

ASX ANNOUNCEMENT

15 January 2021

TRADING UPDATE – FIRST HALF FINANCIAL YEAR 2021

Objective Corporation (ASX:OCL) provides the following trading update for the first half of financial year 2021 (1HY2021), based on unaudited management accounts as at December 31, 2020.

The expected headline results for 1HY2021 are a revenue increase of 40% to \$46.5m (1HY2020: \$33.3m) with an EBITDA increase of 74% to \$11.8m (1HY2020: \$6.8m).

Annual Recurring Revenue (ARR) at 31 December 2020 was \$70.1m, representing an increase of 30% over 31 December 2019 (\$54.1m). 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).

Cash balance at 31 December 2020 was \$27.7m. During 1HY2021, Objective paid \$18.4m as consideration for the acquisition of Itree Pty Limited and fully franked dividends of \$6.6m.

Significant investment in innovation remains at the heart of our economic model. We invested \$11.1m in Research & Development (R&D) in 1HY2021, an increase of 45% over 1HY2020 (\$7.7m). The R&D investment in 1HY2021 represented 24% of revenue. We have continued our policy of expensing 100% of Research and Development expenditure as incurred.

Summary expected headline results for 1HY2021:

A\$m	1HY2021	1HY2020	Change
Revenue	46.5	33.3	+ 40%
EBITDA	11.8	6.8	+ 74%
NPAT	7.2	4.3	+ 70%
Annual Recurring Revenue (ARR)	70.1	54.1	+ 30%
R&D Investment (100% expensed)	11.1	7.7	+ 45%

CEO COMMENTARY

Tony Walls, Objective CEO, commented, “As expected, operating conditions in the first half of the 2021 financial year have been challenging for all of us due to the impacts of COVID-19. At Objective, our priority has been in supporting our employees and customers around the globe.

“Despite these challenges, we have great confidence in our future and we are well placed to transition to the new normal that the world will adapt to in due course. Objective’s suite of products will be critical in assisting our customers to do the same. With this conviction, we have continued to invest in our team to capture the opportunities that lie ahead.

“Since July 1, much energy and focus has gone into the successful integration of Itree with the Objective family; during which time we were also successful with an unprecedented number of new Regworks customers with a contract value of approximately \$7.5m.

“Another significant achievement was the go-live of the cloud Objective ECM implementation at the City of Gold Coast for 4,000 users. This milestone on such a major project for Objective was a testament to the commitment of both organisation’s people, during a period in which we worked from home and leveraged our skilled team from around the globe.

“We will provide a more detailed commentary with the release of the audited half year results, however the outstanding results outlined in this trading update speak for themselves and demonstrate that we continue to build a durable business with significant underlying strength.

“Engaging on some new customer opportunities proved more difficult than usual in 1HY2021 but we expect the strong momentum demonstrated in the first half to continue for the full financial year.

“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.”

FOR FURTHER INFORMATION, PLEASE CONTACT:

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