EMPOWERING BUSINESSES
STRENGTHENING TRUST

The Sage Group plc. Annual Report and Accounts 2025

Sage

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EMPOWERING BUSINESSES
STRENGTHENING TRUST

Sage is a leader in accounting, financial, HR, and payroll technology for small and mid-sized businesses (SMBs), enabling them to streamline operations, make more informed decisions, and be more productive.

Contents

Strategic Report
1 Financial highlights
2 Sage at a glance
4 Our solutions
6 Market review
8 Our business model
10 Chair's statement
12 CEO's review
15 Our strategy
19 Empowering our customers
22 Our key performance indicators
24 Our people and culture
30 Sustainability and Society
35 TCFD
45 Non-financial and sustainability information statement
46 Section 172(1) statement
48 Financial review
56 Risk management
61 Principal Risks and uncertainties
67 Viability Statement

Governance Report
70 Corporate governance report
71 Governance highlights
72 Chair's introduction to governance
74 Our leadership
80 Governance framework
90 Stakeholder engagement
102 Nomination Committee Report
109 Audit and Risk Committee Report
117 Directors' Remuneration Report
152 Directors' Report

Financial Statements
160 Independent Auditor's Report to the members of The Sage Group plc.
174 Consolidated financial statements
180 Notes to the consolidated financial statements
252 Company financial statements

Additional Information
261 Glossary
264 Shareholder information

Supplementary reporting

Impact Book

Non-Financial Statement

Our solutions—focused on customer needs

Our products are mission-critical for our customers, providing accounting, HR, and payroll solutions that are vital to business operations.

Read about this in action on pages 4 and 5

Customer success stories

We're focused on delighting our customers with strong products and human support, which builds loyalty, encouraging them to grow with Sage.

Read about this in action on pages 16 to 18

Driving a high-performance mindset

Our purpose drives our day-to-day actions and our culture defines how we operate, behave, interact, make decisions, and get things done.

Read about this in action on pages 24 to 29

Financial highlights

Our year in numbers

Underlying total revenue

£2,513m

FY24: £2,290m

Underlying total revenue of £2,513m increased by 10%, driven by broad-based growth in cloud solutions.

Statutory revenue

£2,513m

FY24: £2,332m

Statutory revenue of £2,513m grew by 8%, reflecting underlying growth in all regions, offset partly by a foreign exchange headwind.

Underlying operating profit

£600m

FY24: £513m

Underlying operating profit grew by 17% to £600m, driven by revenue growth and an increase in underlying operating profit margin of 150 basis points (bps) to 23.9%.

Statutory operating profit

£530m

FY24: £452m

Statutory operating profit increased by 17% to £530m, reflecting growth in underlying operating profit together with lower acquisition related expenses.

Underlying basic earnings per share (EPS)

43.2p

FY24: 36.7p

Underlying basic EPS increased by 18% to 43.2p.

Statutory basic EPS

37.7p

FY24: 32.1p

Statutory basic EPS increased by 18% to 37.7p.

Dividend

21.85p

FY24: 20.45p

Total dividend proposed for the year increased by 7% to 21.85p.

Net cash from operating activities

£660m

FY24: £649m

Net cash generated from operating activities increased by 2% to £660m, reflecting underlying cash conversion of 110%.

About our non-GAAP measures and why we use them

Throughout this Strategic Report, we quote two kinds of non-GAAP measure: underlying and organic. Underlying measures are adjusted to exclude items that in management's judgement need to be disclosed separately by virtue of their size, nature, or frequency to aid understanding of the performance for the year or comparability between periods. Organic measures allow management and investors to understand the like-for-like performance of the business. Prior year underlying and organic measures (revenue and profit) are retranslated at the current year exchange rates to neutralise the effect of currency fluctuations. Full definitions of underlying and organic are in note 2 of the financial statements. Reconciliations of statutory revenue, operating profit and basic EPS to their underlying and organic equivalents are included in the Financial review starting on page 48.

Sage at a glance

Enabling high performance

What we do

Sage exists to knock down barriers so everyone can thrive, starting with the millions of small and mid-sized businesses (SMBs) served by us, our partners, and accountants. Customers trust our finance, HR, and payroll software to make work and money flow.

How we do it

By digitalising business processes and relationships with customers, suppliers, employees, banks and governments, our AI-powered platform connects SMBs, removing friction and delivering insights. Knocking down barriers also means we use our time, technology, and experience to tackle digital inequality, economic inequality, and the climate crisis.

Our global reach[1]

45% North America

29% UKIA[2]

26% Europe

Our strategic framework

Our purpose

is to knock down barriers so everyone can thrive.

+

Our ambition

is to create the world's most trusted, thriving network for SMBs, powered by AI.

Our strategy

comprises three key focus areas that help us achieve our ambition and fulfil our purpose by guiding our operational and investment decisions.

Connect
Connecting SMBs through our trusted and thriving network.

Grow
Winning new customers and delighting our existing ones.

Deliver
Delivering productivity and insights driven by AI.

See pages 15 to 18

Sustainability and Society

Sage's role in society is a vital part of the equation. We seek to integrate sustainability into our everyday operations, helping to ensure Sage makes a positive societal impact through our three sustainability pillars.

1. Split of total underlying revenue of £2,513m.
2. United Kingdom, Ireland, Africa, and Asia-Pacific.

Business highlights

11%
ARR growth

97%
recurring revenue

76
eSAT[1]

45%
internal fill rate[2]

Non-financial highlights

AAA
MSCI ESG rating

17
countries where we operate

11,170
colleagues globally[3]

80,036
volunteer hours spent helping our communities[4]

Our stakeholders

are central to our business and we seek to align all our activities with their interests.

Customers
We build every experience with human insight and ingenuity.

Colleagues
We are committed to creating an environment where colleagues feel energised to contribute to the success of SMBs.

Partners
We collaborate with partners throughout our ecosystem to help deliver our ambition.

Shareholders
We target sustainable growth in shareholder value.

Society
We tackle digital inequality, economic inequality, and the climate crisis, using our time, technology, and experience.

See pages 90 to 97

Our Values

underpin our culture and drive our ways of working.

We do the right thing.

Human
We make connections with customers, partners, and colleagues, through empathy and care.

Bold
We are curious, courageous, ambitious, and creative.

Trust
We deliver our promises to customers, partners, colleagues, society, and shareholders.

Simplify
We strip away complexity.

See pages 24 to 29

Protect the Planet

Tech for Good

Human by Design

See pages 30 to 34 for more about Sage's sustainability approach and progress

1. eSAT is Sage's Group wide employee satisfaction score as at 12 September 2025.
2. Internal fill rate of 45% reflects percentage of roles filled by existing colleagues rather than external hires.
3. Headcount data of 11,170 including 84 contractors and excluding eight Non-executive Directors as at 30 September 2025.
4. Volunteer hours measured during working hours in FY25. In FY24 we reported on total volunteering hours, including those outside of work.

Focused on customer needs

Sage serves millions of small and mid-sized businesses around the world

Our products are mission-critical for our customers, enabling them to manage accounting, payroll, HR and core business operations seamlessly. By automating workflows, reducing manual admin, and delivering actionable insights, our solutions save our customers time and help them make better decisions.

Small businesses

Owner-led businesses, where small teams or individuals manage both financial and HR responsibilities, often need smart, scalable tools to simplify accounting and stay compliant. We build our small business solutions to support their needs by helping businesses control costs, manage cash flow efficiently, and stay focused on growth while navigating changing regulations.

Mid-sized businesses

Our solutions for mid-sized businesses empower finance and HR teams with intelligent automation and real-time insights by streamlining workflows, improving forecasting accuracy, and enabling strategic decision making. As these organisations evolve and scale, we help them achieve greater efficiency and resilience while supporting their growth.

Integrated suites

Our integrated product suites combine core accounting capabilities with HR, payroll, and business management tools tailored to client specific needs. For mid-market companies, we offer industry-specific solutions to meet different sector requirements. These suites feature seamless functional integration, enabling smooth workflows and delivering the automation, insights, and compliance mid-market businesses require.

Sage Platform

The Sage Platform is our foundational technology infrastructure, enabling rapid deployment of innovations such as Sage Copilot and AI agents across multiple products. It provides a unified interface for intelligent assistance within workflows, while AI helps automate complex, end-to-end processes. For developers, it offers shared tools, frameworks, and built-in security guardrails to accelerate delivery. The platform ensures scalability, security, and compliance, supporting trusted, human-first AI experiences.

Sage Copilot

Sage Copilot is our AI-powered productivity assistant embedded across our products—streamlining tasks, automating administrative processes, and delivering accurate, actionable insights.

- For small businesses using Sage Accounting, Sage Active, and Sage 50, Sage Copilot helps automates invoicing, payments, and reporting, while monitoring real-time data to flag anomalies and track profitability. Customers report saving up to five hours per week and getting paid seven days faster, while improving cash flow.
- For accounting professionals, Sage Copilot generates client insights, automates communications, and streamlines practice management, to deliver greater strategic value.
- For mid-sized businesses using Sage Intacct, Sage Copilot helps automates month end close and subledger reconciliation processes and provides real-time variance analysis, enabling finance teams to focus on strategic insights. For Sage X3 customers, Sage Copilot delivers operational intelligence, surfacing real-time insights such as fulfilment issues, churn risk, and inventory delays. With natural language chat and a unified 360° view across operations, it empowers users to make faster, smarter decisions.

Sage Ai

Sage Ai is our intelligence engine; a proprietary layer of AI services that powers Sage Copilot and our AI agents. Built on deep domain expertise and trained on trusted data, it delivers reliable outcomes for customers. Increasingly, specialist AI agents operate behind the scenes, taking action on the customer's behalf within permissioned boundaries, whether surfaced through Sage Copilot or embedded into product workflows or partner systems. Each agent is purpose-built for a specific process, freeing finance teams to focus on higher value work. Recent launches include Sage's Finance Intelligence Agent, as well as other agents, that help accelerate core tasks such as the month end close.

Our philosophy: authentic intelligence

Our guiding philosophy is to build AI that is ethical, transparent, and human-first. We seek to create innovative solutions that are secure and reliable, with customers remaining in control of their data and decisions, underpinned by our commitment to transparency. We believe this authentic approach helps to strengthen customers' trust in our AI technology, in the decisions they take, and in their broader business relationships.

Sage for Accountants

Sage for Accountants enables accountants to efficiently manage client data, accounts and compliance within a single solution. It streamlines practice management—from data capture to tax filing—helping accountants boost efficiency, and remain compliant.

Further information

Sage Accounting

Sage Accounting is designed to enable small businesses operating in any industry, as well as accountants and bookkeepers, to manage their customer data, accounts, and people in a single solution.

Further information

Sage Active

Sage Active is an intuitive and multi-legislation solution for small businesses in Europe to automate accounting, sales, and purchasing processes.

Further information

Sage 50 and Sage 200[1]

Our Sage 50 cloud and Sage 200 cloud franchises enable customers to control their business and gain improved visibility over their finances and operations. Sage 50 is designed for small businesses, while Sage 200 offers customisable solutions to meet the needs of mid-sized businesses.

Further information

Sage Intacct

Sage Intacct helps growing mid-sized organisations thrive in today's digital world with proven solutions across accounting, planning, and analytics. The powerful platform offers deep multi-dimensional insight and AI-powered automation for organisational agility.

Further information

Sage X3

Sage X3 provides fast, intuitive, and tailored business management capabilities for product-centric organisations, transforming how they manage people, processes, and operations with multi-language, multi-legislation, and multi-currency capabilities.

Further information

Sage Payroll

Sage Payroll is an intuitive solution that helps small businesses to run their payroll reliably and flexibly, including capabilities such as pensions filing, tax submissions, and compliance.

Further information

Sage HR

Sage HR is designed to make people management easier and help teams perform at their best. Sage HR is best suited to small and mid-sized businesses on site or on-the-go. For businesses that require a turnkey, modular, low-cost, and easy-to-install solution, Sage HR offers core record management, leave management, staff scheduling, and expenses services.

Further information

Sage People

Sage People is an HR and people management solution for mid-sized businesses. It uses powerful automation, comprehensive analytics and flexible workflows to ensure global workforces can adapt and thrive.

Further information

1. The Sage 200 product family includes solutions branded Sage 100, Sage 200, and Sage 300.

Our market opportunity

We have a strong global footprint, serving a diverse base of small and mid-sized businesses (SMBs) across North America, Europe, Africa, Middle East and Asia-Pacific. Our broad geographic reach and customer diversity provide a powerful vantage point for us to anticipate and respond to evolving business needs. As digital mega-trends and regulatory tailwinds reshape the business landscape, we are well positioned to empower SMBs through innovation, compliance, and productivity-enhancing solutions.

Strategic outlook

SMBs represent an estimated 99%[1] of firms in our key markets and they play a vital role in the global economy. Despite ongoing macroeconomic and geopolitical challenges, SMBs remain agile and continue to invest in technology to help them thrive. Amid a complex regulatory landscape and accelerating digital transformation, we support SMBs with our trusted portfolio of accounting, HR, and payroll solutions. Through compliance capabilities, AI-powered innovation, and a connected ecosystem, we continue to unlock new opportunities for growth, productivity, and competitive advantage.

Our addressable market

The addressable market for Sage (including organisations with up to 2,000 employees in all countries where we sell our solutions) is forecast to be £44bn in 2026 and to continue growing. This market includes accounting and financial management, human capital management, enterprise resource planning, payroll, accountant taxation and compliance, and accounting practice management software across both cloud and on-premise deployments.

Digitalisation through the ecosystem

SMBs are seeking to digitally transform workflows across their business ecosystem, reducing their administrative burden, and improving their working capital. This presents us with a significant opportunity, as businesses look to automate financial processes through services such as Accounts Receivable (AR) and Accounts Payable (AP) automation, integrated payments, and third-party applications. Our strategic partnerships with fintech and banking providers further extend our reach and enable us to deliver more personalised, scalable, and connected solutions.

Our addressable market[2]

2025	2026	2027
£39bn	£44bn	£50bn

1. OECD estimates.
2. Company estimates based on external sources.

Enabling responsible growth

Technology companies play a critical role in creating a more sustainable future, by driving innovation, enhancing efficiency, and providing tools and solutions that enable businesses to operate sustainably. We are committed to bringing powerful AI-based products to SMBs and underrepresented groups, ensuring they don't get left behind in the technology revolution, while helping them grow in an environmentally and socially responsible way.

Regulatory tailwinds

Governments across Sage's key geographies are mandating digitalisation to drive growth and improve compliance. These mandates promote interoperability by encouraging the use of standardised digital formats and Application Programming Interface (API) driven ecosystems, while enabling seamless integration across platforms. We expect this regulatory momentum will drive widespread software adoption among SMBs.

The UK's roll out of Making Tax Digital (MTD) for Income Tax is expected to transform tax administration by digitalising quarterly reporting for over 1.7 million taxpayers by 2028, improving visibility of tax liabilities. Starting in April 2026, the mandate applies to self-employed individuals and landlords, expanding to lower income thresholds over time. This shift is accelerating demand for compliant software solutions and presents a strategic opportunity to support a diverse, underserved market segment.

The EU's VAT in the Digital Age (ViDA) legislation introduces mandatory e-invoicing, real-time reporting, and single VAT registration across member states. Phased from 2025 to 2035, ViDA simplifies compliance and is expected to generate substantial economic benefits, including an estimated €51 billion in savings for businesses. For Sage, ViDA presents a significant opportunity to support customers through this transition by delivering compliant, scalable solutions that automate invoicing, reporting, and VAT workflows.

With a presence across four continents, we help SMBs stay ahead of the curve as digital trends reshape the future of work.

In parallel, the emergence of Digital ID frameworks for individuals and businesses across the UK and EU presents an opportunity for Sage to embed trust and verification into everyday workflows. With Sage ID already used across our portfolio, Sage is well positioned to unify fragmented identity signals, such as VAT numbers and payroll IDs, into a secure, seamless experience.

Trusted AI is driving transformation

Generative AI continues to reshape the technology landscape and influence the global economic agenda, with its impact accelerating. AI is advancing more rapidly than previous technology shifts, driven by greater accessibility, declining costs, and significant improvements in model capabilities. These developments are enabling the development of AI agents capable of executing complex, end-to-end workflow automation, and marking a transformative shift in how businesses operate and compete.

This AI evolution is strengthened by the rise of domain-specific large language models (LLMs), which allow businesses to differentiate at scale and at a competitive cost. We are capitalising on this opportunity by combining deep subject-matter expertise with rich proprietary datasets to train LLMs that power intelligent, embedded solutions.

Many of our customers are already realising the benefits of Sage's AI capabilities, which align with our technology vision of ending monthly cycles and delivering continuous accounting, assurance, and insights. This helps SMBs work smarter, faster, and with greater confidence.

At the same time, AI introduces new challenges around data accuracy, privacy, security, and intellectual property management. We embrace new technologies in a secure and ethical manner, ensuring customers remain in control of their data and decisions. Our commitment to responsible innovation is reflected in our AI and Data Ethics Principles, which guide the development and deployment of AI across our products. By embedding trust our AI strategy, Sage aims to build long-term confidence in our solutions and ensure that innovation is aligned with customer values and regulatory expectations.

Our business model

Creating value for our stakeholders

Inputs

Customer base
The breadth of our customer base around the world gives us a unique insight into the needs of SMBs.

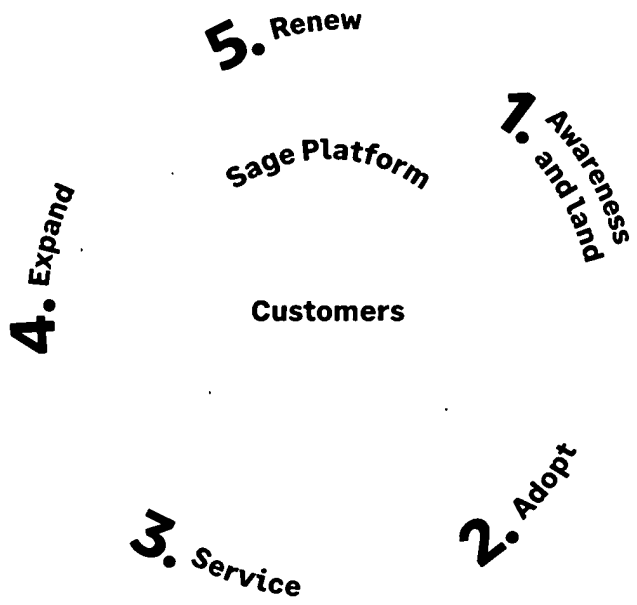
Trusted advisor
Sage is a trusted brand, providing award-winning customer service, which generates loyalty and advocacy among customers.

People
Caring and engaged colleagues are committed to driving success for our customers.

Platform
The Sage Platform is our foundational technology infrastructure that accelerates the delivery of AI-powered innovation.

Ecosystem
We expand Sage's scale and reach through our ecosystem of accountants, resellers, and technology partners.

How we attract and retain customers



1. Awareness and land
Attract new customers to Sage through brand awareness, targeted campaigns, the sage.com website, referrals and partners. Offer guides and trials to prospective customers.

2. Adopt
Sign up new customers to Sage products on subscription. For some solutions, Sage or our partners provide training and onboarding to get customers started.

3. Service
Provide digital and human customer support to enhance customer experience, offering regular check-ins and conducting feedback surveys.

4. Expand
Enable Sage customers to benefit from our expanding portfolio of cloud-based solutions and AI-powered services. This increases the value of our product portfolio and enables Sage to deepen customer relationships.

5. Renew
Create a seamless experience for customers that drives higher satisfaction, helps to retain customers, and increases adoption of Sage solutions. Recommendations also help attract new customers to the network.

Our enablers

More customers

Adding customers, end users, and ecosystem participants drives the network effect and allows us to scale new value propositions. Ecosystem participants (attracted by customer volumes) amplify the network effect.

More data

With more data and data types from network participants, we can capture data flows and transactions both within and outside the network.

More insight

Data drives the development of AI-powered solutions through a combination of understanding customer problems and deploying data science capabilities. This is enabled by our culture of experimentation and innovation.

More value

These solutions enhance the customer experience and create value for customers and Sage.

A culture of innovation and experimentation

Our relentless ambition to help SMBs thrive drives continuous innovation. We encourage our colleagues to adopt an experimental mindset, helping to ensure our workforce remains fit for to an evolving technological landscape.

See pages 24 to 29 to learn more about our culture

Our Values

We do the right thing and deliver on our promises.

- Being **Human** through empathy, care, and strong connections.
- Being **Bold** by being curious, courageous, ambitious, and creative.
- Creating **Trust** by delivering our promises.
- **Simplify**ing by stripping away complexity.

See pages 24 to 29 to learn more about our Values

Outputs

Customers

101%

renewal by value

Colleagues

76

employee satisfaction (eSAT)

Community

80,036

Sage Foundation volunteer hours spent helping our communities

Shareholders

18%

underlying basic EPS growth

21.85p

total dividend for the year

£300m

share buyback announced

See pages 90 to 97 to learn more about our stakeholders

Empowering our customers

FY25 saw Sage achieve another year of strong progress and delivery against our strategy.

Andrew Duff
Chair

Introduction

FY25 saw Sage achieve another year of strong progress and delivery against our strategy. A continued, sharp focus on growth and operational efficiency has resulted in further significant revenue and earnings expansion. Over the last three years, Sage has delivered total underlying revenue growth of over 30%, while underlying earnings per share (EPS) has increased by an impressive 75%, on a constant currency basis. At the same time, we have substantially increased investment in our platform, our products, and our sales channels. In doing so, I believe we have laid a strong foundation for the Group's future success.

Executing our strategy

Sage is a business that is driven by its purpose: to knock down barriers so everyone can thrive. Rapid advances in Artificial Intelligence have provided the means for us to deliver this for SMBs more effectively than ever before. The investment we've made in our infrastructure and our platform over recent years makes us exceptionally well positioned to do so.

Our ambition is to build the world's most trusted and thriving network for SMBs, powered by AI. Importantly, we brought Sage Copilot, our generative AI-based digital assistant, to market in selected products and geographies, and thousands of customers are already using it to guide their decisions and streamline their work. Increasingly, our next-generation AI agents are automating tasks intelligently, but always with the customer in control. Over time, AI will become the foundation of every experience we deliver.

Consistent with our Values, our focus is on delivering practical, safe, human-first AI that empowers our customers and their businesses, rather than replacing them—automating their workflows, removing administrative tasks, and creating more time for growth and innovation.

SMBs make up 99% of all businesses. They are the "beating heart" of developed economies and are significant employers and wealth creators. In contributing to their success, Sage is also helping to power the global economy, providing benefits to all our stakeholders while also supporting the long-term sustainability of the Group.

Financial performance

Sage delivered a good financial performance for the year, as we continued to execute on our strategy and focus on efficient growth. Underlying revenue increased by 10% to £2.5bn[1], while underlying operating margin improved by 150 basis points to 23.9%, thanks to continued strong cost control. With underlying earnings per share growing by 18% to 43.2 pence, Sage has now delivered three consecutive years of annual EPS growth in excess of 15%.

Cash generation remains a core strength of Sage, with 97% of revenues recurring and a strong working capital profile. We continue to carefully allocate our capital, including acquiring complementary technology and expertise through M&A. Recent acquisitions include ForceManager, a mobile workforce management solution, Fyle, an AI-enabled expense management platform, and Criterion, a provider of unified HCM software—broadening our capabilities and reach.

In line with our progressive dividend policy, the Board is proposing a final dividend of 14.40p per share, representing a total dividend of 21.85p per share, an increase of 7%. Since FY20, Sage has returned £2.8bn to shareholders via dividends and share buybacks, and alongside our FY25 results we are announcing the return of a further £300m via share buybacks in FY26.

