

5 July 2017

## CLASS LIMITED (CL1) ASX ANNOUNCEMENT

### QUARTERLY SHAREHOLDER UPDATE

Welcome shareholders to our update for the quarter ended 30 June 2017.

We finished the 2017 financial year with a record **31,503** new accounts added, beating last year's record of **30,618**. This quarter also saw us pass a milestone **140,000** SMSFs, with Class Super's SMSF market share estimated at **24%**, up from **19%** at the beginning of the financial year.

In the June quarter Class added over **8,200** accounts – this is a great result given the ATO, in response to industry input, deferred the mid-May lodgment date for SMSF Annual Returns to the end of June. This shifted some loading of accounts out to July because practices typically wait until they complete tax lodgments before transitioning to a new software solution. That shift, along with a great sales pipeline, positions us well for a strong September quarter.

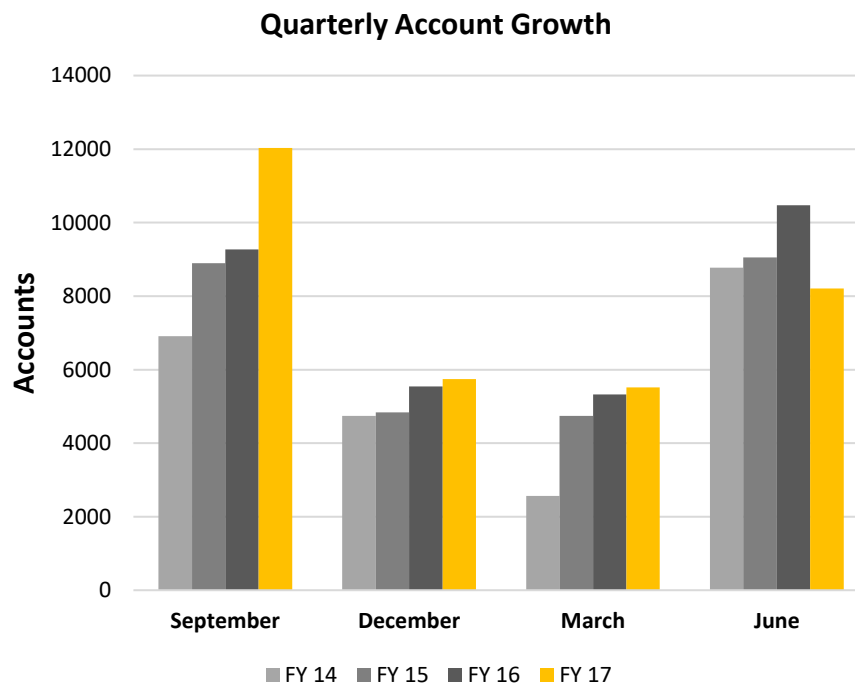
Class Super also won the *2017 Investment Trends Highest Overall Client Satisfaction: SMSF Software Award*<sup>1</sup>. We are thrilled that this independent survey shows, for the third year in a row, that SMSF accountants rate Class more highly than any other SMSF software provider in terms of features, value and benefits.

### Dividend Policy Change

Class is moving from quarterly dividend payments to half-yearly in line with our financial reporting periods. We will pay the first half-yearly dividend in September meaning we will effectively pay the equivalent of five quarterly dividends for FY17. The next dividend after that will be the interim dividend for FY18, which will be paid in March 2018.

### Total Account Growth

- Accounts increased by **8,208** to **143,944** in the June quarter.

