

**Digital government.  
Stronger communities  
and nations.**

## ABOUT US

### Our Mission

Outstanding **digital government** software driving **stronger communities** and **nations**.

#### People

# 450

Around the World

#### Customers

# 1,000+

Organisations World-wide

#### Locations

# 14

#### Development Labs

# 5



## FY2022 Financial Highlights

### Revenue

**\$107m**

12% Growth

### Annualised Recurring Revenue

**\$85m**

15% Growth

### EBITDA<sup>1</sup>

**\$31m**

20% Growth

### Net Profit After Tax<sup>1</sup>

**\$21m**

30% Growth

### Cash

**\$64m**

\$48m at 30 June 2021

### Research + Development

**\$25m**

24% of Revenue

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<sup>1</sup> Excluding NZCC Settlement.



## OUR PEOPLE

# We create software that makes a difference

To help government shift to being completely digital. Where our customers can work from anywhere; with access to information, governance guaranteed and security assured.



**"It's really heart-warming all the work we do day to day, dealing with our clients, actually has an impact on the people who surround us; not only at home but also at work and society generally."**

Will, Customer Success Manager, READING



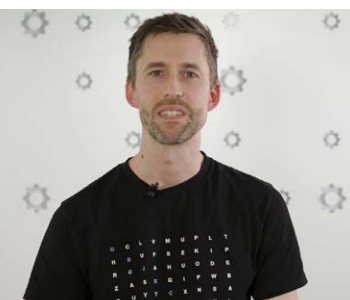
**"What I love about working at Objective is the work culture and the environment. The people are very open to suggestions on whatever work you are doing."**

Devina, Software Engineer, SYDNEY



**"My team's biggest achievement is that we're moving into the UK Market and opening up more doors in terms of the customers that we can serve and the people that we can help."**

Dan, Pre-Sales Manager, RegTech, WOLLONGONG



**"What I love about working at Objective is the fact that I've been able to transfer all the skills that I gained as a customer, and now share that with all of our customers."**

Marty, Customer Success Director, Objective Trapeze, SYDNEY

### Aligning on our Mission

As we emerged from lockdowns around the world, promoting connections amongst our global teams was important. We sent camera crews to each of our development labs to capture "day in the life of" insights and the voices of our people from each office. Our customers also openly shared their stories about how Objective solutions are helping them deliver important community and national outcomes. A 12-month communication program culminated in five in-person staff events around the globe showcasing all of these stories and aligning everyone to our shared Mission.

### Employee engagement

Beyond cutting code, delivering solutions or supporting customers, you'll also find us at regular hackathons, hosted weekly lunches, innovation Fridays, monthly company updates, monthly manager meet-ups, even running in the City to Surf. We host annual awards based on our values, a CEO Leadership award and Rookie of the Year award. We have sleek office spaces, with great tech for easy collaboration from any and every location. And we measure employee engagement, which we're happy to report is increasing year on year.

### Flexible and remote working

Flexible work practices are not new for us, we've always supported teams across geographies. We have Product Managers in the north of New Zealand on software coded in the UK, we've delivered large implementation projects completely remotely in the midst of lockdowns with a team that spanned the globe. Providing an environment where people can work from anywhere and contribute seamlessly is as important to us as a company as it is to each individual.



Meet some of the amazing people that make Objective what it is.

▶ [Click here to watch video](#) ▶

Scan QR code to watch video

We are now 450 people around the world. A diverse team, who together share values and a commitment to our mission that drives the success of Objective and our customers. We enjoy a culture founded on the desire to help our customers deliver their community and national outcomes, that is propelled by passion, teamwork and respect. We foster this culture through a range of programs and practices and we're dedicated to making Objective a great place to work.

### Attracting and retaining the best talent

It's no secret, recruiting has been tough in the tech sector this year, in fact in most industries; so we got creative in attracting the best and brightest to join us. In addition to our dedicated talent acquisition team, we've run digital campaigns, nurtured relationships with local universities and broadened our job advertisement reach to capture a wider audience.

As people join Objective, we set them up for success from the outset, every new recruit attends an induction event in head office hosted by our CEO. It's an opportunity to experience the Objective culture first-hand, meet the leadership team, people from each business line and to establish long lasting relationships.

Over time, we keep our people engaged with interesting career paths and growth opportunities. Our boomerang program encourages people to try a different job for three months, open roles are promoted internally before they hit the market, we offer a leadership development program and encourage further study.

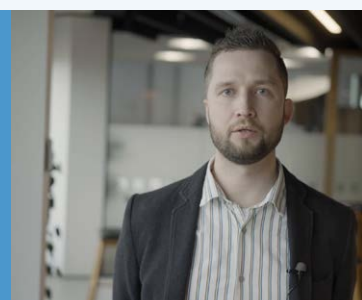
**"What do I love about working at Objective? That's simple; the people."**

Tracy, Technical Product Manager, PERTH



**"I'm really proud that we've built a great team that can create a new product for Objective."**

Victor, Principal Software Engineer, Objective Build, PALMERSTON NORTH



### Fundraising and community sponsorships

Fundraising activities are regular occurrences here at Objective, and in almost every case, initiated by members of our team, taking the lead for causes they're passionate about. During the year, we raised money for: the RSPCA, Ukraine appeal, East Coast floods appeal, Breast Cancer research, Legacy and more. Every dollar raised by our people is matched by Objective to donate to charity. It's not only financial contributions, we also encourage people to volunteer their time, offering a paid day each year to work for charity and not-for-profit causes.

We also sponsor grass roots community sports such as the Manawātū Jets basketball team in New Zealand and youth girls participation in football at the Eastlake Football Club in Canberra.

## Our Values

How we treat ourselves, each other and our customers.

### Integrity

We respect each other. We do as we say. We do the right thing.

### Tenacity

We believe there is always a solution. We relentlessly strive for outcomes.

### Expertise

We are experts, thought leaders and trusted advisors. We leverage our experience and expertise. We openly share our knowledge.

### Entrepreneurial Spirit

We aren't afraid to challenge the status quo. We take informed risks. We don't let structure or process get in the way.

### Great People, Great Teams

Our people are empowered to make a difference. Individuals are brilliant, but teamwork delivers amazing results.

### Results Matter

We're passionate about our customers' success. We do what it takes to deliver outcomes. We measure results and celebrate success.



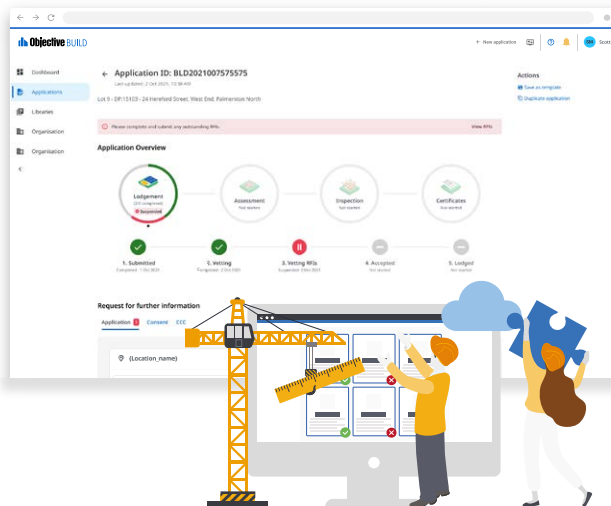
## MAJOR INNOVATIONS BROUGHT TO MARKET

# 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.

## Objective BUILD

**An effective building application management platform, helping the construction sector and local government thrive.**



Objective Build is now available to New Zealand customers, and is already processing building consents at a number of customer sites. Feedback from customers and the wider construction industry has been overwhelmingly positive. Our development team in Palmerston North, New Zealand is continuing to evolve this product directing effort into improvements to the application, approval, and inspection process. This market underpins an industry that represents over 6% of the GDP of New Zealand.

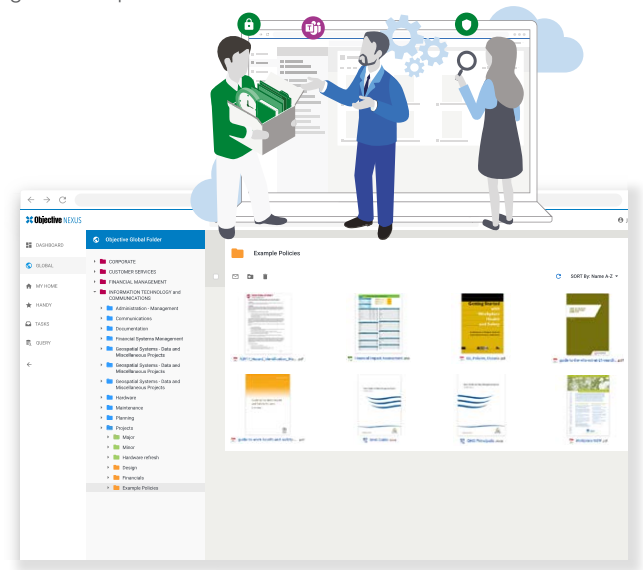


[Click here to learn more](#) ▶  
Scan QR code to learn more

## Objective NEXUS

**A complete SaaS based solution providing records compliance, enterprise scale information management and process automation.**

Cloud native, Objective Nexus is the next generation of information and process management that delivers a path to the cloud for existing customers along with new market opportunities. This new product aligns closely to the macro factors guiding public sector IT decisions; streamlining digital services, transitioning to cloud, advancing automation of processes and evolving citizen experiences.



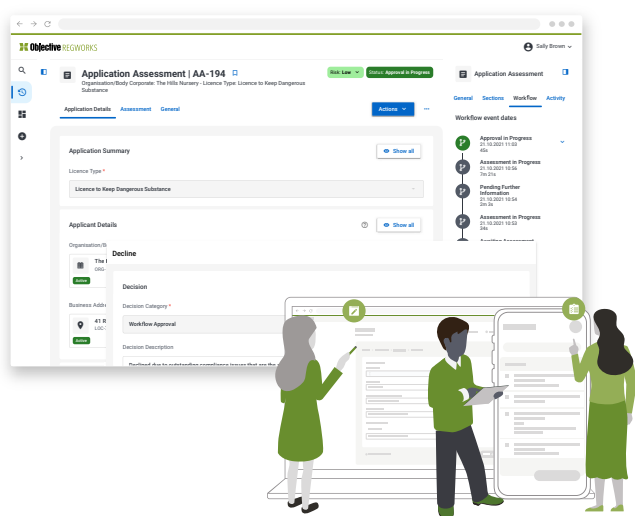
[Click here to watch video](#) ▶  
Scan QR code to watch video

**Ongoing investment in research & development (R&D) resulted in the launch of new products and significant releases across the portfolio.**

## **Objective** REGWORKS

**Software designed specifically for regulation, compliance and enforcement. Helping regulators make informed, consistent decisions, increase productivity and improve safety outcomes.**

Objective RegWorks is now available with the Objective IQ interface, the design language that aligns it with all Objective products. Intuitive navigation, enhanced iconography, a new colour palette and improved visibility of controls provides a highly interactive user experience.



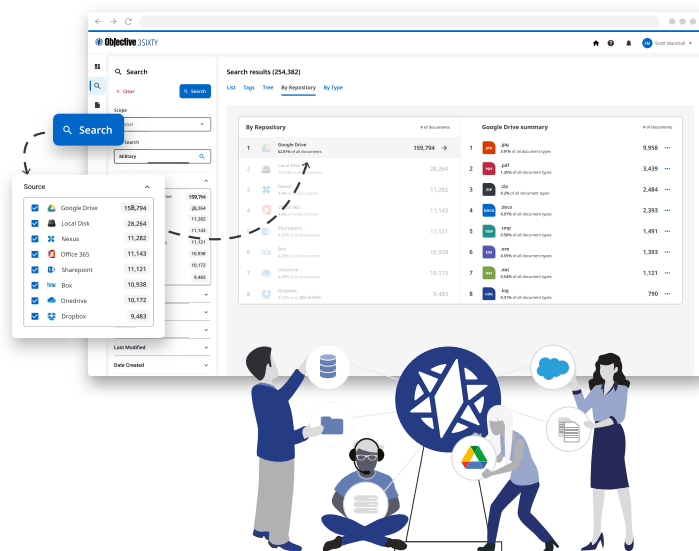
[Click here to watch video](#)

Scan QR code to watch video

In FY2022 we invested \$25 million, 24% of our total revenue, in R&D and our ambitious development program delivered. With new products in market, we're sustaining the momentum of our flywheel of innovation; producing outstanding software to generate outstanding customer experiences.

## **Objective** 3SIXTY

**Federated information governance to tame the data sprawl. Discover, organise and manage enterprise information, from one place.**



Built for complex environments with terabytes of data, Objective 3Sixty connects information sources across an enterprise to discover, organise and manage information from a single control centre. It allows users to visualise and tag information, manage records in-place or transfer documents to long-term retention, from wherever it resides.



[Click here to learn more](#)

Scan QR code to learn more

## OUR CUSTOMERS

# Driving stronger communities and nations

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

**HUB**<sup>24</sup>
**Objective** KEYSTONE

### HUB24

#### Better financial futures with document process transformation

Three years of business growth at HUB24 meant that the disclosure documentation had increased dramatically, and the burden was slowing them down. Objective Keystone delivered transformational change, to the administration and reporting platform for financial advisors, with HUB24 now able to bring new products and offers to market in half the amount of time than before.


[Click here to watch video ►](#)

Scan QR code to watch video

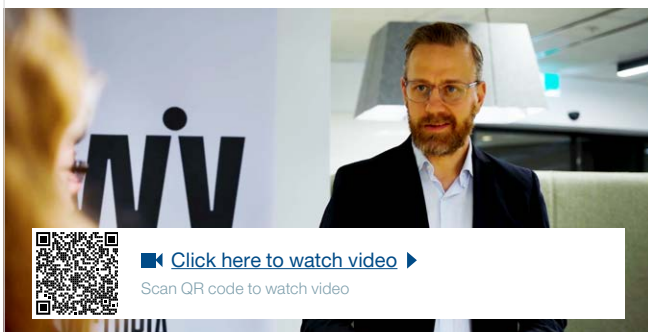
**Objective** REGWORKS


### Wage Inspectorate Victoria

#### Improving compliance and enforcement of workplace laws in Victoria through holistic oversight delivered by Objective RegWorks

Wage Inspectorate Victoria (WIV) investigates and enforces Victoria's wage theft laws and oversees child employment, long service leave, and owner-drivers laws.

Objective RegWorks provides WIV with a joined-up view of their business; enabling staff to see patterns emerging in the enquiries and reports they receive, all of which helps focus their resources in the right place. In their first 12 months of operations, WIV has investigated hundreds of matters, progressed some through to court and helped hundreds of thousands of Victorians recoup monies owed to them.


[Click here to watch video ►](#)

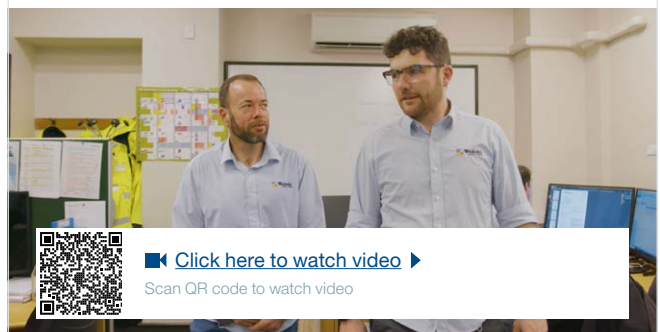
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**Objective** TRAPEZE


### Waitaki District Council

#### Paper to digital transformation generates positive results for both the Council and their customers

Prior to Objective Trapeze, assessing building consents at Waitaki District Council was completely paper-based – comparing versions of plans, combining documents, reorganising pages and manually stamping each page was a tedious, time-consuming reality. Going digital has delivered notable time and cost savings, allowing the council to process consents faster with improved accuracy, delivering positive outcomes for the community.


[Click here to watch video ►](#)

Scan QR code to watch video



## Central Hawke's Bay District Council

### Streamlining building consent application and processing

Faced with a booming construction industry and incredible volumes of building consents flowing in, Central Hawke's Bay District Council was looking for an innovative approach to manage the demand placed on their Planning and Building team.

Objective Build is delivering a much more streamlined and transparent process for building consent applications; from lodging, inspections right through to the final Code Compliance Certificate.

For the council's customers, it's easier, more intuitive and faster. For the Planning and Building team Objective Build provides a consistent way of receiving the data, which makes it more efficient and means the council can be more responsive and meet the needs of their customers. More often.

**"Objective Build provides a more seamless process for our customers, it's easier, more intuitive and faster.**

**And for our staff it makes it more efficient and means we can be more responsive to meet the needs of our customers."**

Josh Lloyd  
Community, Infrastructure & Development Manager



[Click here to watch video](#)

Scan QR code to watch video

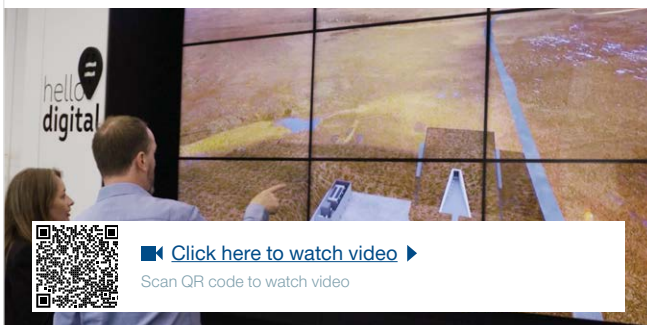


## Highlands and Islands Enterprise

### Fuelling digital collaboration in the Scottish space industry

In Scotland, Highlands and Islands Enterprise (HIE) is breaking new ground in the Scottish space industry with the recent launch of their Space Hub Sutherland project. The project aims to deliver a vertical launch spaceport on Scotland's North Coast – generating social and economic benefits for the region.

