declared a fully franked final dividend for the year ended 30 June 2020 of 2.50 cents per ordinary share with record date of 21 August 2020 and payment date of 18 September 2020.

Comments
Refer to Chairman's letter and CEO's report for further commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	7.77	19.18

The net tangible assets per ordinary share is calculated based on 122,307,803 (2019: 116,097,056) ordinary shares on issue as at 30 June 2020 excluding 450,604 (2019: 1,565,000) treasury shares. Refer to note 21 of the Financial Report for further details.

4. Control gained over entities

On 31 January 2020, the Group acquired 100% of the shares in NowInfinity 3505 Pty Ltd. Refer to note 33 of the Financial Report for further details.

5. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion has been issued.

6. Attachments

Details of attachments (if any):

The Annual Report of Class Limited for the year ended 30 June 2020 is attached.

7. Signed

As authorised by the Board of Directors

Signed ___________________________ Date: 13 August 2020

Matthew Quinn
Chairman
Sydney

CLASS

2020

Annual Report

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

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Message from the Chairman

Matthew Quinn

I am pleased to report that FY20 has been a successful and transformational year for Class. The three-year Reimagination strategy – launched by our new CEO, Andrew Russell, in 2019 – is taking shape and the board is very satisfied with its progress in the first year.

In FY20, Class delivered strong revenue growth of 15% and a record EBITDA result, while investing heavily in product development and in improved technology.

With the development of our new product, Class Trust, and our move into the document automation market, facilitated by the acquisition of NowInfinity, our total addressable market has expanded considerably – positioning the business for accelerated performance in the coming years. Furthermore, even with the increased investment in the business, we are able to maintain payment of a dividend of five cents per share.

Acquisitions and expansion

The NowInfinity acquisition is the first step in evolving Class to an integrated multi-product offering to our professional services customers, thus reducing our sole reliance on the SMSF market. The business has been integrated well into Class and we look forward to growing NowInfinity into a market-leading position in this new segment.

A fresh perspective

During FY20 we appointed two new independent non-executive directors, Simon Martin and Robert Bazzani, who both bring a wealth of experience and expertise.

Simon Martin has more than 30 years' experience in finance, including as the CFO of MYOB, as well as significant operational experience in software companies in Australia and internationally.

Robert Bazzani was formerly a partner with KPMG, where he served in multiple leadership roles, including as a member of its National Executive Committee. He has significant hands-on experience in strategy and management, governance, accounting and law.

Chris Cuffe and Rajarshi Ray retired as directors in FY20 and, on behalf of the board, I would like to thank both Chris and Raj for their contribution to Class. For Raj, this included a term as the CEO so he has been an important part of the Class business for many years.

Leadership at Class

This year has seen the rejuvenation of the executive leadership team (ELT) at Class. The Reimagination strategy required the addition of new, more experienced executives, and the board is confident that the new ELT has the capability to build Class into a much larger business.

In closing

I would like to thank all Class employees and my fellow board members for what we have achieved together in FY20. The board feels that Class is well positioned to create sustainable revenue and earnings growth as a leading Australian technology business.

Together with the board, I would like to thank our shareholders for your ongoing support. We look forward to creating value for you in the coming years.

MATTHEW QUINN

Chairman of the Board

CEO letter

Andrew Russell

A year of Reimagination

To my fellow shareholders, I feel privileged to be a part of the Class team and to lead the business through our Reimagination strategy, which will deliver transformation and accelerated growth to Class over the coming three years and beyond. It is with excitement about both our progress to date and our plans for the future that we share with you the Class Limited Annual Report, containing the results of our financial year ended 30 June 2020.

Strategic progress

The essence of the Reimagination strategy is to bring a laser operational execution focus to our key priorities. These include re-energising the business in terms of culture and innovation, bringing new talent into the organisation, and building momentum for accelerated growth in FY21/22 and beyond.

Our Reimagination strategy promise for FY20 was:

- To execute the critical decision to deliver future innovation by investing in our core technology platform and product development, ensuring we have the capacity and capability to develop quality products and deliver them better and faster.
- To seek accretive acquisitions that will complement our core offerings to build a suite of Class products for our customers.
- To invest in people and build a world-class culture.
- To astutely manage our expenses, targeting an EBITDA margin over 40%.

Our progress has been transformational in FY20 and this report outlines our achievements.

Our reputation for being the leader in the SMSF core segment remains, with Class maintaining market leadership positions in both NPS and fastest growing provider, according to the findings of the industry-leading *Investment Trends 2020* report.

However, to drive future sustained growth, we know Class must grow its addressable market through new automated software solutions products that solve clear pain points for our valued customers.

NowInfinity

The acquisition of NowInfinity grows our business into an adjacent market space with a multi-product value proposition, as does the announcement of our new Class Trust product.

Following feedback from our customers through our partnership program, NowInfinity was identified as a product opportunity that has proved to be strategically important and delivers time and cost savings to our customers. Moreover, the segments NowInfinity operates in present a great opportunity to further grow our business through the development of smart technology solutions.

NowInfinity was acquired in January 2020 and, despite the onset of COVID-19, we completed the integration ahead of time, which is testament to the capability of our team to acquire and integrate. It is pleasing to see NowInfinity already performing well. It will be a key pillar for Class' growth in FY21.

Class also remains focused on organic growth through product innovation. Our market research indicated to us that there is a key pain point for trust administration, as there was for the self-managed superannuation sector. Like the SMSF space, to simplify and automate the trust administration process requires complex, rules-based coding to develop a software solution. Given that is a key Class capability, we are well placed to service our customers by developing a Trust administration product.

Taking the learning from our Portfolio product entry, combined with the new product development capability, Class has been running a pilot with an ever-growing number of customers to ensure we build a world-class product that delivers what our customers expect. Our research indicates that there is an addressable marketplace of 540k trusts and a revenue pool of over $100m and, when combined with both the existing Class and NowInfinity product suites, we believe we can establish leadership positions in the documentation, SMSF and Trust administration space. We will be in a position to launch Class Trust to all our customers in late 2020.

Culture

For Class to be a world-class technology business, we must develop a workplace culture that encourages fresh and innovative thinking, builds trust internally and externally and, just as importantly, ensures it is a fun place to work, where achievement is rewarded. As an important part of our transformation process, this year we developed our Class 'Ways of Working' (you can read more about our WoW on page 12).

The Class business is transforming and we have a growing reputation in the marketplace as an employer of choice, as shown by our impressive and improving Great Places to Work (GPTW) survey results (you can read more on page 20). In addition, we have successfully recruited new talent across the organisation – including at the executive and senior leadership levels, as well as many important operational areas – to raise our skills and capabilities for better execution.

Strong operating and financial performance

The business delivered strong financial performance in FY20:

- **Operating revenue and other income of $44.1 million, up 15% on FY19**
- **Annualised Recurring Revenue (ARR)* as at 30 June 2020 of $46.8 million, up 22%**
- **Earnings before interest, tax, depreciation and amortisation (EBITDA) of $18.2 million, up 1%**
- **EBITDA margin of 41%**
- **Operating cashflow of $17.4 million, up from $12.9 million**

Outlook

This year we enter into our Accelerate phase where we build on the momentum created as a result of phase one of our Reimagination strategy and focus on accelerated and sustainable growth as a multi-product technology business. We have grown our total addressable market opportunity significantly in FY20 and we are excited by the opportunity to grow our leadership position in all segments.

This has been a transformational year for Class and I am immensely proud of the team we have in place and their ability to navigate what has been a fast-paced yet rewarding year of change. While we have achieved much this year, FY21 will see us continue our focus on executing our Reimagination strategy through further investment and executing well from the platform established in FY20.

Finally, I wish to thank our customers, strategic partners and shareholders for their continued support over the past year. In addition, Class' continued growth and drive towards its purpose would not be possible without the support of the board, the executive team and the strong contributions from all of our hard-working employees.

Thank you.

ANDREW RUSSELL

Chief Executive Officer and Managing Director

**Annualised Recurring Revenue: number of Accounts/Subscriptions at the end of period multiplied by average annual revenue per unit assuming temporary discounting has ended.*

Strategy Update

Last year, we entered into the biggest transformation in Class' history. Our Reimagination strategy envisages Class as a world-class technology business.

Class has been successful at building a business in the SMSF space, delivering automation and time-saving technology to customers. However, with a strong market share already established and a customer retention rate of more than 99%, we understood that for us to continue to grow and evolve, we needed to become a multi-product business and take our ability to automate complex processes into new areas.

We looked at all parts of our operations and set out to redefine what it means to be Class. This has resulted in transformations to our business, inside and out.

We made commitments to build a world-class culture, to invest in and develop our technology and to deliver on what we said we would do.

We have done all of the above, and we have more to do.

To achieve our ambition of growing the business, we focused on identifying the pain points our customers experience and then set out to solve them. But to do that, first we needed to align our whole team to the ideals we strive for.

We developed a framework that gave each employee the opportunity to put forward their views on what Class is – and what it could be. This feedback culminated in the development of our Ways of Working (read more about our WoW on page 12). Through this process, we established that our organisation would champion the following:

- **We are better together**
- **We get it done, with heart**
- **We are built on trust**
- **We are always reimagining**

While we were developing our cultural framework, we were also reviewing our product roadmap, client needs and emerging market opportunities. We set in motion the acquisition of NowInfinity (read more on page 16) and accelerated the development of our upcoming Trust platform.

Our aim is to build a world-class technology business. To achieve this goal, we must integrate with an ever-increasing number of other technology platforms while continually saving our customers time through the automation of complex back-office processes.

We are pleased to say that the work across the business this year has delivered revenue growth and momentum. In this financial year, we enter the Accelerate phase of the strategy.

Reimagination strategy

Lift Growth In Existing Markets

- Growing our core SMSF market share
- Increasing lifetime value per client

Growth in New Products & Markets

- New products to existing clients *(e.g. Class Trust)*
- Selling into new markets

Strengthen and Accelerate Growth

- Strategic acquisition and partnership opportunities

Investing for Future Growth

Product Capability Development

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

People Investment

Investing in technology development, product, marketing and sales

Our mission

At Class, our vision is to reimagine a simpler, more automated world for our customers and they will love it. Our purpose is to make processing and data connection painless. We reimagine solutions through the smart application of technology.

Simplify

The Class teams are experts in solving complexity and we provide ongoing investment, development and research to enable our teams to build the platforms of the future. We are always innovating, not only in our own business evolution but also in the development and integration of our market-leading product suite.

We simplify the complex by consulting with our customers to learn what it is they need, and then use our data and multiskilled teams to build the products that solve pain points.

Automate

To achieve this goal, we must champion automation in industry, as well as its ability to solve complex back-office processes for our customers so that they, in turn, can focus their efforts where they need to – on serving their clients, building their businesses and nurturing their teams. We support industry by using the smart application of technology to take the pain out of processing.

Connect

We aim to be pioneers in the development of automation solutions that deliver interconnected workplaces for our customers, led by the power of our platforms. We will build the tools to connect the professional services industry through technology.

To achieve our goal, we have developed multiskilled teams and are focusing on building a strong culture. We have a clear alignment of vision, mission and values.

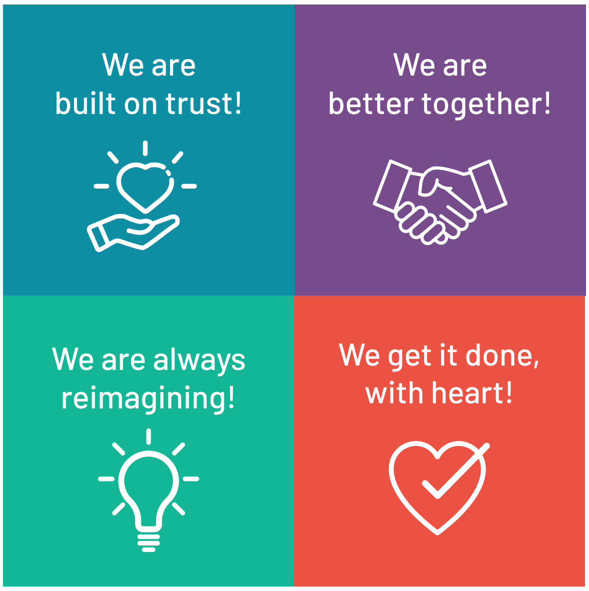
Our WoW

To deliver our Reimagination strategy, we must have an energised and focused team that is committed to our vision and purpose. In FY20, Class undertook a cultural transformation program that defined our vision, purpose and Ways of Working (WoW).

Our vision of simplifying, connecting and automating the wealth accounting industry provides clarity to our people and helps them connect the work they do with what we are aiming to achieve as a business.

This vision is underpinned by our new Ways of Working cultural framework, which is the culmination of internal focus groups with our people to define what values and behaviours we need in the business to build the world-class culture required to deliver our Reimagination strategy. Through our WoW framework, we are strategically building the strength and capability of our people.

At the centre of everything we do is our WoW. And it was created by our people.



Class WoW

Our WoW is embedded in all of Class' people programs: recruitment, recognition, reward, performance, talent and succession planning. Talent is assessed not just on what they do, but also how it is delivered. We celebrate our people through a monthly WoW recognition program, culminating in annual awards for employees who best exemplify the Class WoWs.

Our WoW is the foundation to create a world-class culture to attract and retain great talent to deliver on our Reimagination strategy.

Simplify. Automate. Connect.

> Our WoW is building the foundation to create a world-class culture to attract and retain world-class talent to deliver on Reimagination.

Class rebrands

This year, we unveiled a new corporate identity. As we transform the business from the inside, we also wanted to change how people viewed us from the outside.

Class was the first software provider to move SMSF administration to the cloud and we continue to innovate to drive back-office automation and deliver greater efficiency for our customers.

We offer the highest-quality feeds directly from the source and our rules-based processing is second to none.

Next, our continued focus on simplicity, automation and connectivity will see us deliver world-class products to new markets.

Like the transformation we are currently seeing in the business, our new brand architecture takes the best of our heritage and moves it forward with renewed energy and focus.

We are the champions of simplicity, automation and connectivity. These principles can be seen in our new look and feel, too.

The logo has evolved; the look is fresh and contemporary but solid and dependable.

We've kept the foundation of three key elements that represent the three pillars of our business: our software, our customers and their clients.

But we've simplified, automated and connected the elements so that together they form more than the sum of the parts.

Our new look and feel is a key part of who we are and our vision. **We will Reimagine a simpler, more automated world for our customers and they will love it!**

Class

Previous Logo

CLASS

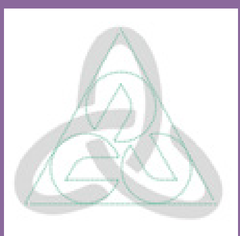
Current logo

CLASS SUPER

CLASS PORTFOLIO

CLASS TRUST

Sub-brand logos



We've kept the foundation of three key elements that represent the three pillars of our business: our software, our customers and their clients. But we've simplified, automated and connected the elements so that together they form more than the sum of the parts.

NowInfinity acquisition

NowInfinity
A CLASS TECHNOLOGY COMPANY

In January, Class acquired the fintech business NowInfinity. It was Class' first acquisition.

NowInfinity operates a market-leading platform that offers the Documentation Suite, Corporate Messenger, Trust Register and Super Comply products. Through its cloud-based platform, NowInfinity works with approximately 2,000 accounting firms supporting 500,000 entities, resulting in reduced costs and streamlined back-office operations.