Colleagues and culture

Sage values its people above all, and the culture they embody is the driving force behind everything Sage does. Our culture and Values guide our decisions and shape our behaviours. We strive to create an environment where colleagues feel empowered to deliver exceptional outcomes, by fostering a culture of high performance, driven by strong, human leadership. Sage is committed to building a diverse and inclusive workforce, and I am proud that in 2025 we were named both as a European Diversity Leader and as one of the UK's Best Employers by the Financial Times.

Governance and the Board

Our philosophy is that strong corporate governance underpins long-term success, and we seek to maintain the highest standards.

In February, we welcomed Lori Mitchell-Keller as a Non-executive Director. Lori brings a wealth of experience to the role, strongly complementing the wider Board's capabilities. Sangeeta Anand stepped down from the Board in February 2025 and did not stand for re-election at the 2025 Annual General Meeting.

In March, we announced that Jonathan Howell would step down as Chief Financial Officer and leave the Board at the end of the calendar year. I would like to thank Jonathan for his outstanding dedication and leadership during his tenure as both an executive and non-executive director over the past 12 years. He has played a pivotal role in shaping Sage's strategic transformation, and we wish him all the best for the future.

Jonathan will be succeeded by Jacqui Cartin, who currently serves as our Group Financial Controller, from January 2026. Jacqui has exceptional leadership qualities and a deep understanding of Sage's business and its success drivers, and I am looking forward to welcoming her to the Board.

Our Board Associate programme helps to ensure that the voice of colleagues is consistently heard in the Boardroom. Our current Board Associate, Amy Cosgrove, is coming to the end of her term in the role. We are in the process of appointing our next Board Associate, and I look forward to sharing details next year.

Sustainability and Society

Our Sustainability and Society strategy supports our purpose, and underscores our commitment to serve all of our stakeholders, including our colleagues and communities. Our performance continues to be recognised externally. In the last year, Sage was ranked among the World's Most Sustainable Companies by TIME magazine, recognised as one of the World's Greenest Companies by Newsweek, and awarded CDP A List for both Climate Leadership and Supplier Engagement.

Colleague commitment to sustainability through Sage Foundation—which mobilises colleagues, partners, and customers through impactful programmes—is nothing short of extraordinary. This is a source of pride to colleagues and contributes to our positive culture. We celebrated 10 years of Sage Foundation this year, and during this time it has raised over $5m globally and facilitated 1.4 million hours of volunteering to support local causes and communities. We continue to focus on how we can use our unique skills, resources and experience to deliver impact in areas where we can make the greatest difference.

Looking forward to FY26

Sage has made remarkable progress over the last few years, with the pace of innovation and change only accelerating. On behalf of the Board, I want to thank all our stakeholders—including our shareholders, customers, partners, and, most of all, our colleagues—for your continued support. I am confident that we will celebrate many more achievements in the coming year, as we enter FY26 well positioned for further growth and success.

Andrew Duff
Chair

18 November 2025

1. Statutory revenue increased by 8% to £2.5bn, reflecting growth in underlying revenue of 10% offset by a 2 percentage point foreign exchange headwind.

Unlocking productivity and powering growth

We're shaping a future where Sage eliminates the burden of admin for SMBs, freeing up time for them to grow their businesses.

Steve Hare
Chief Executive Officer

Introduction

Sage delivered another good performance in FY25, extending our track record of strong, profitable growth and making significant strategic progress. Guided by our purpose—to knock down barriers so everyone can thrive—we're driving innovation across our portfolio, enhancing and accelerating customer benefits, particularly through AI. As digital transformation changes the business landscape, our role in supporting small and mid-sized businesses (SMBs) is becoming more vital than ever—we're shaping a future where Sage eliminates the burden of admin for SMBs to unlock productivity and power growth.

Over the last three years, we have increased underlying revenue at a 10% compound annual growth rate—testament to the ongoing strength of our offering, and evidence that our growth is durable, despite macroeconomic uncertainty. We have also significantly expanded our operating margin and cash flows, enhancing flexibility and driving shareholder returns.

Our operational performance is supported by our strong balance sheet, providing the strategic agility to invest in both organic and inorganic growth. Organic investment is focused on enhancing our products and platform, optimising our go-to-market motion and developing our people. M&A is also an important driver of technology and talent, and during FY25 we enhanced our portfolio with two acquisitions: ForceManager, a mobile sales force management tool; and Fyle, an expense management platform. Since year end, we also welcomed Criterion, a unified HCM software provider, to our platform.

Beyond our core products and services, we are committed to supporting SMBs with the issues they face more broadly. We advocate on their behalf with policy makers and champion initiatives such as simplifying carbon reporting. As vital contributors to the global economy, SMBs drive prosperity, and Sage is equipping them with tools to lead the way in a rapidly evolving landscape.

As ever, the constant force behind our achievements is our people. I would like to extend sincere thanks to our colleagues at Sage, and to the partners and accountants we work with, for their continued dedication as we build on our momentum and shape the future together.

Financial performance

Sage increased underlying total revenue in FY25 by 10% to £2,513m. In North America, revenue grew by 12% to £1,138m, with a strong performance from Sage Intacct together with continued growth in Sage 200, Sage X3, and Sage 50. In the UKIA region, revenue increased by 9%, driven by Sage Intacct, and supported by further growth in cloud solutions for small businesses. In Europe, revenue increased by 7%, with growth across the portfolio.

Underlying operating profit grew by 17% to £600m, driving a strong margin increase of 150 basis points to 23.9%. This was driven by operating efficiencies together with disciplined cost management, supporting ongoing investment in the business. Reflecting this progress and the benefit of recent share buybacks, underlying basic EPS increased by 18% to 43.2p.

Growth was broad-based across the portfolio, driven by continued success in our cloud accounting, payroll, and HR solutions. Sage Intacct continued to perform particularly well, while other cloud native solutions, including Sage Accounting, Sage Payroll, and Sage HR, also performed strongly. In addition, Sage 200, Sage 50 and Sage X3 contributed significantly to growth.

As a result, Sage grew underlying annualised recurring revenue (ARR) by 11% in line with the prior year, to £2,574m. Our organic ARR growth rate of 10%, while slightly below last year's figure of 11%, still reflects a strong performance, with continued growth balanced between new and existing customers. In total, Sage added £200m of ARR through new customer acquisition in FY25. Our renewal rate by value of 101% was driven by strong retention rates and a good level of sales to existing customers, including customer add-ons and targeted price rises.

Our strategy for growth

Our performance in FY25 reflects strong progress in delivering our strategy for growth, which aims to deepen customer relationships, expand our reach, and enhance the value we provide to customers. Our strategic framework includes three key focus areas: connecting SMBs through our trusted and thriving network, growing by winning new and delighting existing customers, and delivering productivity and insights driven through AI.

- **Connect:** The Sage Platform is the foundation for our trusted and thriving network for SMBs, connecting products, partners, and customers in an intelligent ecosystem. As we connect more customers to the platform, we are expanding the scale and scope of our services, delivering value and transforming customer workflows. We made good progress, expanding our offering to automate workflows across the Office of the CFO, including accounts payable and accounts receivable, expense management, payments, HR, and payroll.
- **Grow:** Our aim is to expand revenues across all products and services, with a focus on the greatest growth opportunities. We continue to drive new customer wins, led by Sage Intacct, where ARR grew by over 20% in the US and by around 50% in other markets, and supported by the rest of the portfolio. We also drove value through the expansion of specialist suites, while targeting the "in-life" growth of existing customers through focused cross-sell and upsell.
- **Deliver:** AI is enabling Sage to significantly accelerate customer benefits. During the year, we scaled Sage Copilot, our generative AI-powered assistant, in availability and usage across core products, enabling customers to streamline tasks and make better decisions. We are further developing our proposition with the introduction of AI agents to automate complex tasks across compliance, reconciliation, accounts payable, and tax. We are also leveraging AI to drive productivity internally, with benefits across business areas including engineering and customer support.

You can read more about our progress towards our strategic objectives, on pages 15 to 18

Investment case

Building shareholder value

Diversified and differentiated

- Serving a wide range of SMBs across diverse geographies, with deep expertise across financials, payroll, and HR.
- Broad ecosystem of partners, accountants, resellers, and independent software vendors (ISVs) who enrich and expand the reach of our offering.
- Solutions backed by business advice and human customer support.

17 countries

Focused on innovation

- Expanding global cloud solutions across our markets, led by Sage Intacct.
- Scaling and leveraging our AI-powered platform to transform the workflows of SMBs.
- Launching AI agents to deliver enhanced levels of automation for customers.
- Boosting productivity for SMBs by streamlining processes and delivering trusted business insights.

£379m R&D spend

in FY25

Delivering efficient, sustainable growth

- Focused on scaling the business, with growth creating headroom to increase investment and expand margins.
- Growth supported by favourable SMB drivers, including the need to raise productivity through digitalisation and compliance.
- Strong commitment to sustainability supporting the long-term performance of Sage.

ARR growth 11% in FY25

Robust financial model

- High-quality revenue base, which is 97% recurring, with 83% from software subscription.
- Highly cash generative, low capital intensity business, with underlying cash conversion consistently over 100%.
- Organic and inorganic investment balanced by dividends and additional capital returns to shareholders where appropriate.

Cash conversion 110% in FY25

Focusing on our customers

Building long-lasting and trusted relationships with customers and partners is crucial to the success of our business. Reflecting our commitment to customer success, Sage Intacct was again ranked first for customer satisfaction in the G2 Fall 2025 report for accounting software, while Sage was ranked Best Software Company for 2025 in the UK and in the top 25 globally, based on G2 user reviews.

We place significant focus on enhancing the customer experience, measuring sentiment and generating insights to deliver improvements across our platform. As a result, we increased our transactional Net Promoter Score (tNPS) from 73 in FY24 to 79 in FY25, while also improving our overall customer satisfaction (cSAT) score.

Contributing to customer experience is excellence in customer support. In FY25, AI-powered virtual agents handled more than 200,000 customer interactions, with a consistently high resolution rate. These agents not only streamline query routing, but also free up our human agents to focus on more complex cases. This is helping us deliver faster, smarter support while maintaining a strong focus on overall satisfaction.

Driving customer perception and brand awareness enhances our market presence while supporting both new customer wins and existing customer retention. During the year, we elevated existing relationships while forging new, high-impact partnerships, such as with the English Football League (EFL) and the Ladies Professional Golf Association (LGPA).

Engaging and developing our colleagues

Colleagues drive the success of Sage, and at the heart of that success is our culture. High levels of motivation and engagement are key to delivering our goals, and I am proud that our employee satisfaction score remains high, in the upper quartile of the global benchmark.

During the year, we continued to support colleagues in building core skills, including investing in both our Leadership Academy and our Professional Skills Academy. More than 1,800 colleagues took part in culture enablement sessions designed to boost engagement, helping them build positive habits and take practical action to enhance performance. The strong uptake across these programmes reflects the curiosity, ambition, and drive of our workforce—qualities that are recognised and celebrated.

We aim to attract exceptional individuals to Sage. Knocking down barriers extends to expanding entry routes into the workplace and, in FY25, we welcomed nearly 400 graduates, apprentices, and interns. Through our Pathways programme, we also provide opportunities to those facing employment challenges, including people with disabilities, returning professionals, and military veterans. We remain committed to building a workforce that reflects the diversity of communities in which we live and work.

Doing business sustainably

Growing sustainably is vital to the long-term success of Sage, as we seek to deliver extraordinary outcomes for all of our stakeholders. In FY25, we made good progress across our three pillars—Protect the Planet, Tech for Good and Human by Design—and embedded sustainability across our operations, products, and culture. We are proud of our continued recognition, including being ranked among the World's Most Sustainable Companies 2025 by TIME Magazine for the second consecutive year, as well as one of the World's Greenest Companies by Newsweek.

We are targeting net zero emissions by 2040, with an interim target of halving our emissions by 2030, against a 2019 baseline, and we continue to make good progress against these targets. However, our goal goes beyond our own footprint. We are also championing the role of SMBs in the global energy transition, advocating for simplified standards and providing the data and insights to help them manage their own sustainability journeys.

Underscoring our commitment to create equal access to skills and growth, we launched our biggest single social impact initiative to date—the Sage Impact Entrepreneurship programme. Delivered in partnership with Village Capital, this programme aims to empower 165 purpose-driven entrepreneurs over three years with access to funding, mentorship, training, and Sage products.

Summary and outlook

Sage delivered a good performance in FY25. With our global platform, trusted brand, and focused innovation strategy, Sage is exceptionally well positioned to support small and mid-sized businesses as they adopt AI-enabled services. This drives confidence in our ability to deliver strong, sustainable growth and long-term value for all stakeholders.

In FY26, we expect organic total revenue growth to be 9% or above. Operating margins are expected to continue trending upwards in FY26 and beyond, as we focus on efficiently scaling the Group.

Strategic Report

Our Strategic Report on pages 1 to 68 has been reviewed and approved by the Board.

Steve Hare
Chief Executive Officer

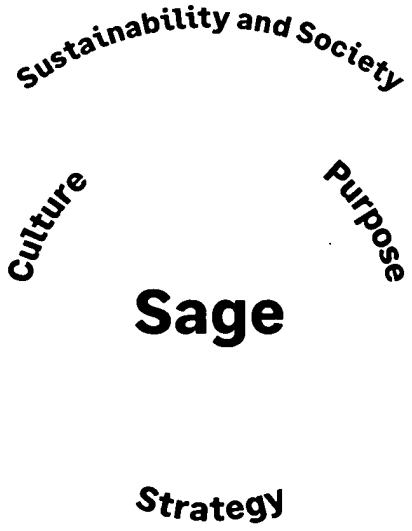
18 November 2025

Our strategy
for sustainable growth

Connect
Connecting SMBs through our trusted and thriving network

Grow
Winning new customers and delighting our existing ones

Deliver
Delivering productivity and insights driven by AI



Connect

The Sage Platform is the foundation for our trusted and thriving network for small and mid-sized businesses, connecting our apps, APIs, developer tools and infrastructure into a unified experience. The platform simplifies and streamlines work, integrating third-party solutions such as payments together with Sage's own capabilities across areas such as Accounts Payable (AP) automation, Accounts Receivable (AR) automation and expense management, to address key customer challenges around cash flow, compliance and workflow automation. It also powers embedded services, extending Sage's core capabilities into external platforms through banking, lending and fintech partners, unlocking new monetisation models and partner routes to market. Every connection, transaction and data point makes the system smarter, creating network effects that scale AI innovation consistently across all Sage products and workflows.

Progress in 2025

- Expanded our AP automation service, with the monthly value of invoices processed tripling over the past 12 months to $2.3bn.
- Recognised as a "Major Player" by IDC for Accounts Receivable automation for SMBs.
- Formed strategic partnerships with MineralTree to strengthen our AP automation offering.
- Rolled out Tap to Pay in Sage Accounting across the UK and Canada, deepening our partnership with Stripe.
- Acquired Fyle, an AI-enabled expense management software.
- Sage Sales Management integrated with Sage Copilot and is now available to Sage 50 customers in Spain, the UK, and France, and Sage 200 customers in Spain.
- Launched the Sage e-Invoicing portal in France, preparing over 150,000 customers for e-invoicing.
- Strengthened our embedded services proposition including Tide (basic accounting), Monzo (MTD), and Artis Trade (US lending).

Success measures

- Availability and adoption of platform services
- Sage Business Cloud revenue growth

Focus for 2026

By accelerating adoption across the portfolio, we will drive customer value and unlock the network scale effect, creating a strategic advantage for Sage through smarter, more connected services.

Case study

Greenidge streamlines AP with AI-powered automation

Greenidge, a Nasdaq-listed energy and cryptocurrency company, has transformed its finance operations using Sage Intacct's AI-powered Accounts Payable automation service. Previously reliant on manual invoice processing, the Greenidge team faced inefficiencies and errors that slowed operations and strained resources.

Invoices are now processed by AI, where the system matches them to purchase orders, applies correct coding, and initiates workflows automatically.

AI also enhances internal controls through outlier detection, flagging unusual transactions before they escalate.

With streamlined operations and AI-enhanced controls, Greenidge's finance team doubled productivity while maintaining a lean structure. By using Sage Intacct, Greenidge is empowered to navigate market volatility and support multi-entity growth confidently.

We're now handling more than twice the volume without expanding the team. And, more importantly, AI ensures that everything is consistent, traceable, and easy to audit.

Christian Mulvihill,
CFO at Greenidge Generation Holdings

For more information scan or click the QR code

Grow

Ensuring Sage maximises its market opportunity and continues to deliver strong growth is fundamental to our strategy. Our overarching aim is to expand revenues across all products and services, throughout our geographical end markets. Key initiatives include scaling Sage Intacct in North America and UKIA, establishing Sage Intacct and Sage Active in Europe, growing our small business solutions (particularly through accountants) and accelerating growth through targeted cross-sell and upsell to existing customers.

A key feature of our growth strategy is the shift towards selling more integrated suite propositions, simplifying the customer experience and increasing overall lifetime value. We're also advancing our vertical strategy, tailoring solutions to industry-specific needs across both the medium and small business segments, powered by the Sage Platform and supported by ecosystem partners.

Progress in 2025

- Sage Intacct continued its strong momentum, with ARR growth of over 20% in the US and c.50% in international markets.
- Replatformed Sage X3, to deliver a full cloud-native experience.
- Sage Active continues to accelerate in Europe.
- Sage Distribution and Manufacturing Operations (SDMO) launched in France, serving the distribution and manufacturing industries.
- Sage 50 and Sage 200 grew across all regions.
- Enhanced the commercial proposition for Sage Intacct through the expansion of specialist industry suites and introduction of multi-year contracts.
- Sage Intacct is scaling rapidly in the UK, with over 1,600 customers, and is gaining early traction in France and Germany.
- Expanded Sage Intacct Construction to the UK, following its success in US, Canada, and Australia.
- Launched Sage Intacct Accountants in Canada to support client advisory.
- Driving cross-sell and upsell through add-ons and deeper functionality across the portfolio.

Success measures

- ARR growth
- Renewal rate by value
- Customer experience metrics

Focus for 2026

Drive further momentum with new and existing customers and improve access to products and services through suites.

Case study

How Ansell Lighting transformed operations with SDMO

As Ansell Lighting expanded into new markets and outgrew its legacy systems, the company needed a modern cloud solution to streamline operations and support continued growth. Ansell Lighting implemented Sage Distribution and Manufacturing Operations (SDMO), seamlessly integrating it with the existing Sage Intacct financial system.

The results included faster processing, improved remote access, and more efficient bill of materials (BOM) management. Teams can now multi-task within the system, accelerating product development and decision making.

With SDMO, Ansell Lighting is not only operating more efficiently today but is also well positioned to scale and innovate for the future.

Our technical department and the team raising the bill of materials are seeing the most significant improvement. Their day-to-day experience has been materially improved.

Chris Squire
IT Project Manager at Ansell Lighting

For more information, scan or click the QR code

Deliver

AI is reshaping how businesses operate, and we are transforming SMB workflows with practical, accessible AI-powered solutions built for real-world needs. Through Sage Copilot, customers are using generative AI to discover insights and analyse financial information, speeding up processes such as the month-end close and improving confidence in financial data. We are also rapidly growing our portfolio of AI agents, each one purpose-built for a specific domain and process. This expanding network tackles specialised tasks, operating autonomously for our customers. Internally, we're adopting a strategic approach to AI across the organisation that empowers colleagues and drives transformation.

Progress in 2025

- Sage Copilot is now available to customers across Sage Accounting, Sage 50, Sage for Accountants, Sage Active, Sage Intacct, and Sage X3.
- Launched agents including Sage's MTD for Income Tax Agent and Finance Intelligence Agent.
- Every Sage Accounting plan includes Sage Copilot and Sage Earth Carbon Accounting, alongside HR and payroll.
- Launched customer support AI agent, with a consistently high resolution rate.
- Partnered with the CPA.com, a subsidiary of the American Institute of Certified Public Accountants (AICPA), to explore licensing AICPA resources to train Sage Copilot.
- Payroll Salary Variance Detection launched in Sage Copilot for UK Small Business Suites and Accountants.
- Enhanced Sage 50 with AI-powered features such as natural language search for reporting, data extraction and classification and fraud detection.
- Sage People includes new tools such as Workforce Intelligence for AI-powered insights, and access to personalised learning and wellbeing through Uptime.
- Powered by Sage Copilot, Sage Intacct launched in the AI Agents and Tools category of the AWS Marketplace.

Success measures

- Sage Copilot availability and engagement
- Internal adoption of AI tools to drive efficiency

Focus for 2026

We will unlock the potential of intelligent autonomous agents in a wave of innovation, grounded in trust, transparency, and customer empowerment.
Read more on pages 19 to 21.

Case study

Haneker gains clarity and control with Sage Copilot

Haneker, a high-end architectural joinery firm in London, turned to Sage Copilot to simplify financial oversight as the business scaled. With disconnected systems and growing complexity, Haneker needed real-time insights without the burden of manual reporting.

Sage Copilot now delivers instant visibility into cash flow, margins, and project spend, surfacing anomalies such as supplier cost increases before they escalate. Beyond numbers, Sage Copilot empowers the Haneker team with shared visibility, enabling faster, more confident decisions.

For more information, scan or click the QR code

I use it for visibility. I can check how we're tracking, what's outstanding, and where things look off. It helps me ask the right questions early.

I don't need to chase numbers or wait for someone else to run a report. I can check in quickly and understand what's going on. It's not about replacing people, it's about making smarter decisions with confidence.

Margaret Sadzynska
Managing Director, Haneker

Empowering our customers

The agentic AI era for CFOs

Our Chief Technology Officer discusses how Sage is now positioned to bring the potential of agentic AI and autonomous agents to SMBs in a wave of innovation.

Q Where are we currently in our journey toward agentic AI at Sage?

A We've embedded AI into our products for over seven years, so we're not at the beginning of this journey. Today, we're operating at scale with over 40,000 models in production, generating 3.5 billion predictions annually, and processing over 40 million documents over the past year. That depth matters: we're building on real use, not starting from zero.

We describe our AI journey in three waves. First was task automation, which we've done at scale for years to remove manual, repetitive work. Second is generative AI, already live through Sage Copilot. And the third—the wave we're in now—is agentic AI: autonomous agents that take insight-driven action on a customer's behalf.

We're focused on leading the agentic AI wave by building trusted agents for finance workflows and preparing our platform to integrate with the wider agent ecosystem. As customers adopt enterprise agents, we're standardising on Model Context Protocol (MCP) agent servers and putting governance in place to keep our products secure, scalable, and future-ready.

Q Can you talk about the use cases we've identified for agentic AI?

A We're focusing on areas that free up capacity and give finance leaders more flexibility, such as invoice coding, reconciliation, and cash flow forecasting. These are routine but critical to giving finance teams confidence in their numbers and the decisions that follow. Equally valuable, they free finance teams to focus on more important work. From there, we're expanding into areas uniquely suited to the power of agents, such as automating the monthly close, preparing Making Tax Digital (MTD) returns, and monitoring business performance to identify unseen opportunities and risks. As CFOs take on broader advisory roles, agentic AI powers forward-looking analysis and scenario planning, so finance can guide the business—not just report on it.

40,000
models in production

3.5bn
predictions annually

40m
documents processed

Q Which products have already launched with AI agents?

A We've already started embedding AI agents into live products, with a growing set now operating across finance and tax workflows. They work within clear boundaries, so teams get outcomes they can trust while staying in control. Every agent follows user-defined permissions, with full transparency and approvals. One example is our Finance Intelligence Agent. It allows customers to ask questions in natural language and get instant data, analysis, predictions and recommendations they can act on. By eliminating the need to run reports or analyse data externally, it simplifies decision-making and accelerates outcomes.