A complex, and innovative project, Objective Connect became the digital control room for the project's many stakeholders and documents – allowing the various teams to track revisions, removing communication bottlenecks, and ensuring a single source of truth is always maintained.



[Click here to watch video](#)

Scan QR code to watch video



## Counties Manukau Health

### Accurate documents increase level of patient care

Managing more than 1,790 controlled documents for clinical processes and corporate policies, maintaining accuracy in regular review cycles has a direct impact on the quality of care and medical outcomes for thousands of patients.

With Objective ECM, Counties Manukau Health implemented a new notification and review process that streamlines controlled document maintenance – ultimately resulting in better outcomes for patients.



[Click here to learn more](#)

Scan QR code to learn more

## CEO'S REPORT



Fellow shareholders,

As we close out financial year 2022 (FY2022), I reflect that personal and professional lives are finally beginning to return to (the new) normal. I've also been amazed by the unrelenting enthusiasm and tenacity demonstrated by our people to keep delivering outstanding digital government software.

FY2022 was an important year for Objective. From a financial performance perspective, we sailed past \$100 million revenue for the first time, our annualised recurring revenue (ARR) grew by 15% to over \$85 million and our profitability grew to \$21 million, or 30% up on FY2021. Our record investment of \$25 million in research and development (R&D) brought major new product innovations to market, we also added additional capabilities through acquisition and we maintained a very robust balance sheet that allows us to pursue new opportunities.

Like all of the tech sector, we also found ourselves in a war for talent and delays in filling open roles impacted our ability to deliver on our ambitious development program, which then translated to delays in bringing our new products to market. So it is a testament to the grit and tenacity of our teams that both Objective Build and Objective Nexus were launched in late FY2022.

These new products complement and extend our existing product portfolio that continues to present a compelling value proposition, and we welcomed many new customers across every business line.

While these are really solid financial results, our net ARR growth didn't quite meet our expectations. We were undoubtedly impacted by difficulty in engaging with customers during periods of lockdown and illness, but we simply didn't execute on some of our plans as expected and we ended the year shy of our 20% net ARR growth target.

### Highlights of FY2022

It's difficult to know where to begin summarising the highlights of FY2022. None is more important or significant than the other and the list is long.

#### New Zealand Police

I'll begin with the signing of a new customer in New Zealand Police, as this project is the ultimate representation of our Mission in action, to deliver outstanding software driving stronger communities and nations.

In May 2022, the New Zealand Police selected Objective for its Arms Information System and Objective RegWorks will manage the registration and licensing of all firearms in New Zealand. Establishing this registry is one of the outcomes of the Royal Commission into the attack on a Christchurch mosque in 2019. We are deeply aware of the significance of this project and proud to be working with the team from New Zealand Police to deliver such important national outcomes for the people of New Zealand.

This was a competitive, multi-phase, tender process that resulted in a five year, circa \$13 million contract, setting yet another record for the largest RegWorks customer win, so far.

#### Launch of Objective Build

Still in New Zealand, we were extremely excited to see the fruition of our deep investment in Objective Build, in market and recently live at Central Hawke's Bay District Council. Feedback from both the Council and those working in the construction industry has been overwhelmingly positive.

\$14 billion worth of construction applications were processed through our existing platforms of AlphaOne and GoGet, in New Zealand during FY2022; with Objective Build now live, the improvements to the application, approval and inspection process will deliver significant benefits to this important sector of the economy.

The final resolution of the investigation by the New Zealand Commerce Commission into our acquisition of Master Business Systems provides certainty to customers and employees about our future investment in Objective Build and the strategy to push it forward.

### Launch of Objective Nexus

Changing work practices over the past two years, have brought into sharp relief the importance of staff being able to securely access the information they need, no matter where they're working. This practice is one of the benefits we're delivering to our Content & Process customers with the launch of Objective Nexus – although it wasn't the original impetus. We invested heavily in the development of Objective Nexus over the past two years to ensure our key information and process management solution is delivered entirely as an evergreen cloud solution – aligning our products closely with macro factors guiding public sector IT decisions; streamlining digital services which includes transitioning to cloud, advancing automation of processes and evolving citizen experiences. Gartner discusses these trends in their Worldwide Government IT Spending Forecast and related reports<sup>1</sup> and we are witnessing them play out in our day to day.

Embracing these trends, existing customers are starting to move to Objective Nexus. The South Australian Fire and Emergency Services Commission (SAFECOM), an existing Objective ECM customer who has a strategy to “modernise their IT systems, reduce their infrastructure footprint and move workloads to the cloud” will shift 500 users to Objective Nexus. Taronga Zoo, a long-term Objective Connect customer, will now implement Objective Nexus to improve records and information management practices, provide users with efficient access and effective use of information while complying with state-based legislation.

This program of work demonstrates that our development strategy is on track and meeting market needs, as is our ability to execute and bring new products to market. It also highlights the value of the relationships we have with our customers – when customers choose additional products from our portfolio to help them meet their evolving goals, we are committed to ensure the trust they place in us is returned in software that delivers outstanding outcomes for them today, and into the future.

### Acquisition of Simfloxy and launch of Objective 3Sixty

In March 2022 we welcomed North American based software company, Simfloxy to our family. Simfloxy's technology tames the serious data sprawl prevalent in today's organisations, by connecting their business systems, content management repositories and file

stores so that users can find information wherever it is held. And from there, take action on that information. Actions such as finding personally identifiable information (that might need to be redacted or protected), find duplicate documents or records that might need consolidating, classifying or disposal.

We call this Federated Information Governance, and the technology complements and extends our existing Content and Process suite, by accelerating the development of Objective 3Sixty, an alternate approach to the repository centric information management framework we have built around Objective ECM.

Objective 3Sixty is now available in all of our geographic markets and the acquisition also opens up new market opportunities for Objective – a footprint of government, financial services and insurance (FSI) and Fortune 500 organisations in North America via established channel partners. To accelerate the reach of Objective 3Sixty and other Objective products in North America, we will actively seek to strengthen our partners go-to-market whilst also building out our direct engagement capability.

As with all of our acquisitions, we are investing in the business to capture the significant opportunities we see, but with the knowledge that it will take time to fully play out.

ARR

↑ 15%

\$85m

NPAT

↑ 30%

\$21m

<sup>1</sup> Gartner Forecasts Worldwide Government IT Spending to Grow 5% in 2022 – Press Release.

## CEO'S REPORT CONTINUED

### FY2023 Outlook

As I observe the economic factors impacting the tech sector more broadly than Objective's performance alone, I get an uncanny sense of déjà vu. If you've followed us over time, you'll know this is not our first rodeo. We made it through the dot.com crash in 2000, the GFC in 2008 and numerous other "pullbacks", "downturns" over the years, with a disciplined approach to financial management, and a focus on growth and profitability. In fact, historically we've performed better in downturns than boom times.

The linchpin to our success is our people. We are fortunate to have some of the best and brightest minds in the industry working here at Objective.

Living through the turmoil of repeated lockdowns and altered work habits has had an impact on all of us. In recognition of this impact, we've worked hard throughout the year to ensure we are all aligned on Objective's Mission. We've implemented programs to reinforce our values, build stronger connections and attract new talent.

Our employee engagement remains very strong, and at its core it's because our people know that their work here makes a difference in the communities that they live in.

Ensuring we have a stable team to deliver on our plans and goals also requires investment in their remuneration, particularly in a competitive talent market. We've increased our investment in our employees; to keep pace with the strength of tech salaries and additional hiring to support our growth plans.

Over numerous financial years, we've been actively driving our revenue model to subscription-based revenue, so that now, 95% of our software revenue is recurring. This certainty of revenue gives us the confidence to invest for the long term and ensure that we look beyond the current financial year when making decisions on product development, go to market strategy and acquisitions.

Content & Process ARR growth is already looking stronger in FY2023, although we do not expect to see any meaningful ARR growth generated by Objective 3Sixty until the second half. We will prioritise ARR growth over growth in services or perpetual right to use licence revenue. This strategy also drives our product development decisions.

We're investing in developing products that can be deployed faster, with less services required at implementation. We know this will subdue services revenue growth in the near term, which is great for customers, and it also makes our business more scalable and more profitable in the future.

All new customers are contracting on subscription models, whether they choose cloud or on-premise deployments, and we expect to end perpetual right to use licences for Objective ECM by June 2023 for all customers.

Across the RegTech portfolio we expect to see ongoing robust growth. We have invested substantially in this business line over the past two years and the revenue and ARR growth has exceeded our expectations. FY2023 should see our first RegWorks IQ implementations in the UK, which we believe will have strong opportunities in the years ahead.

With the NZCC matter finalised and our first Objective Build customer go live in early July, we have some catch up cricket in Planning and Building in FY2023. I'm super pleased to report that we already have 20 Councils signed up for implementation just eight weeks into the new financial year. This demand is a testament to the work done by all the Build stakeholders over the past two years. #Outstanding. We are also pushing ahead with one of our favourite products in Objective Trapeze. It has become the de facto standard in council planning departments across Australia and New Zealand and will be expanded with additional capabilities in the year ahead.

The focus on profitability and cash generation that is at the centre of our business model means that we start FY2023 with a very strong balance sheet position. We maintain our access to a wide range of capital funding to invest in our existing business and pursue corporate development. As tech valuations temper we're looking for greater impact acquisition opportunities that fit our proven model.

We are sure that revenue and profit will grow in FY2023 but there are a few one-off factors, such as tech salary growth, NZCC delays, starting ARR and driving down customer service costs that will be a light headwind. We see these effects as transitory and some may even be mitigated during the year ahead.

We have a resilient growth model, a great team and an outstanding future. As always, we're excited and fully engaged in the opportunities ahead. Thanks again for all your support.

### Operating Cash Flow

**\$31m**

### Dividends

**11cps**

### Cash Balance

**\$64m**



**Tony Walls**  
CEO, Objective Corporation



This is an excerpt from the Letter to Our Shareholders, published to the ASX on 29 August 2022.  
To access the full document, scan the QR code or [click here](#) ►

## BUSINESS LINE REVIEW

# Content & Process

### FY2022 Highlights

- Achieved a significant milestone as we welcomed the first customers of Objective Nexus following launch in 2HY2022. Conceptually evolved from Objective ECM, Objective Nexus is a next generation SaaS based platform providing records compliance, enterprise scale information management and process automation. Objective Nexus offers a cloud only approach that facilitates a transition for existing customers and expands our addressable market for new customer opportunities.
- Continued to support our existing Objective ECM customers as they expand their usage of Objective products driven by employee growth and identification of new use cases, most notably at Scottish Government and Kāinga Ora in New Zealand. Demonstrating our flexible approach to supporting customers on their transition to cloud, we converted ACT Government from an on-premise Objective ECM solution to a fully hosted and managed environment.
- Went live at numerous customer sites with Objective Gov365, allowing these organisations to extend governance to where content is created within the Microsoft Office 365 suite, including Microsoft Teams, Microsoft Exchange and Microsoft SharePoint.
- Acquisition and integration of Simflopy in 2HY2022 accelerated the development of Objective 3Sixty. The opportunity to implement federated governance solutions for our customers, supported by Objective's strong brand name, materially expands our addressable market in Australia, New Zealand and United Kingdom. We have also gained access to strong partner and customer relationships in the North American market which we will further develop to expand Objective's overall presence in these markets.
- Objective Connect continued to grow revenue at over 20% driven by increased utilisation of the product across large enterprises. Our team released a new version of the Objective Connect mobile app that enhances the collaboration experience for the mobile workforce and also expanded the capabilities provided by the Objective Connect Public API which is increasingly driving new customer acquisition.
- Objective Keystone R&D focused on enhancing the functionality for public sector customers, particularly in relation to integration with council spatial data sets, development of a native Geographic Information System (GIS) portal and numerous enhancements to stakeholder engagement functionality. These innovations will support the separation of the go-to-market strategy for public sector under the Keyplan brand, whilst the Keystone brand remains focused on the Financial Services market.

### Revenue FY2022

**\$74.2m**

**8% Growth**  
**FY2021: \$68.9m**

### Portfolio





## BUSINESS LINE REVIEW CONTINUED

# RegTech

### Portfolio



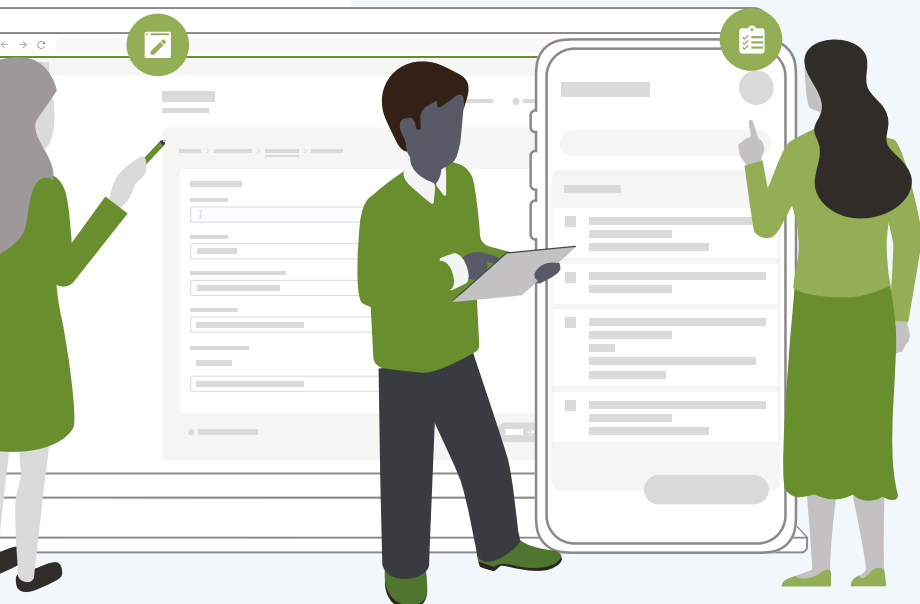
#### FY2022 Highlights

- New Zealand Police selected Objective RegWorks for its Arms Information System, a nationwide firearms registration and licensing solution that will assist in the regulation of over 2 million firearms in New Zealand. This five-year contract totalling approximately NZ\$13 million sets another record for the biggest RegTech customer win.
- Deployment of Objective RegWorks at CareSouth, a New South Wales-based NGO that is committed to building stronger communities with a focus on children, young people, and families. The five-year partnership will see CareSouth use Objective RegWorks to streamline multiple processes, empower staff, and improve governance as part of their mission to build stronger communities. This is an extension of the use case for Objective RegWorks and demonstrates the breadth of the market opportunity for the software.
- Completion of Objective Reach national deployment, with the solution now live in all eight Australian States & Territories and utilised by child protection agencies in a world-first data search, matching and information sharing solution to protect children and families at risk of abuse.
- Completed the rollout of the Objective IQ design language to Objective RegWorks and continued investment in improvements to the scalability of RegWorks that reduces the timeframe for future implementations and supports the growth in new customer accounts.
- Reorganised and streamlined the methods by which we deliver implementation engagements to align with other Objective products, enabling the sharing of services resources across business lines and consistency of customer experience.
- Commenced market development in the UK for Objective RegWorks amongst existing Objective customer base and new prospects.
- Throughout FY2022 we made a significant investment in the RegTech team across R&D, Consulting Services and go-to-market functions in order to ensure the continuity of delivery to existing customers and support growth in the business.

#### Revenue FY2022

# \$20.4m

34% Growth  
FY2021: \$15.3m



# Planning & Building

## FY2022 Highlights

- Launch and first go-live for Objective Build, a cloud-based, end-to-end planning and consenting automation platform to manage building approvals through councils. The market response to Objective Build has been strong with the “first five” customers committed to the new platform, all of whom share our vision for the product: to ensure safe, responsible development, and support an industry that contributes significantly to the economies in which we operate.
- Challenges of a tight labour market for engineering talent in New Zealand restricted the ability to grow the R&D team, delaying the delivery schedule for Objective Build. This impacted our ability to deliver the planned ARR growth in FY2022 and extended the pre-revenue development period. The enthusiastic market response to Objective Build following launch underpins our commitment to continue the rate of R&D investment to deliver further modules that will drive future ARR growth.
- The finalisation of the New Zealand Commerce Commission (NZCC) investigation has brought certainty for Objective’s customers and employees. This underpins the significant and ongoing investment in innovation and go to market capability in our Planning & Building business line.
- Continued growth of Trapeze customer base to over 200 councils in Australia and more than 350 customers globally, demonstrates increasing adoption of Objective Trapeze as the market standard in ANZ amongst local governments and the service providers who interact with them. Overall customer growth for FY2022 was however slower than expected due to customers’ work from home restrictions that restricted the ability for us to meet customers in person, especially in the UK.

## Revenue FY2022

**\$11.8m**

10% Growth  
FY2021: \$10.7m

## Portfolio



## DIRECTORS' REPORT

The Directors of Objective Corporation Limited (the Company) present the Annual Report of the Company and its controlled entities (collectively 'the Group') for the year ended 30 June 2022.

