civica

Building the software that improves public services around the world

2019
Annual Review

Contents

Welcome to Civica

We're proud to be one of the UK's leading software companies. For 25 years, our software has been helping to deliver improved public services and better outcomes for people and communities around the world.

We provide the software for

2.5m
professionals

We support vital services for

90m
people

We are proud to have achieved

18 years
of unbroken growth

INVESTORS IN PEOPLE | Gold

2019 Group financial highlights
For the year to 30 September 2019

Group revenues

£425.6 million

Increased by 14%
(2018: £373.2 million)

Group recurring revenues

£215.2 million

Increased by 14%
(2018: £189.2 million)

Group EBITDA*

£89.1 million

Increased by 15%
(2018: £77.7 million)

Four year growth chart

	2016	2017	2018	2019
Group revenues	£267.7m	£324.7m	£373.2m	£425.6m
Employees	3,231	3,454	4,389	4,776

Group revenues   Employees
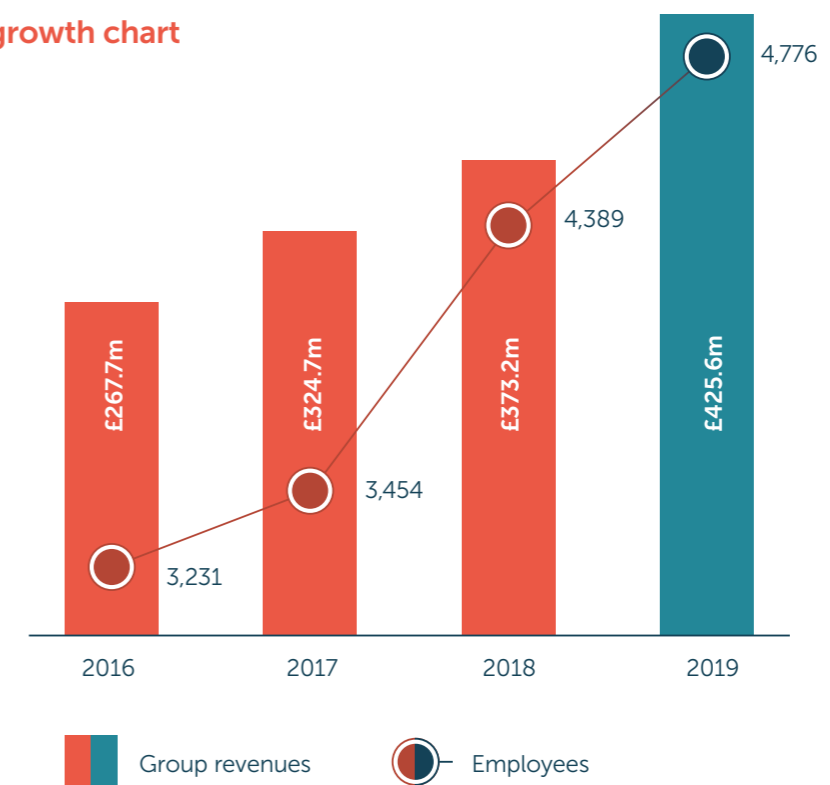
* Earnings before interest, taxation, depreciation and amortisation

Chairman's introduction

Simon Downing
Chairman

" **With our increased momentum in the key areas of cloud, digital enablement and data analytics to support improved public services, the outlook is very positive.** "

With a clear focus on helping our customers to improve public services, we continued to expand our business and create new opportunities during 2019. As one of the UK's largest software companies, Civica had another successful year delivering for our customers and meeting our financial and operational objectives.

Our outstanding record of strong and profitable growth remains unbroken for an 18th year despite operating in a more challenging business environment.

While expanding the use of Civica software we have increased momentum with strategic developments focused around cloud, digital enablement, technology innovation and data analytics, to help customers meet rising expectations to transform digitally.

We accelerated the adoption of cloud software applications – which accounted for two thirds of major sales and positions us well for future growth. Our broad range of cloud software is now used by more than 3,200 customers globally, supporting them to deliver more efficient, flexible and secure services while building a stronger foundation for future innovation.

Civica's ongoing strategic development is another area of great progress, underpinned by our global operating platform. We also continued to invest in our skills and capabilities, both organically and with the acquisition of five highly complementary businesses.

We are proud of our genuine and purpose-driven culture and as we expanded to almost 5,000 employees, we maintained our position as an employer of choice with high employee ratings globally.

We again invested 20 per cent of revenues into product and service development and, as a result, supported our growing customer base with innovative solutions that meet the needs across wider government and regulated markets. Notwithstanding a year of change and challenge for all involved in public services, we maintained good momentum with a record number of contracts including increased cross-border sales for key product offerings.

During the year to September 2019, we increased total revenues for the Group by 14 per cent to £425.6 million, producing 15 per cent EBITDA growth and good cash generation. This was driven by sustained organic software revenue growth of 8 per cent, reflecting the successful execution of our strategy globally and which provides a strong foundation for the future.

We also strengthened our leadership with new additions to our management team and welcomed ex-Sage CEO Guy Berruyer to the Board as a non-executive director.

With an increasing reliance on software to improve public services, Civica is well positioned to support our customers' needs and their digital ambitions. Our track record for product innovation and delivery, together with the strategic development of the business and a more certain UK national political scene, underpins our very positive outlook for the business and, of course, for our customers and employees.

On behalf of the Board, I would like to thank all of our people for their outstanding contribution and to thank our customers for their continuing trust and commitment.

Global vision, local focus

We're working with customers around the world to embrace the significant potential of cloud software, digital technologies and data insights to deliver improved public services.

Advancing cloud solutions and digital enablement

Civica is well placed to deliver a stronger performance for our customers and our company through the local execution of our global strategy. Focused on improving outcomes, we operate in a large and growing market where innovation and automation are increasingly helping to solve complex challenges and enable technology-based transformation.

Our market is shaped by the need to provide an improved experience for people and professionals alike and to extract greater value from data. We aim to bring about an ambitious vision for our customers through the use of innovative and cloud-based software, digital solutions and data expertise. Our clear and invested strategy is enabled by an exceptional combination of software and sector expertise, purpose-driven culture and our global operating platform.

Civica's strategy is aligned with the evolving needs of our customers and delivered through market-specialist divisions with a strong record of local execution. And during 2019, we accelerated the Group's strategic development, strengthening our resources and capabilities organically and through acquisition, and advancing cloud solutions, digital technology and innovation.

Expand use of Civica software and progress innovation

- 20% of revenue invested in software development
- 3 new digital platform products launched
- 17% increase in volume of major sales

Accelerate adoption of cloud software and digital solutions

- 3,200 cloud customers
- 65% of major sales were cloud based in 2019
- 30 million users of customer-facing platforms

Enhance employee and customer satisfaction worldwide

- +32 employee Net Promoter rating
- +17 customer Net Promoter rating
- More than 98% customer retention

Expand business activities globally on existing platform

- 4 UK products launched into Asia Pacific
- 5 new acquisitions adding cloud software assets
- 480 colleagues in Vadodara, India
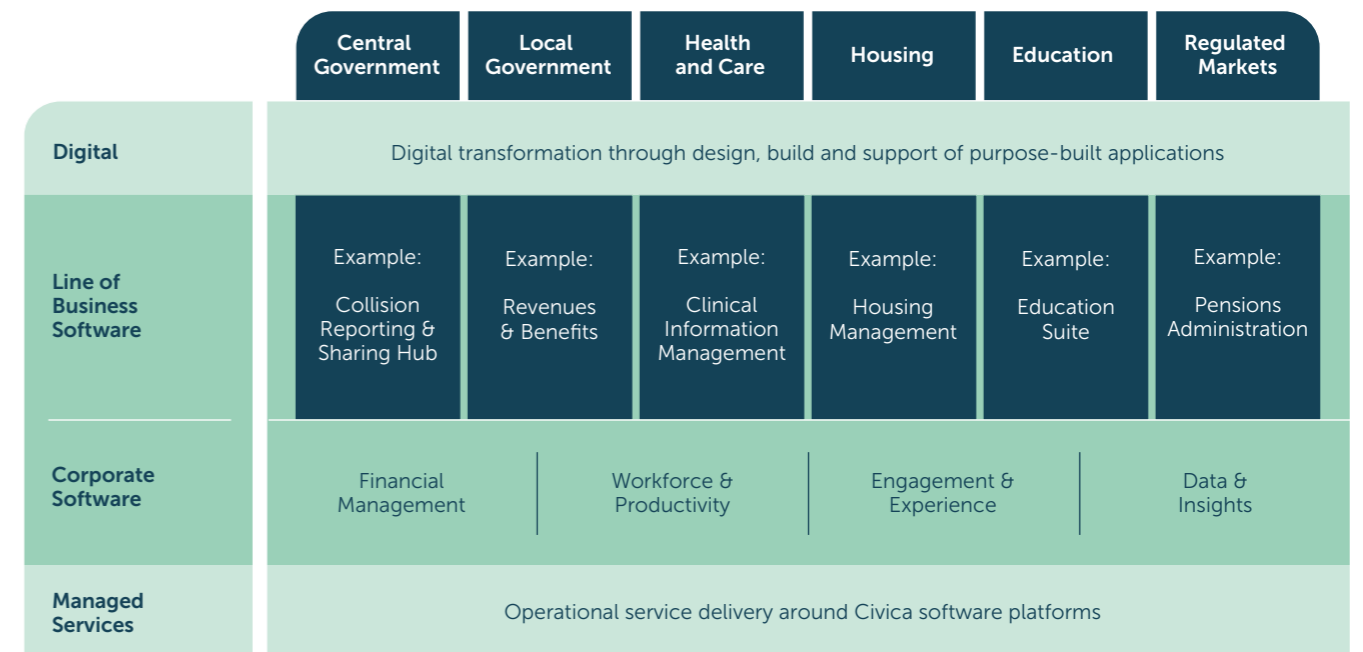
Market-leading products and services

With 25 years of proven experience, we combine deep software, sector and customer expertise with a purpose-driven culture to build smart software that helps our customers deliver better outcomes.

Civica has a strong track record as one of the UK's leading software providers. We're driven by a clear strategy and purpose to help our customers address rising expectations and sustained change. This strategy is focused around our broad software capability. Building on the foundation of our cloud software, we provide digital solutions and managed services to improve operational service delivery and support technology-based transformation.

Our business-critical software is used to deliver and improve essential tasks from frontline services to back-office administration. We provide a broad range of market-leading applications for customer interaction, business administration, workforce management, financial management and data insights. These are developed and delivered by market-specialist divisions.

Through 2019, we invested 20 per cent of revenues in software development and embraced new technologies. We continued to launch innovative new products together with additional product modules.

A complete software platform for public services

	Central Government	Local Government	Health and Care	Housing	Education	Regulated Markets
Digital	Digital transformation through design, build and support of purpose-built applications					
Line of Business Software	Example: Collision Reporting & Sharing Hub	Example: Revenues & Benefits	Example: Clinical Information Management	Example: Housing Management	Example: Education Suite	Example: Pensions Administration
Corporate Software	Financial Management		Workforce & Productivity		Engagement & Experience	Data & Insights
Managed Services	Operational service delivery around Civica software platforms					

Customer Outcomes	Compliance & Risk Reduction	Better Citizen Experience	More Income Generation	Increased Productivity

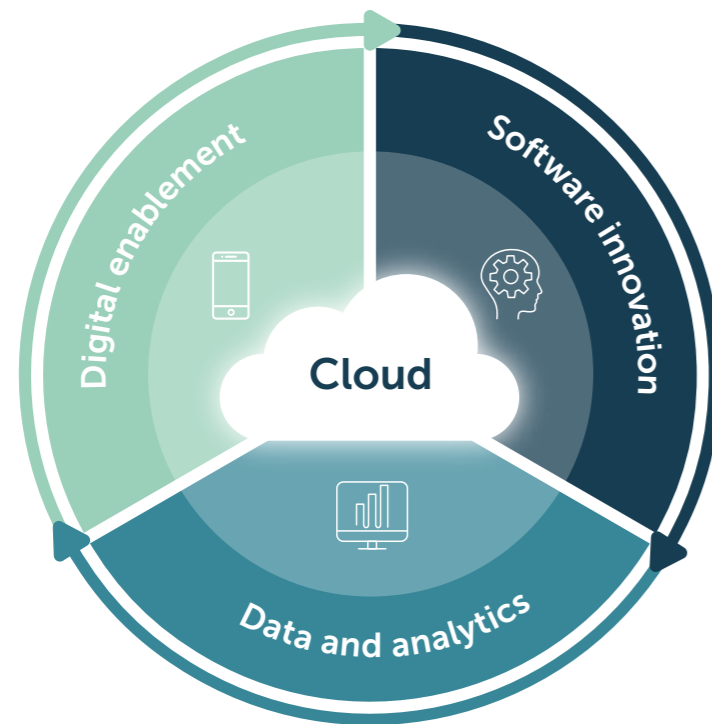# Improving public services with cloud and innovation

We work closely with customers to develop existing products and innovative solutions to meet growing demand for public services to transform.

