

2021 CEO's Review

For the year ended
30 September 2021



Civica is the UK's largest software company focused on the public sector. With over 30 years of proven expertise, we have a leadership position in our markets around the world.

Against a backdrop of further significant challenge for the public sector, 2021 confirmed that our focus and ambition for the business is right. We delivered what was needed – and that helped generate another successful year for Civica.

Throughout the year, we focused on our customers, software and colleagues, setting bold and ambitious goals in all these areas. We stepped up with our customers and worked with them at pace, supporting them and their tireless work in 2021 serving the public. I'd like to thank all our customers for what they do delivering for citizens and communities, and for their continued trust in us as a key partner.

Civica saw the need for digitisation and automation accelerate during 2021 across all our public sector markets and geographies. Uniquely placed to address this, we applied our software, skills and expertise to deliver innovative cloud software solutions that support this digital transformation in the public sector. We have over 2,000 software engineers around the world dedicated to this task.

Building on our strategy, we continued to invest in our software R&D along with focused innovation through our Civica NorthStar* lab. To enhance our skills and deliver more powerfully for customers, we invested in our people development with over 220,000 hours of training and drove excellence in our sales teams.

We made great strides forward in growing our addressable market, establishing our software with more customers in more countries and we pressed ahead with further investments in targeted acquisitions.

I'm immensely proud of what we've achieved, and I look forward to the challenges of the coming year.

Wayne Story

Chief Executive, Civica Group



Strong growth from focused delivery

Civica's multi-year investment in our people, software and culture continued to yield benefits for, our customers, employees and our business.

We continued to focus our business around five core sectors and increased our scale through exporting our software products to our key geographies. This activity supported our customers as they digitised their services for the benefit of citizens and communities. We further enhanced our offer with new capabilities from seven carefully selected acquisitions and grew our global community of colleagues. Our continued long-term investment in software R&D provided our public sector customers with enhanced software capability to meet the outcomes that are important to them.

Both our customers and colleagues acknowledged the strength of what we were delivering, which was reflected in our strong customer and employee net promoter scores. Civica was recognised as an employer of choice in each of our three key geographies and our products won a range of accolades, including "2021 Best Cloud Transformation in the Pandemic" at the Cloud Excellence Awards.

2021 Group
top-line revenue
growth of
8.3%

2021
EBITDA*
up by
18.7%

Software exports
increased by a
factor of
6.4

* Earnings before interest, tax, depreciation and amortisation.

The reward for focus

With an ongoing focus on investing in our people, software and our operating platform, we've been able to grow our addressable market through maintaining customer trust and loyalty. Our financial performance reflects that focus with overall revenues for the 2021 year at £458.9 million (2020: £424.9 million) and EBITDA* increased by 18.7 per cent to £110.5 million (2020: £93.1 million).

Civica creates software for the public sector across three geographies: UK & Ireland, Asia Pacific and North America. UK & Ireland revenues increased to £350.7 million (2020: £327.6 million). We experienced strong growth from our UK Housing and Health and Care sectors, and in our APAC region. Revenues from Asia Pacific and North America as a whole made up 24 per cent of Group revenue.