More than 400,000 companies are utilising the NowInfinity corporate compliance service. Some 90,000 trusts and nearly 20,000 SMSFs use the NowInfinity platform.

Bringing NowInfinity into Class helped solve an identified problem for customers: simplifying the legal document creation and entity management processes and delivering that within our customer ecosystem. As Class looks to launch new products and grow the NowInfinity business, we will be able to deliver increased automation and interactivity for both Class and NowInfinity customers.

Since the transaction, by the end of financial year 2020 an additional 25,000 entities had transitioned to using the NowInfinity platform.

Last financial year was NowInfinity's biggest on record, with June its busiest-ever month – nearly 3,500 entities were incorporated using the NowInfinity platform in June and almost 25,000 companies were incorporated in the financial year. This represents 11% of the market*.

Acquiring NowInfinity was an opportunity for Class to invest in a business that could help us build out our ability to service our customers, not only for today but also for the business we envisage Class will become in the future.

**Calculated as number of new companies registered using NowInfinity in FY20 as a percentage of new companies registered in Australia in FY20.*

NowInfinity
A CLASS TECHNOLOGY COMPANY

Documentation Suite

Company formation, Trust & SMSF establishments and more with our Documentation Suite.

Corporate Compliance

Manage ASIC affairs with our leading corporate compliance solution – Corporate Messenger.

Trust Register

Simple administration and maintenance of trust related documents in one convenient repository.

Super Comply

Single source of truth to managing all your clients' SMSF documents and compliance obligations.

Our Executive Leadership team

Andrew Russell

Chief Executive Officer and Managing Director

Qualifications: Innovative Technology Leader Program from the Stanford University Graduate School of Business, Authentic Leadership Development Program from the Harvard Business School Executive Education and MBA from Cass Business School, London, B.Econ, Economics and Political Science from Macquarie University and a graduate of the Australian Institute of Company Directors.

Experience and expertise: Mr Russell is an experienced senior executive with expertise in developing corporate strategy, sales leadership and market entry. In his previous role at REA he helped spearhead the launch of their financial services business. Prior to joining REA, Mr Russell was GM and Interim CEO of Mortgage Choice where he led the successful launch of their wealth management and financial planning business and prior to that he was appointed by the Virgin Group to lead the Australian market entry for Virgin Money.

Glenn Day

Chief Financial Officer & Company Secretary

Qualifications: Bachelor of Business, majoring in Accounting and is a member of CPA Australia.

Experience and expertise: Mr Day is a senior executive with over 20 years' experience in financial services, superannuation and software industries working within start-ups and listed entities. Mr Day joined Class in 2008 and has overseen the commercialisation and growth of the business. Prior to joining the Group, Mr Day was the Head of Finance at Tranzact Financial Services Limited. Mr Day's responsibilities include overseeing all aspects of the accounting and finance function, corporate governance, compliance, investor relations, company secretarial and treasury.

Panos Alexandratos

Chief Operating Officer

Qualifications: B. Econ, Majoring in Actuarial and Computer Science from Macquarie University. Affiliate of the Actuaries Institute.

Experience and expertise: Mr Alexandratos is a superannuation industry professional, with over 30 years' experience in management, operational, IT and software development consulting. He specialises in commercialising products for market and building operational frameworks, developing solutions and bridging the gap between business aspirations and IT capabilities. Mr Alexandratos pioneered the establishment of a global IT consulting group's successful practices in both Australia and the United States. He has held trusted adviser roles with a variety of government departments and large institutions in the superannuation industry in both Australia and the United States.

Jacqui Levings

Chief People Officer

Qualifications: Graduate Diploma in Human Resources & Industrial Relations from University of Sydney.

Experience and expertise: Ms Levings has 20 years' experience in HR executive, leadership and generalist roles with demonstrated experience in ASX listed companies. Prior to joining Class, Ms Levings held a variety of senior HR leadership roles within the Crane Group Limited & Fletcher Building Group of Companies. Ms Levings people leadership career spans a range of industries including building products, manufacturing, information management and hospitality.

James Panaretos

Chief of Sales

Qualifications: B. Econ, Majoring in accounting, Master of Taxation, Member of the Institute of Chartered Accountants, Australia and New Zealand

Experience and expertise: Mr Panaretos has held a number of senior executive roles across the financial services industry. Prior to joining Class, he was General Manager, Business Development and Marketing at StatePlus, one of Australia's largest financial planning networks where he played an integral role in the growth of that business ahead of its sale to First State Super. He has worked for BT Financial Group, Mercer and Russell Investments and has been involved in the implementation of growth strategies and the launch of wealth products for institutional and retail investors in Australia and abroad. Mr Panaretos is a Chartered Accountant and holds both a Bachelor of Economics degree from the Australian National University and a Master's Degree in Taxation from Sydney University.

Glenn Poynton

Chief Strategy Officer

Qualifications: B App Sci Computer Science RMIT, MBA (Exec) AGSM

Experience and expertise: Mr Poynton leads Class' strategy and corporate development functions. He is also responsible for Class' Strategic Partnerships Business focusing on developing collaborations with partners to drive growth and deliver on customer needs. Prior to Class, Mr Poynton held commercial strategy, product and technology roles with Macquarie Bank.

Alexis Rouch

Chief Technology Officer

Qualifications: Bachelor of Science (Honours), University of Melbourne & Graduate Diploma in Applied Information Systems, RMIT. Next Women 50, World 50.

Experience and expertise: Ms Rouch is an experienced executive with expertise in driving strategic business outcomes using technology. Ms Rouch has held a variety of senior management positions in international banking and management consulting roles, including at AMP, ANZ, First National Bank (UK), Accenture (UK) and PwC (Eastern Europe). With over 25 years' experience, Ms Rouch's career has spanned large top 20 organisations to start-ups, both locally and internationally, including executive roles in the United Kingdom, Eastern Europe and Asia.

Jason Wilson

Chief Customer Officer

Qualifications: B. Commerce, Marketing Major. Harvard Business School – CBA Executive program, AGSM Influential Leadership program.

Experience and expertise: Mr Wilson brings to the Class Leadership team over 20 years' experience across a range of financial services institutions including online broking, retail banking, and wealth management. Prior to joining Class, he was a founding member of the Digital Leadership team at the Commonwealth Bank which introduced agile at scale as well as several innovations including the launch of the MyWealth investment platform. His career spans a range of marketing, customer experience and product development roles within large institutions and start up technology businesses.

Our people

At Class, our people are our number one asset.

We understand that our ability to deliver on our Reimagination strategy is underpinned by a world-class culture and highly engaged talent that deliver great business outcomes. FY20 has been a year of cultural and leadership transformation at Class, and our people have been fundamental in the revitalisation of the business at every level. Our people are becoming champions for our culture.

At Class, we are committed to providing an awesome employee experience that inspires our team to do their best every day. Class has a high level of employee engagement, a diverse and talented team, high employee retention rates, and we focus on the wellbeing of our people.

Engagement @ Class

We pride ourselves on the Class Ways of Working (WoW). When we embarked on our Reimagination journey, we understood that we needed to build a world-class culture to attract and retain top talent.

In FY20, we participated in the annual Great Places to Work survey. The results of this survey have allowed us to measure our progress on embedding our strategy, purpose and WoW among our people. Employee engagement improved from last year, with 85% of our people engaged and citing Class as a great place to work. The high participation rate of 92% was pleasing, as were employees' scores of 81% for trust in management, 83% for pride in what they do and 88% for enjoying working with their team. Employees noted that our key areas of strength were organisational alignment and management competency, which is a pleasing reflection of our people's perception of our leadership refresh and focus on embedding our vision, purpose and WoW throughout the year.

Additionally, we also conduct a quarterly employee Pulse Check survey, gathering regular feedback from our people to assess employee engagement. Our employee Net Promoter Score (eNPS) in the most recent Pulse Check was +32, demonstrating high employee advocacy for Class as a great place to work.

Diversity

We believe that diversity adds colour to life at Class and we are proud of our talented and diverse team. We believe that the wide array of perspectives that comes from diversity sparks innovation and creativity that delivers great business outcomes. Fostering this diversity makes us more agile, flexible and productive.

As Class grows, gender equality is an important area of focus for us. We have a strong representation of women (46%) across the business. We also have equal gender representation among our non-executive directors excluding the Chair. In FY20, 62% of promotions went to female employees. We continue to be committed to gender pay equity, reviewing it throughout the year and as part of our annual remuneration review process. We aim to ensure no pay gap exists between men and women in equivalent positions.

Leadership

In FY20, we invested in the capabilities of our leaders as the custodians of our culture with the launch of our inaugural Class Extraordinary Leaders program. This six-month intensive program took a strengths-based approach to leadership development and focused on developing our leaders' mindset as coaches and change agents. We also held a series of leadership forums throughout the year, which were designed to equip our leaders with the mindset and behaviours required to lead cultural and behavioural change at Class.

Wellbeing

Promoting the wellbeing of our people is critical. During the year, we launched a wellness program with a holistic approach that offered support, resources and information to employees under four pillars of wellbeing: mental, physical, social and financial. We also provide a confidential telephone-based counselling service that provides our people and their immediate family members with access to professional trained counsellors trained to assist with issues such as family and relationship problems, work challenges, dealing with grief, managing stress, and guidance on parenting.

Innovation

At Class, we are building a culture of innovation that encourages creativity in how we approach and solve problems for our customers. To that end, we launched our inaugural company-wide Hackathon Day, which brought together people from different departments to work on a range of initiatives of their choice. These new collaborative ways of working will be fundamental to how our teams interact with each other to deliver great outcomes for our customers.

Our COVID-19 response plan

At Class, we prioritised the safety and wellbeing of our people, and minimised impact to our customers.

When the global COVID-19 pandemic emerged, we enacted our business continuity plan quickly, swiftly mandating remote work for all of our people. We transitioned smoothly and seamlessly to working from home, with minimal impact to our customers and operations.

Throughout the ongoing crisis, we have managed to not only maintain productivity, morale and engagement, but also improve it. This has been achieved through the significant efforts of our leaders communicating, connecting with and caring for our people.

Communication

The crisis created one of the most uncertain periods of our people's lifetime. Class adopted a two-way communication strategy across different channels, providing employees with forums to alleviate any anxiety or uncertainty they may have been feeling.

We created regular videos from the CEO and leadership team that provided information about how the business was adapting and how we were tracking against our goals and objectives, as well as sharing personal insights.

We also conducted regular surveys to gather employee feedback on the challenges of working from home, to assess their mental health and gather ideas for improvements.

Leading remote teams requires very different skills, so we initiated a series of learning sessions for our leaders, equipping them with practical tools and advice to empower them to support their teams.

Our CEO regularly attended virtual team meetings across the business, giving teams the opportunity to ask questions, raise concerns and obtain clarity about Class' response to the crisis. This was complemented by the creation of an 'ask the CEO anything' channel on our collaboration tool, Slack.

Connection

During this period of crisis, it was critical for our people to maintain a sense of belonging to Class, even though we weren't sharing a workspace. We focused on ensuring our people remained connected with the company through technology, team collaboration and team events.

We streamlined our technology and collaboration tools to make team connection easy and seamless, which helped to maintain team productivity and a link to each other. We also held daily team stand-ups to set focus, prioritise and connect teams.

We revisited what our social events could be, too. At Easter, instead of having our traditional social gathering, the social committee sent everyone an Easter gift that included the ingredients to make hot cross buns at home with their families.

Care

We knew that supporting our people's wellbeing would help them get through challenging times while helping to keep them focused, engaged and motivated. This was an opportunity to develop new initiatives that could be delivered remotely, so we launched Wellness Wednesdays, which covered a new wellness topic each week.

Our physical focus included team fitness challenges, sponsored health and fitness programs, guided yoga and Pilates workouts, in addition to providing working-from-home information and fact sheets.

Our mental focus saw us introduce keynote speakers on mental health; guided meditations; a learning series on building resilience; mental health awareness; mindset; and self-care planning sessions.

We launched a financial wellbeing program in partnership with Findex, and our social initiatives included virtual social events, monthly trivia nights and virtual book, cooking and board-game clubs.

What we have learned

The world is never going to be the same again.

We saw how important automation was during this time. Being cloud-based enabled our customers to operate with limited disruption to their ability to provide administration to both their portfolio and self-managed super fund.

Class continued to bring on board new customers even throughout the crisis, highlighting the need for automation and cloud-based solutions that help our customers navigate the challenges and meet their clients' demands.

Going forward, we will continue to focus on creating the tools that will help our customers manage their businesses. We have learned that adaptability and technology are key to business continuity, and creating those capabilities for our customers remains our priority.

Class is committed to solving back-office complexity through automation, and the COVID-19 pandemic has illustrated just how powerful that goal is.

Communication

Connection

Care

Financial Report 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 year ended 30 June 2020.

Directors

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

- **Matthew Quinn** - Chairman
- **Andrew Russell**
- **Robert Bazzani** (appointed on 2 January 2020)
- **Christopher Cuffe** (ceased on 2 January 2020)
- **Kathryn Foster**
- **Simon Martin** (appointed on 19 November 2019)
- **Rajarshi Ray** (ceased on 21 October 2019)
- **Nicolette Rubinsztein**

Principal activities

During the financial year, the principal continuing activities of the Group were to develop and distribute cloud-based accounting, investment reporting and administration software, namely Class Super, Class Portfolio and the new Class Trust product.

Significant changes to the business

On 31 January 2020 the Company completed the purchase of the NowInfinity 3505 Pty Ltd (NowInfinity), one of Australia's leading technology providers of legally backed documentation for the professional services industry, including accountants, financial planners and lawyers.

The purchase consideration consisted of:

- $10m upfront cash payment on completion;
- $10m in Class shares, escrowed for two years issued on completion;
- adjustments relating to cash, debt and working capital; and
- a maximum deferred consideration of $5M contingent on successful integration targets

At 30 June 2020, the sellers have been paid a total of $23.573m with a maximum remaining deferred consideration of $500,000 subject to successful knowledge transfer, expected to be paid on 31 August 2020 (note 33).

Goodwill arising on the acquisition reflects potential enhanced market coverage, broader product suite offering and increased opportunities for cross-selling to both new and existing customers.

The transaction is expected to be EPS accretive in FY21.

Review of operations

	2020 $'000	2019 $'000	Change $'000	Change %
Operating revenue and other income	44,052	38,311	5,741	15%
Cost of undertaking business	(25,055)	(20,366)	(4,689)	(23%)
Acquisition & Corporate Advisory Costs	(827)	-	(827)	(100%)
EBITDA	18,170	17,945	225	1%
Interest revenue	119	338	(219)	(65%)
Finance cost	(140)	-	(140)	(100%)
Depreciation and amortisation	(8,072)	(5,744)	(2,328)	(41%)
Tax expense	(3,237)	(3,564)	327	9%
Statutory net profit after tax	6,840	8,975	(2,135)	(24%)
Business combination amortisation (net of tax)	(353)	-	(353)	(100%)
Net profit after tax after adding back business combination amortisation (net of tax)	7,193	8,975	(1,782)	(20%)

Refer to Chairman's letter and CEO's report for further commentary on the results.

