

APPENDIX 4D

HALF-YEAR REPORT

OBJECTIVE CORPORATION LIMITED

ABN: 16 050 539 350

For the half-year ended 31 December 2020

(Previous corresponding period being the half-year ended 31 December 2019)

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY INFORMATION

	31 December 2020 \$'000	31 December 2019 \$'000	% Change
Revenue from ordinary activities	46,465	33,257	40 %
Profit from ordinary activities after income tax attributable to shareholders	7,227	4,250	70 %
Net profit attributable to shareholders	7,227	4,250	70 %

DIVIDENDS

	Financial year ending 30 June 2021		Financial year ended 30 June 2020	
	Amount per security	Franking	Amount per security	Franking
Final dividends	-	-	7.0 cents	100%

EARNINGS PER SHARE

	31 December 2020	31 December 2019
Earnings per share (EPS)	7.7 cents	4.6 cents

NET TANGIBLE ASSETS PER SHARE

	31 December 2020	31 December 2019
Net tangible assets per share (NTA)	(1.4) cents	10.8 cents

REVIEW OF OPERATIONS

Results summary for half-year ended	31 December 2020	31 December 2019	Change
	AU \$'000	AU \$'000	(%)
Revenue	46,465	33,257	+ 40 %
EBITDA	11,818	6,813	+ 73 %
Net profit after tax	7,227	4,250	+ 70 %
Cash at balance date	27,669	33,953	- 19 %
R & D expense	11,249	7,682	+ 46 %
Earnings per share	7.7 cps	4.6 cps	+ 67 %

FINANCIAL HIGHLIGHTS

In first-half financial year 2021 (1HY2021), group revenue grew by 40% to \$46.5 million (1HY2020: \$33.3 million). Total Annual Recurring Revenue (ARR) grew by 30% to \$70.1 million, an increase of \$16.0 million over the balance at 1HY2020 (\$54.1 million).

EBITDA increased by 73% to \$11.8 million (1HY2020: \$6.8 million). Net profit after tax (NPAT) increased by 70% to \$7.2 million (1HY2020: \$4.3 million) for the half-ended 31 December 2020.

Growth continued across all subscription software products including ECMaaS (100% growth over 1HY2020); Connect (31% growth over 1HY2020); Keystone (2% growth over 1HY2020) and Objective Trapeze (45% over 1HY2020).

In line with our strategy to transition all lines of business to subscription-based contracts, perpetual right to use (upfront licence) fees continued to decline as a percentage of revenue, representing only 3.6% of total revenues in 1HY2021 (7.4% in 1HY2020).

On 1 July 2020, Objective acquired Itree, a Government RegTech solution specialist. The net acquisition consideration for Itree was \$18.4 million. At acquisition, the FY2021 revenue expectation was \$14 million and ARR of \$8m. Itree has been successfully integrated into Objective, and its 1HY2021 results are reported in the RegTech line of business.

Significant investment in innovation remains at the heart of our business. We invested \$11.2 million in Research & Development (R&D), an investment increase of 46% over 1HY2020 (\$7.7 million) and representing 24% of revenue. In keeping with our long-term accounting policies, no R&D expenditures were capitalised.

The company's cash balance at 31 December 2020 was \$27.7 million. The Company has no external borrowings.

On 14 September 2020, the Company paid a fully franked dividend of 7.0 cents per share.

Mr Tony Walls, CEO, Objective Corporation said: "Objective delivered outstanding results in 1HY2021. Despite the general challenges presented by COVID-19.

"At Objective, our priority has been to support our employees and customers around the globe. We have a supportive, cohesive workplace culture underpinned by our own suite of cloud-based collaboration products and backed up by systems and processes that are tailored for digital operations. This has ensured stable employment for our valued people and ongoing support for customers, both long-term and new, enabling them to continue to deliver important services to the communities they serve.

"A highlight of the first half was the successful go-live of the final phase of a significant project at the City of Gold Coast. Primarily delivered remotely by an Objective team from around the globe, 4000 users council-wide are leveraging numerous Objective products through our unified user experience framework, Objective IQ. Delivery of this complex and mission critical solution under trying circumstances demonstrates the calibre of our people, the quality of our ECMaaS solution and the infrastructure we have in place to support our customers.

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“Over 1HY2021 we successfully integrated the people, processes and solutions from Itree into the Objective family. During this time, we also welcomed an unprecedented number of Objective Regworks customers, with new contracts totalling approximately \$7.5 million and Objective Reach, the cross-agency and cross-border project to support children at risk across Australian commonwealth and state government agencies, went live.