Across our products, we're rolling out agents to take care of core finance tasks. From managing compliance and reducing errors to accelerating the close and cutting out manual entry in accounts payable and expenses, these agents are arriving quickly across markets to help finance leaders do more with less effort.

Q How does Sage Copilot work with AI agents?

A Sage Copilot is the experience layer, the way customers interact with AI in natural language across Sage products. It provides a single, consistent interface, while the intelligence and execution happen behind the scenes.

At its core is Sage Ai, our proprietary models, trained on trusted financial data, powering predictions and insights. Collaborating with it are our AI agents, acting on the customer's behalf within permissioned boundaries and with full customer transparency. Sometimes they're visible, surfaced through Sage Copilot when a customer requests a task. Other times they run quietly in the background or in partner environments, keeping critical workflows moving without human input.

Together, this creates a seamless system: customers interact with Sage Copilot, agents deliver, and the whole experience is explainable, secure, and designed for the demands of finance. Our AI Trust Label brings that to life, giving customers visibility into the principles on which our products are built and governed, from the data they draw on to the logic behind their decisions. It's a visible part of our authentic approach, and a reminder that while we're moving fast, we're doing it responsibly, with transparency and control at the centre.

Q And how do AI agents fit within the Sage Platform?

A The Sage Platform is the foundation for all Sage Ai. It combines the financial data our customers already trust, with the infrastructure needed to build, deploy, and operate AI responsibly, and the reach to connect those capabilities across Sage products and the wider ecosystem.

At the heart of this platform is the Sage Ai Factory, our scalable infrastructure for developing models within a secure trust fabric. To support agentic AI, we've evolved this foundation into an Agentic AI core, powered by our LLM-backed proprietary reasoning engine and built on Model Context Protocol (MCP) agent servers. This core allows agents to draw on Sage-specific skills, tapping into product APIs and intelligence services, all underpinned by our Data Hub and Experience Services to maintain accuracy, control, and security, while creating a consistent experience across products. Together, these elements power a unified agent library, enabling agents to deliver consistent, precise responses across products. But the platform is more than tech—it's a long-term strategic moat. It connects businesses, accountants, and partners through a governed ecosystem that supports secure data sharing, regulatory compliance, and embedded AI services. Every transaction and integration strengthens the system, creating network effects that scale AI innovation across workflows.

Anchored in domain-specific data and extended through our partner network, the platform creates a durable competitive advantage and positions Sage to deliver agentic AI at scale with real business impact.

Q What sets Sage apart from others in the AI market?

A Over 40 years of experience, trust, and deep domain expertise, with extensive, proprietary datasets, are just a few of Sage's strongest differentiators. Businesses want AI from providers they already rely on, and we have earned that position over decades. It's also what makes us an attractive partner. Our collaboration with the American Institute of CPAs (AICPA), for example, seeks to align Sage Ai with professional standards in the US, to produce accuracy that others can't match. Building that level of trust takes years, which is why it's out of reach for most challengers.

Equally important is how we build our AI. Guided by our authentic intelligence philosophy, it's designed for finance and built to deliver transparent, accountable outcomes. We customise and train our AI using real-world data from the millions of transactions that flow across our platform. Learning from actual customer activity—not synthetic scenarios—means we can continually refine our models to reflect the mission-critical finance workflows businesses run every day.

It's already delivering results—reducing manual data entry by up to 90%, helping to double productivity in accounts payable, and reviewing seven million transactions a month for anomalies.

And as we advance agentic AI, we haven't lost sight of the fundamentals. Systems of record such as the general ledger still matter. That's why we're committed to not only making Sage the best platform for human users, but also ensuring it's the most trusted, capable environment for agents to run the workflows that power SMBs.

We're committed to not only making Sage the best platform for human users, but also ensuring it's the most trusted, capable environment for agents.

Aaron Harris
CTO

Q What does success look like for Sage Ai?

A In the near term, success means leading the agentic AI wave by building trusted agents for accounting and finance workflows while continuing to develop the secure, scalable platform they run on. Our R&D is focused on meeting finance standards, creating models that are flexible and cost-effective, refining our machine learning infrastructure to support automation at scale, and delivering a consistent AI experience across our portfolio.

Our success is measured by the outcomes we deliver for customers, enabling real-time strategic decision making by freeing teams from manual, repetitive tasks.

Delivering these outcomes is about more than technology—it's also about leadership. Challengers may talk about what they intend, but real leadership is about execution at scale. The companies that win are those that prove resilient and set the pace. At Sage, we're doing just that. By building on trusted financial data, deep domain expertise, and the strength of our partner network, we're showing that incumbents with the right strategy don't get displaced—they lead.

Our key performance indicators

Measuring our progress

Sage has four strategic KPIs that show the impact and progress of our strategic execution.

Strategic KPIs

Underlying ARR growth

2025	**11%**
2024	**11%**
2023	**11%**

Description
ARR is the normalised reported recurring revenue in the last month of the reporting period, adjusted consistently period to period, multiplied by 12 (FY25: £2,574m). ARR growth is stated on a comparable foreign exchange basis, with the prior period ARR retranslated at the current year exchange rates, to neutralise the effect of currency fluctuations.

For a full definition, see our Glossary on page 261.

Why we are measuring this
Underlying ARR growth represents the annualised value of the underlying recurring revenue base that is expected to be carried into future periods, and its growth is a forward-looking indicator of reported underlying recurring revenue growth.

Performance
Underlying ARR increased by 11% in FY25, reflecting growth across all regions balanced between new and existing customers.

Renewal rate by value

2025	**101%**
2024	**101%**
2023	**102%**

Description
Renewal rate by value is the ARR from renewals, migrations, upsell, and cross-sell of active customers at the start of the year, divided by the opening ARR for the year.

Why we are measuring this
Since it does not include new customer acquisition or reactivation of off-plan customers, renewal rate by value is an important measure of the strength of our existing customer base.

Performance
Renewal rate by value was 101% in FY25, reflecting strong retention rates and a good level of sales to existing customers.

Other selected KPIs

Efficient growth

Our objective is to grow the business in a way that is both balanced and efficient, prioritising not only expansion but also long-term sustainability. We aim to achieve this through a focus on high-quality revenue growth and progressive margin improvement, ensuring that, as the business scales, it does so with increasing efficiency. This approach enables us to expand profitably while continuing to reinvest in our products, our platform and our people, reinforcing the resilience and longevity of our business model.

Progress is measured using the Rule of 40, which combines underlying ARR growth and underlying EBITDA margin to provide a comprehensive view of both top-line performance and underlying profitability.

Main metrics: Rule of 40

In addition to the KPIs outlined here, details of our environmental and additional employee-related metrics are provided in our Non-Financial Statement

Customer experience

We aim to differentiate Sage by delivering unique experiences that delight customers and drive growth. By placing customer centricity at the heart of our strategy, we have continued to evolve our customer experience approach, measuring sentiment through transactional Net Promoter Score (tNPS). This methodology captures feedback across a broad range of touchpoints, spanning multiple solutions and services, and provides a granular view of the customer experience.

In FY25, we launched Medallia, our new Voice of the Customer (VoC) platform, which significantly enhances insight across every interaction. These insights empower our customer support teams across our regions and functions to make smarter, more informed decisions. Broader customer insights are also actively shaping our strategy and execution, helping us identify trends and drive continuous improvement across the organisation.

Main metrics: tNPS, customer experience improvements

Our strategic objectives

Sage Business Cloud penetration

2025	**90%**
2024	88%
2023	84%

Description
Sage Business Cloud penetration is the underlying recurring revenue from Sage Business Cloud solutions as a percentage of the underlying recurring revenue of the Future Sage Business Cloud Opportunity.[1]

Why we are measuring this
This metric measures progress in the transition of the business to Sage Business Cloud solutions.

Performance
Sage Business Cloud penetration increased to 90% in FY25, reflecting the further expansion of Sage's cloud solutions within the business mix.

Subscription penetration

2025	**83%**
2024	82%
2023	79%

Description
Subscription penetration is the underlying software subscription revenue as a percentage of the underlying total revenue.

Why we are measuring this
This metric shows the progress Sage is making in migrating customers to subscription.

Performance
Subscription penetration reached 83% in FY25, reflecting continued growth from subscription contracts.

Employee satisfaction

Understanding how our colleagues experience Sage is essential to nurturing our culture. One of the ways we monitor and understand how happy our colleagues are working at Sage is to conduct regular colleague surveys, including measuring employee satisfaction (see page 29).

High response rates and rich insights from these surveys help us track sentiment and ensure we take meaningful action to protect and strengthen our culture.

Main metrics: eSAT

Sage Foundation volunteering

Sage Foundation is a valued part of life at Sage and colleagues tell us it is one of the reasons they enjoy working here. Every colleague has up to five days of paid volunteering leave each year, allowing them to make a difference locally and connect with the communities where we operate.

In FY25, we adopted a new methodology for measuring engagement, now focusing solely on volunteering during working hours. Previously, we reported on total volunteering hours, including those outside of work. This change enables more consistent and comparable impact measurement across peers and industry benchmarks.

Main metrics: Sage Foundation volunteering hours

1. In FY25, underlying recurring revenue from Sage Business Cloud solutions was £2,047m, while underlying recurring revenue from the Future Sage Business Cloud Opportunity (which includes solutions that are part of, or have a clear pathway to, Sage Business Cloud) was £2,282m.

The Sage culture

Sage's culture powers growth—uniting purpose, performance, and people to deliver exceptional outcomes.

Amanda Cusdin
Chief People Officer

Q Why is culture so important at Sage?

A Our purpose is to knock down barriers so everyone can thrive: this defines what we do, while our culture defines how we do it. It's a shared commitment–it's not owned by any one team, and it shows up in how we work together, serve our customers, and live our Values: being Human, Bold, Trust, and Simplify. Together, our culture and Values guide our decisions, shape our behaviours, and create an environment where colleagues feel empowered to deliver exceptional outcomes.

In FY25, our employee engagement remained strong. We achieved an eSAT score of 76 (FY24: 76), with a response rate of 82%. Colleagues reported a strong sense of belonging, have a clear sense of the contribution they make to team goals, and say they value honest and constructive feedback. This reflects the positive impact of our continued focus on building a culture of feedback and accountability.

Our strong internal engagement is mirrored externally. Our Employer Brand Index improved by 15 points over FY25, and Sage was ranked #15 on the Financial Times' Best Places to Work in the UK. These achievements demonstrate growing recognition of Sage as a Values-led organisation where people come first.

By putting people at the heart of everything we do, we are building a workplace where everyone can thrive—today and into the future.

Q How is Sage's culture brought to life?

A We've built momentum by staying true to what we know works. The stability and continuity of our cultural priorities have provided a strong foundation for continued progress throughout FY25.

We've embedded our high-performance culture more deeply across the organisation—centred on customer centricity, accountability, and engaging, empowering, and recognising colleagues. Our monthly manager enablement sessions raise awareness, provide tools, and shift mindsets, with more than 71% of people managers attending these sessions. Deep dive culture interventions have been running across the business, with more than 1,800 colleagues participating in interactive culture enablement sessions designed to boost engagement and help them take practical action, build new habits, and support high performance.

All colleagues also have the opportunity to build core skills through the Professional Skills Academy, with a strong focus on feedback and accountability. We recorded more than 4,000 completions across the curriculum in FY25, reinforcing our culture and behaviours that drive performance and build trust. Critically, 86% of participants reported applying what they learned, and 84% said it helped them do their job better—demonstrating clear skill growth and real impact in the flow of work.

A key driver of our culture is strong, human leadership. In FY25, we continued to invest in building accountable, future-ready leaders at every level. Our Leadership Academy remains a powerful platform for leadership development, with 855 colleagues having completed a programme in FY25. From aspiring to senior leaders, we're equipping our people with the skills and mindset to lead with impact, drive performance, and role model the behaviours that shape Sage's culture.

Finally, we reinforced our commitment to doing the right thing, including by refreshing our Personal Data Protection training, with completion rates of 99%.

The Aspiring Leader Programme really helped me shift my internal framework from a "me" to "us" mentality. This helped me focus on the collective and how we can thrive as a team. It made the transition from individual contributor to managing a team a lot easier.

Whitney Ragan
Product Design Manager

Q How is Sage supporting colleagues to work in an AI world?

A We are proud of our progress in Artificial Intelligence and the value it unlocks for our customers. Starting in FY24, we made a significant investment in the roll out of Sage Copilot, reflecting our commitment to AI product innovation. To stay ahead of the opportunity AI presents, we have focused on building AI literacy across our workforce, across all job roles. This investment is not only a strategic business imperative, but also a reflection of our belief that we should support every Sage colleague in adapting to the evolving world of work.

Starting in FY24, we made Microsoft Copilot Chat available to colleagues. Building on this momentum, in FY25 we launched our AI Academy—designed to help colleagues learn, act, and embed AI in their day-to-day roles. We're taking both a global and functional approach, tailoring learning to areas such as Marketing, Customer Success, and Engineering.

The AI Academy combines foundational education, hands-on use cases, and deeper technical upskilling—including Microsoft and AWS Data & AI certifications on our AI tech stack. Data skills are core to this, helping colleagues use AI and data confidently together. So far, 15,703 AI Course completions have been recorded. Our growing AI Champions Network is also helping embed AI practices across Sage, with early signs of impact including a 45% increase in AI prompting confidence.

Staying true to our Value of Trust, we launched a global AI and Ethics e-Learning to help colleagues apply responsible AI principles in their work. Partnering closely with our Legal and Compliance teams, we provided clear guidance and robust processes for tool approval and use. We also reinforced the importance of human skills—such as critical thinking and ethical judgement—through the Professional Skills Academy and LinkedIn Learning. These efforts ensure colleagues are confident using AI responsibly and with integrity.

Q What are your priorities for the year ahead?

A As our business evolves, so too will our People strategy—ensuring we can meet both internal and external demands as a growing global technology company. In FY26, we will accelerate our efforts to build a future-fit workforce: one that moves at pace, embraces bold innovation, and adopts an AI-first mindset.

Central to achieving our ambition are our leaders. We will continue to focus on developing broader and deeper leadership capability across the organisation. At the same time, we will invest in and scale our Early Careers Programme, continue to develop and promote internal talent, and sharpen our understanding of the critical skills needed for long-term success.

These priorities will be underpinned by our Values and a commitment to fostering an inclusive, collaborative culture—one where colleagues feel empowered, supported, and proud to bring their whole selves to work.

How we attract, develop, and engage talent to fuel Sage growth

Creating a workforce fit for the future—one that positions Sage to fuel future growth and deliver extraordinary outcomes for our customers—requires deliberate and sustained effort. At the heart of our ambition lies a simple but powerful principle: having the right talent, doing the right work, with the right skills, at the right time.

Prioritising talent attraction was important when we opened our new North American Flagship Office and Customer Discovery Centre in Atlanta this year. We launched a bold employer brand campaign to attract top sales talent. In just three and a half months, the campaign generated nearly 15 million impressions and almost 9,000 applications, representing a 123% increase in application volume. This surge in visibility and engagement significantly improved the quality of our candidate pool.

In FY25, we continued to invest in our direct sourcing model, confident that our Internal Hiring team is best placed to identify future Sage colleagues. This approach has enabled strong internal mobility, with many colleagues stepping into new roles that not only support business outcomes but also accelerate their personal growth. Our internal fill rate of 45% demonstrates this approach.

Expanding entry routes into Sage remains a strategic priority. A strong talent pipeline begins with attracting exceptional individuals into our Early Careers Programmes. In FY25, we welcomed 392 Early Careers colleagues into the business. While this is a positive step, we recognise the need to scale further to align with industry benchmarks. Supporting colleagues at the start of their journey is critical, and our Sage Ignite Development Programme—now operating across the Group—plays a central role. This year, the Ignite Graduate Programme was a finalist for Best Graduate Development Programme at the Institute of Student Employers' Annual Awards in June 2025. This recognition underscores our commitment to delivering structured, high-impact learning experiences and reinforces graduate development as a top strategic priority. In FY26, we plan to continue to invest heavily in this area and scale our early careers offering, ensuring our graduates have the skills, support, and opportunities they need to excel and lead confidently.

As part of our Colleague Engagement strategy, we remain deeply committed to building a workforce that reflects the diversity of the communities in which we live and work. We actively seek out and remove barriers to ensure everyone has the same opportunity for success. This year, Sage received the Best Diversity Recruitment Initiative of the Year award for our Partner Academy Programme at the CRN Women & Diversity in Channel Awards. This recognition highlights our use of the Pathways Programme to direct career returners and changers into the UK's tech partner ecosystem. The collaboration between Pathways and the Partner Academy demonstrates our commitment to creating accessible and inclusive routes into tech careers for underrepresented talent. Our Sage Pathways Programme was also recognised with a Vercida Employer Excellence Award for Best Overall Initiative.

We move at pace, innovate constantly, and stay ahead of our customers' needs—which is why we invest in building a future-fit workforce ready to thrive. Through our Leadership Academy, we're developing capable, accountable leaders equipped to drive performance and lead through change. We're also building critical skills across the organisation via our Professional Skills Academy and AI & Data Academy—developing the human and digital capabilities needed for success. We are strengthening functional or "craft" skills through targeted academies in areas such as sales, marketing, and product, ensuring colleagues are equipped with the expertise to fuel business and personal growth.

We believe colleagues should be empowered to shape and own their careers. Now in its second year, our Talent Marketplace is delivering on its promise—enhancing talent mobility, increasing workforce agility, and supporting the growth of a skills-driven workforce aligned with our future strategy. Adoption rates reached 83% in FY25 and we now have 314 internal mentors who are ready to support their colleagues on their skills journey.

Finally, our annual talent cycle and succession planning processes continue to be vital mechanisms for identifying and developing future leaders. This year, we've seen strong internal succession success, including at the Executive Leadership Team level (Jacqui Cartin as incoming CFO).

Case study

Promoting internal talent

When promoted to Team Leader, Joleen Tarr, a Customer Services Team Manager based in Johannesburg, wanted to build the leadership skills needed to step into her new role with clarity and purpose. By enrolling in the Manager Essentials Programme, she developed a strong foundation in leadership, focusing on key areas such as clear communication, active coaching, and trust-based accountability.

The Manager Essentials Programme became a powerful space for reflection and growth, and deepened my leadership toolkit.

Joleen Tarr
Customer Services Team Manager

Case study

Our new Sales Academy fast-tracks onboarding and is already boosting performance

In FY25, we laid the foundation of the Sales Academy through pilot programmes to test onboarding pathways and gather feedback, starting in France with Sage Intacct Account Executives, followed by the US with Sales Development Representatives. Early results showed 100% satisfaction and 75% confidence across core topics, prompting expansion to other regions.

We have developed a global timetable, aligning foundational and activated skills across six onboarding weeks, from "Intro to Sage" to "Ready to Go". This structure ensures consistency while allowing localisation and personalisation. The Sales Academy's infrastructure includes blended learning journeys and role-specific activation, supported by a governance model and live feedback dashboards. Test cases in Atlanta mirrored the satisfaction scores, and early results suggest new hires will be hitting targets one week ahead of previous cohorts.

Creating an environment where everyone can thrive

To realise our core purpose to knock down barriers so that everyone can thrive, we must be an inclusive, welcoming organisation—one where colleagues are respected and empowered to be their authentic selves, without fear of discrimination or exclusion. We bring this to life through three guiding principles:

- **Build diverse teams**
  Offer a range of voices, backgrounds, and experiences to help us innovate faster, see challenges earlier, and make the right decisions by better understanding our customers.
- **Inclusive culture**
  Our leaders serve as positive role models and colleagues feel safe and encouraged to share their experiences.
- **Equity by design**
  Our systems and processes ensure accountability for diversity, equity, and inclusion sits across the business, in the day-to-day decisions being made.

Our FY25 "All About Us" diversity self-declaration rates reached 60% across all active countries, following the onboarding of all our colleagues in India this year. This data gives us insights to better understand inequities and underrepresentation, and develop solutions to provide fair access to opportunities at Sage. In India, the data has also shown us the proportions of colleagues who are care givers for one or more family members, prompting us to create a series of multi-language sessions to better promote our Employee Assistance Programme, Cleo, and Healthy Mind Coaches benefits and networks to support colleagues.

Our Colleague Success Networks continue to be a key driver in fostering an inclusive culture and bringing our Values to life, with membership now reaching 28% (FY24: 22%). In France, we have introduced the Pride Network. In North America, our Blacks United in Leadership and Development (BUILD) Network collaborated with our Foundation Partner, Access to Capital for Entrepreneurs (ACE) to host the second Annual Sage Small Business Expo. In the UKI region, our Embrace Network partnered with Cyber Security to sponsor the Black Tech Fest. Our Ability Networks across North America, UKI and South Africa have supported the launch of the Hidden Disability Sunflower scheme across over 4,000 colleagues, to reduce the stigma associated with the conversations around workplace adjustments. The launch of our Global Workplace Adjustments and Accommodations Policy has provided a consistent global framework to ensure colleagues can access the support they need to perform at their best.

Workplace wellbeing is not a standalone programme at Sage —it's part of our culture. We create an environment where every colleague feels safe to speak openly, supported to find balance, and empowered with the tools to thrive inside and outside of work. Our approach spans mental, physical, social, and financial health, enabling colleagues to bring their best selves to work and grow with confidence.

We deliver a consistent global monthly programme of health promotion, learning, and awareness that inspires change and builds the skills needed for sustainable high performance. Covering topics from stress management and suicide prevention to menopause, carer support, and mental health leadership training, we equip managers to provide tailored support and have doubled our Healthy Mind Coaches in Customer Support. Our Global Wellbeing Community now connects over 1,900 colleagues, with year-on-year growth embedding wellbeing deeper into our culture.

We remain focused on healthy finances, and in April, we were proud to receive the 2025 GEO Award for Best in Financial Education and Wellbeing (10,000–25,000 employees). This recognition celebrates our dynamic, human-centred approach to financial education—an approach that places colleague empowerment at the heart of our Share Plan strategy.

Sage gender and ethnicity balance

As part of our commitment to equity and transparency, Sage tracks and publishes data on gender and ethnicity representation in the regions where it is legally possible to do so, across our global workforce. The table below highlights our current progress and areas of focus for the Board, Executive Leadership Team (ELT) and their next reporting level. For further DEI information please see page 106.

		Board	ELT[1]	ELT and direct reports[2]	All colleagues[3]
Number of people		**10**	**9**	**70**	**11,094**
Gender	Female	**4**	**3**	**27**	**4,687**
	Male	**6**	**6**	**42**	**6,289**
	Non-Binary	**–**	**–**	**–**	**29**
	Undisclosed	**–**	**–**	**1**	**89**
Ethnicity	Asian	**1**	**–**	**3**	**505**
	Black/African/Black S.African/Caribbean/ Black British/African American	**–**	**–**	**3**	**240**
	I do not wish to self-identify my race or ethnicity	**–**	**–**	**2**	**200**
	Indigenous	**–**	**–**	**–**	**8**
	Multiple Ethnic Groups	**–**	**–**	**1**	**103**
	Other Ethnic Group	**–**	**1**	**1**	**175**
	White	**9**	**8**	**51**	**3,217**
	Undisclosed	**–**	**–**	**9**	**6,646**

Data as of 30 September 2025.