Dividends

Dividends paid during the financial year were as follows:

	2020 $'000	2019 $'000
Final dividend for the year ended 30 June 2019 of 2.5 cents per ordinary share (2019: 2.5 cents)	2,942	2,942
Interim dividend for the year ended 30 June 2020 of 2.5 cents per ordinary share (2019: 2.5 cents)	3,069	2,934
	6,011	5,876

On 13 August 2020, the Directors declared a final dividend for the year ended 30 June 2020 of 2.5 cents per ordinary share with payment date of 18 September 2020 to eligible shareholders on the register as at 21 August 2020. This equates to a total distribution of $3,069,000, based on the number of ordinary shares on issue as at 30 June 2020. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2020 financial statements and will be recognised in subsequent financial reports.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 13 August 2020, the Group announced the acquisition of all the shares in Assuriti Pty Ltd ('Smartcorp'). The Share Purchase Agreement was executed on 12 August 2020 with completion date effective 20 August 2020. The maximum enterprise value was $4,200,000 adjusted for net tangible assets, settled by $2,730,000 upfront cash payment plus the issue of $1,470,000 in the Company's shares which are subject to escrow for a period of 18 months from the completion date. The acquisition will be partly funded through an increase to the existing bank debt facility.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 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.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of those operations are contained in the Chairman's letter and CEO's report.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Matthew Quinn

Non-Executive Chairman

Qualifications: First Class Honours Degree in Chemistry & Management Science. Chartered Accountant.

Experience and expertise: Mr. Quinn joined the Board in July 2015. Mr. Quinn was formerly the Managing Director of Stockland, an ASX top 50 company, from 2000 to 2013. He was National President of the Property Council of Australia from 2003 to 2005 and a Director of the Business Council of Australia in 2012. He is now a Non-executive Director of CSR Limited, Elders Limited and Regis Healthcare Limited and is Chairman of TSA Management Group Holdings Pty Ltd. Mr. Quinn is involved in a number of not-for-profits and is on the Board of the Australian Business and Community Network Scholarship Foundation.

Other current directorships: Non-executive Director CSR Limited (ASX: CSR), Non-executive Director Regis Limited (ASX: REG) and Non-executive Director Elders Limited (ASX: ELD).

Former directorships (last 3 years): Non-executive Director Carbonxt Group Limited (ASX: CG1)

Special responsibilities: Member of the Nomination, Remuneration and Human Resources Committee and Audit and Risk Committee

Interests in shares: 250,000 ordinary shares

Interests in options: None

Interests in rights: None

Andrew Russell

Chief Executive Officer and Managing Director

Qualifications: Refer to section "Our Executive Leadership Team" on page 18

Experience and expertise: Refer to section "Our Executive Leadership Team" on page 18

Other current directorships: None

Former directorships (last 3 years): None

Interests in shares: 115,151 ordinary shares

Interests in options: None

Interests in rights: 398,473 performance rights

Information on Directors (cont.)

Robert Bazzani

Non-Executive Director

Qualifications: Master of Business Administration (MBA), Bachelor of Law (LLB) and a Bachelor of Science (BSc).

Experience and expertise: Mr Bazzani was formerly a top level Partner with global consulting firm KPMG, where he served in multiple leadership roles including as a member of KPMG's National Executive Committee (NEC), which oversaw and was responsible for the firm's turnover, strategic decision making, profitability and operations. He has significant hands-on experience in running and growing large scale and complex businesses, and is well skilled in business strategy and management, governance, accounting and law. He has worked extensively in corporate finance and advisory roles across a range of industries in both Australia and Asia Pacific. Mr Bazzani is an advisory board member and/or chairman on a number of private companies.

Other current directorships: Non-executive Director Mach7 Technologies (ASX: M7T)

Former directorships (last 3 years): None

Special responsibilities: Member of the Audit and Risk Committee

Interests in shares: None

Interests in options: None

Interests in rights: None

Kathryn Foster

Non-Executive Director

Qualifications: Bachelor of Science (BSc) - International Marketing from Oregon State University, Associate of Science (ASc) - Computer Science and Information Systems from Shoreline Community University.

Experience and expertise: Ms. Foster has a strong background in technology, sales, and early-stage start-up companies. Ms. Foster has more than two decades of experience designing, building and running large internet-based businesses. Prior to becoming a professional Non-executive Director, Ms. Foster was Executive Senior Director of Xbox Games Marketplace as well as Microsoft Store online where she managed the profit and loss and global expansion in over 200 geographies with annual revenue budgets in the low billions of dollars. She has extensive technical and commercial experience in software and hardware solutions and advises companies on strategy and technology. Since moving to Australia, Ms. Foster first joined Class Ltd prior to the IPO in 2015 and is the Chair of the Nomination, Remuneration and Human Resources Committee. Ms. Foster is also a Non-executive Director for other listed and unlisted companies in Australia

Other current directorships: Non-executive Director Nuheara Limited (ASX: NUH)

Former directorships (last 3 years): Netlinkz Limited (ASX: NET) - resigned on 29 September 2016

Special responsibilities: Chairperson of the Nomination Remuneration and Human Resources Committee

Interests in shares: 162,208 ordinary shares

Interests in options: None

Interests in rights: None

Information on Directors (cont.)

Nicolette Rubinsztein

Non-Executive Director

Qualifications: BbusSc (hons), qualified actuary, an executive MBA from the Australian Graduate School of Management and a graduate of the Australian Institute of Company Directors.

Experience and expertise: Ms Rubinsztein joined the Board in April 2017. Ms Rubinsztein is a Non- executive Director of Zurich Australia Limited/OnePath Insurance, UniSuper, SuperEd, and CBHS Health Fund Ltd. In her executive career, she held senior roles at CBA / Colonial First State, BT Funds Management and Towers Perrin. Ms Rubinsztein was also President of the Actuaries Institute in 2019 and a Director of the Association of Superannuation Funds of Australia (ASFA) for eight years and chair of their Super System Design Council.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chair of the Audit and Risk Committee

Interests in shares: 152,864 ordinary shares

Interests in options: None

Interests in rights: None

Simon Martin

Non-Executive Director

Qualifications: Master of Business Administration and a Bachelor of Commerce from the University of Melbourne. Member of the Australian Institute of Company Directors.

Experience and expertise: Mr Martin is a director of a number of private, ASX listed, private equity owned and not for profit organisations. He has held a variety of executive roles in software companies in Australia and internationally, including CFO of MYOB and CEO of iCareHealth. Mr Martin has managed and participated in a number of very successful investments, generating significant shareholder returns.

Other current directorships: None

Former directorships (last 3 years): Webcentral Group Limited (ASX: WCG) formerly Arq Group Limited - resigned on 27 February 2020

Special responsibilities: Member of the Nomination, Remuneration and Human Resources Committee

Interests in shares: 157,115 ordinary shares

Interests in options: None

Interests in rights: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities unless otherwise stated. 'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities unless otherwise stated.

Information on Directors (cont.)

Company Secretary details

Glenn Day was appointed Company Secretary in 2008. Details of Mr Day's qualifications, experience, are set our in 'Our Executive Leadership team' section of our annual report.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee		Nomination, Remuneration and Human Resources Committee ('NRHRC')	
	Attended	Held	Attended	Held	Attended	Held
Matthew Quinn	10	10	4	4	5	5
Andrew Russell	10	10	-	-	-	-
Robert Bazzani	5	5	3	3	-	-
Christopher Cuffe	4	5	1	2	2	2
Kathryn Foster	10	10	-	-	5	5
Simon Martin	5	5	-	-	3	3
Rajarshi Ray	4	4	1	1	-	-
Nicolette Rubinsztein	10	10	5	5	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Message to our shareholders

Kathryn Foster

Dear Shareholder,

On behalf of the Nomination, Remuneration and Human Resources Committee (NRHRC), I am pleased to present the Group's Remuneration Report for the 2020 financial year (FY20).

Led by our new CEO, Andrew Russell, FY20 has been transformational for Class. Through our Reimagination strategy, we have focused on building the foundations to set Class up for continued growth with a suite of products that is leading digital transformation.

Class has continued to deliver pleasing financial outcomes for our shareholders, with 15% operating revenue and other income growth and 41% EBITDA margin. This year has seen healthy organisational change, with a new vision, purpose and a refreshed leadership team to deliver on our business goals. Class has begun executing its three-year strategy by making significant strategic moves this year, including the ongoing development of our new Class Trust product and the acquisition of NowInfinity.

Underpinning this sustained performance and strategic organisational shift has been Class' ability to attract and retain industry leaders into the Class executive team to deliver against its strategic plan. This is enabled by our robust and market-competitive remuneration framework and underpinned by our new Ways of Working cultural framework.

The Class reward framework remains designed to:

- focus on business performance results;
- reflect the Group's business, professional and cultural requirements;
- align with shareholder interests; and
- provide market-competitive remuneration opportunities.

Remuneration principles

We believe that performance results must drive key management personnel (KMP) remuneration outcomes, with financial measures being a core component of these outcomes. We also support the inclusion of non-financial measures to balance the needs of our shareholders, customers and people. We believe long-term shareholder value will be realised through this balance.

In 2018, Class implemented a range of fundamental changes to its remuneration framework:

- **Increasing variable pay** – to place a greater share of remuneration at risk and subject to ongoing performance hurdles
- **STI deferral mechanism** – to deliver meaningful equity exposure and retention for key executives
- **Introduction of performance rights plan** – to focus KMP on long-term value creation through performance hurdles linked to the Group's strategic financial and customer growth

The NRHRC and Board are confident that this structure achieves a balance between short- and long-term performance, is motivating our talent to perform and aligns with shareholder interests.

We are pleased with our performance outcomes in FY20 and we are confident that we have the correct framework in place to help us attract the right people to enable growth and innovation. We believe we now have the best team in place to take Class into the future. As such, we are not recommending any major changes to our reward framework in FY21.

We appreciate the feedback we have received and the Board looks forward to continued engagement with our shareholders.

KATHRYN FOSTER

Chair – Nomination, Remuneration and Human Resources Committee

Remuneration report

This remuneration report provides a summary of the Group's remuneration policy and practices during the past financial year as they apply to the Group's Directors and executives.

The remuneration report has been prepared in accordance with the requirements of section 300A of the Corporations Act 2001 and Corporations Regulation 2M.3.03 and has been audited by the Group's external auditor.

The report contains an overview that is intended to provide a 'plain English' explanation for shareholders of the Key Management Personnel and executives' remuneration outcomes for FY20 and the existing remuneration framework.

Key Management Personnel (KMP)

KMP, as defined by Accounting Standard AASB 124 Related Party Disclosures (AASB 124), for the year ended 30 June 2020 are detailed in the table below.

Accounting standards define KMP as those Executives and Non-executive Directors with the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. Following a review of senior executives against the criteria for determining Executive KMP, it was deemed that the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) qualify as executive KMP.

Executive and Non-executive KMP

Name	Position	Term
Chairman		
Matthew Quinn	Chairman	Full Year
Non-executive Directors		
Robert Bazzani[1]	Director	Part Year[1]
Christopher Cuffe[2]	Director	Part Year[2]
Kathryn Foster	Director	Full Year
Simon Martin[3]	Director	Part Year[3]
Rajarshi Ray[4]	Director	Part Year[4]
Nicolette Rubinsztein	Director	Full Year
Executive KMP		
Andrew Russell	CEO & Managing Director	Full Year
Glenn Day	CFO & Company Secretary	Full Year

1 Robert Bazzani joined the Board on 2 January 2020.
2 Christopher Cuffe left the Board on 2 January 2020.
3 Simon Martin joined the Board on 19 November 2019.
4 Rajarshi Ray left the Board on 21 October 2019.

Executive and Non-executive KMP

The Group has a robust remuneration governance framework overseen by the Board.

Class Board

- Overall responsibility for the remuneration strategy and outcomes for Executive and Non-executive Directors.
- Reviews and, as appropriate, approves recommendations from the Group's NRHRC.

Nomination, Remuneration & Human Resources Committee (NRHRC)

Management & Board Remuneration Policy

Monitors, recommends and reports to the Board on:

- Alignment of remuneration incentive policies and guidelines for executive and senior leaders with long-term growth and shareholder value
- Superannuation arrangements
- Employee share plans
- Recruitment, retention and termination policies and procedures for senior management
- Board remuneration including the terms and conditions of appointment and retirement, non-executive remuneration within the fee pool approved by shareholders
- Induction of new Non-executive Directors and evaluation of Board performance
- Remuneration of Executive KMP and other senior executives who report directly to the CEO (Senior Executives)

People, Culture, Talent Management & Diversity

Monitors, recommends and reports to the Board on:

- Talent pools available for succession planning into executive and senior leadership positions
- The effectiveness of the Group's diversity policies and initiatives, including an annual assessment and submission to the Workplace Gender Equality Agency of performance against measurable objectives and the relative proportion of a diverse workforce, including women at all levels
- Management development frameworks and individual development progress for key talent
- Monitoring internal and external surveys conducted by the Group in relation to the culture of the organisation, including monitoring these trends over periods of time
- Initiatives to improve and drive a strong performance culture
- Assessing performance against the Group's compliance with external reporting requirements

CEO & Chief People Officer

Makes recommendations to the NRHRC for:

- Incentive targets and outcomes relating to short- and long-term incentive plans
- Remuneration policy for all employees
- Reviewing long-term incentive participation
- Individual remuneration and contractual arrangements for executives

External Advisers

Provide independent advice, market trend information and salary benchmark data relevant to remuneration decisions. No external advisers provided a remuneration recommendation as defined under section 300A of the Corporations Act during FY20.

Managing Risk

The Board retains discretion to adjust variable remuneration outcomes as deemed appropriate. All variable remuneration outcomes are subject to Board approval prior to grant and/or payment. The Board retains discretion to review the allotment of shares at vesting through clawback provisions.

Executive remuneration framework and programs FY20

Overview of existing remuneration approach and framework

The NRHRC is responsible for reviewing and recommending remuneration arrangements for Directors and Executives. The performance of the Group depends on the quality of its Directors and executives. The executive remuneration framework is designed to attract and retain high-calibre talent by rewarding them for achieving goals aligned to delivering profitability, strategy and shareholder value for the Group.

The key features of the Group's executive remuneration and non-executive remuneration frameworks are outlined below, with further details provided in the body of the report.

Remuneration Principles		
The Group's remuneration framework is based on the principles that remuneration is performance-driven, aligned with shareholder interests and provides market-competitive remuneration opportunities.		
Remuneration Strategy		
Performance-Driven	**Aligned with Shareholders**	**Market-competitive Remuneration Opportunities**
Remuneration should reward executives based on annual performance against business plans and longer-term shareholder returns. The variable components of remuneration (both short term and long term) are driven by challenging targets focused on both internal and external measures of financial and non-financial performance. A meaningful proportion of executive remuneration is 'at risk'.	Executives' remuneration is aligned with shareholder interests through an emphasis on variable remuneration. Incentive plans and performance measures are aligned with the Group's short- and long-term success. Ownership of the Company's shares is encouraged using equity as the vehicle for the long-term incentive (LTI) plan, and through the short-term incentive (STI) by a deferred mechanism that applies to Executive KMP and senior executives. Executive KMP are expected to accumulate a minimum value of shares in accordance with the Minimum Shareholding Policy.	Remuneration opportunities, including those elements that can be earned subject to performance, are set at competitive levels that will attract, motivate and retain high-quality executives. Executive remuneration is reviewed annually. The Group aims to provide market-competitive remuneration: • fixed remuneration for executives is targeted at market median; and • variable remuneration (through STI and LTI) provides the opportunity to earn total remuneration (fixed remuneration plus variable remuneration) that reaches the top quartile of the market for exceptional performance.