BUSINESS LINE SUMMARY

Revenue summary for half-year ended	31 December 2020	31 December 2019	Change
	AU \$'000	AU \$'000	
Objective Content Solutions			
Sales revenue	30,085	26,288	+ 14 %
Objective Keystone			
Sales revenue	3,350	3,342	< 1 %
Objective Planning & Building Solutions			
Sales revenue	5,263	3,344	+ 57 %
Objective RegTech			
Sales revenue	7,646	n/a	n/a

COMMENTARY ON OPERATIONS BY BUSINESS LINE

CONTENT SOLUTIONS

In 1HY2021, revenue in our Content Solutions business increased by 14% to \$30.1 million (1HY2020: \$26.3 million).

As of 1 July 2021, the results of Objective Connect and Objective Redact products are included in the Content Solutions line of business. Comparative period figures have been restated on the same basis.

New customer contracts in 1HY2021 demonstrated the ongoing progression to subscription contracts for Content Solutions customers. We continue to support existing customers under current perpetual right to use licencing to expand usage across an organisation and to extend licences to incorporate newly joined sub-agencies, supplanting older systems. Material contracts through the half included a significant upgrade in the Australian Department of Defence annual contract and a large win at WA Department of Primary Industry and Regional Development for Objective ECMaaS across the organisation.

Our customer's rapid adoption of Microsoft365 generated strong demand for Objective Gov365 in 1HY2021. We extended the capability of this product beyond Microsoft Teams to include governance for Microsoft SharePoint and we will add further products from the Microsoft365 suite in coming periods.

Sustained investment in innovation across the Content Solutions portfolio is driving strong product differentiation in our target markets. We will continue to invest in products to capture the opportunity presented by customers' adoption of cloud first strategies and the resulting need to extend governance to the tools that facilitate remote working for government employees and digital delivery of services to the community.

During the first half of FY2021, Objective Connect further demonstrated its position as a solution-of-choice for secure external file sharing and collaboration for Public Sector organisations. Many of our existing clients expanded their usage of Objective Connect to new areas for external collaboration and to support their employees working remotely.

Our investment in Objective Connect allowed us to respond to customer feedback with additional functionality released in 1HY2021. Robust security around customer information continues to be central to Objective Connect, validated by several security credentials. In FY2020 Objective Connect was independently IRAP assessed for Sensitive and Protected data, and during 1HY2021 was re-certified to global standards ISO9001 and ISO27001.

REGTECH

In 1HY2021, revenue in our RegTech business was \$7.6 million (1HY2020: n/a).

Since the Itree acquisition in July 2020, the business has successfully and comprehensively integrated with the Objective organisation. Software products, branding and marketing content has been harmonised with the Objective product portfolio, now represented to the market as Objective RegWorks and Objective Reach and delivering tailored software solutions for regulation, compliance, enforcement and safety. The organisation is already benefitting from Objective systems and processes including: product development frameworks, go-to-market strategies, finance systems and human resources processes.

The aligned go-to-market strategy together with the strength of the Objective brand, creates opportunities to extend these offerings to existing Objective customers that manage mission-critical regulatory processes that build stronger and safer communities. The level of demand witnessed in 1HY2021 demonstrates building momentum in this market.

During 1HY2021, several government agencies in Australia and New Zealand selected Objective RegWorks for new and replacement deployments of regulatory, compliance and enforcement platforms. All of these agencies have chosen our secure cloud offering, on a multi-year recurring annual license basis, in line with other Objective new customer offerings. We also renewed the 5-year, \$18 million contract with Transport for NSW, extending the existing long-term relationship and broadening the suite of Objective products and services used with the organisation beyond Objective ECM and Objective Connect.

Objective Reach, developed under the Australian federal government's Business Research and Innovation Initiative (BRII), provides an innovative approach to cross agency and cross border data matching. The initial use case for Objective Reach is to match data and share sensitive information held in individual agencies across all Australian states and territories to enhance the protection of children at risk in the community. Go-live for Objective Reach and sharing of data commenced in 1HY2021.

PLANNING AND BUILDING

In 1HY2021, revenue in our Planning and Building business increased by 57% to \$5.3 million (1HY2020: \$3.3 million).

As of 1 July 2020, the results of Objective Redact products have been removed from the Planning and Building line of business and attributed to Content Solutions. Comparative period figures have been restated on the same basis.

Over 1HY2021, we worked closely with our customers to migrate our older Trapeze user base to a new Trapeze Professional subscription. With two major releases in 1HY2021, Trapeze Professional offers significantly enhanced functionality for council planners that drives much greater efficiencies in their ability to assess development applications.

We have increased our go-to-market activities in the UK to target the 30,000 daily users of legacy versions of Trapeze for migration to an Trapeze Professional subscription. To support this effort, increased R&D is being directed into developing localised requirements for the UK market.