In particular, cloud is a fundamental pillar for digital transformation and technological innovation, enabling organisations to tap into the enormous opportunity of emerging technology in areas like digital engagement, AI and automation. Our vision is to harness the potential

of digital, cloud and data together to support customers' transformation journeys.

We've significantly increased the adoption of cloud software to support customer migration to the cloud. Our broad suite of software, combined with our proven transformation expertise, is helping increasing numbers of customers to maximise the cloud's power. In turn, that's enabling them to deliver better, faster and more innovative public services.

With many government and healthcare organisations highlighting cloud as the most important technology in their IT strategy, we accelerated execution of our cloud strategy. Since 2017, we've quadrupled the number of cloud software customers – allowing us to invest further in our global cloud transformation team and a stronger foundation to support future growth.

During 2019 we continued to drive innovation across the business. Examples range from our SensAI platform, which recognises and predicts patterns in the use of public spaces to improve safety and service delivery, to distributed ledger technology and robotic process automation.

At the end of the year we launched Civica North Star, our new innovation lab. North Star provides enhanced focus to accelerate innovation and harness the application of new ideas and technologies for customers. It builds on our current wide range of activity, including our work with partners and leading academic bodies. It also supports a more systematic approach to driving thought leadership, applying new technology and developing exciting opportunities for our people.

> **In an era of unprecedented change, we aim to bring about an ambitious vision for our customers focused around cloud software, digital enablement, technology innovation and data.**

3,200
customers using cloud solutions

65%
of 2019 major sales were cloud-based

30m
users of customer-facing platforms

£2.5bn
in secure payments annually

Sustaining our development

Over the last three years, we have moved on significantly. We've advanced the strategic development of the Group, building around our core software capability to enhance all our activities and ensure we remain a strong partner for our customers.

In 2019, the Group continued to focus on activities aligned to the five pillars of our development strategy. This includes attracting the best talent, delivering new opportunities and innovations to drive better outcomes for our customers and strengthening our robust operating platform.

By continuing to focus our efforts on cloud adoption, software innovation and digital transformation, alongside our sustained emphasis on investing in people, the Group has delivered net revenue growth of 90 per cent since 2015. As we move into 2020, we'll continue to focus our effort and energy based on the same five-pillar model.

A strong foundation for growth and innovation

Civica's standard operating platform provides a foundation to support our business globally. As well as strong progress with customer business activities, we've continued to develop our platform to support our sustainable growth with multiple initiatives to ensure consistency and performance globally. These underpin our ongoing development and include: talent development, brand and positioning; product development and innovation; sales and service optimisation; cross-market product adoption; systems and processes; and acquisitions.

Development and innovation

In Vadodara, India, we've grown significantly from 60 employees in 2016 to almost 500 today. They support our global business with software and innovation expertise as well as back-office services. The team provided expert resource for 23 product streams during 2019, accelerating delivery and progressing innovation through our CodeIT 'hackathon' programme. With a highly successful record of talent acquisition and development, we extended our graduate programme this year and expanded our office space, with the next phase due for completion in early 2020.

Cross-border sales

During the year we strengthened our focus on growing the use of Civica's software across borders with a more systematic approach to meet the needs of a wider customer base and increase our addressable market. With four UK-developed products launched in Asia Pacific to address similar market requirements, we won new customers and grew our sales momentum. Following the year-end September 2019, the first customers in the region were signed for CostMaster cloud software – and we continue to see exciting new opportunities.

Sales Academy

We launched a new sales programme in 2019 to sustain high-quality engagement in meeting customer needs and to support our continued growth. The initiative is focused on maintaining a high-performing sales culture, with key elements including enhanced sales leadership and sales team effectiveness. This ensures a common approach across the Group with aligned tools and processes supported by our new Sales Academy.
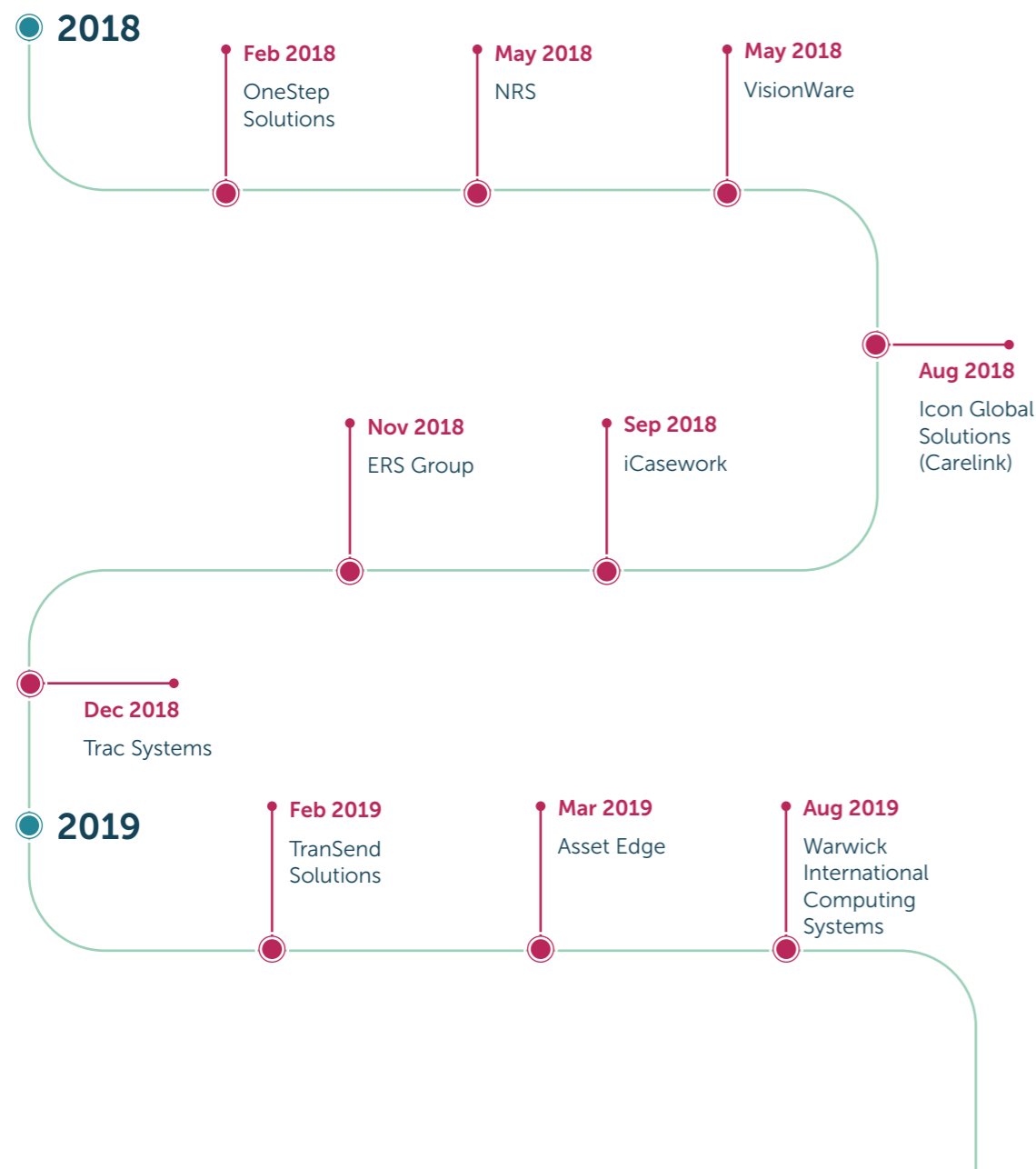
Acquiring new software capability and innovation

Acquisitions have been and remain a core element of our strategy to extend software capability and innovation in response to evolving customer needs and market developments. With a proven platform, we continued to add new cloud software assets and capabilities during 2019, complementing organic growth and strengthening our market position.

This has allowed us to offer greater value to customers, which has helped extend our base. It has also provided entry to adjacent markets, creating new cross-selling opportunities and a platform for future growth.

Driven by a clear strategy, Civica has acquired and successfully integrated 25 highly complementary businesses since 2015, underpinned by effective discovery and integration processes. A significant pipeline of future opportunities exists to add customer-relevant capability in established and adjacent markets, further strengthening our ability to support our customers.

Recent acquisitions timeline

2018

Feb 2018
OneStep Solutions

May 2018
NRS

May 2018
VisionWare

Aug 2018
Icon Global Solutions (Carelink)

Nov 2018
ERS Group

Sep 2018
iCasework

Dec 2018
Trac Systems

2019

Feb 2019
TranSend Solutions

Mar 2019
Asset Edge

Aug 2019
Warwick International Computing Systems

A leader in democracy and engagement

We added a significant new capability with the acquisition of ERS Group. As the UK's leading provider of software and services for election management, membership engagement, democracy and governance, the business supports a wide range of organisations internationally.

Following integration, we launched a new Democracy and Engagement division, which has expanded our market footprint internationally. With an end-to-end capability including the latest cloud, automation and digital technologies, the business is helping to accelerate digital democracy.

Activities range from a cloud voting platform and supporting elections for 75 per cent of the UK's local authorities, to cloud software which manages stakeholders for 200 NHS Trusts and member interactions with 2.2 million people. Online meeting management software is also used by 350 customers, from Transport for London to the City of Sydney.

The business continued to perform very strongly, operationally and financially. New customers included the London Borough of Hounslow, Newcastle City Council, South Tees Hospitals NHS Foundation Trust and the University of Hertfordshire. And amid political upheaval, we ran large-scale programmes supporting local and European elections, as well as the UK's general election at the end of the 2019 calendar year.

Sustained development and growth

Corporate

2000	2002	2004	2008	2013	2017
Business formed*	Civica brand launched	IPO (London AIM)	3i investment	OMERS PE investment	Partners Group investment

Organisation

First software acquisition

Singapore unit formed

UK Housing division formed

UK Health and Care division formed

Australia Education unit formed

First digital acquisition

Digital division formed

Democracy and Engagement division formed

NorthStar launched

Customer

UK and Australia-NZ gain momentum as autonomous entity

1,000+ customer organisations

First major deals in UK education

First government digital solutions

2,000+ customer organisations

300+ cloud-based customers

Central government expansion

First £100m+ contract

3,000+ cloud customers

Profit evolution

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

* Customer track record before current business formation dates back to 1983.

Business review

Wayne Story
Chief Executive Officer

" **With demand in our markets growing for cloud software and a period of renewed investment expected in public services, Civica remains ideally placed to continue our momentum into 2020 and beyond.** "

In 2019, we delivered a strong performance and maintained our excellent multi-year momentum. We continued to progress well strategically, including executing our cloud strategy at pace. And as we grow organically and through acquisition, we continue to outperform the market.

Supporting the needs of our customers, during the year we added nearly 400 colleagues, invested 20 per cent of revenues into software development and acquired five great software businesses. Once again, we achieved strong employee and customer satisfaction ratings – and won a record number of contracts.

By continuing to focus our efforts on cloud adoption, software innovation and digital transformation that delivers for our customers – alongside our sustained emphasis on investing in people – the Group has delivered net revenue growth of 90 per cent over the last four years.

Growing across markets

Overall revenues for the year increased 14 per cent to £425.6 million (2018: £373.2 million), led by organic revenue and contribution growth across our software activities together with expansion in our capability and addressable market. EBITDA* increased to £89.1 million (2018: £77.7 million).

Our markets are large and attractive and we remain well positioned. By consistently delivering specialist cloud software and innovative digital solutions that meet our markets' needs, we've delivered above-market growth. And despite the unpredictable political and economic factors, we achieved a very healthy 17 per cent increase in the volume of major sales.

The Group performed well across major country markets, with UK and Ireland revenues increasing 24 per cent to £327.3 million (2018: £263.7 million). This was chiefly driven by good growth across local government, strengthening our digital operations in Northern Ireland and the acquisition of ERS Group.

Building on the strong foundation we have in Australia and New Zealand, our Asia Pacific activities made up approximately 23 per cent of Group revenues. The launch of four new products in Asia Pacific has delivered additional pipeline, with further momentum continuing to gather through new opportunities and acquisitions.

Executing cloud at pace

The adoption of cloud software is now a recognised foundation for digital transformation and innovation. To capitalise on the opportunities, we accelerated the execution of our cloud strategy across the business in 2019. Through our continued strategic investment, we're building on a leading position to drive future growth.

Since 2017, we've quadrupled the number of customers using cloud solutions and in 2019, two-thirds of major new sales were cloud-based. Seventeen of our specialist applications are now sold 'cloud only' and during the year we introduced new products and services to support customers. We also combined the delivery of large-scale and award-winning digital solutions with the addition of high-quality software assets via acquisition.

* Earnings before interest, taxation, depreciation and amortisation

Powering innovation

Guided by our proven product strategy framework, we're continuing to apply emerging technologies to our software so we can help our customers deliver better services. Innovation runs throughout the business, focused through our unified software Development Tracks and nurtured with activities such as Fresh Thinking, our CodeIT initiatives and our Innovation Partners programme.