Overview of existing remuneration approach and framework (cont.)

<table>
<tr><th>Fixed Remuneration</th><th colspan="2">Variable Remuneration</th></tr>
<tr><td rowspan="3">Remuneration should reward executives based on annual performance against business plans and longer-term shareholder returns.

The variable components of remuneration (both short term and long term) are driven by challenging targets focused on both internal and external measures of financial and non-financial performance.

A meaningful proportion of executive remuneration is 'at risk'.</td><td colspan="2">Variable component of Executive target remuneration mix allows a greater share of remuneration to be 'at risk' and subject to performance.</td></tr>
<tr><th>STI (at risk)</th><th>LTI (at risk)</th></tr>
<tr><td>• STI enables increased equity exposure, with a portion of STI paid in shares through deferred rights.
• STI paid in shares to executives in FY20 was 50% of total STI. This will reduce to 25% in FY21 and thereafter.
• Deferral is by way of deferred rights, vesting annually in equal instalments over a two-year period.
• The Board retains discretion to review the allotment of shares at vesting through clawback provisions.</td><td>In FY19, the Employee Share Options Plan (ESOP) was replaced with the Executive LTI plan in the form of performance rights.
• Grants are made annually, with vesting three years from grant date.
• Performance hurdles are reviewed annually by the Board to align with the Group's strategic plan.

Special Allocation
• In FY20, a special one-off LTI allocation was made to senior executives in the form of performance rights. This allocation was on the same terms and performance hurdles as the one-off allocation to the CEO in FY19 and provides alignment of interests across the executive team.
• Vesting will occur three years from grant date subject to performance hurdles.</td></tr>
</table>

Voting and comments made at the Company's 2019 Annual General Meeting

At the 2019 Annual General Meeting (AGM), 99.57% of shareholders voted to approve the adoption of the remuneration report for the year ended 30 June 2019. The Company did not receive any specific concerns at the AGM regarding its remuneration practices.

Use of remuneration consultants

Throughout FY20, the NRHRC and management received information from Mercer (Australia) Pty Ltd related to remuneration market data. No external advisers provided a remuneration recommendation as defined under section 300A of the *Corporations Act* during FY20.

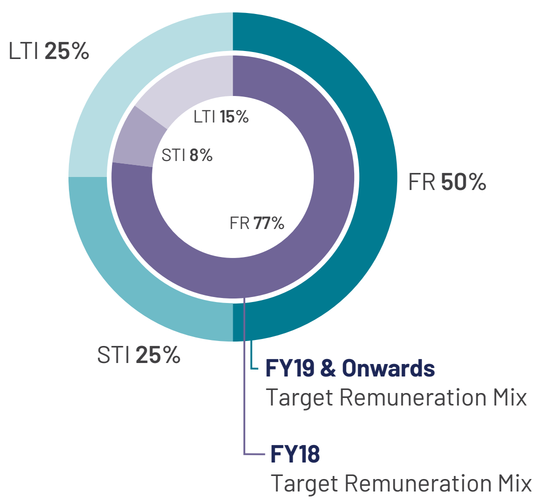
Executive remuneration framework and programs FY20

The remuneration mix is set with consideration to market benchmarking and is designed to attract and retain the calibre of executives required to deliver long-term shareholder value.

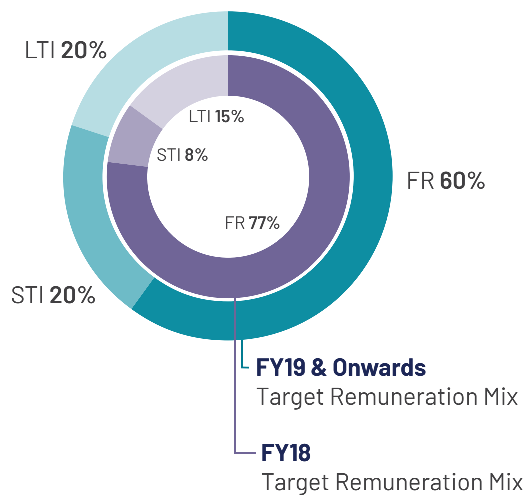
A review of the remuneration structure conducted in FY18 highlighted that the pay mix for the KMP was skewed towards fixed remuneration with insufficient pay at risk. In FY19 and FY20, a higher proportion of pay for the KMP was at risk, a portion of STI was subject to deferral into shares and LTI was subject to performance hurdles.

The remuneration mix and the changes since FY18 are shown below:

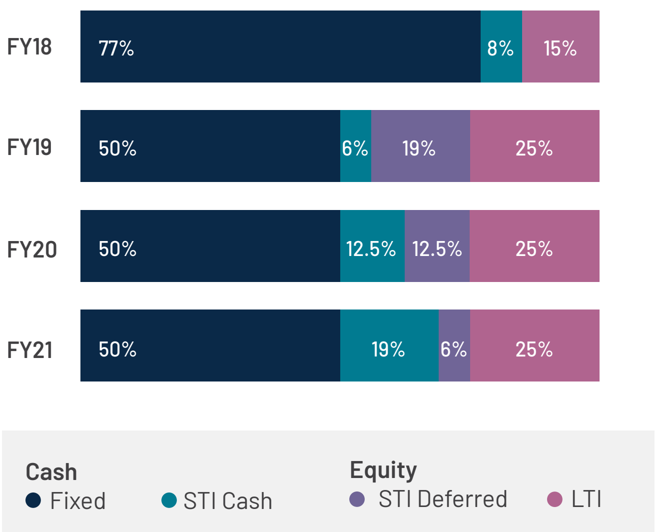
CEO Target Remuneration Mix



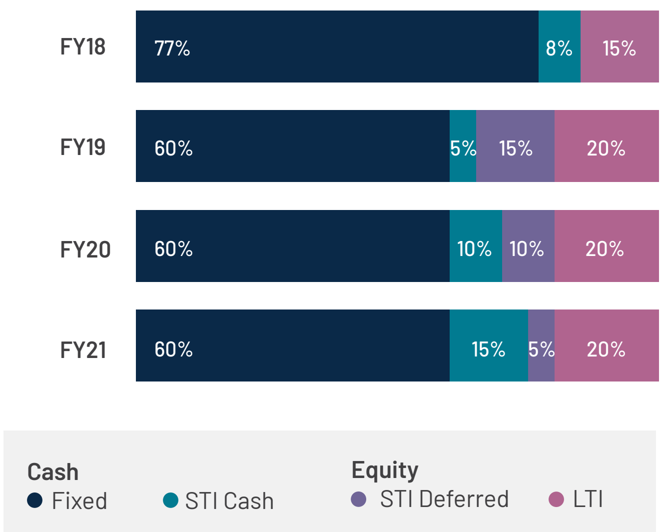
CFO Target Remuneration Mix



CEO Target Remuneration Mix Cash vs Equity



CFO Target Remuneration Mix Cash vs Equity



Composition of variable or 'at risk' remuneration

The following table details the components of the Group's variable or 'at risk' remuneration (STI and LTI) for FY20:

Scheme	Overview
STI (at risk)	
Aim	In FY19, a new short-term incentive (STI) program was introduced with the addition of a deferred rights component to deliver meaningful equity exposure and encourage retention for senior executives. STI aims to drive both individual and team performance to deliver annual business objectives, revenue growth, profitability and increase shareholder value.
Frequency	Awards are determined on an annual basis, with performance measured over the reporting period. Payment is normally made in September following the end of the performance year. The total quantum of the STI pool is determined by the Board.
Financial measures	Typically, the STI plan is weighted 50% to company financial metrics and 50% to individual performance metrics. The financial targets are set each year by the CEO, in consultation with the executives, and are approved by the Board. The CEO's targets are set each year by the Board.
Individual performance measures	Individual objectives are set for the CEO and CFO by the Board and are aligned to the Group's business strategy. These objectives are typically performance metrics that drive future revenue growth, customer engagement and people outcomes.
Financial gateway	Minimum financial performance hurdles are set by the Board, below which Board discretion is required in order for any payment to be made.
Deferral mechanism	The STI program includes a deferral component that aims to deliver meaningful equity exposure and encourage retention of senior executives. In FY20, the deferred component was 50% of total STI. This will reduce to 25% in FY21 and thereafter. The Board considers 25% deferral appropriate given the 100% weighting to equity in the LTI plan.
Deferred rights – risk	The allotment of deferred rights at vesting is subject to forfeiture or clawback provisions subject to and determined by the Board.

Scheme	Overview
LTI – annual grant (at risk)	
Aim	The LTI plan comprises of Performance Rights to focus Executive KMP and Senior Executives on creating long-term value for shareholders.
Participation	Participants include Executive KMP and other Senior Executives. Participation is at the annual invitation and discretion of the Board.
Grant frequency	Annually
Performance period	The performance period in FY20 is 1 July 2019 to 30 June 2022.
Performance criteria	The Board set challenging targets in FY20 for growth in Annualised Recurring Revenue **(ARR)** and Earnings Before Interest, Tax, Depreciation and Amortisation **(EBITDA)**, which align to the Company's strategic plan. The proportion of Performance Rights that will vest is assessed against the achievement of those targets. The specific targets for ARR and EBITDA are not disclosed upfront due to their commercial sensitivity, and will be disclosed at the end of the performance period. Whether the targets in the performance criteria have been achieved will be determined by the Board in its sole discretion, with due regard to the influence management had on the performance outcomes.
Dividends	The Performance Rights are not entitled to dividends or voting rights.
Deferred rights – risk	The allotment of deferred rights at vesting is subject to forfeiture or clawback provisions subject to and determined by the Board.

Scheme	Overview
LTI – Special Allocation (at risk)	
Aim	The Special Allocation aligns Executive KMP and Senior Executives to long-term value creation for shareholders by focusing them on Total Shareholder Return (TSR).
Grant frequency	One-off
Grant	The Performance Rights were granted for nil cash consideration and are not transferable. Each Performance Right converts into one fully paid ordinary share, subject to the satisfaction of the performance criteria and the terms of the plan.
Vesting and performance period	The performance period for the Special Allocation grant is 14 May 2019 to 13 May 2022. Vesting occurs at the end of the performance period.
Performance criteria	The Board set a challenging hurdle for the Special Allocation grant with vesting of the Performance Rights subject to the Company's compound annual TSR exceeding 25% over the performance period. Further, for every 5% compound annual TSR above 25%the CEO will receive 40,000 additional shares and the CFO will receive 20,000 additional shares.
Dividends	The Performance Rights are not entitled to dividends or voting rights.

Scheme	Overview
Legacy equity plans (ESOP)	The Employee Share Options Plan (ESOP) was replaced in FY19 by the Performance Rights & Deferred Rights Plan. Grants of options under the ESOP were subject to service requirements and performance vesting criteria over a three-year period requiring 10% compounding annual share price growth to the last vesting date. Prior to 30 June 2017, all options were subject to a three-year vesting period. Options issued in FY18 vest in equal annual instalments. If performance conditions are met, the Company will either issue new shares or shares will be purchased on market and transferred to participants. All options are subject to disposal restrictions being the earlier of three years from grant date or cessation of employment.
Other equity incentive plans	Purpose To provide employees, other than KMP and Senior Executives, with the opportunity to own shares in the company, the Group established the Class Limited Employee Share Plan (ESP). Features The ESP enables the Group to issue shares to qualifying employees on a non-discriminatory basis. Each year, the Board approves the issue of shares up to a maximum of $1,000 in value (being the limit of the tax exemption) for each eligible participant. Shares vest immediately upon issue to participants. The shares can only be sold three years after the date of grant, unless the participant ceases employment prior. The plans are designed to encourage share ownership for employees and therefore do not have any performance conditions attached. Participants are entitled to dividends and other distributions and have full voting rights. The Group issued 43,710 shares to qualifying employees in FY20.

Performance and remuneration outcomes in FY20

a. Linking remuneration to performance

A key underlying principle of the Group's executive remuneration strategy is the link between company performance and executive reward.

The following table summarises the Group's performance and incentives awarded to executive KMP, Senior Executives and other eligible employees.

Summary of financial performance and STIs awarded:

Financial Performance									STI[5]	
Year	Sales revenue ('000)	EBITDA[6] ('000)	NPBT[6] ('000)	NPAT[6] ('000)	ARR ('000)	Earnings per share[6] (cents)	Divi-dends per share (cents)	Share price[7] ($)	STI paid to Executive KMP[5] ($)	STI paid to all eligible employees as a % of revenue
FY20	44,052	18,170	10,077	6,840	46,785	5.75	5.00	1.34	304,000	4.3%
FY19	38,311	17,945	12,539	8,975	38,214	7.66	5.00	1.50	79,040[8]	3.7%
FY18	33,978	15,895	12,559	8,698	36,006	7.39	5.00	2.40	72,051	1.9%
FY17	28,893	13,973	11,702	7,988	30,853	6.82	5.00	3.00	64,231	2.1%
FY16	22,563	10,051	8,588	5,827	24,541	5.19	3.75	3.30	43,800	1.8%

5 Represents approved and expensed STI but paid post year end, including any deferred rights component. STI excludes sales commission paid/payable but includes superannuation paid on bonus payments.

6 EBITDA, NPBT, NPAT and EPS are calculated before significant items in FY16

7 Closing share price at 30 June.

8 Mr Russell was not eligible for FY19 STI.

b. STI performance outcomes

i. STI: financial measures & performance outcomes

Financial measures account for 50% of the STI outcome. The key financial measures in FY20 for determining the value of STI payments were growth in revenue, ARR growth and EBITDA margin.

In FY20 the Group delivered 15.0% revenue growth, 22%ARR growth and 41.0% EBITDA margin. These are good results, however did not meet the challenging performance hurdles set by the Board and the Board therefore determined the Executive KMP achieved 0%.

ii. STI: non-financial measures & performance outcomes

Non-financial measures account for 50% of the STI outcome. The table below sets out the key non-financial measures for the Executive KMP in FY20 and outcomes achieved. The Board determined the Executive KMP delivered excellent results against strategic priorities and achieved 160% against these non-financial measures (against 100% target and 200% maximum).

Strategic & non-financial Performance Measures	FY20 Objective	Outcome
Growth – existing products	Lead the market in our core products	Below Target The Group continued to grow steadily, with an additional 6,489 Class Super and Class Portfolio accounts added in FY20.
Growth – new products	New products for existing markets	Above Target The Group focused on technology improvements throughout the year to set up the platform for scale and growth. This will enable the Group's multi-product offering, evidenced by 1,683 Class Trust accounts added during a pilot of this new product.
Strategy	Build strategic & revenue generating partnerships and enter new markets	Above Target The Group's focus on delivering value through partner and strategic alliances continued, with additional revenue streams added. In FY20, the Group acquired and successfully integrated NowInfinity.

Strategic & non-financial Performance Measures	FY20 Objective	Outcome
Customer	Build a Customer Focused Culture	Above Target The Group monitors a range of customer metrics during the year, including Net Promoter Score and customer satisfaction. The Group continues to have the highest Net Promoter Score (+59) in the sector and the highest user advocacy of all SMSF admin platform providers as evidenced by the independent Investment Trends report
People	Build a World Class Culture	Above Target The Group takes part in the annual Great Place to Work® Trust Index© Employee Survey, which is carried out by Great Place to Work® Australia. This year, 92% of employees completed the survey. Overall employee engagement improved from last year, from 75 to 83, which reinforces the emphasis put on culture transformation and people initiatives during the year The company continues to score extremely high in the areas of diversity, including age (92), race (96), sex (94) and sexual orientation (99).

c. LTI performance outcomes

No performance rights vested in FY20. Outcomes of legacy ESOP is outlined on page 51.

d. Remuneration outcomes

Component	FY20 outcomes
FY20 Fixed Remuneration (FR)	Fixed Remuneration (FR) is reviewed annually and considers the complexity and expertise required for individual roles. FR is set in the context of the Group's competitive market. To assess the competitiveness of FR, the NRHRC considered market data and published surveys. Accordingly, the CEO and CFO's FR was reviewed and increases of 0% and 8.9% respectively were applied in FY20.

