

9 February 2017

MEDIA RELEASE

CLASS POSTS 28% PROFIT INCREASE ON RECORD RISE IN BILLABLE PORTFOLIOS

Class Limited (Class) has posted a 28% increase in profit to \$3.606 million for the half year ended 31 December 2016, driven by a record increase in billable portfolios.

The increase is before one-off prior period costs in relation to the company's December 2015 Initial Public Offering (IPO). The rise in statutory net profit after tax was even stronger, up 64% to \$3.606 million. Earnings before interest, tax, depreciation and amortisation ('EBITDA') grew 33%.

Total revenue for the half year grew by 31% compared to the same period last financial year. This was assisted by a record 17,775 increase in billable portfolios to 130,216 portfolios, including 127,806 billable Self Managed Super Funds (SMSFs) on the Class Super product.

Summary of Results

Half year ended 31 December 2016

Sales revenue	\$14.028m	up 31%
EBITDA ¹	\$6.358m	up 33%
Net profit before tax ¹	\$5.331m	up 29%
Net profit after tax ¹	\$3.606m	up 28%
Diluted EPS ¹	3.03 cents	up 17%

Increasing Market Share

Class increased its share of all SMSFs from 19.2% to 21.7% in the 6 months to 31 December 2016 (based on an estimated total market of 589,000 SMSFs). At 30 June 2016, Class Super had the largest share of the cloud SMSF software market at 68%, up from 64.8% a year earlier².

Class Portfolio

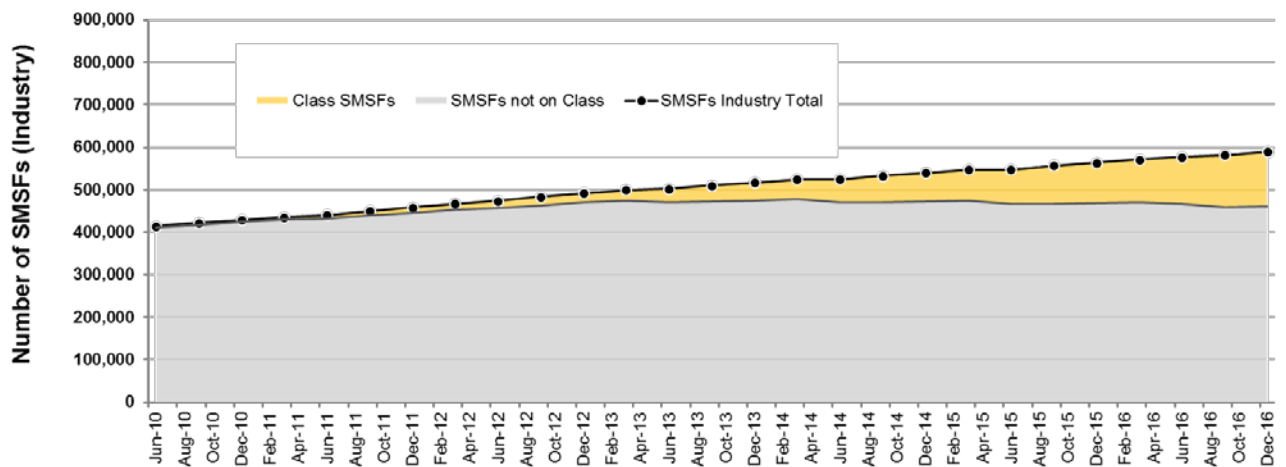
The Class Portfolio product saw the strongest quarterly growth to date with 433 new portfolios added, a 22% increase.

During the quarter, new features were launched including trust beneficiary accounting and consolidated portfolio functionality.

1. All references for 1H16 are before one-off initial public offering ('IPO') expense. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from the half year financial report.

2. Investment Trends February 2016 SMSF Accountant Report, based on a survey of 1,182 accountants in public practice.

Continues to Outperform SMSF Market



The above chart shows that since March 2013, funds exceeding the total SMSF industry growth have moved to Class, while other providers and systems have collectively stood still in terms of absolute numbers and they continue to lose market share relative to Class.

Kevin Bungard, CEO of Class said the results confirmed the company as the clear market leader in cloud SMSF software.

“It has been another strong six months for the Class team. We have continued to experience record growth in billable portfolios on Class Super, and recorded the strongest period to date for the Class Portfolio product.

“The strength of Class is again demonstrated by the financial performance this reporting period. Class is executing its clear and consistent business strategy and remains in a strong position to consider other opportunities that may arise.”

Mr Bungard noted the growth in billable portfolios was driven by organic growth as well as new portfolios. “Our data shows that 36% of SMSFs added during the December 2016 quarter were from new business won by accountants who have used Class for more than 12 months.

“The typical accountant using Class for more than a year grows their businesses at 20% per annum or more than three times faster than the industry growth rate.”

Quarterly Dividend Declared

The board today declared a fully franked dividend for the second quarter of 2016/17 of one cent, payable on 6 March 2017.

New Chairman

Class Chairman Mr Barry Lambert has announced his retirement from the Class Board of Directors, effective from today. Mr Lambert, aged 70, said he was retiring to concentrate on his work for greenlight.support, a human rights campaign to support Australians in poor health.

Mr Lambert was elected as Class Chairman in 2008 and during his tenure has assisted Class to become the leading provider of cloud based SMSF software. He also led the company into its successful IPO in December 2015. Mr Lambert said he wished the company well in the next stage of its development.

Mr Matthew Quinn succeeds Mr Lambert as the new Chairman. Mr Quinn and the other members of the Class board thanked Mr Lambert for his valued contribution to the company and wished him well in his philanthropic endeavours.

Mr Quinn joined the Class Limited Board of Directors on 1 July 2015. He was previously Managing Director of Stockland, an ASX 50 company and is now a non-executive director of CSR Limited and UrbanGrowth NSW, and Chairman of Carbonxt Group Limited and mPort Pty Ltd.

The Class board is in the process of recruiting a new independent director.

Further information

More detailed information is available in the Appendix 4D, Interim Report to 31 December 2016, and Investor Presentation lodged with the ASX.

For further information please contact:

Kevin Bungard
Chief Executive Officer
Mobile: 0404 097 977
Email: kevin.bungard@class.com.au

Lilian Keaty
Marketing Director
Mobile: 0449 697 035
Email: lilian.keaty@class.com.au