### Directors

The names and details of the Company's directors in office during the financial year 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

##### Chairman and Chief Executive Officer

Tony founded the business in 1987 and has extensive experience in the IT industry. Tony has a B.Math (Computing Science), a Grad.Dip in Applied Finance (SIA) and is a Fellow of the Australian Institute of Company Directors.

#### Mr Gary Fisher

##### Non-Executive Director

Gary was appointed a Director of Objective Corporation Limited in March 1991. In October 2007 Gary became a Non-Executive Director. Gary has an extensive background in Finance, IT Management and global product software sales. Gary has a B.Economics and further tertiary education in Law and Business Administration.

#### Mr Nick Kingsbury

##### Independent Non-Executive Director

Nick was appointed as a Non-Executive Director in July 2008 and is the Chair of the Audit Committee. Nick is an experienced international software entrepreneur, strategist and venture capitalist. Nick founded, led and then sold a leading UK Business Process Management company. Nick then spent seven years with the international venture capital company 3i, where he headed up the software sector. From October 2011 to June 2015 he chaired a UK AIM listed cyber security company Accumuli, plc, which was successfully sold to NCC Group. As well as his role with Objective, he is a Partner with the venture capital firm Amadeus Capital Partners and sits on the boards of several early-stage technology businesses.

#### Mr Darc Rasmussen

##### Independent Non-Executive Director

Darc was appointed as a Non-Executive Director in August 2018. Darc is a seasoned enterprise software professional with over 25 years' experience successfully building and growing Software as a Service (SaaS) and Cloud based businesses across global markets. Darc spent time working and living in Europe, the USA and Asia/Pacific growing public and private companies including Infor, SAP, IntraPower (Trusted Cloud) and Integrated Research. Darc led the SAP (NYSE:SAP) global CRM Line of Business, building it from start-up to total annual revenues of US\$1.5 billion in 2007, establishing SAP as the global leader in the CRM market. He was CEO at Integrated Research (ASX:IRI) and led the company through a whole of business transformation strategy that delivered 70%+ growth in Revenue and Profits along with a tripling of the company's market capitalisation. During Darc's tenure IR was named a Gartner "Cool Vendor" and became the global leader in the Unified Communications Performance Management market. Darc is a non-executive director of Gentrack Group Limited (NZX/ASX: GTK).

#### Mr Stephen Bool

##### Non-Executive Director

Stephen joined the Board in January 2022, after 17 years with Objective Corporation Limited in senior leadership positions, most recently as Chief Operating Officer over the past five years. In that time, Stephen made important contributions across the entire organisation, helping shape the culture and operating structures that support our current business success. Prior to joining Objective, Stephen had served in senior leadership roles at US multinational Software and Consulting Services companies including PeopleSoft (Oracle), and SPL WorldGroup (Oracle) during a career that spans over 30 years in the industry. Stephen holds a Bachelor Degree in Computer Science and Master Degree in Business Administration.

### Company Secretary

#### Mr Ben Tregoning

##### Company Secretary

Ben was appointed Company Secretary in July 2016. Ben has over 15 years' experience in financial roles within Financial Services and corporate finance businesses both in Australia and the UK. He is responsible for company secretarial and corporate governance support at Objective. Ben has a B.Commerce and a M.Commerce.

## Principal activities

The principal activity of the Group during the year was the supply of information technology software and services. There was no significant change in the nature of the Group's activities during the year.

## Dividends

An ordinary final fully franked dividend of \$8,489,000 was paid on 16 September 2021.

Since the end of the financial year, the directors have recommended the payment of a final fully franked dividend of 5 cents per ordinary share and a final unfranked dividend of 6 cents per ordinary share. The aggregate amount of the dividends expected to be paid on 14 September 2022 and 19 September 2022 is \$10,434,000. There is no conduit foreign income attributed to the final dividend declared.

## Review of operations and financial results

A review of the Group operations and the results for the year ended 30 June 2022 is set out on the inside front cover to page 13 of the annual report and forms part of the Directors' Report. This includes the summary of consolidated results as well as an overview of the Group's strategy.

## Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

## Share capital

As at 30 June 2022 the Company had 94,856,118 (2021: 94,010,371) fully paid ordinary shares on issue.

## Share options and rights

### Unissued shares under options and rights

As at the date of this report unissued ordinary shares in the Company under share based payment arrangements are:

Options on Issue	2022		2021	
	Number	Expiry Date	Number	Expiry Date
Employee options exercisable at \$1.17	125,000	24/02/2025	150,000	24/02/2025
Employee options exercisable at \$2.75	–	29/07/2028	200,000	29/07/2028
Employee options exercisable at \$2.75	593,750	01/01/2029	805,000	01/01/2029
Employee options exercisable at \$2.75	–	01/04/2029	12,500	01/04/2029
Employee options exercisable at \$7.50	412,500	01/07/2030	541,250	01/07/2030
Employee options exercisable at \$12.50	200,000	31/01/2025	200,000	31/01/2025
Employee options exercisable at \$14.85	100,000	30/04/2027	–	–
<b>Total options on issue</b>	<b>1,431,250</b>		<b>1,908,750</b>	
Weighted average exercise price	\$6.19		\$4.99	

Rights on Issue	2022		2021	
	Number	Expiry Date	Number	Expiry Date
Rights exercisable at \$nil	50,000	22/12/2026	–	–
Rights exercisable at \$nil	4,000	21/03/2027	–	–
Rights exercisable at \$nil	5,000	28/02/2027	–	–
<b>Total rights on issue</b>	<b>59,000</b>		–	
Weighted average exercise price	\$nil		n/a	

Details of the options and rights on issue under each share based payment arrangement are contained in Notes 18 and 27 to the financial statements.

## DIRECTORS' REPORT

### Shares issued on exercise of options

During the year ended 30 June 2022, a total of 100,000 options were granted and 638,750 options were exercised and converted to 638,750 ordinary shares in the Company. The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company. Refer Note 18 for further details.

Since the end of the financial year, the Group issued 82,500 ordinary shares of the Company as a result of the exercise of 82,500 options at various prices under the Employee Incentive Plan, and funded via a combination of interest free limited recourse loans provided by the issuing entity to employees under the current Employee Incentive Plan and cash consideration of \$148,750 and \$137,500 respectively. For accounting purposes, these share loans are treated as part of options to purchase shares, until the loans are repaid or extinguished at which point the shares are recognised.

### Likely developments

The Company delivered strong growth in profitability in FY2022 reflecting revenue growth across all lines of business. We continued to invest in our product portfolio and our workforce, as well as developing new markets for our products and pursuing non-organic growth opportunities. In 2022 we also expanded our business through the acquisition of Simflofy, Inc.

The Directors have identified opportunities to continue to grow the business in FY2023 and the Company will be pursuing these whilst maintaining a focus on increasing profitability. Through product innovation and the development of outstanding software, we have expanded our addressable market in the regions in which we are well established, and our globally competitive products provide an opportunity for us to expand our presence beyond our current geographic footprint. The Company also retains significant financial capacity to pursue investment opportunities outside of the current product portfolio and customer reach.

### Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### Events after balance sheet date

On 12 August 2022, the Company settled in full the pecuniary penalty, in the amount of NZ\$1,540,000, as determined by The New Zealand High Court for breach of section 46 of the *New Zealand Commerce Act 1986*. Payment of the penalty brings this matter to a close.

For dividends resolved to be paid after 30 June 2022, refer Note 19.

Other than the above, the Directors have not become aware of any matter or circumstance not otherwise dealt with in the report or in the financial statements that has significantly 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.

### Indemnifying officers or auditor

During the financial year the Company has paid an insurance premium for a Directors' and Officers' insurance policy. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors or Company Secretary as a result of the work performed in their capacity as officers of entities in the Group to the extent permitted by law. The Directors have not disclosed the amount of the premium as such disclosure is prohibited under the terms of the contract. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred.

### Corporate Governance Statement

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (4th Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations. The Company's Corporate Governance Statement and policies will be approved at the same time as the Annual Report and will be found on its website: <http://www.objective.com/about/investors>.



## Directors' interest

Directors' beneficial interest in shares and options at the date of this report were:

Director	Number of ordinary shares	Number of options
Tony Walls	62,000,000	—
Gary Fisher	5,600,000	—
Nick Kingsbury	100,000	—
Darc Rasmussen	180,214	50,000
Stephen Bool	125,000	—
<b>Total directors' interest</b>	<b>68,005,214</b>	<b>50,000</b>

## Meetings of Directors

The number of Directors' and Audit Committee meetings held during the financial year and the number of meetings attended by each of the Directors are as follows:

Director	DIRECTORS' MEETING		AUDIT COMMITTEE MEETINGS	
	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended
Tony Walls	12	12	2	2
Gary Fisher	12	12	n/a	n/a
Nick Kingsbury	12	12	2	2
Darc Rasmussen	12	12	2	2
Stephen Bool	6	6	n/a	n/a

## Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the financial year is included on page 65.

## Auditor's non-audit services

The Company has not engaged the Group auditor, Pitcher Partners, to provide non-audit services during the financial year.

## Rounding of amounts

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, unless specifically stated to be otherwise.

## Proceedings on behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

## DIRECTORS' REPORT

### Remuneration Report

This Remuneration Report details the key management personnel (KMP) remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* (Cth) and its Regulations.

The table below lists the Executives of the Group for the year ended 30 June 2022 and whose remuneration details are outlined in this Remuneration Report.

Directors	
Tony Walls	Chairman and Chief Executive Officer
Gary Fisher	Non-Executive Director
Nick Kingsbury	Independent Non-Executive Director
Darc Rasmussen	Independent Non-Executive Director
Stephen Bool	Non-Executive Director (appointed 1 January 2022)
Executive key management personnel	
Ben Tregoning	VP Corporate Services and Chief Financial Officer (CFO)

### Overview of remuneration approach and framework

The Board from time to time reviews the remuneration packages of all Directors and Executive Officers with due regard to performance and other relevant factors. The remuneration policy generally is to ensure the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive to attract, retain and motivate employees of the highest calibre.

### Executive Directors and Executives (Executive KMP)

The Group aims to reward Executives with a level and mix of remuneration based on their position and responsibility. All Executive KMP remuneration is comprised of the following:

- Fixed remuneration made up of contractual base salary, leave entitlements and legislated superannuation guarantee.
- Variable remuneration in the form of short-term cash incentive and a long-term incentive through the issue of share options at the Board's discretion.

The variable component, such as bonuses, are structured to reward outstanding performance against agreed Key Performance Indicators (KPIs) including financial and non-financial metrics aligned with the Group's business strategy. Ultimately, bonuses and discretionary payments to Executive KMP are at the discretion of the Board.

Remuneration and other terms of employment of the Executive KMP are formalised in employment agreements. These agreements may be terminated by either party with between one and three months' notice. In the event of termination of Mr Tony Walls' services, Mr Walls is entitled to be paid six months' salary whilst the CFO is entitled to be paid one month's salary.

### Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Directors. The Board decides the total amount paid to each Non-Executive Director as remuneration for their services as a Director. Non-Executive Directors receive an annual fee, paid monthly. The fees are not linked to performance of the Company. However, to align Non-Executive Directors' interest with shareholder interests, the Non-Executive Directors are encouraged to hold shares in the Company and are able to participate in the employee share option plan.

There are no retirement and termination benefits for Executive Directors or Executives apart from those that accrue from the relevant laws such as unpaid annual leave, superannuation, long service leave and notice of termination. The Group may consider payments on termination even though legally not required, to protect its rights if it is commercially beneficial to its interests.

### Voting and comments made at the company's 26th November 2021 Annual General Meeting (AGM)

At the 2021 AGM, 99.5% of the votes received supported the adoption of the remuneration report for the year ended 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

The Group did not engage a remuneration consultant to provide recommendations in respect of the remuneration of KMP.

## Group performance

Information about the Group's earnings and movements in shareholder wealth for the past five years up to and including the current financial year are set out in the table below.

Measure	2022	2021	2020	2019	2018 <sup>1</sup>
Revenue (\$'000)	106,505	95,056	70,040	62,060	63,110
Net profit after tax (\$'000)	19,563	16,086	11,025	9,050	7,381
Basic earnings per share	20.7 cps	17.2 cps	11.8 cps	9.8 cps	8.0 cps
Dividends	11.0 cps	9.0 cps	7.0 cps	6.0 cps	5.0 cps
Share price at 30 June (\$)	13.73	17.47	7.38	2.80	3.50
Share buy-backs (\$'000)	—	—	502	35	—

<sup>1</sup> Does not include the impact of AASB 15.

Remuneration received by KMP is set out in the tables below.

	SHORT-TERM		LONG-TERM		SHARE BASED PAYMENTS (SBP)	POST EMPLOY- MENT	Total \$	% per- formance related %	Value of SBP as % of remun- eration %
	Salary and fees \$	Bonus \$	Other \$	Leave entitlements \$	Options \$	Super- annuation \$			
2022									
N Kingsbury	66,362	—	—	—	—	—	66,362	—	—
T Walls	276,432	—	—	(313)	—	23,568	299,687	—	—
G Fisher	—	—	—	—	—	—	—	—	—
D Rasmussen	45,662	—	—	—	9,017	4,566	59,245	—	15.2%
S Bool	31,818	—	—	—	—	1,591	33,409	—	—
B Tregoning	328,508	85,692	1,200	1,940	26,536	23,568	467,444	18.3%	5.7%
2021									
N Kingsbury	65,259	—	—	—	—	—	65,259	—	—
T Walls	278,306	—	—	2,682	—	21,694	302,682	—	—
G Fisher	—	—	—	—	—	—	—	—	—
D Rasmussen	45,662	—	—	—	20,288	4,338	70,288	—	28.9%
B Tregoning	278,321	85,275	1,200	5,430	17,635	21,694	409,555	20.8%	4.3%

The bonuses in the above tables are short-term incentives fully vested to the Executive for that year. The cash bonuses are determined by the Board based on overall company performance and achievement of financial and operational targets within individual areas of control.

The fair value of options has been determined using the Black-Scholes method, taking into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the non-tradeable nature of the option, the price at grant date of the underlying share and the expected price volatility of that share, the expected dividend yield and the risk free interest rate for the term of the option. The value of the option at grant date is then amortised over the relevant vesting period. The value included in remuneration of key management personnel above relates to the amortised value of options granted that have either vested in the current year or are yet to vest.

## DIRECTORS' REPORT

Details of options over ordinary shares granted, vested and lapsed for Directors or other KMP during the year ended 30 June 2022 are set out below:

KMP	Number of options at 30 June 2021	Number exercised	Number of options at 30 June 2022	Number vested and available for exercise at 30 June 2022	Amount paid on shares	Amount unpaid on shares
D Rasmussen	200,000	(150,000) <sup>1</sup>	50,000	–	412,500	–
B Tregoning	130,000	(63,750) <sup>2</sup>	66,250	–	175,312	–
Weighted average exercise price	\$3.07	\$2.75	\$3.67	n/a	n/a	n/a

1 The value of options exercised during the year was \$16.29 per share and is calculated as the market price of the Company's shares on the ASX as at the close of trading on the date the options were exercised, after deducting any exercise price.

2 The value of options exercised during the year was \$12.56 per share and is calculated as the market price of the Company's shares on the ASX as at the close of trading on the date the options were exercised, after deducting any exercise price.

No new options were granted to KMP during the year ended 30 June 2022 (2021: nil).

### Shareholdings of Key Management Personnel

KMP	Number of shares at 30 June 2021	Share options exercised	Shares held at date of appointment	Shares sold	Number of shares at 30 June 2022
T Walls	62,000,000	–	–	–	62,000,000
G Fisher	7,600,000	–	–	(2,000,000)	5,600,000
N Kingsbury	200,000	–	–	(100,000)	100,000
D Rasmussen	30,214	150,000	–	–	180,214
S Bool	–	–	125,000	–	125,000
B Tregoning	298,759	63,750	–	(200,000)	162,509

Signed in accordance with a resolution of the Board of Directors.