Alpha Group and Master Business Systems (MBS) are now completely integrated into Objective and their building consenting solutions for New Zealand councils are now branded Objective Alpha and GoGet respectively. Objective Alpha went live with three new sites in 1HY2021 and GoGet implemented a number of new customer systems during the half. Overall volumes through these consenting systems increased by 12% in 1HY2021 demonstrating continued building activity in New Zealand, despite the restrictions of COVID-19. We continue to invest in these products with numerous enhancements released for the cloud-based Objective Alpha and the release of GoGet version 5.16 to support our on-premise customers.

To meet growing opportunity in New Zealand and in other geographic markets, we significantly increased R&D investment in our new cloud-based, end-to-end planning and consenting automation product, Objective Build.

We continued to provide ongoing information, assistance and education to the NZ Commerce Commission into our acquisition of MBS in 2019.

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KEYSTONE

In 1HY2021, revenue in our Keystone business was in line with 1HY2020 at \$3.4 million (1HY2020: \$3.3 million). Subscription software revenue grew by 2%, offset by a 13% decrease in services revenue.

Objective Keystone maintained its established market leading position in the Australian financial services and insurance (FSI) vertical market for the production of Product Disclosure Statements (PDS). Leveraging these strong and trusted relationships, application of the solution is now extending to new Target Market Determination (TMD) requirements instigated by regulatory change within the industry.

In Local Government, Objective Keystone continues to support the regulatory planning process. We released substantial innovation in Geospatial Information System (GIS) integration to enhance Objective Keystone's consultation and engagement portal. GIS is core to the evolution of council information systems, with services, assets and plans all location-specific. The ability to link community consultation with locations positions Objective Keystone at the forefront of community consultation and engagement.

Objective IQ for Keystone was released for all users in 1HY2021, bringing a fresh new user experience to customers and a design language that aligns Objective Keystone to the broader Objective product suite with consistent user experiences across the product family.

OUTLOOK

Mr Tony Walls, CEO, Objective Corporation said: "We have built a durable business with significant underlying strength. We have grown to more than 400 employees serving over 1,000 customer organisations in 60 countries around the world. Leveraging this platform, we expect our material revenue and profit growth from 1HY2021 to continue for the full financial year.

"Objective's suite of products will be critical in assisting our customers adapt to the modern workplace and increased digital engagement. With this conviction, we increased our investment in R&D during FY2021 to ensure we are well positioned for the opportunities that lie ahead.

"We will continue to focus on accelerating delivery of new products to the market, balancing organic growth with strategic acquisitions. Our track record for developing market-leading software solutions is evidenced by strong customer loyalty, and following the successful integration of Alpha, MBS and now Itree, we have repeatable and scalable systems and processes in place to apply our playbook to new acquisition opportunities.

"Our deep domain expertise in public sector marketplaces produces products that are purpose built to address the challenges faced by modern, digital governments, clearly differentiating Objective from generic software platforms.

"I would like to take this opportunity to again thank and congratulate every Objective employee for their professionalism and commitment during a period which was challenging for many of our families."

AUDIT REVIEW

The half-year financial report has been subject to review and the independent auditor's review report is attached to the report.

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the attached half-year financial report.

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Objective

**FY2021 HALF-YEAR
FINANCIAL
STATEMENTS**

OBJECTIVE CORPORATION LIMITED

ABN: 16 050 539 350

GREAT GOVERNANCE >>>
BETTER BUSINESS

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DIRECTORS' REPORT

The Directors of Objective Corporation Limited (the 'Company') present their report together with the condensed consolidated financial report of Objective Corporation Limited and its controlled entities (the 'Group') for the half-year ended 31 December 2020.

DIRECTORS

The names and details of the Company's Directors in office during the half-year ended 31 December 2020 and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated:

Mr Tony Walls

Mr Gary Fisher

Mr Nick Kingsbury

Mr Darc Rasmussen

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

A review of the Group operations and the results for the half-year ended 31 December 2020 is set out on the inside front cover and on pages 3 to 6 of the half-year financial report and forms part of this Directors' report. This includes the summary of consolidated results as well as an overview of the Group's strategy.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 25 of the half-year financial report and forms part of this Directors' report.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*. In accordance with that Corporations Instrument, amounts in this Directors' report and the half-year financial report are rounded to the nearest thousand dollars, unless otherwise stated.

The Directors' report is signed in accordance with a resolution of the directors made pursuant to s.306(3) of the *Corporations Act 2001 (Cth)*.



