



Objective

➤ **Annual Report** 2023

Digital government.
Stronger communities.

➤ GREAT PEOPLE, GREAT TEAMS

We continue to invest in our people, the most important driver of our success.



> FY2023 Financial Highlights

Group Revenue

\$110.4m

4% Growth

Annualised Recurring Revenue (ARR)

\$94.2m

10% Growth

EBITDA

\$26.1m

15% Decrease

Net Profit After Tax

\$21.1m

Constant

Research and Development (R&D)

\$27.2m

25% of Revenue

Cash

\$72.5m

14% Growth

Recurring Revenue

80%

of Total Revenue in FY2023

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> LETTER TO OUR SHAREHOLDERS

From Tony Walls

CEO, Objective Corporation



Fellow Shareholders,

I am pleased to report our results for financial year 2023 (FY2023); in line with the guidance we have communicated throughout the year and recognising that FY2023 would be a transitional year for a number of one off factors.

Our group revenue grew by 4% to \$110.4 million (FY2022: \$106.5 million), EBITDA decreased by 15% to \$26.1 million (FY2022: \$30.7 million), Net Profit After Tax (NPAT) remained constant at \$21.1 million (FY2022: \$21.0 million).

As we outlined at our last AGM in November 2022, this past year we made decisions that we knew would impact FY2023 revenue growth and profitability, but would contribute to better customer experiences and set us up for medium to long-term growth. We drove down Perpetual Right To Use (PRTU) software revenue to just \$2.0 million in FY2023 and reduced services revenue as we directed our services teams to develop capabilities to accelerate customer deployments and lower the cost to customers for implementations. We continued to invest in our people, the most important driver of our success, and also in bringing our people and customers together to interact in person. We knew that all of these decisions would impact our FY2023 results, but we are committed to continue building a sustainable company for the benefit of our customers, our employees and our shareholders.

“We are committed to continue building a sustainable company for the benefit of our customers, our employees and our shareholders.”

Our FY2023 financial outcomes were driven by four key themes:

ARR focus

Across our company, the focus on driving ARR is laser sharp. We know this is the path for an enduring business. This year, recognised recurring revenue reached a record 80% of total revenue, and over the past seven years, recognised revenue from our software as a service (SaaS) products grew at 30% CAGR. This gives us strong confidence in our growth aspirations.

During FY2023, we ended PRTU licensing for Objective ECM, the final product in our portfolio to transition, so we are now a completely subscription software company. We also welcomed our first customers to Objective Nexus in Australia and the UK. This is a key step in our strategy to assist our existing on-premise Objective ECM customers to transition to the cloud with Objective Nexus, our next generation SaaS information management product.

At net 10% ARR growth for the year past, there is no denying we ended shy of our 15% ARR growth target. We had material roll-offs in the term contracts we inherited with the Simflofy acquisition, a material deal slip in New Zealand and some unexpected machinery of government downgrades in the final weeks. Given that FY2023 was a transitional year, we also discontinued the low margin non-core Managed IT Services business that we inherited with the MBS acquisition. In aggregate, these adjustments made up the gap.

On the positive side, Planning & Building (excluding the impact of Managed IT Services) delivered 17% ARR growth and RegTech delivered 21% ARR growth.

We start the new financial year with solid momentum in all business lines and have every reason to believe that 15% organic net ARR growth is an appropriate target for FY2024.

We look at ARR growth as having two sides – we want to grow our customer base but importantly we also want to make sure that we keep everyone who is already a part of our customer family. Our customer relationships are measured in decades, not years, and we invested in customer success programs that deliver exceptional value to our customers.

Repeatable deployment models

We progressed work on frameworks designed to reduce the cost and time to deploy software for customers. For Objective ECM, we now have a program to streamline the transition to Objective Nexus, including leveraging the capabilities of Objective 3Sixty. And we invested in tools and processes in our services business to accelerate the rollouts of Objective RegWorks while reducing the services capacity required to implement each dollar of software ARR.

While the short-term effect of replacing traditional professional services projects with lighter-touch deployment models impacted services revenue and margins in FY2023, our customers benefit from faster implementations and we will continue to improve our ratio of services revenue to ARR in future years.

Investing in our people

Recognising the invaluable contributions our people make to Objective in building the future of our company, we protected our existing staff base by meeting market salary rates. And on the back of broader tech industry staff reductions, filled roles that had been open for some time; thanks to the attractive value proposition we present as an employer of choice. This year we were certified by Great Place to Work, a global research company who describe themselves as “The Global Authority on Workplace Culture”.

We’re also attracting people from the industries our customers operate in, building more domain experts who speak in our customers’ own language, who understand customers’ challenges at unparalleled depth and who can provide product management that encodes industry best-practice into our products.

Broader economic challenges and downturns in the labour market provide us with a greater pool of outstanding talent, from all industries, that we can welcome into the Objective family and set us up for the future.

Bringing people together

With all of the digital collaboration tools at our disposal, and while supporting flexible and hybrid working, nothing compares with the buzz people get from working together in person. Within Objective, we’ve held kick-off events across our various offices, run regular induction sessions in Sydney HQ for new employees and ensured our executive leadership team work with their geographically dispersed teams in person on a regular basis. With customers, in-person pre-sales meetings and software demonstrations undoubtedly accelerate sales cycles and real-life customer advisory boards give us more insightful learnings to bring into product development and promote stronger advocacy. It does however mean that travel, and associated costs, have now reset to pre-pandemic levels.

CEO's Report continued

Highlights of FY2023

The highlights for FY2023 embody our mission in action; **to deliver outstanding digital government software, driving stronger communities and nations** as well as our unrelenting commitment to innovation. While it's a challenge to keep the highlights to a concise list, each that I share with you below represents a project of national importance or demonstrates market-defining impact (some of them, both!).

Objective Build revolutionising the building sector in New Zealand

Launched late in FY2022, Objective Build has gathered momentum as the consenting solution of choice for local government authorities in New Zealand. During FY2023 we carefully took our first 10 customers live and a further 15 have already contracted for rollout. To support this momentum we have aligned pricing of our products in this market, to present a stronger value proposition for customers to move to Objective Build, from either AlphaOne or GoGet.

We continue very significant investment in Objective Build to fuel its capabilities as an end-to-end consenting system and extend the value it brings to not only our council customers, but all participants in the broader construction ecosystem; from architects to builders, from homeowners to building consent authorities, the entire construction sector that contributes 7% of the GDP of New Zealand. It truly is a market-defining solution.

National firearms register in New Zealand

We have been proudly working with the New Zealand Police to implement Objective RegWorks – now live at the NZ Firearms Safety Authority, Te Tari Pūreke – as the licensing system and register of all legitimate firearms in NZ – a project of profound national significance. We are humbled to have been trusted with this project at a new agency operating under new legislation. The large team of people who stepped up to deliver the solution took the responsibility for its success incredibly seriously. They were challenged, as was the product, and we are proud that Objective RegWorks was proven to be the right choice for such a high-profile project.

Objective Nexus in market and live at customer sites

Our first customers have gone live on Objective Nexus in both Australia and the UK, with more committed to our new platform in the year ahead. Launched in mid 2023, Objective Nexus is our next generation SaaS platform for new and existing Objective ECM customers and presents new market possibilities in all markets. The majority of organisations we work with today now have cloud-first strategies, seeking solutions that are always current in features, capabilities and importantly, security.

Objective 3Sixty – new customers, new partners, new markets

Following the acquisition of Simflofy in FY2022, and further focused development investment, we delivered Objective 3Sixty and we're now seeing real traction in the market for this product. We entered new partnership arrangements with Hyland Software, who along with their partners, are taking Objective 3Sixty to North American and European markets rebranded as Alfresco Federation Services. Through this channel, we welcomed a number of new customers; the UK Ministry of Justice and in the USA, Berkley Labs, Bank for International Settlements, and the Californian Department of Motor Vehicles where Objective 3Sixty provides integration and federated search for more than 1.6 billion records across multiple systems, helping them register 35 million vehicles and licence 27 million drivers.

Evolving opportunities for Objective Keystone in financial services and regulated industries

Objective Keystone continues to build an enviable position as a mission-critical system for financial institutions to meet their compliance obligations by streamlining the production of disclosure documents. We welcomed new customers including: AusSuper, Care Super and Dexu; and many customers expanded their use of Objective Keystone throughout the year increasing the number of and type of documents produced; and the opportunity continues to grow. New Zealand became the first country in the world to mandate climate-related disclosure for large publicly listed companies and insurers, banks and investment managers, to regulate recent green-washing practices. Objective Keystone is poised to leverage these opportunities in New Zealand and undoubtedly other geographies as new regulations emerge.

Unwavering demand for our software

Demand for our solutions comes from two directions:

1. the requirement for public sector and regulated organisations to demonstrate sound governance and comply with regulations, and
2. the desire to utilise technology to help efficiently transform operations.

In the face of the economic climate, or perhaps because of it; the organisations we target need outstanding software to deliver on their purpose, more than ever before. The expectations for digital government are growing and every dollar needs to go further. Technology is central to delivering government services more efficiently. For our customers, this directly translates to delivering improved community and national outcomes.

Regardless of the regulatory environment or governance obligations to which our solutions are applied, the benefits technology brings to transforming the way public sector and regulated industries operate, continues to drive uptake.

While most organisations have dramatically reduced, if not eliminated paper, many are seeking greater efficiency benefits through transformative changes that require end-to-end digital processes. In some markets we are defining this change, in the case of Objective Build, Objective Keyplan and Objective RegWorks, with a unique, process-specific solution in the markets they serve.

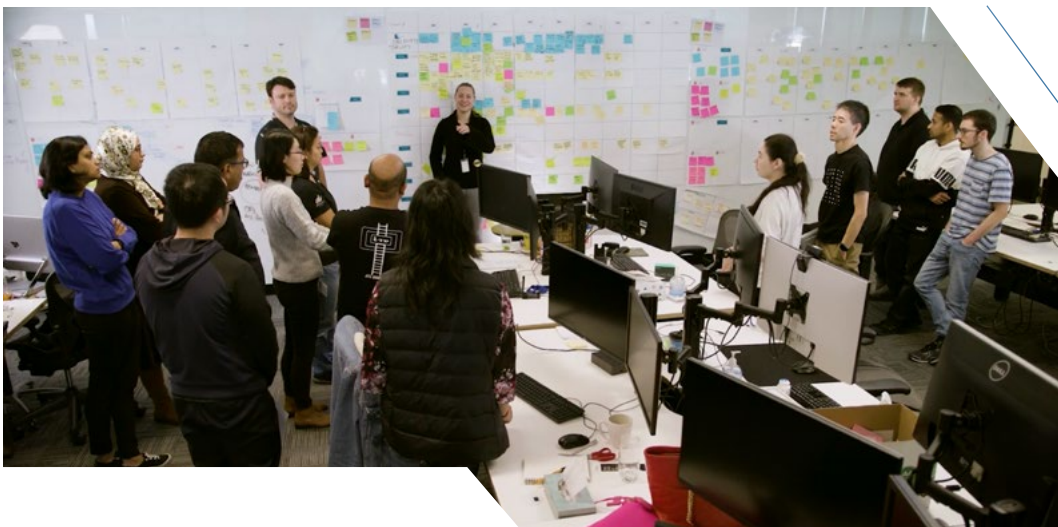
Outstanding innovation

Outstanding innovation remains at the heart of everything we do at Objective. It is through innovation that we can continue to help our customers deliver stronger communities and nations.

For the first time we committed 25% of our total revenue to research & development (R&D), this translates to \$27.2 million and represented 33% of our total software revenue. Whilst possibly at a peak percentage, our investment in R&D has been greater than 30% of software revenue every year over the past five years.

This is a big commitment we make to our customers; that we take the future of their solutions very seriously.