FY20 Fixed Remuneration Outcomes

	FY19 FR $	Increase $	Increase %	FY20 FR $
Andrew Russell	550,000	-	0.0%	550,000
Glenn Day	275,401	24,599	8.9%	300,000

FY21 Fixed Remuneration Outcomes

Class is focused on delivering its Reimagination strategy by investing more within the business. As a result, Executive KMP did not seek an increase in FR in FY21.

FY20 STI outcomes

Based on the Board's assessment of performance against key performance indicators as outlined above, the following STIs were awarded:

	FY20 STI Outcomes			FY19 STI Outcomes		
	$	% of target	% of maximum	$	% of target	% of maximum
Andrew Russell	220,000	80%	40%	-	-	-
Glenn Day	84,000	80%	40%	79,040	82%	41%

Mr Russell was not eligible to participate in the FY19 STI plan.

The deferred component is paid using deferred rights, vesting annually in equal instalments over a two-year period.

	FY20 STI Outcomes $			FY19 STI Outcomes		
	Upfront cash (50%)	Deferred rights (50%)	Total	Upfront cash (25%)	Deferred rights (75%)	Total
Andrew Russell	110,000	110,000	220,000	-	-	-
Glenn Day	42,000	42,000	84,000	19,760	59,280	79,040

Component	FY20 Outcomes
FY20 LTI grant	LTI grants were made in FY20 in accordance with the target remuneration mix for each KMP. The hurdles applied to the FY20 grant were based on ARR and EBITDA at the end of the three-year period. In FY20: • The CEO was granted 198,473 performance rights. • The CFO was granted 80,153 performance rights.
FY20 special one-off LTI allocation	A special one-off allocation LTI grant was made in FY20 to align KMP to the special allocation granted to CEO in FY19. The grant was made as a one-off allocation with vesting in three years subject tothe Company's compound annual TSR exceeding 25% over the performance period. In FY20, the CFO was granted 100,000 performance rights.

Non-executive Directors' remuneration

Non-executive Directors are paid a base fee for service to the Board.

The NRHRC may receive advice from independent remuneration consultants to ensure the Chairman and other Non-executive Directors' fees and payments are appropriate and in line with the market for companies of a similar size and complexity.

The fee pool is currently $750,000 per annum including superannuation as approved at the 2017 AGM.

Non-executive Directors will not receive a fee increase in FY21.

The Chairman is paid fees of $145,624 including superannuation (including committee fees).

Other Non-executive Directors are paid fees of $89,615 including superannuation and subcommittee membership fees as follows:

- Director fees to be inclusive of membership of one committee.
- Additional fee of $5,475, including superannuation for membership of any additional committee.
- Chair of committees to be paid an additional fee of $11,202 including superannuation.

Based on the current Board and committee composition, the total fees for FY21 are anticipated to be $526,487.

Remuneration in detail

The following table details the statutory accounting expense of all remuneration-related items for the KMP.

The table below is different to the actual remuneration mix chart on page 38, which shows the fair value on grant date of LTI in FY20 rather than the accrual of amounts on the statutory accounting basis. The table has been audited against the relevant Australian Accounting Standards.

		Short-term Benefits[10]				Long-term Benefits	Share-based Payments	
		Base Remuneration[11] $	Superannu-ation $	STI[12] $	Other[13] $	Long Service Leave[14] $	Equity-settled[15] $	Total Statutory Remuneration $
Non-executive Directors								
Matthew Quinn	FY20	132,990	12,634	-	-	-	-	145,624
	FY19	130,000	12,350	-	-	-	-	142,350
Robert Bazzani[16]	FY20	40,920	3,887	-	-	-	-	44,807
	FY19	-	-	-	-	-	-	-
Christopher Cuffe[17]	FY20	43,478	4,130	-	-	-	-	47,608
	FY19	85,000	8,075	-	-	-	-	93,075
Kathryn Foster	FY20	92,070	8,747	-	-	-	-	100,817
	FY19	90,000	8,550	-	-	-	-	98,550
Simon Martin[18]	FY20	51,835	3,887	-	-	-	-	55,722
	FY19	-	-	-	-	-	-	-
Rajarshi Ray[19]	FY20	25,181	2,392	-	-	-	-	27,573
	FY19	80,000	7,600	-	-	-	-	87,600
Nicolette Rubinsztein	FY20	92,070	8,747	-	-	-	-	100,817
	FY19	90,000	8,550	-	-	-	-	98,550
SUBTOTAL	FY20	**478,544**	**44,424**	**-**	**-**	**-**	**-**	**522,968**
	FY19	**475,000**	**45,125**	**-**	**-**	**-**	**-**	**520,125**

		Short-term Benefits[10]				Long-term Benefits	Share-based Payments	
		Base Remuneration[11] $	Superannuation $	STI[12] $	Other[13] $	Long Service Leave[14] $	Equity-settled[15] $	Total Statutory Remuneration $
Executive KMP								
Andrew Russell[20,21]	FY20	528,997	21,003	110,000	11,385	1,669	221,820	894,874
	FY19	84,565	5,133	-	155,818	-	49,053	294,569
Glenn Day[22]	FY20	278,998	21,003	42,000	(10,636)	(9,694)	106,171	427,842
	FY19	293,126	20,531	19,760	1,741	5,864	44,310	385,332
Kevin Bungard[23,24]	FY20	-	-	-	-	-	-	-
	FY19	116,451	15,183	-	210,970	(54,154)	75,140	363,590
SUBTOTAL	FY20	**807,995**	**42,006**	**152,000**	**749**	**(8,025)**	**327,991**	**1,322,716**
	FY19	**494,142**	**40,847**	**19,760**	**368,529**	**(48,290)**	**168,503**	**1,043,491**
TOTAL	FY20	**1,286,539**	**86,430**	**152,000**	**749**	**(8,025)**	**327,991**	**1,845,684**
	FY19	**969,142**	**85,972**	**19,760**	**368,529**	**(48,290)**	**168,503**	**1,563,616**

9 Fixed Remuneration comprises Base Remuneration and Superannuation (post-employment benefit).

10 Short-term Benefits include non-monetary benefits; however, no non-monetary benefits were received by KMP during FY19 or FY20.

11 Base Remuneration includes cash salary received, short-term personal compensated absences and any salary-sacrificed benefits during the year.

12 STI comprises cash bonuses in relation to performance for the year.

13 Other includes short-term annual compensated absences (annual leave movement).

14 Long-service entitlements accrued during the year as well as impact of changes to long-service valuation assumption, which are determined in line with Australian Accounting Standards.

15 The cost of equity-settled share-based payments recognised during the year is measured at fair value on grant date. This valuation assumption is in line with Australian Accounting Standards.

16 Represents remuneration from the date of appointment on 2 January 2020.

17 Represents remuneration up to date of cessation on 2 January 2020.

18 Represents remuneration from the date of appointment on 19 November 2019.

19 Represents remuneration up to date of cessation on 21 October 2019.

20 Represents remuneration from the date of appointment on 14 May 2019.

21 Other for Andrew Russell includes a cash sign-on payment of $150,000.

22 Fixed Remuneration for Mr Day during FY19 includes $38,256 in additional pay for Acting CEO role. Fixed Remuneration for role as CFO for FY19 was $275,401

23 Represents remuneration up to the date of cessation as on 8 November 2018.

24 Other for Kevin Bungard includes a component for a non-compete amount, as well as the payment of other entitlements on cessation of employment (refer to page 29 of 2019 Annual Report).

Minimum Shareholding

Non-executive Directors

The Board has the expectation that all Non-executive Directors should, within a reasonable period of their initial appointment, establish and maintain a shareholding in the Company, which is at least equivalent in value, based on higher of market price or purchase cost, to one year's Directors' fees.

Executive KMP

Executive KMP are expected to accumulate a minimum value of shares equivalent to:

- CEO: one year's fixed remuneration
- Other Executive KMP: six months' fixed remuneration

Until this minimum shareholding is accumulated, Executive KMP are not permitted to sell any shares awarded under the Performance Rights & Deferred Rights Plan except to the extent required to pay any tax liability incurred as a result of receiving those Plan Shares. Executive KMP must also maintain such minimum shareholding.

Service agreements

Non-executive Directors do not have fixed-term contracts with the Group. On appointment to the Board, all Non-executive Directors enter into a service agreement in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation. Non-executive Directors retire by whichever is the longer period: the third annual general meeting following their appointment or the third anniversary from the date of appointment, but may then be eligible for re-election.

Remuneration and other terms of employment for executives are formalised in service agreements, summarised as follows:

KMP	Terms of Service Agreement
Name and title	Andrew Russell, Chief Executive Officer and Managing Director (CEO)
Agreement commenced	14 May 2019
Term of agreement	Ongoing
Details	The terms of employment and remuneration of the CEO are detailed in a tailored service agreement. The agreement is not of a fixed duration and may be terminated by either party, providing a notice period of six months is given. The agreement entitles the individual to a base salary and superannuation contributions, as well as eligibility to participate in the STI & LTI plans. The Board retains absolute discretion relating to the STI & LTI plans, its continuance and whether any payments will be made in any given year. Upon termination, the individual is bound by restraint clauses spanning a period of up to six months and no less than three months, dependent on the circumstances surrounding the termination.

KMP	Terms of Service Agreement
Name and title	Glenn Day, Chief Financial Officer and Company Secretary (CFO)
Agreement commenced	8 October 2015
Term of agreement	Ongoing
Details	The terms of employment and remuneration of the CFO are detailed in a tailored service agreement. The agreement is not of a fixed duration and may be terminated by either party, providing a notice period of three months is given. The agreement entitles the individual to a base salary and superannuation contributions, as well as eligibility to participate in the STI & LTI plans. The Board retains absolute discretion relating to the STI & LTI plans, its continuance and whether any payments will be made in any given year. Upon termination, the individual is bound by restraint clauses spanning a period of up to 12 months and no less than three months, dependent on the circumstances surrounding the termination.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

The CEO was granted 100,000 Performance Rights in FY20 as part of his sign-on payments and they vested into fully paid ordinary shares on 31 October 2019 as approved by shareholders at the 2019 Annual General Meeting. No other shares were issued to Directors and other KMP as part of compensation during the year ended 30 June 2020.

Options – Legacy ESOP

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

Number granted	Grant date	Value per option at grant date ($)[25]	Value of options at grant date ($)[26]	Number vested	Exercise price ($)	Vesting and first exercise date	Last exercise date
Glenn Day							
484,377	30/09/2015	0.197	95,422	484,377	1.10	01/01/2017	30/09/2019
120,000	30/09/2015	0.168	20,160	120,000	1.33	30/09/2018	30/09/2020
90,000	29/06/2016	0.661	59,490	90,000	3.81	30/06/2019	30/06/2021
100,000	24/07/2017	0.341	34,100	66,666	3.99	[27]	15/03/2022

25 The options granted are measured at the fair value on grant date. Fair value is determined using either the Binomial or Black-Scholes option pricing model that considers the exercise price, term of the option, impact of dilution, share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option, together with the non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. This valuation assumption is in line with Australian Accounting Standards.

26 The share-based payment expense of the option is recognised as an expense with a corresponding increase in equity spread over the vesting period.

27 Equal annual instalments on 1 July 2018, 1 July 2019 and 1 July 2020.

Options granted under the ESOP carry no dividend or voting rights. Vesting is subject to continuity of service and there are no performance conditions.

The number of options over ordinary shares granted to and vested in Directors and other KMP as part of compensation is set out on the following page.

	Number of options granted during FY20	Number of options granted during FY19	Number of options vested during FY20	Number of options vested during FY19
Kevin Bungard	-	-	-	400,000
Glenn Day	-	-	33,333	123,333
TOTAL	-	-	**33,333**	**523,333**

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other KMP members of the Group, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/forfeited/ other	Balance at the end of the year
Glenn Day	794,377	-	(484,377)	-	310,000

Options over ordinary shares	Vested and exercisable	Unvested and unexercisable
Glenn Day	276,666	33,334

Performance and deferred rights

The terms and conditions of each grant of performance right and deferred right over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

Granted as remuneration	Grant date	Value per right at grant date ($)	Value of rights at grant date ($)	Number vested	Vesting and first exercise date
Andrew Russell					
100,000[28]	21/10/2019	1.625	162,580	100,000	31/10/2019
200,000[28]	21/10/2019	0.390	78,000	-	13/05/2022
90,000	01/11/2019	1.793	355,862	-	31/10/2022

Granted as remuneration	Grant date	Value per right at grant date ($)	Value of rights at grant date ($)	Number vested	Vesting and first exercise date
Glenn Day					
45,467	01/11/2018	1.737	78,985	-	30/06/2021
100,000	26/07/2019	0.250	25,000	-	13/05/2022
45,252[29]	26/08/2019	1.228	55,606	-	[29]
80,153	01/11/2019	1.793	143,714	-	31/10/2022

Rights granted under the LTI plan and deferred rights under the STI plan are at no cost to the participant and carry no dividend or voting rights. Vesting is subject to continuity of service and meeting performance criteria.

The number of performance rights and deferred rights over ordinary shares granted to and vested in Directors and other KMP as part of compensation is set out below:

	Number of performance rights granted during FY20	Number of performance rights granted during FY19	Number of performance rights vested during FY20	Number of performance rights vested during FY19
Andrew Russell	198,473	300,000[28]	100,000	-
Glenn Day	225,405	45,467	-	-
TOTAL	**423,878**	**345,467**	**100,000**	**-**

28 Shareholders approved the grant of 300,000 performance rights, which were allocated to Mr Russell in May 2019 as part of his sign-on package on 21 October 2019.

29 This represents deferred rights allocated to Mr Day on 26 August 2019 in relation to FY19 STI vesting in equal instalments on 25 August 2020 and 25 August 2021

Performance rights holding

The number of performance rights and deferred rights over ordinary shares in the Company held during the financial year by each Director and other KMP members of the Group, including their personally related parties, is set out below:

Performance rights over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
Andrew Russell	300,000	198,473	(100,000)	-	398,473
Glenn Day	45,467	180,153	-	-	225,620
TOTAL	**345,467**	**378,626**	**(100,000)**	-	**624,093**

Deferred right holding

Deferred rights over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
Andrew Russell	-	-	-	-	-
Glenn Day	-	45,252	-	-	45,252
TOTAL	-	**45,252**	-	-	**45,252**

Additional disclosures relating to KMP

Shares held by Key Management Personnel

The number of ordinary shares in the Company held during the financial year by each Director and other KMP, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Non-executive Directors					
Matthew Quinn	60,000	-	190,000	-	250,000
Robert Bazzani[30]	-	-	-	-	-
Christopher Cuffe[31]	50,000	-	-	(50,000)	-
Kathryn Foster	162,208	-	-	-	162,208
Simon Martin[30]	-	-	157,115	-	157,115
Rajarshi Ray[31]	1,248,848	-	-	(1,248,848)	-
Nicolette Rubinsztein	152,864	-	-	-	152,864
Executive KMP					
Andrew Russell	-	100,000	15,151	-	115,151
Glenn Day	252,500	-	484,377	-	736,877

30 Represents the number of shares held by the director at the date of appointment as KMP.

31 Disposals/other represent the number of shares held by the director at the date of their cessation as KMP.

Loans

There were no loans to KMP during the reporting period.