Tony Walls

Director

Sydney, 25 February 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED

	Notes	31 December 2020	31 December 2019
		\$'000	\$'000
Revenue	2	46,465	33,257
Cost of sales		(2,373)	(1,434)
Gross profit		44,092	31,823
Other gains and losses		(59)	(38)
Interest expense and other finance costs		(293)	(239)
Distribution expenses		(18,114)	(14,531)
Research and development expenses		(11,249)	(7,682)
Administration and other operating expenses		(5,272)	(4,169)
Profit before income tax		9,105	5,164
Income tax expense		(1,878)	(914)
Profit for the period attributable to shareholders of Objective Corporation Limited		7,227	4,250
		Cents	Cents
Basic earnings per share	3	7.7	4.6
Diluted earnings per share	3	7.5	4.5

The condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED

	31 December 2020	31 December 2019
	\$'000	\$'000
Profit for the period	7,227	4,250
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(158)	355
Other comprehensive income / (loss) for the period, net of tax	(158)	355
Total comprehensive income / (loss) for the period	7,069	4,605
Total comprehensive income for the period attributable to shareholders of Objective Corporation Limited	7,069	4,605

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

CONSOLIDATED

	Notes	31 December 2020	30 June 2020
		\$'000	\$'000
Current assets			
Cash and cash equivalents		27,669	51,048
Trade and other receivables		7,189	10,678
Contract assets		1,838	1,327
Current tax assets		2	-
Other assets		2,064	1,834
Total current assets		38,762	64,887
Non-current assets			
Trade and other receivables		314	527
Property, plant and equipment		5,282	5,010
Right-of-use assets		9,508	9,162
Deferred tax assets		2,383	1,778
Intangible assets	5	35,506	17,481
Other assets		-	6
Total non-current assets		52,993	33,964
Total assets		91,755	98,851
Current liabilities			
Trade and other payables		7,780	8,485
Contract liabilities	6	28,450	36,375
Lease liabilities		2,921	2,492
Current tax liabilities		-	995
Provisions		4,738	3,478
Other financial liabilities		378	339
Total current liabilities		44,267	52,164
Non-current liabilities			
Lease liabilities		9,910	10,253
Provisions		660	364
Other financial liabilities		357	727
Total non-current liabilities		10,927	11,344
Total liabilities		55,194	63,508
Net assets		36,561	35,343
Equity			
Share capital	7	5,898	5,448
Reserves		(10,858)	(10,950)
Retained earnings		41,521	40,845
Total equity		36,561	35,343

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED

	Note	Share capital	Reserves	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000
As at 1 July 2020		5,448	(10,950)	40,845	35,343
Profit for the period		-	-	7,227	7,227
Exchange differences on translation of foreign operations		-	(158)	-	(158)
Total comprehensive income / (loss) for the period		-	(158)	7,227	7,069
Transactions with owners in their capacity as owners:					
Share-based payments		-	250	-	250
Issue of shares		137	-	-	137
Exercise of share options		313	-	-	313
Dividends provided for or paid	4	-	-	(6,551)	(6,551)
Total transactions with owners in their capacity as owners		450	250	(6,551)	(5,851)
As at 31 December 2020		5,898	(10,858)	41,521	36,561
As at 1 July 2019		4,994	(10,237)	35,393	30,150
Profit for the period		-	-	4,250	4,250
Exchange differences on translation of foreign operations		-	355	-	355
Total comprehensive income for the period		-	355	4,250	4,605
Transactions with owners in their capacity as owners:					
Share-based payments		-	219	-	219
Exercise of share options		454	-	-	454
Dividends provided for or paid	4	-	-	(5,573)	(5,573)
Total transactions with owners in their capacity as owners		454	219	(5,573)	(4,900)
As at 31 December 2019		5,448	(9,663)	34,070	29,855

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED

	31 December 2020	31 December 2019
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	47,320	34,092
Payments to suppliers and employees	(41,624)	(23,537)
Interest received	65	314
Interest paid	(270)	(237)
Income taxes paid, net	(1,969)	(1,394)
Net cash inflow from operating activities	3,522	9,238
Cash flows from investing activities		
Repayment of loans by employees	213	68
Payment for acquisition of subsidiaries, net of cash acquired ¹	(18,725)	(3,793)
Payments for property, plant and equipment	(729)	(338)
Payments for intangibles	(3)	(58)
Net cash outflow from investing activities	(19,244)	(4,121)
Cash flows from financing activities		
Dividends paid	(6,491)	(5,544)
Repayment of lease liabilities	(1,416)	(893)
Proceeds from issue of shares	450	454
Net cash outflow from financing activities	(7,457)	(5,983)
Net decrease in cash and cash equivalents	(23,179)	(866)
Cash and cash equivalents at the beginning of the half-year	51,048	34,556
Effects of exchange rate changes on cash and cash equivalents	(200)	263
Cash and cash equivalents at the end of the half-year	27,669	33,953

¹ Consists of net purchase consideration of \$18,371,000 for the acquisition of Objective RegTech Pty Limited and the first instalment payment of \$354,000 (NZ\$374,000) in settlement of the deferred consideration payable for the acquisition of Master Business Systems Limited, which was acquired in 2019.

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Objective Corporation Limited (the 'Company') is a limited company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001 (Cth)* and AASB 134 *Interim Financial Reporting* and complies with other requirements of the law and the Listing Rules of the Australian Securities Exchange Limited. The half-year financial report includes the consolidated financial statements of Objective Corporation Limited and its controlled entities (the 'Group').