During FY2023 the cadence of feature releases across all products was higher than we've ever delivered. As more of our solutions become SaaS, this trend will continue. For customers it means, once subscribed, they receive updates immediately. These might be small feature releases, significant version upgrades or critical security updates. Not only does this ensure their solutions remain evergreen, it avoids the need for out-of-hours upgrade projects and the need to produce a business case to seek budget for upgrades. The value this brings to our overall proposition is significant.



CEO's Report continued

Our customers are driving our investment decisions

Augmenting our investment in R&D, to know that we're investing it wisely, we've sharpened our focus on customers' use of our solutions.

Customer success is implemented in each line of business; with dedicated people helping customers get the most out of their investment in Objective solutions. These are the people we hire that have come from the same industries as our customers; we have planners from local government, product managers from superannuation funds, records managers from state government. They're our domain experts, who truly understand how to solve the challenges our customers face. But the responsibility for customer success doesn't lie solely on their shoulders. Every person at Objective understands the role they play in customer experience – it's in our DNA.

Beyond ensuring our customers maximise the value they get from our solutions, we're tapping into the wealth of insight they offer into how they use the software today and what they will need from it in the future – to ensure our software meets them there. From customer advisory boards to software telemetry for usage patterns, from involvement in industry associations to early adopter programs; all of this knowledge contributes to innovations and the prioritisation of development.

Security is always a priority for investment. Our customers trust our solutions to manage their business critical data, we take the responsibility very seriously and ensure that security is built into our products, infrastructure and processes. This is abundantly evident from the external accreditations listed on our website.

Artificial Intelligence and Machine Learning

There has been significant media attention on Artificial Intelligence. Objective has quietly and meticulously been researching, developing, and applying artificial intelligence (AI) to our solution portfolio for many years. Leveraging our domain knowledge has allowed individual solutions to apply industry advancements in computer vision, natural language processing, and generative AI to business challenges in ways that reduce customer burdens and increase overall efficiency. Let's explore a few examples:

- Our most advanced work is embodied within Objective 3Sixty, a Data Fabric delivering the tools to build and serve machine learning models leveraged both within the fabric and by our solution portfolio. Objective 3Sixty can create and host natural language models, including large language models, declarative question and answer models, and leverage both on and off-platform artificial intelligence to enrich and transform data that flows through the fabric. Our innovative application of machine learning capabilities embedded into Objective 3Sixty allows customers to dynamically intertwine highly confidential, internally produced machine learning models with externally sourced open-source models and commercial AI services such as those from Amazon, Google, Microsoft, and IBM. This democratisation of AI means customers are not bound to a single AI provider and can leverage the most appropriate AI supplier for each use case without creating bespoke data access capabilities.
- Objective Keyplan has integrated Sentiment Analysis to aid councils in the consumption and resolution of issues the community raises on high-impact planning events. This allows council officers to address issues and complaints across high-volume channels quickly.
- Objective Trapeze has applied computer vision to place stamps on large plans in an automated fashion, always finding the white space to avoid obscuring any of the plan. This feature has reduced the time it takes Council Planning and Consenting Officers to complete the task by up to 90% per set of plans. Computer Vision has also been applied to plan comparison, automatically highlighting subtle differences between submitted versions, assisting officers in assuring compliance with local and state planning regulations. The same technology has been applied to automatically detect plan details, plan type, scales, metadata, orientation, count objects and identify key elements in plan sets, reducing the time and effort required to submit a compliant planning application.



Outlook

We have a lot to look forward to in FY2024 and beyond. The opportunities ahead of us are clearly defined in each of our business lines. We know exactly how to capitalise on them to reach the growth trajectory we target. In the year ahead, we are confident that our revenue and margin growth will return to the levels we have historically delivered.

While the market pace paused somewhat over the past two years, where the public sector, like most industries at the end of the pandemic, was chronically understaffed, conditions now are normalising. Government at all levels, wants to demonstrate that it is modern, efficient and investing in forward looking projects that enhance the delivery of services to the community.

There are product conversion opportunities within our large and loyal customer base, particularly from Objective ECM to Objective Nexus; and Objective Nexus presents an entire new market opportunity, and our go-to-market teams are working hard. Momentum has gathered for Objective Build. There are new business opportunities in new geographies, particularly Objective RegWorks in the UK and Objective 3Sixty in North America and Australia. There are new use case applications for our existing products particularly in the regulatory environment with Objective Keyplan into local government and Objective Keystone into financial services.

Of course, growth doesn't happen on its own, it is our outstanding people who make it happen. We have built a sensational team here at Objective, across the whole business. In the current market conditions where others are cutting employees or the employees are rightly nervous about their company's financial stability, we are seeing this as a great time to hire and we are out pursuing the best and brightest, from both the tech industry and the industries where our customers operate, to deepen our pool of expertise. Our ongoing investment in our people further drives our flywheel of innovation and we expect to continue to invest c25% of revenue on research and development in FY2024.

Our appetite for inorganic growth has not diminished. We are actively researching, identify and engaging with acquisition targets and in doing so, have established a deeper relationship with advisers and companies globally that are providing opportunities for us to assess and refining our models of due diligence and engagement. While valuations have moderated from the heights of the previous year, we're committed to our strategy of seeking the right fit for Objective. Any business we acquire must first complement our existing business and be aligned to our mission.

As our business has evolved into a subscription only software company, where we no longer have perpetual right to use contracts and all our software revenue is recognised over the life of the customers contracts, I've had to accept the advice of our auditors the need to recognise our R&D expense in line with our revenue. We will adopt this framework from FY2024, which will bring our policy into line with our listed software peers. This does not signal any less focus on the discipline with which we will invest, or our commitment on providing a "no BS" view of the financial performance of our business.

Finally, it is with the sense of acknowledgement of a milestone in Objective's journey, to recognise that after more than 30 years as a Director, Gary Fisher has decided to step down from the Objective Board. Gary has made an invaluable contribution to Objective, and he will continue to provide the Board with his insight and guidance. We will take this opportunity to bring a new set of skills and diversity to the Objective Board to complement other initiatives that we are pursuing to enhance our corporate governance framework, including releasing our inaugural ESG report.

As always, thank you for your trust and support.



Tony Walls
CEO, Objective Corporation

► BUSINESS LINE REVIEW

Content & Process

In FY2023, revenue in our Content & Process business increased by 3% to \$76.1m

\$76.1m

FY2023	3% Growth
FY2022	\$74.2m

ARR increased by 8% to \$69 million

\$69.0m

FY2023	8% Growth
FY2022	\$63.7m

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▲ PORTFOLIO

▲ CUSTOMER STORY

Learn how securely sharing information enabled an effective cross-agency cross agency response to re-housing displaced families.



FY2023 Highlights

FY2023 was a transition year for the Content & Process business line, directing our resources to ensure ARR becomes the focus for growth in future years. It was the final year of offering perpetual right to use licensing (PRTU) to customers. From the beginning of FY2024 all customers are contracted via subscription models. The impact of this transition moderated total revenue growth, which increased by 3% to \$76.1 million (FY2022: \$74.2 million). ARR however, increased by 8% to \$69 million (FY2022: (\$63.7 million) which underscores our decision to cease PRTU licensing and focus on migrating existing on-premise customers to cloud solutions.

During FY2023, our first customers went live on Objective Nexus in Australia and in the UK, and we received commitments from others to complete our First-Five program for this product. This is an important program to establish referenceability amongst customers and allow our services team to refine the delivery model that will accelerate future rollouts. Beyond a transition to cloud path for existing customers, Objective Nexus expands our addressable market for new customer opportunities.

Whole of government information management

The Welsh Government has a strong culture of sound information governance practices and views safeguarding information as important as safeguarding its citizens. Since 2007 it has relied on Objective products to manage information across its entire organisation with more than 5,000 employees using Objective ECM together with Objective Connect and Objective Redact. Information is seen as a critical enabler for the government to deliver its services to the people of Wales. Objective solutions have also played a pivotal role in helping the Welsh Government deliver critical infrastructure projects, such as high-speed broadband throughout rural Wales and rapidly respond to humanitarian crises such as food mobilisation during the COVID-19 lockdowns and rehousing Ukrainian refugees amidst the current conflict.

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Llywodraeth Cymru
Welsh Government



Throughout the year, we dedicated services capacity to developing tools and processes that help accelerate the migration of customers from Objective ECM (our on-premise information management and process automation solution) to Objective Nexus (our cloud-first, SaaS information management and process automation solution). This is important foundational work to remove barriers for customers transition from on-premise to the cloud, but it did reduce services revenue.

Further expanding our addressable market, Objective agreed a new distribution arrangement with Hyland Software in North America to take Objective 3Sixty to market as the federation services within its Alfresco content management platform.

Revenue for Objective Connect grew by 12% in FY2023, supported by strong growth from customers in the justice and infrastructure segments where there is a need to securely share sensitive information on legal cases and critical infrastructure projects.

Objective Keystone expanded its market share in the FSI market and is now used by four of the five largest superannuation funds in Australia. Usage within customers in this market also grew as they face increased regulatory scrutiny increasing the volume of disclosure documentation being produced and published including climate-related disclosures now legislated in New Zealand.

Finalising the separation in go-to-market strategy for Keystone into FSI and the public sector, Objective Keyplan was launched and now provides an end-to-end solution for local government strategic plans and community consultation.

Innovation

Throughout FY2023 R&D investment was focused into delivering complementary innovation in both Objective ECM and Objective Nexus including features that will further drive IQ adoption, maintain and enhance our strong security posture and leverage Objective 3Sixty capabilities.

The addition of Objective 3Sixty to our portfolio enables manage-in-place information governance strategies and powerful migration capabilities that ease the transition to cloud for on-premise customers.

As a stand alone product, we made advances in usability and security, demanded by enterprises with huge quantities, up to petabytes of data. And to demonstrate our commitment to the partnership with Hyland and the North American market we enhanced manage-in-place capabilities to more comprehensively align with the Alfresco platform.

As a cloud-platform, Objective Nexus brings the opportunity to drive deeper integration between all of our information governance products, to more tightly align Objective Gov365 and Objective Connect with Objective Nexus giving customers new ways to access these capabilities.

Objective Connect delivered additional value for existing customers by releasing editions that support multiple languages, including Te Reo Māori and Cymraeg (Welsh). Ongoing enhancements to the security posture of Objective Connect included reassessment to Information Security Registered Assessors Program (IRAP) up to the Australian government's PROTECTED document classification.

Supporting the launch of Objective Keyplan, our R&D program delivered consultee submission management, integration with council spatial data sets and a native Geographic Information System (GIS) portal. Benefiting both Keyplan and Keystone, we invested in new cloud infrastructure enabling us to scale the service more cost effectively and launch new instances, in new geographies more easily.

Market Drivers

Demand for solutions that manage the production, access and retention of information remains strong, as always from the public sector, but increasingly from other sectors where public expectations of the conduct of institutions delivering services to the community means they are being held to account.

Beyond meeting regulation and governance requirements, organisations have an opportunity to transform the way they operate with technology; automation of processes from end to end delivers efficiencies within organisations to reduce costs and deliver improved services to customers and citizens; faster, digital, self-serve, meeting the expectations of the public. In our primary target market of government, there is still significant runway in the transition to cloud software, with most government organisations only part way through their journey.

During FY2023, our first customers went live on Objective Nexus in Australia and in the UK

Objective 3Sixty broadens Objective's addressable market to include manage-in-place information governance

➤ BUSINESS LINE REVIEW

Planning & Building

In FY2023 Planning & Building revenue reduced by 1% to \$11.7 million

\$11.7m

FY2023	1% Reduction
FY2022	\$11.8m

ARR for Planning & Building grew by 17% to \$12.2

\$12.2m

FY2023	17% Growth
FY2022	\$10.4m

▲ **PORTFOLIO**

FY2023 Highlights

In FY2023 Planning & Building revenue reduced by 1% to \$11.7 million (FY2022: \$11.8 million). As with our other business lines, this year we sharpened our focus on ARR for growth. We ended services contracts that were inherited with the acquisition of Master Business Systems that were not core to our focus and were not able to deliver an appropriate margin. Revenue excluding these service offerings increased by 4% to \$10.7 million (FY2022: \$10.3 million). ARR for Planning & Building grew by 17% to \$12.2 million (FY2022: \$10.4 million).