It's an exciting time for innovation. We've developed new Group-wide platforms, such as mobile working and digital engagement; we're using robotic process automation (RPA) to assist with high-volume service requests; and we've trialled new capabilities, such as distributed ledger technology for verifiable voting.

Building on our increased activity, we launched North Star to drive our position as an innovation leader for public services. It also enables us to explore and develop new opportunities systematically and to be faster in applying new ideas and technologies.

Complementary acquisitions

As well as expanding our capabilities and opening up new market opportunities, we completed five highly complementary acquisitions in the year. These added high-quality cloud software assets and will help grow Civica's activity across our markets aligned with our cloud strategy.

These included the following:

- ERS Group – a leader in the democracy and engagement sector
- Trac Systems – e-recruitment software for the healthcare sector
- TranSend Solutions – leading SaaS solutions for delivery management
- Asset Edge – cloud-based asset management, adding a new local government niche
- Warwick International – cloud-based occupational health and safety software.

The addition of ERS brought market-leading experience in election and voting management, community engagement and governance software, allowing us to form a new Democracy and Engagement division. In a year of unpredictable political movement in the UK, we were able to deliver over 4,500 customer projects and provide support at short notice for events including European, Conservative Party and UK general elections.

We remain active in reviewing further opportunities.

People and social value

Our strength lies in our people and our distinctive culture. With our deep sector expertise, we build durable long-term relationships based on a shared purpose and commitment. Recognising this, we focus on recruiting, developing, supporting and rewarding great people and maintaining our culture. In 2019, we renewed

> **"Our strength lies in our people and our distinctive culture. With our deep sector expertise, we build durable, long-term relationships based on a shared purpose and commitment."**

our Investors in People (IIP) Gold accreditation which is held by less than four per cent of IIP organisations.

We welcomed many new colleagues during the year, while integrating prior acquisitions. Our excellent employee Net Promoter Score of +32 was supported by strong Glassdoor ratings and we were delighted with our inclusion in the Financial Times' inaugural Diversity Leaders list.

Through our Learning Academy, we delivered 167,800 hours of developmental training, including our new Inspire leadership programme. With customers and communities at the heart of all we do, we won and delivered some great projects, with increased satisfaction ratings.

We also strengthened our leadership team and were thrilled to announce a number of appointments and progressions. Steve Thorn joined as Executive Director for our Digital division and Steve Brain succeeded David Roots as Executive Director for UK Health and Care. Ben Cowling succeeded Richard Fiddis as Executive Director for Australia and New Zealand, with Richard taking up the newly created role of Director for Asia Pacific focusing on business development. We were also delighted to welcome Sian Roberts to the leadership team following the acquisition of ERS Group.

Through our work, we continue to help organisations around the world deliver better outcomes for communities and improve lives. During the year we also supported a wider range of charitable and community initiatives, including broad involvement with Young Enterprise and Action for Children in the UK as well as Whitelion and Room to Read in Australia.

Continued investment in our platform

To enhance our global operations, we made strong progress with our structured business improvement programme, building on our platform-based business model which is the cornerstone for scalable growth.

The programme supports our strategic development and the way we operate. During 2019, we invested in new sales and commercial management programmes, arming our sales teams with the enhanced tools and skills they need to meet our customers needs and further support our growth ambitions. We also initiated a programme to strengthen our brand positioning on existing strong brand awareness and advocacy.

I am also delighted with the growth of our team in Vadodara, India, which is almost 500 strong (from 60 in 2016). This has given us an outstanding resource to support all parts of the business globally through software development expertise and operational efficiency, including back-office and Group functions.

Growth outlook

In 2019, our broader capability and continuing strategic development led to record orders as we continued to build strong commercial relationships with existing customers and to win excellent new business.

With a leading position in a large and growing market, we remain committed to the continued execution of our successful strategy. Our aims remain to support both the needs of customers to improve public services and to achieve above-market growth for the Group.

The growing demand for cloud software and digital solutions, and a period of renewed investment expected in public services, bodes well. Civica is in a strong position to leverage this momentum and, with the enhancements to our global platform, we expect to drive sustained performance into 2020 and beyond.

Our people and values

Our strength lies in our people and we take great pride in our exceptional team, and our genuine purpose-driven culture.

We empower everyone to be the best they can, supporting and celebrating each other across our diverse, global team. We value our open and inclusive culture and continue to focus and invest in our talented people underpinned by the Civica Way framework.

Our core values:

Knowledge

With a deep understanding of our customers and of software, we are committed to developing and sharing our insight and expertise to help customers and colleagues achieve their goals.

"Our success is driven by our ability to innovate and a real desire to make things work better."

**Jonathan Muir,
Development Manager**

Integrity

Reinforced by our culture of openness and purpose, we are committed to high standards as a trusted partner and delivering what we promise, while remaining fair at all times.

"We take extraordinary interest in the adoption and success of a project, programme or product."

**Veena Bajpai, People and
Organisational Development Manager**

Action

We focus on delivering timely and effective results, always looking to do more and go further with a desire to help customers and colleagues make a positive difference

"Being results focused means leading by personal example."

**Kevin Chan,
Finance Manager**

Our people

Our people, their qualities and their commitment to colleagues, customers and wider communities make a real difference – and that's what sets us apart. We work hard to keep building that team.

We're committed to creating a diverse and inclusive culture with equal opportunities. With our expanding Learning Academy, we continue to invest in attracting and developing those who share our strong purpose and values. We actively develop leadership to encourage all our people to reach their potential and develop rewarding careers at Civica.

A leading global employer

As Civica grows, we're focused on ensuring it remains a great place to work, with a leading brand to attract bright talent. We're committed to supporting and rewarding the high performance that underpins our continued growth. We were delighted with our renewed accreditation to the Investors in People (IIP) Gold standard for a further three years.

In 2019, we launched a range of new and updated employee programmes and communications. Through our internal YourVoice programme, we maintained an excellent employee Net Promoter Score of +32. We were also named a Glassdoor Employees' Choice Award winner, recognising our position as a flexible employer with a strong focus on work-life balance and effective leadership.

Platform for growth

We welcomed more than 400 colleagues during the year as we continued our growth. Supported by the Group's common platform for workforce planning and talent acquisition, new colleagues joined directly as well as through the successful integration of new acquisitions.
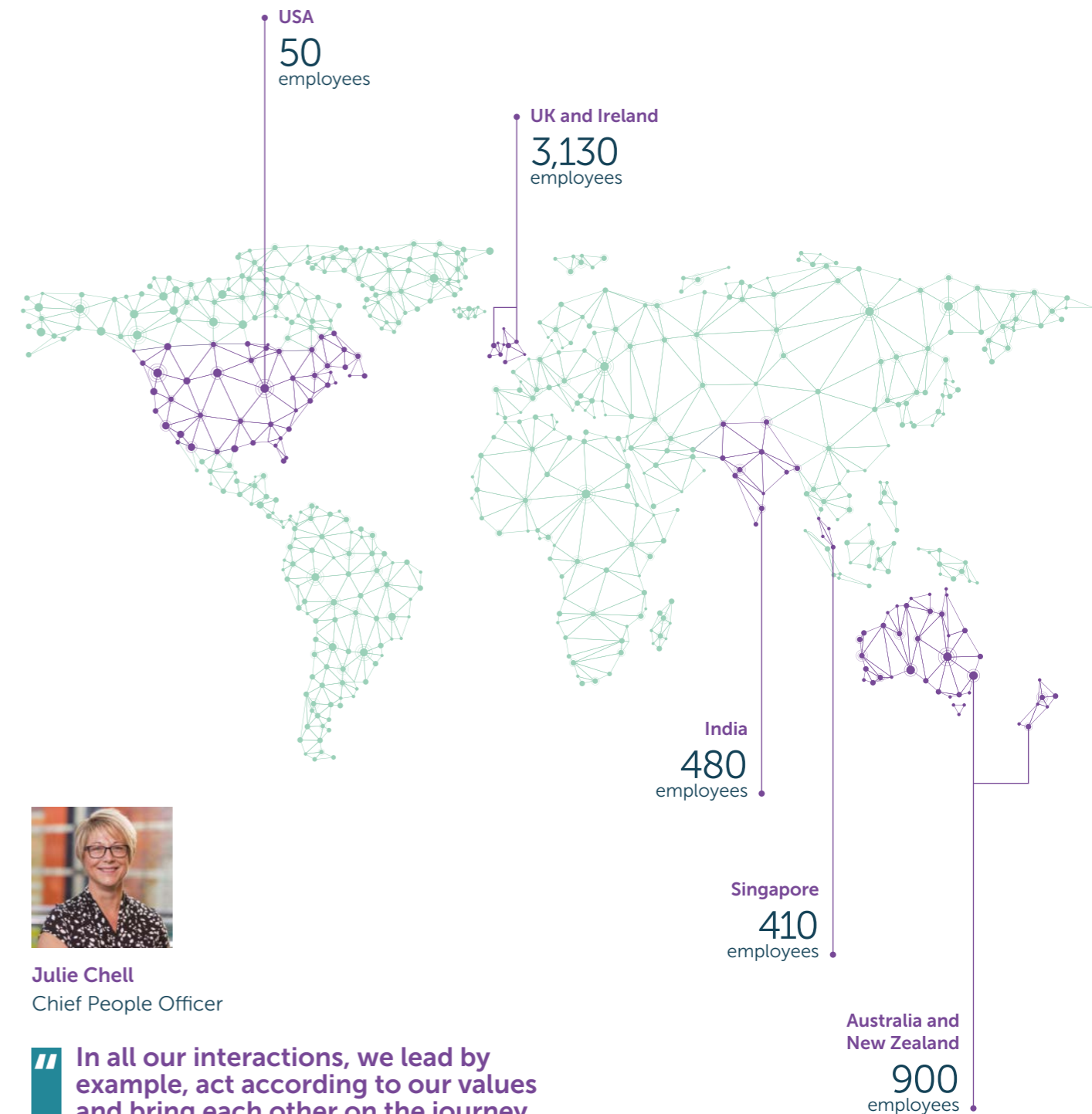
In line with our IIP Gold accreditation, we encourage our people to build new skills throughout their careers and pursue their full potential. Through our global Learning Academy, we provide sustained learning and development in the workplace. This is tailored to the needs of employees and to help to build the skills needed to deliver better outcomes for our customers. In the last year, this amounted to 167,800 hours, including new online formats to reach more people.

To ensure we have a steady stream of talent moving upwards through the business, we take succession planning seriously. For example, we expanded our Potential Leadership training programme and smoothly managed the transition of three members of the Executive Management Board.

We continued to promote employees and managers into new roles across the Group, developing and retaining key skills. Overall, one in four roles at Civica is filled via internal promotion.

The Group also provides a range of activities to foster and support innovation. Alongside existing activities, such as regular CodeIT hackathons, we've introduced new initiatives, such as our Fresh Thinking programme to enhance creativity in our developer community.

As a member of the 5% Club, we remain committed to our goal to make up five per cent of our workforce with apprentices and graduates. In support of our rapid growth in Vadodara, India, we drove a higher volume of graduate intake and training with closer university cooperation.

USA
50
employees

UK and Ireland
3,130
employees

India
480
employees

Singapore
410
employees

Australia and New Zealand
900
employees

Julie Chell
Chief People Officer

"In all our interactions, we lead by example, act according to our values and bring each other on the journey. I couldn't be more proud to be a part of Civica and I'm enormously pleased so many others feel the same."

INVESTORS IN PEOPLE | Gold

Employee numbers, rounded, December 2019

Diversity and inclusion

During the year, we took further steps to improve inclusivity to ensure the Group's diverse community thrives in a supportive work environment. We encourage our people to be their true selves and explore what matters to them.

We became a signatory to the Tech Talent Charter in 2019, committed to inclusive recruitment and benchmarking progress against industry best practice. We were delighted to be included in the Financial Times list of Diversity Leaders.

As at 31st December 2019	Female	Male
Employees	2,291 (46%)	2,668 (54%)
of which managers	367 (39%)	564 (61%)
of which senior managers	85 (30%)	201 (70%)
of which Group Board directors	1 (14%)	6 (86%)

The Group continues to champion women in technology, and aims to increase the number of female employees through both development and recruitment of talented individuals. With a broad balance across the business, we were delighted that five colleagues were shortlisted for Women in IT Excellence Awards.

We partner with charity Young Enterprise for employees to mentor and inspire young people to consider a career in technology. Our Coding for Kids scheme, launched and developed by a female graduate, has involved several schools across Northern Ireland.

Investment in employee wellbeing is increasingly important. We've now trained more than 40 people as Mental Health Champions to support colleagues' wellbeing in the workplace. We have also partnered with Specialisterne NI to help recruit and support employees with Autism Spectrum Disorder (ASD).

We believe in recognising the great efforts of our colleagues and their contribution to our performance.

Staying engaged

Keeping our people up-to-date and engaged is key to our success. From making sure teams understand how their roles contribute to our strategy, to sharing ideas and feedback, we run a continuous programme of activity across multiple channels. Initiatives like Ideas into Action give colleagues a consistent means of challenging current processes and improving efficiency within our business.