The half-year financial report does not include all the notes normally included in an annual report. Accordingly, it is recommended that this report be read in conjunction with annual financial report of Objective Corporation Limited for the year ended 30 June 2020 and any announcements to the market made during the half-year in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001 (Cth)* and ASX Listing Rule 3.1.

Basis of preparation

The consolidated half-year financial statements have been prepared on the basis of historical cost and in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2020.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities. The significant judgements made by management in applying the Group accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at and for the year ended 30 June 2020.

New or revised accounting standards

In the current half-year, the Group has applied the amendments to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the Board), that are effective for the Group's annual reporting period that began on 1 July 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- *AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework*

The Group has adopted the amendments included in AASB 2019-1 for the first time in the current year. The amendments include consequential amendments to affected Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB.

- *AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material*

This Standard amends AASB 101 Presentation of Financial Statements and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and makes consequential amendments to several other pronouncements and publications. The Group has adopted these amendments for the first time in the current year. The amendments make the definition of material in AASB 101 easier to understand and are not intended to alter the underlying concept of materiality in Australian Accounting Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative information

Where applicable, comparative information has been reclassified in order to comply with current period disclosure requirements, the impact of which is not material to the half-year financial report.

Rounding

In accordance with ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, amounts in the directors' report and half-year financial report have been rounded off to the nearest thousand Australian dollars unless otherwise indicated.

Currency

Unless otherwise stated in the half-year financial statements, amounts are in Australian dollars, which is the Group's presentation currency.

NOTE 2 SEGMENT AND REVENUE INFORMATION

Operating and reportable segments

The Group applies a 'management approach' to identify its segments, based on the information provided to the Group's chief operating decision-makers (CODM). Accordingly, segment information is prepared on the basis of internal management reporting that is regularly reviewed by the CODM to assess the performance of the segment and make decisions regarding the allocation of resources. Within the Group, the function of the CODM is exercised by the CEO.

Revenue by product group

The revenue analysis presented to the CODM on a monthly basis is categorised by product group. This analysis is presented below:

CONSOLIDATED

	31 December 2020	31 December 2019
	\$'000	\$'000
Revenue by product group:		
Objective Content Solutions	30,085	26,288
Objective Keystone	3,350	3,342
Objective Planning & Building Solutions	5,263	3,344
Objective RegTech	7,646	-
Total revenue from contracts with customers	46,344	32,974

Revenue represents invoiced sales subsequently adjusted for the deferred component which is recognised over the service period to arrive at revenue. Revenue comprises product or licence sales, subscription services, professional services, training service and interest income.

The CODM continues to consider the financial position of the business from a geographical perspective and as such the assets and liabilities of the Group are presented by geographical region for both the half-year ended 31 December 2020 and the comparative period.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 2 SEGMENT AND REVENUE INFORMATION (CONTINUED)

Revenue by geographic location

Revenue is recognised in a Group member entity based on where the services are performed for a particular project.

CONSOLIDATED

	31 December 2020	31 December 2019
	\$'000	\$'000
Revenue by location:		
Australia	37,375	25,271
United Kingdom	4,441	4,168
New Zealand	4,628	3,813
Rest of the world	21	5
Total revenue	46,465	33,257

Disaggregation of revenue from contracts with customers

CONSOLIDATED

	31 December 2020	31 December 2019
	\$'000	\$'000
Timing of revenue recognition:		
- products and services transferred at a point in time	1,700	2,478
- products and services transferred over time	44,644	30,496
Total revenue from contracts with customers	46,344	32,974

Assets and liabilities by geographic location

Assets allocated to geographic location include all non-current assets and current assets with the exception of net deferred tax assets, current tax assets and other corporate assets including intangible assets, goodwill and investments.

31 December 2020	Asia Pacific	Europe	Total
	\$'000	\$'000	\$'000
Reportable segment assets	45,041	8,823	53,864
Reportable segment liabilities	50,446	4,748	55,194

30 June 2020	Asia Pacific	Europe	Total
	\$'000	\$'000	\$'000
Reportable segment assets	70,870	8,722	79,592
Reportable segment liabilities	56,418	6,095	62,513

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 2 SEGMENT INFORMATION (CONTINUED)

Reconciliation of assets and liabilities allocated to geographic location

	31 December 2020	30 June 2020
	\$'000	\$'000
Assets		
Reportable segment assets	53,864	79,592
Current tax assets	2	-
Intangible assets	35,506	17,481
Deferred tax assets	2,383	1,778
Consolidated total assets	91,755	98,851
Liabilities		
Reportable segment liabilities	55,194	62,513
Current tax liabilities	-	995
Consolidated total liabilities	55,194	63,508

Reconciliation of non-current assets

Non-current assets for this purpose consist of property, plant and equipment, intangible assets, deferred taxes and other receivables. Deferred taxes are not allocated to a specific location as they are also managed on a group basis.