**Tony Walls**

Director

Date: 26 August 2022

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2022

		CONSOLIDATED	
	Notes	2022 \$'000	2021 \$'000
<b>Revenue</b>	2 & 4	<b>106,505</b>	<b>95,056</b>
Cost of sales		(5,621)	(5,327)
<b>Gross profit</b>		<b>100,884</b>	<b>89,729</b>
Other gains and losses		34	(44)
Interest expense and other finance costs		(472)	(562)
Share of profit/(loss) from joint venture		24	(6)
Distribution expenses		(39,425)	(36,175)
Research and development expenses		(25,019)	(23,116)
Administration and other operating expenses	5	(11,181)	(9,599)
NZCC settlement	17	(1,440)	–
<b>Profit before income tax</b>	5	<b>23,405</b>	<b>20,227</b>
Income tax expense	6	(3,842)	(4,141)
<b>Profit for the year attributable to shareholders of Objective Corporation Limited</b>		<b>19,563</b>	<b>16,086</b>

		Cents	Cents
Basic earnings per share	3	20.7	17.2
Diluted earnings per share	3	20.4	16.8

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



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	CONSOLIDATED	
		2022 \$'000	2021 \$'000
<b>Profit for the year</b>		<b>19,563</b>	<b>16,086</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	20	(642)	78
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(642)</b>	<b>78</b>
<b>Total comprehensive income for the year</b>		<b>18,921</b>	<b>16,164</b>
Total comprehensive income for the year attributable to shareholders of Objective Corporation Limited		18,921	16,164

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		CONSOLIDATED	
	Notes	2022 \$'000	2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents	7	63,794	48,360
Trade and other receivables	8	17,638	12,974
Contract assets	9	2,972	2,693
Other assets	10	2,007	1,750
<b>Total current assets</b>		<b>86,411</b>	<b>65,777</b>
<b>Non-current assets</b>			
Trade and other receivables	8	33	86
Property, plant and equipment	11	4,258	4,707
Right-of-use assets	12	6,712	8,365
Deferred tax assets	14	2,270	2,170
Intangible assets	13	40,726	35,544
Other assets	10	6	—
<b>Total non-current assets</b>		<b>54,005</b>	<b>50,872</b>
<b>Total assets</b>		<b>140,416</b>	<b>116,649</b>
<b>Current liabilities</b>			
Trade and other payables	15	11,998	11,197
Contract liabilities	9	48,690	40,166
Lease liabilities	16	3,333	3,010
Current tax liabilities		312	476
Provisions	17	6,959	4,960
Other liabilities	25	394	399
<b>Total current liabilities</b>		<b>71,686</b>	<b>60,208</b>
<b>Non-current liabilities</b>			
Lease liabilities	16	5,884	8,488
Provisions	17	889	645
Other liabilities	25	—	357
<b>Total non-current liabilities</b>		<b>6,773</b>	<b>9,490</b>
<b>Total liabilities</b>		<b>78,459</b>	<b>69,698</b>
<b>Net assets</b>		<b>61,957</b>	<b>46,951</b>
<b>Equity</b>			
Share capital	18	11,310	6,943
Reserves	20	(10,807)	(10,372)
Retained earnings	21	61,454	50,380
<b>Total equity</b>		<b>61,957</b>	<b>46,951</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

CONSOLIDATED					
	Notes	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
<b>As at 30 June 2020</b>		<b>5,448</b>	<b>(10,950)</b>	<b>40,845</b>	<b>35,343</b>
Profit for the year	21	–	–	16,086	16,086
Exchange differences on translation of foreign operations	20	–	78	–	78
<b>Total comprehensive income for the period</b>		<b>–</b>	<b>78</b>	<b>16,086</b>	<b>16,164</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share-based payments	20	–	500	–	500
Share options exercised	18	1,495	–	–	1,495
Dividends provided for or paid	19	–	–	(6,551)	(6,551)
Shares issued under acquisition	18	–	–	–	–
Treasury shares acquired and issued	18	–	–	–	–
<b>Total transactions with owners in their capacity as owners</b>		<b>1,495</b>	<b>500</b>	<b>(6,551)</b>	<b>(4,556)</b>
<b>As at 30 June 2021</b>		<b>6,943</b>	<b>(10,372)</b>	<b>50,380</b>	<b>46,951</b>
Profit for the year	21	–	–	19,563	19,563
Exchange differences on translation of foreign operations	20	–	(642)	–	(642)
<b>Total comprehensive income for the period</b>		<b>–</b>	<b>(642)</b>	<b>19,563</b>	<b>18,921</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share-based payments	20	–	486	–	486
Share options exercised	18	1,188	–	–	1,188
Dividends provided for or paid	19	–	–	(8,489)	(8,489)
Shares issued under acquisition	18	2,900	–	–	2,900
Treasury shares acquired and issued	18	279	(279)	–	–
<b>Total transactions with owners in their capacity as owners</b>		<b>4,367</b>	<b>207</b>	<b>(8,489)</b>	<b>(3,915)</b>
<b>As at 30 June 2022</b>		<b>11,310</b>	<b>(10,807)</b>	<b>61,454</b>	<b>61,957</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

		CONSOLIDATED	
	Notes	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		121,526	106,488
Payments to suppliers and employees		(86,610)	(77,701)
Interest received		133	93
Dividends received		17	–
Interest paid		(418)	(516)
Income taxes paid, net		(4,108)	(3,668)
<b>Net cash inflow from operating activities</b>	22(a)	<b>30,540</b>	<b>24,696</b>
<b>Cash flows from investing activities</b>			
Repayment of loans by employees		53	441
Proceeds from disposal of property, plant and equipment		145	48
Payment for acquisition of subsidiaries, net of cash acquired <sup>1</sup>	25	(3,673)	(18,725)
Payments for property, plant and equipment		(1,213)	(1,113)
Payments for intangible assets	13	–	(3)
<b>Net cash outflow from investing activities</b>		<b>(4,688)</b>	<b>(19,352)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	22(c)	(8,459)	(6,565)
Repayment of lease liabilities	22(c)	(3,144)	(2,927)
Proceeds from issue of shares		1,187	1,495
<b>Net cash outflow from financing activities</b>		<b>(10,416)</b>	<b>(7,997)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>15,436</b>	<b>(2,653)</b>
Cash and cash equivalents at the beginning of the financial year		48,360	51,048
Effects of exchange rate changes on cash and cash equivalents		(2)	(35)
<b>Cash and cash equivalents at end of the financial year</b>	7	<b>63,794</b>	<b>48,360</b>

<sup>1</sup> Made up of the purchase consideration for the acquisition of Simflofy, Inc in the amount of \$4,024,000 (USD 2,885,000) net of cash acquired of \$755,000 (USD 546,000) and second instalment payment of \$404,000 (NZD 420,000) made in settlement of the deferred consideration payable in relation to the acquisition of Master Business Systems Limited, which was acquired in FY2020. The comparative amount is made up of the purchase consideration for the acquisition of Objective RegTech Pty Limited in the amount of \$18,371,000 net of cash acquired of \$5,626,000 and first instalment payment of \$353,000 (NZD 420,000) made in settlement of the deferred consideration payable in relation to the acquisition of Master Business Systems Limited.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

## Note 1 Basis of preparation

This section sets out the basis upon which the Group's consolidated financial statements are prepared as a whole. Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the consolidated financial statements are provided throughout the notes to the consolidated financial statements. All other accounting policies are outlined in Note 32.

### Statement of compliance

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

This general purpose financial report is prepared in accordance with the *Corporations Act 2001* (Cth) and applicable Accounting Standards and Interpretations, and complies with other requirements of the law. Objective Corporation Limited is a 'for profit' entity. The financial report includes the consolidated financial statements of Objective Corporation Limited and its controlled entities (the Group).

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards.

### Basis of preparation

The financial report is based on historical cost. In preparing this financial report, the Group is required to make estimates and assumptions about carrying values of assets and liabilities. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies adopted are consistent with those of the previous year, unless otherwise stated.

### Basis of consolidation

The consolidated financial statements have been prepared by aggregating the financial statements of all the entities that comprise the Group, being Objective Corporation Limited and its controlled entities. In these consolidated financial statements:

- results of each controlled entity are included from the date Objective Corporation Limited obtains control and until such time as it ceases to control an entity; and
- all inter-entity balances and transactions are eliminated.

Control is achieved where Objective Corporation Limited is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power to direct the activities of the entity. Entities controlled by Objective Corporation Limited are under no obligation to accept responsibility for liabilities of other common controlled entities except where such an obligation has been specifically undertaken.

## Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Refer Note 25 for further details.

## Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Objective Corporation Limited's functional and presentation currency.

## Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in the Directors' Report and Financial Report have been rounded to the nearest thousand Australian dollars unless otherwise indicated.

## 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 financial report.

## New or revised accounting standards

In the current 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 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

### AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021

In April 2021, the AASB issued *AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19- Related Rent Concessions beyond 30 June 2021*. When the AASB published the amendments to AASB 16 in June 2020, a lessee was permitted to apply the practical expedient to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. Due to the ongoing nature of the COVID-19 pandemic, the April 2021 amendment extends the practical expedient to apply to such payments originally due on or before 30 June 2022.



### Critical accounting judgments and key sources of estimation uncertainty

Critical judgments and key assumptions that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are detailed in the notes below:

Note	Judgement/Estimation
2, 4	Revenue from contracts with customers
5	Expected credit loss allowance
8, 9, 11, 12, 13	Asset impairment
14	Recoverability of deferred tax assets
11, 12, 13	Useful life for depreciable assets
12, 16	Lease terms and incremental borrowing rates
17	Employee benefits assumptions
6, 14	Income taxes

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

### Notes to the financial report

The notes to the financial report are organised into the following sections.

**Financial performance overview:** provides a breakdown of individual line items in the statement of financial performance, and other information that is considered most relevant to users of the annual report.

**Statement of financial position:** provides a breakdown of individual line items in the statement of financial position that are considered most relevant to users of the annual report.

**Capital structure and risk management:** provides information about the capital management practices of the Group including the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance and what the Group does to manage these risks.

**Group structure:** explains aspects of the Group structure and the impact of this structure on the financial position and performance of the Group.

**Other:** provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements.

### Note 2 Segment 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.

The CODM assesses the financial performance of the Group on an integrated basis only, and accordingly the Group is managed on the basis of a single segment.

#### 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:

	2022 \$'000	2021 \$'000
<b>Revenue by product group:</b>		
Content & Process	74,220	68,916
RegTech	20,367	15,252
Planning & Building	11,779	10,747
<b>Total revenue from contracts with customers</b>	<b>106,366</b>	<b>94,915</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 2 Segment information (continued)

Product groups	Description
<b>Content &amp; Process</b>	Includes results from the sale of Objective Enterprise Content Management related products which allow customers to manage information and process governance across the enterprise. Also includes the results from the sale of Objective Connect products which enable customers to collaborate with external organisations with the security, information governance and auditability demanded by government and Objective Redact products which allow users to irreversibly remove sensitive information from any electronic document. It also includes results from the sale of Objective Keystone products that improve efficiency and deliver governance in the process of authoring, reviewing, engaging with and publishing documents.
<b>RegTech</b>	Includes results from the sale of Objective RegWorks and Objective Reach products that are focused on the delivery of government regulation technology solutions, helping governments and regulators to productively carry out the essential work of delivering safety, regulation, compliance and enforcement outcomes that make our communities safer places to live.
<b>Planning &amp; Building</b>	Includes results from the sale of Objective Trapeze products which digitally transform development application plan reviews and assessments; and Objective Alpha and Master Business Systems, leading end to end building consenting solutions.
<b>Corporate</b>	This segment is not considered an operating group, includes head office and central service groups including treasury function.

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 year ended 30 June 2022 and the comparative period.

#### Revenue by geographic location

The Group's revenue from external customers by geographic location is provided below. In general, a large amount of revenue is generated by customers that are global, from transactions that cross multiple countries and where the source of revenue can be unrelated to the location of the users accessing the software.

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Revenue by location:</b>		
Australia	80,801	73,198
United Kingdom	11,266	9,483
New Zealand	13,826	12,343
Rest of the world	612	32
<b>Total revenue</b>	<b>106,505</b>	<b>95,056</b>

There were no customers contributing more than 10% of revenue during the current and comparative period.

#### Reportable segment assets and liabilities by geographic location

	Asia Pacific \$'000	Europe \$'000	Total \$'000
<b>30 June 2022</b>			
Reportable segment assets	80,106	17,314	97,420
Reportable segment liabilities	68,391	9,756	78,147
<b>30 June 2021</b>			
Reportable segment assets	64,829	14,106	78,935
Reportable segment liabilities	59,853	9,369	69,222

## Reconciliation of reportable segment assets and liabilities

	2022 \$'000	2021 \$'000
<b>Assets</b>		
Reportable segment assets	97,420	78,935
Intangible assets	40,726	35,544
Deferred tax assets	2,270	2,170
<b>Consolidated total assets</b>	<b>140,416</b>	<b>116,649</b>
<b>Liabilities</b>		
Reportable segment liabilities	78,147	69,222
Current tax liabilities	312	476
<b>Consolidated total liabilities</b>	<b>78,459</b>	<b>69,698</b>

## 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.

	2022 \$'000	2021 \$'000
<b>Non-current assets by location of assets</b>		
Australia	24,286	23,832
United Kingdom	8,026	8,842
New Zealand	13,179	16,017
Rest of the world	6,244	11
Unallocated non-current assets	2,270	2,170
<b>Total non-current assets</b>	<b>54,005</b>	<b>50,872</b>

## Note 3 Earnings per share

	CONSOLIDATED	
	2022	2021
<b>Basic earnings per share – cents</b>	<b>20.7</b>	<b>17.2</b>
Profit for the year attributable to shareholders of Objective Corporation Limited (\$'000)	19,563	16,086
Weighted average number of ordinary shares used in the calculation of basic earnings per share	94,423,179	93,726,374
<b>Diluted earnings per share – cents</b>	<b>20.4</b>	<b>16.8</b>
Profit for the year attributable to shareholders of Objective Corporation Limited (\$'000)	19,563	16,086
Weighted average number of ordinary shares used in the calculation of diluted earnings per share <sup>1</sup>	95,936,929	95,778,874

<sup>1</sup> Calculated by increasing the total weighted average number of shares used in calculating basic earnings per share by outstanding options of 1,513,750. Options granted under the Employee Incentive Plan and the Employee Equity Plan are included in the determination of diluted earnings per share to the extent to which they are dilutive.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 4 Revenue from contracts with customers

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Revenue from contracts with customers</b>	<b>106,366</b>	<b>94,915</b>
<i>Other revenue:</i>		
Interest income	138	92
Sundry revenue	1	49
<b>Total revenue</b>	<b>106,505</b>	<b>95,056</b>

### Disaggregation of revenue from contracts with customers

The Group's revenue disaggregated by pattern of revenue recognition is as follows.

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Timing of revenue recognition:</b>		
– products and services transferred at a point in time	4,684	4,145
– products and services transferred over time	101,682	90,770
<b>Total revenue from contracts with customers</b>	<b>106,366</b>	<b>94,915</b>

### Recognition and measurement – Revenue from contracts with customers

Revenue from contracts with customers is recognised upon transfer of control of the promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

The Group designs, develops and delivers specialised software solutions to assist predominantly public sector bodies to operate with increased effectiveness, transparency and efficiency through uptake of the Company's content, collaboration and process management solutions.

From these activities, the Group generates the following streams of revenue:

- Software licence revenue
- Implementation and consulting revenue
- Other ancillary fees such as hosting and support service fees
- Royalties revenue

Each of the above services delivered to customers are considered separate performance obligations, even though for practical expedience they may be governed by a single legal contract with the customer.

In recognising revenue, an assessment is performed as to whether control of the goods transfer to a customer over time or at a point in time.

Revenue recognition for each of the above revenue streams are as follows:

Revenue stream	Performance obligation	Timing of recognition
<b>Software license revenue</b>	Right-to-use	Revenue from distinct on-premise licenses is recognised upfront at the point in time when the software is delivered to the customer. Perpetual licenses are initially sold with one year of ongoing software support which is recognised as revenue over time and the option to renew thereafter.
	Access to software	Software license revenue offered on a subscription basis is recognised based on an equal daily rate over the term of the contract as the customer simultaneously receives and consumes the benefit of accessing the software.  Subscription customers are typically invoiced annually in advance and prior to revenue recognition, which results in contract liabilities. The consideration is payable when invoiced.
<b>Implementation and consulting revenue</b>	As defined in the contract	Professional service revenue billed on a time and materials basis is recognised over time as services are delivered. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is calculated based on time and materials.
<b>Implementation and consulting revenue</b>		For fixed-price contracts, revenue is recognised based on the extent of progress towards completion of the performance obligation, on a project-by-project basis. The method used to measure progress depends on the nature of the services. Revenue is recognised on the basis of time and materials incurred to date relative to the total budgeted inputs. The output method on the basis of milestones is used when the contractual terms align the Company's performance with measurements of value to the customer. Revenue is recognised for services performed to date based on contracted rates and/or milestones that correspond to the amount the Company is entitled to invoice.  If contracts include the installation of software license, revenue for the software licence is recognised at a point in time when the software is delivered, the legal title has passed, and the customer has taken delivery of the software license.
<b>Other ancillary fees</b>	Provision of hosting services, cloud services, support and maintenance services.	Over time, depending on circumstances.
<b>Royalties revenue</b>	Use of Objective intellectual property in products sold by third-parties.	Royalties revenue is recognised over time as the customer simultaneously receives and consumes the benefit of accessing the information. Royalties revenue is recognised as the amount to which the Group has a right to invoice under the agreed royalty model with the customer. Customers are typically invoiced monthly, and consideration is payable when invoiced, which corresponds directly with the performance completed to date in respect of this stream.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 4 Revenue from contracts with customers (continued)

#### Critical accounting estimates and judgements – revenue from contracts with customers

##### Performance obligations

The Group's contracts with customers may include multiple performance obligations. For contracts with multiple components to be delivered, such as, software installation, software licence and upgrade support services, management applies judgement to consider whether those promised goods and services are (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified as distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

##### Transaction price

At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract. This includes an assessment of any variable consideration where the Group's performance may result in additional revenues based on the achievement of agreed key performance indicators. Such amounts are only included based on the expected value method and only to the extent that it is highly probable that significant reversals in the cumulative amount of revenue recognised will not occur in subsequent periods. The expected value method for estimating variable consideration is generally used where the Group has a large number of contracts with similar characteristics.

The Group allocates the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct product or service. Stand-alone selling prices are determined based on prices charged to customers for individual products and services taking into consideration the size and length of contracts and the Group's overall go to market strategy.

##### Contract modifications

The Group's contracts may occasionally be amended for changes in contract specifications and requirements. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- a. prospectively as an additional separate contract;
- b. prospectively as a termination of the existing contract and creation of a new contract;
- c. as part of the original contract using a cumulative catch up; or
- d. as a combination of b) and c).

