

21 August 2023

OBJECTIVE CORPORATION – FULL YEAR RESULTS FY2023

Group revenue for Financial Year 2023 (FY2023) grew by 4% to \$110.4 million (FY2022: \$106.5 million), EBITDA decreased by 15% to \$26.1 million (FY2022: \$30.7 million) and Net Profit After Tax (NPAT) remained at \$21.1 million (FY2022: \$21.0 million). Recurring revenue represented 80% of total revenue in FY2023 (FY2022: 73%)

The Annualised Recurring Revenue (ARR) balance at 30 June 2023 increased by 10% to \$94.2 million (\$85.5 million at 30 June 2022). Recognised revenue in most key subscription product lines grew strongly: Objective ECMaaS (62%); Objective Trapeze (18%); Objective RegWorks (62%).

During FY2023, we communicated to our customers that we would no longer offer Perpetual Right To Use (PRTU) licences after 30 June 2023 (other than where currently contractually obligated). PRTU sales in FY2023 were \$2.0 million (FY2022: \$4.6 million), representing less than 2% of total revenue. From FY2024, all customers are contracting via subscription models regardless of the customer's choice of cloud or on-premise deployment for their chosen solution.

FY2023 represented another record year for Objective's investment in Research and Development (R&D). We invested \$27.2 million in R&D, representing 25% of total revenue. No R&D expenditure was capitalised during the year. However, from FY2024, following the completion of our transition to a subscription-based revenue model, Objective will adopt accounting policies under *AASB 138: Intangible Assets* requiring capitalisation of research and development expenses.

Group operating cash flow in FY2023 was \$24.9 million (excluding the payment of \$1.4 million to NZCC in August 2022) and the total cash balance at 30 June 2023 was \$72.5 million, an increase of 14% over the balance at 30 June 2022. The peak cash balance in July 2023 was \$88.5 million, following collection of annual subscription invoices issued prior to 30 June 2023. The Group has no external borrowings.

Directors declared dividends of 13.5 cents per share (unfranked).

FINANCIAL SUMMARY

Results summary for full year ended	30 June 2023	30 June 2022	Change
	AU \$million	AU \$million	
Revenue	110.4	106.5	+ 4 %
Annualised recurring revenue (ARR)	94.2	85.5	+ 10 %
EBITDA ¹	26.1	30.7	- 15 %
Net profit after tax ¹	21.1	21.0	+ 0 %
R&D investment (100% expensed)	27.2	25.0	+ 9 %
Cash at balance date	72.5	63.8	+ 14 %
Earnings per share ¹	22.2 cps	22.2 cps	+ 0 %

¹ In relation to FY2022: adjusted for provision raised in relation to the agreed settlement with the New Zealand Commerce Commission amounting to \$1,440,000. Management believes that presenting figures excluding this item can enable a better assessment of Objective's ongoing financial performance.

BUSINESS LINE SUMMARY

Results summary for full year ended	30 June 2023	30 June 2022	Change
	AU \$million	AU \$million	
Content & Process			
Sales Revenue	76.1	74.2	+ 3 %
ARR	69.0	63.7	+ 8 %
RegTech			
Sales Revenue	21.1	20.4	+ 3 %
ARR	13.0	10.7	+ 21 %
Planning & Building			
Sales Revenue	11.7	11.8	- 1 %
ARR	12.2	10.4	+ 17 %

ABOUT OBJECTIVE CORPORATION

We create software to make a difference.

Using Objective software, thousands of public sector organisations are shifting to being completely digital. Where our customers can work from anywhere; with access to information, governance guaranteed, and security assured.

Innovation is our lifeblood. We invest significantly in the ongoing development of our products to deliver outstanding solutions to the public sector and regulated industries.

The result – stronger national and community outcomes, and accountability that builds trust in government.

www.objective.com

FOR FURTHER INFORMATION, PLEASE CONTACT:

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