Objective

ASX ANNOUNCEMENT

25 February 2021

OBJECTIVE CORPORATION - FIRST HALF RESULTS FY2021

Objective Corporation (ASX: OCL), a specialist provider of content, collaboration and process management solutions, today announced its financial results for the half-year 31 December 2020, which are in line with the 15 January 2021 trading update.

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.

BUSINESS LINE SUMMARY

Revenue summary for half-year ended	31 December 2020	31 December 2019	Change
	AU $million	AU $million	
Objective Content Solutions	30.1	26.3	+ 14 %
Objective Keystone	3.4	3.3	< 1 %
Objective Planning & Building Solutions	5.3	3.3	+ 57 %
Objective RegTech	7.6	n/a	n/a

FINANCIAL SUMMARY

Results summary for half-year ended	31 December 2020	31 December 2019	Change
	AU $million	**AU $million**	
Revenue	46.5	33.3	+ 40%
EBITDA	11.8	6.8	+ 73%
Net profit after tax	7.2	4.3	+ 70%
Cash at balance date	27.7	34.0	- 19%
R & D expense	11.2	7.7	+ 46%
Earnings per share	7.7c	4.6c	+ 67%
No interim dividend was declared			

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.

“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,” said Mr Walls.

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."

Consistent with prior half-years, an interim dividend was not declared. The Company expects to declare a dividend with the full-year financial results.

ABOUT OBJECTIVE CORPORATION

Objective Corporation (ASX:OCL) creates information and process governance solutions that are effortless to use and enable organisations to advance their own digital transformation.

Designed for regulated industries, these solutions turn the imperative of compliance, accountability and governance into an opportunity to streamline business processes and deliver the innovative services that customers expect.

With a heritage in Enterprise Content Management (ECM), Objective's expanded solutions extend governance across the spectrum of the modern workplace; underpinning information, processes and collaborative work-spaces.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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