#### Critical accounting estimates and judgements – revenue from contracts with customers

For contracts for which the Group has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the modification will always be treated under either a) or b). d) may arise when a contract has a part termination and a modification of the remaining performance obligations.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price. Importantly any variable consideration is only recognised to the extent that it is highly probable that no revenue reversal will occur.



## Note 5 Profit and loss items

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<i>Expenses:</i>		
Depreciation expenses – property, plant and equipment	(1,877)	(1,930)
Depreciation expenses – right-of-use assets	(2,441)	(2,392)
Amortisation expenses and impairment – intangible assets	(1,206)	(549)
Expected credit loss (allowance)/reversal – trade and other receivables	160	(195)
Interest expense – lease liabilities	(421)	(510)
Other finance costs	(51)	(52)
Employee benefits expenses	(57,309)	(52,386)
Superannuation expenses	(4,127)	(3,533)
Share based payment expenses	(486)	(500)
NZCC settlement	(1,440)	–
<i>Other gains and losses:</i>		
Net foreign exchange gains/(losses)	17	(56)
Net profit on disposal of property, plant and equipment	16	12

### Recognition and measurement

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of purchase of the asset or as part of the expense.

### Employee benefits expense

Employee benefits expense includes salaries, wages and other employment related entitlements.

### Superannuation

Contributions made by the Group to employee superannuation funds, which are defined contribution plans are charged as an expense when incurred.

### Research and development expenses

Research and development expenses are incurred for in-house research and development activities in the areas of application technology and engineering. Expenditure on research and development activities is recognised in the consolidated statement of profit or loss as an expense when incurred on the basis that the expected future benefits from these activities are too uncertain to justify carrying the expenditure forward.

### Interest expense and other finance costs

Interest expense and other finance costs are recognised in the period in which they are incurred.

### Foreign currency transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 5 Profit and loss items (continued)

#### Gain/(loss) on disposal of property, plant and equipment

Gains or losses arising from the retirement or disposal of tangible assets are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss on the date of retirement or disposal.

#### Interest income

Interest income is earned from financial assets that are held for cash management purposes and recognised as it accrues, taking into account the effective yield on the financial asset.

### NOTE 6 INCOME TAX EXPENSE

#### (a) Components of income tax expense

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Current tax expense on profits for the year	4,261	3,261
Deferred tax (credit)/expense related to movements in deferred tax balances	(99)	836
Income tax under/(over) provided in prior years	(320)	44
<b>Income tax expense</b>	<b>3,842</b>	<b>4,141</b>

#### Uncertain tax positions

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law however significant judgement is required in determining the provision for income tax. Where the final tax outcome of these matters is different from the estimated amounts, such differences will impact the current and, where recognised, deferred tax provisions in the period in which such determination is made.

#### (b) Reconciliation of income tax expense to prima facie tax payable

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Profit before income tax expense</b>	<b>23,405</b>	<b>20,227</b>
Prima facie income tax expense calculated at the tax rate of 30%	7,022	6,068
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation expenses – intangibles	276	68
Share based payment expenses	147	150
Other non-allowable deductions	472	28
<b>Subtotal</b>	<b>7,917</b>	<b>6,314</b>
Different tax rates of subsidiaries operating in other jurisdictions	(422)	(451)
Adjustments for current tax of prior periods	(320)	44
Research and development tax credit	(2,111)	(1,886)
Tax effect of cash contributions to employee share trust	(1,145)	–
Recoupment in the current year of previously unrecognised tax losses	(77)	–
Tax losses not recognised as deferred tax assets	–	120
<b>Income tax expense</b>	<b>3,842</b>	<b>4,141</b>

## Recognition and measurement

Current and deferred tax is recognised as an expense or income in the consolidated statement of profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

Current tax represents the amount expected to be paid in relation to taxable income for the financial year measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

## Tax consolidation

Objective Corporation Limited (the parent entity) and its wholly owned Australian resident subsidiaries formed a tax-consolidated group pursuant to Australian taxation law with effect from 1 July 2002 and are therefore taxed as a single entity from that date. Objective Corporation Limited is the head entity in the tax-consolidated group.

On 1 July 2020, Objective RegTech Pty Limited, a wholly-owned Australian resident subsidiary, joined the tax-consolidated group.

Tax expense/credit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'standalone taxpayer' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the tax-consolidated group are recognised by the head entity in the tax consolidated group.

## Note 7 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year are reflected in the related items in the consolidated statement of financial position as follows:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Current assets</b>		
Cash at bank and in hand	18,092	11,600
Short-term bank deposits	45,702	36,760
<b>Total cash and cash equivalents<sup>1</sup></b>	<b>63,794</b>	<b>48,360</b>

<sup>1</sup> The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include \$1,460,000 (2021: \$1,460,000) in short term bank deposits which are restricted for use and held as security for rental guarantee.

## Classification as cash equivalents

Cash and cash equivalents comprise cash, bank balances and short-term deposits with a maturity of three months or less from acquisition.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 8 Trade and other receivables

	CONSOLIDATED			
	2022		2021	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Trade receivables	16,835	–	12,333	–
Other receivables	843	–	838	–
Sub-total	17,678		13,171	
Expected credit loss allowance (a)	(40)	–	(197)	–
	17,638	–	12,974	–
Loans to employees	–	33	–	86
<b>Total trade and other receivables</b>	<b>17,638</b>	<b>33</b>	<b>12,974</b>	<b>86</b>

(a) Movement in expected credit loss allowance is as follows:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Balance at beginning of the year	197	5
Net remeasurement of expected credit loss allowance	(160)	195
Trade receivables written off during the year	–	–
Foreign currency translation	3	(3)
<b>Total expected credit loss allowance at 30 June</b>	<b>40</b>	<b>197</b>

### Recognition and measurement

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any credit loss allowance.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Expected credit losses are measured by grouping trade receivables and contract assets based on shared credit risk characteristics and the days past due.

A provision matrix is then determined based on the historic credit loss rate for each group of customers, adjusted as appropriate to reflect current conditions and changes to the future credit risk for that customer group.

### Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. Further information relating to loans to employees is set out in Note 27.

The ageing of the Group's trade and other receivables at reporting date together with impairment and other accounting policies for trade and other receivables are outlined in Note 23.

## Note 9 Contract assets and contract liabilities

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Current</b>		
Contract assets	2,972	2,693
Contract liabilities	48,690	40,166

Changes in contract balances during the current year are:

	Contract assets \$'000	Contract liabilities \$'000
Balance at the beginning of the year	2,693	(40,166)
Transfer from contract assets to trade receivables	(2,693)	—
Revenue recognised for work performed but not yet billed	2,985	—
Transfer from contract liabilities to contract assets <sup>1</sup>	—	5,064
Revenue recognised during the year that was included in contract liabilities at the beginning of the year	—	40,166
Increase due to cash received, excluding amount recognised during the year	—	(53,680)
Addition from acquisition of subsidiary	—	(699)
Foreign currency translation	(13)	625
<b>Balance at the end of the year</b>	<b>2,972</b>	<b>(48,690)</b>

<sup>1</sup> In fixed-price contracts, the customer pays the fixed amount based on an agreed payment schedule. If the services rendered by the Group exceed the payment received, a contract asset is recognised. If the payments received exceed the services rendered, a contract liability is recognised.

Changes in contract balances during the prior year are:

	Contract assets \$'000	Contract liabilities \$'000
Balance at the beginning of the year	1,327	(36,375)
Transfer from contract assets to trade receivables	(1,327)	—
Revenue recognised for work performed but not yet billed	2,699	—
Transfer from contract assets to contract liabilities <sup>1</sup>	—	1,012
Revenue recognised during the year that was included in contract liabilities at the beginning of the year	—	36,375
Increase due to cash received, excluding amount recognised during the year	—	(40,486)
Addition from acquisition of subsidiary	—	(766)
Foreign currency translation	(6)	74
<b>Balance at the end of the year</b>	<b>2,693</b>	<b>(40,166)</b>

<sup>1</sup> In fixed-price contracts, the customer pays the fixed amount based on an agreed payment schedule. If the services rendered by the Group exceed the payment received, a contract asset is recognised. If the payments received exceed the services rendered, a contract liability is recognised.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 9 Contract assets and contract liabilities (continued)

#### Recognition and measurement

A contract asset is recognised when a conditional right to consideration exists and transfer of control has occurred. Contract assets are typically related to unbilled receivable balances which have not yet been invoiced and arises when the Group satisfies a performance obligation before it receives the consideration and are generally related to consultancy or services projects.

Contract liabilities primarily consists of billings or payments received in advance of revenue recognition from subscription services, including non-cancellable and non-refundable committed funds and deposits. Customers are typically invoiced for these agreements in regular instalments and revenue is recognised on a straight-line basis over the contractual subscription period or as the performance obligations under contracts with customers are satisfied. Contract liability does not represent the total contract value of annual or multi-year non-cancellable subscription agreements.

Similarly, if the Group satisfies a performance obligation before it receives the consideration, typically on IT consulting projects, the Group recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

#### Unsatisfied performance obligations

The Group applies the practical expedient in the revenue standard and does not disclose information about the remaining performance obligation on contracts that have an original expected duration of one year or less or where the Group has the right to consideration from a customer in an amount that corresponds directly to the value transferred to customer, typically involving time and material based contracts.

The aggregate amount of contract liabilities of the performance obligations that are unsatisfied at 30 June 2022 was \$48,690,000 (2021: \$40,166,000) and is expected to be recognised as revenue within the next twelve months.

### Note 10 Other assets

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Current assets</b>		
Prepayments	1,955	1,699
Rental deposits	52	51
<b>Total other assets</b>	<b>2,007</b>	<b>1,750</b>
<b>Non-current assets</b>		
Other assets	6	–
<b>Total other assets</b>	<b>6</b>	<b>–</b>

#### Recognition and measurement

Prepayments are recognised for amounts paid whereby goods have not transferred ownership to the Group or where services have not yet been provided. Upon receipt of goods or the service the corresponding asset is recognised in the consolidated statement of profit or loss.

Rental deposits are bond payments made to the lessor under a lease agreement and may be refunded in whole or in part at the end of the leasing arrangement.



## Note 11 Property, plant and equipment

	CONSOLIDATED				
	Plant and equipment \$'000	Leasehold improvements \$'000	Motor vehicles \$'000	Capital work in progress \$'000	Total \$'000
<b>30 June 2022</b>					
Gross carrying amount – cost	7,454	6,391	72	–	13,917
Accumulated depreciation	(4,955)	(4,664)	(40)	–	(9,659)
<b>Total property, plant and equipment, net</b>	<b>2,499</b>	<b>1,727</b>	<b>32</b>	<b>–</b>	<b>4,258</b>
<i>Represented by:</i>					
Net carrying amount at 1 July 2021	2,415	2,246	46	–	4,707
Additions	1,166	415	22	–	1,603
Additions recognised on business combination (Note 25)	–	–	–	–	–
Disposals	(112)	–	(16)	–	(128)
Depreciation expenses	(939)	(919)	(19)	–	(1,877)
Transfers	–	–	–	–	–
Exchange differences	(31)	(15)	(1)	–	(47)
<b>Net carrying amount at 30 June 2022</b>	<b>2,499</b>	<b>1,727</b>	<b>32</b>	<b>–</b>	<b>4,258</b>
<b>30 June 2021</b>					
Gross carrying amount – cost	6,521	6,008	88	–	12,617
Accumulated depreciation	(4,106)	(3,762)	(42)	–	(7,910)
<b>Total property, plant and equipment, net</b>	<b>2,415</b>	<b>2,246</b>	<b>46</b>	<b>–</b>	<b>4,707</b>
<i>Represented by:</i>					
Net carrying amount at 1 July 2020	2,033	2,192	89	696	5,010
Additions	1,062	50	27	–	1,139
Additions recognised on business combination (Note 25)	282	236	–	–	518
Disposals	(1)	–	(35)	–	(36)
Depreciation expenses	(993)	(901)	(36)	–	(1,930)
Transfers	18	678	–	(696)	–
Exchange differences	14	(9)	1	–	6
<b>Net carrying amount at 30 June 2021</b>	<b>2,415</b>	<b>2,246</b>	<b>46</b>	<b>–</b>	<b>4,707</b>

### Recognition and measurement

Property, plant and equipment are recorded at historical cost of acquisition less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 11 Property, plant and equipment (continued)

#### Critical accounting estimates and judgements – depreciation methods and useful lives

Property, plant and equipment comprises of furniture and fittings, office equipment, computer equipment and leasehold improvements. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Asset class	Useful life
Plant and equipment	2 – 10 years
Leasehold improvements	2 – 7 years or shorter of lease term
Motor vehicles	5 – 8 years

Estimates of remaining useful lives, residual values and depreciation methods require significant management judgement, are reviewed annually, and where changes are made, their effects are accounted for on a prospective basis.

### Note 12 Right-of-use assets

Movements in the net carrying amount of right-of-use assets during the year are presented below:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Buildings		
Gross carrying amount – cost	14,847	14,132
Accumulated amortisation	(8,135)	(5,767)
<b>Total right-of-use assets, net</b>	<b>6,712</b>	<b>8,365</b>
<i>Represented by:</i>		
Net carrying amount at 1 July	8,365	9,162
Additions – new leases	910	–
Acquired through business combination (Note 25)	–	1,502
Depreciation of right-of-use assets	(2,441)	(2,392)
Foreign exchange differences	(122)	93
<b>Net carrying amount at 30 June</b>	<b>6,712</b>	<b>8,365</b>

The Group leases office premises in the ordinary course of its business. The Group's office premise leases comprise office building leases in multiple cities and countries in which the Group operates.

The non-cancellable period of the leases ranges from 2 to 10 years with variable options to extend the lease terms. The lease payments are adjusted every year, based on contractual fixed percentage increases and in certain instances additionally increased by the prevailing consumer price index (CPI) at the lease review date.

For any new contracts, the Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

## Recognition and measurement

At the commencement date, each lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of right-of-use assets are determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically assessed for impairment losses, and adjusted for certain remeasurements of the lease liability resulting from lease modifications.

The Group has applied the exemption not to recognise the right-of-use assets and lease liabilities for leases of low value assets or short-term leases less than 12 months. Furthermore, the Group has applied the practical expedient to use a single regional discount rate to a portfolio of leases with similar characteristics.

## Note 13 Intangible assets

	CONSOLIDATED				
	Intellectual property \$'000	Brand names \$'000	Other intangibles \$'000	Goodwill \$'000	Total \$'000
<b>30 June 2022</b>					
Gross carrying amount – cost	2,162	169	4,547	38,427	45,305
Accumulated amortisation	(2,162)	–	(2,417)	–	(4,579)
<b>Total intangible assets, net</b>	<b>–</b>	<b>169</b>	<b>2,130</b>	<b>38,427</b>	<b>40,726</b>
<i>Represented by:</i>					
Net carrying amount at 1 July 2021	–	173	2,655	32,716	35,544
Additions	–	–	–	–	–
Additions recognised on business combination (Note 25)	–	–	693	6,237	6,930
Amortisation expenses and impairment	–	–	(1,206)	–	(1,206)
Foreign exchange differences	–	(4)	(12)	(526)	(542)
<b>Net carrying amount at 30 June 2022</b>	<b>–</b>	<b>169</b>	<b>2,130</b>	<b>38,427</b>	<b>40,726</b>
<b>30 June 2021</b>					
Gross carrying amount – cost	2,244	173	3,865	32,716	38,998
Accumulated amortisation	(2,244)	–	(1,210)	–	(3,454)
<b>Total intangible assets, net</b>	<b>–</b>	<b>173</b>	<b>2,655</b>	<b>32,716</b>	<b>35,544</b>
<i>Represented by:</i>					
Net carrying amount at 1 July 2020	–	174	1,436	15,871	17,481
Additions	–	–	3	–	3
Additions recognised on business combination (Note 25)	–	–	1,765	16,720	18,485
Amortisation expenses and impairment	–	–	(548)	–	(548)
Foreign exchange differences	–	(1)	(1)	125	123
<b>Net carrying amount at 30 June 2021</b>	<b>–</b>	<b>173</b>	<b>2,655</b>	<b>32,716</b>	<b>35,544</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 13 Intangible assets (continued)

#### Recognition and measurement

Intangible assets acquired in a business combination is recognised at fair value at the acquisition date. Intangible assets with finite useful life is stated at cost less accumulated amortisation and impairment losses.

#### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets acquired in a business combination. Goodwill is not amortised, but tested annually for impairment.

#### Intellectual property

The intellectual property was obtained through acquiring Objective Keystone Limited in April 2009 and amortised over its estimated useful life.

#### Other intangible assets

Includes customer relationship list arising from the acquisition of Objective Trapeze NZ Limited and measured at fair value at the date of acquisition and patents. Brand names of \$169,000 (2021: \$173,000) that have an indefinite life are assessed for recoverability annually. Customer relationship lists that have a defined useful life are amortised and subsequently carried net of accumulated amortisation. The carrying value of other intangible assets is allocated to the Group's cash generating units (CGU) identified as Objective Trapeze NZ Limited.

#### Critical accounting estimates and judgements – amortisation methods and useful lives

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives. Useful lives are reassessed each period. The useful lives of intangible assets have been assessed as follows:

Asset class	Useful life
Intellectual property and patents	10 years
Customer relationship list and software	1 – 10 years
Brand names	Indefinite useful life

Assessments of useful lives and estimates of remaining useful lives require significant management judgement. Brand names are generally assessed as having an indefinite useful life on the basis of brand strength, ongoing expected profitability and continuing support.