This concludes the remuneration report, which has been audited.

Shares under performance and deferred rights

Unissued ordinary shares of Class Limited under performance and deferred rights at the date of this report are as follows:

Grant Date	Expiry date	Number under rights
1/11/2018	30/06/2022	168,664
14/05/2019	13/05/2021	200,000
26/07/2019	13/05/2022	500,000
26/08/2019	25/08/2020	92,516
26/08/2019	25/08/2021	92,513
1/11/2019	31/10/2022	616,870
20/01/2020	31/10/2022	24,510
2/03/2020	31/10/2022	23,411
		1,718,484

No person entitled to exercise the performance and deferred rights had or has any right by virtue of the performance and deferred right to participate in any share issue of the Company or of any other body corporate.

Rights granted under performance and deferred rights are at no cost to the employee and carry no dividend or voting rights. Vesting is subject to continuity of service and meeting performance criteria.

Shares issued on the exercise of options or performance rights

There were no ordinary shares of Class Limited issued on the exercise of options or performance rights during the year ended 30 June 2020 and up to the date of this report. All exercised options and performance rights during this period were settled by the allocation of treasury shares (note 21).

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Grant Thornton

There are no officers of the Company who are former partners of Grant Thornton.

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.

Auditor

Grant Thornton continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

M. Cl

MATTHEW QUINN
Chairman of the Board

13 August 2020

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

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 audit of Class Limited for the year ended 30 June 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 audit; and

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney,13 August 2020

Financial Statements

Class Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue	5	43,904	38,283
Other income	6	148	28
Interest revenue calculated using the effective interest method		119	338
Expenses			
Employee benefits expense		(18,503)	(14,419)
Depreciation and amortisation expense	7	(8,072)	(5,744)
Selling and marketing expenses		(1,542)	(1,801)
Occupancy expenses		(112)	(797)
Technology and data costs		(1,876)	(1,265)
Acquisition and corporate advisory costs		(827)	-
Other expenses		(3,022)	(2,084)
Finance costs	7	(140)	-
Profit before income tax expense		10,077	12,539
Income tax expense	8	(3,237)	(3,564)
Profit after income tax expense for the year attributable to the owners of Class Limited		6,840	8,975
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Class Limited		6,840	8,975
		Cents	Cents
Basic earnings per share	35	5.75	7.66
Diluted earnings per share	35	5.73	7.61

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 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Assets			
Current assets			
Cash and cash equivalents	9	16,488	17,464
Trade and other receivables	10	4,018	3,697
Income tax receivable	8	-	697
Other assets	11	1,107	773
Total current assets		21,613	22,631
Non-current assets			
Investments	12	3,276	2,028
Property, plant and equipment	13	1,004	779
Intangibles	14	35,133	8,552
Right-of-use assets	15	973	-
Other assets	11	2,078	1,852
Total non-current assets		42,464	13,211
Total assets		64,077	35,842
Liabilities			
Current liabilities			
Trade and other payables	16	4,897	3,446
Contract liabilities	17	610	408
Borrowings	18	1,000	-
Lease liabilities	19	832	-
Income tax provision	8	735	-
Provisions	20	1,345	805
Deferred consideration	33	500	-
Total current liabilities		9,919	4,659
Non-current liabilities			
Borrowings	18	9,000	-
Lease liabilities	19	97	-
Deferred tax	8	2,971	1,926
Provisions	20	425	360
Total non-current liabilities		12,493	2,286
Total liabilities		22,412	6,945
Net assets		41,665	28,897
Equity			
Issued capital	21	34,414	22,507
Reserves	22	1,522	1,490
Retained earnings		5,729	4,900
Total equity		41,665	28,897

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

Class Limited
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2018	25,154	1,706	1,801	28,661
Profit after income tax expense for the year	-	-	8,975	8,975
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	8,975	8,975
Transactions with owners in their capacity as owners:				
Purchase of shares (note 21)	(2,647)	-	-	(2,647)
Share-based payments (note 36)	-	245	-	245
Share plan settlement (note 22)	-	(461)	-	(461)
Dividends paid (note 23)	-	-	(5,876)	(5,876)
Balance at 30 June 2019	22,507	1,490	4,900	28,897

Consolidated	Issued capital $'000	Other 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 year	-	-	6,840	6,840
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	6,840	6,840
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 21)	10,808	-	-	10,808
Share-based payments (note 36)	-	829	-	829
Share plan settlement (note 22)	1,099	(797)	-	302
Dividends paid (note 23)	-	-	(6,011)	(6,011)
Balance at 30 June 2020	34,414	1,522	5,729	41,665

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

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		48,219	41,526
Payments to suppliers and employees (inclusive of GST)		(29,284)	(24,146)
Interest received		147	369
Interest and other finance costs paid		(140)	-
Income taxes paid		(1,580)	(4,825)
Net cash from operating activities	34	17,362	12,924
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	33	(12,867)	-
Payments for investments	12	(1,100)	(2,000)
Payments for property, plant and equipment	13	(414)	(309)
Payments for intangibles	14	(7,976)	(6,653)
Proceeds from disposal of property, plant and equipment		-	3
Net cash used in investing activities		(22,357)	(8,959)
Cash flows from financing activities			
Proceeds received on exercise of employee share options		808	193
Payments for share purchase by employee share trust - treasury shares		-	(3,475)
Proceeds from borrowings	34	10,000	-
Repayment of lease liabilities	34	(778)	-
Dividends paid	23	(6,011)	(5,876)
Net cash from/(used in) financing activities		4,019	(9,158)
Net decrease in cash and cash equivalents		(976)	(5,193)
Cash and cash equivalents at the beginning of the financial year		17,464	22,657
Cash and cash equivalents at the end of the financial year	9	16,488	17,464

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

Note 1. 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:

Class Limited
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 13 August 2020. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, 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.

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

The following Accounting Standards and Interpretations adopted during the year are most relevant to the Group:

AASB 16 Leases
The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Note 2. Significant accounting policies (continued)

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 $'000
Operating lease commitments as at 1 July 2019 (AASB 117)	1,496
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.63% (AASB 16)	(65)
Right-of-use assets (AASB 16)	1,431
Lease liabilities - current (AASB 16)	(724)
Lease liabilities - non-current (AASB 16)	(707)
Impact on opening retained earnings as at 1 July 2019	-

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for investments measured at fair value.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the date of this report or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Capitalised software development costs
Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated. Technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 14. The recoverable amounts of cash-generating unit has been determined based on fair value less cost of disposal. Fair value less cost of disposal has been determined using recent arms' length transaction.

Impairment of non-financial assets
The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 4. 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 5.

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

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Revenue

	Consolidated	
	2020 $'000	2019 $'000
Revenue from contracts with customers		
Software subscription license fees	41,496	36,265
Service fees	178	192
Commission and partner fees	1,689	1,567
Document sales	314	-
	43,677	38,024
Other revenue		
Other revenue	227	259
Revenue	43,904	38,283

Note 5. Revenue (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 2020	Software licence fees $'000	Service fees $'000	Commission and partner fees $'000	Document sales $'000	Total $'000
Major product lines					
Class Super -	37,319	178	1,689	-	39,186
Class Portfolio -	1,095	-	-	-	1,095
Class Trust -	86	-	-	-	86
Portfolio Engine	157	-	-	-	157
NowInfinity - subscription fees	2,839	-	-	-	2,839
NowInfinity - document sales	-	-	-	314	314
	41,496	178	1,689	314	43,677
Timing of revenue recognition					
Services transferred over time	41,496	178	-	-	41,674
Services transferred at a point in time	-	-	1,689	314	2,003
	41,496	178	1,689	314	43,677

Consolidated - 2019	Software licence fees $'000	Service fees $'000	Commission and partner fees $'000	Document Sales $'000	Total $'000
Major product lines					
Class Super -	35,246	192	1,567	-	37,005
Class Portfolio -	858	-	-	-	858
Portfolio Engine -	161	-	-	-	161
	36,265	192	1,567	-	38,024
Timing of revenue recognition					
Services transferred over time	36,265	192	-	-	36,457
Services transferred at a point in time	-	-	1,567	-	1,567
	36,265	192	1,567	-	38,024

The revenue from contracts with customers is substantially all in Australia.

Accounting policy for revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 5. Revenue (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Software subscription fees
The Group recognises revenue pursuant to software licence agreements upon the provision of access to its customers of the Group's intellectual property as it exists at any given time during the period of the license. Revenue is recognised over the duration of the agreement or for as long as the customer has been provided access when persuasive evidence of an arrangement exists, the fee is fixed or determinable and collectability is probable.

Service fees
Fees for the provision of services are recognised as revenue as the services are rendered, in accordance with the terms and conditions of the service agreement. Services that are bundled with other performance obligations are deferred and recognised over an estimated contract period which includes expectations on renewal periods beyond the initial term of the service contract.

Commission and partner fees
The Group recognises commission and partner fees at a point in time when it sells a third party's products to customers which provides these customers with access to products and services.

Document sales
The Group recognises revenue at a point in time when the documents are sold to customers on a pay per use basis.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 6. Other income

	Consolidated	
	2020	2019
	$'000	$'000
Net fair value gain on investments	148	28

Note 7. Expenses

	Consolidated	
	2020	2019
	$'000	$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	129	123
Furniture and fittings	116	109
Computer equipment	174	183
Office equipment	48	37
Office premises right-of-use assets	801	-
Total depreciation	1,268	452
Amortisation		
Software development	5,268	4,209
Computer software	46	47
Contractual rights	336	271
Customer relationships	305	-
Customer acquisition costs	849	765
Total amortisation	6,804	5,292
Total depreciation and amortisation	8,072	5,744
Finance costs		
Interest and finance charges paid/payable on borrowings	123	-
Interest and finance charges paid/payable on lease liabilities	17	-
Finance costs expensed	140	-
Leases		
Minimum lease payments	-	726
Superannuation expense		
Defined contribution superannuation expense	1,657	1,244
Share-based payments expense		
Share-based payments expense	829	245

Note 8. Income tax

	Consolidated 2020 $'000	Consolidated 2019 $'000
Income tax expense		
Current tax	3,246	2,759
Deferred tax - origination and reversal of temporary differences	(77)	816
Adjustment recognised for prior periods	68	(11)
Aggregate income tax expense	3,237	3,564
Deferred tax included in income tax expense comprises:		
Increase/(decrease) in deferred tax liabilities	(77)	816
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	10,077	12,539
Tax at the statutory tax rate of 27.5%	2,771	3,448
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	29	14
Share-based payments	228	66
Sundry items	141	47
	3,169	3,575
Adjustment recognised for prior periods	68	(11)
Income tax expense	3,237	3,564

	Consolidated 2020 $'000	Consolidated 2019 $'000
Amounts credited directly to equity		
Deferred tax liabilities	-	(174)

Note 8. Income tax (continued)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Customer relationships acquired	922	-
Customer acquisition costs	572	577
Software development - Research and Development	2,976	2,339
Employee benefits	(886)	(292)
Accrued expenses	(176)	(498)
Carried forward losses on acquisition	(118)	-
Property, plant and equipment	(144)	(31)
Other	(107)	(100)
Transaction costs	(68)	-
	2,971	1,995
Amounts recognised in equity:		
Transaction costs on share issue	-	(69)
Deferred tax liability	2,971	1,926
Movements:		
Opening balance	1,926	866
Charged/(credited) to profit or loss	(77)	816
Credited to equity	-	(174)
Additions through business combinations (note 33)	1,122	-
Adjustment to opening retained earnings (on adoption on AASB 15)	-	418
Closing balance	2,971	1,926

	Consolidated 2020 $'000	Consolidated 2019 $'000
Income tax refund due		
Income tax refund due	-	697

	Consolidated 2020 $'000	Consolidated 2019 $'000
Provision for income tax		
Provision for income tax	735	-

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 8. Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Class Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime with effect from 1 July 2014. NowInfinity joined the tax consolidation group from 31 January 2020. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 9. Cash and cash equivalents

	Consolidated	
	2020	2019
	$'000	$'000
Current assets		
Cash on hand and at bank	16,488	17,464

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 10. Trade and other receivables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets		
Trade receivables	4,026	3,681
Less: Allowance for expected credit losses	(8)	(12)
	4,018	3,669
Interest receivable	-	28
	4,018	3,697

Allowance for expected credit losses
The Group has recognised a gain of $4,000 (2019: loss of $10,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2020 %	Expected credit loss rate 2019 %	Carrying amount 2020 $'000	Carrying amount 2019 $'000	Allowance for expected credit losses 2020 $'000	Allowance for expected credit losses 2019 $'000
Not overdue	-	-	3,828	3,609	-	-
0 to 3 months overdue	-	-	190	60	-	-
3 to 6 months overdue	100%	100%	3	2	3	2
Over 6 months overdue	100%	100%	5	10	5	10
			4,026	3,681	8	12

The Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment, or being unable to pay, due to the Coronavirus (COVID-19) pandemic. There has been no change to the allowance for expected credit losses as at 30 June 2020 as a result of this.

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Opening balance	12	2
Additional provisions recognised/(reversed)	(4)	10
Closing balance	8	12

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 and 90 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 11. Other assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets		
Prepayments	874	623
Term deposits*	150	150
Other current assets	83	-
	1,107	773
Non-current assets		
Customer acquisition costs	2,078	1,852
	3,185	2,625

*Includes term deposit which is held as security for lease of office premises $150,000 (2019: $150,000).

Reconciliation of customer acquisition costs:
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Opening balance	1,852	-
Balance at 1 July 2018 (on adoption of AASB 15)	-	2,024
Additions	649	593
Additions through business combinations (note 33)	426	-
Amortisation expense	(849)	(765)
Closing balance	2,078	1,852

Accounting policy for customer acquisition costs
Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the estimated contract life of five years.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year are immediately expensed to profit or loss.

Note 12. Investments

	Consolidated	
	2020 $'000	2019 $'000
Non-current assets		
Convertible notes at fair value through profit or loss	3,276	2,028

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2020 $'000	2019 $'000
Opening fair value	2,028	-
Additions	1,100	2,000
Revaluation increments	148	28
Closing fair value	3,276	2,028

Refer to note 25 for further information on fair value measurement.

The Group has made an investment in Philo Capital Advisers ('Philo'), a challenger in the provision of services to the rapidly growing managed discretionary account ('MDA') sector. The investment is via convertible notes, with $2,000,000 invested as at 30 June 2019. A further $1,100,000 was invested as at 30 June 2020.