Further activities include First Impressions welcome days for new employees, office roadshows and our Boomerang back-to-the-floor initiative run by our leadership team. Regular Group-wide calls and webinars keep employees up to speed with our latest product innovations and business developments.

Charity in the workplace

Spearheaded by the Civica Foundation, we create social value and make a difference to people and communities around the world. We encourage our people to 'Donate-a-day' for a worthwhile cause, act as a Charity Champion for their office and share their fundraising ideas with colleagues.

Throughout the year, the Group supports regular fundraising events in aid of its partner charities. These include Young Enterprise, Action for Children, Shelter and Water for Kids in the UK and Whitelion and Room to Read in Australia. A wide range of further charitable events during the year included the Taste of Civica food festival in aid of the Koshish Milap Trust in Vadodara, food donation for the Dayton Area Food Bank in Ohio and the Tales of 'S' writing competition to showcase the talents of young Singaporeans.

Rewarding our people

We believe in recognising the great efforts of our colleagues and their contribution to our performance. Via our Praise scheme, people can share their gratitude for their colleagues online, while our Civica Special Thanks and Recognition (CSTAR) programme rewards employees who have gone the extra mile with points to exchange for products or experiences. The annual Civica

Employee Awards, designed to recognise and reward our people who are actively going above and beyond, are held in the UK, Australia and India, with more than 1,500 nominations received in 2019.

The Group also provides a highly competitive benefits package, including flexible elements which people can tailor to their needs, such as extra holiday, cycle-to-work schemes and employee offers.

Our health and wellbeing programme for all employees provides a foundation to support both mental and physical health. Alongside our Mental Health Champions initiative throughout our offices, we expanded our Employee Assistance Programme and online Wellbeing Hub, while also introducing new parental leave entitlements and onsite health and wellbeing days.

Sustainable business

As a growing, fast-paced business, we understand the need to minimise our impact on the environment, which we continually review and strive to improve by working with employees, customers and suppliers. Our Environmental Management Team, made up of passionate and knowledgeable employees, supports the development of our environmental policy and helps turn our great ideas into actions.

Through effective use of technology, we help customers opt for more sustainable choices too, whether it's digital meeting apps to remove paper or supporting agile working at customer sites.

Operational standards

We are fully committed to sound and fair business practices including zero tolerance on anti-corruption. Prevention, deterrence and detection of fraud or bribery is everyone's responsibility and the company encourages employees to report any suspicions in confidence. We are also committed to identifying and assessing any potential risks, eliminating the possibility of modern slavery and human trafficking occurring in our business, including our global supply chains.
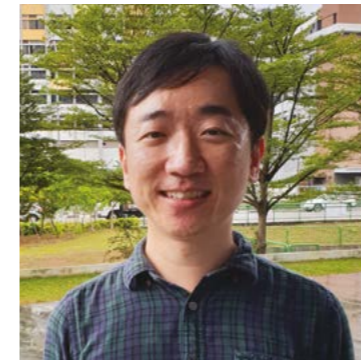
A word from our people

Kolawole Daniel Odediran
Project Manager

"As a new starter, Civica's culture really stands out. Everyone is more than happy to help—not just with the usual onboarding activities—but everything that comes with a new role and company. I'm very optimistic about my future here."

Myah Jagjivan
Graduate Marketing Executive

"As a graduate, I've enjoyed a smooth transition to 'working life' and the great support of colleagues across Civica. It's helped me gain a passion for what I do and it's clear to see how Civica truly invests in people."

Ruth Dunlop
Operations Manager

"Joining the Group via the acquisition of ERS, I instantly felt welcomed by our new colleagues. Since our integration, we're already seeing the benefits and opportunities of being part of a larger organisation making a real difference to our people and customers."

Wilson Chia
Network and Technical Operations Analyst

"Managers at Civica really lead from the front and are supportive and open to new ideas. I admire and respect my fellow colleagues and our flexible, open culture allows us to learn from each other and embrace new technologies."

Andrew Fletcher
Senior Software Engineer

"Since joining Civica as a scholarship student, I've been empowered to learn, grow and develop in a supportive setting all while doing a job I love. I feel privileged to be part of such a knowledgeable and passionate team, delivering digital transformation projects for the people of NI."
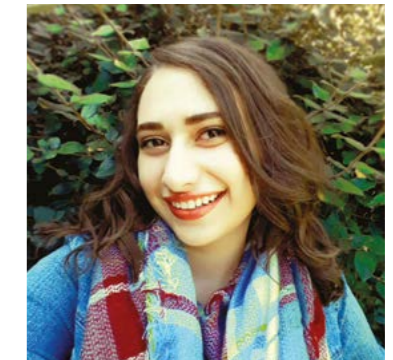
Deanna Cohen
Marketing Coordinator

"Civica has always focused on its people and those we serve. As a student, I've gained a hands-on learning experience I can't expect from anywhere else and I've been able to apply what I learnt through my university."

Markets review

We're the leading software-based partner for our markets. Our products and services are used by more than 3,000 organisations to deliver improved outcomes primarily across national, regional and local government, health and care, housing, education and public safety.

Local and regional government

With an unrivalled portfolio of specialist software and digital solutions, we're helping authorities around the world to drive innovation and transform customer and community engagement for better outcomes.

East Kent Services partnership

Civica is working with Thanet, Dover and Canterbury City councils in a strategic partnership designed to sustain and improve services in East Kent. Our software platform for managing local government revenues and benefits underpins the partnership to deliver shared citizen services and achieve savings of more than £6 million.

Through the partnership we are embedding innovation, such as applying predictive data analytics and machine learning. This will help us develop a propensity-to-pay model to improve revenue collection and target support for customers who are less able to pay.

Hamilton City Council

Civica provides a single, fully integrated software platform for Hamilton City Council to support its critical business functions – from customer requests management and mobile working to finance and payroll.

The Authority system enables the Council to realign its processes and respond to the rising expectations of one of New Zealand's fastest-growing communities. By standardising on a single system, Hamilton has created efficiencies with a wider focus on moving more services online and transforming the delivery of services.

Supporting

900

local authorities

Review of operations

UK and Ireland

During 2019, we expanded the scope and scale of activity in our largest market and delivered a strong growth performance in the UK and Ireland. Driven by sustained customer demand, the Group made good progress underpinned by successful delivery while also increasing the available market through product investment and acquisition.

Once again, we grew the use of our products with new and existing customers. Record orders included more than 90 contracts for core business, financial and workforce systems, including revenues and benefits, payments, financial and case management software. New agreements were made with the London Borough of Enfield, Sunderland City Council, North Lanarkshire Council and Brighton and Hove City Council, together worth more than £5 million.

As in other sectors, we progressed the transition to our cloud software supported by new and innovative applications. This included building on core platforms, such as with new Cx Regulatory Services software chosen by Devon and Durham County Councils and other authorities. The widely used CivicaPay cloud payment system was adopted by, among others, Manchester City Council, and the London Boroughs of Newham and Havering. As well as new local authority wins, our FinancialsLive platform was adopted for over 200 schools following its introduction into the sector.

Recent acquisitions have consolidated our leading position in the sector and increased the available market, with a stronger capability to help customers gain greater value through cloud software and innovation. Examples included new applications using the iCasework case management platform, winning more than 20 new customers.

In November 2018, we added a significant new capability with the acquisition of ERS Group, the UK's leading provider of software and services for election management, membership engagement, democracy services and governance. The business formed a new Democracy and Engagement division, which works with 75 per cent of the UK's local authorities and continued to perform strongly. Key successes included agreements with the Association of Greater Manchester Authorities, Merseyside Electoral Services and Birmingham City Council, and support at short notice for local and European Parliamentary elections, for 113 local authority customers.

In parallel, we invested in our innovation programme to explore smart technologies, such as an award-winning pilot project with Belfast City Council based on SensAI cloud software.

The Group also maintained our excellent track record in the delivery of strategic service partnerships. We provided new services within the East Kent Services consortium, and we extended our revenues and benefits partnership with Denbighshire County Council out to 2025 to maintain and improve digital services for local citizens.

> **The acquisition strengthened the Group's position as the largest provider of local government solutions in Australia and New Zealand.**

Australia and New Zealand

Our Authority software is an enterprise-wide system for local government. During the year, we advanced our cloud-based product roadmap and invested in capabilities to help councils improve customer engagement and streamline service delivery. The business reinforced its position with new agreements including Hamilton City Council, City of Darwin and Snowy Monaro Regional Council, the latter to implement an integrated application following the local amalgamation of three former councils.

The Group also extended mobile working options with the acquisition of Asset Edge, Australia's leading provider of mobile applications for asset maintenance, natural disaster management and road contractor management. With an expanded portfolio of cloud solutions, following acquisitions both in Australia and the UK, our local government customer base in the region expanded to approximately 350 organisations. This strengthened the Group's position as the largest provider of local government solutions in Australia and New Zealand.

USA

A preferred partner for local governments in the Midwest, our Enterprise Resource Planning solutions form the backbone to operations across core functions of tax, finance and payroll. Authority Tax has transformed tax operations for the City of Cincinnati, helping to increase revenue collection while improving customer service. During 2019, the business secured new agreements for customers including, among others, the cities of Delaware, Fairfield and Wilmington and the Champaign County Auditor's Office.

The integration of our Master Data Management (MDM) business (following the acquisition in 2018 of VisionWare) added a number of prominent customers to the Group's North American activities, including the States of Alaska and Connecticut and Mecklenburg County. The MultiVue software delivers a single, complete view of citizen data, providing the bedrock for digital transformation.

Government and national security

We work with departments and agencies as a trusted digital partner to envision, design, deliver and manage digital applications and services.

Access NI

Civica designed and built a new online disclosure system to help improve customer experience while reducing costs and processing times for the Northern Ireland criminal record disclosure service. The online portal enabled Access NI to move away from paper-based applications and remove unnecessary layers of work, with more than 99% of applications now submitted online. Certificates are returned quicker, with the average time taken to issue enhanced disclosure certificates reduced by more than 10 days.

Department for Transport

Civica's Collision Reporting and Sharing (CRaSH) cloud software provides a digital platform for police officers to capture and upload accurate collision data at the roadside. It gives a clearer picture for the agencies involved, helping to improve road safety.

CRaSH was awarded cloud integration product of the year at the Computing Cloud Excellence Awards. It is used by more than 25 police forces and has delivered savings of approximately £7.5 million per year for the agencies that rely on the system.
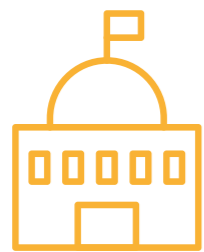
Supporting

40

departments and agencies
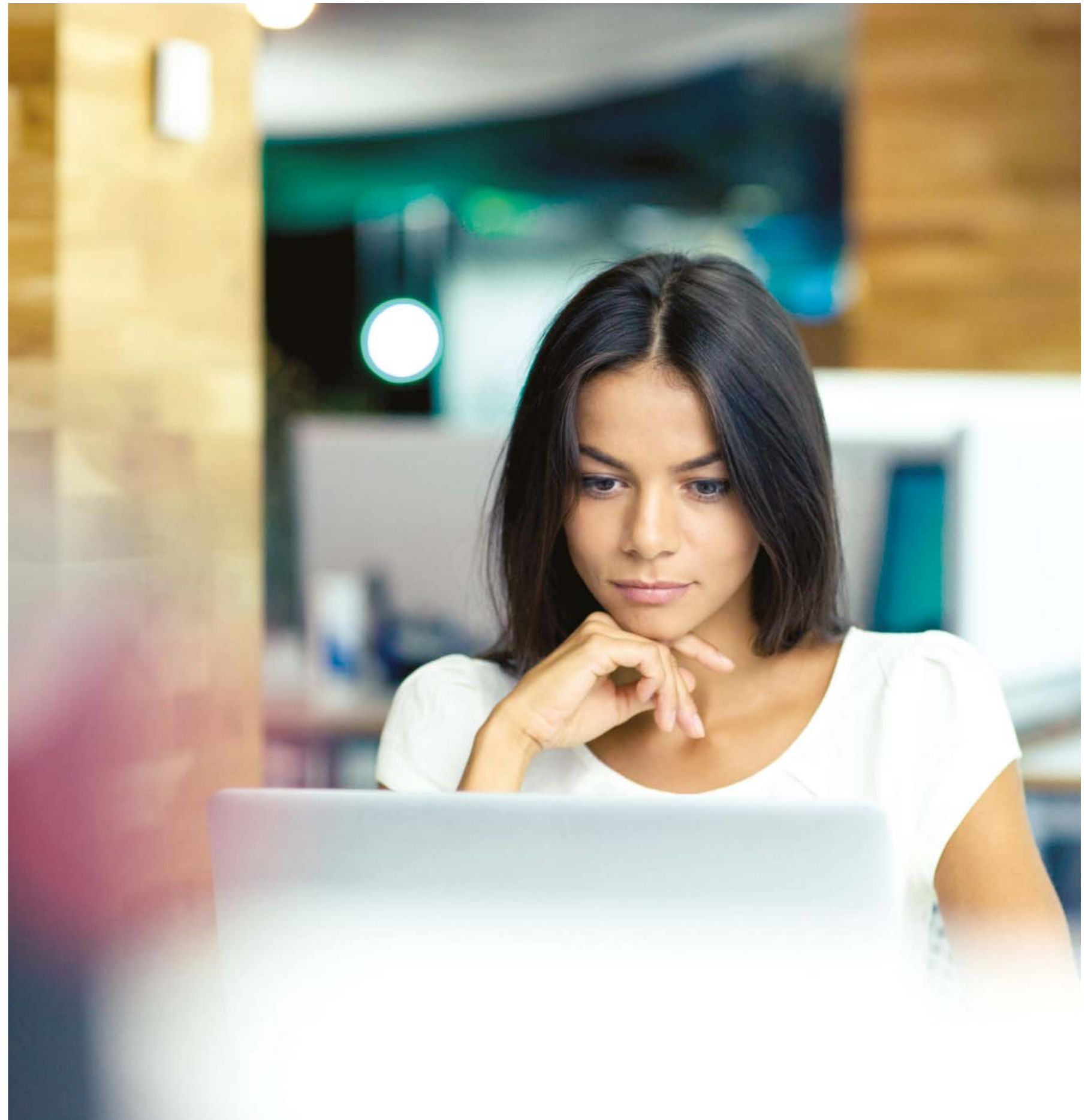
Review of operations

Government digital services

Working with more than 40 government departments, agencies and companies, we provide a range of secure applications, digital solutions and cloud services. Our modern, national solutions are enabling organisations such as the Home Office, Ministry of Justice, Ministry of Defence, Foreign and Commonwealth Office and many agencies, to advance the transformation of government services.

