

ASX ANNOUNCEMENT

9 July 2021

TRADING UPDATE - FINANCIAL YEAR 2021

Objective Corporation (ASX:OCL) provides the following trading update for financial year 2021 (FY2021), based on unaudited management accounts as at June 30, 2021.

Headline results for FY2021 are:

A\$m	FY2021	FY2020	Change
Revenue	95.1	70.0	+36%
Annual Recurring Revenue (ARR)	74.2	56.6	+31%
Recurring Revenue (% of total revenue	e) 73%	75%	
EBITDA	25.6	17.2	+49%
NPAT	16.0	11.0	+45%
R&D Investment (100% expensed)	23.0	15.7	+46%
Cash Balance	48.4	32.7#	+48%

Cash Balance at June 30, 2020 (\$51.0m), net of Itree acquisition cash outflow of \$18.4m on 1 July 2020.

In FY2021 revenue grew by 36% to \$95.1m (FY2020: \$70.0m) and Annual Recurring Revenue (ARR) grew by 31% to \$74.2m (FY2020: \$56.6m)

Recognised revenue in most key subscription product lines grew strongly: ECMaaS (73%); Connect (30%); Keystone (1%); Trapeze (34%); RegWorks (33%)¹.

EBITDA increased by 49% to \$25.6m and NPAT increased by 45% to \$16.0m over the previous corresponding period, driven by strong organic growth and earnings accretive corporate development.

The cash balance at 30 June 2021 was \$48.4m which incorporates the acquisition of Itree on 1 July 2020 for \$18.4m and the payment of \$6.6m in fully franked dividends in September 2020.

FY2021 represented a record year for Objective's investment in Research and Development (R&D) which reflects the importance of continued innovation. We invested \$23.0m in Research & Development (R&D), representing 24% of revenue. In keeping with our long-term accounting policies, no R&D expenditures are capitalised. They are 100% expensed when incurred.

¹ Change over RegWorks subscription revenue for FY2020, prior to Objective ownership.

FY2022 OUTLOOK

Tony Walls, Objective CEO, commented, "We are really pleased with our performance in FY2021 - delivering outstanding outcomes for our customers, and protecting our employees and their families while facing an uncertain operating environment. Our financial results in FY2021 reflects the continued delivery of our strategic plan, with strong growth in recurring revenue and earnings underpinning our highest ever investment in innovation.

"In its first year in the Objective family, our Regtech business made a solid contribution to our overall results. The market opportunity for Regworks is developing rapidly and was demonstrated by the number of new customer wins during the year; three of which were the largest in Regworks' history. These results illustrate the opportunity that arises from combining businesses with deep domain expertise with Objective's long history of delivering high quality outcomes for over 1,000 public sector organisations.

'In FY2022 we expect the momentum of our business to drive a continued material lift in revenue and profitability.

"Our investment in innovation will deliver important product releases for customers including Objective Build, Objective Nexus (cloud native ECM), Objective ECM 11 and Objective RegWorks iQ which, in addition to further investment in our existing product suite, will underpin new customer acquisition across all business lines and expansion opportunities for existing customers.

"In addition to these significant organic growth opportunities, we will continue to actively seek acquisitions that offer additional product or market reach capabilities, where these can be acquired at reasonable valuations.

"As always, I would like to thank our valued customers, talented employees and supportive shareholders for their continued commitment to our mutual success."

ABOUT OBJECTIVE CORPORATION (ASX: OCL)

We create software to make a difference.

Using Objective software, thousands of public sector organisations are developing policies with impact, accelerating processes and delivering innovative services.

We help organisations shift 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 outcomes for communities and accountability that builds trust in government.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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