	31 December 2020	30 June 2020
	\$'000	\$'000
Non-current assets by location of assets		
Australia	26,902	8,017
United Kingdom	8,763	9,002
New Zealand	14,904	15,155
Rest of the world	9	12
Unallocated non-current assets	2,415	1,778
Total non-current assets	52,993	33,964

NOTE 3 EARNINGS PER SHARE

CONSOLIDATED

	31 December 2020	31 December 2019
Basic earnings per share - cents	7.7	4.6
Profit for the period attributable to shareholders of Objective Corporation Limited (\$'000)	7,227	4,250
Weighted average number of ordinary shares used in the calculation of basic earnings per share	93,574,360	92,946,031
Diluted earnings per share - cents	7.5	4.5
Profit for the period attributable to shareholders of Objective Corporation Limited (\$'000)	7,227	4,250
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ¹	95,910,619	94,021,200

¹ Calculated by increasing the total weighted average number of shares used in calculating basic earnings per share by net outstanding options of 2,337,500. Options granted under the Employee Incentive Plan are included in the determination of diluted earnings per share to the extent to which they are dilutive.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 4 DIVIDENDS

During the half-year, the Company made the following dividend payments:

Half-year period	Cents per share	Total amount \$'000	Date paid / payable
31 December 2019	6.00	5,573	16 September 2019
31 December 2020 ¹	7.00	6,651	16 September 2020

¹ The final and special dividend for the year ended 30 June 2020 has been recognised in this half-year financial report because it was resolved for payment after 30 June 2020.

NOTE 5 INTANGIBLE ASSETS

CONSOLIDATED

	Intellectual property	Brand names	Other intangibles	Goodwill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2020					
Gross carrying amount – cost	2,157	174	3,957	32,321	38,609
Accumulated amortisation	(2,157)	-	(946)	-	(3,103)
Total intangible assets, net	-	174	3,011	32,321	35,506

Represented by:

Net carrying amount at 1 July 2020	-	174	1,436	15,871	17,481
Additions	-	-	3	-	3
Acquisition of subsidiary (Note 8)	-	-	1,852	16,507	18,359
Amortisation expenses	-	-	(276)	-	(276)
Foreign exchange differences	-	-	(4)	(57)	(61)
Net carrying amount at 31 December 2020	-	174	3,011	32,321	35,506

	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2020					
Gross carrying amount – cost	2,182	174	1,896	15,871	20,123
Accumulated amortisation	(2,182)	-	(460)	-	(2,642)
Total intangible assets, net	-	174	1,436	15,871	17,481

Represented by:

Net carrying amount at 1 July 2019	-	178	1,049	12,002	13,229
Additions	-	-	58	-	58
Acquisition of subsidiary	-	-	640	4,125	4,765
Amortisation expenses	-	-	(291)	-	(291)
Foreign exchange differences	-	(4)	(20)	(256)	(280)
Net carrying amount at 30 June 2020	-	174	1,436	15,871	17,481

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 5 INTANGIBLE ASSETS (CONTINUED)

Critical accounting estimates and judgements – goodwill

The carrying value of goodwill is allocated to the Group's cash generating units ("CGU") identified as follows:

	31 December 2020	30 June 2020
	\$'000	\$'000
Objective Keystone	5,740	5,810
Objective Planning & Building Solutions	10,074	10,061
Objective RegTech	16,507	-
Total goodwill	32,321	15,871

At 31 December 2020, the Group has assessed whether there is any indication that an asset may be impaired. During the half-year, and at the date of this report, no indicators were identified that would require a reassessment of the recoverable amount of goodwill.

NOTE 6 CONTRACT LIABILITIES

CONSOLIDATED

	31 December 2020	30 June 2020
	\$'000	\$'000
Contract liabilities	28,450	36,375

The Group recognises contract liabilities for consideration received in advance from customers in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the condensed consolidated statement of financial position which will be recorded as revenue in the condensed consolidated statement of profit or loss as the performance obligations under contracts with customers are satisfied.

Unsatisfied performance obligations

The aggregate amount of contract liabilities of the performance obligations that are unsatisfied at 31 December 2020 was \$28,450,000 (30 June 2020: \$36,375,000) and is expected to be recognised as revenue within the next twelve months.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 7 ISSUED CAPITAL

CONSOLIDATED

	31 December 2020		30 June 2020	
	No. of shares	\$'000	No. of shares	\$'000
Share capital				
93,625,371 fully paid ordinary shares (30 June 2020: 93,327,871)				
<i>Movement:</i>				
Opening balance	93,327,871	5,448	92,879,112	4,994
Issue of shares ¹	50,000	137	548,759	-
Share options exercised by employees ²	247,500	313	-	454
Share buy-backs ³	-	-	(100,000)	-
Closing balance	93,625,371	5,898	93,327,871	5,448

¹ Represents issue of ordinary shares as a result of options exercised under the Group's Employee Incentive Plan.