Our Digital division has more than 20 years' experience of supporting government and critical national infrastructure. With Steve Thorn appointed as Executive Director for the division at the start of the financial year, we strengthened our focus on core propositions. These include user-centric digital services, efficient mobile working, intelligent case management and data analytics.

National political uncertainty caused softer trading conditions during the year. Nonetheless, we extended our track record with, among others, the Home

Office and the Department for Transport. The latter following success with the award-winning Collision Reporting and Sharing system which is widely used by police forces and government agencies.

As well as government departments, new engagements included development, operation and management of systems for customers including Highways England and the Food Standards Agency. We also continued to support national organisations through deep expertise and capability in secure communications and information systems.

We are a leading partner in Northern Ireland across government, as well as policing and public safety, health and care and housing. With a strong track record under the Strategic Partnership Programme, which has seen more than 30 services transformed, the Group continued to win new business including a £6 million agreement with the Department of Education for a new cloud administration system for its Teachers' Pensions Scheme.

Following the end of the financial year, we were also awarded a £3.4 million contract for the NI Appeals Service to increase digital customer engagement and a new programme to develop a solution for the government's MyDirect national citizen portal.

With advances in the application of connected devices, AI and robotic automation, we continued to progress with innovative new technologies, putting us in a strong position to help progress the government's digital strategy. We also expect market opportunities to be created as government organisations undertake Brexit-related modification and modernisation of systems and with renewed investment in services.

Specialist software

We provide a range of specialist software applications to support regulation and administration for agencies and national organisations. During the year, the Group made progress with new software and service engagements for, among others, the Environment Agency and the Food Standards Agency.

The acquisition of iCasework in 2018 added a leading suite of case management and correspondence software available on public and private cloud platforms. It is used by more than 100 customers in the UK and Australia to handle millions of cases.

New business included a system to manage legal, complaints, FOI and GDPR requests for the Equality and Human Rights Commission. With broad application across all of the Group's market sectors, we expect to benefit from sustained demand for such systems.

Together with our software applications, we support assured, efficient and secure operations through specialist services from infrastructure and cloud solutions to business process services. These are underpinned by the Group's national ISO 27001 accredited data and service centre network and secure system environments.

Products and services are easily available through the Government's Digital Marketplace. During the year, we expanded our range of offerings under the G-Cloud and Digital Outcomes and Specialists frameworks.

Our Digital division has more than 20 years' experience of supporting government and critical national infrastructure.

Health and care

We work with more than 500 health and care providers across the UK, Australia, Canada and the USA, providing software and services to streamline their delivery of unified care, and enhance their financial and operational management.

The Mid Yorkshire Hospitals NHS Trust

The Mid Yorkshire Hospitals Trust, which serves a population of 500,000, has adopted our cloud-based digital platform, Cito, to support integrated health and care across all departments.

Cito provides a real-time, single view of critical patient information available at the point of care, helping the Trust to improve efficiency, reduce delays in care provision and enhance clinical safety. It enables clinicians to focus on improving patient care and outcomes, gaining substantial time savings of up to 19,000 hours annually and removing more than 1.7 million pieces of paper. Following implementation involving more than 100 specialties and services across three sites, together the Trust and Civica were awarded Partnership of the Year at the Forward Healthcare Awards.

Simply Helping

Simply Helping selected Civica's cloud-based community care suite, Carelink, to streamline a wide range of community care services across Australia. The software will enable Simply Helping to create efficiencies, while improving the experience for aged and disability care clients including under the National Disability Insurance Scheme (NDIS) and Home Care Package. Our CarelinkGo mobile application will enable 1,000+ support workers to carry out time and attendance reporting in the field, with CarelinkAir allowing administration staff to access information and forms from any web-enabled device.

Supporting

500

health and care providers

Review of operations

UK and Ireland

The Group's cloud software and digital solutions are helping to improve clinical, financial and operational outcomes across both the NHS and private sector. From care records in the cloud and electronic prescribing to automation of workforce and financial processes, we continued to grow the scope and scale of business activity during 2019.

The Cito digital health platform provides a cloud-based foundation to unify records and data into a real-time view of patient information. New business momentum included contracts with, among others, Cwm Taf Morgannwg University Health Board, University Hospitals of Derby and Burton NHS Foundation Trust and University Hospitals Coventry and Warwickshire NHS Trust, together worth approximately £6 million. Following implementation, The Mid Yorkshire Hospitals NHS Trust and Civica won Partnership of the Year at the Forward Healthcare Awards.

Momentum for cloud software included income and contract management and patient-level costing. Agreements comprising new name and existing clients included, among others, Royal Papworth NHS Foundation Trust, Tameside and Glossop Integrated Care NHS Foundation Trust and London North West University Healthcare NHS Trust.

Electronic prescribing and medicines administration is a national priority to safeguard patients and improve efficiency – we expect this to drive growth. The implementation of our Prescribing software at Greater Manchester Mental Health NHS Trust and Lincolnshire Partnership NHS Foundation Trust was followed by take-up at Northamptonshire Healthcare NHS Foundation Trust.

During 2019, the Group acquired several complementary businesses, including e-recruitment software specialist Trac Systems which supports 75 per cent of NHS Trusts and occupational health software-as-a-service provider Warwick International.

We also acquired the ERS Group including Membership Engagement Services, a leading provider of patient engagement software. It handles stakeholder records for 200 NHS organisations and interactions with 2.2 million members. The business proceeded to gain new customers and, backed by the latest cloud and digital technologies, will further respond to market demands through innovative data solutions.

During a difficult environment for residential care providers, we continued to build on our strong record as the leading provider of financial, workforce and care management software in the sector. Gaining new customers including, among others, Cambian Group and Elizabeth Finn Homes, we were recognised as Technology Provider of the Year at the HealthInvestor awards for our role in helping the sector to transform digitally.

At the end of the financial year, Steve Brain succeeded David Roots as Executive Director for UK Health and Care. With a strong track record and investment in new systems that are now live and improving outcomes, Civica is well placed to help care providers tackle the healthcare reform agenda.

> **"Electronic prescribing and medicines administration is a national priority to safeguard patients and improve efficiency – we expect this to drive growth."**

Australia and New Zealand

Following the integration of Carelink into Civica Care, the Group launched a broader cloud software portfolio for the region to improve client and commercial outcomes. Solutions covering aged care, disability, mental health and child and family services support an increasingly digitalised and mobile workforce.

The business continued to perform well, with new customers including Great Ocean Road Health, Guide Dogs NSW/ACT and Enable WA all choosing to implement cloud-based community care software to streamline operations, empower staff and improve client care. The latest CarelinkGo smartphone application for mobile care workers was also recognised with a mobile innovation award at the Australian Business Awards.

We also provide the NewHealth platform which enables private health insurers to engage, acquire and retain customers through multiple digital channels. The software is used by many of Australia's largest insurers, including HCF, HBF and NIB, handling more than AU$4 billion of claims each year. We responded to core requirements to support new reforms before the April deadline and added new digital tools, such as the Online Patient Eligibility Check, which was also adopted by Westfund Health Insurance.

USA and Canada

In the USA, the Group works closely with a number of major healthcare customers for our powerful Enterprise Master Patient Index (EMPI) software, which matches data across multiple systems to ensure an accurate and up-to-date view of patient records. During the year, we announced our new partnership with clinical AI company HealthReveal, whose solution requires highly accurate patient data.

In Canada, we are helping authorities such as Fraser Health to improve community healthcare based on an integrated patient record system.

Housing and community protection

We're the leading software partner for social housing, community protection and emergency services, helping to support vital services and safeguard people and places.

Wheatley Group

Civica master data management software has helped the Wheatley Group to streamline and improve services through a complete and accurate view of each tenant. The Group, which includes Scotland's largest social landlord Glasgow Housing Association, delivers award-winning services to more than 200,000 people. Civica's MultiVue software brings together disparate information to create a single, trusted view of each tenant with real-time sharing and updating of information across the Group. It supports improved outcomes for tenants and increased customer satisfaction while providing a strong basis for innovations, which have included MyHousing for new applications and GoMobile projects.

Belfast City Council

Civica's SensAI cloud platform is a pattern recognition and prediction application using AI, machine learning and IoT technology. It provides the ability to collate and process real-time information with machine-learned insights. As part of Belfast's 'Amazing Spaces, Smart Places' initiative, we created a new SensAI application to help manage parks and open spaces and improve public safety based on a deeper understanding of how residents and visitors use green spaces in the city, while respecting their privacy.

Supporting

500

housing and public safety organisations
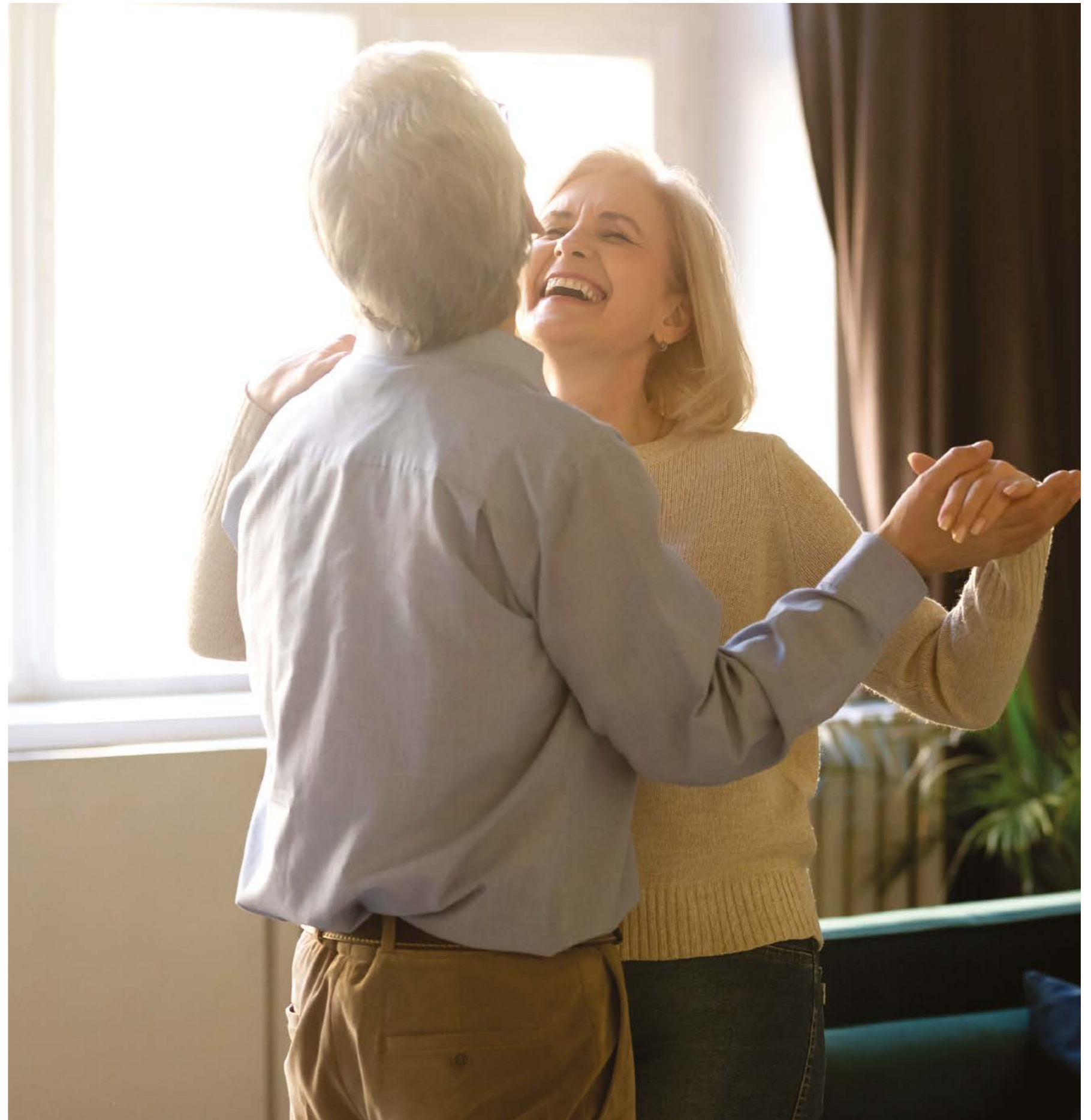
Review of operations

Social housing

We have established a market-leading capability in the social housing sector supporting vital services for five million tenants. During the year, the business delivered a strong performance led by continued good momentum for Cx, our market-leading digital housing platform.

