

## ASX ANNOUNCEMENT

# Class exceeds growth targets

Today, Class Limited (ASX:CL1) has released its annual report, which is available [here](#) and in the Investors section on the Class website.

### Key financial insights include:

- Record operating revenue and other income of \$54.9 million, up 25% and ahead of guidance
- Roll forward revenue as of 30 June 2021 of \$59.8 million, up 21.5%
- Underlying earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$21.9 million, up 15%
- Maintained an underlying EBITDA margin of 40%, in line with guidance
- Customer base increased by 123%
- Acquisition of Topdocs announced.

### Strategic update

The 'accelerate' phase of Class's three-year Reimagination strategy has seen the business grow more rapidly, improve capability, and increase scalability.

There are four areas of focus:

- Maintaining SMSF product leadership and continuing to build out the Class Trust footprint
- Accelerating growth through strategically aligned and accretive acquisitions
- Growing the number of wealth accounting customer relationships
- Creating a next generation, scalable world class technology stack

We continue to successfully execute on our strategy and at a fast pace.

### Key strategic highlights include:

Following the acquisition of NowInfinity in 2020, Class acquired and successfully integrated two businesses in FY21, and today announces a further strategic acquisition of Topdocs. Class has become the clear market leader in the corporate compliance sector.

Class fast-tracked investment in its technology, and launched the pioneering Class Trust in October 2020, four months ahead of schedule. Following the Topdocs acquisition, Class now has more than 7,700 customers, and trusted product relationships with 81 of the top 100 Australian accounting firms.

The Class culture is strong, and the business prides itself on being able to attract world class talent, aligned with our core values and ways of working, which are all key to profitably growing the Class business into the future. As a key part of our people and diversity objectives, Class has also increased the proportion of female employees to 54%.

**Class to review capital management strategy in 1H FY22**

Class has funded four EPS accretive acquisitions primarily with cash and debt to minimise dilution for shareholders. The balance sheet is very healthy and free cash flow from operations is increasing as the business grows and achieves economies of scale.

Class has identified a number of further opportunities to grow through acquisition, and the board will review the company's capital management strategy, including dividend payout, in the first half of FY22 to maintain a strong balance sheet, and optimise total shareholder returns through internal funding of growth initiatives.

**Announcement of a dividend**

Class announced today a fully franked dividend for 2H FY21 of 2.5 cents, payable September 23, 2021.

**Outlook**

The transformation of Class continues as we grow into a market leading position as a wealth accounting technology solutions business. Class continues to vigorously pursue its three-year Reimagination strategy to enhance and transform the business and culture, and we remain laser-focused on delivering automation solutions to our customers that enable them to find efficiencies in their business, and to better deploy their teams in ways that add value to their clients.

"We have delivered significant growth over the past two years, and we are on track with our fast-paced transformation program for Class," Class CEO, Andrew Russell, said. "We are excited about the growth opportunities that are available to Class as we build our market leadership positions in our core markets and explore new adjacencies and offshore expansion to further grow our total addressable market."

**Further information**

More detail information is available in the Appendix 4E, Annual Report for the year ended 30 June 2021, and the Results presentation lodged with the ASX.

Authorised for release to the ASX by the board of directors of Class Limited.

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**Ends**