1. ELT data reflects the information as at 30 September 2025 and includes the Executive Directors as well as Eduardo Rosini, who served as Chief Growth Officer and a member of the ELT throughout FY25. Steve Hare and Jonathan Howell are included in both the Board and ELT data. The gender balance of our ELT, excluding Steve and Jonathan, is three females and four males. The gender balance of both the Board and the ELT is expected to change on 1 January 2026 when Jacqui Cartin takes up her new role as CFO (after Jonathan Howell steps down on 31 December 2025).
2. ELT and direct reports include ELT members and those for whom they have direct line management responsibility, excluding administrative and support roles.
3. Total number of colleagues of 11,094 excludes 84 contractors and includes eight Non-executive Directors.

Evolving how we work: a story of collaboration, creativity, and connection

We continue to learn that the most effective office moments are those centred on collaboration, connection, and community. These moments are not only essential to our culture but also critical to delivering better business outcomes. We want to empower colleagues to work in next-generation environments that inspire creativity, foster collaboration, and support high performance. Our industry moves at pace—and so must we. That means creating workplace conditions where work flows naturally, people feel energised, and teams are motivated to come together with purpose.

In FY25, we updated our Hybrid Working Policy to drive greater in-person collaboration. This strategic shift reflects our belief that purposeful time together drives faster decision making, strengthens relationships, and enhances overall impact.

We've also focused on building stronger, more collaborative teams through tools such as Strengthscope and TetraMap. In FY25, these helped over 600 colleagues better understand their own strengths and working styles, improving self-awareness, communication, and team effectiveness across the business. In September, we launched People Zone—a globally consistent, digital self-service and knowledge management platform that has simplified and modernised how we work, connect, and serve our colleagues.

In line with our ongoing Places strategy, FY25 marked a significant milestone with the opening of our North America flagship office in Atlanta. We also completed a series of office refurbishments, each designed to reflect our evolving ways of working. This is part of a broader, multi-year programme that will reach colleagues across all regions, with new projects in motion for FY26 and beyond.

People measures & awards

Key metrics help us keep track of how we're progressing:

76

eSAT
How happy our colleagues are working at Sage (FY24: 76)

45%

Internal fill rate
How successfully we're providing colleagues the opportunities to develop their careers at Sage (FY24: 51%)

40%

Gender diversity target
The number of leadership teams (ELT to ELT-4) meeting our gender diversity target of no more than 60% of men, women, or non-binary people in any leadership team (FY24:41%)

28%

Colleague Success Network
Colleague participation (FY24: 22%)

#15 on Financial Times best places to work in the UK

#11 on FTSE Women Leader's review, and #3 in the Technology Sector

Best in Financial Education and Wellbeing
2025 GEO Awards

Best Graduate Development Programme (Finalist)
2025 Institute of Student Employers' Awards

The Multiplier Effect

Snapshot of our 2025 highlights

- Sage was recognised by Newsweek in the 2025 World's Greenest Companies list, receiving a five-star rating.
- Sage ranked again amongst the 500 global companies in the World's Most Sustainable Companies 2025 list by TIME Magazine and Statista.
- For a third year running, Sage was in the 2025 Financial Times Europe Climate Leaders list, ranking in the top 30 companies.
- Sage won the 2025 edie award for Sustainability Reporting & Communications.
- Sage was awarded CDP A List for Climate Leadership and CDP A List for Supplier Engagement.
- Sage maintained its Gold medal on the 2025 EcoVadis rating.
- Sage ranked 15th out of 500 companies in the Financial Times 2025 Best Employers UK list.

1,767

sustainability learnings delivered to colleagues in FY25, supporting increasing internal capability

91%

of entrepreneurs who report an increase in their confidence to scale and grow their business

49%

Sage Foundation Colleague Engagement Rate against 21.6% industry average

$850,466

funds raised to help our communities thrive

Sharpening our sustainability strategic direction

In FY25, we continued to deliver on our Sustainability and Society strategy and Sage's purpose: knocking down barriers so everyone can thrive. We focused our efforts on progressing our commitments and targets across the three pillars of the strategy: Protect the Planet, Tech for Good, and Human by Design. And we continued to embed sustainability into our operations, products, and culture.

In FY25 we reviewed the effectiveness of the Sustainability and Society strategy due to evolving stakeholder expectations, shifting macroeconomic conditions, regulatory developments, and Sage's strategic direction. Collaborating with an external provider, we undertook a benchmarking exercise, reviewed our material issues and interviewed key stakeholders. This has helped us to prioritise and sharpen our focus even further.

In FY25 we focused on:

- **Review of our material topics:** Taking into consideration Sage's business strategy, AI and Data Ethics was classified as strategically significant for the business. We revised the definition of the topic Innovation to support customers and SMBs—to better focus our contributions to advancing social and environmental outcomes. Finally, the topic of Digital equality, including product accessibility, was merged respectively with DEI and Local community investment and support.
- **Streamline strategy and reporting:** Our Sustainability and Society strategy remains focused on the three pillars—Protect the Planet, Tech for Good and Human by Design, the delivery of which is supported by a number of enablers and our continuous commitment to embed sustainability across the business. This year, we have fully integrated reporting against the Sustainability by Design pillar within the content of the three main strategy pillars—demonstrating how we integrate further sustainability into our business and aligning better with regulations such as the EU Corporate Sustainability Reporting Directive (CSRD). Sage's FY25 Non-Financial Statement offers a comprehensive overview of our preparedness in relation to the CSRD.

- **Embedding sustainability:** In FY25, our material impacts, risks and opportunities (IROs) were signed off by the Sustainability, AI and Data Ethics (SAIDE) Committee and are now being integrated into our Enterprise Risk Management (ERM) system, which also holds our Principal Risks. We have continued to build internal capabilities, providing training on the evolving sustainability regulations and continuing to expand our anti-greenwashing awareness to the Legal team. Additionally, we have continued to embed sustainability into our policies and into our ongoing due diligence processes for suppliers, new partners and mergers and acquisitions.

- **Targets planning:** Many of our three-year targets were set when we created our Sustainability and Society strategy in FY22 and ended in FY25. For many areas of our strategy, FY26 is a transition year where we will focus on establishing a comprehensive baseline for key material areas. During this period, we will also model scenarios; set interim milestones; engage stakeholders and continue to report progress. By dedicating FY26 to these foundational activities, we will be better positioned to set and achieve meaningful long-term sustainability targets in subsequent years.

For further detail visit FY25 Non-Financial Statement

For further detail visit FY25 Impact Book

The Multiplier Effect

Purpose
To knock down barriers so that everyone can thrive

Protect the Planet	Tech for Good	Human by Design
Get SMBs to net zero Empowering end-to-end decarbonisation for SMBs	**Data for Good** Helping SMBs thrive using anonymised insights from our data and enabling better decision making by stakeholders	**Diversity, Equity, and Inclusion (DEI)** Delivering diversity of thought and an inclusive culture
Get Sage to net zero Enabling Sage to transition to Net Zero	**Empowering Entrepreneurs and Communities** Empowering entrepreneurs and communities with the skills and technology they need to thrive	**Empowering Colleagues** Giving colleagues the right tools and environment to thrive

Enabled by

Advocacy | Digital Trust | Sage Foundation | AI & Sage Platform

Sustainability by Design
Core business fundamentals that give Sage a licence to operate as a sustainable business with integrity.

Protect the Planet

Performance against targets

Sage to net zero	Achieve net zero by 2040 and reduce absolute Scope 1, 2, and 3 GHG emissions by 50% by 2030, from a 2019 base year, aligned to SBTi	On track
Support SMBs in achieving net zero	Help our customers reduce their GHG emissions by 2030 by providing access to carbon management solutions and expertise	On track
Policy and advocacy for SMBs	Put SMBs at the forefront of the transition to net zero by making sure their voice is heard and lobbying for simplified standards	On track

Key FY25 achievements

Getting Sage to net zero

- We achieved a 'leadership' CDP Climate Change rating of A (2022: B) and joined the CDP Supplier Engagement A-list (2022: C).
- We have progressed well against our interim targets, which were validated by SBTi in 2023; 89% reduction in absolute Scope 1 and 2 GHG emissions (Target: 50% by 2030); 24% reduction in absolute Scope 3 GHG emissions (Target: 50% by 2030); 28% reduction in absolute scope 3 emissions from business travel, employee commuting and use of sold products.
- In FY25, emissions have reduced by a further 13.4%, keeping us aligned with our glidepath. This continued progress reinforces our confidence in the transition plan, while recognising that the path to net zero is not always linear.
- In FY25, we expanded our support for colleagues to reduce their Scope 3 emissions and formalised benefits associated with more sustainable colleague actions. We developed our partnership with MobilityWays to provide colleagues with access to tools that help them to reduce their commuting footprint. All colleagues at Sage have access to a Personal Travel Plan, with personalised recommendations to get into a local office using the most sustainable locally available option. Continuing our partnership with Deedster, we have launched more climate challenges to help colleagues better understand their personal carbon footprint and guide them on reducing their impact. To date, 724 Sage colleagues have taken 26,590 climate challenges, resulting in approximately 137 tonnes saved CO_2 emissions.
- In FY25, we expanded our use of the Microsoft Carbon Calculator to Cloud and Enterprise (Office 365 software).
- With Dentsu (our paid media partner) we are implementing a media carbon calculator, launching in H1 FY26 to support the carbon optimisation of our media placement strategy.
- Recognising the interconnected nature of environmental impacts and risks, in FY25, we progressed our LEAP (Locate, Evaluate, Assess, and Prepare) assessment in alignment with the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations.

Supporting SMBs in achieving net zero

- Our carbon accounting capabilities are now integrated into the Sage for Small Business suite, enabling hundreds of thousands SMBs to measure and manage their emissions.
- In 2025, we launched the Sage Carbon Accounting API, a milestone that represents the culmination of years of technical development and collaboration. Designed to accelerate the journey to net zero, the API gives financial institutions, fintechs, and other platforms direct access to Sage's advanced carbon engine via a secure, public developer portal.

Advocating for enabling policies and standards

- Through Project Perseus, we are supporting the development of the UK's physical and technical infrastructure for Scope 2 emissions data, laying the foundations for a more granular, automated, and reliable flow of energy data into accounting systems.
- We are active contributors to the Broadway Initiative whose goal is to help 'mainstream' sustainability into the UK economy, and supporters of Business for Net Zero (B4NZ), helping deliver the UK's new Voluntary SME Carbon Reporting Standard.
- In FY25, we were founding partners of Carbon Commons, a major new project with Small World Consulting to vastly improve the quality, accessibility, and transparency of emissions factors across the market.
- We are also founding members of the Carbon Accounting Alliance, a new trade body representing the sector's shared interests and advancing collaboration, interoperability, and policy influence.
- In FY25, we provided consultation responses to the European Financial Reporting Advisory Group (EFRAG) VSME and the work of the OECD Platform on Financing SMEs for Sustainability under the OECD Committee on SMEs and Entrepreneurship (CSMEE).
- Unlocking sustainable finance for SMEs https://www.sage.com/en-gb/-/media/files/company/documents/pdf/sustainability-and-society/2024-reports/unlocking-sustainable-finance-for-smes-report-cop-29-final.pdf, launched at COP29, urged global decision-makers to bridge the gap between SMB's growing sustainability ambitions and their ability to act, by calling for simplified reporting standards and access to green finance.

What's next

By deepening collaboration with our suppliers and improving the quality and granularity of our data, we aim to play an active role in driving decarbonisation where we can make the most impact. We are preparing regional rollouts of Sage Earth across France, Spain, and Germany, while expanding integrations across our product ecosystem, with an ambition to accelerate decarbonisation at scale and making carbon tracking a standard part of doing business.

Tech for Good

Performance against targets

Data for Good	Support SMBs and advance the UN Sustainable Development Goals (SDGs) by using our data to create visualisations (reports, trends, analytics) that can inform better decision making by 2025	Completed
Empowering entrepreneurs	Raise $5m for non-profits around the world by 2030	On track
Build digital trust	Expand our Trust and Security Hub to support SMBs in going digital safely by 2025	Completed
	Embed AI and data ethics into the fabric of Sage by 2025	Completed

Key FY25 achievements

Data for Good

Innovation to empower customers and SMBs

- Working with Smart Data Foundry (SDF) and the Centre for Economics and Business Research (CEBR), we began building the infrastructure to securely and ethically share anonymised data about how small businesses are performing in the real economy. The Small Business Tracker is a quarterly report offering real-time insight into the health of UK SMBs. The last Tracker was published in Q2 2025: https://www.sage.com/en-gb/company/digital-newsroom/2025/09/01/the-sage-small-business-tracker-q2-2025/.
- In May 2025, we joined forces with Enterprise Nation and the Federation of Small Businesses to host an event at the House of Commons, where we presented the findings gathered by the Small Business Tracker to industry leaders and policymakers. This data has helped to convince policymakers on the need to take action to support the millions of small businesses and entrepreneurs in the UK, with the Government currently exploring technological solutions to overcome the barriers that stop business from flowing.

Empowering Entrepreneurs

Local community investment and support

- Sage Foundation's strategy evolved with two key areas in focus: Multiply the impact of underserved small and medium businesses to advance a more sustainable world and empower our communities with the skills and technology they need to thrive.
- FY25 has been a baseline year to evaluate, learn and improve our own impact collection as we transition to measuring our success, as well as embedding it into our new governance and impact measurement frameworks.
- We launched our biggest single social impact programme—Sage Impact Entrepreneurship—a three year partnership with Village Capital, which will empower 165 purpose-driven entrepreneurs to scale and grow. In its first year, 56 businesses completed the program with access to funding, mentorship, training and product.
- Sage Foundation saw 80,036 hours volunteered and $850,466 raised to help our communities thrive in FY25.

Building digital trust

Cyber security and data privacy

- We continue to expand and improve our Trust and Security Hub. The Hub offers relevant cyber security, privacy, and AI and data ethics advice for UK, US, French, German, Portuguese and Spanish markets to help SMBs "go digital safely".
- We have integrated security throughout our product lifecycle, with regular training for developers, secure software design, and prompt vulnerability remediation. Our Security Champions act as force-multipliers within software development and engineering teams. They ensure that vulnerabilities are identified and remediated promptly and play a crucial role in recognising and addressing security threats early in the development process.

AI and data ethics

- At Sage Future Atlanta we set out our vision for the Agentic AI era through the AI trust label. This initiative is designed to bring greater clarity and accountability to how AI is built and used in business software.
- We have included data accuracy and trustworthiness across key policies including our AI and Data Ethics Policy and Information Security Policy, reflecting our commitment to incorporating data management into our risk management process.
- All colleagues are required to complete mandatory training on data protection, focusing on relevant data privacy laws and regulations. By monitoring privacy risks, we can process personal data to create new and improved products and services and build our digital network.

What's next

We will continue to evolve our AI and Data Ethics Policy and monitor compliance with our principles. Our ethics training will be launched in additional languages and uptake will be reported on. We will also continue to advocate for fair and simplified sustainability reporting standards ensuring SMBs are not left behind. Through Sage Foundation, we will scale our skills programmes further, to help equip more people with the skills and technology they need to thrive.

Human by Design

Performance against targets

DEI	Achieve representation of no more than 60% of men, women, or non-binary people in any leadership team (ELT to ELT-4) by the end of FY26	Behind track
	Achieve 20% ethnically diverse representation by the end of FY27 in senior leadership teams (ELT and ELT-1)	Behind track
Empowering Colleagues	Colleagues to complete 5,000 Future Fit learnings by 2025	Completed
	Achieve a 20% YOY increase in Pathways hires up to 2025, with 500+ people receiving work readiness training each FY	Completed
	Double the number of Healthy Mind coaches by 2025	Completed
Product accessibility	Cloud products to meet Web Content Accessibility Guidelines (WCAG) criteria by 2025	Behind track

Key FY25 achievements

Diversity, Equity and Inclusion

- Currently 40% of leadership teams are reaching our target to achieve representation of no more than 60% of men, women, or non-binary people in any leadership team (ELT to ELT-4) by the end of FY26.
- In line with the Parker Review—a framework for the ethnic diversity of UK boards—we have set ourselves a target of 20% of our Executive Leadership Team (ELT) and ELT-1 (their direct reports) to be from an historically underrepresented race or ethnic group. We finished FY25 at 11%.
- During FY25, we welcomed 474 colleagues in India to the All About Us programme, increasing this programme's reach to 94% of our colleague population.
- We conducted baseline maturity assessments with Lexxic to assess neuro-inclusion and Workplace Pride, and to better understand support available at Sage for LGBTQ+ colleagues.
- We developed action plans to close gaps identified in these assessments for full implementation in FY26.

Product Accessibility

- In FY25, 13 additional products reached the first milestone in our accessibility journey toward compliance. This brings Sage to a total of 17 products successfully passing automated accessibility tests using the Axe tool, aligned with the WCAG 2.1 AA standard.
- Over the past four years, Sage has also conducted 40+ manual audits to ensure full coverage of the WCAG requirements. We have reduced the number of accessibility issues identified during human audits — by roughly one-third to date.

Empowering Colleagues

- 1,767—sustainability learnings delivered to colleagues in FY25, supporting increasing internal capability.
- We introduced new structured learning paths and interactive bootcamps via The Cloud Academy, combining expert-led sessions with self-paced learning to develop cloud skills. AI confidence and skills were strengthened through new education and learning programmes across the business.
- We continued to invest in colleagues at the early stages of their careers—such as interns, apprentices, and graduates—with a focus on building confidence, capability, and supporting diverse talent development, and we are launching a new Commercial Graduate Programme in FY26 to strengthen this pipeline.
- 1,876 leaders went through the High-Performance Culture—Human Leader Programme, equipped to role model and cascade key behaviours, helping embed cultural change and build capability across teams.

Wellbeing

- We continue to embed tools and resources that safeguard and strengthen mental health and wellbeing across our policies, processes, and day-to-day business practices. In 2025, this work has become more deliberate and strategic, with focused enhancements woven into our DEI programmes and planning—firmly establishing mental health and wellbeing as a vital component of equity by design.

What's next?

We are committed to building a high-performing, future-ready workforce by expanding leadership capability, strengthening critical skills, and embedding continuous learning. We aim to enhance equity in our policies, processes and practices by leveraging diversity data, colleague insights, and increasing focus on providing mechanisms for continuous feedback. We're focused on accelerating AI and data readiness, enabling commercial excellence, and growing a strong early careers pipeline. We will continue to reduce digital barriers by embedding accessibility deeper into our product development culture.

The Task Force on Climate-related Financial Disclosures

Compliance Statement

FCA Listing Rules

In this report, we set out our climate-related financial disclosures consistent with all the Task Force on Climate-related Disclosures (TCFD) recommendations and recommended disclosures pursuant to Listing Rule 6.6.6 (8) R. This includes all four TCFD pillars and the 11 recommended disclosures in the "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures" published in October 2021 by the TCFD. We have used TCFD guidance material including the TCFD technical supplement on the use of scenario analysis, TCFD Guidance on Metrics, Targets, and Transition Plans, the TCFD Guidance for All Sectors, Supplemental Guidance for Non-Financial Groups, TCFD Final Report and the Annex, TCFD Guidance on Risk Management Integration and Disclosure, and the Guidance on Scenario Analysis for Non-Financial Companies. We report against the TCFD Framework, in line with FCA Listing Rules.

In FY25, we continued our progress in understanding and reporting against all four pillars of TCFD. We further developed our understanding of how Sage's climate risks and opportunities could financially and operationally impact the business and identified additional strategic and operational touchpoints to better take advantage of climate opportunities and manage climate risks. We outline detailed information on our FY25 progress against TCFD in the table below, together with a summary of how we are consistent with TCFD recommendations.

Further detail on our transition plan and Sustainability and Society strategy can be found in our Non-Financial Statement—pages 22 to 30 and 6 to 7

Companies Act 2006

Our disclosure also meets the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 amended sections 414C, 414CA, and 414CB of the Companies Act 2006.

UK Climate-related Financial Disclosures (CFD)

We comply with the mandatory climate-related financial disclosure requirements under UK CFD. Our disclosures are consistent with the TCFD recommendations. Under our Strategy pillar, we outline the rationale for the chosen scenarios used to assess the resilience of our business to climate, and our timeline for refreshing the analysis undertaken, so that we continue to monitor how a changing climate may impact Sage over time.

TCFD Compliance Status

TCFD recommendation	Summary and FY26 priorities
Governance	
a) Describe the board's oversight of climate-related risks and opportunities. Governance—page 69 to 73	**Fully consistent with TCFD recommendations** The Board retains ultimate accountability for Sage's approach to climate-related risks and opportunities, as well as the broader ESG agenda. It is responsible for setting the Group's risk appetite and ensuring the effectiveness of risk management and internal control system. Oversight of ESG and climate-related risks is delegated to the Audit and Risk Committee (ARC), which receives regular updates from management and provides challenge and direction on key issues. In FY25, the Board and ARC received four updates on sustainability matters through formal Board papers and Committee briefings. These included progress against Sage's Sustainability and Society strategy, developments in the Protect the Planet action plan, and insights into emerging sustainability trends and their strategic implications for the business. The Board was also involved in setting climate related performance objectives. Maggie Chan Jones is Sage's designated Non-executive Director for ESG, supporting Board oversight and providing specific challenge and guidance on the ESG agenda. The CEO provides regular updates to the Board, informed by either attending the quarterly Sustainability, AI, and Data Ethics Committee as a non-member, or debriefs following the Committee. The Committee membership comprises a subset of Executive Leadership Team (ELT) members and our Board ESG representative is also a regular non-member attendee. **FY26 priorities** We will continue to monitor the updates and training programmes for the Board and ELT as part of our Sustainability and Society strategy, including briefings, progress updates, and formal training sessions, ensuring they remain well informed on climate-related developments and risks.

TCFD recommendation	Summary and FY26 priorities
Governance	
b) Describe management's role in assessing and managing climate-related risks and opportunities. Risk governance—page 58 Board activities—page 86 Directors' Remuneration report—pages 117 to 151	**Fully consistent with TCFD recommendations** The CEO and ELT are accountable for Sage's Climate strategy and our approach to the TCFD recommendations. The Executive Vice President (EVP) of Sustainability and Sage Foundation have responsibility and oversight our Protect the Planet strategy. Climate risks and opportunities have assigned owners, who receive strategic oversight from the EVP Sustainability and Foundation on a quarterly basis, during a sustainability risk review meeting coordinated by the sustainability function. If further support on mitigation is needed, climate risks and opportunities are raised to the Sustainability, AI, and Data Ethics Committee. Chaired by the Chief Brand and Corporate Affairs Officer, the Committee meets quarterly, and reviews climate-related matters, monitors progress against key targets, and ensures alignment with Sage's strategic objectives. Key outcomes from these meetings are shared with the CEO and ELT and inform updates to the Board. The Committee uses Sage's Enterprise Risk Management Framework and the results of Sage's climate scenario analysis and double materiality assessments to assess climate-related risks. These insights inform strategic planning, investment decisions, and risk mitigation actions. We track progress through a dedicated KPI dashboard and climate-related performance is embedded in executive remuneration. In FY25, a proportion of the Executive Directors' and ELT's Performance Share Plan awards were again linked to strategic non-financial measures, including climate-related targets (see our Remuneration Policy on pages 127 to 131). **FY26 priorities** We will continue to enhance how we are integrating climate-related matters into strategic planning, performance management, reporting, and due diligence processes. We will also continue to monitor emerging climate-adjacent topics—such as nature and broader sustainability issues—to ensure consistent and effective oversight across all areas of impact.