² Represents proceeds from share issues associated with limited recourse loans issued under the current Employee Incentive Plan.

³ The payment for share buy-backs are recognised in a share buy-back reserve within equity.

Options outstanding during the half-year under the Employee Incentive Plan

At 31 December 2020 a total of 2,237,500 (30 June 2020: 1,900,000) employee share options are outstanding.

During the current half-year, 297,500 share options were exercised pursuant to the Employee Incentive Plan.

Options issued during the half-year under the Employee Incentive Plan

The following reconciles the share options outstanding at the beginning and end of the current half-year.

Grant date	Expiry date	Option exercise price (\$)	Opening balance	Granted	Exercised	Forfeited / cancelled	Closing balance
07/10/2014	07/10/2024	\$1.00	80,000	-	(80,000)	-	-
24/02/2015	24/02/2025	\$1.17	150,000	-	-	-	150,000
29/07/2016	29/07/2026	\$1.50	62,500	-	(62,500)	-	-
02/01/2017	02/01/2027	\$1.80	125,000	-	-	-	125,000
29/07/2018	29/07/2028	\$2.75	200,000	-	-	-	200,000
01/01/2019	01/01/2029	\$2.75	1,257,500	-	(155,000)	-	1,102,500
01/04/2019	01/04/2029	\$2.75	25,000	-	-	-	25,000
01/07/2020	01/07/2030	\$7.50	-	635,000	-	-	635,000
Half-year ended 31 December 2020			1,900,000	635,000	(297,500)	-	2,237,500
07/10/2014	07/10/2024	\$1.00	80,000	-	-	-	80,000
24/02/2015	24/02/2025	\$1.17	150,000	-	-	-	150,000
29/07/2016	29/07/2026	\$1.50	125,000	-	(62,500)	-	62,500
02/01/2017	02/01/2027	\$1.80	500,000	-	(375,000)	-	125,000
29/07/2018	29/07/2028	\$2.75	23,759	-	(23,759)	-	-
01/01/2019	01/01/2029	\$2.75	200,000	-	-	-	200,000
01/04/2019	01/04/2029	\$2.75	1,320,000	-	(62,500)	-	1,257,500
01/07/2020	01/07/2030	\$7.50	50,000	-	(25,000)	-	25,000
Full year ended 30 June 2020			2,448,759	-	(548,759)	-	1,900,000

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 7 ISSUED CAPITAL (CONTINUED)

Fair value of share options granted in the half-year

Fair value of share options granted during the current half-year are provided in the table below:

Number of options granted	Grant date	Expiry date	Fair value at grant date (\$)	Option exercise price (\$)	Risk free interest rate (%)	Expected volatility (%)	Total Value (\$)
635,000	01/07/2020	01/07/2030	\$0.44	\$7.50	0.91%	18.6%	\$279,400

No new share options were granted in the prior year ended 30 June 2020.

NOTE 8 BUSINESS COMBINATIONS

Acquisition in the current period

On 1 July 2020, the Group acquired 100% of the issued capital of Objective RegTech Pty Limited (formerly known as Itree Pty Limited), which is focused on the delivery of government regulation technology solutions and services to customers in Australia and New Zealand. The acquisition of the business was strategic as it enhances the Group's product offering. The purchase consideration was \$23,997,000.

The acquired net identifiable assets were \$1,864,000 (excluding cash and bank balances acquired of \$5,626,000), giving rise to goodwill of \$16,507,000.

All acquired amounts and contingent consideration have been recorded on a preliminary basis at 31 December 2020, using the acquisition method. Any adjustments made to these provisional numbers will be reflected in subsequent financial reporting periods, as permitted under AASB 3: *Business Combinations*. Finalisation of the purchase price allocation is expected no later than 30 June 2021. At that time, final accounting for the business combination will be reflected in the consolidated financial statements on a retrospective basis.

Details of the provisional assets and liabilities recognised as a result of this transaction at the acquisition date are as follows:

	\$'000
Cash payments	23,997
Less: cash and bank balances acquired	(5,626)
Purchase consideration, net of cash and bank balances acquired	18,371
Assets acquired and liabilities assumed	
Trade and other receivables	821
Other current assets	708
Property, plant and equipment	518
Right-of-use assets	1,502
Intangible assets	1,852
Deferred tax assets	1,521
Trade and other payables	(1,097)
Contract liabilities	(767)
Lease liabilities	(1,502)
Provisions	(1,117)
Other liabilities	(575)
Fair value of net assets acquired	1,864
Goodwill arising on acquisition	16,507

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 8 BUSINESS COMBINATIONS (CONTINUED)

Acquisition in the current period (continued)

The goodwill is attributable to key employees, future growth opportunities and synergies from combining operations with Objective RegTech Pty Limited. The goodwill is not deductible for tax purposes.