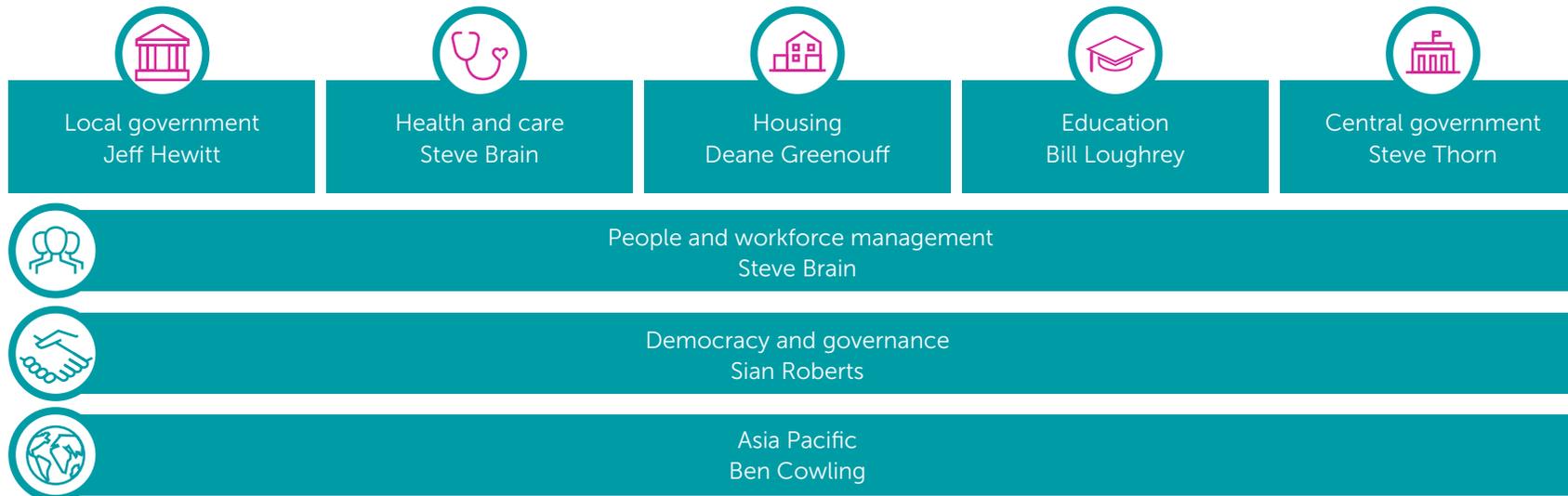


We've had a strong year in 2021, with success for us and our customers that we can be proud of. But there is more to be done and we want to keep pushing forward, in line with our long term strategy.

* Earnings before interest, tax, depreciation and amortisation.

We focus on software for the public sector

Across five key verticals in UK & Ireland, North America and Asia Pacific



We have seen excellent growth from a focused programme of cross-selling our software across markets and geographies. From a 2020 base of £2.5m total contract value (TCV), in 2021 we achieved £16m TCV from six products within this programme, which was called "Endeavour". This illustrates the value of extending the reach of cloud-based products that support digitisation and automation.

Our markets are characterised by high levels of legislation, resource constraints, greater need for automation and growing consumer expectations of public services. The combined effect of the global pandemic and general social and economic change have further increased the pressure on the public sector's stretched resources. Civica's focus on digitisation and automation relieves some of that pressure. With our software at the heart of public services, we are well placed to help our customers transform digitally, improve their service delivery and efficiency, supporting their citizens and communities.



Cloud and innovation

Key to digital transformation, cloud technology continued to demonstrate its value during 2021. Civica's long term cloud investment has supported and enabled our customers' move to new and more flexible ways of working. With cloud-based solutions and software-as-a-service (SaaS) now widely accepted, we continued to help our customers make the change. During the year, over 75 per cent of all major sales were for cloud-based solutions.

We have used this cloud capability to develop innovative software solutions in response to immediate customer need. CovidCertNI, for example, developed by Civica in conjunction with Digital Health & Care Northern and other partners, made it easier and quicker for NI residents to access their Covid vaccination certificate. And our partnership with Belfast City Airport applied innovation Sens AI technology to improve passenger experience and safety, earning a shortlisting in the 'Most Innovative Cloud Product or Service – Edge Computing' category at the Cloud Excellence Awards 2021.

Our NorthStar* innovation lab has continued its key role as an innovation leader for public services through the acceleration and application of new ideas and technologies. Published through the Perspectives* thought leadership programme, Civica NorthStar* has helped promote and decode advanced technologies such as artificial intelligence (AI), machine learning (ML) and augmented and virtual reality (ARVR). Peer-group sessions with customers have similarly helped fuel the innovation focus, to mutual benefit.