TCFD recommendation	Summary and FY26 priorities
Strategy	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. See climate risks and opportunities table on pages 42 to 44 Further information can be found in our Non-financial statement	**Fully consistent with TCFD recommendations** Reflecting on our progress outlined in our previous disclosures, we continue to improve our understanding, through the use of climate scenario analyses of climate-related risks and opportunities across short-, medium-, and long-term time horizons, and aim to develop a holistic understanding of how climate change may impact aspects of Sage's business strategy, operations, and finances. Through a qualitative climate scenario analysis, we identified climate-related risks and opportunities; our methodology is outlined in our FY22 Annual Report. Relevant internal stakeholders assessed risks and opportunities using Sage's Enterprise Risk Management (ERM) Framework, taking into consideration likelihood and impact, as well as setting a defined risk appetite (see page 56 to 66 for further details) and the potential impact to Sage (see Strategy pillar disclosure 'b' and 'c'). In FY25, our climate-related risks and opportunities remained consistent with previous years. We built on our previous assessment by undertaking a quantitative climate scenario analysis, to examine the potential financial implications of both physical and transition climate risks. To support this analysis, we used the "Risilience" climate modelling platform to simulate a range of climate scenarios and inform our strategic planning. As part of the assessment, we identified physical risks and six key categories of transition risks related to climate change that may impact our operations, value chain, and stakeholder relationships. These categories are linked to our existing climate risk profile, and are outlined below. **Physical risks** Exposure and related vulnerability of Sage's physical assets to selected climate hazards—coastal flooding, drought/water stress, flash flood, freezing, heatwave, riverine flood, temperate, and tropical windstorms. **Transition risks** • **Policy:** Anticipated increases in the cost of emitting greenhouse gases (GHGs) due to evolving climate-related legislation, including carbon pricing mechanisms and mandatory disclosure requirements. • **Litigation:** Potential for legal action against companies perceived to be underperforming on climate commitments or failing to meet regulatory obligations. • **Customer sentiment:** A shift in customer preferences towards more sustainable products and services could reduce demand for offerings perceived as carbon-intensive, particularly in markets with high climate awareness. • **Investor/market sentiment:** Growing scrutiny from investors and financial institutions may lead to reduced access to capital or higher financing costs for businesses not aligned with net zero pathways or if a company's transition strategy is perceived as overly aggressive, diverging from investor expectations. • **Reputation:** Increased public and stakeholder pressure on organisations seen as lagging in their climate transition could impact brand equity, employee engagement, and customer loyalty. • **Technology:** The shift towards low-carbon technologies may result in increased operational costs, accelerated depreciation of existing assets, and delivery risks associated with new systems and platforms.

TCFD recommendation	Summary and FY26 priorities

Strategy

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

See climate risks and opportunities table on pages 42 to 44

Fully consistent with TCFD recommendations

Reviewing the output of our FY25 TCFD-aligned climate change scenario analysis against our strategy, business plan, and operations, we have not identified any material risks on the Group's financial results, going concern, viability, businesses, or current strategy in the short, medium or long term. We evaluated these risks against our internal materiality threshold, defined as a substantive financial or strategic impact (see page 38 in strategy section 'c'). We assessed the potential impact on Sage's cumulative discounted cash flows over three years, assuming no mitigating actions are in place. The table below shows the risk categories and linked risks from our FY22 qualitative assessment that were assessed against three warming scenarios: no policy (>4°C), stated policy (2.5°C) and Paris ambition (1.5°C).

Risk categories	Linked risks from FY22 qualitative assessment
Policy	Increasing cost of energy and carbon
Consumer sentiment	Changing customer behaviour and needs
Reputation	Reputational damage
Investor sentiment	Reputational damage
Liability	Reputational damage
Physical	Damage to facilities
Technology	New: Not identified as a risk in FY22 assessment

Risks arising from climate change and its associated risks are constantly evolving, so we will monitor and evaluate climate-related impacts and review them in line with our evolving business strategy (see note 1 of the Group financial statements on page 182). In the table on pages 42 to 44, we provide an overview of our climate risks and opportunities. If we identify material climate-related risks, we will manage and prioritise these risks based on their financial materiality, as per our Risk Management Framework.

Climate change is considered as part of our strategy and operations. We are well positioned to support global climate awareness and action through our products such as Sage Earth (Sage's carbon accounting offering). In FY25, we continued to deliver against our Net Zero Transition Plan and Climate strategy, obtaining an A-List award from CDP in recognition of our environmental and climate leadership. This year, initiatives under our Net Zero Transition Plan included completing lifecycle assessments of selected products, to gain more granular data on how our products function and what activities are associated with their operations. This allowed us to map the detailed sources of our emissions from products, enabling more targeted decarbonisation actions. Further details are outlined in our Non-Financial Statement which can be found at www.sage.com/en-gb/company/ sustainability-and-society/.

FY26 priorities

We will continue to monitor and assess our climate-related financial risks, working to continuously improve our quantitative modelling.

TCFD recommendation	Summary and FY26 priorities
Strategy	
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	**Fully consistent with TCFD recommendations** In FY25, we refreshed our climate scenario analysis to further evaluate Sage's strategic resilience to physical and transition risks under high and low carbon scenarios. We used five climate scenarios and emission pathways: Paris Ambition (1.5°C), Paris Agreement (2°C), Stated Policy (2.5°C), Current Policy (3°C), and No Policy (>4°C) with temperatures consistent with global warming above pre-industrial levels by 2100. We selected the five pathways to reflect the IPCC 6th Assessment Report (AR6), with each representing a broad narrative of future socio-economic development. The assessment focused primarily on the short-term horizon (1–5 years), while also considering implications for the medium term (5–15 years) and long term (15-30 years). It was conducted on a 'no additional mitigation' basis, assuming no additional mitigations are in place. Our main assumptions for the FY25 climate scenario analysis were: each emission pathway has a different probability of happening; No Policy (>4°C) and Paris Ambition (1.5°C) are opposite ends of the stress test. In reality, the future will be a mix of all scenarios. The basis was our current asset base without factoring in any potential changes over the analysed time horizons. Similarly, potential shifts in our cloud infrastructure providers or technology stack were not considered, as the software industry is highly dynamic and volatile, with projections of trends over the analysed time horizons not deemed robust enough. Where company-specific emissions or asset data was not available, industry-average values by sector and region were applied based on external datasets and default model parameters. In line with previous disclosures, the additional analysis undertaken during FY25 did not identify that climate is a financially material risk to Sage in the short, medium or long term. As impacts arising from climate change are constantly evolving, we maintain a climate risk and opportunity register, to ensure a proactive risk management approach with early response. The results of the FY25 assessment were raised to the Global Risk Committee, with members including General Counsel and Company Secretary, the Chief Executive Officer, and the Chief Financial Officer, to increase the level of understanding around the types and level of climate risk that Sage is exposed to. We have a range of measures and activities in place to manage identified climate change impacts, as detailed between pages 21 and 32 of our Non-Financial Statement. **FY26 priorities** We will focus on gaining a better understanding of how climate interacts with various touchpoints across the business.

TCFD recommendation	Summary and FY26 priorities
Risk Management	
a) Describe the organisation's processes for identifying and assessing climate-related risks. Principal Risks and uncertainties—page 61 to 66	**Fully consistent with TCFD recommendations** We fully align with TCFD recommendations and have embedded climate risk identification, assessment, and management within our established ERM processes. As above, the results of our FY25 climate scenario analysis indicate that climate-related risks are not currently financially material to Sage. We manage climate change as a sub-risk under our ESG Principal Risk, ensuring we reach our desired risk appetite. An operational climate risk register feeds into our climate sub-risk and helps to monitor the individual climate risks and opportunities that are relevant to our business. To address existing and emerging regulatory requirements and best practice, we have a formalised process to identify climate-related risks and opportunities, which includes: • Yearly horizon scanning informed by regulatory guidance, climate science, and expert judgement. • Using climate scenario analysis and double materiality assessment, to prioritise risks and opportunities. • An operational climate risk register reviewed quarterly by the EVP Sustainability and Foundation, to assess if any risks need to be escalated to the Sustainability, AI and Data Ethics committee. Our prioritisation process integrates the financial materiality component of the CSRD-related double materiality assessment, enabling us to focus detailed reporting and management on the highest priority risks. We monitor lower priority risks and revisit them periodically. **FY26 priorities** We will continue to refine identification and prioritisation processes, leveraging scenario analysis outcomes, and enhancing our climate risk register accordingly.

TCFD recommendation	Summary and FY26 priorities
Risk Management	
b) Describe the organisation's processes for managing climate-related risks. Principal Risks and uncertainties—page 61 to 66	**Fully consistent with TCFD recommendations** Our ERM Framework provides a consistent methodology to manage all risks, including climate-related risks, supporting risk-informed decision making across the organisation. The Climate team in collaboration with key internal stakeholders, uses the ERM framework to decide whether to mitigate, transfer, accept, or control exposure for each risk. Risk owners across regions and functions are responsible for the day-to-day management of climate risks and implementing controls. For example, physical risks are managed by our property and crisis management teams with contingency and business continuity plans. Reputational damage is overseen by our Corporate Affairs team. To strengthen risk management capabilities, we have delivered bespoke training to risk owners and key stakeholders on ESG risk management and regulatory requirements. This upskilling supports consistent and informed management of climate risks across Sage. **FY26 priorities** We plan to expand our training programme and deepen engagement with internal stakeholders to enhance our risk management practices.

TCFD recommendation	Summary and FY26 priorities

Risk Management

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Principal Risks and uncertainties—page 61 to 66

Fully consistent with TCFD recommendations

Climate-related risks are fully integrated within Sage's ERM Framework, which manages strategic, operational, commercial, financial, compliance, change, and emerging risks using a consistent methodology.

- ESG is a Principal Risk, with climate change a key sub-risk, ensuring that climate considerations are embedded at the highest levels of risk governance.
- Functional teams incorporate climate risks relevant to their domain, ensuring risk ownership is clear and embedded operationally. The sustainability function and the EVP Sustainability and Foundation provide strategic oversight quarterly.
- Our Sustainability team supports the integration by coordinating cross-functional risk assessments and aligning them with our strategic objectives.

FY26 priorities

We will focus on embedding our FY25 climate scenario analysis insights into broader business risk discussions and conduct an education campaign to help colleagues understand our impact on the planetary boundaries, including climate change, biodiversity, waste, and water, and the implications for their daily roles.

TCFD recommendation	Summary and FY26 priorities

Metrics and Targets

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Further information can be found in our Non-financial statement

Fully consistent with TCFD recommendations

Since 2018, we have measured and reported on energy and carbon emissions, providing us with a robust baseline from which to plan our journey to net zero. We monitor various metrics related to climate risks, such as the percentage of renewable energy used. These metrics and any related targets are subject to ongoing review and updates, with monitoring and target-setting aligned to the materiality of the risks.

Group net zero targets

Our carbon emissions calculations are also subject to independent limited assurance. In 2023, the SBTi validated our near-term 2030 commitment. In FY24, the SBTi validated our commitment to become net zero by 2040. Sage uses the SBTi definition of net zero for its targets (page 62, https://sciencebasedtargets.org/glossary).

We have continued to reduce emissions against our target commitment. Since FY19, our market-based emissions have fallen by 27.8%, against an SBTi glidepath of 27.2%, reducing from 231,957 tCO_2e to 167,444 tCO_2e in FY25. Our Non-Financial Statement www.sage.com/en-gb/company/sustainability-and-society/ outlines the specific actions that will be taken to achieve our near-term 2030 target. We track our progress by targets and monitor through our climate risk register (our climate risks and opportunities can be found in the table on pages 42 to 44).

Related executive remuneration targets

In FY22, we introduced a set of three-year performance measures to include relevant ESG metrics. Every year since FY22, we have set three-year performance measure for reducing emissions, in alignment with our SBTi-approved Net Zero Transition Plan. In FY23 the weighting of ESG measures increased from 15% to 20%. Our FY23 performance measures vested this year achieving our stretch target.

Read more in our Directors' Remuneration Report on page 137.

Our most recent global emissions footprint is on page 36 of our Non-Financial Statement report.

FY26 priorities

We will continue to monitor and review our climate targets and metrics, providing quantitative disclosures where appropriate.

TCFD recommendation | **Summary and FY26 priorities**

Metrics and Targets

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Further information can be found in our Non-financial statement

Fully consistent with TCFD recommendations

Sage calculates and discloses emissions from Scope 1, Scope 2 and Scope 3, in compliance with Streamlined Energy and Carbon Reporting (SECR) regulations.

Scope 1 and 2 emissions: UK and global[1]	**Current reporting year Oct 2024—Sept 2025**		Previous reporting year Oct 2023—Sept 2024		Previous reporting year Oct 2022—Sept 2023	
Total GHG emissions data	**UK and offshore area**	**Global (excluding UK and offshore area)**	UK and offshore area	Global (excluding UK and offshore area)	UK and offshore area	Global (excluding UK and offshore area)
Emissions from activities which the Company owns or controls, including combustion of fuel and operation of facilities (Scope 1)/tCO_2e	**435**	**714**	834	554	196	1,030
Emissions from the purchase of electricity, heat, steam, or cooling by the Company for its own use Scope 2 (Indirect) location-based emissions (tCO_2e)	**679**	**2,399**	878	2,357	738	2,518
Scope 2 (Indirect) market-based emissions (tCO_2e)	**39**	**268**	14	1,864	13.3	1,395
Total gross Scope 1 and location-based Scope 2 emissions (tCO_2e)	**1,114**	**3,113**	1,713	2,911	933	3,548
Energy consumption* used to calculate above emissions (kWh)	**4,530,170**	**10,151,427**	4,921,509	9,539,260	4,217,496	12,202,282
Carbon intensity ratio: location-based CO_2e per total GBP £1,000,000 revenue (Scope 1 and 2)** (tCO_2e/revenue)	**2.1**	**1.6**	3.6	1.6	2.2	2.0
Scope 3 emissions (indirect) WTT, T&D and WTT (T&D)	**289**	**818**	315	702	268	891

1. The table sets out Sage's mandatory reporting on GHG emissions and global energy use pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the SECR under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

* Energy consumption includes all energy use related to Scope 1 and 2.

** Global revenue in FY25 is £2,513m for Sage during the reporting period. It was £2,332m for the previous year's reporting period.

Sage also screens and discloses emissions across all relevant Scope 3 categories as covered within our SBTi target.

In FY25, limited assurance of our GHG report has been provided by Bureau Veritas; a copy of the statement can be found in the Appendix of our Non-Financial Statement. Further detail on our Scope 1, 2, and 3 GHG emissions and protocol aligned methodology, and emissions can be found in our Non-Financial Statement on pages 90 to 104. The Non-Financial Statement can be found here: www.sage.com/en-gb/company/sustainability-and-society.

Energy-efficiency actions

Business travel: We continue to manage the risks associated with increased business travel while monitoring external factors, including rising carbon intensity. In FY25, we enhanced our carbon emissions travel dashboard. Building on the addition of a shadow carbon price (£200 per tonne) in FY24, we developed a Travel Insights Dashboard with up-to-date travel data, providing colleagues with key insights into their own travel data. Contextualising travel behaviours alongside peers helps us to work directly with those colleagues to track emissions, to educate, and support the decarbonisation of business travel.

Colleague engagement: We recognise the critical role that our colleagues play in reducing our carbon emissions. In FY25, we continued to roll out the launch of the programme with Deedster to combine education and action. Colleagues can complete carbon-saving quizzes and challenges on the Deedster app. To date, 724 Sage colleagues have taken 26,590 climate challenges, resulting in approximately 137 tonnes of CO_2 emissions saved. Additionally, we have continued to expand the reach of our active travel scheme to five additional countries. In partnership with Liftshare, we are providing colleagues with tools to reduce emissions derived from colleague commuting and incentivising more sustainable modes of travel. At present, 276 colleagues are actively Liftsharing, resulting in approximately 32,000 road miles and 7.1 tonnes CO_2 emissions saved.

Property related: We continued to manage our sites effectively and efficiently in FY25 via our Sustainable Property strategy, which seeks to improve the environmental characteristics and efficiency of our property estate. We saw an increase in the use of certified renewable energy sources, reaching 86% of our total electricity consumption for FY25, compared with 54% in FY24. In FY25, we entered into a performance-based energy efficiency partnership with a global commercial real estate services firm, at our global headquarters in Cobalt, Newcastle. This initiative, involving the implementation of sub-metering and energy management software, achieved a 6.6% reduction in electricity consumption, despite an increase in the occupancy rate due to changes in our Working from Home policy.

Reuse, Resell, Recycle: The IT department continued its "Reuse, Resell, Recycle" policy. This involves collecting old equipment and ensuring it is upcycled and recycled. Sage sells the equipment to an external party and donates the proceeds to charity.

TCFD recommendation	Summary and FY26 priorities

Metrics and Targets

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. Continued.

Further information can be found in our Non-financial statement

Methodology

Our methodology underlying our disclosed emissions remains consistent with the previous year and is based on the "Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance" (March 2019) issued by the Department for Business, Energy & Industrial Strategy (BEIS), the predecessor to DESNZ. This methodology is consistent with the World Resources Institute's Greenhouse Gas Protocol (GHGP) Corporate Accounting and Reporting Standard. We have also used the UK government emissions factors for company reporting (published by DESNZ in 2023), combined with the most recent International Energy Agency (IEA) international conversion factors (2022) for non-UK electricity within our reporting methodology. We have also used EcoAct's emission factors tool for Well to Tank (WTT) and Transport & Distribution (T&D) for non-UK sites as DESNZ/DBT no longer publishes them. These emission factors are based on the specific fuel mix of each country's electricity generation. For Scope 3 emissions sources, we have used a combination of the Comprehensive Environmental Data Archive (CEDA version 6) and UK government GHG emission factors. As our data collection improves, we aim to collect more supplier specific data.

Our purchased goods and services calculation has used supplier-specific data from the CDP Supply Chain questionnaire where relevant. Working with CDP and other partners, we aim to increase the proportion further in subsequent years as more suppliers make use of this service. In some cases, we have extrapolated total emissions by using available information from part of a reporting period and extending it to apply to the full reporting year. For example, this has occurred where supplier invoices for the full reporting year were unavailable prior to the publication of this year's Annual Report and Accounts. Extrapolations have taken place based on a hierarchy of data availability in line with the GHGP guidance for carbon accounting. For further details, our methodology document can be found at www.sage.com/investors/.

Reporting period

Our mandatory GHG reporting period is 1 October 2024 to 30 September 2025 and is aligned with our financial reporting year.

Organisational boundary and responsibility

We report our emissions data using an operational control approach to define our organisational boundary which meets the definitional requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the UK Streamlined Energy & Carbon Reporting (SECR) regulations 2019 in respect of the energy consumption and emissions for which we are responsible. Under this approach, we have accounted for 100% of GHG emissions from operations over which Sage has control.

Carbon intensity

To express our annual emissions in relation to a quantifiable factor associated with our operational activities, we have used "annual revenue" in our intensity ratio calculation as this is the most relevant indication of our growth and provides for a good comparative measure over time.

TCFD recommendation	Summary and FY26 priorities

Metrics and Targets

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

See climate risks and opportunities table on pages 42 to 44

See Protect the Planet targets on page 32

Further information can be found in our Non-financial statement

Fully consistent with TCFD recommendations

Targets related to net zero

We have committed to net zero by 2040, and to reduce absolute Scope 1, 2, and 3 emissions by 50% by 2030 against a 2019 baseline. We are also committed to the SBTi, the UN climate change Race to Zero, and the UN Global Compact Business Ambition for 1.5°C.

We continue to work towards our SBTi-validated carbon targets. Since FY19 our market-based emissions have fallen by 27.8%, against an SBTi glidepath of 27.2%, reducing from 231,957 tCO_2e to 167,444 tCO_2e in FY25. See Non-Financial Statement www.sage.com/en-gb/company/sustainability-and-society/ for more detail on our 2030 target, 2040 targets, and Net Zero Transition Plan.

Targets and metrics related to our climate risks and opportunities

Our Protect the Planet strategy outlines our core climate-related targets, which includes our Net Zero Transition Plan, our target to support of SMBs in reducing their emissions, and our advocacy for SMBs to enable them to align to sustainability standards. We have included further detail on these in our FY25 Non-Financial Statement where our Protect the Planet strategy is discussed in relation to our double materiality assessment, found here: www.sage.com/en-gb/company/sustainability-and-society/. We have established metrics to monitor the progress of our targets and manage or climate related risks. For example, the opportunities for renewable energy procurement have been via the percentage of electricity sourced from renewable energy contracts. When these contracts approach renewal, we seek to procure renewable energy.

FY26 priorities

We will continue to monitor the climate targets we have in place, providing quantitative disclosures against targets where possible.

Our key climate-related risks and opportunities

Key

Risk assessment period

Short term 1-5 years Medium term 5-15 years Long term 15-30 years

Sage has selected time horizons that harmonise with those of national and international climate policy and goals, including the 2015 international Paris Agreement and our three-year strategic plan of the business.