The adoption of our Planning & Building solutions is strong, and growing. Over 4,300 planning professionals at 300 councils in Australia and New Zealand, now log into our systems every day and spend three hours on average using Objective solutions to assess digital plans faster. The importance of Objective products to this process is demonstrated by the \$300 billion worth of development processed through Objective Build in FY2023 and 60% of development applications in Australia approved with Trapeze.

Ten New Zealand councils are now live on Objective Build including Tauranga City Council and Hutt City Council, with more than 15 more committed to implementing Objective Build.



Learn how Objective Build enhances transparency and efficiency for Hutt City Council's customers and stakeholders



Transforming the building consent process

Tracking progress of planning applications, knowing what building inspections have been carried out, or are coming up and access to all of a project's documents in one place is now the norm for residents, designers and builders in the Hutt City council area in New Zealand. This visibility is a far cry from the old process of reviewing paper-based applications and plans where communication with applicants could happen by email, phone or in person at the council's office.





The go to market effort for Objective Build is focused on attracting larger New Zealand councils, leveraging the influence of the broader building industry demanding more efficient methods of processing building applications and a nationally consistent consenting system to enable home builders to better meet demand for new housing.

We have also aligned pricing across building consent processing products, including Objective Build, commencing from 1 July 2023, which will smooth the transition of customers onto the new platform.

While revenue growth for Objective Build in FY2023 was impacted by a normalisation in consent volumes, as a result of building activity in New Zealand reducing from elevated levels in FY2021 and FY2022. We expect our expanded product offering and new customer acquisitions to continue to drive revenue growth.

More than 90% of our Objective Trapeze customer base are now using the latest version, Trapeze Pro, utilising new functionality delivered during FY2023 to support remote working practices of their staff. Looking forward, the focus for both our development and go to market initiatives will be to increase users' time spent working in Trapeze each day, increasing value to customers and expand the use of Trapeze to more job roles within councils, growing the user base.

Innovation

Innovation within Objective Trapeze included cloud administration functionality that allows customers to support hybrid working for their staff. We continue to invest in location-specific functionality for the UK market, including developing direct integration with UK planning systems.

Objective Build was enhanced by more than 100 feature releases in FY2023, while we simultaneously invested in developing new modules to expand the breadth of the platform to include an Inspections module to be released in FY2024. Not only does this expand the breadth of application for customers, it provides an additional revenue stream to Objective as a greater proportion of the building consent process is undertaken within the Objective Build platform.

Market Drivers

Demand for our Planning & Building products is being driven by the need for approving authorities to keep up with increasing pace of development fuelled by innovations within the construction sector balanced by tighter scrutiny over the quality of building projects demanded by owners, residents and the community at large.

Technology is the only way local government can keep pace with these demands. End-to-end digital processes, beyond simple digitised documents, present significant efficiency opportunities for consenting authorities and enable them to apply consistency to assessment decisions far more easily. This provides improved guidance to industry professionals submitting plans, and ultimately aligns decisions to the broader planning instruments that shape the very nature of the built environment all parties are contributing to.

10 New Zealand councils are now live on Objective Build, with 15 more committed

Every day more than 4,300 planning professionals at 300 councils in Australia and New Zealand log into our systems

► BUSINESS LINE REVIEW

RegTech

In FY2023, RegTech revenue increased by 3% to \$21.1 million

\$21.1m

FY2023	3% Growth
FY2022	\$20.4m

ARR increased by 21% to \$13.0 million

\$13.0m

FY2023	21% Growth
FY2022	\$10.7m

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▲ PORTFOLIO

FY2023 Highlights

In FY2023, RegTech revenue increased by 3% to \$21.1 million (FY2022: \$20.4 million), while ARR increased by 21% to \$13.0 million (FY2022: \$10.7 million).

A business-changing milestone for RegTech, culminated in the launch of the New Zealand National Arms Registry in June 2023. Objective RegWorks was selected by the NZ Police in 2021 to deliver a nationwide firearms registration and licensing solution. The first phase of the project, The New Zealand Police Arms Information System (AIS) went live in November 2022 alongside the establishment of the new Firearms Safety Authority, Te Tari Pūreke. This phase, now live, is assisting in the regulation of more than 2 million firearms in New Zealand, contributing to the safety and security of New Zealand citizens and visitors alike.

Over-subscribed events in the UK during the first half, brought together government leaders, industry experts and key stakeholders to advocate for the adoption of regulatory technology within government. Following this strong response, we established a dedicated sales function for Objective RegWorks. The team is building a presence in the UK market and progressing engagement with numerous prospects.



Learn how a single source of truth helps carers get back to supporting the people that need it most



▲ CUSTOMER STORY

Work that previously took hours, now takes only minutes

When working in the highly regulated environment of social care, managing client data securely, stringent reporting requirements and workforce planning can often overwhelm the original purpose of the organisation; to deliver care. CareSouth supports more than 2,000 individuals providing early intervention, family preservation, foster care, homelessness & therapeutic group homes. Objective RegWorks became the single source of truth for all clients at CareSouth helping their frontline staff get back to their amazing work in the community, with a secure, adaptable and user-friendly system to support them.

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



With ARR focus firmly embedded as our strategy across the business, we made significant progress through the year to transition customers from heritage, on-premise regulatory software solutions to cloud native Objective RegWorks. Not only does this give customers access to the latest version of the software at all times, enhanced functionality and improved user experience, it reduces the number of semi-bespoke systems under support agreements. Notable customers on this journey included Queensland Rail and Sydney Trains.

A significant undertaking for the RegTech business line in FY2023 was in the transport regulatory domain, as government at both the state and national levels expanded enforcement activities to improve road safety. The first phase of this multi-year project was completed in 1HY2023 as part of the Transport for NSW (TfNSW) Business Application Hosting Strategy, transitioning the on-premise software managing traffic enforcement and heavy vehicle scanning cameras to a hosted cloud environment.

The second phase was part of shifting responsibility for heavy vehicle regulation from state to national jurisdiction. We transitioned the solution managing heavy vehicle safety from TfNSW to the National Heavy Vehicle Regulator (NHVR) to provide a single, national view of the heavy vehicle journey across state borders, reducing the regulatory inefficiencies felt by freight operators working around the country.

Innovation

R&D efforts throughout the year were directed into enhancing the user experience of Objective RegWorks with the rollout of the Objective IQ interface to existing customers, aligning the product with the remainder of the Objective product suite.

We also invested in improving user configurability and speed of deployment of Objective RegWorks alongside developing delivery practices and deployment models that will accelerate the rollout for new customers. Leveraging our deep industry expertise across multiple segments of the regulatory landscape, we've developed standardised configurations and best practice models for specific end markets.

We continued work on functional enhancements to the community-facing component delivered through the Objective RegWorks Gateway in response to ongoing demand from customers.

Market Drivers

The macro factors in the regulatory landscape continue to drive demand for our RegTech solutions. Increasing levels of regulation across all areas of society continue to emerge resulting in expansion regulators' function or the creation of new regulators. During FY2023 we worked with regulators in new jurisdictional areas including policing and biosecurity, evidence of an increasing addressable market for these solutions.

Regulators have a sole purpose, to protect people and communities through their diligence. As with all government-funded organisations, they are constantly being tasked to do more with less.

Technology is vital for them to achieve their outcomes. Many regulators have poorly implemented legacy systems in place that don't integrate with their other operational systems. Demand to replace these systems is strong. Updating to modern, secure and fit for purpose solutions that integrate with other core systems brings the opportunity for much greater efficiency within these organisations, the ability to easily surface intelligence to make data-driven decisions and the opportunity for easier collaboration; both within organisations and between regulators; be that across geographical or jurisdictional boundaries.

A business-changing milestone for RegTech, culminated in the launch of the New Zealand National Arms Registry in June 2023

Macro factors in the regulatory landscape continue to drive demand for our RegTech solutions

➤ SUSTAINABILITY REPORT

Objective is committed to operating with integrity and making a positive impact for our people, our customers, the community and our planet.

Environment



Social



Governance



Our Mission

To deliver outstanding **digital government** software driving **stronger communities** and **nations**.

Our Values

Six values guide how we treat ourselves, each other, our customers and the community.

▷ Integrity

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



▷ Expertise

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



▷ Great People, Great Teams

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



▷ Tenacity

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



▷ 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.



▷ Results Matter

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



Environment

We are passionate about the role we can play in helping address climate change, both through the lens of our own business and that of our customers. That's why we will set ourselves an ambitious goal around reducing our emissions. Supporting this goal will be the approach we take to our energy consumption, travel and commuting, and waste management.

Targeting Net Zero

In FY2024 we will set an emissions reduction target across all our operations. We have engaged independent advisors to better measure our total carbon footprint, energy and water consumption and waste management so that we can further understand our baseline emissions and make meaningful improvements, including across our supply chain.

We already have several programs underway to support this goal such as the introduction of a [Carbon Reduction Plan for our UK offices](#) in FY2023, which was our first public commitment to a net zero emissions target. It is important to us that we only work with Cloud Services partners who have sustainability as a core function of their business model. This is why we have chosen Amazon Web Services (AWS) and Microsoft Azure to host our software solutions. Both organisations have set firm commitments to reduce their environmental footprint such as powering their data centres with 100% renewable energy by 2025.

Energy Consumption

As a software developer, the primary source of our emissions is the energy we consume across our offices. We therefore consciously lease space in sustainable buildings, with the majority of our Australian offices rated 5 stars by NABERS (National Australian Built Environment Rating System). Our Global Headquarters was upgraded to 6 Stars in FY2023 which was a key factor in Objective making a new long-term commitment to the space.

Travel and Commuting

Travel is a fundamental part of how we do business, given our customers and employees are geographically dispersed. We recognise that a key step to reducing our footprint is taking a disciplined approach to approving travel for employees, with systems and processes in place to validate sound and responsible reasons for inter-state and international travel. Our employees also have the option to work from home some days each week, reducing emissions from commuting.

Waste Management

We provide facilities for in-office recycling in all offices and regularly communicate the importance of recycling to our people. We also promote e-waste recycling throughout the company and conduct auctions for any excess equipment, donating the proceeds to charity and saving hardware from going to landfill.



For our customers, and their community

The primary purpose of our software is to accelerate the digital transformation of our customers who represent more than one thousand organisations in the public sector and regulated industries.

Our journey began in the digitisation of paper records and has evolved to completely digital processes that eliminate the need for printed documents. Documents are now born digital and stay digital.

This digitisation extends to the way our customers interact with citizens, with countless processes now completely digital; from first engagement to resolution, thanks to Objective software. This not only reduces the reliance on paper-based forms, it also reduces the need for governments to maintain multiple physical locations and for their constituents to travel to these sites.

We are also proud to work directly with the government agencies that have been established to sustain, monitor, and protect environments. Including: NZ Dept. of Environment, Scottish Natural Heritage, WA Dept. of Primary Industries and Regional Development, NZ Ministry for Primary Industries – Manatū Ahu Matua and more.



Setting the standard for digital work practices

Through workflow and secure file sharing, the Council has completely eliminated paper from the tendering process when working with external suppliers.