Examples of NorthStar* innovations include:

- Machine-based identity verification to improve the user experience in public-sector pension management
- Using advanced technologies to address voting decline by improving citizen engagement

Targeted corporate development

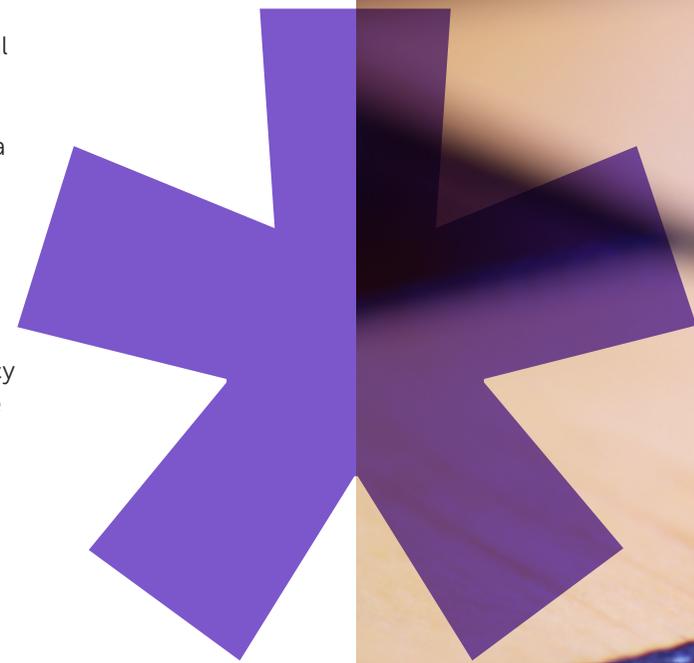
Acquisitions remain core to Civica's focused growth strategy, helping expand our addressable market and our offering. We completed seven complimentary acquisitions in 2021 across four of our sectors:

- **Education.** Parago Software Limited, a specialist in asset and estate management and governance for schools. Additionally, digital assessment capability and support for organisations building more skilful workplaces came with Calibrand Limited
- **People and workforce management.** Agylia Group Limited, a digitally focused global learning management platform and Equiniti HR Solutions Limited for HR, payroll, time and attendance capability. nropy data Inc, an innovative software-as-a-service platform for community and stakeholder engagement also expanded this focus area
- **Governance, risk and compliance.** ArborSafe Australia Pty Limited, a market-leading tree asset management software solution, further expanded this capability

- **Health and Care.** Medical Billing and Collection, the UK's number-one digital billing service provider to the independent medical practitioner sector

The Group completed further acquisitions after the end of the financial year and we remain active in M&A, with the support of our investors and a dedicated team that continues to drive a strong pipeline of opportunities.

As we continued to deliver our strategy to focus on software, we have begun to transition our BPO (Business Process Outsourcing) contracts back to our customers, where they will leave a legacy of improved in-house services. After the close of the financial year, we divested our remaining Licencing and Cloud and Software Lifecycle (LCSL) activity in the UK, as this no longer supports the company's growth strategy.





People and social value

Civica's strength has always radiated from our engaged and high performing people and purpose-driven culture. With our sector and software expertise and depth of leadership, we continue to build long-term customer relationships based on a shared purpose and commitment.

We maintained our position as one of the top 75 companies in the 2021 UK Financial Times Diversity Leaders list, maintained our Employer of Choice award win in 2021 at the Australian Business Awards and were certified in August 2021 as a Great Place to Work in India.

For many in the Civica team, 2021 proved to be as challenging as 2020, with a second wave of the pandemic in India, further restrictions in Australia, and the UK only emerging from its restrictions in June 2021. With a constant focus on the safety and wellbeing of all colleagues, we continued to give our people the tools and support they needed to work in an agile way. This balanced appropriate remote working with face-to-face time with customers and Civica colleagues. Support for our colleagues has been further boosted by our ongoing focus on positive health,

including Employee Assistance and Mental Health Champions programmes. In Vadodara, India, we supported fundraising to help establish a 500-bed dedicated coronavirus hospital – and our colleagues globally gave generously towards this.