Accounting policy for investments
Investments are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Note 13. Property, plant and equipment

	Consolidated 2020 $'000	Consolidated 2019 $'000
Non-current assets		
Leasehold improvements - at cost	666	503
Less: Accumulated depreciation	(523)	(391)
	143	112
Furniture and fittings - at cost	694	536
Less: Accumulated depreciation	(352)	(191)
	342	345
Computer equipment - at cost	1,590	1,183
Less: Accumulated depreciation	(1,161)	(929)
	429	254
Office equipment - at cost	233	163
Less: Accumulated depreciation	(143)	(95)
	90	68
	1,004	779

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

Consolidated	Leasehold improvements $'000	Furniture and fittings $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Balance at 1 July 2018	194	422	279	39	934
Additions	41	32	163	73	309
Disposals	-	-	(5)	(7)	(12)
Depreciation expense	(123)	(109)	(183)	(37)	(452)
Balance at 30 June 2019	112	345	254	68	779
Additions	5	7	332	70	414
Additions through business combinations (note 33)	155	106	17	-	278
Depreciation expense	(129)	(116)	(174)	(48)	(467)
Balance at 30 June 2020	143	342	429	90	1,004

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	3-5 years
Furniture and fittings	3-20 years
Computer equipment	3-5 years
Office equipment	3-10 years

Note 13. Property, plant and equipment (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 14. Intangibles

	Consolidated	
	2020 $'000	2019 $'000
Non-current assets		
Goodwill - at cost	16,520	-
Trademarks and domain names - at cost	49	47
Software development - at cost	38,590	26,571
Less: Accumulated amortisation	(23,478)	(18,210)
	15,112	8,361
Computer software - at cost	198	198
Less: Accumulated amortisation	(192)	(146)
	6	52
Contractual rights - at cost	362	328
Less: Accumulated amortisation	(267)	(236)
	95	92
Customer relationships	3,656	-
Less: Accumulated amortisation	(305)	-
	3,351	-
	35,133	8,552

Note 14. Intangibles (continued)

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

Consolidated	Goodwill $'000	Trademarks and domain names $'000	Software develop-ment $'000	Computer software $'000	Contractual rights $'000	Customer relation-ships $'000	Total $'000
Balance at 1 July 2018	-	48	6,237	99	43	-	6,427
Additions	-	-	6,375	-	278	-	6,653
Disposals	-	(1)	-	-	-	-	(1)
Transfers in/(out)	-	-	(42)	-	42	-	-
Amortisation expense	-	-	(4,209)	(47)	(271)	-	(4,527)
Balance at 30 June 2019	-	47	8,361	52	92	-	8,552
Additions	-	-	7,637	-	339	-	7,976
Additions through business combinations (note 33)	16,520	2	4,382	-	-	3,656	24,560
Amortisation expense	-	-	(5,268)	(46)	(336)	(305)	(5,955)
Balance at 30 June 2020	16,520	49	15,112	6	95	3,351	35,133

Impairment testing
Goodwill acquired through business combinations have been allocated to the following cash-generating units ('CGU'):

	Consolidated 2020 $'000	Consolidated 2019 $'000
NowInfinity	16,520	-

As detailed in note 33, the Group acquired NowInfinity business in January 2020. The recoverable amount of NowInfinity CGU was determined based on the fair value less cost of disposal ('FVLCD') basis. The purchase consideration paid (representing the market price) for the acquisition of the business during the current financial year is indicative of fair value. The Group considers this to be appropriate based on the fact that the transaction was completed on an arm's length basis between willing and knowledgeable parties. The Group does not consider the market for the acquired business to have significantly changed since the acquisition date. Since acquisition, NowInfinity business has met their short-term targets and there has been no indication of impairment to suggest fair value has decreased.

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 14. Intangibles (continued)

Trademarks and domain names
Significant costs associated with trademarks and domain names are capitalised. Such assets are not amortised on the basis that they are deemed to have an indefinite life. This assumption is reassessed every year. Instead, trademarks and domain names are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. They are carried at cost less accumulated impairment losses.

Software development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when: it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the internal development; and the costs incurred can be measured reliably. These capitalised costs are amortised commencing from the time the asset's development reaches the condition necessary for it to be capable of operation in the manner intended by management. Amortisation is on a straight-line basis over the period of the asset's expected benefit, being its finite useful life of three to ten years.

Computer software
Software purchased from third parties is capitalised and amortised on a straight-line basis over the period of its expected benefit of between three to five years.

Contractual rights
Costs relating to contractual rights are capitalised as an asset and are amortised on a straight-line basis over the period of their expected benefit, being their finite life of one year.

Customer relationships
Customer contracts and relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

Note 15. Right-of-use assets

	Consolidated	
	2020	2019
	$'000	$'000
Non-current assets		
Right-of-use assets	1,850	-
Less: Accumulated depreciation	(877)	-
	973	-

Note 15. Right-of-use assets (continued)

The Group has leased office premises under operating lease expiring between one to three years, with options to extend. The lease has various escalation clauses. On renewal, the terms of the leases are renegotiated.

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

Consolidated	Office premises $'000
Balance at 1 July 2018	-
Balance at 30 June 2019	-
Adoption of AASB 16 on 1 July 2019	1,431
Additions through business combinations (note 33)	287
Additions	56
Depreciation expense	(801)
Balance at 30 June 2020	973

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 16. Trade and other payables

	Consolidated	
	2020 $'000	2019 $'000
Current liabilities		
Trade payables	904	597
Accrued expenses	2,994	2,113
BAS payable	999	736
	4,897	3,446

Refer to note 24 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 17. Contract liabilities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current liabilities		
Contract liabilities	610	408

Accounting policy for contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 18. Borrowings

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current liabilities		
Bank loans	1,000	-
Non-current liabilities		
Bank loans	9,000	-
	10,000	-

Refer to note 24 for further information on financial instruments.

Bank loan facilities
The bank loan facilities are subject to an initial three year fixed rate of 2.97% per annum. The banking facility matures on 31 January 2023. The facilities are secured by fixed and floating charges over the Group's assets. Interest and fees are payable in the first year. Interest plus quarterly principal repayment of $500,000 are payable from 31 March 2021 with bullet repayment for the amount outstanding on expiry of the loan term.

Business overdraft facility
In addition to the above, the Group has a business overdraft facility for $2,000,000 which is repayable on call. The facility was not drawn as at 30 June 2020.

Note 18. Borrowings (continued)

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

	Consolidated	
	2020 $'000	2019 $'000
Total facilities		
Bank loans	10,000	-
Business overdraft	2,000	-
	12,000	-
Used at the reporting date		
Bank loans	10,000	-
Business overdraft	-	-
	10,000	-
Unused at the reporting date		
Bank loans	-	-
Business overdraft	2,000	-
	2,000	-

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 19. Lease liabilities

	Consolidated	
	2020 $'000	2019 $'000
Current liabilities		
Lease liability	832	-
Non-current liabilities		
Lease liability	97	-
	929	-

Refer to note 24 for further information on financial instruments.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 20. Provisions

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current liabilities		
Annual leave	958	597
Long service leave	224	208
Lease make good	163	-
	1,345	805
Non-current liabilities		
Long service leave	415	257
Lease make good	10	103
	425	360
	1,770	1,165

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2020	Lease make good $'000
Carrying amount at the start of the year	103
Additional provisions recognised	60
Additions through business combinations (note 33)	10
Carrying amount at the end of the year	173

Accounting policy for provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave not expected to be settled within 12 months of the reporting date but for which employees have a current entitlement is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Such amounts are presented as current liabilities as the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Other long-term employee benefits
The liability for long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Pursuant to this method, consideration is given to expected future wage and salary levels, past experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 20. Provisions (continued)

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Note 21. Issued capital

	Consolidated			
	2020 Shares	2019 Shares	2020 $'000	2019 $'000
Ordinary shares - fully paid	122,758,407	117,662,056	35,154	25,154
Less: Treasury shares	(450,604)	(1,565,000)	(740)	(2,647)
	122,307,803	116,097,056	34,414	22,507

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2018	117,662,056	25,154
Balance	30 June 2019	117,662,056	25,154
Issue of shares on acquisition of NowInfinity 3505 Pty Ltd	31 January 2020	5,096,351	10,000
Balance	30 June 2020	122,758,407	35,154

Movements in treasury shares

Details	Date	Shares	$'000
Balance	1 July 2018	-	-
Purchase of shares by Employee Share Trust	October 2018	(236,198)	(457)
Purchase of shares by Employee Share Trust	November 2018	(500,000)	(948)
Purchase of shares by Employee Share Trust	March 2019	(524,305)	(816)
Purchase of shares by Employee Share Trust	April 2019	(583,794)	(994)
Purchase of shares by Employee Share Trust	May 2019	(152,781)	(260)
Payments from option holders on exercise of options		-	193
Less: allocation of shares on exercise of options (note 22)		432,078	635
Balance	30 June 2019	(1,565,000)	(2,647)
Payments from option holders on exercise of options	Various dates	-	808
Less: allocation of shares on exercise of options (note 22)	Various dates	1,114,396	1,099
Balance	30 June 2020	(450,604)	(740)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 21. Issued capital (continued)

Share buy-back
There is no current on-market share buy-back.

Treasury shares
Treasury shares relate to purchase of shares by the Employee Share Trust in the open market. The shares acquired by the Employee Share Trust are used to settle share options, awards and performance rights on satisfaction of vesting conditions. The cost of purchase is funded by the Company. Un-allocated shares held by the trust are controlled by the Company and are recorded as treasury shares representing a deduction against issued capital.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure and reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The Group has complied with the capital requirements prescribed under its Australian Financial Service Licence.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2019 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 22. Reserves

	Consolidated	
	2020 $'000	2019 $'000
Share-based payments reserve	2,833	2,004
Employee share acquisition reserve	(1,258)	(461)
Acquisition reserve	(53)	(53)
	1,522	1,490

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration.

Employee share acquisition reserve
The reserve is used to recognise the net cost of acquiring shares allocated by the Employee Share Trust on exercise of options. Net cost of acquisition comprises the cost of purchasing the shares in the open market less exercise price received.

Note 22. Reserves (continued)

Acquisition reserve
The reserve resulted from the acquisition of non-controlling interests in a subsidiary. The acquisition of non-controlling interests is not a business combination but is an equity transaction between owners. Accordingly, the difference between consideration paid and fair value of identifiable net assets of the non-controlling interest has been accounted for in the acquisition reserve.

Movements in reserves
Movements in each class of reserve during the current and previous financial 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 2018	1,759	-	(53)	1,706
Share-based payments	245	-	-	245
Transfer from treasury shares	-	(635)	-	(635)
Tax effect on settlement	-	174	-	174
Balance at 30 June 2019	2,004	(461)	(53)	1,490
Share-based payments	829	-	-	829
Transfer from treasury shares	-	(1,099)	-	(1,099)
Tax effect on settlement	-	302	-	302
Balance at 30 June 2020	2,833	(1,258)	(53)	1,522

Note 23. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Final dividend for the year ended 30 June 2019 of 2.5 cents per ordinary share (2019: 2.5 cents)	2,942	2,942
Interim dividend for the year ended 30 June 2020 of 2.5 cents per ordinary share (2019: 2.5 cents)	3,069	2,934
	6,011	5,876

On 13 August 2020, the Directors declared a final dividend for the year ended 30 June 2020 of 2.5 cents per ordinary share with payment date of 18 September 2020 to eligible shareholders on the register as at 21 August 2020. This equates to a total distribution of $3,069,000, based on the number of ordinary shares on issue as at 30 June 2020. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2020 financial statements and will be recognised in subsequent financial reports.

Franking credits

	Consolidated 2020 $'000	Consolidated 2019 $'000
Franking credits available for subsequent financial years based on a tax rate of 27.5%	4,100	4,800

Note 23. Dividends (continued)

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Accounting policy for dividends
Dividends are recognised when declared during the financial year and are no longer at the discretion of the Company.

Note 24. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

Market risk

Foreign currency risk
The Group is not exposed to any significant foreign currency risk.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings and cash at bank. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As a result of fixed rate bank loan facilities, the Group's exposure to interest rate risk is limited to cash at bank and short term deposits.

An official increase/decrease in interest rates of 50 (2019:50) basis points would have an adverse/favourable effect on profit before tax of $82,000 (2019: $87,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Note 24. Financial instruments (continued)

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 10, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 30 June 2020.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Business overdraft	2,000	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	904	-	-	-	904
Deferred consideration	-	500	-	-	-	500
Interest-bearing - fixed rate						
Bank loans	2.97%	1,282	2,238	7,104	-	10,624
Lease liability	4.63%	868	887	104	-	1,859
Total non-derivatives		3,554	3,125	7,208	-	13,887

Note 24. Financial instruments (continued)

Consolidated - 2019	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	597	-	-	-	597
Total non-derivatives	597	-	-	-	597

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 25. Fair value measurement

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 - 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

Consolidated - 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Convertible notes at fair value through profit or loss	-	-	2,028	2,028
Total assets	-	-	2,028	2,028

There were no transfers between levels during the financial 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.

Note 25. Fair value measurement (continued)

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

Consolidated	Convertible notes at fair value through profit or loss $'000
Balance at 1 July 2018	-
Additions	2,000
Gains recognised in profit or loss	28
Balance at 30 June 2019	2,028
Gains recognised in profit or loss	148
Additions	1,100
Balance at 30 June 2020	3,276

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 26. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2020	2019
	$	$
Short-term employee benefits	1,525,718	1,357,359
Post-employment benefits	-	86,044
Long-term benefits	(8,025)	(48,290)
Share-based payments	327,991	168,503
	1,845,684	1,563,616

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the Company:

	Consolidated	
	2020	2019
	$	$
Audit services - Grant Thornton		
Audit or review of the financial statements	115,000	81,906
Other services - Grant Thornton		
Due diligence	84,697	-
Tax compliance services	59,000	18,200
	143,697	18,200
	258,697	100,106

Note 28. Contingent liabilities

The Group has given bank guarantees as at 30 June 2020 of $150,000 (2019: $150,000) to various landlords.

Note 29. Commitments

	Consolidated	
	2020	2019
	$'000	$'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	736
One to five years	-	1,473
	-	2,209

Note 30. Related party transactions

Parent entity
Class Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the Directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020 $'000	2019 $'000
Profit after income tax	8,127	6,974
Total comprehensive income	8,127	6,974

Statement of financial position

	Parent	
	2020 $'000	2019 $'000
Total current assets	9,434	9,726
Total assets	54,937	27,258
Total current liabilities	6,730	3,104
Total liabilities	18,412	4,788
Equity		
Issued capital	34,414	22,507
Share-based payments reserve	2,833	2,004
Employee share acquisition reserve	(1,258)	(461)
Retained earnings	536	(1,580)
Total equity	36,525	22,470

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities
The parent entity had contingent liabilities of $150,000 as at 30 June 2020 (2019: $150,000).

Note 31. Parent entity information (continued)

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, note 38 or in the respective notes, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2, note 38 or in the respective notes:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2020 %	2019 %
Class Super Pty Limited	Australia	100%	100%
Class Investment Reporter Pty Ltd	Australia	100%	100%
NowInfinity 3505 Pty Ltd	Australia	100%	-
NowInfinity Pty Ltd	Australia	100%	-

Note 33. Business combinations

On 31 January 2020, the Group acquired 100% of the ordinary shares of NowInfinity 3505 Pty Ltd ('NowInfinity') for the total consideration of $24,073,000. NowInfinity operates a market leading platform that offers the Documentation Suite, Corporate Messenger, Trust Register and Super Comply products. The entity was acquired to to expand the group's product offering to the accounting and administrator segments.The goodwill of $16,520,000 represents profitability of the acquired business and the synergistic opportunities that will arise from the acquisition.