Scan QR code or click here to read more



▶ CUSTOMER STORY



Transforming from paper to digital with Objective Trapeze

“Prior to Objective Trapeze, we had to manually stamp plans when approving consents, these could be **up to 300 printed pages each** – with two copies required. This is **now completely digital.**”

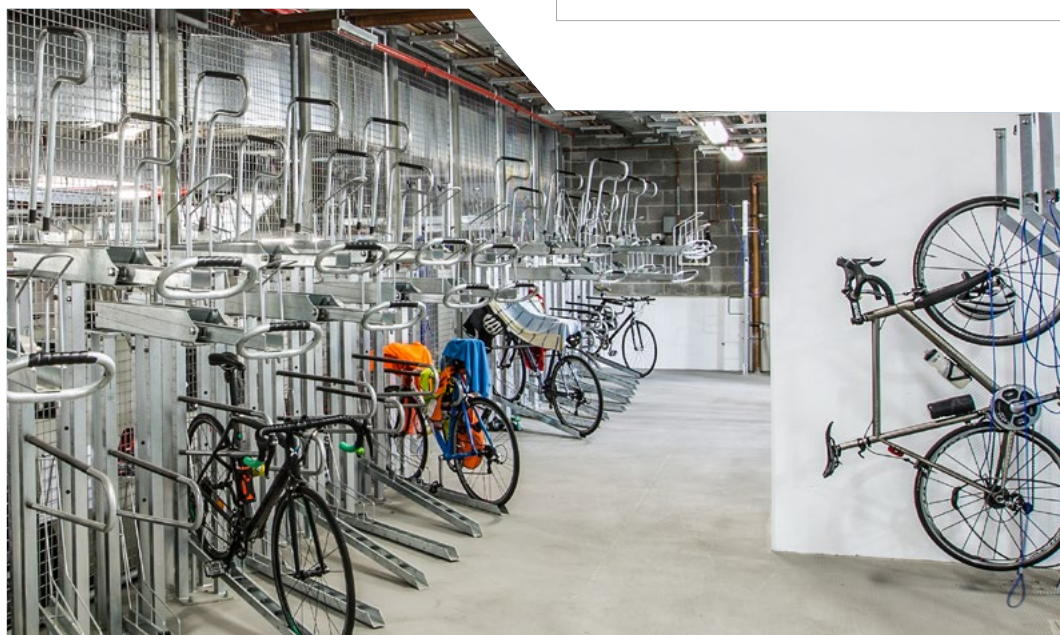
Brent Cunningham, Acting Team Leader, Building & Services



Scan QR code or click here to watch video



▶ CUSTOMER STORY



Social

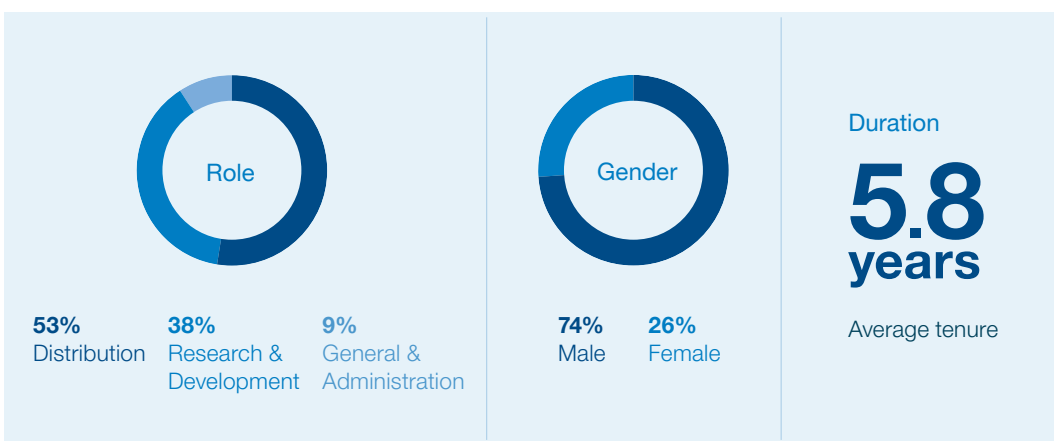
We deeply value the commitment of our people and their contribution to our company. We are a diverse team of close to 450 people, committed to living Objective's values and delivering for our customers and the community.

At Objective

We continuously strive to create a workplace that's dynamic, diverse and full of talent. A testament to this commitment was being certified as a Great Place to Work in FY2023, in three locations – Australia, New Zealand and the United Kingdom.

What sets us apart is that we offer more than just a job. We focus on purpose in everything we do, and offer our people continuous professional development, financial stability, flexibility and an inclusive environment.

Employee Breakdown



Diversity, Equity and Inclusion

Diversity, equity and inclusion (DEI) at Objective is not just a tick box exercise, it's a business imperative.


We are committed to creating a workplace culture that is inclusive and allows individuals to bring their whole selves to work which is why, in FY2023, we launched our new DEI strategy which we are confident will support further growth and creativity at Objective.

Beyond our DEI strategy, we celebrate the diversity of our people through regular events and lunches during the year. These include Lunar New Year, Easter, Diwali, Mardi Gras, International Women's Day and Manawatia a Matariki to name a few.

Great Place to Work 2023 – 2024

Objective was certified as a Great Place to Work in Australia, New Zealand and the UK.



 Scan QR code or click here to read more



Professional Development

The growth and development of our people is key to sustaining the culture that has made Objective a great place to work. We encourage our people to reach their full potential, whatever their aspirations and offer a range of learning and development programs. These include ongoing education within disciplines, an Emerging Leaders Program, a Boomerang Program for those seeking to try something new and access to LinkedIn Learning for every employee at Objective.

In FY2023, we rolled out a comprehensive competency framework for each role that provides clear career pathways for every employee. This framework was instrumental in 47 people being promoted during FY2023.

A highlight for our business every year is our annual employee conference – Activate. This kick-starts our year with information sharing, learning, enablement and celebration opportunities. Beyond Activate, to drive innovation and creativity throughout the year, we provide programs, time and space for our people to explore new tech and ideas.

Celebrating success is core to our business and culture and as such, we regularly recognise the outstanding achievements of our people through our Annual Awards based on our six core values, a CEO Leadership Award and a Rookie of the Year Award.

Wellbeing

Our commitment to employee wellbeing is evidenced by the range of initiatives that we have in place to support and enhance the physical, mental, and emotional health of our workforce. Our wellness programs have played a pivotal role in fostering a thriving work environment.

We regularly support fitness challenges that are sponsored by Objective including City2Surf, Wollongong Running Festival, 57 Squat Challenge and September.

Our mental health support programs include access for all employees and their families to professional counselling through our Employee Assistance Program, Objective Assist. We also support Mindful in May, RU OK Day, Men's Health Awareness, and Mental Health Awareness Month where our employees openly share their experiences and vulnerability with others.

We are proudly a family friendly organisation and support a flexible working environment so that our people feel comfortable to work in ways that align with their commitments outside of work. We support parents and carers with leave programs, including paid leave for birth, adoptive and foster parents with additional paid leave for multiple children.

Objective Gives Back

Objective Gives Back supports the many fundraising and volunteering activities that are regularly promoted and embraced by our people, backed by Objective.

Our employees are offered a paid day each year to volunteer their time at charities and not-for-profit organisations of their choice, and every donation made by employees is matched by Objective.

This year we have raised funds for the War in Ukraine, Foster Hope in New Zealand, CareSouth in Australia, The Cowshed in the UK, the RSPCA, the Cancer Council, the floods and cyclone fundraisers for Auckland. Objective is also a key sponsor for CareSouth and supports the Aunties and Uncles Program through donations and volunteering.

For our customers, and their community

Delivering national and community outcomes is core to our mission. We work with customers in the public sector and regulated industries such as utilities, medical device producers, banking and wealth management. These are the institutions society relies upon to maintain a desirable quality of life; promote health and wellbeing, ensure security and safety; sustain environment and community.



Communities
& Justice

World first data sharing platform helping Australia's child protection agencies improve child safety

Objective Reach helps child protection agencies across Australia securely share vital data and information that enables real-time decision making about risks for children.

[Scan QR code or click here to watch video](#)



▲ CUSTOMER STORY

Governance

We look at governance through two lenses; our internal corporate governance that guides how we do business and how our investment in software innovation supports our customers to manage their own continuously evolving governance requirements.

At Objective

Corporate Governance

Objective's governance framework includes adherence to our purpose and values, Board oversight, risk management frameworks, company policies and external audits. We are committed to conducting Objective's business in an ethical manner and to continuously evolve and implement new policies and procedures to improve our approach to corporate governance.

During FY2023 we published a suite of updated company policies on the [Objective website](#) that include: an updated commitment to ensure we do not support modern slavery in our business and supply chain, anti-bribery and anti-corruption, code of professional conduct, diversity and equality, whistleblowing policy, Objective Board skills framework. We also implemented training programs for all employees to ensure they conduct their work to the highest integrity at all times. This program is enhanced with ongoing reinforcement of our Mission and Values through regular whole-of-company communication activities.

Customer Privacy & Data Security

Objective takes its [commitment to security](#) seriously. Our government customers and those in regulated industries are delivering important community and national outcomes, in doing so, they are responsible for managing some of the most confidential, sensitive, private, and personal information in the world.

At Objective, security not just a compliance program, it is a culture. It is built into our software applications from inception, it is embedded into our processes and is nurtured in our people.

As a software supplier, we collect customer and user data as part of product functionality and business operations. We recognise that it is critically important to protect user data and privacy with appropriate controls. Objective has in place a detailed [privacy policy](#) and systems to protect data from misuse. Our policies and systems are continually reviewed. And we run training programs for all staff that address information security.

Demonstrating our commitment to security, we maintain multiple ISO, Australian and UK government-specific certifications and assessments for our products and company. These include:

- ISO 9001 for all Objective operations
- ISO 27001 for all Objective operations
- IRAP PROTECTED covering Objective Connect
- Cyber Essentials covering the UK Objective business
- Cloud Security Alliance (CSA)
- Member of the Defence Industry Security Program (DISP)



Governance for Microsoft Teams

Providing the organisation wide collaboration benefits of Teams, without compromising information governance – data automatically stored where it should be.

 [Scan QR code or click here to watch video](#)



For our customers, and their community

One of the driving factors for customers seeking Objective software is to help them with governance, compliance and statutory obligations. Each year, we invest over 20% of revenue on research and development to evolve existing software for our customers and develop new applications to keep pace with the ever-changing regulatory environments our customers operate in.

Our Content & Process suite of products helps government at all levels comply with recordkeeping obligations, implement strong information governance processes and practices, and protect information they hold from unauthorised access or accidental disclosure.

In the wealth management sector, Objective Keystone helps companies comply with their product disclosure and target market determinations.

Our Planning & Building suite of products helps both the government and construction sector build safe housing compliant with the local area planning guidelines. These products also help local government determine planning applications within statutory timeframes; our customers consistently surpass their KPIs.

Government regulators turn to Objective solutions to improve regulation, compliance and enforcement processes across a multitude of industry segments; from liquor and gambling to conservation & environment; from industrial relations to primary industries and biosecurity, from transport safety to policing.



Transforming disclosure for super, investment and insurance services

Annual reports, target market determinations, product disclosure statements and insurance guides produced with accuracy and speed.

 [Scan QR code or click here to watch video](#)



▶ CUSTOMER STORY

Directors' Report

For the year ended 30 June 2023

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 2023.

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) and was appointed to the board of urbanise.com Pty Ltd (ASX:UBN) on 18th April 2023.

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 for over 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 \$4,737,000 was paid on 14 September 2022 and an ordinary final unfranked dividend of \$5,685,000 was paid on 19 September 2022.

Since the end of the financial year, the directors have recommended the payment of a final unfranked dividend of 13.5 cents per ordinary share. The aggregate amount of the dividends expected to be paid on 14 September 2023 is \$12,841,000. There is no conduit foreign income attributed to this final dividend declared.