Learning, development and leadership enhancement are focused through Civica's Learning Academy. During 2021 we delivered 220,000 hours of development, much of it using our own Agylia learning management technology.

We continue to make great progress in creating social value. During the year we maintained our support for charitable and community initiatives including for Young Enterprise and Action for Children in the UK and Whitelion and Room to Read in Australia. Our people also responded with energy and drive for causes close to their hearts and communities, many connected to the pandemic – the Vadodara coronavirus hospital being just one example.

Leadership for the future

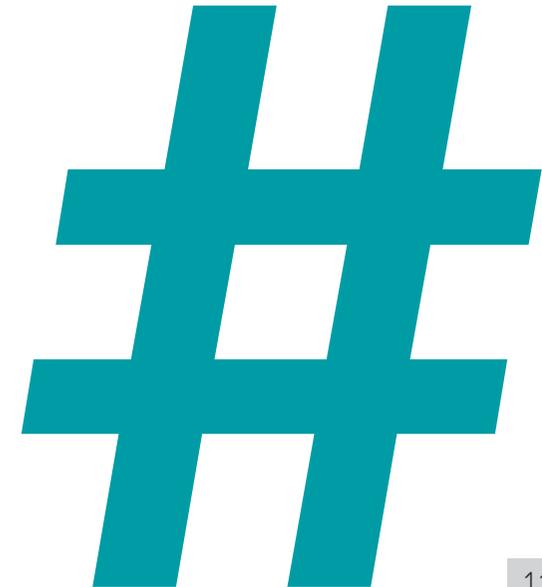
Following the close of the financial year, I was delighted to announce key appointments that will help guide Civica as we continue to deliver on our long-term strategy and grow the business.

With his extensive knowledge of the global software sector, Franck Cohen, has joined the Board as a non-executive director. Franck has held many senior positions – including at chairman and CEO level – for a diverse range of tech companies.

Across our executive team, several people step into new roles, supporting our growth plans and ambition.

Jeff Hewitt, executive director, takes on the responsibility to lead UK Local Government. Jeff brings to the role over 19 years' experience at Civica. Deane Greenouff joins Civica's executive team, heading up our Housing & Asset Management division. Jeff and Deane have both held several senior roles at Civica in these sectors. Ben Cowling in our APAC region takes on additional responsibility for Singapore, adding to his Australia-New Zealand executive leadership role.

As we head fully into 2022, we also see a change in our financial leadership, with the departure of CFO Phill Rowland in February, after nearly 13 years. Phill has provided excellent leadership, supporting Civica through a remarkable period of growth and we are grateful to Phill for his exemplary stewardship and guidance of the business. We look forward to welcoming in Martin Franks as our new CFO. Martin joins with a substantial tech industry and financial leadership background and will be helping drive our next period of ambitious growth.



Continued investment and focus

Civica's global operating platform underpins our activities and provides a foundation for scalable growth. We've continued to develop the platform to support our sustainable growth, driving significant progress with our structured operational excellence programme, Centum.