Maturity

- **High maturity** Quantitative climate scenario analysis performed
- **Medium maturity** Good understanding, further work desireable
- **Low maturity** Further work is required to fully impact, mitigate, and adapt

Quantification risk categories	Risk		Maturity	Time horizon	Climate scenario analysis
	Transition risks				
Consumer sentiment	**Changing Customer Behaviour and Needs** **Sub-type** Market	Sage is closely linked to economic activity and the success of SMB markets. However, SMB markets are more exposed and less resilient to the impacts of climate change. An increase in global disruption due to climate change could reduce economic activity and lead to a lower demand for Sage services. **FY25 update** We have strengthened our role as a trusted partner by equipping sales teams with clear, insight-driven sustainability resources. We developed a one-stop suite of sales enablement assets helping colleagues confidently engage customers. Tailored messaging and targeted training ensure we support SMBs effectively amid climate challenges, reinforcing our commitment to trusted guidance on sustainability.	●	Long term	☑ (2023 & 2025)
Policy	**Increasing Cost of Energy and Carbon** **Sub-type** Regulation and Technology	Offices, hosting services, and data centres are energy-intensive operations. If the cost of carbon increases, this could make the Group's operating costs more expensive. Sage may need to mitigate costs and risk through increased carbon efficiency, and/or consider where these costs are absorbed. **FY25 update** We are minimally impacted by high energy costs and prioritise absolute emissions reductions aligned with the SBTi Corporate Net-Zero Standard, while recognising that high-quality carbon removals may support future efforts to address residual emissions. We are closely tracking updates to the SBTi framework, as well as evolving carbon market regulations and potential future carbon prices. These insights will inform our approach to residual emissions and long-term Carbon Removals strategy https://www.sage.com/en-gb/company/sustainability-and-society/#reports.	●	Long term	☑ (2023, 2024, 2025)
Reputation **Investor sentiment** **Liability**	**Reputational Damage** **Sub-type** Reputation	Stakeholders' expectations regarding ambitious carbon targets and climate advocacy are increasing. They are applying greater scrutiny to how Sage aligns all business activities to its Net Zero Transition Plan. Sage may suffer reputational damage if targets are missed or if it is not sufficiently active in this space. **FY25 update** We worked closely with our External Communications team to integrate sustainability into our reputation monitoring programme to better assess how our Sustainability and Society strategy influences brand sentiment and stakeholder trust https://www.sage.com/en-gb/company/sustainability-and-society/#reports. We continue to monitor stakeholder sentiment on sustainability and climate-related matters, extending alongside global partners including WBCSD and Bankers for Net Zero.	●	Short to Medium term	☑ (2025)

Quantification risk categories	Risk		Maturity	Time horizon	Climate scenario analysis
	Physical risks				
Physical	**Workforce Productivity** **Sub-type** Chronic & Acute	An increasing number of extreme weather events may leave offices and homes unfit for work. This could reduce workforce productivity by making it difficult for employees to work during certain times. **FY25 update** We continue to invest in flexible working structures that support collaboration and adaptability, balancing local colleague needs with business priorities to ensure a safe working environment.	●	Short term	☑ (2022 & 2024)
Physical	**Damage to Facilities** **Sub-type** Chronic and Acute	Extreme weather events have the potential to disrupt or damage Sage sites/facilities. Flooding, heatwaves, droughts, and rising sea levels could all impact our facilities. Insufficiently prepared facilities could be unable to deal with more frequent and intense occurrences of such events. **FY25 update** In FY24, our Climate team conducted a climate scenario analysis across all global office locations. This assessment identified North America as a high-risk region. In response, Sage's Business Resilience team developed and implemented an Extreme Weather & Natural Disasters Playbook for the North America Executive Management Team (NA EMT). The Playbook was tested through a tabletop exercise in May 2025, simulating the impact of a major hurricane on our Atlanta and Lawrenceville offices. The exercise validated the Playbook, reinforced NA EMT roles and responsibilities, and tested decision making under pressure. The event also served to strengthen regional preparedness and resilience.	●	Short term	☑ (2022, 2024, 2025)
Physical	**Hosting Resilience** **Sub-type** Chronic & Acute	Sage has a number of centralised public cloud providers, as well as hosting services. This infrastructure could be vulnerable to persistent and extreme weather events. These events could become more frequent, reducing service availability and customer experience. **FY25 update** We work with multiple hosting partners and regularly engage with our most critical providers to understand how they incorporate climate risks into their continuity and recovery plans. In FY25, we continued these engagements, noting that many key providers adhere to ISO 22301:2019, which supports climate-related risk management through robust business continuity practices.	●	Short to Medium term	☑ (2022)

Opportunities		Maturity	Time horizon
Retaining and Hiring Superior Talent **Sub-type** Efficient and mindful workforce	It is important for employers to demonstrate sustainability as a cultural value. This can help attract and retain environmentally conscious talent. A more climate-informative hiring process can make Sage more attractive to talent. **FY25 update** In FY25, we introduced a new sustainability onboarding presentation to engage and inspire new hires from the start, helping them understand Sage's climate goals and their role in achieving them. We continued to develop our colleague benefits, including electric vehicle schemes, low-carbon commuting incentives and hybrid working support. Our partnership with MobilityWays offers personalised travel plans, while our car-sharing app 'Liftshare' has expanded to more sites, reducing commuting emissions. We also advanced our sustainability learning, with many colleagues completing courses through Sustainability Unlocked and taking part in Climate Fresk workshops, enabling them to support our decarbonisation efforts.	●	Short to Medium term
Renewable Energy **Renewable Energy Procurement** **Sub-type** Energy source	Sage could ingrain renewable energy provision into our facility management plans. This would incentivise Sage building managers, landlords, and hosting services to develop and innovate more carbon-efficient buildings. The combined pressure from Sage, its peers, and society can help reduce carbon emissions and costs.* **FY25 update** We are making progress in transitioning to clean energy in support of our 2030 emissions reduction and 2040 net zero targets. In FY25, we secured a carbon-free energy contract for our largest UK site, Cobalt, and opened our new Atlanta office at Ponce City Market, a low-carbon building with strong sustainability credentials. We continue to face challenges in expanding renewable energy use across our global estate, particularly in leased sites and regions with limited access to green tariffs, such as North America and South Africa. Despite these constraints, we remain committed to working with landlords and monitoring market developments to identify further procurement opportunities.	●	Short to Medium term
New Products and Services **Sub-type** Products and services	Climate change demands are presenting a new opportunity for Sage to develop products and services for its SMB customers that will help them tackle the challenges of climate change and put sustainability at the core of their business. **FY25 update** In FY25, we continued to roll out Sage Earth, our carbon accounting solution designed to help small and mid-sized businesses measure, report, and reduce their emissions. Available in the UK and US, Sage Earth uses advanced AI and partners with financial institutions, fintechs, and energy providers to expand its reach. We continue to advocate for simpler climate standards that support SMBs in their net zero journey. Through collaboration with colleagues, partners, and customers, we aim to align our products and operations with the Paris Agreement and create lasting climate impact.	●	Short to Long term
Enhanced Brand **Sub-type** Reputation	Sage has an opportunity to help SMBs fight climate change and be their voice for the future, supporting them when it comes to lobbying for change. **FY25 update** Our sustainability leadership continues to be externally recognised. We upheld our EcoVadis Gold rating, were once again named one of the UK's most sustainable companies by TIME, and achieved an A rating from CDP, reflecting strong progress and transparency on climate action.	●	Short to Medium term

* Site strategy, an opportunity identified in Sage's Annual Report 2024, has been integrated into renewable energy procurement, to help streamline initiatives and reporting.

Ethics and governance

Human rights

We respect the most fundamental of human rights including no child labour, no forced labour or modern slavery and the freedom of association. We pay special attention to addressing the human rights identified as potentially higher impact to our sector, through Respecting privacy and protecting data; Developing inclusive and accessible products; Responsible development and use of Artificial Intelligence (AI); and Protection from modern slavery and promoting sustainable supply chain practices. We conduct appropriate due diligence on our partners, and all of our partners and suppliers are required to adhere to the principles set out in the Supplier and Partner Code of Conducts, including on human rights. Details on our due diligence processes continue to be reported in our Modern Slavery Statement available at www.sage.com/investors/governance.

Governance and oversight

We recognise that assurance over our business activities and those of our partners and suppliers is essential. During FY25, we monitored and reported on the completion of our mandatory Code of Conduct training for all new colleagues. The training is then mandatory for all colleagues at regular intervals thereafter. You can read more about our risk management and Principal Risks from pages 56 to 66.

Tax strategy

We publish our tax strategy on our website (www.sage.com/investors/governance/tax-strategy) and are committed to managing our tax affairs responsibly and in compliance with relevant legislation. Our tax strategy is aligned to our Code of Conduct and Sage's Values and behaviours and is owned and approved by the Audit and Risk Committee annually.

Anti-Financial Crime

The Board and ELT remain fully committed to upholding our key value of 'we do the right thing', which includes having a' zero-tolerance approach to fraud and other forms of financial crime. In alignment with the Economic Crime and Corporate Transparency Act 2023, we continue to take proactive steps to ensure that we have reasonable and proportionate procedures in place to prevent fraud by persons associated with our business. Our anti-financial crime policy and accompanying procedure make it clear that Sage expects colleagues to recognise and report any concerns or suspicious activity they encounter via our internal reporting and whistleblowing mechanisms, so that they can be thoroughly investigated. Any investigations concerning incidents of fraud or other financial crime are reported to the Audit and Risk Committee, which reviews the outcomes of each case.

Anti-bribery and corruption

Sage has an anti-bribery and corruption policy which details our zero-tolerance approach to all forms of bribery and corruption. We use Transparency International's Corruption Perceptions Index to inform our risk based approach to our due diligence on customers, suppliers and partners, which is codified in our third-party due diligence policy.

Our dedicated Business Due Diligence team supports colleagues in fulfilling their third-party due diligence obligations. We also require our partners to adopt our position on bribery and corruption and we support them in doing so by clearly setting out our expectations in our Partner Code of Conduct.

Sage's anti-bribery and corruption policy, together with associated whistleblowing procedures and grievance mechanisms, are designed to ensure that colleagues and other parties, including contractors and third parties, are able to report any instances of poor practice safely through internal channels or an independent organisation. All reports received via this or any other reporting mechanism are thoroughly investigated and reported to the Audit and Risk Committee, which reviews each case and its outcomes. None of our investigations during FY25 identified any systemic issues or breaches of our obligations under the Bribery Act 2010.

The anti-bribery and corruption policy is supported by our gifts & hospitality and conflicts of interest policies and their supporting declaration and approval procedures, as well as periodic checks and reminders. Further details on our policies and procedures in this area can be found in the Appendix of the Non-Financial Statement available at www.sage.com/en-gb/company/sustainability-and-society.

Non-financial and Sustainability Information Statement

Information as required by regulation can be found on the following pages:

Environmental matters	pages 30 to 32, and 35 to 44
Our employees	pages 24 to 29, and 94
Social matters	pages 30 to 34, 45 and 96
Human rights	page 45
Anti-corruption and anti-bribery	page 45
Climate-related disclosures	pages 35 to 44
Business model	pages 8 and 9
KPIs	pages 22 and 23
Principal Risks	pages 61 to 66

Section 172(1) statement

The Directors of The Sage Group plc. confirm that, throughout the year, they have acted in good faith and in a manner they consider most likely to promote the success of the Company for the benefit of all its shareholders as a whole. In fulfilling this duty, they have given due consideration to the interests of Sage's wider stakeholder community, safeguarded the Company's reputation, and supported its long-term sustainability. This duty is outlined in section 172(1)(a) to (f) of the Companies Act 2006 ('section 172').

Engagement with our stakeholders plays a vital role in ensuring that our Directors fully understand their needs and make well-informed decisions that consider different priorities. However, the Board recognises that stakeholder priorities may sometimes compete. The Board therefore seeks to make decisions that best support Sage's strategy and deliver sustainable value over time. Stakeholder views are considered in all matters of strategic significance, and the principles of section 172 are embedded throughout the organisation, from Board-level decisions to operational culture.

Details of the principal decisions made during the year can be found on pages 88 to 89. Alongside the key decisions outlined, the table opposite highlights other sections of this report which explain how the Directors have had regard to section 172 factors in FY25.

Board members have undertaken numerous stakeholder engagement activities throughout the year to understand stakeholder perspectives and interests. Further information on these activities can be found on pages 90 to 97.

Section 172 factors

a) The likely consequences of any decision in the long term

b) The interests of the company's employees

c) The need to foster the company's business relationships with suppliers, customers, and others

d) The impact of the company's operations on the community and the environment

e) The desirability of the company maintaining a reputation for high standards of business conduct

f) The need to act fairly as between members of the company

Further information on how section 172 has been applied by the Directors can be found throughout the Annual Report.

Likely consequences of decisions in the long term

Section 172 factors	Pages
Chair's statement	10 and 11
Our strategy	15 to 18
Sustainability and Society	30 to 34
TCFD	35 to 44
Principal Risks and uncertainties	61 to 66
Viability Statement	67 and 68
Corporate governance report—Board activities	86 and 87
Stakeholder engagement	90 to 97
Nomination Committee Report	102 to 108
Directors' Remuneration Report	117 to 151
Directors' Report	152 to 158

Interests of our colleagues

Section 172 factors	Pages
Chair's statement	10 and 11
CEO's review	12 to 14
Our people and culture	24 to 29
Principal Risks and uncertainties	61 to 66
Chair's introduction to governance	72 and 73
Corporate governance report—Board activities	86 and 87
Stakeholder engagement—Colleagues	91 and 94
Stakeholder engagement—Board Associate	95
Corporate governance report—Embedding culture	98 and 99

Fostering business relationships with suppliers, customers, and others

Section 172 factors	Pages
Our business model	8 and 9
Chair's statement	10 and 11
CEO's review	12 to 14
Our strategy	15 to 18
Sustainability and Society	30 to 34
NFSIS—Ethics and governance	45
Principal Risks and uncertainties	61 to 66
Corporate governance report	70 to 101
Corporate governance report—Board activities	86 and 87
Stakeholder engagement—Customers and Society	90 to 92 and 96

Impact of operations on the community and the environment

Section 172 factors	Pages
Chair's statement	10 and 11
CEO's review	12 to 14
Sustainability and Society	30 to 34
TCFD	35 to 44
Non-financial and sustainability information statement (NFSIS)—Ethics and governance	45
Principal Risks and uncertainties	61 to 66
Corporate governance report—Board activities	86 and 87
Stakeholder engagement—Society	91 and 96

Maintaining a reputation for high standards of business conduct

Section 172 factors	Pages
Chair's statement	10 and 11
CEO's review	12 to 14
Our people and culture	24 to 29
Sustainability and Society	30 to 34
TCFD	35 to 44
NFSIS—Ethics and governance	45
Corporate governance report—Board activities	86 and 87
Stakeholder engagement	90 to 97
Corporate governance report—Embedding culture	98 and 99
Corporate governance report—Board performance review	100 and 101
Audit and Risk Committee Report	109 to 116

Acting fairly between members of the Company

Section 172 factors	Pages
Corporate governance report	70 to 101
Corporate governance report—Board activities	86 and 87
Stakeholder engagement—Shareholders	91 and 97
Directors' Remuneration Report	117 to 151
Directors' Report	152 to 158

Financial review

Sage delivered another good performance in FY25, with strategic focus driving strong, sustainable growth. Disciplined capital allocation continues to support margin expansion, investment, and shareholder returns.

Jonathan Howell
Chief Financial Officer

The Financial review provides a summary of the Group's results on a statutory and underlying basis, alongside its organic performance. Underlying measures allow management and investors to understand the Group's financial performance adjusted for the impact of foreign exchange movements and recurring and non-recurring items, while organic measures also adjust for the impact of acquisitions and disposals.[1]

Introduction

Sage performed well in FY25, with continued growth across all regions. Disciplined cost management together with operating efficiencies supported strong operating profit and margin expansion, driving double-digit growth in earnings per share and robust cash flows.

Underlying total revenue increased by 10% to £2,513m, with all regions contributing to growth, including North America at 12%, the UKIA region at 9%, and Europe at 7%. Growth was driven by strong demand for our solutions as SMBs continue to digitalise their accounting, HR, and payroll functions.

Sage's growth was underpinned by a strong performance in underlying ARR, which increased by 11% to £2,574m (FY24: £2,329m), reflecting good levels of growth from new and existing customers and strong retention rates.

This led to an increase in underlying recurring revenue of 10% to £2,436m. As a result, 97% of Sage's total revenue is recurring, reflecting the high-quality and resilient nature of the Group.

On an organic basis, total revenue grew by 9% to £2,506m (FY24: £2,296m), while ARR grew by 10% to £2,560m (FY24: £2,329m).

Underlying operating profit grew by 17% to £600m, leading to a strong increase in operating margin of 150 basis points to 23.9%. This was driven by strong revenue growth and operating efficiencies, with disciplined cost management supporting ongoing investment.

Reflecting this progress and the impact of recent share buybacks, underlying basic EPS increased by 18% to 43.2p.

The Group remains highly cash generative. Underlying cash flow from operations increased by 2% to £660m, underpinned by cash conversion of 110%, which was mainly driven by further growth in subscription revenue.

In line with our disciplined approach to capital allocation, we continue to invest in both organic and inorganic growth, while delivering shareholder returns. The Board is proposing a final dividend of 14.40p per share, representing a total dividend in respect of FY25 of 21.85p per share, an increase of 7%. We have also announced a share buyback programme of up to £300m, to be executed in FY26, reflecting strong cash generation, our robust financial position, and the Board's confidence in Sage's future prospects.

1. Figures provided on an underlying basis unless otherwise stated. Underlying and organic revenue and profit measures are defined in the Glossary.

Statutory and underlying financial results

	Statutory			Underlying		
Financial results	**FY25**	FY24	Change	**FY25**	FY24	Change
North America	**£1,138m**	£1,052m	+8%	**£1,138m**	£1,018m	+12%
UKIA[2]	**£729m**	£670m	+9%	**£729m**	£668m	+9%
Europe	**£646m**	£610m	+6%	**£646m**	£604m	+7%
Group total revenue	**£2,513m**	£2,332m	+8%	**£2,513m**	£2,290m	+10%
Operating profit	**£530m**	£452m	+17%	**£600m**	£513m	+17%
Operating profit margin %	***21.1%***	*19.4%*	*+1.7 ppts*	***23.9%***	*22.4%*	*+1.5 ppts*
Profit before tax	**£484m**	£426m	+14%	**£555m**	£486m	+14%
Profit after tax	**£369m**	£323m	+14%	**£423m**	£370m	+14%
Basic EPS	**37.7p**	32.1p	+18%	**43.2p**	36.7p	+18%

2. United Kingdom and Ireland, Africa, and Asia-Pacific (APAC).

The Group achieved statutory and underlying total revenue of £2,513m in FY25. Statutory total revenue increased by 8%, reflecting underlying total revenue growth of 10%, offset by a 2-percentage point foreign exchange headwind, with sterling strengthening against key currencies.

Statutory operating profit increased by 17% to £530m, reflecting a 17% increase in underlying operating profit to £600m, together with a £7m decrease in recurring and non-recurring items[3], mainly relating to lower acquisition-related expenses.

Statutory and underlying basic EPS increased by 18%, to 37.7p and 43.2p respectively, mainly reflecting higher underlying profit, with an increase in net finance costs, offset by a reduction in the weighted average number of shares as a result of recent share buybacks.

Revenue

The Group increased underlying total revenue by 10% to £2,513m (FY24: £2,290m), with all regions contributing to growth. In North America, revenue grew by 12%, with a strong performance from Sage Intacct together with continued growth in Sage 200 and Sage 50. In the UKIA region, revenue increased by 9%, driven by Sage Intacct together with cloud solutions for small businesses including Sage 50. In Europe, revenue increased by 7%, with growth across our accounting, payroll, and HR solutions.

Our aim is to efficiently grow revenues across all products and services, by attracting new customers and delivering more value to existing customers. Sage Business Cloud, comprising our cloud native[4] and cloud connected[5] solutions, helps customers benefit from a growing range of cloud and AI-powered services via the Sage Platform, leading to deeper customer relationships and higher lifetime values.

As a result, Sage Business Cloud total revenue increased by 13% to £2,083m (FY24: £1,837m), driven by growth in cloud native revenue of 23% to £885m (FY24: £718m) primarily through new customer acquisition, and by growth in cloud connected revenue from both existing and new customers.

Underlying recurring revenue increased by 10% to £2,436m (FY24: £2,215m), with software subscription revenue up by 12% to £2,093m (FY24: £1,876m), leading to subscription penetration of 83% (FY24: 82%). As a result, 97% of the Group's revenue is recurring.

On an organic basis, total revenue grew by 9% to £2,506m (FY24: £2,296m), whilst recurring revenue grew by 9% to £2,429m (FY24: £2,221m).

3. Recurring and non-recurring items are defined in the Glossary and detailed in note 3.6 of the financial statements.
4. Cloud native solutions run in a cloud environment enabling access to up-to-date functionality at any time, from any location, via the internet.
5. Cloud connected solutions are deployed on premise with significant functionality delivered through the cloud.

Financial review continued

Revenue by region

North America	FY25	FY24	Change	Organic change
US	**£997m**	£891m	+12%	+11%
Canada	**£141m**	£127m	+11%	+11%
Underlying total revenue	**£1,138m**	£1,081m	+12%	+11%

In North America, underlying total revenue increased by 12% to £1,138m, with growth across Sage's key accounting solutions, particularly among mid-sized businesses. Recurring revenue grew by 12% to £1,110m (FY24: £994m), while subscription penetration increased to 82%, up from 81% in the prior year.

In the US, total revenue increased by 12% to £997m. Sage Intacct, which now represents over 45% of US revenue, grew by 23% to £461m (FY24: £374m), driven by strength across key industry verticals, particularly construction and real estate, financial services and not-for-profit, together with an enhanced commercial proposition through the expansion of suites and introduction of multi-year customer contracts. Revenue was also driven by growth in Sage 200, with good levels of upsell to existing customers and higher pricing, together with further growth in Sage X3 and Sage 50.

In Canada, total revenue grew by 11% to £141m, with good performance from Sage Intacct driven by new customers, together with growth in Sage 50. In addition, Sage HR continued to gain momentum, particularly through cross-sell to existing customers.

Adjusting for the acquisitions of Fyle in FY25 and Anvyl in FY24, organic total revenue grew by 11% in the US, and by 11% in the North America region as a whole.

UKIA	FY25	FY24	Change	Organic change
UK and Ireland (Northern Europe)	**£554m**	£505m	+10%	+10%
Africa and APAC	**£175m**	£163m	+7%	+7%
Underlying total revenue	**£729m**	£668m	+9%	+9%

In the UKIA region, underlying total revenue increased by 9% to £729m, with further strength across Sage's accounting, HR, and payroll solutions. Recurring revenue also grew by 9% to £714m (FY24: £653m), while subscription penetration was 89%, in line with the prior year.

In the UK and Ireland, total revenue grew by 10% to £554m. Sage Intacct continued to scale rapidly, driven by accelerating new customer acquisition. Sage 50 also contributed strongly, together with Sage 200, supported by a strong renewal rate and higher pricing. In addition, Sage's cloud native solutions for small businesses, including Sage Accounting, Sage Payroll, and Sage HR, delivered good levels of growth. The recent launch of Sage Copilot supported the strong performance of both Sage 50 and Sage Accounting. Revenue was also driven through the continued growth of Sage for Accountants.

In Africa and APAC, total revenue grew by 7% to £175m, with continued growth in Sage Accounting and Sage Payroll, driven by new customer acquisition and higher pricing, together with a strong performance from Sage Intacct. Sage X3 and local products in the Sage 50 franchise also continued to contribute to growth.

Europe	FY25	FY24	Change	Organic change
France	**£324m**	£306m	+6%	+6%
Central Europe	**£155m**	£146m	+6%	+6%
Iberia	**£167m**	£152m	+10%	+7%
Underlying total revenue	**£646m**	£604m	+7%	+6%

Europe achieved underlying total revenue growth of 7% to £646m, reflecting a strong performance particularly in Sage 200, Sage X3, HR, and payroll solutions. Recurring revenue grew by 8% to £612m (FY24: £568m), while subscription penetration increased to 79%, up from 76% in the prior year.

In France, total revenue grew by 6% to £324m, driven by accounting solutions. Sage X3 was a significant contributor of growth, with continued strong customer demand, while Sage 200 also performed well. In addition, Sage Intacct continued to see early traction as the solution starts to scale.

Central Europe achieved a total revenue increase of 6% to £155m. HR and payroll solutions, which represent almost half the region's revenue, grew strongly, driven by upsell to existing customers together with new customer wins. Growth was also driven by Sage 200, mainly through sales to existing customers.

In Iberia, total revenue grew by 10% to £167m, reflecting strength across Sage 200 and Sage 50, driven by renewals, higher pricing, and new customers. Growth was also driven by ForceManager, a mobile workforce management solution acquired in October 2024. In addition, Iberia achieved good levels of growth from accountants, following the recent introduction of Sage for Accountants into the region.

Adjusting for the impact of the ForceManager acquisition, organic total revenue grew by 7% in Iberia, and by 6% in the Europe region as a whole.

Revenue—underlying and organic reconciliation to statutory

Total revenue bridge	FY25	FY24	Change
Statutory	**£2,513m**	£2,332m	+8%
Impact of FX[6]	–	(£42m)	
Underlying	**£2,513m**	£2,290m	+10%
Disposals	–	–	
Acquisitions	**(£7m)**	£6m	
Organic	**£2,506m**	£2,296m	+9%

6. Impact of foreign exchange (FX) retranslating FY24 revenue and costs at FY25 average rates.

Statutory and underlying revenue was £2,513m in FY25. Underlying revenue in FY24 of £2,290m reflects statutory revenue of £2,332m retranslated at current year exchange rates, resulting in a foreign exchange headwind of £42m. Organic revenue in FY25 was £2,506m, reflecting underlying revenue of £2,513m adjusted for £5m of revenue from the acquisition of ForceManager and £2m from the acquisition of Fyle during the year. Organic revenue in FY24 of £2,296m reflects underlying revenue of £2,290m, adjusted for £6m of revenue from Anvyl and Infineo, which were acquired at the end of FY24.

Operating profit

The Group increased underlying operating profit by 17% to £600m (FY24: £513m), resulting in a strong increase in underlying operating margin of 150bps to 23.9% (FY24: 22.4%). This was driven by revenue growth and operating efficiencies, with disciplined cost management supporting ongoing investment. On an organic basis, adjusting for the impact of acquisitions in FY24 and FY25, operating profit increased by 16% to £600m (FY24: £515m) while margin was in line with underlying.