Review of operations and financial results

A review of the Group operations and the results for the year ended 30 June 2023 is set out on page 1 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 2023 the Company had 95,116,253 (2022: 94,856,118) 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	Number	Expiry Date
Employee options exercisable at \$1.17	125,000	24/02/2025
Employee options exercisable at \$2.75	255,000	01/01/2029
Employee options exercisable at \$7.50	397,500	01/07/2030
Employee options exercisable at \$12.50	200,000	31/01/2025
Employee options exercisable at \$14.85	100,000	30/04/2027
Total options on issue	1,077,500	
Weighted average exercise price	\$7.25	

Rights on Issue	Number	Expiry Date
Rights exercisable at \$nil	45,000	22/12/2026
Rights exercisable at \$nil	4,000	21/03/2027
Rights exercisable at \$nil	5,000	28/02/2027
Rights exercisable at \$nil	10,000	28/11/2027
Total rights on issue	64,000	
Weighted average exercise price	\$nil	

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

For the year ended 30 June 2023

Shares issued on exercise of options and rights

Movements in equity incentives and shares issued on exercise of equity incentives during the year:

Instrument	Number of instruments vested	Number of instruments granted	Number of instruments exercised	Number of ordinary shares issued on exercise
Share options	308,750	Nil	375,000	375,000
Rights	23,650	16,400	11,400	11,400 ¹

¹ Includes 6,400 ordinary shares purchased on the ASX market.

Refer Note 27 for further details.

Since the end of the financial year, the Group issued 61,250 ordinary shares of the Company as a result of the exercise of 61,250 options at various prices under the Employee Incentive Plan and funded via interest free limited recourse loans provided by the issuing entity to employees under the current Employee Incentive Plan. 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 profitability in FY2023. 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.

The Directors have identified opportunities to continue to grow the business in FY2024 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.

Performance in relation to environmental regulation

The Board places a high priority on environmental issues and is satisfied that systems are in place for the management of the Company's compliance with applicable environmental regulations under the laws of the Commonwealth, States and Territories of Australia. The Company is not aware of any pending prosecutions relating to environmental issues, nor is the company aware of any environmental issues, which would materially affect the business as a whole.

Events after balance sheet date

For dividends resolved to be paid after 30 June 2023, 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, options and rights at the date of this report were:

Director	Number of ordinary shares	Number of options	Number of Rights
Tony Walls	62,000,000	–	–
Gary Fisher	5,150,000	–	–
Nick Kingsbury	100,000	–	–
Darc Rasmussen	230,214	–	–
Stephen Bool	125,000	–	10,000
Total directors' interest	67,605,214	–	10,000

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' Meetings		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	12	12	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 76.

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

For the year ended 30 June 2023

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 2023 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

Executive key management personnel

Ben Tregoning	VP Corporate Services and Chief Financial Officer (CFO)
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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 months' salary.

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.

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.

Voting and comments made at the company's 25th November 2022 Annual General Meeting ('AGM')

At the 2022 AGM, 99.2% of the votes received supported the adoption of the remuneration report for the year ended 2022. 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	2023	2022	2021	2020	2019
Revenue (\$'000)	110,364	106,505	95,056	70,040	62,060
Net profit after tax (\$'000)	21,087	19,563	16,086	11,025	9,050
Basic earnings per share	22.2 cps	20.7 cps	17.2 cps	11.8 cps	9.8 cps
Dividends	13.5 cps	11.0 cps	9.0 cps	7.0 cps	6.0 cps
Share price at 30 June (\$)	13.77	13.73	17.47	7.38	2.80
Share buy-backs (\$'000)	1,239	—	—	502	35

Total Remuneration

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

	Short-term		Long-term		Share based payments (SBP)	Post employment	Total	% performance related	Value of SBP as % of remuneration
	Salary and fees \$	Bonus \$	Other \$	Leave entitlements \$	Options and rights \$	Super-annuation \$			
2023									
N Kingsbury	64,419	—	—	—	—	—	64,419	—	—
T Walls	274,708	—	—	8,030	—	25,292	308,030	—	—
G Fisher	—	—	—	—	—	—	—	—	—
D Rasmussen	45,662	—	—	—	676	4,794	51,132	—	1.3 %
S Bool	63,636	—	—	—	19,428	6,682	89,746	—	21.6 %
B Tregoning	342,208	60,624	1,497	13,324	118,440	25,292	561,385	10.8%	21.1 %

	Short-term		Long-term		Share based payments (SBP)	Post employment	Total	% performance related	Value of SBP as % of remuneration
	Salary and fees \$	Bonus \$	Other \$	Leave entitlements \$	Options and rights \$	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%

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.

Directors' Report

For the year ended 30 June 2023

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.

Details of options over ordinary shares granted, vested and lapsed for Directors or other KMP during the year ended 30 June 2023 are set out below:

KMP	Number of options at 30 June 2022	Number exercised	Number of options at 30 June 2023	Number vested and available for exercise at 30 June 2023	Amount paid per shares	Amount unpaid on shares
D Rasmussen	50,000	(50,000) ¹	–	–	\$2.75	–
B Tregoning	66,250	–	66,250	–	–	–
Weighted average exercise price	\$3.67	\$2.75	\$4.36	n/a	n/a	n/a

¹ The value of options exercised during the year was \$11.85 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 2023 (2022: nil).

Details of movement in share rights for Directors or other KMP during the year ended 30 June 2023 are set out below:

KMP	Number of rights at 30 June 2022	Number granted	Number exercised	Number of rights at 30 June 2023	Grant date	Exercisable price
S Bool	–	10,000	–	10,000	28/11/2022	\$Nil
B Tregoning	–	6,400	(6,400)	–	1/11/2022	\$Nil

Shareholdings of Key Management Personnel

KMP	Number of shares at 30 June 2022	Share options exercised	Rights exercised	Shares sold	Number of shares at 30 June 2023
T Walls	62,000,000	–	–	–	62,000,000
G Fisher	5,600,000	–	–	(450,000)	5,150,000
N Kingsbury	100,000	–	–	–	100,000
D Rasmussen	180,214	50,000	–	–	230,214
S Bool	125,000	–	–	–	125,000
B Tregoning	162,509	–	6,400	(6,400)	162,509

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



Tony Walls
Director

Date: 18 August 2023

Consolidated Statement of Profit or Loss

For the year ended 30 June 2023

CONSOLIDATED			
	Notes	2023 \$'000	2022 \$'000
Revenue	2 & 4	110,364	106,505
Cost of sales		(7,195)	(5,621)
Gross profit		103,169	100,884
Other gains and (losses)	5	(113)	34
Interest expense and other finance costs	5	(495)	(472)
Share of profit from joint venture		–	24
Distribution expenses		(42,419)	(39,425)
Research and development expenses		(27,208)	(25,019)
Administration and other operating expenses	5	(10,956)	(11,181)
NZCC settlement	17	–	(1,440)
Profit before income tax	2 & 5	21,978	23,405
Income tax expense	6	(891)	(3,842)
Profit for the year attributable to shareholders of Objective Corporation Limited		21,087	19,563
		Cents	Cents
Basic earnings per share	3	22.2	20.7
Diluted earnings per share	3	21.9	20.4

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 2023

	Notes	CONSOLIDATED	
		2023 \$'000	2022 \$'000
Profit for the year		21,087	19,563
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	20	875	(642)
Other comprehensive income/(loss) for the year, net of tax		875	(642)
Total comprehensive income for the year		21,962	18,921
Total comprehensive income for the year attributable to shareholders of Objective Corporation Limited		21,962	18,921

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 2023

		CONSOLIDATED	
	Notes	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	7	72,519	63,794
Trade and other receivables	8	20,647	17,638
Contract assets	9	3,252	2,972
Current tax assets		967	—
Other assets	10	2,311	2,007
Total current assets		99,696	86,411
Non-current assets			
Trade and other receivables	8	20	33
Property, plant and equipment	11	2,953	4,258
Right-of-use assets	12	13,643	6,712
Deferred tax assets	14	2,419	2,270
Intangible assets	13	41,115	40,726
Other assets	10	6	6
Total non-current assets		60,156	54,005
Total assets		159,852	140,416
Current liabilities			
Trade and other payables	15	11,455	11,998
Contract liabilities	9	51,969	48,690
Lease liabilities	16	2,532	3,333
Current tax liabilities		—	312
Provisions	17	5,847	6,959
Other liabilities	25	207	394
Total current liabilities		72,010	71,686
Non-current liabilities			
Lease liabilities	16	13,385	5,884
Provisions	17	908	889
Total non-current liabilities		14,293	6,773
Total liabilities		86,303	78,459
Net assets		73,549	61,957
Equity			
Share capital	18	11,722	11,310
Reserves	20	(10,292)	(10,807)
Retained earnings	21	72,119	61,454
Total equity		73,549	61,957

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

CONSOLIDATED					
	Notes	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
As at 30 June 2021		6,943	(10,372)	50,380	46,951
Profit for the year	21	–	–	19,563	19,563
Exchange differences on translation of foreign operations	20	–	(642)	–	(642)
Total comprehensive income for the period		–	(642)	19,563	18,921
Transactions with owners in their capacity as owners:					
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
Buy-back of ordinary shares	20	–	–	–	–
Treasury shares acquired and issued	18	279	(279)	–	–
Total transactions with owners in their capacity as owners		4,367	207	(8,489)	(3,915)
As at 30 June 2022		11,310	(10,807)	61,454	61,957
Profit for the year	21	–	–	21,087	21,087
Exchange differences on translation of foreign operations	20	–	875	–	875
Total comprehensive income for the period		–	875	21,087	21,962
Transactions with owners in their capacity as owners:					
Share-based payments	20	–	600	–	600
Share options exercised	18	691	–	–	691
Dividends provided for or paid	19	–	–	(10,422)	(10,422)
Shares issued under acquisition	18	–	–	–	–
Buy-back of ordinary shares	20	–	(1,239)	–	(1,239)
Treasury shares acquired and issued	18	(279)	279	–	–
Total transactions with owners in their capacity as owners		412	(360)	(10,422)	(10,370)
As at 30 June 2023		11,722	(10,292)	72,119	73,549

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 2023

	Notes	CONSOLIDATED	
		2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from customers		118,265	121,526
Payments to suppliers and employees		(91,877)	(86,610)
Payment for NZCC settlement		(1,440)	–
Interest received		1,283	133
Dividends received		–	17
Interest paid		(484)	(418)
Income taxes paid, net		(2,320)	(4,108)
Net cash inflow from operating activities	22(a)	23,427	30,540
Cash flows from investing activities			
Repayment of loans by employees		13	53
Proceeds from disposal of property, plant and equipment		–	145
Payment for acquisition of subsidiaries, net of cash acquired ¹	25	(198)	(3,673)
Payments for property, plant and equipment		(572)	(1,213)
Net cash outflow from investing activities		(757)	(4,688)
Cash flows from financing activities			
Dividends paid	22(c)	(10,389)	(8,459)
Repayment of lease liabilities	22(c)	(3,162)	(3,144)
Payment for buy-back of shares		(1,239)	–
Proceeds from issue of shares		690	1,187
Net cash outflow from financing activities		(14,100)	(10,416)
Net increase in cash and cash equivalents		8,570	15,436
Cash and cash equivalents at the beginning of the financial year		63,794	48,360
Effects of exchange rate changes on cash and cash equivalents		155	(2)
Cash and cash equivalents at end of the financial year	7	72,519	63,794

¹ FY2023: An instalment payment of \$198,000 (NZD 217,000) was 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 Simflofy, Inc in the amount of \$4,024,000 (USD 2,885,000) net of cash acquired of \$755,000 (USD 546,000) and an 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.

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 2023

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 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7 again defers (to 1 January 2025) the amendments to AASB 10 and AASB 128 relating to the sale or contribution of assets between an investor and its associate or joint venture. The Standard also includes editorial corrections.

AASB 2020-3 Annual Improvements 2018–2020 and Other Amendments

- Reference to the Conceptual Framework – Amendments to AASB 3 *Business Combinations*
- Property, Plant and Equipment – Proceeds before Intended Use
- Onerous Contracts – Cost of Fulfilling a Contract

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.