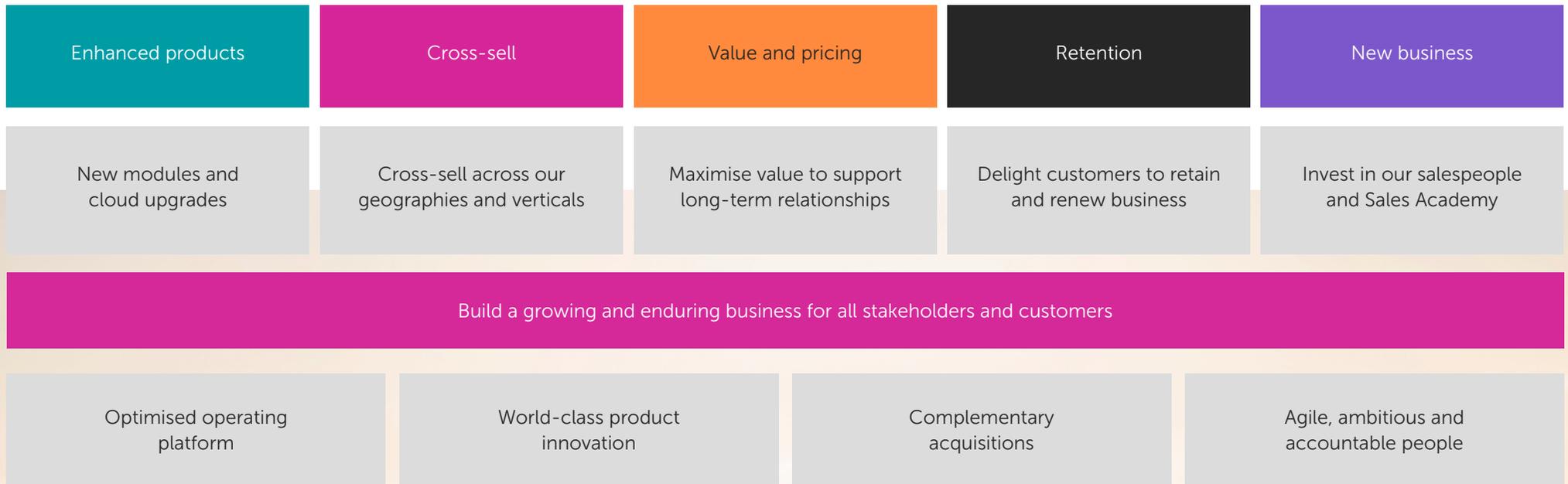
Centum is designed to support the Group's strategic development and improve the way we operate our operational capability. Supported by an embedded programme office, it comprises a series of strategic continuous improvement initiatives across the company aimed at accelerating our growth and enhancing operational efficiency.

Focused on doing the best we can for customers, we built further momentum in our programmes for development, service delivery, sales excellence and commercial management. We again grew our team in Vadodara, India, providing an outstanding capable resource to support all parts of the business globally through development productivity and back-office efficiency. We continue to invest in software R&D to accelerate software development and digital solutions and provide our public sector customers with enhanced software capability to meet the outcomes that are important to them.



Civica's vision and strategy

Civica is the leading innovator and software provider to the public sector. As software increasingly digitises vital services and automates core processes, we have a unique opportunity to support our public sector customers.





As we head into 2022, I'd like to thank the Civica team for the ambition they have brought, reflected in the extraordinary delivery for customers and for the business.

A strong and positive outlook

Civica has continued to build on its position as the UK's largest software company focused on the public sector. Our global business serves a large and growing market, supported by our year-on-year investment in our software, operations and people. We remain committed to the ongoing execution of our successful strategy, building on the successes and initiatives of the last year. This will support the needs of customers to transform digitally as well as building on new ideas and innovations.

We are excited by the growth potential we see across our core geographies and with the opportunity to support customers with software that helps enhance their services. And our strategic approach to grow our capabilities and markets with selective acquisitions remains unchanged.

As we start to move through 2022, I would again like to applaud the tireless efforts of our public services and other providers in responding to the changing needs of people and communities. I would also like to thank all our employees for their continued outstanding service. The last two years have required an agility of thought and action and our team has demonstrated these qualities in abundance. There is no doubt that this has contributed to our exceptionally strong performance.

We are confident that Civica is uniquely positioned to support rapidly evolving customer needs and opportunities. We are excited about the future and our role in supporting the digital ambitions of our customers across the public sector.



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We invest in people Gold

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