The acquired business contributed revenues of $3,148,000 and profit after tax of $843,000 to the Group for the period from 31 January 2020 to 30 June 2020. If the acquisition occurred on 1 July 2019, the full year contributions would have been revenues of $7,156,000 and profit after tax of $416,000. The values identified in relation to the acquisition of NowInfinity are final as at 30 June 2020.

Note 33. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	706
Trade receivables	72
Prepayments	177
Other current assets	4
Customer acquisition costs	426
Plant and equipment	278
Right-of-use assets	287
Software platform acquired	4,382
Client relationships acquired	3,656
Other intangible assets	2
Trade payables	(143)
Other payables and accruals	(833)
Deferred tax liability	(1,122)
Other provisions	(60)
Lease liability	(279)
Net assets acquired	7,553
Goodwill	16,520
Acquisition-date fair value of the total consideration transferred	24,073
Representing:	
Cash paid or payable to vendor	13,573
Class Limited shares issued to vendor	10,000
Deferred consideration	500
	24,073
Acquisition costs expensed to profit or loss	539
Cash used to acquire business, net of cash acquired:	
Cash paid to the vendor	13,573
Less: cash and cash equivalents acquired	(706)
Net cash used	12,867

Accounting policy for business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Note 33. Business combinations (continued)

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 34. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2020 $'000	2019 $'000
Profit after income tax expense for the year	6,840	8,975
Adjustments for:		
Depreciation and amortisation	8,072	5,744
Net loss on disposal of property, plant and equipment	-	10
Net fair value gain on investments	(148)	(28)
Share-based payments	829	245
Change in operating assets and liabilities:		
Increase in trade and other receivables	(249)	(468)
Decrease/(increase) in income tax refund due	697	(697)
Increase in prepayments	(74)	(93)
Increase in other operating assets	(728)	(593)
Increase in trade and other payables	416	417
Increase/(decrease) in contract liabilities	202	(86)
Increase/(decrease) in provision for income tax	735	(1,380)
Increase in deferred tax liabilities	225	816
Increase in employee benefits	535	28
Increase in other provisions	10	34
Net cash from operating activities	17,362	12,924

Note 34. Cash flow information (continued)

Changes in liabilities arising from financing activities

Consolidated	Bank loan $'000	Lease liabilities $'000
Balance at 1 July 2018	-	-
Balance at 30 June 2019	-	-
Net cash from/(used in) financing activities	10,000	(778)
Adoption of AASB 16 on 1 July 2019	-	1,431
Changes through business combinations (note 33)	-	279
Other changes	-	(3)
Balance at 30 June 2020	10,000	929

Note 35. Earnings per share

	Consolidated	
	2020 $'000	2019 $'000
Profit after income tax attributable to the owners of Class Limited	6,840	8,975
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	119,055,320	117,152,294
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	114,558	765,603
Performance rights over ordinary shares	185,029	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	119,354,907	117,917,897
	Cents	Cents
Basic earnings per share	5.75	7.66
Diluted earnings per share	5.73	7.61

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Class Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 36. Share-based payments

The Group has established the Class Limited Tax Exempt Employee Share Plan ('Tax Exempt ESP') to assist the Group in rewarding employees by providing them with the opportunity to own shares in the Company. The Tax Exempt ESP enables the Group to issue shares to qualifying employees on a non-discriminatory basis so as to permit the application of section 83A-35 of the Income Tax Assessment Act 1997.

The Group also has the Class Limited Employee Share Option Plan ('ESOP') as a long term incentive plan ('LTIP') to assist the Group in retaining and attracting current and future employees by providing them with the opportunity to allow them to acquire options or rights as part of the remuneration for their services. The ESOP was by invitation of the Board (or a committee of the Board).

The share-based payment expense for the year was $829,000 (2019: $245,000). 1,696,627 performance rights were granted during the year ended 30 June 2020 (2019: 613,291 rights).

Set out below is a summary of the options granted under the plan:

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/09/2015	30/09/2019	$1.10	1,464,614	-	(1,464,614)	-	-
30/09/2015	30/09/2020	$1.33	793,506	-	(20,000)	-	773,506
29/06/2016	30/06/2021	$3.81	708,202	-	-	-	708,202
24/07/2017	15/03/2022	$3.99	864,667	-	-	(20,004)	844,663
			3,830,989	-	(1,484,614)	(20,004)	2,326,371
Weighted average exercise price			$2.30	$0.00	$1.10	$3.99	$3.05

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/09/2015	30/09/2019	$1.10	1,948,991	-	(484,377)	-	1,464,614
30/09/2015	30/09/2020	$1.33	938,506	-	(145,000)	-	793,506
29/06/2016	30/06/2021	$3.81	1,028,202	-	-	(320,000)	708,202
24/07/2017	15/03/2022	$3.99	1,148,000	-	-	(283,333)	864,667
			5,063,699	-	(629,377)	(603,333)	3,830,989
Weighted average exercise price			$2.35	$0.00	$1.15	$3.89	$2.30

The weighted average share price during the financial year was $1.56 (2019:$1.73).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1 year (2019: 1.4 years).

2,105,368 options outstanding as at 30 June 2020 are vested and exercisable (30 June 2019: 3,348,986).

Performance rights
During the year, the Group granted 1,696,627 performance rights for nil cash consideration for the year ended 30 June 2020 (2019:613,291). The performance period is generally for a 3 year period. Vesting of the performance rights is subject to meeting predetermined market and non-market conditions including Total Shareholder Return ('TSR'), revenue and EPS growth targets over the performance period.

Note 36. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/11/2018	30/06/2021	$0.00	168,664	-	-	-	168,664
14/05/2019	31/10/2019	$0.00	100,000	-	(100,000)	-	-
14/05/2019	13/05/2021	$0.00	200,000	-	-	-	200,000
24/07/2019	31/10/2019	$0.00	-	26,848	(26,848)	-	-
26/07/2019	13/05/2022	$0.00	-	700,000	-	(200,000)	500,000
26/08/2019	25/08/2021	$0.00	-	224,835	-	(39,806)	185,029
01/11/2019	31/10/2022	$0.00	-	697,023	-	(80,153)	616,870
20/01/2020	31/10/2022	$0.00	-	24,510	-	-	24,510
02/03/2020	31/10/2022	$0.00	-	23,411	-	-	23,411
			468,664	1,696,627	(126,848)	(319,959)	1,718,484

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/11/2018	30/06/2021	$0.00	-	313,291	-	(144,627)	168,664
14/05/2019	31/10/2019	$0.00	-	100,000	-	-	100,000
14/05/2019	13/05/2021	$0.00	-	200,000	-	-	200,000
			-	613,291	-	(144,627)	468,664

NIL performance rights vested and exercisable as at 30 June 2020 (2019: Nil). The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 0.9 years (2019: 1.6 years).

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24/07/2019	31/10/2019	$1.50	$0.00	37.00%	2.60%	1.20%	$1.480
26/07/2019	13/05/2022	$1.47	$0.00	37.00%	2.70%	0.90%	$0.250
26/08/2019	25/08/2021	$1.31	$0.00	37.00%	2.60%	1.20%	$1.230
01/11/2019	31/10/2022	$1.95	$0.00	37.00%	2.60%	1.20%	$1.790
20/01/2020	31/10/2022	$2.00	$0.00	37.00%	2.60%	1.20%	$1.850
02/03/2020	31/10/2022	$1.54	$0.00	37.00%	2.60%	1.20%	$1.430

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 36. Share-based payments (continued)

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 37. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 13 August 2020, the Group announced the acquisition of all the shares in Assuriti Pty Ltd ('Smartcorp'). The Share Purchase Agreement was executed on 12 August 2020 with completion date effective 20 August 2020. The maximum enterprise value was $4,200,000 adjusted for net tangible assets, settled by $2,730,000 upfront cash payment plus the issue of $1,470,000 in the Company's shares which are subject to escrow for a period of 18 months from the completion date. The acquisition will be partly funded through an increase to the existing bank debt facility.

Apart from the dividend declared as disclosed in note 23, no other matter or circumstance has arisen since 30 June 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.

Note 38. Other accounting policies

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of Class Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Class Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Note 38. Other accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interests in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Note 38. Other accounting policies (continued)

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Matthew Quinn
Chairman

13 August 2020
Sydney

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of Class Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Class Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Measurement and recognition of capitalised development costs – Note 14 Intangibles	
Capitalised software development costs had a net carrying value of $15,112,000 at 30 June 2020. During the year the Group capitalised $7,637,000 of software development costs. These intangible assets are being amortised over a 3-10 year period. AASB 138: *Intangible Assets* sets out the specific requirements to be met in order to capitalise software development costs. Intangible assets should be amortised over their useful economic lives in accordance with AASB 138. This area is a key audit matter due to subjectivity and management judgement applied in the assessment of whether costs meet the development phase criteria described in AASB 138 and in relation to the estimate of the assets' useful lives.	Our procedures included, amongst others: • Assessing the Group's accounting policy in respect of product development costs for adherence to AASB 138, and evaluating management's assessment of each project for compliance with the recognition criteria set out in AASB 138; • Testing a sample of amounts capitalised to supporting documentation and assessing compliance with the recognition criteria of AASB 138; • Evaluating the reasonableness of useful lives to be applied in future reporting periods; and • Assessing the adequacy of related disclosures in the financial statements.
Acquisition accounting – Note 33 Business combinations	
On 31 January 2020 the Group acquired all the shares in NowInfinity 3505 Pty Ltd. The purchase consideration was settled by $10,000,000 upfront cash payment, $10,000,000 in the Company's shares, and deferred consideration payments of up to $5,000,000. This acquisition is a key audit matter due to judgements and estimates required in determining the appropriate accounting, including estimating the fair value of net assets acquired and estimating the fair value of the purchase consideration. In addition the intangible assets are material to the Group and the Group has engaged an expert to assist them in determining the appropriate asset values.	Our procedures included, amongst others: • Testing the acquisition accounting for appropriateness and compliance with AASB 3: *Business Combinations*, including assessing management's accounting entries with reference to the acquisition agreements; • Evaluating the methodology applied by management to identify and value the assets and liabilities; • Evaluating the competence, capability and objectivity of the management's external expert and performing a detailed review of their reports to understand the scope of their engagement and any limitations in the report. In addition we held discussions with them. • With the assistance of Grant Thornton valuation experts: – Assessing the identification of intangible assets acquired including software development and customer relationships, along with the valuation methodologies used to value these assets; – Challenging the associated underlying forecast cash flows for the software and customer assets intangible asset valuations and comparing key assumptions to historical results; – Evaluating discount rates used by assessing the cost of capital applied in each valuation by comparing them to market data and industry research; and – Testing on a sample basis the mathematical accuracy of the cash flow models;

Key audit matter	How our audit addressed the key audit matter
	• Assessing the amount and accounting treatment of acquisition costs by testing a sample of items to supporting documentation; and • Assessing the adequacy of related disclosures in the financial statements.

Information other than the financial report and auditor’s report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2020, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor’s report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 34 to 55 of the Directors’ report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Class Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 13 August 2020

Shareholder information

The shareholder information set out below was applicable as at 29 July 2020.

Distribution of equitable securities

Analysis of the number of equitable security holders by the size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares	Number of holders of performance rights over ordinary shares
100,001 and Over	77	4	6
10,001 to 100,000	604	26	2
5,001 to 10,000	578	6	-
1,001 to 5,000	1,681	-	-
1 to 1,000	1,366	-	-
TOTAL	**4,306**	**36**	**8**
Holding less than a marketable parcel	469	-	-

Shareholder information (cont)

Equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Rank	Name	Number of ordinary shares	%IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,016,931	17.12
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,320,592	10.04
3	TRONCELL PTY LTD	8,870,944	7.23
4	NATIONAL NOMINEES LIMITED	7,503,777	6.11
5	TRONCELL PTY LTD	5,458,000	4.45
6	CITICORP NOMINEES PTY LIMITED	5,159,084	4.20
7	ARMELEK PTY LTD	3,300,000	2.69
8	STORY OF PRINCIPAL PTY LIMITED	2,650,102	2.16
9	MR JOSEPH CHARLES CAMUGLIA & MRS KIRSTEN INGRET CAMUGLIA	2,650,000	2.16
10	BNP PARIBAS NOMINEES PTY LTD	2,100,258	1.71
11	MR PETER DORIAN KIBBLE & MRS LORRAINE LESTER	1,501,652	1.22
12	MR RODERICK KIBBLE & MRS MICHELLE KIBBLE	1,501,652	1.22
13	FNNI PTY LIMITED	1,477,942	1.20
14	BNP PARIBAS NOMS PTY LTD	1,346,746	1.10
15	HSBC CUSTODY NOMINEES	1,308,296	1.07
16	MR KEVIN BUNGARD	1,023,135	0.83
17	FYLPANE PTY LTD	1,000,000	0.81
18	MR RAJARSHI MANU RAY	1,000,000	0.81
19	THE DAY ASPHALT STOOD UP PTY LIMITED	968,307	0.79
20	NEWECONOMY COM AU NOMINEES PTY LIMITED	916,229	0.75
		83,073,647	**67.67**

Shareholder information (cont)

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares	2,326,371	36
Performance Rights over ordinary shares	1,718,484	6

Substantial holders

Spheria Asset Management Pty Ltd advised that as of 15 May 2019, it and its associates had an interest in 22,611,526 shares, which represented 19.22% of Class' issued capital at that time.

Pinnacle Investment Management Group Limited (and its subsidiaries) advised that as of 27 July 2020, it and its associates had an interest in 7,737,515 shares, which represented 6.30% of Class' issued capital at that time.

Troncell Pty Limited, Roderick Kibble, Peter Dorian Kibble, Michelle Kibble & Lorraine Lester advised that as of 21 September 2017, they and their associates had an interest in 18,239,216 shares, which represented 15.51% of Class' issued capital at that time.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

Class	Expiry Date	Number of shares
Ordinary shares	19 December 2020 or the day after the date which the shareholder ceases to be an employee	15,078
Ordinary shares	18 December 2021 or the day after the date which the shareholder ceases to be an employee	34,980
Ordinary shares	31 January 2022	5,096,351
Ordinary shares	18 December 2022 or the day after the date which the shareholder ceases to be an employee	39,010

Corporate directory

30 June 2020

Directors

Matthew Quinn - Chairman

Andrew Russell

Kathryn Foster

Nicolette Rubinsztein

Simon Martin

Robert Bazzani

Company Secretary

Glenn Day

Registered office and Principal place of business

Level 3

228 Pitt Street

Sydney NSW 2000

Ph: 1300 851 057

Share register

Link Market Services Limited

Level 12

680 George Street

Sydney NSW 2000

Ph: 1300 554 474

Auditor

Grant Thornton Audit Pty Ltd

Level 17

383 Kent Street

Sydney NSW 2000

Solicitors

Addisons

Level 12

60 Carrington Street

Sydney NSW 2000

Ph: 02 8915 1000

Stock exchange listing

Class Limited shares are listed on the Australian

Securities Exchange (ASX code: CL1)

Website

www.class.com.au

Corporate Governance Statement

The Directors and management are committed to conducting the business of Class

Limited in an ethical manner and in accordance with the highest standards of corporate governance. Class Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition)('Recommendations') to the extent appropriate to the size and nature of its operations.

The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance can be found on the company's website at https://investors.class.com.au/Investors/

Class Ltd
ACN 116 802 058

Address
Level 3, 228 Pitt Street
Sydney, NSW, 2000

Phone
1300 851 058

Email
media@class.com.au