Notes to the Financial Statements

For the year ended 30 June 2023

Note 2 – Segment information (continued)

Revenue by product group

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

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Revenue by product group:		
Content & Process	76,144	74,220
RegTech	21,079	20,367
Planning & Building	11,696	11,779
Total revenue from contracts with customers	108,919	106,366
Segment profit before NZCC settlement and tax	21,978	24,845
Less: NZCC settlement	–	(1,440)
Segment profit before tax	21,978	23,405

Product groups	Description
Content & Process	Includes revenue from Objective Enterprise Content Management related products which allow customers to manage information and process governance across the enterprise. Also includes the revenue 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.
RegTech	Includes revenue from 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.
Planning & Building	Includes revenue from the sale of Objective Trapeze products which digitally transform development application plan reviews and assessments; and Objective Build, a leading end to end building consenting solution.

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 2023 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	
	2023 \$'000	2022 \$'000
Revenue by location:		
Australia	80,721	80,801
United Kingdom	11,055	11,266
New Zealand	16,810	13,826
Rest of the world	1,778	612
Total revenue	110,364	106,505

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

Reportable segment assets and liabilities by geographic location

	CONSOLIDATED		
	Asia Pacific \$'000	Europe \$'000	Total \$'000
30 June 2023			
Reportable segment assets	95,949	19,402	115,351
Reportable segment liabilities	78,529	7,774	86,303

	Asia Pacific \$'000	Europe \$'000	Total \$'000
30 June 2022			
Reportable segment assets	80,106	17,314	97,420
Reportable segment liabilities	68,391	9,756	78,147

Reconciliation of reportable segment assets and liabilities

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Assets		
Reportable segment assets	115,351	97,420
Intangible assets	41,115	40,726
Current tax assets	967	—
Deferred tax assets	2,419	2,270
Consolidated total assets	159,852	140,416
Liabilities		
Reportable segment liabilities	86,303	78,147
Current tax liabilities	—	312
Consolidated total liabilities	86,303	78,459

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.

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Non-current assets by location of assets		
Australia	30,504	24,286
United Kingdom	7,831	8,026
New Zealand	12,602	13,179
Rest of the world	6,800	6,244
Unallocated non-current assets	2,419	2,270
Total non-current assets	60,156	54,005

Notes to the Financial Statements

For the year ended 30 June 2023

Note 3 – Earnings per share

	CONSOLIDATED	
	2023	2022
Basic earnings per share – cents	22.2	20.7
Profit for the year attributable to shareholders of Objective Corporation Limited (\$'000)	21,087	19,563
Weighted average number of ordinary shares used in the calculation of basic earnings per share	94,996,551	94,423,179
Diluted earnings per share – cents	21.9	20.4
Profit for the year attributable to shareholders of Objective Corporation Limited (\$'000)	21,087	19,563
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ¹	96,135,301	95,936,929

1 Calculated by increasing the total weighted average number of shares used in calculating basic earnings per share by outstanding options and rights of 1,138,750. 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.

Note 4 – Revenue from contracts with customers

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Revenue from contracts with customers	108,919	106,366
<i>Other revenue:</i>		
Interest income	1,445	138
Sundry revenue	–	1
Total revenue	110,364	106,505

Disaggregation of revenue from contracts with customers

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

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Timing of revenue recognition:		
– products and services transferred at a point in time	2,033	4,684
– products and services transferred over time	106,886	101,682
Total revenue from contracts with customers	108,919	106,366

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
Software license revenue	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.
Implementation and consulting revenue	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.
Implementation and consulting revenue		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.
Other ancillary fees	Provision of hosting services, cloud services, support and maintenance services	Over time, depending on circumstances.
Royalties revenue	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 2023

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	
	2023 \$'000	2022 \$'000
<i>Expenses:</i>		
Depreciation expenses – property, plant and equipment	(1,877)	(1,877)
Depreciation expenses – right-of-use assets	(2,540)	(2,441)
Amortisation expenses and impairment – intangible assets	(520)	(1,206)
Expected credit loss (allowance)/reversal – trade and other receivables	–	160
Interest expense – lease liabilities	(467)	(421)
Other finance costs	(28)	(51)
Employee benefits expense	(60,715)	(57,309)
Superannuation expense	(4,523)	(4,127)
Share based payment expense	(600)	(486)
NZCC settlement	–	(1,440)
<i>Other gains and losses:</i>		
Net foreign exchange gains/(losses)	(113)	17
Net profit on disposal of property, plant and equipment	–	16

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.

Notes to the Financial Statements

For the year ended 30 June 2023

Note 5 – Profit and loss items (continued)

Recognition and measurement

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.

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	
	2023 \$'000	2022 \$'000
Current tax expense on profits for the year	2,231	4,261
Deferred tax (credit)/expense related to movements in deferred tax balances	(100)	(99)
Income tax over provided in prior years	(1,240)	(320)
Income tax expense	891	3,842

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	
	2023 \$'000	2022 \$'000
Profit before income tax expense	21,978	23,405
Prima facie income tax expense calculated at the tax rate of 30%	6,593	7,022
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation expenses – intangibles	135	276
Share based payment expenses	180	147
Other non-allowable deductions	91	472
Subtotal	6,999	7,917
Different tax rates of subsidiaries operating in other jurisdictions	(252)	(422)
Adjustments for current tax of prior periods	(1,240)	(320)
Research and development tax credit	(3,421)	(2,111)
Tax effect of cash contributions to employee share trust	(1,126)	(1,145)
Recoupment in the current year of previously unrecognised tax losses	(69)	(77)
Income tax expense	891	3,842

Notes to the Financial Statements

For the year ended 30 June 2023

Note 6 – Income tax expense (continued)

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 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.

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	
	2023 \$'000	2022 \$'000
Current assets		
Cash at bank and in hand	34,867	18,092
Short-term bank deposits	37,652	45,702
Total cash and cash equivalents¹	72,519	63,794

¹ The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include \$1,488,000 (2022: \$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 or readily convertible to a known amount of cash throughout their term and subject to an insignificant risk of change in value assessed against the amount at inception.

Note 8 – Trade and other receivables

	CONSOLIDATED			
	2023		2022	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Trade receivables	19,564	–	16,835	–
Other receivables	1,124	–	843	–
Sub-total	20,688	–	17,678	–
Expected credit loss allowance (a)	(41)	–	(40)	–
	20,647	–	17,638	–
Loans to employees	–	20	–	33
Total trade and other receivables	20,647	20	17,638	33

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

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Balance at beginning of the year	40	197
Net remeasurement of expected credit loss allowance	–	(160)
Trade receivables written off during the year	–	–
Foreign currency translation	1	3
Total expected credit loss allowance at 30 June	41	40

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.

Notes to the Financial Statements

For the year ended 30 June 2023

Note 9 – Contract assets and contract liabilities

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Current		
Contract assets	3,252	2,972
Contract liabilities	51,969	48,690

Changes in contract balances during the current year are:

	CONSOLIDATED	
	Contract assets \$'000	Contract liabilities \$'000
Balance at the beginning of the year	2,972	(48,690)
Transfer from contract assets to trade receivables	(2,972)	–
Revenue recognised for work performed but not yet billed	3,242	–
Transfer from contract liabilities to contract assets ¹	–	2,364
Revenue recognised during the year that was included in contract liabilities at the beginning of the year	–	48,690
Increase due to cash received, excluding amount recognised during the year	–	(55,164)
Addition from acquisition of subsidiary	–	–
Foreign currency translation	10	831
Balance at the end of the year	3,252	(51,969)

Changes in contract balances during the prior year are:

	CONSOLIDATED	
	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 assets to contract liabilities ¹	–	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
Balance at the end of the year	2,972	(48,690)

¹ 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.

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 2023 was \$51,969,000 (2022: \$48,690,000) and is expected to be recognised as revenue within the next twelve months.

Note 10 – Other assets

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Current assets		
Prepayments	2,259	1,955
Rental deposits	52	52
Total other assets	2,311	2,007
Non-current assets		
Other assets	6	6
Total other assets	6	6

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.

Notes to the Financial Statements

For the year ended 30 June 2023

Note 11 – Property, plant and equipment

	CONSOLIDATED			
	Plant and equipment \$'000	Leasehold improvements \$'000	Motor vehicles \$'000	Total \$'000
30 June 2023				
Gross carrying amount – cost	8,050	6,410	73	14,533
Accumulated depreciation	(5,970)	(5,555)	(55)	(11,580)
Total property, plant and equipment, net	2,080	855	18	2,953
<i>Represented by:</i>				
Net carrying amount at 1 July 2022	2,499	1,727	32	4,258
Additions	541	–	–	541
Disposals	–	–	–	–
Depreciation expenses	(981)	(882)	(14)	(1,877)
Exchange differences	21	10	–	31
Net carrying amount at 30 June 2023	2,080	855	18	2,953

	CONSOLIDATED			
	Plant and equipment \$'000	Leasehold improvements \$'000	Motor vehicles \$'000	Total \$'000
30 June 2022				
Gross carrying amount – cost	7,454	6,391	72	13,917
Accumulated depreciation	(4,955)	(4,664)	(40)	(9,659)
Total property, plant and equipment, net	2,499	1,727	32	4,258
<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
Disposals	(112)	–	(16)	(128)
Depreciation expenses	(939)	(919)	(19)	(1,877)
Exchange differences	(31)	(15)	(1)	(47)
Net carrying amount at 30 June 2022	2,499	1,727	32	4,258

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.

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	
	2023 \$'000	2022 \$'000
Buildings		
Gross carrying amount – cost	24,452	14,847
Accumulated amortisation	(10,809)	(8,135)
Total right-of-use assets, net	13,643	6,712
<i>Represented by:</i>		
Net carrying amount at 1 July	6,712	8,365
Additions – new leases	9,328	910
Depreciation of right-of-use assets	(2,540)	(2,441)
Foreign exchange differences	143	(122)
Net carrying amount at 30 June	13,643	6,712

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.

Notes to the Financial Statements

For the year ended 30 June 2023

Note 12 – Right-of-use assets (continued)

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
30 June 2023					
Gross carrying amount – cost	2,323	171	4,864	39,089	46,447
Accumulated amortisation	(2,323)	–	(3,009)	–	(5,332)
Total intangible assets, net	–	171	1,855	39,089	41,115
<i>Represented by:</i>					
Net carrying amount at 1 July 2022	–	169	2,380	38,177	40,726
Amortisation expenses and impairment	–	–	(520)	–	(520)
Foreign exchange differences	–	2	(5)	912	909
Net carrying amount at 30 June 2023	–	171	1,855	39,089	41,115
30 June 2022					
Gross carrying amount – cost	2,162	169	4,547	38,427	45,305
Accumulated amortisation	(2,162)	–	(2,417)	–	(4,579)
Total intangible assets, net	–	169	2,130	38,427	40,726
<i>Represented by:</i>					
Net carrying amount at 1 July 2021	–	173	2,655	32,716	35,544
Additions recognised on business combination (Note 25)	–	–	943	5,987	6,930
Amortisation expenses and impairment	–	–	(1,206)	–	(1,206)
Foreign exchange differences	–	(4)	(12)	(526)	(542)
Net carrying amount at 30 June 2022	–	169	2,380	38,177	40,726

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 \$171,000 (2022: \$169,000) 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.

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 or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable).

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 cash generating unit (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 cash generating units ("CGU") identified as follows:

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Objective Keystone	5,965	5,756
Objective Planning & Building ¹	9,885	9,714
Objective RegTech	16,720	16,720
Objective 3Sixty	6,519	5,987
Total goodwill	39,089	38,177

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 compound annual growth of not more than 9.0% (2022: 9.0%). The discount rate used of 15.5% (2022: 15.5%) is pre-tax and reflects specific risks related to the relevant operation. A terminal value based on the EBITDA exit multiple of 10x was used in the calculation in both 2023 and 2022.