As well as eight new business wins for Cx Housing across the UK, and new customers in Australia following launch of the product in the region, we were selected as preferred bidder for a large-scale, multi-million dollar programme with one of the largest property management, development and regeneration companies in the UK.

We continued to deploy new systems to support digital housing services for, among others, Poole Housing Partnership, Monmouthshire Housing Association, Teign Housing and South Yorkshire Housing Association, the latter aiming to reach two thirds of tenant transactions online by 2020.

By providing a complete housing platform, the business gained new sales for our cloud-based asset management and housing options software, including Gateshead Metropolitan Borough Council, Melin Homes and Wheatley Group. The latest application to be built upon the Cx platform was also launched, with the first customers taking up our new Contractor system to improve efficiency of workforce management and repairs and maintenance performance.

We're also helping customers to manage operations, workforce and finances more efficiently through cross selling of the Group's financials, payment, HR and payroll software, as well as supporting tenant engagement and administering resident ballots through our democracy solutions.

With Cx designed to easily adapt for new technologies such as automation, AI and connected devices, we continued to advance our innovation strategy and partners programme which we expect to support future growth.

Community protection

The Group helps to safeguard people and places through regulatory, environmental and public safety solutions. Our latest Regulatory Services software was also launched on the Cx platform. It streamlines management and supports an agile workforce across licensing, trading standards, environmental health and community safety functions.

Customers committing to the new cloud platform included Devon County Council, supporting its Trading Standards service which operates on behalf of Devon, Somerset and Torbay, along with Peterborough City Council which operates a shared service for Cambridgeshire and Rutland County Councils.

Our new Cx Citizen Portal also enables citizens and local businesses to submit and manage licensing applications, service requests and complaints through any connected device, supporting a continued drive towards local digital services. We also extended our contract for the Taxi OnLine Application in London, including a new mobile platform.

> **During the year, the business delivered a strong performance led by continued good momentum for Cx, our market-leading digital housing platform.**

Police and emergency services

In the UK and Ireland, we provide software and digital solutions used by more than 100 police and emergency services. These range from specialist applications, such as automatic number plate recognition (ANPR), to transformational programmes to enable digital policing.

Underpinned by a security-cleared team and Police Assured Secure Facilities, our Digital division combines provision of national systems with support for individual customers, including Surrey and Sussex Police, Kent Police and the Police Service of Northern Ireland (PSNI). The Collision Reporting and Sharing system developed in partnership with the Home Office and the Department for Transport and now used by more than 20 forces, was an award winner at the 2019 Computing Cloud Excellence Awards.

We're also delivering the Criminal Justice Data Sharing platform for PSNI. By joining together multiple pre-existing systems into one integrated solution, the platform supports information sharing between the police, the Public Prosecution Service, prison and forensic science services.

The Group continued with new software developments, such as extending Intercept, a mobile solution which allows agencies to capture, monitor and analyse ANPR data in real time, to provide an in-car solution for rapid response to vehicles of interest.

In the USA, we hold a leading position in the public safety and justice markets in Ohio. Strong partnerships with the State of Ohio, Department of Public Safety and the Ohio Supreme Court have positioned us as a trusted partner in these critical sectors. Products include next generation 911 and emergency dispatch and Authority RedHawk, which allows officers either in-car or on-station to gain immediate feedback on the person or vehicle they are engaged with.

Education and libraries

Our work with schools and colleges around the world is improving teaching, learning and administration, while also helping library services to fulfil a vital educational, social and cultural role.

Department for Education (South Australia)

Civica is working with the Department for Education to improve learning and care on the foundation of our cloud-based education management system. Following successful implementation with pilot schools in 2019, a state-wide incremental roll-out will support a community of 185,000 students and 30,000 teachers. The student-centred cloud software will provide learning, financial and administrative management and reporting systems to schools and pre-schools across metropolitan and regional South Australia.

Batley Multi-Academy Trust

Batley Trust, which operates five Academy schools comprising over 3,200 students, chose Civica's latest FinancialsLive cloud software to gain a single view of finances. Streamlining administration and reporting, the software will help the Trust to create efficiencies, enable better data-led decisions across its schools and support future growth. A single point of entry to all financial data and a real-time view of information will also improve financial transparency and reporting across the Trust.

Supporting

7,000

schools, colleges and libraries

Review of operations

UK and Ireland

Delivering our cloud-based management and business software for thousands of UK schools and colleges is providing improvements and efficiencies, with an integrated view of students, finances and resources. The Group helps customers migrate to the cloud, with services from readiness assessment to ongoing management and optimisation.

Following the launch in the sector of our cloud financials platform, which is used across multiple markets, we gained more than 20 new customers representing more than 200 schools. By providing a comprehensive system for education teams, FinancialsLive found favour with, among others, Batley Multi-Academy Trust, Bellevue Place Education Trust and Portsmouth College. With new customers and a 100 per cent renewal rate, we're also the largest supplier of college MIS systems, helping institutions manage the lifecycle of learning.

Our cashless solutions are used to provide services for over one million school and college students and staff every day

As well as our existing cloud payments software, the solution has a wide application from catering and vending to libraries, using smart card, biometric and proximity tagging technologies.

During the year the Group launched a new safeguarding audit tool, enabling institutions to centralise safeguarding compliance across multiple sites, track policies in line with latest guidance and benchmark against best practice. We also continued to develop the use of our HR and Payroll software and services for schools, with 13 new customers including Sigma Trust and Stanmore College.

More widely, Civica Assessments provides a cloud-based assessments platform for marking high volumes of papers for use by awarding bodies, certifying authorities, testing organisations and other educational institutions. During the year, it handled test papers for 1.5 million candidates in 48 different countries.

In the libraries sector, our Spydus software provides the leading digital platform to manage the changing needs of a modern library service. During the year we made further progress with our distinctive consortium model, supporting groups across the country and adding new customers, including the Greater Manchester Libraries group of nine local authorities.

The Group continued to support schools through mentoring as part of our wider social programmes. This includes support for Young Enterprise and our Coding for Kids initiative in Northern Ireland which aims to raise awareness and interest for IT skills and careers.

> **Our cashless solutions are used to provide services for over one million school and college students and staff every day.**

Australia and New Zealand

We've established a strong position in Australia, supporting about 40 per cent of the schools market and a leadership position in the libraries sector.

Our cloud Education Suite brings together essential information management and teaching tools to provide the systems foundation to drive school improvement and efficiency. Throughout the year the business continued to work closely with customers from independent and jurisdictional schools to large-scale programmes, such as for the Department for Education (South Australia). For the latter, the initial pilot phase was successfully completed before its state-wide roll-out to more than 900 schools with 185,000 students.

Across Australia, new agreements with schools and colleges included, among others, Edmund Rice College, Chevalier College, and Geraldton Grammar School.

Our customer-centric cloud software, Spydus, is at the forefront of library innovation, helping libraries embrace their role as modern day digital public spaces while improving services and efficiency. Take up of the latest software included, among others, Moreton Bay Regional Council, Queensland Technical and Further Education (TAFE) and Libraries ACT which provides services for two million visitors across the Territory.

We also continued with exciting innovations, including an AI-based library search and management platform, built together with Stonnington Library in Victoria and using technology first developed by Microsoft.

Singapore

We've continued to build on a strong track record in Singapore with our libraries solutions, comprising cloud software together with managed library programmes. During the year we extended our involvement with customers, including the Attorney General Chambers, the Singapore Armed Forces Training Institute and the Singapore Tourism Board.

Regulated markets

We're an established supplier to a wide range of organisations across regulated sectors of pension administration, legal and financial services, transport and utilities.

Department of Education Northern Ireland

Civica is working in partnership with the Department of Education to help streamline the NI Teachers, Pension Scheme. The seven-year, £6 million programme is based on our Universal Pensions Management (UPM) cloud software which allows members to manage their pensions online in a fully accessible and secure environment, where they can view or update personal information and plan pension withdrawals.

The software is already widely used across all types of pension schemes. It will provide the platform to streamline and automate services for the 65,000 active pension schemes belonging to deferred and retired members, while also supporting its digital-first ambitions, including member self-service.

Network Rail

Network Rail operates 20,000 miles of track used for more than 4.6 million rail journeys daily. Working with the company's digital team to drive its transformation vision, Civica delivered an enhanced 24/7 customer contact platform in just nine weeks. We're helping to improve the customer experience and streamline operations by harnessing data and emerging technologies, including real-time analytics. Handling 360,000 contacts annually across multiple channels, Network Rail's helpline was recognised in the Top Companies for Customer Service survey, and awarded Best in Public Sector.

Supporting

275

organisations with specialist software
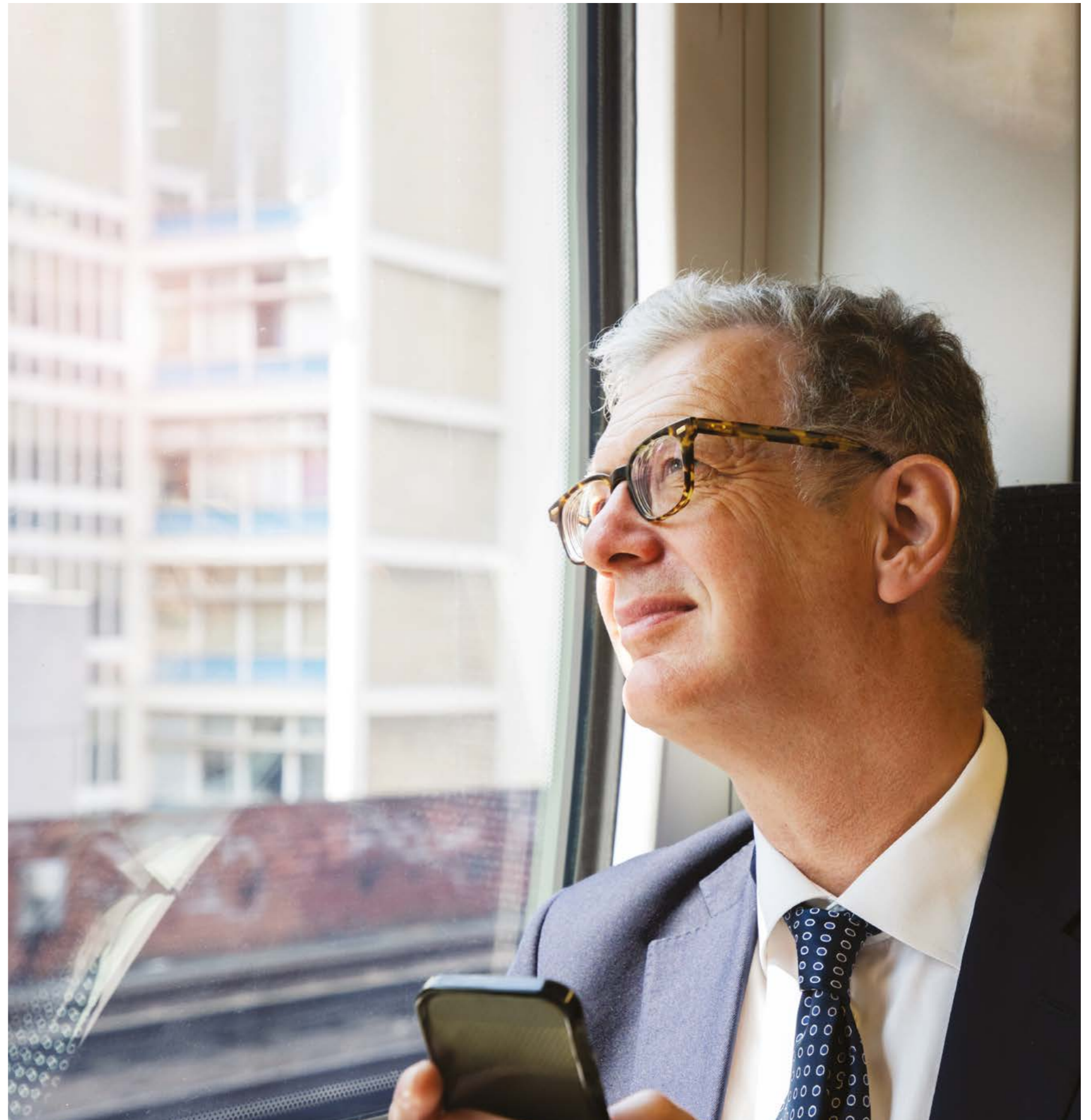
Review of operations

Pensions

Our Universal Pensions Management (UPM) software provides a single integrated system for pension administration and payroll. It is widely used in both public and private sectors to automate processes and ensure compliance for all types of schemes, processing more than one million pension payments each month.