#### Critical accounting estimates and judgements – asset impairment

The Group tests property, plant and equipment and intangible assets for impairment to ensure they are not carried at above their recoverable amounts:

- at least annually for goodwill and intangible assets with indefinite lives; and
- where there is an indication that the assets may be impaired (which is assessed at least each reporting date).

These tests for impairment are performed by assessing the recoverable amount of each individual asset or, if this is not possible, then the recoverable amount of the CGU to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows. The recoverable amount is the higher of an asset or a CGU's fair value less costs of disposal and value in use. The value in use calculations are based on discounted cash flows expected to arise from the asset. Management judgment is required in these valuations to forecast future cash flows and a suitable discount rate in order to calculate the present value of these future cash flows.

The carrying value of goodwill is allocated to the Group's CGUs identified as follows:

	2022 \$'000	2021 \$'000
Objective Keystone	5,756	5,973
Objective Planning and Building <sup>1</sup>	9,714	10,023
Objective RegTech	16,720	16,720
Objective 3Sixty	6,237	–
<b>Total goodwill</b>	<b>38,427</b>	<b>32,716</b>

1 CGU in New Zealand.

The recoverable amount of Objective Keystone is determined based on value-in-use calculation. The calculation uses cash flow projections based on a five-year financial budget approved by management, extrapolated with an estimated general long-term continuous annual growth of not more than 15.0% (2021: 15.0%). The discount rate used of 15.5% (2021: 15.5%) is pre-tax and reflects specific risks related to the relevant operation. A terminal value based on the EBITDA exit multiple of 5x was used in the calculation.

The recoverable amounts of CGUs in New Zealand are determined based on value in-use calculation. The calculation uses cash flow projections based on a five-year financial budget approved by management, extrapolated with an estimated general long-term continuous annual growth of not more than 20.0% (2021: 20.0%). The discount rate used of approximately 15.5% (2021: 15.5%) is pre-tax and reflects specific risks related to the relevant operation. A terminal value based on the EBITDA exit multiple of 5x was used in the calculation.

The recoverable amounts of Objective RegTech is determined based on value in-use calculation. The calculation uses cash flow projections based on a five-year financial budget approved by management, extrapolated with an estimated general long-term continuous annual growth of not more than 25.0% (2021: 25.0%). The discount rate used of approximately 15.5% (2021: 15.5%) is pre-tax and reflects specific risks related to the relevant operation. A terminal value based on the EBITDA exit multiple of 5x was used in the calculation.

The current financial forecasts used in the calculation is determined by management based on past performance and its expectations for market development and includes a number of initiatives designed to drive incremental sales and increased margins as well as reduce the costs of doing business. Management have assessed that the CGUs are sensitive to reasonably possible changes in the cash flow forecasts covering a period of five year and believe that any reasonably foreseeable changes in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

## Note 14 Net deferred tax assets

### (a) Deferred tax balances as disclosed in the consolidated statement of financial position

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Deferred tax assets arising on deductible temporary differences	2,298	2,247
Deferred tax liabilities arising on taxable temporary differences	(28)	(77)
<b>Total net deferred tax assets</b>	<b>2,270</b>	<b>2,170</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 14 Net deferred tax assets (continued)

#### (b) Movement in deferred tax balances

	CONSOLIDATED				
	Opening balance \$'000	Charged to profit or loss \$'000	Acquisition of subsidiary \$'000	Other \$'000	Closing balance \$'000
<b>30 June 2022</b>					
Property, plant and equipment	135	(43)	–	–	92
Unrealised foreign exchange	–	33	–	–	33
Employee benefits provision	1,595	178	–	1	1,774
Rent incentive provision	286	(34)	–	–	252
Deferred expenditures for tax purposes	115	(30)	–	–	85
Intangibles	(77)	49	–	–	(28)
Accrued expenses	–	6	–	–	6
Unused tax losses	–	–	–	–	–
Other individually insignificant balances	116	(60)	–	–	56
<b>Total net deferred assets</b>	<b>2,170</b>	<b>99</b>	<b>–</b>	<b>1</b>	<b>2,270</b>
<b>30 June 2021</b>					
Property, plant and equipment	122	42	(29)	–	135
Unrealised foreign exchange	(34)	34	–	–	–
Employee benefits provision	1,057	162	377	(1)	1,595
Rent incentive provision	412	(126)	–	–	286
Deferred expenditures for tax purposes	–	115	–	–	115
Intangibles	–	49	(126)	–	(77)
Accrued expenses	–	(1,130)	1,130	–	–
Unused tax losses	164	–	–	(164)	–
Other individually insignificant balances	57	18	41	–	116
<b>Total net deferred assets</b>	<b>1,778</b>	<b>(836)</b>	<b>1,393</b>	<b>(165)</b>	<b>2,170</b>

#### (c) Tax losses

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Unused tax losses for which no deferred tax asset has been recognised	4,760	5,127
<b>Potential tax benefit</b>	<b>997</b>	<b>1,122</b>

Potential tax assets of approximately \$997,000 (2021: \$1,122,000) attributable to unused tax losses carried forward by foreign owned subsidiaries have not been recognised as the availability of future taxable profits against which the assets can be utilised is not considered to be probable at 30 June 2022. The benefit for tax losses will only be obtained if the relevant member entities:

- derive future assessable income of a nature and amount sufficient to enable the benefit from the deductions for the losses to be realised; or
- continue to comply with the conditions of deductibility imposed by tax legislation and no change in tax legislation adversely affects the relevant entities in realising the benefit from the deductions for the losses.



## Recognition and measurement

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences will give rise to taxable amounts that are payable in future periods.

Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or the liabilities are settled under enacted or substantively enacted tax law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis, or realise the asset and settle the liability simultaneously. Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

## Critical accounting estimates and judgements – recoverability of deferred tax assets

The Group exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery. Factors considered include the ability to offset tax losses within the groups of entities in different tax jurisdictions, the nature of the tax loss, the length of time that tax losses are eligible for carry forward to offset against future taxable profits and whether future taxable profits are expected to be sufficient to allow recovery of deferred tax assets.

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. The tax expense and deferred tax balances assume certain tax outcomes and values of assets in relation to the application of tax legislation as it applies to the Group's entities. Judgement is required in determining the provisions for income taxes and in assessing whether deferred tax balances are to be recognised in the statement of financial position. Changes in tax legislation or the interpretation of tax laws by tax authorities may affect the amount of provision for income taxes and deferred tax balances recognised.

## Note 15 Trade and other payables

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Trade payables and accruals	6,870	7,463
Goods and services tax payable, net	5,001	3,637
Dividends payable	127	97
<b>Total trade and other payables</b>	<b>11,998</b>	<b>11,197</b>

## Recognition and measurement

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at their amortised cost.

Accruals comprised largely of accruals for staff costs, advertising and promotion expenses and miscellaneous operating expenses. Other creditors and accruals are expected to be settled or recognised as income within one year or are repayable on demand.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the taxation authority is included as a current asset or liability. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the taxation authority are classified as operating cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 16 Lease liabilities

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Current lease liabilities	3,333	3,010
Non-current lease liabilities	5,884	8,488
<b>Total lease liabilities</b>	<b>9,217</b>	<b>11,498</b>

#### Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

#### Recognition and measurement

The Group measures the lease liability at the present value of the lease payments unpaid at lease commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group's average incremental borrowing rate used is 4.19% (2021: 4.14%).

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

#### Critical accounting estimates and judgements – lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

### Note 17 Provisions

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Current</b>		
Employee benefits	5,519	4,960
NZCC settlement <sup>1</sup>	1,440	–
<b>Total current provisions</b>	<b>6,959</b>	<b>4,960</b>
<b>Non-current</b>		
Employee benefits	493	512
Other provisions	396	133
<b>Total non-current provisions</b>	<b>889</b>	<b>645</b>
<b>Total provisions</b>	<b>7,848</b>	<b>5,605</b>

<sup>1</sup> NZCC settlement relates to provision raised in relation to the agreed settlement with the New Zealand Commerce Commission. The New Zealand High Court has issued its decision on the amount of the pecuniary penalty the Company is to pay for breach of section 46 of the *New Zealand Commerce Act 1986*. The Company and the New Zealand Commerce Commission had recommended a penalty of NZ\$1,540,000. The Court has agreed to the proposed penalty, which was subsequently paid in full on 12 August 2022.

## Recognition and measurement

Provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made as to the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

A provision is made for benefits accruing to employees in respect of annual leave and long service leave. Liabilities expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

## Critical accounting estimates and judgements – employee benefits assumptions

In estimating the value of employee benefits, consideration is given to expected future salary and wage levels (including on-cost rates), experience of employee departures and periods of service. The assumptions are reviewed periodically and given the nature of the estimate, reasonably possible changes in assumptions are not considered likely to have a material impact.

Where a provision is measured using the cash flows estimated to settle the obligation, the cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Discount rates are reviewed periodically and given the nature of the estimate, reasonably possible changes are not considered likely to have a material impact.

## Note 18 Issued capital

	CONSOLIDATED			
	2022		2021	
	Number of shares	\$'000	Number of shares	\$'000
<b>Share capital</b>				
94,856,118 fully paid ordinary shares (2021: 94,010,371)				
<i>Movement:</i>				
Opening balance	94,010,371	6,943	93,327,871	5,448
Issue of shares <sup>1</sup>	135,000	230	225,000	500
Shares issued under acquisition (Note 25)	186,997	2,900	–	–
Share options exercised by employees <sup>2</sup>	503,750	958	457,500	995
Shares issued to OCL Trust	20,000	279	–	–
<b>Closing balance</b>	<b>94,856,118</b>	<b>11,310</b>	<b>94,010,371</b>	<b>6,943</b>

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

2 Represents proceeds from share issues associated with limited recourse loans issued under the Objective Employee Incentive Plan and the Objective Employee Equity Plan (Refer Note 20).

## Share capital

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation. The ordinary shares have no par value and the Company does not have a limited amount of authorised capital. Capital raising costs are deducted from contributed equity.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 18 Issued capital (continued)

#### Options issued during the year under the Employee Incentive Plan

The Company issues employee share options pursuant to the Employee Incentive Plan. Under the terms and conditions of the current Employee Incentive Plan, selected employees are granted the right to acquire shares at a nominated exercise price subject to agreed service and performance criteria (i.e. vesting conditions) being satisfied. On satisfaction of the vesting conditions the shares are issued to the employee with the exercise price being financed by a limited recourse loan. No amount is paid or payable by the employee on receipt of these shares. Dividends declared and paid on the issued shares are for the benefit of the employee. The employee is not permitted to deal in the shares until the limited recourse loan has been repaid. The value of the limited recourse loans and issue price of the shares are not recorded as loans receivable or share capital of the Company until repayment or part repayment of the loans occur. The Employee Incentive Plan shares are entitled to dividends. The dividends are applied to reduce the loans and increase share capital in accordance with both the current terms of the Employee Incentive Plan and AASB 2: *Share-based Payment*.

Specific terms of the option and loan agreement previously offered to employees, but no longer in effect, result in loans to these employees being recognised as a loan receivable until fully repaid and the value of the shares acquired included in share capital.

Each option entitles the holder to the right to acquire one ordinary share at the nominated exercise price during the period commencing on the vesting date of the options.

#### The OCL Trust Employee Equity Plan

On 22 December 2021, the Group established The Objective Corporation Limited Employee Share Trust (OCL Trust) and appointed Certane CT Pty Ltd to administer the Group's employee share schemes as the Trustee of the Trust for the purposes of holding certain shares in the Company on trust for the benefit of the participants in the Objective Employee Incentive Plan and Objective Employee Equity Plan.

The OCL Trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Through contributions to the OCL Trust, the Group typically purchases shares in the Company. Shares acquired are held by the OCL Trust, are disclosed as Treasury shares and are deducted from total equity.

Refer Note 27 for further details.

### Note 19 Dividends and franking credits

#### (a) Dividends

Dividend type	Cents per share	Franking	Total amount \$'000	Date paid/payable
2022 Final Franked <sup>1</sup>	5.00	100%	4,743	14 September 2022
2022 Final Unfranked <sup>1</sup>	6.00	Nil	5,691	19 September 2022
2021 Final	9.00	100%	8,489	16 September 2021
2020 Final	7.00	100%	6,551	16 September 2020

<sup>1</sup> The final franked dividend and final unfranked dividend for the year ended 30 June 2022 has not been recognised in this financial report because it was resolved to be paid after 30 June 2022.

#### (b) Franking credits

	2022 \$'000	2021 \$'000
The balance of franking credit account at balance date adjusted for the payment of current tax liability	1,350	2,514

## Note 20 Reserves

CONSOLIDATED						
	Treasury shares reserve		Share buy-back reserve	Share-based payments reserve	Foreign currency translation reserve	Total
	No. of shares	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2022</b>						
Opening balance	—	—	(10,812)	1,865	(1,425)	(10,372)
Share-based payment	—	—	—	486	—	486
Shares in the Company purchased by OCL Trust	20,000	(279)	—	—	—	(279)
Translation of foreign operations	—	—	—	—	(642)	(642)
<b>Closing balance</b>	<b>20,000</b>	<b>(279)</b>	<b>(10,812)</b>	<b>2,351</b>	<b>(2,067)</b>	<b>(10,807)</b>
<b>30 June 2021</b>						
Opening balance	—	—	(10,812)	1,365	(1,503)	(10,950)
Share-based payment	—	—	—	500	—	500
Translation of foreign operations	—	—	—	—	78	78
<b>Closing balance</b>	<b>—</b>	<b>—</b>	<b>(10,812)</b>	<b>1,865</b>	<b>(1,425)</b>	<b>(10,372)</b>

### Treasury shares reserve

Treasury shares are ordinary shares in the Company held by OCL Trust in respect of equity incentive plan awards to employees. OCL Trust is a controlled entity and holds shares in the Company. As a result, the OCL Trust's shareholding in the Company is disclosed as Treasury shares and deducted from total equity (in the Treasury Shares Reserve). When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction, if any, is transferred to/from retained earnings.

### Share buy-back reserve

The share buy-back reserve represents the value of the Company's shares which were purchased and subsequently cancelled. The cancellation of the shares creates a non-distributable reserve.

### Foreign currency translation reserve

Exchange differences arising on translation of the financial statements of the Group's foreign controlled entities into Australian dollars are in other comprehensive income and accumulated in a separate reserve within equity.

### Share-based payments reserve

The share-based payments reserve is used to recognise the share-based payments expense resulting from the value of share options issued to key management personnel and employees under the Group's Employee Incentive Plan. Further information about share-based payments to employees is made in Note 27.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 21 Retained earnings

#### Summary of movement in consolidated retained earnings

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Balance at 1 July	50,380	40,845
Profit for the year	19,563	16,086
Dividends paid for or provided (Note 19(a))	(8,489)	(6,551)
<b>Balance at 30 June</b>	<b>61,454</b>	<b>50,380</b>

### Note 22 Cash flow information

#### (a) Reconciliation of profit for the year to net cash inflow from operating activities

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Profit for the year	19,563	16,086
<b>Adjustments:</b>		
Depreciation and amortisation expenses	3,084	2,479
Depreciation of right-of-use assets	2,441	2,392
Non-cash employee benefits expense – share based payments	486	500
Net gain on disposal of property, plant and equipment	(17)	(12)
Net unrealised foreign exchange differences	(27)	42
Credit loss allowance/(reversal) – trade and other receivables	(160)	195
Share of (profit)/loss from joint venture, net of dividends received	(6)	6
Change in operating assets and liabilities:		
Increase in trade and other receivables	(4,505)	(1,206)
Increase/(decrease) in other operating assets	(217)	337
Increase in contract assets	(278)	(1,367)
Increase in trade and other payables	621	1,058
Increase in contract liabilities	7,856	3,024
Decrease in current tax balances	(165)	(529)
(Increase)/decrease in deferred tax assets	(100)	1,002
Increase in provisions	1,921	646
Increase in other operating liabilities	43	43
<b>Net cash inflow from operating activities</b>	<b>30,540</b>	<b>24,696</b>

**(b) Non-cash investing activities**

During the current year, the Group entered into the following non-cash investing activities which are not reflected in the consolidated statement of cash flows:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Motor vehicle financed under hire purchase agreement	21	26

**(c) Reconciliation of movements in liabilities to cash flows arising from financing activities**

	CONSOLIDATED		
	Dividends payable <sup>1</sup> \$'000	Lease liabilities \$'000	Total \$'000
<b>30 June 2022</b>			
Opening balance at 1 July 2021	97	11,498	11,595
Cash flows from financing activities	(8,459)	(3,144)	(11,603)
Dividends declared (Note 19)	8,489	–	8,489
Additions arising from new leases, net of interest	–	1,015	1,015
Additions recognised on business combination (Note 25)	–	–	–
Foreign exchange movement	–	(152)	(152)
<b>Total liabilities from financial activities</b>	<b>127</b>	<b>9,217</b>	<b>9,344</b>
<b>30 June 2021</b>			
Opening balance at 1 July 2020	111	12,745	12,856
Cash flows from financing activities	(6,565)	(2,927)	(9,492)
Dividends declared (Note 19)	6,551	–	6,551
Additions arising from new leases, net of interest	–	27	27
Additions recognised on business combination (Note 25)	–	1,502	1,502
Foreign exchange movement	–	151	151
<b>Total liabilities from financial activities</b>	<b>97</b>	<b>11,498</b>	<b>11,595</b>

1 Dividends payables are included as part of the Trade and other payables balance on the consolidated statement of financial position.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 23 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (a) Credit risk

Financial assets which potentially subject the Group to credit risk consist principally of cash, short-term deposits and trade debtors. The Group's deposits and cash are placed with major financial institutions with sound credit ratings. Trade debtors are presented net of the allowance for expected credit losses.