The recoverable amounts of Objective Planning & Building 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 compound annual growth of not more than 5.3% (2022: 20.0%). The discount rate used of approximately 9.0% (2022: 8.0%) is pre-tax and reflects specific risks related to the relevant operation. A terminal value based on the EBITDA exit multiple of 10x was used in the calculation in both 2023 and 2022.

Notes to the Financial Statements

For the year ended 30 June 2023

Note 13 – Intangible assets (continued)

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 compound annual growth of not more than 10.0% (2022: 11.0%). The discount rate used of approximately 15.5% (2022: 15.5%) is pre-tax and reflects specific risks related to the relevant operation. A terminal value based on the EBITDA exit multiple of 10x was used in the calculation in both 2023 and 2022.

The recoverable amounts of Objective 3Sixty 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 compound annual growth of not more than 24.0% (2022: n/a). The discount rate used of approximately 15.5% is pre-tax and reflects specific risks related to the relevant operation. A terminal value based on the EBITDA exit multiple of 10x was used in the calculation in 2023.

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	
	2023 \$'000	2022 \$'000
Deferred tax assets arising on deductible temporary differences	2,552	2,298
Deferred tax liabilities arising on taxable temporary differences	(133)	(28)
Total net deferred tax assets	2,419	2,270

(b) Movement in deferred tax balances

	CONSOLIDATED			
	Opening balance \$'000	Charged to profit or loss \$'000	Other \$'000	Closing balance \$'000
At 30 June 2023				
Property, plant and equipment	92	335	2	429
Unrealised foreign exchange	33	(33)	1	1
Employee benefits provision	1,774	35	38	1,847
Rent incentive provision	252	(111)	5	146
Deferred expenditures for tax purposes	85	(28)	2	59
Intangibles	(28)	(105)	–	(133)
Accrued expenses	6	5	–	11
Other individually insignificant balances	56	2	1	59
Total net deferred assets	2,270	100	49	2,419
At 30 June 2022				
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
Other individually insignificant balances	116	(60)	–	56
Total net deferred assets	2,170	99	1	2,270

(c) Tax losses

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Unused tax losses for which no deferred tax asset has been recognised	4,635	4,760
Potential tax benefit	971	997

Notes to the Financial Statements

For the year ended 30 June 2023

Note 14 – Net deferred tax assets (continued)

(c) Tax losses (continued)

Potential tax assets of approximately \$971,000 (2022: \$997,000) 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 2023. The benefit for tax losses will only be obtained if the relevant member entities:

- (i) derive future assessable income of a nature and amount sufficient to enable the benefit from the deductions for the losses to be realised; or
- (ii) 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	
	2023 \$'000	2022 \$'000
Trade payables and accruals	7,199	6,870
Goods and services tax payable, net	4,096	5,001
Dividends payable	160	127
Total trade and other payables	11,455	11,998

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 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.

Note 16 – Lease liabilities

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Current lease liabilities	2,532	3,333
Non-current lease liabilities	13,385	5,884
Total lease liabilities	15,917	9,217

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 4.89% (2022: 4.19%).

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	
	2023 \$'000	2022 \$'000
Current		
Employee benefits	5,847	5,519
NZCC settlement ¹	–	1,440
Total current provisions	5,847	6,959
Non-current		
Employee benefits	497	493
Other provisions	411	396
Total non-current provisions	908	889
Total provisions	6,755	7,848

¹ NZCC settlement relates to provision raised in relation to the agreed settlement with the New Zealand Commerce Commission of NZ\$1,540,000, which was subsequently paid in full on 12 August 2022.

Notes to the Financial Statements

For the year ended 30 June 2023

Note 17 – Provisions (continued)

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			
	2023		2022	
	Number of shares	\$'000	Number of shares	\$'000
Share capital				
95,116,253 fully paid ordinary shares (2022: 94,856,118)				
<i>Movement:</i>				
Opening balance	94,856,118	11,310	94,010,371	6,943
Issue of shares ¹	150,000	413	135,000	230
Shares issued under acquisition (Note 25)	–	–	186,997	2,900
Share options exercised by employees ²	230,000	278	503,750	958
Buy-back of shares ³	(99,865)	–	–	–
Shares issued to OCL Trust ⁴	(20,000)	(279)	20,000	279
Closing balance	95,116,253	11,722	94,856,118	11,310

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).

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

⁴ Represents ordinary shares held by the Objective Corporation Limited Employee Share Trust as at 30 June 2022 that were subsequently allocated to participants under the Objective Employee Equity Plan during the year ended 30 June 2023.

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 creditors and are fully entitled to any proceeds on 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.

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*.

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
2023 Final Unfranked ¹	13.50	Nil	12,841	14 September 2023
2022 Final Franked	5.00	100%	4,743	14 September 2022
2022 Final Unfranked	6.00	Nil	5,691	14 September 2022

¹ The final unfranked dividend for the year ended 30 June 2023 has not been recognised in this financial report because it was resolved to be paid after 30 June 2023.

(b) Franking credits

	2023 \$'000	2022 \$'000
The balance of franking credit account at balance date adjusted for the payment of current tax liability/receipt of current tax asset	729	1,350

Notes to the Financial Statements

For the year ended 30 June 2023

Note 20 – Reserves

CONSOLIDATED						
At 30 June 2023	Treasury shares reserve		Share buy-back reserve	Share-based payments reserve	Foreign currency translation reserve	Total
	No. of shares	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	20,000	(279)	(10,812)	2,351	(2,067)	(10,807)
Share-based payment	–	–	–	600	–	600
Shares in the Company purchased by OCL Trust	(20,000)	279	–	–	–	279
Buy-back of shares	–	–	(1,239)	–	–	(1,239)
Translation of foreign operations	–	–	–	–	875	875
Closing balance	–	–	(12,051)	2,951	(1,192)	(10,292)

CONSOLIDATED						
At 30 June 2022	Treasury shares reserve		Share buy-back reserve	Share-based payments reserve	Foreign currency translation reserve	Total
	No. of shares	\$'000	\$'000	\$'000	\$'000	\$'000
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)
Closing balance	20,000	(279)	(10,812)	2,351	(2,067)	(10,807)

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.

Note 21 – Retained earnings

Summary of movement in consolidated retained earnings

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Balance at 1 July	61,454	50,380
Profit for the year	21,087	19,563
Dividends paid for or provided (Note 19(a))	(10,422)	(8,489)
Balance at 30 June	72,119	61,454

Note 22 – Cash flow information

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

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Profit for the year	21,087	19,563
Adjustments:		
Depreciation and amortisation expenses	2,397	3,084
Depreciation of right-of-use assets	2,540	2,441
Non-cash employee benefits expense – share based payments	600	486
Net gain on disposal of property, plant and equipment	–	(17)
Net unrealised foreign exchange differences	4	(27)
Credit loss allowance/(reversal) – trade and other receivables	–	(160)
Share of (profit)/loss from joint venture, net of dividends received	–	(6)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(2,657)	(4,505)
Increase/(decrease) in other operating assets	(304)	(217)
Increase in contract assets	(280)	(278)
Decrease/(increase) in trade and other payables	(713)	621
Increase in contract liabilities	3,279	7,856
Decrease in current tax balances	(1,280)	(165)
(Increase)/decrease in deferred tax assets	(149)	(100)
(Decrease)/increase in provisions	(1,108)	1,921
Increase in other operating liabilities	11	43
Net cash inflow from operating activities	23,427	30,540

Notes to the Financial Statements

For the year ended 30 June 2023

Note 22 – Cash flow information (continued)

(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	
	2023 \$'000	2022 \$'000
Motor vehicle financed under hire purchase agreement	–	21

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

	CONSOLIDATED		
	Dividends payable ¹ \$'000	Lease liabilities \$'000	Total \$'000
30 June 2023			
Opening balance at 1 July 2022	127	9,217	9,344
Cash flows from financing activities	(10,389)	(3,162)	(13,551)
Dividends declared (Note 19)	10,422	–	10,422
Additions arising from new leases, net of interest (Note 12) ²	–	9,680	9,680
Foreign exchange movement	–	182	182
Total liabilities from financial activities	160	15,917	16,077
30 June 2022			
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 (Note 12) ²	–	1,015	1,015
Foreign exchange movement	–	(152)	(152)
Total liabilities from financial activities	127	9,217	9,344

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

² Additions to lease liabilities arising from new leases are non-cash transactions. Lease incentives are deducted from this initial value in the measurement of the right-of-use asset.

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 2023 has been assessed 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	
	2023 \$'000	2022 \$'000
Cash and cash equivalents ¹	72,519	63,794
Trade and other receivables, at gross	20,688	17,678
Ageing analysis of trade and other receivables is as follows:		
Fully performing debts	17,239	15,610
Past due more than 30 days ²	2,294	1,287
Past due more than 60 days ²	308	80
Past due more than 90 days ²	847	701
Total	20,688	17,678

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 2023 is \$3,449,000 (2022: \$2,068,000). Different customers have different credit terms which may vary by their contracts.

Notes to the Financial Statements

For the year ended 30 June 2023

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

(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"), Singapore dollars ("SGD") and Euro (EUR).

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:

	CONSOLIDATED				
30 June 2023	GBP'000	NZD'000	SGD'000	USD'000	EUR'000
Cash and cash equivalents	202	19	3	199	19
Trade and other receivables	7	712	4	105	1
Trade and other payables	–	1	–	168	–
Other liabilities	–	–	–	–	–
30 June 2022	GBP'000	NZD'000	SGD'000	USD'000	EUR'000
Cash and cash equivalents	103	14	2	396	–
Trade and other receivables	14	1,244	19	–	–
Trade and other payables	–	19	–	588	–
Other liabilities	–	1,440	–	–	–

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
30 June 2023			
Great British pounds	+10%	14	14
New Zealand dollars	+10%	46	46
Singapore dollars	+10%	—	—
United States dollars	+10%	9	9
Euro	+10%	1	1
Total		70	70
Great British pounds	-10%	(17)	(17)
New Zealand dollars	-10%	(57)	(57)
Singapore dollars	-10%	—	—
United States dollars	-10%	(11)	(11)
Euro	-10%	(2)	(2)
Total		(87)	(87)
30 June 2022			
Great British pounds	+10%	7	7
New Zealand dollars	+10%	173	173
Singapore dollars	+10%	1	1
United States dollars	+10%	63	63
Euro	+10%	—	—
Total		244	244
Great British pounds	-10%	(9)	(9)
New Zealand dollars	-10%	(211)	(211)
Singapore dollars	-10%	(2)	(2)
United States dollars	-10%	(77)	(77)
Euro	-10%	—	—
Total		(299)	(299)

Notes to the Financial Statements

For the year ended 30 June 2023

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

(c) Liquidity

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
30 June 2023					
Trade and other payables	11,455	–	–	11,455	11,455
Lease liabilities	3,167	11,647	3,415	18,229	15,917
Contingent consideration	92	115	–	207	207
Total non-derivatives	14,714	11,762	3,415	29,891	27,579
30 June 2022					
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
Total non-derivatives	16,018	6,255	–	22,273	21,609

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 cash levels, distributions to shareholders and share issues.

The total equity of the Group at 30 June 2023 was \$73,549,000 (2022: \$61,957,000) and total cash and cash equivalents at 30 June 2023 were \$72,519,000 (2022: \$63,794,000).

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, categorised 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 2023 \$'000	Fair value at 30 June 2022 \$'000	Fair value hierarchy	Valuation technique	Significant unobservable input
Contingent consideration for business combination	207	410	Level 3	Discounted cash flow	Probability adjusted non- financial terms

During the year ended 30 June 2023, 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.