With increasing demands on pension scheme providers and increasing focus on member engagement, the company delivered a strong performance. As in other sectors, we extended cloud-based solutions, including a significant new £6 million contract with the Northern Ireland Department of Education to provide a new system to administer teachers' pensions and enhance services for 65,000 scheme members.

Building on a strong track record, we grew the use of UPM to support administration of the Local Government Pension Scheme together with new agreements including, among others, the Church of England Pensions Board and the University of Manchester.

As well as large-scale implementations and digital transformation programmes, we progressed new developments and innovations. These include robotic processing to further automate routine tasks, using machine learning and AI to speed up administration and improve data insight and digital portals to improve member engagement.

Transport

The Group expanded our activity in the transport sector with the acquisition and subsequent integration of cloud software specialist TranSend Solutions.

The addition of modern electronic point of delivery (ePOD) and integrated route planning systems, places us in a stronger position to deliver efficiency and compliance benefits for transport and logistics operators, complementing our existing Tranman fleet management software.

The acquired business continued to perform well, increasing its customer base to more than 75 organisations with new agreements such as for Wessex Water. The software-as-a-service platform also provides a foundation for innovation in wider asset management applications across the Group.

We continued to extend our delivery record by providing digital solutions in the sector, including to organisations like FirstGroup and Network Rail.

> **Our UPM software provides a single integrated system, processing more than one million pension payments each month.**

Financial services

From data analytics and automation to the design and development of secure end-to-end digital solutions, we're helping customers to transform user experience, operational efficiency and risk management. We've continued to build on our established position for customers, including the Bank of England.

New agreements included a five-year deal with Standard Life's 1825 business, to support its growth ambitions by consolidating a number of disparate technology systems into one simplified, cloud solution to benefit both clients and colleagues.

Legal and records

We supply legal software and digital solutions to more than 180 customers in both public and private sectors. These solutions underpin improved productivity for legal teams and high quality services that clients can access quickly and easily.

The acquisition in 2018 of iCasework added a leading capability in software-as-a-service applications for case management. During 2019 we developed new solutions for the legal sector on the iCasework platform, including for coroners, for which we secured 16 new software sales.

Financial review

"I am delighted to report another very strong financial and operational performance in which we achieved further significant organic growth while expanding our scale and capability through targeted investments."

Phill Rowland
Chief Financial Officer

Group revenues increased by

14%

to £425.6 million

Recurring revenues increased by

14%

to £215.2 million

Group EBITDA increased by

15%

to £89.1 million

EBITDA margin maintained at

21%

Closing order book increased to

£846.9m

Financial review

Phill Rowland
Chief Financial Officer

" **With a strong platform, we remain in a good position to sustain our growth record into 2020.** "

Performance summary

In 2019, we sustained our strategic momentum and extended our unbroken history of growth with record revenues, profits and investment. The Group delivered a strong financial result despite some short-term uncertain market conditions. This combined good organic software revenue and contribution growth with the acquisition and integration of highly complementary businesses which expanded our market position, capability and scale.

During the year to 30th September 2019, Group revenues grew by 14 per cent overall to £425.6 million (2018: £373.2 million). Total net revenues* increased to £345.1 million. We've now produced growth of 90 per cent in net revenues since 2015, as we continue as we continue to create value for all stakeholders through our established position as a global leader in software for public services.

Group overview

	Year ended 30 Sep 19 £millions	Pro forma** Year ended 30 Sep 18 £millions	Year ended 30 Sep 17 £millions
Total revenue	425.6	373.2	324.7
Cost of sales	(80.5)	(52.6)	(44.0)
Gross profit	345.1	320.6	280.7
Administrative expenses	(256.0)	(242.9)	(212.0)
EBITDA	89.1	77.7	68.7
Cash flow from operating activities	77.9	68.3	64.6
Employees	4,776	4,389	3,454

** On 12th October 2017 the Group was acquired by Partners Group on behalf of its clients. To provide a better understanding of the trading results, comparative unaudited pro forma information has been shown above for the Group for the full 12 months period to 30th September 2018.

Consolidated financial statements for the Group are available at Companies House.

* Net revenue defined as gross revenue less third-party costs of delivery.

Accelerating cloud and innovation

This performance reflects the continued successful execution of our clear strategy which is focused on expanding the footprint of our cloud software and digital solutions across existing and adjacent market sectors. During the year we made further progress with key objectives to:

- Grow use of our software and digital solutions with existing and new customers globally

- Execute our cloud strategy at pace, building on our leading position

- Grow scope and scale of business activities globally on our established platform

- Extend our capability and opportunity through complementary acquisitions.

Progress was underpinned by our focus and investment in employee and leadership development, with further investments in the year to strengthen capability,

resources and management. Investment in product development amounted to 20 per cent of revenues.

Overall, we signed a record number of major sales in the year with the volume increased by 17 per cent. Two-thirds of these were cloud-based as we continued to extend the adoption of cloud software. Recurring revenues grew 14 per cent overall, increasing to 56 per cent of net revenues and supporting improved visibility and predictability of income. Additionally, our software IP and implementation revenues improved by 17 per cent.

Earnings before interest, taxation, depreciation, amortisation (EBITDA) and exceptional charges rose by 15 per cent to £89.1 million (2018: £77.7 million), representing a 21 per cent margin on sales. The Group generated cash flow from operations of £77.9 million,
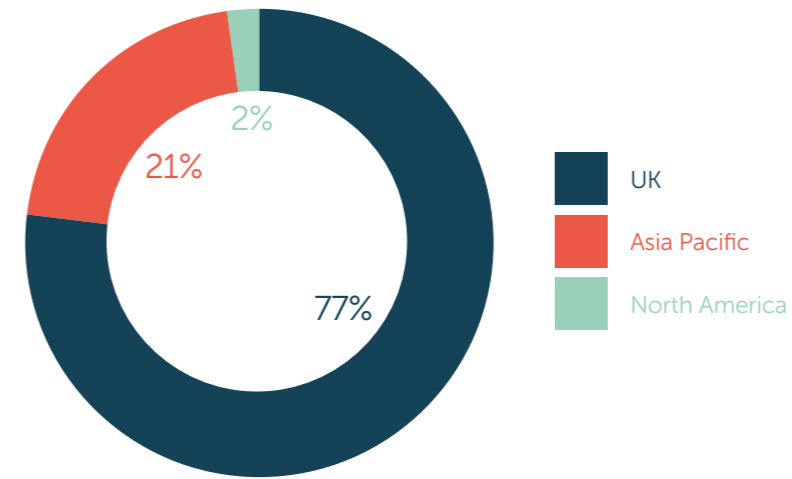
an increase of 14 per cent on the year before. We maintained tight discipline on operational and financial management including capital allocation, ending the year with cash in the bank of £37.8 million (2018: £39.1 million).
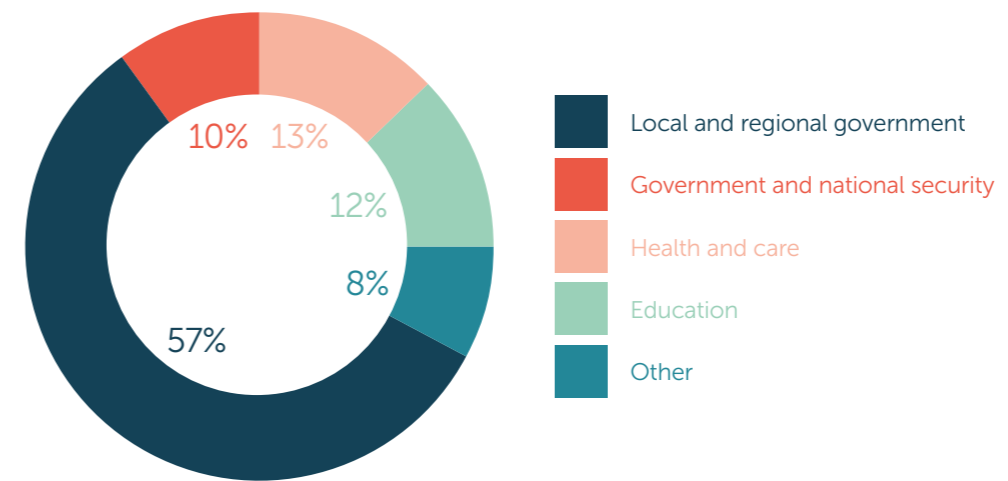
Market sectors

We have a highly resilient business model focused around core markets and capabilities. Globally-consistent operations are organised into market-oriented software divisions, including a new Democracy and Engagement division following the acquisition of ERS Group, supported by dedicated digital and managed service divisions.

Revenues in the UK and Ireland, our largest market, increased by 24 per cent to £327.3 million led by a strong performance from our local government software division. We continued to build on our Australia and New Zealand platform and our international activities overall accounted for 23 per cent of global revenues.

Revenues by geography

2%
21%
77%

- UK
- Asia Pacific
- North America

Revenues by market

10% 13%
12%
8%
57%

- Local and regional government
- Government and national security
- Health and care
- Education
- Other

> " Revenues in the UK and Ireland, our largest market, increased by 24 per cent to £327.3 million led by a strong performance from our local government software division. "

Acquiring high quality software assets

We have a successful history of finding and acquiring complementary high-quality businesses which strengthen our capability and position, increase addressable market and create cross-selling opportunities. The Group completed five new acquisitions in 2019 aligned with our core strategy and markets, in particular adding new cloud software for government and healthcare.

In November 2018 we completed the acquisition of democratic and membership services group Electoral Reform Services, subsequently forming a new 250-strong Democracy and Engagement division within the Group which delivered an excellent performance operationally and financially post-integration.

We then acquired e-recruitment software provider to the health sector, Trac Systems, in December 2018 and in February 2019 added UK delivery management software-as-a-service specialist TranSend Solutions. Both acquisitions are highly complementary to our established activities in shared markets.

Building on our Australian operations, we acquired Asset Edge in March. A leading supplier of cloud software for highways management and mobile asset inspection and maintenance, the move extended our range of solutions for the Australia and New Zealand local and state government sector. The solutions now used by about 350 customer organisations.

Lastly, we acquired Warwick International Computing Systems in August, which provides occupational health and safety software supporting more than 200 customers in the UK and internationally.

Our selective acquisition strategy continues to add great new capability in core markets. During the year we increased our scale of involvement with customers and added significant enterprise value. With a strong pipeline of future opportunities we expect to support the growth of the business with further strategic developments.