Credit risk with respect to trade debtors is limited due to the large number of customers comprising the Group's customer base are government organisations or their diverse dispersion across different industries and geographical areas. Accordingly, the Group has no significant concentration of credit risk. The Group manages credit risks by monitoring credit ratings and limiting the aggregate risk to any individual counterparty.

The recoverability of trade debtors at 30 June 2022 has been assessed to consider the impact of the COVID-19 pandemic and no material recoverability issues have been identified.

The below table summarises the Group's exposure to credit risk at the end of the reporting period:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Cash and cash equivalents <sup>1</sup>	63,794	48,360
Trade and other receivables, at gross	17,678	13,171
Ageing analysis of trade and other receivables is as follows:		
Fully performing debts	15,610	10,418
Past due more than 30 days <sup>2</sup>	1,287	1,258
Past due more than 60 days <sup>2</sup>	80	774
Past due more than 90 days <sup>2</sup>	701	721
<b>Total</b>	<b>17,678</b>	<b>13,171</b>

1 The Group held cash and cash equivalents with banks and financial institution counterparties which are rated A+ to F1, based on Fitch ratings.

2 The Group considered and did not identify a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices. Trade receivables past due and not impaired at 30 June 2022 is \$2,068,000 (2021: \$2,753,000). Different customers have different credit terms which may vary by their contracts.

#### (b) Currency risk

The Group is exposed to foreign currency risk primarily as a result of operations in the Asia Pacific region, the United Kingdom, Singapore and the United States of America. The Group also has transactional currency exposures arising from sales and purchases that are denominated in currencies other than the functional currency of the operations to which they relate. The currencies giving rise to foreign currency risk are primarily denominated in Pounds Sterling (GBP), United States dollars (USD), New Zealand dollars (NZD) and Singapore dollars (SGD).

Foreign currency risk is defined as the fair value of future cash flows of a financial instrument fluctuating because of changes in foreign exchange rates. The sensitivity analysis provided does not include the currency risk of financial assets and liabilities of the controlled entities denominated in the controlled entity's functional currency or their conversion into the functional currency of Objective Corporation Limited on consolidation as outside the scope of the definition. The conversion of these financial assets and liabilities on consolidation may result in a gain or loss to the Group.

The Group's exposure to the movement in foreign exchange rates is partly mitigated by a natural hedge arising from operations in these countries. The Group regularly monitors its foreign currency exposure which includes considering the level of cash in foreign currency and cash flow forecasting.

The summary quantitative data about the Group's exposure to foreign currency risk is as follows:

	GBP '000	NZD '000	SGD '000	USD '000
<b>30 June 2022</b>				
Cash and cash equivalents	58	16	2	273
Trade and other receivables	8	1,376	18	–
Trade and other payables	–	21	–	405
Other liabilities	–	1,440	–	–
<b>30 June 2021</b>				
Cash and cash equivalents	10	11	1	187
Trade and other receivables	20	1,442	–	63

### Sensitivity analysis

The table below summarises the instantaneous change in the Group's profit after tax and total equity that would arise had the Australian dollar strengthened/weakened by 10% against the respective foreign currencies to which the Group has significant exposure at the end of the reporting period, assuming all other risk variables remained constant. The 10% sensitivity is based on reasonably possible changes, over a financial year.

	CONSOLIDATED		
	Movement in exchange rate %	Sensitivity of profit after tax \$'000	Sensitivity of total equity \$'000
<b>30 June 2022</b>			
Great British pounds	+10%	4	4
New Zealand dollars	+10%	181	181
Singapore dollars	+10%	1	1
United States dollars	+10%	43	43
<b>Total</b>		<b>229</b>	<b>229</b>
Great British pounds	–10%	(5)	(5)
New Zealand dollars	–10%	(222)	(222)
Singapore dollars	–10%	(2)	(2)
United States dollars	–10%	(53)	(53)
<b>Total</b>		<b>(282)</b>	<b>(282)</b>
<b>30 June 2021</b>			
Great British pounds	+10%	2	2
New Zealand dollars	+10%	92	92
Singapore dollars	+10%	–	–
United States dollars	+10%	16	16
<b>Total</b>		<b>110</b>	<b>110</b>
Great British pounds	–10%	(2)	(2)
New Zealand dollars	–10%	(113)	(113)
Singapore dollars	–10%	–	–
United States dollars	–10%	(19)	(19)
<b>Total</b>		<b>(134)</b>	<b>(134)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 23 Financial risk management and fair values (continued)

#### (c) Liquidity risk

Liquidity risk management requires maintaining sufficient cash by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The tables below present the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

CONSOLIDATED					
	Less than 1 year \$'000	1–5 years \$'000	5+ years \$'000	Total contractual cashflows \$'000	Carrying amount of liabilities \$'000
<b>30 June 2022</b>					
Trade and other payables	11,998	–	–	11,998	11,998
Lease liabilities	3,610	6,255	–	9,865	9,217
Contingent consideration	410	–	–	410	394
<b>Total non-derivatives</b>	<b>16,018</b>	<b>6,255</b>	<b>–</b>	<b>22,273</b>	<b>21,609</b>
<b>30 June 2021</b>					
Trade and other payables	11,197	–	–	11,197	11,197
Lease liabilities	3,407	7,966	1,112	12,485	11,498
Contingent consideration	392	392	–	784	756
<b>Total non-derivatives</b>	<b>14,996</b>	<b>8,358</b>	<b>1,112</b>	<b>24,466</b>	<b>23,451</b>

As the Group is in a net financial assets position, the Directors are of the opinion that the Group will be able to pay off its debts as and when they are due and payable.

#### Capital management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern. The Group's capital and debt include ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

During the current year, the Group issued \$2,900,000 in ordinary shares to pay for obligations under an acquisition agreement (Note 25(a)). The total equity of the Group at 30 June 2022 was \$61,957,000 (2021: \$46,951,000) and total cash and cash equivalents at 30 June 2022 were \$63,794,000 (2021: \$48,360,000).

The Group is not subject to any externally imposed capital requirements.

#### Fair values measurement of financial instruments

The fair values of trade debtors, deposits and cash and trade creditors and accruals approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

### Financial instruments carried at fair value

The Group's financial instruments are measured at fair value at the end of the reporting period on a recurring basis, categorized into three-level fair value hierarchy as defined in AASB 13: *Fair Value Measurement*. The level into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair values measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair values measured using significant unobservable inputs

The following table sets out how the fair value of the financial liabilities measured at fair value are determined:

Financial liabilities	Fair value at 30 June 2022 \$'000	Fair value at 30 June 2021 \$'000	Fair value hierarchy	Valuation technique	Significant unobservable input
Contingent consideration for business combination	410	784	Level 3	Discounted cash flow	Probability adjusted non- financial terms

During the year ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 of the fair value hierarchy classifications.

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 and the end of the measurement period of the hierarchy is provided below.

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Opening balance	784	1,176
Cash payments	(404)	(354)
Unwinding interest <sup>1</sup>	42	43
Foreign exchange differences <sup>1</sup>	(12)	(81)
<b>Closing balance</b>	<b>410</b>	<b>784</b>

<sup>1</sup> The effect on consolidated profit or loss is due to unwinding of interest and a portion of foreign exchange, as indicated in the above reconciliation.

### Note 24 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and financial results of the following subsidiaries and other controlled entities in accordance with the accounting policies of the Group.

Name of subsidiary	Country of Incorporation	OWNERSHIP	
		2022	2021
Objective Corporation Solutions NZ Limited	New Zealand	100%	100%
Objective Corporation Singapore Pte Limited	Singapore	100%	100%
Objective Corporation North America Inc <sup>1</sup>	United States of America	100%	100%
Alpha 88 Limited	New Zealand	100%	100%
Objective Corporation UK Limited	United Kingdom	100%	100%
Objective Keystone Limited	United Kingdom	100%	100%
The Objective Corporation Limited Employee Share Trust	Australia	n/a	n/a

<sup>1</sup> Includes ownership interest in Simflofy, Inc through a forward triangular merger.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### GROUP STRUCTURE

#### Note 25 Business combinations

##### (a) Acquisitions in the current year

On 17 March 2022, the Group acquired 100% of the issued capital of Simflofy, Inc. The acquisition of the business was strategic as it enhances the Group's product offering. The purchase consideration was \$6,169,000.

The acquired net identifiable liabilities undertaken were \$68,000 (excluding cash and bank balances acquired of \$755,000), giving rise to goodwill of \$6,237,000.

The acquisition accounting for this transaction is provisional at the date of this report and is permitted under AASB 3: *Business Combinations*, any adjustments made to these provisional numbers will be reflected in subsequent financial reporting periods. Finalisation is expected no later than 16 March 2023. At that time, final accounting for the business combination will be reflected in the consolidated financial statements on a retrospective basis.

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

	\$'000
Shares issued under acquisition	2,900
Cash payments	4,024
Less: cash and bank balances acquired	(755)
<b>Purchase consideration, net of cash and bank balances acquired</b>	<b>6,169</b>
<b>Assets acquired and liabilities assumed</b>	
Trade and other receivables	55
Other current assets	3
Identifiable intangible assets	693
Trade and other payables	(20)
Contract liabilities	(662)
Current tax liabilities	(2)
Provisions	(135)
<b>Fair value of net liabilities undertaken</b>	<b>(68)</b>
<b>Goodwill arising on acquisition</b>	<b>6,237</b>

The goodwill is attributable to key employees, future growth opportunities and synergies from combining operations with Simflofy, Inc. The goodwill is not deductible for tax purposes.

##### Revenue and profit contribution

From the date of acquisition to 30 June 2022, the acquired entity contributed a total revenue of \$600,000. If the business had been acquired at the beginning of the year, it is estimated that Group turnover in 2022 would have been approximately \$2,057,000 higher. The business has been integrated into the Group's existing activities and it is not practicable to precisely identify the impact on the Group profit in the year.

##### (b) Acquisition in the prior year

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 and the cash consideration paid, net of cash and bank balance acquired was \$18,371,000.

The acquired net identifiable assets were \$1,651,000 (excluding cash and bank balances acquired of \$5,626,000), giving rise to goodwill of \$16,720,000.

Details of the purchase consideration, the net identifiable assets acquired and goodwill arising from the acquisition of Objective RegTech Pty Limited at the acquisition date are as follows:

	<b>\$'000</b>
Cash payments	23,997
Less: cash and bank balances acquired	(5,626)
<b>Purchase consideration, net of cash and bank balances acquired</b>	<b>18,371</b>
<b>Assets acquired and liabilities assumed</b>	
Trade and other receivables	821
Other current assets	708
Property, plant and equipment	518
Right-of-use assets	1,502
Identifiable intangible assets	1,765
Deferred tax assets	1,395
Trade and other payables	(1,097)
Contract liabilities	(767)
Lease liabilities	(1,502)
Provisions	(1,117)
Other liabilities	(575)
<b>Fair value of net assets acquired</b>	<b>1,651</b>
<b>Goodwill arising on acquisition</b>	<b>16,720</b>

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.

### Revenue and profit contribution

Last year the acquired entity contributed a total revenue of \$15,252,000. The business has been integrated into the Group's existing activities and it is not practicable to precisely identify the impact on the Group profit in the year.

### Recognition and measurement

As stated in Note 1, business combinations are accounted for using the acquisition method, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the fair values of the assets transferred (including cash), the liabilities incurred and the equity interests issued by the Group (if any).

Other than acquisitions under common control, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase. For acquisitions occurring while under common control and for consolidation purposes, the assets and liabilities acquired continue to reflect the carrying values in the accounting records of the consolidated group prior to the business combination occurring.

### Critical accounting estimates and judgements – purchase price allocation

For the business combinations undertaken by the Group, the Group allocates the costs of the acquisition to the assets acquired and the liabilities assumed based on their estimated fair value on the date of acquisition. This process is commonly referred to as the purchase price allocation. As part of the purchase price allocation, the Group is required to determine the fair value of any identifiable intangible assets acquired.

The determination of the fair value of the intangible assets acquired involves certain judgement and estimates. These judgements can include, but are not limited to, the cash flows that an asset is expected to generate in the future.

The fair values of the identifiable intangible assets were determined by the Group with inputs from the independent appraisers using mainly the income approach. Future cash flows are predominantly based on the historical pricing and expense levels, taking into consideration the relevant market size and growth factors, and involves making a number of assumptions including growth rates, royalty rates and product life cycles. The resulting cash flows are then discounted at a rate reflecting specific risks related to the relevant operation.

A change in the amount allocated to identifiable intangible assets would have an offsetting effect on the amount of goodwill recognised from the acquisition and would change the amount of amortisation expense recognised related to those identifiable intangible assets.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 26 Parent entity disclosures

#### (a) Summary statement of financial position

	2022 \$'000	2021 \$'000
Current assets	53,786	49,652
Non-current assets	25,960	28,602
<b>Total assets</b>	<b>79,746</b>	<b>78,254</b>
Current liabilities	45,852	45,969
Non-current liabilities	4,398	4,140
<b>Total liabilities</b>	<b>50,250</b>	<b>50,109</b>
Share capital	11,310	6,943
Reserves	(8,741)	(8,948)
Retained earnings	26,927	30,150
<b>Total equity</b>	<b>29,496</b>	<b>28,145</b>

#### (b) Summary statement of profit or loss and other comprehensive income

	2022 \$'000	2021 \$'000
Profit for the year	5,267	5,550
<b>Total comprehensive income for the year</b>	<b>5,267</b>	<b>5,550</b>

#### (c) Contingent liabilities

The parent entity, Objective Corporation Limited (the Company) has entered into commercial property leases as Lessee. In the event the Company ceases to be the Lessee under the lease or occupy the premises, whether by virtue of default and termination of the lease or otherwise, the Company may be subject to claims for payment of liquidated damages based on a percentage of the lease incentives initially received under the lease.

Additionally, a performance guarantee has been provided by the Company to Objective Corporation UK Limited (subsidiary) with regards to the provision of software support services for customers.

The Company continues to support its subsidiaries in their operations, by way of financial support.

#### (d) Company details

The registered office and principal place of business of the Company is:

Level 30, 177 Pacific Highway, North Sydney NSW 2060, Australia.

## Note 27 Share based payments

Objective Corporation Limited operates two share-based payment plans:

- Objective Employee Incentive Plan
- Objective Employee Equity Plan

### Employee Incentive Plan

The Objective Employee Incentive Plan (EIP) was approved at the 2003 Annual General Meeting of the Company. The EIP is described as follows:

#### Offers

Under the EIP, the Board may offer to any employee either options to acquire shares or loans to acquire shares in the Company. Tony Walls, Chief Executive Officer and Gary Fisher, Non-Executive Director will not be participating in the EIP.

The options expire ten years after the date of grant and vest upon grant; however, they are not exercisable until one year after grant and released in four equal tranches on each anniversary of grant date. If a participant under the EIP ceases to be employed by the Company, any unexercised option will be forfeited immediately.

#### Price

The Board has discretion to grant options for a fee and set the exercise price and term of the options.

#### Quotation

Options issued under the EIP will not be quoted on the ASX. Where the Company issues options and the options are exercised, the Company will apply to have the issued shares quoted on the ASX.

### Maximum number of shares or options

The Company must not issue shares or options to any employee if to do so would contravene applicable laws or result in any employee holding an interest in more than 5% of the shares in the Company.

### Sales restrictions

Options issued under the EIP are not transferable. Shares acquired under the EIP are not transferable unless any loan to acquire the shares has been repaid in full.

### New shares

All shares issued on the exercise of options will rank equally with all existing shares from the date of issue.

### Dividends

All shares acquired pursuant to the EIP rank equal in all respects and will be entitled to any dividends declared by the Company. Any dividends paid on shares acquired under the EIP will be offset against the loan balance outstanding to acquire shares under the EIP. Options issued under the EIP are not entitled to dividends.

### Restrictions

The Board may impose vesting and performance conditions before which options cannot be exercised or the shares sold. The options issued pursuant to the EIP will usually lapse and the loans to acquire shares will usually become repayable if the holder ceases to be an employee.

### Participation in future issues

Under the EIP's rules, the number of shares over which an option is granted and or the exercise price of the options may be altered in the event of a reconstruction of the Company's share capital or a bonus or rights issue of shares to shareholders. Shares acquired under the EIP will rank equal in all respects with existing shares.

### Loans

The Board has discretion to provide a loan for the acquisition of shares in the Company under terms and conditions as set out in the loan agreement.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 27 Share based payments (continued)

#### Fair value of share options granted under the EIP in the year

No share options were granted under the EIP during the year ended 30 June 2022.

Fair value of share options granted under the EIP during the year ended 30 June 2021 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 (%)	Dividend yield (%)
635,000 <sup>1</sup>	01/07/2020	01/07/2030	\$0.44	\$7.50	0.91%	18.60%	2.17%
200,000 <sup>2</sup>	04/01/2021	31/01/2025	\$1.40	\$12.50	0.32%	19.55%	2.17%

1 Share price at grant date was \$6.90 per unit.

2 Share price at grant date was \$12.42 per unit.

The fair values of options are determined using Black-Scholes option pricing model. Assumptions for expected volatility and dividend yield were based on historic data. Inputs for risk free rate and grant date share price was determined by the prevailing prices on the day of issue.