	2023 \$'000	2022 \$'000
Opening balance	410	784
Cash payments	(198)	(404)
Unwinding interest ¹	11	42
Foreign exchange differences ¹	(16)	(12)
Closing balance	207	410

¹ 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	
		2023	2022
Objective Corporation Solutions NZ Limited	New Zealand	100%	100%
Objective Corporation Singapore Pte Limited	Singapore	100%	100%
Objective Corporation North America Inc ¹	United States of America	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

¹ Includes ownership interest in Simflofy, Inc through a forward triangular merger.

Notes to the Financial Statements

For the year ended 30 June 2023

GROUP STRUCTURE

Note 25 – Business combinations

(a) Acquisitions in the current year

There were no acquisitions in the current year.

(b) Acquisition in the prior 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 \$5,986,000¹ at the date of acquisition.

Details of the purchase consideration, 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)
Purchase consideration, net of cash and bank balances acquired	6,169
Assets acquired and liabilities assumed	
Trade and other receivables	55
Other current assets	4
Identifiable intangible assets	943
Trade and other payables	(20)
Contract liabilities	(662)
Current tax liabilities	(2)
Provisions	(135)
Fair value of net liabilities undertaken	183
Goodwill arising on acquisition	5,986

1 At the date of the issue of the 30 June 2022 annual report, the necessary acquisition accounting calculations had not been finalised. Subsequently, the fair value of intangible assets acquired had been determined as soon as practicable and within one year as required under AASB 3: *Business Combinations*. Details of this business combination are reflected in this consolidated financial statements on a retrospective basis.

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

Last year 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.

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.

Note 26 – Parent entity disclosures

(a) Summary statement of financial position

	2023 \$'000	2022 \$'000
Current assets	56,924	53,786
Non-current assets	52,649	26,097
Total assets	109,573	79,883
Current liabilities	51,226	47,292
Non-current liabilities	8,702	4,398
Total liabilities	59,928	51,690
Share capital	11,722	11,310
Reserves	(9,101)	(8,741)
Retained earnings	47,024	25,624
Total equity	49,645	28,193

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

	2023 \$'000	2022 \$'000
Profit for the year	31,822	3,964
Total comprehensive income for the year	31,822	3,964

(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.

Notes to the Financial Statements

For the year ended 30 June 2023

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 (EIP)

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 Employee Incentive Plan'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.

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 2023.

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 2022	Granted	Exercised	Forfeited/ cancelled	Balance 30 June 2023
24/02/2015	24/02/2025	\$1.17	125,000	–	–	–	125,000
29/07/2018	29/07/2028	\$2.75	50,000	–	(50,000)	–	–
01/01/2019	01/01/2029	\$2.75	613,750	–	(305,000)	–	308,750
01/07/2020	01/07/2030	\$7.50	425,000	–	(20,000)	–	405,000
04/01/2021	31/01/2025	\$12.50	200,000	–	–	–	200,000
			1,413,750	–	(375,000)	–	1,038,750
Weighted average exercise price			\$5.42	–	\$3.00	–	\$6.29
Weighted average share price at date of exercise					\$13.97		
Exercisable at the end of the year			411,250				620,000

Movement in share options under the EIP during the prior year

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 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 share options outstanding under the EIP at the end of the year had a weighted average remaining contractual life of 4.9 years (2022: 6.0 years).

Notes to the Financial Statements

For the year ended 30 June 2023

Note 27 – Share based payments (continued)

Employee Equity Plan (EEP)

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

No new share options were granted under the EEP during the year ended 30 June 2023.

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 ¹	30/4/2022	30/4/2027	\$2.20	\$14.85	0.32%	19.55%	2.17%

¹ Share price at grant date was \$14.85 per unit.

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 date of issue.

Movement in share options under the EEP

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 2022	Granted	Exercised	Forfeited/cancelled	Balance 30 June 2023
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			–				–

The following reconciles the share options outstanding under the EEP at the beginning and end of the prior 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			—		—		

The share options outstanding under the EEP at the end of the year had a weighted average remaining contractual life of 5.0 years (2022: 5.0 years).

Share rights granted in the year

Fair value of share rights granted under the EEP during the year ended 30 June 2023 are:

Rights on Issue	Number	Expiry Date
Rights exercisable at \$nil	10,000	02/11/2027
Rights exercisable at \$nil	6,400	30/11/2027
Total rights on issue	16,400	
Weighted average exercise price	\$nil	

Movement in share rights under the EEP

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

Grant date	Expiry date	Exercise price (\$)	Balance 1 July 2022	Granted	Exercised	Forfeited/cancelled	Balance 30 June 2023
30/04/2022	22/12/2026	—	50,000	—	(5,000)	—	45,000
21/03/2022	21/03/2027	—	4,000	—	—	—	4,000
28/02/2022	28/02/2027	—	5,000	—	—	—	5,000
02/11/2022	02/11/2027	—	—	10,000	—	—	10,000
28/11/2022	30/11/2027	—	—	6,400	(6,400)	—	—
			59,000	16,400	(11,400)	—	64,000
Weighted average exercise price			\$nil	\$nil	\$nil	\$nil	\$nil
Weighted average share price at date of exercise					\$12.68		
Exercisable at end of the year			—				12,250

The following reconciles the share rights outstanding under the EEP at the beginning and end of the prior year:

Grant date	Expiry date	Exercise price (\$)	Balance 1 July 2021	Granted	Exercised	Forfeited/cancelled	Balance 30 June 2022
30/04/2022	22/12/2026	—	—	50,000	—	—	50,000
21/03/2022	21/03/2027	—	—	4,000	—	—	4,000
28/02/2022	28/02/2027	—	—	5,000	—	—	5,000
			—	59,000	—		59,000
Weighted average exercise price			\$nil	\$nil	\$nil	\$nil	\$nil
Exercisable at end of the year			—				—

Notes to the Financial Statements

For the year ended 30 June 2023

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	
	2023 \$	2022 \$
Short-term employee benefits	852,754	835,674
Long-term employee benefits	21,354	53,293
Post-employment benefits	62,060	35,553
Share-based payments expense	138,544	1,627
Total remuneration paid or payable	1,074,712	926,147

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 26 to 28.

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

(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 2023 (2022: 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	
	2023 \$'000	2022 \$'000
Capital expenditure commitments	–	–

Note 30 – Contingent liabilities

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Contingent liabilities, capable of estimation, arise in respect of the following categories:		
Bank guarantees	1,488	1,460
Total contingent liabilities	1,488	1,460

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 2023, 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	
	2023 \$	2022 \$
Pitcher Partners		
Audit and review of financial statements	110,548	99,539
Total remuneration of Pitcher Partners	110,548	99,539
Non-Pitcher Partners		
Audit and review of financial statements	26,517	30,195
Tax compliance services	3,243	5,329
Total remuneration of non-Pitcher Partners	29,760	35,524

Notes to the Financial Statements

For the year ended 30 June 2023

Note 32 – Other accounting policies

Accounting standards and interpretations issued but not operative at 30 June 2023

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 2023.

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

Dividends

For dividends resolved to be paid after 30 June 2023, 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 18 August 2023.

Directors' Declaration

The Directors of the Company declare that:

1. The attached financial statements and notes set out on pages 29 to 74 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 2023 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: 18 August 2023

Independent Auditor's Declaration



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

In relation to the independent audit for the year ended 30 June 2023 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.

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

Mark Godlewski
Partner

18 August 2023

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

Pitcher Partners
Sydney

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Independent Auditor's Report



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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 2023, 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 2023 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

Key Audit Matter	How our audit addressed the Key Audit Matter
<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"> identifying performance obligations. determination of total transaction price. allocation of the transaction price to each performance obligation; and determining when a performance obligation is satisfied. <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"> Documenting and evaluating the design, implementation, and operational effectiveness of relevant controls to confirm the appropriateness of timing for revenue recognition. Selecting a sample of revenue contracts, reviewing the contract to identify the key provisions and conditions that indicate that performance obligations have been satisfied for revenue recognised under AASB 15: <i>Revenue from Contracts with Customers</i>. Testing a sample of revenue transactions during the reporting period and at period-end to agree the total transaction price to customer contracts, work in progress records, milestone acknowledgements and receipts from customers, where applicable. For transactions where revenue was recognised over time (e.g., subscriptions, upgrade / support, and consulting), we reviewed conditions of the contract to check timing of revenue recognition as well as the completeness of contractual liabilities and accuracy of contractual assets as applicable; and Considering the adequacy of the financial report disclosures.
<p>Impairment of Intangible Assets (Refer to Note 13 in the Notes to the Financial Statements).</p> <p>At 30 June 2023 the consolidated statement of financial position of the Group includes goodwill amounting to \$39.089 million.</p> <p>In assessing impairment of intangible assets, the company has estimated value in use for each Cash Generating Unit (CGU) – Objective Keystone, Objective Planning and Building, Objective RegTech and Objective 3Sixty.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> Assessing management's determination of CGUs based on our understanding of the nature of the Group's business, acquisition strategies, and examination of cash inflows. Documenting and evaluating the design and implementation of relevant controls over information captured in examining cashflows of individual CGUs as

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The value in use models include significant 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>determined by management, as part of assessing impairment of intangible assets.</p> <ul style="list-style-type: none"> • 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. • Testing the mathematical accuracy of the value in use models. • Assessing the historical accuracy of forecasting. • 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 • Considering the adequacy of the financial report disclosures

Other Information

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 2023 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

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

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.
- 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.

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

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 26 to 28 of the Directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Objective Corporation Limited, for the year ended 30 June 2023, 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.

MARK GODLEWSKI
Partner

PITCHER PARTNERS
Sydney

18 August 2023

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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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 11 September 2023.

A. Twenty Largest Holders of Ordinary Shares

Rank	Name	Units held	% of listed units
1	TBW TRUSTEES LIMITED	62,000,000	65.13
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,530,453	6.86
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,953,672	6.25
4	BNP PARIBAS NOMS PTY LTD	5,480,948	5.76
5	CITICORP NOMINEES PTY LIMITED	1,514,114	1.59
6	NATIONAL NOMINEES LIMITED	865,330	0.91
7	ANACACIA PTY LTD	774,594	0.81
8	UBS NOMINEES PTY LTD	585,579	0.62
9	MIRRABOOKA INVESTMENTS LIMITED	564,444	0.59
10	WEM SUPER PTY LTD	535,000	0.56
11	TRUEBELL CAPITAL PTY LTD	361,112	0.38
12	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	341,824	0.36
13	MR CHARLES DAVID GORDON	250,000	0.26
14	MR DARCY FREDERICK DENCKER-RASMUSSEN	200,000	0.21
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	187,694	0.20
16	MR BEN TREGONING <TREGONING FAMILY A/C>	177,500	0.19
17	MARK JAMES LUGERT	176,829	0.19
18	MR ADRIAN RUDMAN	170,000	0.18
19	EST MRS JOAN CAMERON FISHER	164,250	0.17
20	WARBONT NOMINEES PTY LTD	160,071	0.17
Total: Top 20 holders of issued capital		86,993,414	91.39
Total remaining holders balance		8,205,339	8.61

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	65.13
MARLAINE LIMITED	5,150,000	5.41

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	1,854	671,706	0.70
1,001 – 5,000	818	1,909,270	2.01
5,001 – 10,000	147	1,082,359	1.14
10,001 – 100,000	143	4,201,489	4.41
100,001 and over	24	87,333,929	91.74
Total	2,986	95,198,753	100.00

Corporate Directory

Registered Office

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

ASX Code

OCL

ABN

16 050 539 350

Directors

Tony Walls
Gary Fisher – resigned 21 August 2023
Nick Kingsbury
Darc Rasmussen
Stephen Bool

Company Secretary

Ben Tregoning

Stock Exchange Listing

The Company's shares are listed on the ASX.

Electronic Announcements

Shareholders who wish to receive a copy of announcements made to the ASX are invited to provide their email address to the Company. This can be done by emailing us at enquiries@objective.com or writing to us at our registered office.