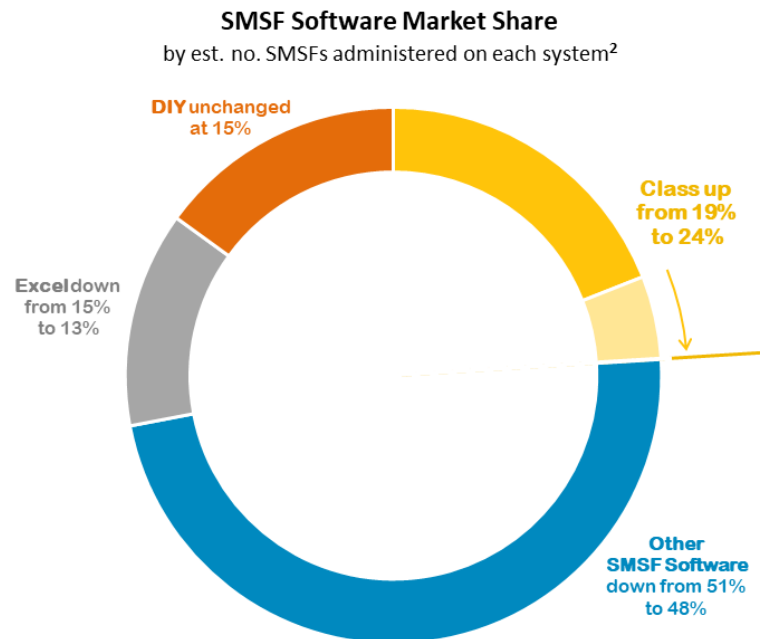


- Total accounts include **140,690** SMSFs on Class Super and **3,254** Class Portfolio accounts.
- These investments are administered by **1,164** businesses using Class.

<sup>1</sup> Source: Investment Trends 2017 SMSF Accountant Report

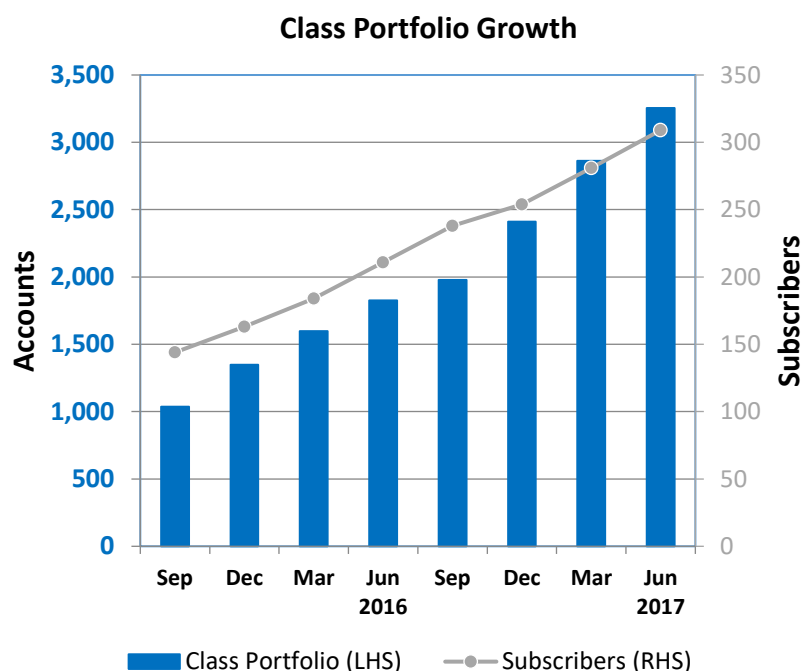
## Class Super Growth

- Established Class Super users continued to win market share away from their peers who use less effective systems and these established customers contributed **28%** of SMSFs added over the quarter.
- Over the period, the number of SMSFs on Class Super increased by **7,817** to **140,690** taking our market share to **24%** of the estimated **594,000** SMSFs.
- Super legislation changes, especially the need for real time reporting, continued to drive increased interest in system automation. Accountants using end-of-life desktop systems and Excel are unable to meet the new requirements.



## Class Portfolio Growth

- The Class Portfolio product grew by **391** accounts, a **14%** increase over the period.



<sup>2</sup> Estimated from company announcements and various Investment Trends surveys of SMSF Investors, Planners and Accountants in 2016 and 2017.  
DIY = SMSFs administered directly by investors. Excel = SMSFs administered by accountants on Excel and general accounting software.

- **26%** of Class Super subscribers are now using the Class Portfolio product and the average number of Portfolio accounts per subscriber is **10.5**.
- The growth of Class Portfolio is lower than we anticipated at the start of the year, primarily due to the Super Reforms and our focus on capturing the SMSF cloud migration driven by those reforms.
- We plan to redeploy sales resources to Class Portfolio after the SMSF peak sales season winds down later in the year.

### Class SMSF Benchmark Data

- Class will soon release the Class SMSF Benchmark Report for the June quarter. The key metrics are:

**59**



Median number  
of SMSFs  
per practice

**1,160**



Number of Class  
Super subscriber  
practices

**121**



Average number  
of SMSFs  
per practice

**1.9**



Average number  
of members  
per fund

**\$186<sub>b</sub>**



Total value of assets  
administered on  
Class Super across  
**140,690**  
SMSFs

**\$1.3<sub>m</sub>**



Average  
SMSF balance  
**\$695,000**  
Average member  
balance

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Thanks for your continued support of Class.



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**Class Limited**

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