#### Movement in share options under the EIP during the year

The following reconciles the share options outstanding under the EIP at the beginning and end of the current year:

Grant date	Expiry date	Option exercise price (\$)	Balance 1 July 2021	Granted	Exercised	Forfeited/cancelled	Balance 30 June 2022
24/02/2015	24/02/2025	\$1.17	150,000	–	(25,000)	–	125,000
29/07/2018	29/07/2028	\$2.75	200,000	–	(150,000)	–	50,000
01/01/2019	01/01/2029	\$2.75	855,000	–	(241,250)	–	613,750
01/04/2019	01/04/2029	\$2.75	12,500	–	(12,500)	–	–
01/07/2020	01/07/2030	\$7.50	635,000	–	(210,000)	–	425,000
04/01/2021	31/01/2025	\$12.50	200,000	–	–	–	200,000
			2,052,500	–	(638,750)	–	1,413,750
Weighted average exercise price			\$5.05	–	\$4.20	–	\$5.42
Weighted average share price at date of exercise					\$17.21		
Exercisable at the end of the year			385,000				411,250

The following reconciles the share options outstanding under the EIP at the beginning and end of the prior year:

Grant date	Expiry date	Option exercise price (\$)	Balance 1 July 2020	Granted	Exercised	Forfeited/cancelled	Balance 30 June 2021
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	–	(402,500)	–	855,000
01/04/2019	01/04/2029	\$2.75	25,000	–	(12,500)	–	12,500
01/07/2020	01/07/2030	\$7.50	–	635,000	–	–	635,000
04/01/2021	31/01/2025	\$12.50	–	200,000	–	–	200,000
			1,900,000	835,000	(682,500)	–	2,052,500
Weighted average exercise price			\$2.45	\$8.70	\$2.26	–	\$5.05
Weighted average share price at date of exercise					\$12.29		
Exercisable at the end of the year			492,500				385,000

The share options outstanding under the EIP at the end of the year had a weighted average remaining contractual life of 6.0 years (2021: 7.3 years).

## Employee Equity Plan

The Objective Employee Equity Plan (EEP) was approved at the 2021 Annual General Meeting of the Company and is governed by the EEP Rules.

Under the EEP, the Company may grant Rights, Options and restricted shares (i.e., shares subject to disposal restrictions until vesting conditions are met) (collectively, Awards). Rights and Options granted under the EEP are indeterminate rights for tax purposes as the Board has the discretion to settle Rights and Options granted under the Plan in cash.

Under the EEP, there are 59,000 Rights (granted for no consideration to Participants with vesting subject to a service-based vesting condition) that remain outstanding at balance date. Subject to vesting condition being met, the Rights become exercisable to acquire Company shares (or a cash payment of equivalent value, at the Board's discretion). As at the date of this annual report, the exercise price of Rights granted under the EEP is nil.

Awards granted during the current year under the EEP has been classified as an equity-settled share-based payment arrangement. The fair value at grant date of equity-settled share-based payment transactions is expensed over the vesting period with a corresponding increase in equity, taking into account the best available estimate of the number of shares expected to vest under the service and performance conditions.

## Fair value of share options granted in the year

Fair value of share options granted during the year ended 30 June 2022 are provided in the table below:

Number of options granted	Grant date	Expiry date	Fair value at grant date (\$)	Exercise price (\$)	Risk free interest rate (%)	Expected volatility (%)	Dividend yield (%)
100,000 <sup>1</sup>	30/04/2022	30/04/2027	\$2.20	\$14.85	0.32%	19.55%	2.17%

<sup>1</sup> Share price at grant date was \$14.85 per unit.

The EEP was not in place during the year ended 30 June 2021.

The fair values of awards are determined using Black-Scholes option pricing model. Assumptions for expected volatility and dividend yield were based on historic data. Inputs for risk free rate and grant date share price was determined by the prevailing prices on the day of issue.

## Movement in share options under the EEP during the year

The following reconciles the share options outstanding under the EEP at the beginning and end of the current year:

Grant date	Expiry date	Exercise price (\$)	Balance 1 July 2021	Granted	Exercised	Forfeited/cancelled	Balance 30 June 2022
30/04/2022	30/04/2027	\$14.85	—	100,000	—	—	100,000
			—	100,000	—	—	100,000
Weighted average exercise price			—	\$14.85	—	—	\$14.85
Exercisable at end of the year			—	—	—	—	—

## Fair value of share rights granted in the year

Fair value of share rights granted during the year ended 30 June 2022 are provided in the table below:

Rights on Issue	2022		2021	
	Number	Expiry Date	Number	Expiry Date
Rights exercisable at \$nil	50,000	22/12/2026	—	—
Rights exercisable at \$nil	4,000	21/03/2027	—	—
Rights exercisable at \$nil	5,000	28/02/2027	—	—
Total rights on issue	59,000		—	
Weighted average exercise price	\$nil		n/a	

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### Note 27 Share based payments (continued)

#### Recognition and measurement

The Group provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Group has two plans in place that provides these benefits. It is the Employee Incentive Plan and the Employee Equity Plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black & Scholes model. The cost of equity-settled transactions is recognised in the consolidated statement of profit or loss, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the consolidated statement profit or loss is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period; and (iii) the expired portion of the vesting period.

The charge to the consolidated statement of profit or loss for the period is the cumulative amount as calculated above, less the amounts already charged in previous periods. There is a corresponding credit to equity.

### Note 28 Related party disclosures

The parent entity in the Group is Objective Corporation Limited. Details of transactions between the Group and other related parties are disclosed below.

#### (a) Key management personnel remuneration

Total remuneration paid or payable to directors and key management personnel is set out below:

	CONSOLIDATED	
	2022 \$	2021 \$
Short-term employee benefits	835,674	754,023
Long-term employee benefits	1,627	8,112
Post-employment benefits	53,293	47,726
Share-based payments expense	35,553	37,923
<b>Total remuneration paid or payable</b>	<b>926,147</b>	<b>847,784</b>

Details of remuneration and the Objective Corporation Limited equity holdings of Directors and other key management personnel are shown in the Remuneration Report on pages 18 to 20.

#### (b) Other transactions with directors or other key management personnel

Other transactions entered into during the financial year with directors of Objective Corporation Limited and other key management personnel of the Group and with their closely related entities which are within normal customer or employee relationships on terms and conditions no more favourable than those available to other customers, employees or shareholders included:

- contracts of employment (refer Remuneration Report) and reimbursement of expenses;
- equity holdings and acquisition of shares in Objective Corporation Limited under the employee share plans; and
- dividends from shares in Objective Corporation Limited.

#### (c) Other related parties

No material amounts were receivable from, or payable to, other related parties as at 30 June 2022 (2021: nil), and no material transactions with other related parties occurred during the year.

### Note 29 Commitments

Commitments in relation capital expenditure contracted but not provided for in the consolidated financial statements are payable as follows:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Capital expenditure commitments</b>	<b>–</b>	<b>–</b>

### Note 30 Contingent liabilities

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Contingent liabilities, capable of estimation, arise in respect of the following categories:</b>		
Bank guarantees	1,460	1,460
<b>Total contingent liabilities</b>	<b>1,460</b>	<b>1,460</b>

Bank guarantees are issued to contract counterparties in the normal course of business as security for the performance by Group entities of various contractual obligations.

Additionally, a performance guarantee has been provided by the Company to Objective Corporation UK Limited (subsidiary) with regards to the provision of software support services for customers.

As at 30 June 2022, the Directors do not consider it is probable that a claim will be made against the Group under any of the guarantees.

### Note 31 Auditor's remuneration

	CONSOLIDATED	
	2022 \$	2021 \$
<b>Pitcher Partners</b>		
Audit and review of financial statements	99,539	90,017
<b>Total remuneration of Pitcher Partners</b>	<b>99,539</b>	<b>90,017</b>
<b>Non-Pitcher Partners</b>		
Audit and review of financial statements	30,195	29,724
Tax compliance services	5,329	13,041
<b>Total remuneration of non-Pitcher Partners</b>	<b>35,524</b>	<b>42,765</b>

### Note 32 Other accounting policies

#### Accounting standards and interpretations issued but not operative at 30 June 2022

At the date of authorisation of these finance statements, a number of amendments, new standards and interpretations have been issued, including those issued by the IASB but not yet issued by the AASB, which are not yet effective for the financial year ended 30 June 2022.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

### Note 33 Subsequent events

#### NZCC Settlement

On 12 August 2022, the Company settled in full the pecuniary penalty, in the amount of NZ\$1,540,000, as determined by The New Zealand High Court for breach of section 46 of the *New Zealand Commerce Act 1986*. Payment of the penalty brings this matter to a close.

#### Dividends

For dividends resolved to be paid after 30 June 2022, refer to Note 19.

### Note 34 Approval of Financial Statements

The financial statements were approved by the board of directors and authorised for issue on 26 August 2022.

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The attached financial statements and notes set out on pages 14 to 64 are in accordance with the *Corporations Act 2001* (Cth); and
  - a) Comply with Australian Accounting Standards and the *Corporations Regulations 2001*;
  - b) As stated in Note 1, the consolidated financial statements also comply with International Financial Reporting Standards; and
  - c) Give a true and fair view of the financial position of the Group as at 30 June 2022 and its performance for the year ended on that date.
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
  - a) The financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001* (Cth);
  - b) The financial statements and notes for the financial year comply with the Australian Accounting Standards; and
  - c) The financial statements and notes for the financial year give a true and fair view.
3. 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.

This declaration is made in accordance with a resolution of Directors.



**Tony Walls**

Director

Date: 26 August 2022

## INDEPENDENT AUDITOR'S DECLARATION



Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

p. +61 2 9221 2099  
e. [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

### AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF OBJECTIVE CORPORATION LIMITED

In relation to the independent audit for the year ended 30 June 2022 to the best of my knowledge and belief there have been:

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

This declaration is in respect of Objective Corporation Limited and the entities it controlled during the year.

**Mark Godlewski**  
Partner

26 August 2022

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## INDEPENDENT AUDITOR'S REPORT



Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

p. +61 2 9221 2099  
e. [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

**OBJECTIVE CORPORATION LIMITED**  
**ABN 16 050 539 350**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OBJECTIVE CORPORATION LIMITED**

#### **Report on the Audit of the Financial Report**

##### *Opinion*

We have audited the financial report of Objective Corporation Limited "the Company" and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF OBJECTIVE CORPORATION LIMITED**

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>Revenue from contracts with customers (Refer to Note 4 in the Notes to the Financial Statements).</p> <p>Due to the nature of the Group's business, its contracts with customers can contain multiple performance obligations.</p> <p>Revenue recognition is dependent on significant judgements, where a contract includes multiple performance obligations, in respect of:</p> <ul style="list-style-type: none"> <li>identifying performance obligations;</li> <li>determining when a performance obligation is satisfied;</li> <li>determination of total transaction price; and</li> <li>allocation of the transaction price to each performance obligation.</li> </ul> <p>We focused on this area as a key audit matter due to the importance of revenue in measurement of the Group's performance and the significant judgements surrounding the timing of revenue recognition.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Documenting and evaluating the design of relevant controls in the assessment process for determining the timing of revenue recognition;</li> <li>Selecting a sample of revenue contracts, reviewing the contract to identify the key provisions and circumstances that indicate that all performance obligations have been satisfied for revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>;</li> <li>Testing a sample of revenue transactions to agree the total transaction price to customer contracts, work in progress records, milestone acknowledgements and receipts from customers, where applicable;</li> <li>Testing a sample of deferred revenue (contract liabilities and contract assets) to agree the amounts recorded to invoice and recalculating the amount of the contract asset or contract liability at year-end; and</li> <li>Considering the adequacy of the financial report disclosures.</li> </ul>
<p>Impairment of Intangible Assets (Refer to Note 13 in the Notes to the Financial Statements).</p> <p>At 30 June 2022 the consolidated statement of financial position of the Group includes goodwill amounting to \$38.427 million subject to annual impairment testing.</p> <p>In assessing impairment of intangible assets, management have estimated value in use for each Cash Generating Unit (CGU) – Objective Keystone, Objective Planning and Building Solutions, Objective RegTech and Objective 3Sixty.</p> <p>The value in use model includes significant management judgement in respect of key assumptions and estimates including discount rates, estimated future cash flows, terminal value, and foreign currency rates.</p> <p>This is considered a key audit matter due to the degree of subjectivity involved in assessing potential impairment and materiality of intangibles in the financial report.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Assessing management's determination of CGUs based on our understanding of the nature of the Group's business and the economic environment;</li> <li>Documenting and evaluating the design of relevant controls over management's determination of CGUs; Reviewing and challenging significant judgements by management in respect of the key assumptions and estimates used to determine the recoverable value of the assets of each CGU (value in use model);</li> <li>Testing the mathematical accuracy of the value in use model;</li> <li>Assessing the historical accuracy of forecasting;</li> <li>Performing sensitivity analysis on key assumptions and estimates in the value in use models including discount rates, estimated future cash flows, terminal value, and foreign currency rates; and</li> <li>Considering the adequacy of the financial report disclosures.</li> </ul>

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## INDEPENDENT AUDITOR'S REPORT

**OBJECTIVE CORPORATION LIMITED**  
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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF OBJECTIVE CORPORATION LIMITED**

*Other Information – The annual report is not complete at the date of the audit report.*

The directors are responsible for the other information. The other information comprises the information included in the Company's directors report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

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

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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**OBJECTIVE CORPORATION LIMITED**  
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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF OBJECTIVE CORPORATION LIMITED**

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 18 to 20 of the Directors' report for the year ended 30 June 2022. In our opinion, the Remuneration Report of Objective Corporation Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'Mark Godlewski'.

**MARK GODLEWSKI**  
**Partner**

A handwritten signature in black ink that reads 'Pitcher Partners'.

**PITCHER PARTNERS**  
**Sydney**

26 August 2022

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The Baker Tilly logo, featuring a stylized 'G' icon followed by the text 'bakertilly' in a bold, sans-serif font.  
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## SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below:

The shareholder information set out below was compiled from Objective Corporation Limited's register of shareholders as at 9 September 2022.

### A. Twenty Largest Holders of Ordinary Shares

Rank	Name	Units held	% of listed units
1	TBW TRUSTEES LIMITED	62,000,000	65.44
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,824,115	6.15
3	BNP PARIBAS NOMINEES PTY LIMITED	5,618,541	5.93
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,678,843	3.88
5	CITICORP NOMINEES PTY LIMITED	2,627,494	2.77
6	UBS NOMINEES PTY LTD	1,376,030	1.45
7	NATIONAL NOMINEES LIMITED	853,227	0.90
8	ANACACIA PTY LTD	817,149	0.86
9	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	661,886	0.70
10	MIRRABOOKA INVESTMENTS LIMITED	564,444	0.60
11	WEM SUPER PTY LTD	535,000	0.56
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	450,690	0.48
13	TRUEBELL CAPITAL PTY LTD	340,000	0.36
14	ARRAS PTY LTD	300,000	0.32
15	MR DAVID GORDON	300,000	0.32
16	MR ADRIAN RUDMAN	200,000	0.21
17	WARBONT NOMINEES PTY LIMITED	176,162	0.19
18	ESTATE OF MRS JOAN CAMERON FISHER	164,250	0.17
19	MR DARC RASMUSSEN	150,000	0.16
20	MR BEN TREGONING	138,750	0.15
<b>Total: Top 20 holders of issued capital</b>		<b>86,776,581</b>	<b>91.60</b>
<b>Total remaining holders balance</b>		<b>7,965,040</b>	<b>8.40</b>

### B. Substantial Holders

The names of Objective Corporation Limited's substantial holders and the number of shares in which each has a relevant interest, are listed below:

	Units held	Voting power
TBW TRUSTEES LIMITED	62,000,000	65.44
MARLAINE LIMITED	5,300,000	5.60

### C. Distribution of Shareholdings

A distribution schedule of the number of holders of shares is set out below:

Range	No. of holders	No. of units	% of issued shares
1 – 1,000	1,643	601,826	0.64
1,001 – 5,000	673	1,563,594	1.65
5,001 – 10,000	134	1,030,102	1.09
10,001 – 100,000	144	4,278,015	4.52
100,001 and over	24	87,268,084	92.10
<b>Total</b>	<b>2,618</b>	<b>94,741,621</b>	<b>100.00</b>

## CORPORATE DIRECTORY

### Registered Office

Level 30  
177 Pacific Highway  
North Sydney NSW 2060  
Australia  
Tel: +61 2 9955 2288

### Company Website

[www.objective.com.au](http://www.objective.com.au)

### ABN

16 050 539 350

### Directors

Tony Walls  
Gary Fisher  
Nick Kingsbury  
Darc Rasmussen  
Stephen Bool

### Company Secretary

Ben Tregoning

### Stock Exchange Listing

The Company's shares are listed on the ASX.

### ASX Code

OCL

### Share Registry

BoardRoom

Grosvenor Place  
Level 12, 225 George Street  
Sydney NSW 2000

GPO Box 3993  
Sydney NSW 2001

Tel: 1300 737 760 (in Australia)  
Tel: +61 2 9290 9600 (International)