The condensed financial statements for the half-year ended include the financial results of Objective RegTech Pty Limited for the six-month period from the acquisition date.

From the date of acquisition, Objective RegTech Pty Limited has contributed \$7,707,000 of revenue and \$2,317,000 to the net profit after tax from the continuing operations of the Group.

Transaction costs have been expensed and are included in administrative expenses in the condensed consolidated statement of profit or loss and are part of operating cash flows in the condensed consolidated statement of cash flows.

Acquisition in the prior period

On 29 November 2019, the Group acquired 100% of the issued capital of Master Business Systems Ltd, which is focused on the delivery of GoGet, an end to end building consent solution, to customers in New Zealand. The acquisition of the business was strategic as it enhances the Group's product offering. The purchase consideration was \$4,859,000, settled in part by an upfront cash payment of \$3,793,000 and offset by an estimated cash refund of \$44,000 in relation to working capital adjustment to be received in November 2020. The remaining balance of \$1,110,000 is recorded as deferred contingent consideration and carried in the consolidated statement of financial position at net present value under other financial liabilities. Of the net deferred consideration payable, \$339,000 is current and \$727,000 is non-current as at 30 June 2020.

The contingent consideration will be payable if specific employment related conditions are met by the business in the three years post acquisition. Where acquisitions include an element of purchase price contingent on future performance, management has estimated the fair value of this deferred contingent consideration, at the time of acquisition, based on an appropriate estimate of future outcomes, on which the purchase price is determined, discounted to present value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

The acquired net identifiable assets were \$734,000, giving rise to goodwill of \$4,125,000.

Details of the purchase consideration, the net identifiable assets acquire and goodwill arising from the acquisition of Master Business Systems Limited at the acquisition date are as follows:

	\$'000
Cash paid to vendor (NZ\$4,015,000)	3,793
Working capital adjustment	(44)
Deferred contingent consideration	1,110
Acquisition date fair value of the total consideration	4,859
Assets acquired and liabilities assumed	
Cash and bank balances	212
Trade receivables	321
Current tax receivable	12
Other assets	6
Property, plant and equipment	148
Identifiable intangible assets	640
Sub-total carried over to next page	1,339

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 8 BUSINESS COMBINATIONS (CONTINUED)

Acquisition in the prior period (continued)

	\$'000
Sub-total carried forward from previous page	1,339
Trade and other payables	(171)
Contract liabilities	(155)
Lease liabilities	(134)
Provisions	(145)
Acquisition date fair value of net assets acquired	734
Goodwill arising on acquisition	4,125

The goodwill is attributable to key employees, future growth opportunities and synergies from combining operations with Master Business Systems Limited. The goodwill is not deductible for tax purposes.

From the date of acquisition to 30 June 2020, the acquired entity contributed a total revenue of \$1,656,000 and a net profit after tax of \$665,000 to the Group. If the business had been acquired at the beginning of the year, it is estimated that Group turnover in 2020 would have been approximately \$1,182,000 higher. The business has been integrated into the Group's existing activities and it is not practicable to identify the impact on the Group profit in the year.

NOTE 9 FAIR VALUE OF FINANCIAL INSTRUMENTS

There are no financial assets or liabilities measured at fair value.

NOTE 10 SUBSEQUENT EVENTS

There has not arisen in the interval between 31 December 2020 and the date of this report, any other matter or circumstance that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

NOTE 11 APPROVAL OF HALF-YEAR FINANCIAL STATEMENTS

The half-year financial statements were approved by the board of directors and authorised for issue on 24 February 2021.

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DIRECTORS' DECLARATION

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (b) in the directors' opinion, the attached half-year financial statements and condensed notes thereto are in accordance with the *Corporations Act 2001 (Cth)*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001 (Cth)*.



Tony Walls

Director

Sydney, 25 February 2021

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Auditor's Independence Declaration**To the Directors of Objective Corporation Limited****ABN 16 050 539 350**

In relation to the independent auditor's review of Objective Corporation Limited for the half year ended 31 December 2020, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

ROD SHANLEY
Partner

25 February 2021

PITCHER PARTNERS
Sydney

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF OBJECTIVE CORPORATION LIMITED
ABN 16 050 539 350**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Objective Corporation Limited ("the company") and its controlled entities ("the consolidated entity"), which comprises the Consolidated Statement of Financial Position as at 31 December 2020, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Objective Corporation Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company 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 (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the company, would be in the same terms if given to the Directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

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

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



ROD SHANLEY
Partner



PITCHER PARTNERS
Sydney

25 February 2021

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