Operating profit—underlying and organic reconciliation to statutory

	FY25		FY24	
Operating profit bridge	**Operating profit**	**Operating margin**	Operating profit	Operating margin
Statutory	**£530m**	**21.1%**	£452m	19.4%
Recurring items[7]	**£73m**		£82m	
Non-recurring items				
• Reversal of property restructuring	**(£2m)**		–	
• Reversal of employee-related costs	**–**		(£3m)	
• Reversal of restructuring costs	**(£1m)**		(£2m)	
Impact of FX[8]	–		(£16m)	
Underlying	**£600m**	**23.9%**	£513m	22.4%
Disposals	–	–	–	–
Acquisitions	–	–	£2m	–
Organic	**£600m**	**23.9%**	£515m	22.4%

7. Recurring and non-recurring items are defined in the Glossary and detailed in note 3.6 of the financial statements.
8. Impact of retranslating FY24 revenue at FY25 average rates.

The Group achieved a statutory operating profit in FY25 of £530m. Underlying and organic operating profit of £600m in FY25 reflects statutory operating profit adjusted for recurring and non-recurring items.

Financial review continued

Recurring items of £73m (FY24: £82m) comprise £42m of amortisation of acquisition-related intangibles (FY24: £48m) and £31m of M&A-related charges (FY24: £34m). Non-recurring items in FY25 comprise a £2m reversal of property restructuring costs (FY24: £nil) and a £1m reversal of other restructuring costs (FY24: £2m). Non-recurring items in FY24 also comprised a £3m reversal of employee-related charges for French payroll taxes relating to previous years. Together, recurring and non-recurring items reduced by £7m compared with the prior year.

In addition, the retranslation of FY24 underlying and organic operating profit at current year exchange rates has resulted in an operating profit headwind of £16m. This has led to a 30-basis point margin headwind from foreign exchange to 22.4% (FY24 underlying as reported: 22.7%).

Organic operating profit of £515m in FY24 reflects underlying operating profit of £513m adjusted for £2m of operating profit from Anvyl and Infineo, which were acquired at the end of FY24.

Underlying EBITDA

Underlying EBITDA was £694m (FY24: £605m) representing a margin of 27.6%. The increase in underlying EBITDA principally reflects the growth in underlying operating profit.

	FY25	FY24	Margin
Underlying operating profit	**£600m**	£513m	23.9%
Depreciation and amortisation	**£48m**	£47m	
Share-based payments	**£46m**	£45m	
Underlying EBITDA	**£694m**	£605m	27.6%

Net finance cost

The underlying net finance cost for the FY25 increased to £45m (FY24: £27m), mainly reflecting higher interest expense following the new debt issuance (see page 54) together with lower interest income on cash and cash equivalents during the year. The statutory net finance cost of £46m (FY24: £26m) is broadly in line with the underlying net finance cost.

Taxation

The underlying tax expense for FY25 was £132m (FY24: £116m), resulting in an underlying tax rate of 24% (FY24: 24%). The statutory income tax expense for FY25 was £115m (FY24: £103m), resulting in a statutory tax rate of 24% (FY24: 24%).

Earnings per share

	FY25	FY24	Change
Statutory basic EPS	**37.7p**	32.1p	+18%
Recurring items	**5.7p**	6.3p	
Non-recurring items	**(0.2)p**	(0.5)p	
Impact of foreign exchange	**–**	(1.2)p	
Underlying basic EPS	**43.2p**	36.7p	+18%

Underlying basic EPS and statutory basic EPS increased by 18% to 43.2p and 37.7p, respectively, mainly reflecting higher underlying operating profit.

Cash flow

Sage remains highly cash generative, with underlying cash flow from operations increasing by 2% to £660m (FY24: £649m), representing underlying cash conversion of 110% (FY24: 123%). This strong cash performance reflects growth in subscription revenue and strength in receivables collection, partly offset by increased capital expenditure due to workplace investment together with the timing of certain payments to third parties. Free cash flow of £517m (FY24: £524m) reflects robust underlying cash conversion, offset by higher net interest and income tax.

Cash flow APMs	FY25	FY24 (as reported)
Underlying operating profit	**£600m**	£529m
Depreciation, amortisation and non-cash items in profit	**£44m**	£44m
Share-based payments	**£46m**	£45m
Net changes in working capital	**£26m**	£55m
Net capital expenditure	**(£56m)**	(£24m)
Underlying cash flow from operations	**£660m**	£649m
Underlying cash conversion %	***110%***	*123%*
Non-recurring cash items	**(£8m)**	(£5m)
Net interest paid and derivative financial instruments	**(£34m)**	(£25m)
Income tax paid	**(£101m)**	(£91m)
Profit and loss foreign exchange movements	**–**	(£4m)
Free cash flow	**£517m**	£524m

Statutory reconciliation of cash flow from operations	FY25	FY24 (as reported)
Statutory cash flow from operations	**£675m**	£625m
Recurring and non-recurring items	**£41m**	£44m
Net capital expenditure	**(£56m)**	(£24m)
Other adjustments including foreign exchange translations	**–**	£4m
Underlying cash flow from operations	**£660m**	£649m

Net debt and liquidity

Group net debt was £1,189m at 30 September 2025 (30 September 2024: £738m), comprising cash and cash equivalents of £390m (30 September 2024: £508m) and total debt of £1,579m (30 September 2024: £1,246m). The Group had £1,020m of cash and available liquidity at 30 September 2025 (30 September 2024: £1,138m).

The increase in net debt in the period is summarised in the table below:

	FY25	FY24 (as reported)
Net debt at 1 October	**(£738m)**	(£561m)
Free cash flow	**£517m**	£524m
New leases	**(£28m)**	(£26m)
Acquisition of businesses	**(£87m)**	(£34m)
M&A and equity investments	**(£33m)**	(£41m)
Dividends paid	**(£207m)**	(£199m)
Share buyback	**(£605m)**	(£348m)
Purchase of shares by Employee Benefit Trust	**–**	(£55m)
FX movement and other	**(£8m)**	£2m
Net debt at 30 September	**(£1,189m)**	(£738m)

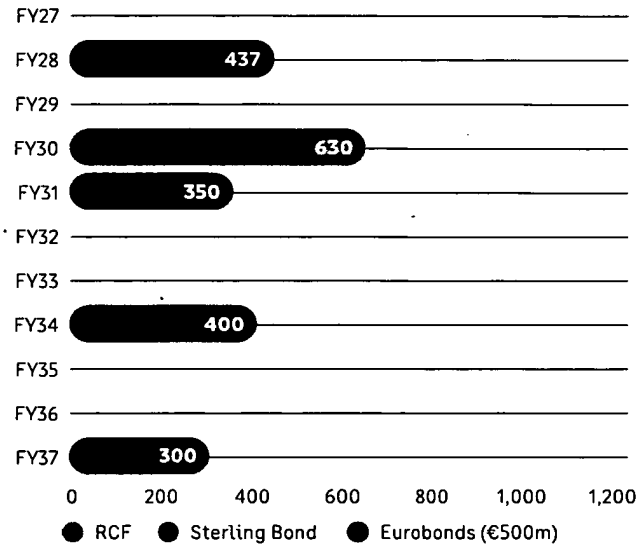
The Group's debt is sourced from sterling and euro denominated notes, together with a syndicated multicurrency revolving credit facility (RCF).

Financial review continued

The Group's notes include £300m 12-year notes issued in March 2025 with a coupon of 5.625%, and €500m 5-year notes issued in February 2023 with a coupon of 3.82%, under the Group's Euro Medium Term Note programme. Sage's other notes comprise £400m 12-year notes issued in February 2022 with a coupon of 2.875%, and £350m 10-year notes issued in February 2021 with a coupon of 1.625%.

The Group's RCF of £630m expires in December 2029 and was undrawn at 30 September 2025 (FY24: undrawn). Sage has an investment grade issuer rating assigned by Standard and Poor's of BBB+ (stable outlook).

Sage debt maturity profile (£m)



Capital allocation

Sage's disciplined capital allocation policy is focused on accelerating strategic execution through organic and inorganic investment and delivering shareholder returns. During FY25, Sage completed the acquisition of Tritium Software, the developer of ForceManager (now branded Sage Sales Management), a mobile workforce management solution for field-based sales teams, and Fyle, an AI-powered expense management platform that transforms how SMBs track and manage expenses.

Sage has a progressive dividend policy, intending to grow the dividend over time while considering the future capital requirements of the Group. The final dividend proposed by the Board is 14.40p per share, taking the total dividend for the year to 21.85p, up 7% compared with the prior year (FY24: 20.45p).

The Group also considers returning surplus capital to shareholders..On 30 July 2025, Sage completed a share buyback programme, commenced on 20 November 2024 and extended on 15 May 2025, under which a total of 48.2m shares were purchased for an aggregate consideration of £600m and subsequently cancelled.

Alongside these results, we have announced a further share buyback programme of up to £300m, reflecting Sage's strong cash generation, robust financial position, and the Board's confidence in the Group's future prospects. Sage continues to have considerable financial flexibility to drive the execution of its growth strategy.

	FY25	FY24 (as reported)
Net debt	**£1,189m**	£738m
Underlying EBITDA (last 12 months)	**694m**	£622m
Net debt/underlying EBITDA ratio	**1.7x**	1.2x

The Group's underlying EBITDA over the last 12 months was £694m, resulting in a net debt to underlying EBITDA leverage ratio of 1.7x, up from 1.2x in the prior year. Sage intends to operate in a broad range of 1x to 2x net debt to underlying EBITDA over the medium term, with flexibility to move outside this range as business needs require.

Return on Capital Employed (ROCE) for FY25 was 31% (FY24 as reported: 26%)[9]. A reconciliation of ROCE to our reported measures is set out below.

Going concern

The Directors have robustly tested the going concern assumption in preparing these financial statements, taking into account the Group's strong liquidity position at 30 September 2025 and a number of downside sensitivities, and remain satisfied that the going concern basis of preparation is appropriate. Further information is provided in note 1 of the financial statements on page 181.

Foreign exchange

The Group does not hedge foreign currency profit and loss translation exposure, and the statutory results are therefore impacted by movements in exchange rates. The average rates used to translate the consolidated income statement and to normalise prior year underlying and organic figures are as follows:

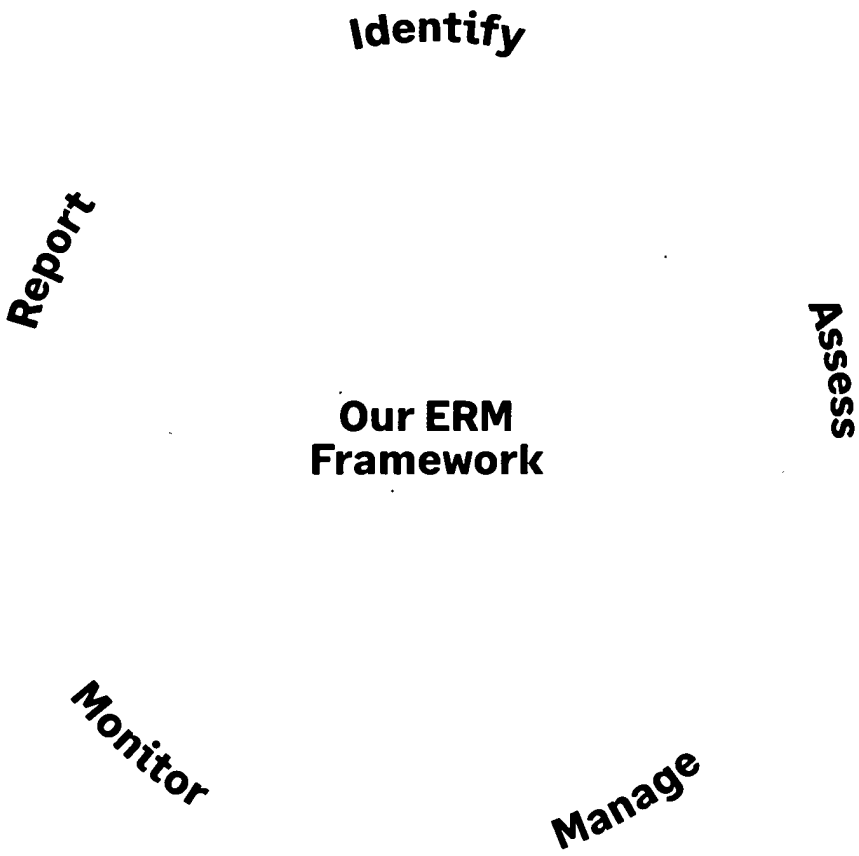
Average exchange rates (equal to GBP)	**FY25**	FY24	Change
Euro (€)	**1.18**	1.17	+1%
US dollar ($)	**1.31**	1.27	+3%
Canadian dollar (C$)	**1.83**	1.73	+6%
South African rand (ZAR)	**23.61**	23.50	+0%

9. A reconciliation of ROCE to our reported measures is set out below.

Reconciliation of Return on Capital Employed	**FY25**	FY24 (as reported)
Underlying operating profit net of amortisation of acquired intangibles	**£558m**	£481m
Net assets less borrowings and cash	**£1,909m**	£1,832m
Less:		
• Derivative financial instruments	**(£32m)**	(£17m)
• Provisions for non-recurring costs	**£6m**	£16m
• Financial liability for the purchase of own shares	**£8m**	£4m
• Tax assets or liabilities	**(£49m)**	(£54m)
Adjusted net assets	**£1,842m**	£1,781m
Average adjusted net assets	**£1,811m**	£1,870m
Return on Capital Employed	**31%**	26%

Risk Management Framework

Our Enterprise Risk Management Framework helps us to manage a wide range of risks, enabling a consistent approach to identifying, managing, and overseeing risks to support effective decision making and enhance long-term resilience.



We seek to improve continuously the use and adoption of our ERM Framework. It isn't a process that we merely apply to the business—it is integral to how we make decisions and work every day, and helps us to achieve our strategic objectives through risk-informed decision making.

Using our ERM Framework, we expect all regions and functions to identify risks that could affect the successful execution of their strategy and operations while managing any risk exposure, ensuring appropriate controls and plans are in place. The ERM Framework helps focus our efforts on the areas that matter most to Sage, providing clarity about risk tolerances and appetite in a way that facilitates effective business decisions and ensures we are adequately prepared to manage risks.

How we identify risks

Our risk identification process follows an enterprise-wide "top-down, bottom-up" approach, as follows:

- Top down, we focus on Principal Risks; these are the most significant risks to our ability to achieve our strategic objectives.
- Bottom up, we focus on strategic, commercial, operational, compliance, and change risks ("business risks") that arise at regional and functional levels. These risks pose the greatest threat to the success of business activities across the Group.

How we assess risks

We analyse all risks for likelihood and impact using a tailored risk assessment methodology that considers a range of impacts, including on our customers and colleagues, as well as potential financial implications. The analysis considers risk before any mitigations (inherent risk) and after all current mitigations (residual risk). The key benefit of assessing inherent risk is that it highlights the potential risk exposure if mitigation were to fail completely or not be in place.

How we manage risk

We recognise that eliminating risk is often unfeasible or undesirable. Instead, we define risk appetite for each Principal Risk, to provide our leaders with guidance so they can make decisions on the level of risk to achieve their strategic objectives. We set our Board-approved risk appetite statements in collaboration with relevant leaders, and use their expertise to ensure these statements align to our strategy and priorities.

Each Principal Risk is assigned an executive owner, who is responsible for overall management, ensuring adequate controls are in place and implementing action plans if the risk falls outside risk appetite.

In addition to Principal Risks, we consider business risks at a regional or functional level. These risks are owned and managed within their respective management structures and reviewed on an ongoing basis. Formal risk review takes place quarterly with regional and functional leaders.

Risk reporting and monitoring

To fully understand our risk landscape, we consider risks both individually and collectively. By analysing the correlation between risks, we can identify those with the potential to trigger, amplify, or influence other risks. This exercise informs our scenario analysis, particularly those scenarios in the Viability Statement on pages 67 and 68.

We monitor Principal Risks against our risk appetite targets using measures and tolerances, which we evaluate throughout the year to ensure they align with our strategic objectives. Business risks are considered from a Group-wide perspective with input from our senior leaders, who provide their own strategic, functional, and emerging-risk perspectives. They are escalated in line with the Risk Management Policy and via our ERM Framework to Regional or Functional leaders and then to the Global Risk Committee. This escalation process provides organisational visibility to emerging, strategic, commercial, operational, financial, and compliance risks while reinforcing accountability for risk management and driving action. As part of the escalation process, we evaluate whether risks should be included in the current set of Principal Risks, or whether a new Principal Risk should be created.

Read more about our Principal Risks on pages 61 to 66

Risk culture

Culture underpins the effectiveness of our ERM Framework and supports an effective control environment. Our Values help ensure that a culture of managing risks effectively is linked to our daily business activities and outcomes. Our Code of Conduct reinforces these Values and sets clear expectations across Sage for compliance with ethical standards. Values form a significant part of our colleague performance management process, and, in FY25, we continued to manage culture as a Principal Risk.

Risk governance

Top down Oversight, accountability, and assessment of Principal Risks, significant operational risks, and emerging risks

The Board

The Board has overall responsibility for risk management and internal control, including setting the Group's risk appetite and ensuring appropriate governance arrangements are in place. It promotes a strong risk culture and monitors the internal and external risk environment to ensure the Group's Principal Risks remain relevant and aligned with strategic objectives.

For more information on the responsibilities of the Board, please refer to page 80.

Audit and Risk Committee (ARC)

The ARC supports the Board in setting our risk appetite and ensuring that processes are in place to identify, manage, and mitigate our Principal Risks. At each meeting, ARC reviews the Principal Risks and their associated appetite targets and metrics, to assess if they are relevant, effective and aligned to achieving our objectives, and within an acceptable tolerance.

For more information on the responsibilities of the ARC, please refer to page 110.

Global Risk Committee (GRC)

The GRC is responsible for providing direction and support for managing risk across Sage, including setting and monitoring risk appetite for Principal Risks and driving action to align risk exposure to strategy. The GRC provides the ARC with information to enable them to discharge their responsibility for reviewing the Company's risk management and internal control systems, including regarding financial reporting.

For more information on the membership and responsibilities of the GRC, please refer to page 81.

Regional and Functional Reviews

The Regional and Functional Reviews monitor key operational and strategic risks that could impact strategic plans or Sage's Principal Risks, together with other key strategic, operational, financial, and compliance risks. All business areas are required to adopt the ERM Framework. Key risks that could affect the execution of regional or functional strategic plans are reviewed at least quarterly with senior leaders, while ensuring that appropriate mitigations are in place. Where necessary, risks are escalated to the GRC via the ERM framework.

Bottom up Identification and assessment of risk exposures at regional and functional level

Three lines model

Our three lines governance model defines clear roles and responsibilities for all colleagues and establishes accountability for actions and decisions. It also describes how we ensure appropriate oversight, challenge, and assurance over our business activities.

1. First line

All colleagues
Identify, own, operate

First Line comprises all our colleagues who are at the forefront of the business. They hold the skills and knowledge needed to help identify and manage risks within our business. Colleagues in the first line have ultimate accountability for the management and ownership of risk, while ensuring we manage risks within the ERM framework.

2. Second line

Sage Risk and Controls
Guide, support, oversee

Second Line is our Risk and Controls team, which is responsible for setting the ERM framework, policies, tools, and techniques to enable the First Line to manage risk effectively. As part of this role, the team provides support, guidance, and oversight of First Line risk management, to ensure that we maintain a consistent approach to managing risk. This includes supporting the Global Risk Committee, and our Regional and Functional leaders in fulfilling their responsibilities.

3. Third line

Sage Assurance
Independent and objective

Third Line is our Internal Audit and Assurance team, whose primary role is to provide independent assurance to ensure the first two lines are operating effectively. They achieve this by conducting risk-based reviews of the effectiveness of risk management, internal controls, and governance. The Internal Audit and Assurance team is also accountable to the Audit and Risk Committee, to provide comfort to Sage leadership that appropriate controls and processes are in place and are operating effectively.

Horizon scanning

Global conflicts (e.g. Russia-Ukraine, Israel-Gaza), evolution in global economic strategies such as US tariffs, energy shortages, rising interest rates, and inflation are just some events that may have a material impact on Sage and our customers.

To maintain resilience in this continually changing external landscape, we operate an ongoing horizon scanning process. This allows us to monitor external events and trends, identify associated risks, and assess their potential impact on our colleagues, customers, and partners. We review external risks at every Global Risk Committee meeting to ensure we are responding proactively to material events.

Part of our horizon scanning also involves looking beyond the present by considering emerging risks, via workshops with representatives across business functions including Marketing and Customer Experience, Product, Security, Sustainability, People, Finance, and Strategy.

During these workshops, we consider current external mega-trends and global threats and opportunities over the short, medium, and long term. This process enables us to define a set of key risk scenarios that may have an impact on Sage, as well as the potential time horizon of each scenario. We then evaluate the extent of planning and mitigation required to ensure Sage is adequately prepared and protected for our key emerging risks. The Global Risk Committee considers the plans and mitigations, and provides updates to the Audit and Risk Committee for oversight.

	Emerging risk scenario	Time horizon		
		1–2 years	3–5 years	Over 5 years
1.	Rapid advances in AI, including agentic systems, intelligent workflows, and ubiquitous AI-powered tools, may change the role of the general ledger, reshape SMB operating models, and introduce powerful new competitors. If Sage fails to adapt and differentiate its offerings, it risks loss of relevance, market share, and profitability.		●	
2.	Intense competition across the tech industry for top experts makes it difficult to attract and retain the skills needed to drive innovation and maintain product leadership. Without sustained access to this talent, AI initiatives risk delay or failure, creating operational, strategic, reputational, and intellectual property vulnerabilities.	●		
3.	The rapid integration of AI and automation is reshaping job roles and required skills. Many routine tasks are being automated, while demand is rising for digital, analytical, and creative skills. This shift could lead to reskilling at scale, talent shortages, and changes in workforce structure.		●	
4.	Increasing data localisation requirements, divergent AI regulations, and emerging technology laws may restrict Sage's ability to manage and share data, develop and deploy AI solutions, and deliver on its product strategy. These changes could drive increased compliance costs, legal and intellectual property risks, and potential competitive disadvantage.		●	
5.	Rising tensions between major economies may disrupt global supply chains, introduce new trade barriers, drive increasing wage-price inflation or contribute to a global economic downturn. This could impact Sage's ability to serve customers in multiple regions and require rapid adaptation to shifting regulations; it may also result in increased default of SMBs, an increase in customer churn, and a reduced ability to sell to new or existing customers. Additionally, increased labour costs in key markets could hamper Sage's ability to retain and attract talent.	●		

Principal Risks and uncertainties

The Board and the Audit and Risk Committee conducted a robust and ongoing assessment of the principal and emerging risks facing the Group throughout FY25. This assessment considered the risks that would threaten Sage's business model, future performance, solvency or liquidity, and reputation, and ensured that the risks continued to align with Sage's business strategy.

The Board retains overall responsibility for setting Sage's risk appetite and for risk management and internal control systems.

In accordance with the UK Corporate Governance Code 2018 (the "Code"), the Board is responsible for reviewing the effectiveness of the risk management and internal control systems and confirms that:

- There is an ongoing process for identifying, evaluating, and managing the Principal Risks faced by the Company.
- The systems have been in place for the year under review and up to the date of approval of the Annual Report and Accounts.
- They are reviewed regularly by the Board.
- The systems accord with the FRC guidance on risk management, internal control, and related financial and business reporting.

There were no instances of significant control failing or weakness in FY25.