Acquisitions during the period

Company	Country	Date	Primary sector	Comments
ERS Group Ltd	UK	Nov 2018	Multiple	Democracy and engagement software and solutions
Trac Systems Ltd	UK	Dec 2018	Health and care	E-recruitment software for NHS
TranSend Solutions Ltd	UK	Feb 2019	Multiple	Software-as-a-service solutions for delivery management
Asset Edge Pty Ltd	Australia	Mar 2019	Local government	Cloud software for highways management
Warwick International Computing Systems Ltd	UK	Aug 2019	Multiple	Cloud software for occupational health and safety
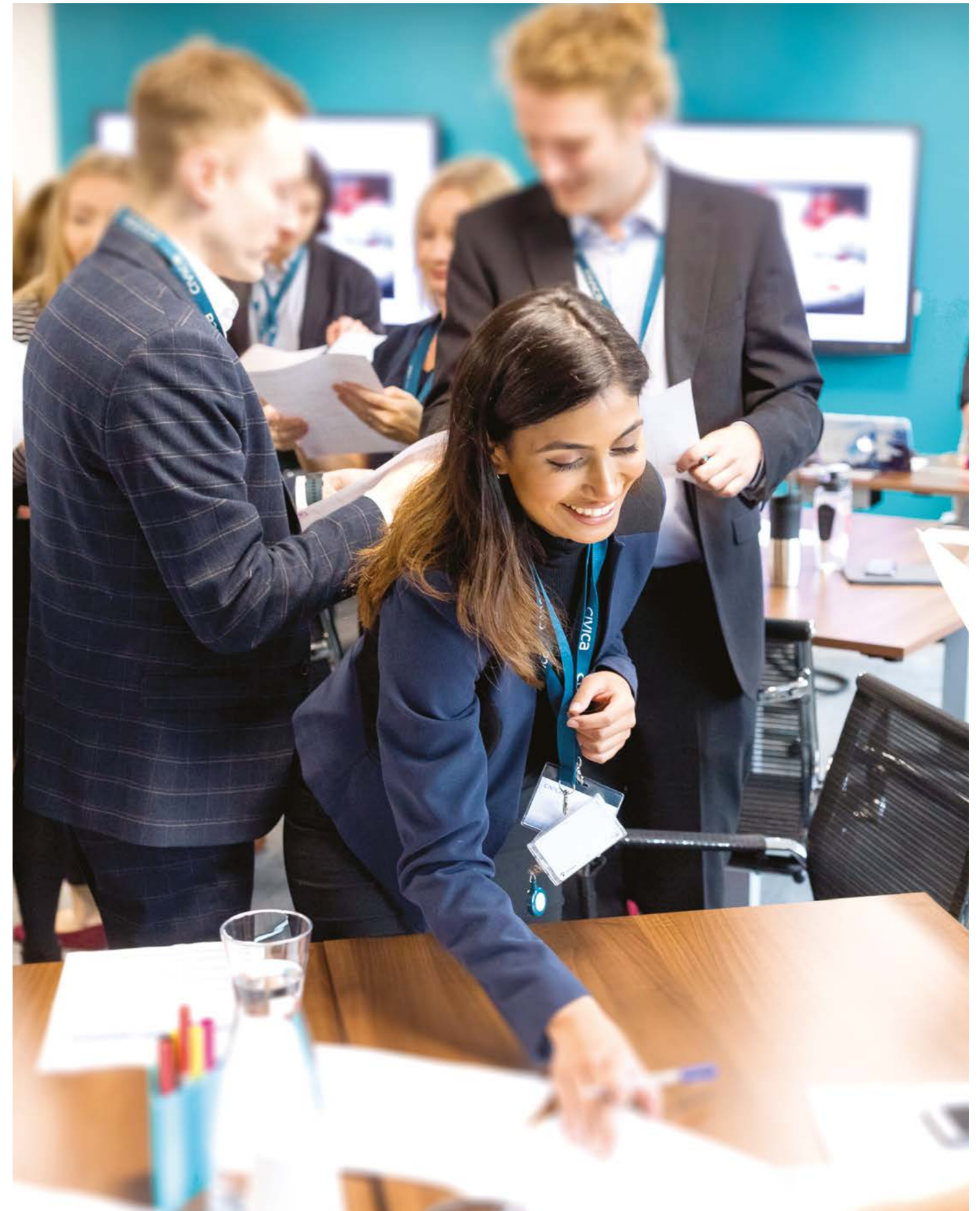
Strong governance framework

The Civica Group is majority owned by funds managed and/or advised by Partners Group. It is controlled by a Board comprising Partners-nominated directors and Civica management.

The Group continues to operate a strong framework of corporate governance across the business to ensure the successful delivery of business outcomes in line with our strategy and priorities, management of risk and focus on delivery of excellent service to our customers. This framework is managed through the following components.

Group Board

The Board is responsible for the overall strategy of the Group and the effective management of risk and performance. It meets on a monthly basis to review business performance from a strategic, financial and operational perspective and to ensure that risks are appropriately managed, including major bids and investments. The performance review is closely aligned to the key priorities in respect of financial performance, products and services, people, customer service and operational efficiency. Business planning is conducted on an annual basis, again in line with the strategy and key priorities and is approved by the Board.

The Board was strengthened in April 2019 with the appointment of Guy Berruyer as a non-executive director. A former chief executive officer of Sage Group plc, Guy brings extensive international business insight and board experience. On 30th September 2019 the Board had an effective balance of executive (two) and non-executive directors (five).

Audit Committee

The purpose of the audit committee is to review the financial statements and controls of the Group on behalf of the Group Board. The committee is responsible for being assured that the principles and policies comply with best practice and accounting standards. The committee will also consult with the external auditors reviewing key risk areas, seeking to satisfy itself that the internal control and compliance environment is adequate and effective, and recommending to the Group Board the appointment and remuneration of the external auditors.

The audit committee is chaired by the Group's non-executive chairman, and comprises the chief executive officer and Group Board members from Partners Group. The chief financial officer is invited to attend but is not a member of the audit committee.

> **We remain a trusted partner for our customers, well placed to harness the opportunities that innovative technologies create.**

Remuneration Committee

The function of the remuneration committee is to provide oversight of the terms and conditions and remuneration of senior employees on behalf of the Group Board.

The remuneration committee is chaired by the Group's non-executive chairman, and in addition comprises the chief executive officer and Group Board members from Partners Group.

Executive Management Board

The Executive Management Board consists of the chief executive and chief financial officers, the executive directors for the operating divisions and the chief officers for people,

marketing, business development, product strategy and technology. It meets every month to discuss strategic issues and the effective management of people and culture, opportunity, risk and business improvement. A short profile on each of the members of the Executive Management Board can be found at www.civica.com/en-GB/about-us/leadership-team/.

Monthly business reviews

Each unit within the Group is subject to a monthly business review by Executive Board members to assess the financial and operational performance and business risks, review the financial projections and review working capital management and cash-flow performance. Financial and operational key performance indicators in each unit are aligned to the key priorities of the Group as highlighted above. Specific business risks are identified and mitigated through this process.

Commercial, legal and project management controls

All acquisition, capital investment and business development activity is controlled through a methodical process of qualification, review and approval, which is dependent upon both value and complexity to ensure appropriate management of business risk and effective use of business resources.

Operational processes

As we continue to grow organically and through acquisition, we constantly review operational processes across the Group. This allows us to support effective

product and service development and efficient delivery to customers, as well as our internal administration. This is enhanced by a sustained cross-company improvement programme to strengthen our operating platform and to drive consistent best practice globally. This is underpinned by a wide range of management accreditations including ISO 9001 (Quality), ISO 14001 (Environmental), OHSAS 18001 (Health & Safety), ISO 22301 (Business Continuity), ISO 20000 (IT Service Management) and ISO 27001 (Information Security).

Principal risks and uncertainties

The Board accepts that in creating value for Civica, the Group must take on and accept some risk. The executive directors are responsible for implementing the Board's policies on risk and control and monitoring compliance with these policies. As with other entities providing similar solutions, the main risks and uncertainties facing the Group surround the level of customer spending available in future periods, the risks associated with technological advancement, the threat of competition and the business risk of system, operational or compliance failures.

Brexit

Under Civica's governance framework we consistently review risks and uncertainties and as such we monitor and assess market and legislative developments, which include Brexit. As an international business headquartered in the UK, with operations also in Australia, India, Singapore and North America, the Group is therefore not reliant on

labour or product supply from the European Union and we benefit from a highly transferable skills base. We continue to monitor the situation and remain cautious while the full implications of Brexit are unclear. For example, we consider it possible that the potential need to implement a high volume of major legislative change could give rise to short-term market capacity issues across the industry. However, we believe the company is very well placed to support customers during a period of significant change. We remain committed and look forward to working with customers to mitigate any risk.

Pensions

The Group operates a number of defined contribution pension schemes, as well as operating a defined benefit scheme and being a participating employer in two further defined benefit pension schemes. All of the defined benefit pension schemes are closed to new entrants.
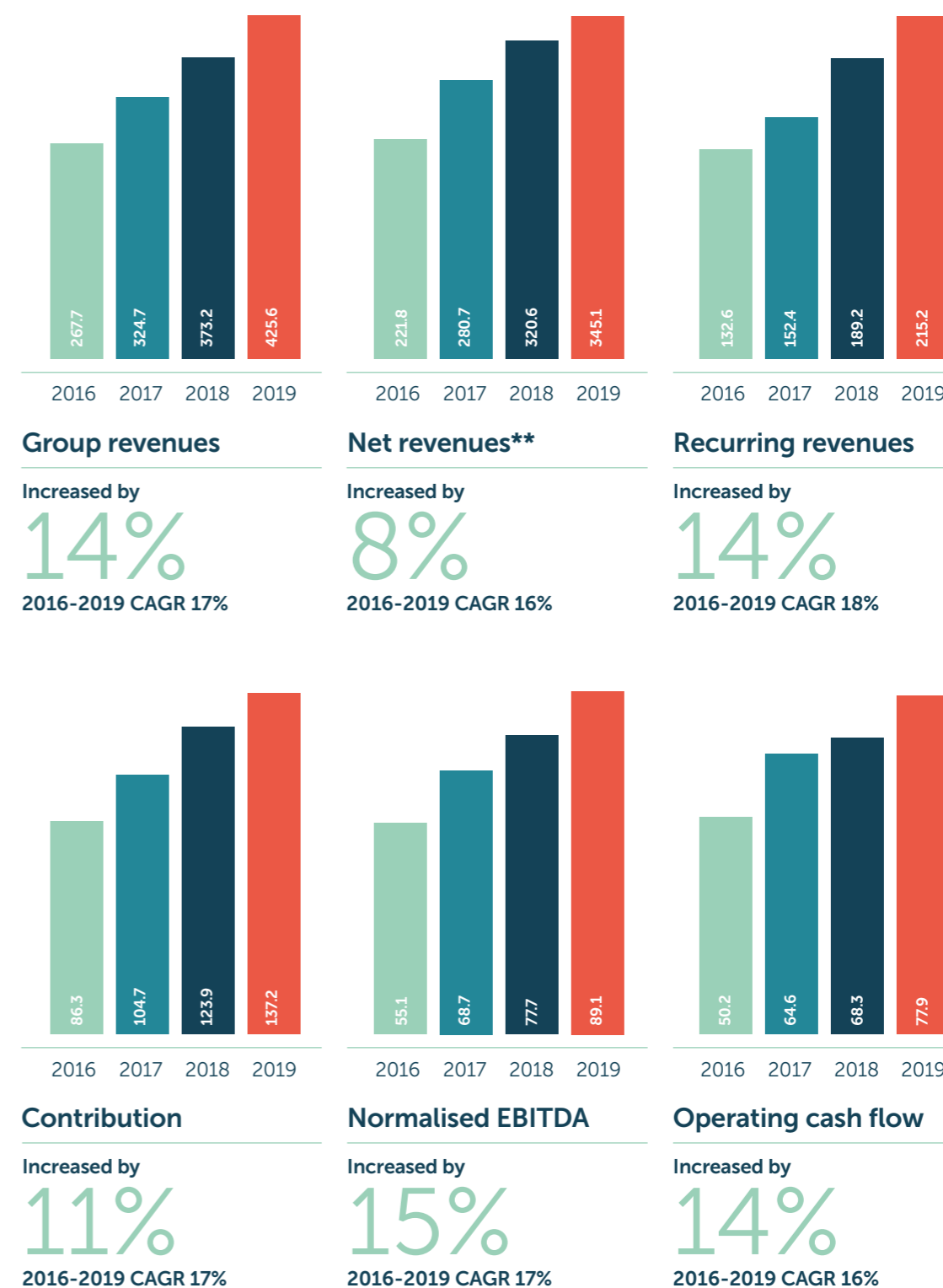
Positive outlook

We remain a trusted partner for our customers, well placed to harness the opportunities that innovative technologies create to improve business activities. We're well positioned in attractive markets. Greater political stability in the UK in 2020 combined with our continued strong execution will present further market opportunities as customers seek to respond to major changes and increasing demands. With a strong platform and continued strategic development, we remain in a good position to sustain our growth record into 2020.

Trading performance

For the year ended 30th September	2019 £millions	Pro forma 2018 £millions
Sales		
Software and related services	337.5	286.6
Managed services	88.1	86.6
	425.6	**373.2**
Cost of sales	(80.5)	(52.6)
Net revenues		
Software and related services	287.1	262.3
Managed services	58.0	58.3
	345.1	**320.6**
Direct employee costs		
Technical and management	(186.2)	(176.4)
Sales	(21.7)	(20.3)
	(207.9)	(196.7)
Contribution	**137.2**	**123.9**
Central costs	(56.8)	(51.9)
EBIT	**80.4**	**72.0**
Depreciation	5.2	3.9
Project Centum*	3.5	1.8
EBITDA	**89.1**	**77.7**

* Project Centum is a non-core investment programme to build a stronger platform for future growth.

Key performance indicators

Group revenues
(2016: 267.7, 2017: 324.7, 2018: 373.2, 2019: 425.6)

Increased by
14%
2016-2019 CAGR 17%

Net revenues**
(2016: 221.8, 2017: 280.7, 2018: 320.6, 2019: 345.1)

Increased by
8%
2016-2019 CAGR 16%

Recurring revenues
(2016: 132.6, 2017: 152.4, 2018: 189.2, 2019: 215.2)

Increased by
14%
2016-2019 CAGR 18%

Contribution
(2016: 86.3, 2017: 104.7, 2018: 123.9, 2019: 137.2)

Increased by
11%
2016-2019 CAGR 17%

Normalised EBITDA
(2016: 55.1, 2017: 68.7, 2018: 77.7, 2019: 89.1)

Increased by
15%
2016-2019 CAGR 17%

Operating cash flow
(2016: 50.2, 2017: 64.6, 2018: 68.3, 2019: 77.9)

Increased by
14%
2016-2019 CAGR 16%

All figures are in £millions
** Net revenue defined as gross revenue less third-party costs of delivery.

Group information

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