Read more about our risk management and internal control systems on pages 56 to 60, and about the associated work by the Audit and Risk Committee on pages 109 to 116

The following table provides an overview of the Group's Principal Risks and the way we manage these.

Key—Stakeholder groups

Customers | Colleagues | Partners | Shareholders | Society

Risk exposure change

Stable | Decreasing | Increasing

Principal Risk	Risk context	Management and mitigation
1. Customer experience **If we fail to deliver ongoing value to our customers by focusing on their needs over the lifetime of their customer journey, we will not be able to achieve sustainable growth through renewal.** **Trend** **Stakeholder alignment** **Link to viability scenario** Data breach Existing or new market disruptor Global economic shock Cloud operations failure	We must maintain a sharp focus on the relationship we have with our customers, offering the products, services and experiences they need for success. If we meet or exceed their expectations, customers will stay with Sage, increasing lifetime value and becoming our greatest advocates. By aligning our people, processes and technology with this focus in mind, all Sage colleagues help our customers be successful and in turn improve financial performance.	• Brand-health surveys to provide an understanding of the customer perception of the Sage brand and its products, used to inform and enhance our market offerings. • Our Market and Competitive Intelligence team provides insights that guide our strategy and support our growth. • Proactive analysis of customer activity and churn data, to improve customer experience. • Customer Advisory Boards, call listening, and closed-loop feedback to constantly gather information on customer needs. • Customer-journey mapping to ensure appropriate strategy alignment and alignment to our target operating model. • "Customer for life" roadmaps, detailing how products can fit together, any interdependencies, and migration pathways for current and potential customers. • Continuous Net Promoter Score (NPS) surveying to identify customer challenges and respond in a timely manner to emerging trends. • Sage Membership for all customers, providing customers with access to curated resources, tools, and a connected community of business leaders.

Key—Stakeholder groups

Customers | Colleagues | Partners | Shareholders | Society

Risk exposure change

Stable | Decreasing | Increasing

Principal Risk	Risk context	Management and mitigation
2. Execution of product strategy **If we fail to deliver the capabilities and experiences outlined in our product strategy, we will not meet the needs of our customers or commercial goals.** **Trend** **Stakeholder alignment** **Link to viability scenario** Existing or new market disruptor Global economic shock Cloud operations failure	Sage needs to adapt continuously its approach to new technologies and challenges. This requires a clear direction and strategic guardrails to support our go-to-market offerings. By simplifying our product portfolio and partnering with the right businesses, we can enhance our solutions and drive success.	• Robust product organisation and governance model, supported by strategic interlock with our Routes to Revenue (RtR) teams, aligning the way we deliver product to meet the needs of SMBs. • Migration Framework in key countries to support our customers as they move to the cloud. • Continued expansion of Sage Intacct outside North America and for additional product verticals. • Enhancing accessibility of Sage cloud products to meet Web Content Accessibility Guidelines. • Focus on accountants through a tailored Sage for Accountants proposition. • Ongoing deployment of Sage Copilot AI-powered assistant into existing Sage products, including Sage Intacct and integration into Sage Sales Management. • Developing AI agents for use in our core products.
3. Developing and exploiting new business models **Sage is unable to develop, commercialise, and scale new business models to diversify from traditional Software as a Service (SaaS), especially consumption-based services and those that leverage data.** **Trend** **Stakeholder alignment** **Link to viability scenario** Data breach Existing or new market disruptor Global economic shock Cloud operations failure	Sage must be able to identify, design and deploy new innovations to create new or enhance existing products and capabilities. Unlocking the ability to do this at pace will enable access to new markets and/or customers early, driving new revenue and opportunities for the business.	• Business unit focused on the Sage Platform to realise the opportunities with automation of accounting processes (like Accounts Payable and Accounts Receivable). • Sage Platform integrating Sage's products with AI and digital services to enhance workflows, improve customer experiences, and accelerate innovation. • Enhanced, consistent digital experience for all Sage Business Cloud users through the Sage Experience Platform. • A team focused on the product strategy and assessing new business opportunities in emerging ecosystems to identify those that may align with our vision. • Acceleration of Embedded Services by expanding Sage's Fintech and Payments ecosystem through strategic partnerships with Stripe, Monzo and Tide. • Managed growth of the API estate, including enhanced product development that enables access by third-party API developers and optimisation of API integrations to improve efficiency.

Key—Stakeholder groups

Customers | Colleagues | Partners | Shareholders | Society

Risk exposure change

Stable | Decreasing | Increasing

Principal Risk	Risk context	Management and mitigation
4. Route to market **If we fail to deliver a globally consistent blend of route to market channels in each market, Sage will miss the opportunity to efficiently deliver the right capabilities and experiences to our current and future customers.** **Trend** — **Stakeholder alignment** **Link to viability scenario** Data breach Existing or new market disruptor Global economic shock Cloud operations failure	We have a blend of channels to communicate with our current and potential customers and ensure our customers receive the right information, on the right products and services, at the right time. Our sales channels include selling directly to customers through digital and telephone channels, via our accountant network and through partners, and we will adapt our approach to target customers in our key verticals. We use these channels to maximise our marketing and customer engagement activities. This can shorten our sales cycle and ensure we improve customer retention, maximising our market opportunity.	• Our Global Routes to Revenue team drives a consistent approach to taking Sage's products to market. • Deployment of an enhanced reporting tool to track go-to-market metrics using standard definitions across geographies. • Acceleration of strategic partnerships to strengthen the Sage Platform. • Three strategic pillars focused on delivery to the market to align priorities across Sage. • Centre of Excellence to support our indirect sales and third-party approach. • Sage Discovery Centre at our North American headquarters in Atlanta reaffirms our commitment to helping entrepreneurs, communities, and customers to thrive in the age of AI.
5. People and performance **If we fail to ensure we have engaged colleagues with the critical skills, capabilities, and capacity we need to deliver on our strategy, we will not be successful.** **Trend** — **Stakeholder alignment** **Link to viability scenario** Data breach Global economic shock	As we evolve our priorities, the capacity, knowledge, and leadership skills we need will continue to change. Sage will not only need to attract the right talent to navigate change but will also need to provide an environment where colleagues can develop to meet these new expectations. By empowering colleagues and leaders to make decisions, be innovative, and be bold in meeting our commitments, Sage will be able to create an attractive working environment. By addressing what causes colleague voluntary attrition, and embracing the Values of successful technology companies, Sage can increase colleague engagement and create aligned high-performing teams.	• Focus on hiring channels to ensure we are attractive in the market through our enhanced employee value proposition and enhanced presence through social media such as Glassdoor, Comparably, X, LinkedIn, and Facebook. • Reward mechanisms to incentivise and encourage the right behaviour, with a focus on ensuring fair and equitable pay in all markets. • Series of Leadership Academies and talent programmes to support the development of internal talent. • OKR Framework defines measurable goals and tracks outcomes of colleague success. • Enhancing skills and talent technology ecosystem to identify capabilities and skills gaps, talent pipeline, development, and career pathways and mentoring. • Strategic Workforce Planning Framework across the business.

Key—Stakeholder groups

Customers | Colleagues | Partners | Shareholders | Society

Risk exposure change

Stable | Decreasing | Increasing

Principal Risk	Risk context	Management and mitigation
6. Culture **If we do not define, shape and proactively manage our culture in line with our brand Values, we will be challenged to deliver our strategic priorities and purpose; we will risk disengaging colleagues, increasing attrition, and impacting our ability to attract and retain diverse talent.** **Trend** **Stakeholder alignment** **Link to viability scenario** Data breach Global economic shock	The development of a shared behavioural competency that encourages colleagues to always do the right thing, put customers at the heart of business and improve innovation is critical to Sage's success. Devolution of decision making, and the acceptance of accountability for those decisions, will need to go hand in hand as the organisation develops and sustains its shared Values and Behaviours, and fosters a culture that provides customers with a rich digital environment. We will also need to create a culture of empowered leaders that supports the development of ideas, and that provides colleagues with a safe environment allowing for honest disclosures and discussions. A trusting and empowered environment can help sustain innovation, enhance customer success, and encourage the engagement that results in increased market share.	• Integration of Values and Behaviours into all colleague priorities including talent attraction, selection, and onboarding as well as OKRs. • All colleagues encouraged to take up to five paid Sage Foundation days each year, to support charities and provide philanthropic support to the community. • DEI strategy focused on building diverse teams, an equitable culture, and fostering inclusive leadership. This is supported by strategic plans to track progress, ensuring we meet our commitments, including no tolerance of discrimination and equal chances for everyone. • Code of Conduct training for all colleagues (including anti-bribery and corruption requirements) delivered as snippets, so we can signpost relevant training at colleagues' point of need. • Core e-learning modules, with regular refresher training. • Whistleblowing and incident-reporting mechanisms so issues can be formally reported and investigated. • Scaling Sage culture initiatives, including target culture measurement framework, leadership assessments, and alignment of people processes.
7. Cyber security **If we fail to ensure an appropriate standard of cyber security across the business, we will not be able to combat cyber threats and will fail to meet our regulatory obligations and lose the trust of our stakeholders.** **Trend** **Stakeholder alignment** **Link to viability scenario** Data breach Cloud operations failure	Stakeholder trust is central to Sage's growth and cyber security is an essential component of that. Failure to safeguard customer and colleague data and ensure the availability of our products and critical services could have severe reputational, legal, and financial consequences. This means we must be confident our cyber security controls, and the culture and awareness of our colleagues are sufficient to mitigate the dynamic and evolving cyber risk environment, while also supporting the agility and innovation of the business.	• Multi-year cyber security programmes in IT and Product to ensure we are continuously improving, and reduce cyber risk across technology, business processes, and culture. • Accountability within both IT and Product for internal and external data being processed by Sage. • Formal certification schemes maintained across the business include internal and external validation of compliance. • Sage colleagues are required to undertake regular cyber security awareness training. • A Cyber Security Risk Management Methodology and standards are deployed to provide clear requirements and objective risk information on our assets and systems. • Sage Security Champions, who help amplify and embed a secure culture. • An in-house Cyber Defence Operations team to proactively detect, respond to, and prevent cyber threats 24/7. • Continued investment in strengthening business resilience and elevating crisis management capabilities. **Read more about our recent crisis management exercise on page 66**

Key—Stakeholder groups

Customers | Colleagues | Partners | Shareholders | Society

Risk exposure change

Stable | Decreasing | Increasing

Principal Risk	Risk context	Management and mitigation
8. Data and AI governance **If Sage fails to collect, process, store, and use data in a way that is compliant with regulation, internal policy, and our ethical principles, we will lose the trust of our stakeholders.** **If we fail to recognise the value of our data and deliver effective data foundations, we will be unable to realise the full potential of our data assets.** **Trend** **Stakeholder alignment** **Link to viability scenario** Data breach Existing or new market disruptor	Data is central to the Sage strategy and our ambition to deliver sustainable growth by leveraging AI and expanding the Sage Platform. Our strategy is underpinned by our ability to innovate customer propositions, improve insight and decision making, and create new business models and ecosystems. The successful ability to use data will accelerate our growth and will be key in helping customers transform how they run and build their businesses, and we must do this in a way that is compliant with laws and regulations, and in line with our Values.	• Our AI and Data Ethics Principles ensure the responsible use of customer data in support of our strategy, with an ethics checklist in place to assess adherence to these principles. • Governance policies, processes, and tooling to enhance and manage data quality, trust, and privacy. • The implementation of our AI Governance Framework, supported by an AI Inventory and AI assurance process, to ensure that the development and use of AI align with our risk appetite and meet legal, regulatory, ethical, and security requirements. • Data Privacy Framework governing the collection, use, and protection of personal data in compliance with applicable laws and regulations. • Our Sustainability, AI, and Data Ethics Committee, which includes members from the Executive Leadership Team and Sage Board, governs activities relating to data and AI ethics. • We require all colleagues to undertake awareness training for data protection, with a focus on all relevant data privacy laws and regulations. • Our Trust and Security Hub supports our customers and their understanding of cyber security, data privacy, and AI and data ethics in Sage products.
9. Readiness to scale **As Sage's ambition grows, if it fails to ensure its cloud products can build and operate at an industrial, global scale, it will erode its competitive advantage.** **The hosting of its products must achieve economies of scale, aligned to ambition, in parallel with the ability to accelerate to market with quality. Both must be achieved with reduced environmental impact and zero customer impact.** **If not addressed, Sage's cloud products would be less resilient and less able to respond to its customer expectations.** **Trend** **Stakeholder alignment** **Link to viability scenario** Data breach Cloud operations failure	As Sage continues to build sustainable growth, we continue to focus on scaling our platform services environment in a rigorous, agile, and speedy manner to ensure we provide a consistent and healthy cloud platform and associated network. We must provide the right infrastructure and operations for all our customer products, and a hosting platform, together with the governance to ensure optimal service availability, performance, security protection, and restoration (if required).	• Cost optimisation of cloud native products and continued migration of legacy footprint to public cloud. • Accountability across product owners, underpinned by ongoing risk assessments and continuous improvement projects. • Formal onboarding process through ongoing portfolio management. • Incident and problem management change processes adhered to for all products and services, with new acquisitions onboarded in a timely manner. • Service-level objectives including uptime, responsiveness, and mean time to repair. • Defined real-time demand-management processes and controls, and disaster-recovery capability and operational-resilience models. • A governance framework to optimise operational cost base in line with key metrics. • All new acquisitions required to adopt Sage cloud operation standards.

Key—Stakeholder groups

Customers | Colleagues | Partners | Shareholders | Society

Risk exposure change

Stable | Decreasing | Increasing

Principal Risk	Risk context	Management and mitigation
10. Environmental, social, and governance **If Sage is unable to respond to evolving stakeholder expectations and ESG regulation, Sage could face fines and potential legal action, damaging Sage's reputation and brand, and diminishing stakeholder trust and credibility.** **In addition, if Sage fails to respond to the range of opportunities and risks associated with Sustainability and Sage Foundation, it would be less resilient, less competitive, and could put its licence to operate at risk.** **Trend** **Stakeholder alignment** **Link to viability scenario** Global economic shock Cloud operations failure	We invest in education, technology, and the environment to give individuals, SMBs, and our planet the opportunity to thrive. Internally, it is essential that Sage understands the potential impact of climate change on its strategy and operations and considers appropriate mitigations. Societal and governance-related issues are integral to Sage's purpose and Values and to the achievement of Sage's strategy.	• Sage's Sustainability and Society strategy, informed by a rigorous materiality assessment, focusing on three pillars: Protect the Planet, Tech for Good, and Human by Design. • Ensuring adequate executive oversight through the Sustainability, AI, and Data Ethics Committee. • Enabling accountability through integration of ESG measures within long-term incentive plans. • An integrated framework to manage ESG-related risk and physical and transitional climate risks, as detailed by TCFD. • External limited assurance obtained over selected metrics to ensure accuracy of sustainability data and claims.

Case study

Strengthening Crisis Readiness and Resilience

In April 2025, Sage conducted a comprehensive cyber security simulation exercise for the Crisis Management Team (CMT) which included the CEO, members of Executive Leadership Team, and functional leaders. The exercise was developed by our Business Resilience team in partnership with a leading UK crisis consultancy. This scenario was selected due to the credible threat that cyber-attacks pose to Sage, a risk that is considered within the Cyber Security Principal Risk. We delivered a four-day crisis simulation where participants faced dynamic challenges, including ransom demands from attackers, customer inquiries, and media scrutiny, designed to replicate the intensity and unpredictability of a cyber crisis. The outcomes tested and validated our Crisis Management Framework and strengthened our risk readiness to ensure we remain well-prepared to navigate disruption.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors set out how they have assessed the Group's prospects, the period covered by the assessment, and the Group's formal Viability Statement.

The Directors have assessed the prospects of the Group by considering the Group's current financial position, its recent and historic financial performance and forecasts, its business model and strategy (pages 8 and 9, and 15 to 18) and the Principal Risks and uncertainties (pages 61 to 66).

The Group's operational and financially robust position is supported by:

- A high-quality recurring revenue base
- Resilient cash generation and a robust liquidity position, with strong underlying cash conversion of 110%, reflecting the strength of the subscription business model
- A well-diversified small and medium customer base

The Directors have reviewed the period used for the assessment and determined that three years remains suitable. The Directors believe that projections over a three-year period remain appropriate given the relative predictability of cash flows associated with Sage's subscription business during this period. This period aligns our Viability Statement with our three-year strategic planning horizon and is appropriate given the nature and investment cycle of a technology business. Projections beyond this period are less reliable due to the evolving technology landscape in which Sage operates.

No scenario modelled over the three-year period leads to insufficient liquidity headroom. The Directors have no reason to believe the Group will not be viable over a longer period.

Assumptions

The financial forecasts contained in the Group's three-year plan make certain assumptions about the composition of the Group's product portfolio, and the ability to acquire new customers and maintain a strong renewal rate by value by providing additional functionalities to our existing customers. The plan also assumes that the Group continues to generate resilient cash conversion of more than 100%, pays debt and interest instalments as they fall due, and that the existing borrowing facilities remain available to the Group. Based on the Group's current liquidity profile, debt maturing during the forecast period is assumed to be refinanced on similar terms.

The assessment process

In forming the Viability Statement, the Directors conducted a robust assessment of the Principal Risks and uncertainties facing the Group which could impact the business model, future performance, solvency or liquidity and reputation. These are reviewed by the Board and the Audit and Risk Committee quarterly, and are a foundation for the Group's strategic plan. The risk process is outlined in more detail on pages 56 to 60.

As part of the assessment, the Group stress-tested the three-year plan using various severe but plausible scenarios. Management reviewed the Principal Risks and considered which might threaten the Group's viability. None of the individual risks would in isolation compromise the Group's viability, and so we considered several different severe scenarios where Principal Risks arose in combination. These scenarios were developed with input from our Global Risk Committee, which has members from key functions across the business.

Under the stress scenarios, churn assumptions were increased by up to 75% and a reduction by up to 50% of new customer acquisition and sales to existing customers considered.

In all stress scenarios, the Group continues to have sufficient resources to operate without triggering the need to renegotiate debt. Scenarios modelled reflect our latest assessment of the anticipated impact of the risks identified in line with the prior year.

The scenarios considered to be the most plausible and significant in performing the assessment of viability and the combination of Principal Risks involved are shown on the next page.

Viability Statement continued

Viability scenario	Linked Principal Risks
i) Data breach The deliberate targeting or accidental release of customer data that breaches data privacy laws and/or societal expectations in any region could have a significant impact on Sage's reputation in the market, as well as impact its regulatory compliance with the various data protection laws to which Sage is subject.	• Customer experience • Developing and exploiting new business models • Route to market • People and performance • Culture • Cyber security • Data and AI governance • Readiness to scale
ii) Existing or new market disruptor The entry of a new player, or the expansion of an existing market player in the financial and accounting management space with a free or very low-cost offering or leveraging AI in a new way to disrupt the accounting software category, that significantly disrupts Sage's total market share.	• Customer experience • Execution of product strategy • Developing and exploiting new business models • Route to market • Data and AI governance
iii) Global economic shock The crystallisation of a global economic shock that leads to a global economic downturn or an inflationary wage-price spiral, resulting in increased default of small and medium-sized businesses. This could lead to a significant increase in customer churn and a reduced ability to sell to new or existing customers. Additionally, increased labour costs in key markets could make it difficult for Sage to retain and attract talent.	• Execution of product strategy • Developing and exploiting new business models • Route to market • Customer experience • ESG • People and performance
iv) Cloud operations failure The risk of an event that causes the live services environment to be brought down due to the operating environment being changed internally through product or system changes, external or internal cyber-attack, or a key third-party provider being compromised. The risk also considers the extent to which hosting infrastructure supporting Sage's cloud operations could be physically damaged through an adverse climate event.	• Execution of product strategy • Developing and exploiting new business models • Route to market • Customer experience • Cyber security • Readiness to scale • ESG • Data and AI governance

A cross-functional group of senior leaders, including representatives from Finance, Risk, ESG, Cloud Operations, IT, Product Marketing, and Legal, estimated the monetary impact of each scenario and evaluated the possible consequences on the Group should each scenario arise.

As set out in the Audit and Risk Committee's report on pages 109 to 116, the Directors reviewed and discussed the process undertaken by management and also reviewed the results of reverse stress testing performed to provide an illustration of the level of churn and deterioration in new customer acquisition which would be required to exhaust cash down to minimum working capital requirements. The result of the reverse stress testing has highlighted that such a scenario would only arise following a catastrophic deterioration in performance, well in excess of the assumptions considered in the viability scenarios set out above.

If the scenarios set out above were to arise, management would have several options available to maintain the Group's financial position, including cost reduction measures, the arrangement of additional financing and a review of the sustainability of the dividend policy.

Confirmation of longer term viability

Based on the assessment explained above, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for at least the next three years.

GOVERNANCE REPORT

Corporate governance report

UK Corporate Governance Code 2018 Compliance Statement

The Board is pleased to confirm Sage's compliance with the provisions of the UK Corporate Governance Code 2018 (the 'Code') throughout FY25. A copy of the Code can be found on the Financial Reporting Council's (FRC) website: www.frc.org.uk.

The Board remains committed to upholding the highest standards of corporate governance and during FY25 undertook a comprehensive review of its preparedness against the UK Corporate Governance Code 2024 (the '2024 Code'), in anticipation of the 2024 Code applying to Sage from 1 October 2025. The Board will present its first report on compliance with the 2024 Code in the FY26 Annual Report.

The following pages outline Sage's governance framework and introduce the members of the Board, the Executive Leadership Team, and the work of the Board and its Committees during FY25. The table below outlines where to find information on how the Principles set out in the Code are embedded and applied across Sage.

The Board has continued with its chosen alternative approach to workforce engagement, through the Board Associate Programme, as permitted by the Code. The Programme's effectiveness was reviewed during FY25 and it continues to serve as a valuable communication channel between Board members and Sage colleagues, providing the Board with meaningful insights into colleague perspectives to inform decision making.

Further details on the role of the Board Associate and its effectiveness can be found on pages 91, 95 and 99

Board Leadership and Company Purpose	Page
Purpose and culture	24 to 29, 98 and 99
Shareholder engagement	91 and 97
Colleague engagement	91, 94 and 95
Other stakeholder engagement	46 and 47, 90 to 97
Conflicts of interest	82
Division of Responsibilities	
The role of the Board	80
The role of the Board Committees	80
Board composition	81
Committee composition	83
Time commitment	104 and 105
Composition, Succession, and Evaluation	
Board composition and succession	104
Diversity, equity, and inclusion	105 to 108
Annual election and re-election of Directors	104
Board performance review	100 and 101

Audit, Risk, and Internal Control	Page
Significant reporting and accounting matters	111 to 113
Fair, balanced, and understandable	114
Viability Statement and going concern	67 and 68, and 113
Risk management and internal controls	114
Internal audit	115
External auditor	115
Principal and emerging risks	56 to 66
Remuneration	
Remuneration principles	120
Pensions and benefits	127 and 128
Directors' shareholdings and share interests	147
External advisors	151

Governance highlights

Board allocation of time spent in FY25

Strategy
48%

Executive updates
38%

Governance
14%

Board nationality[1]

2024/25		
British	**8**	
American	**2**	
2023/24		
British	**8**	
American	**2**	

Board ethnicity

2024/25		
Asian	**1**	
White	**9**	
2023/24		
Asian	**2**	
White	**8**	

Board gender

2024/25		
Male	**6**	
Female	**4**	
2023/24		
Male	**6**	
Female	**4**	

1. Dr John Bates holds dual nationality of British and American. For the purpose of the Board nationality statistics his nationality is stated as British.

Board tenure[2]

Less than a year

1 to 3 years

3 to 6 years

Over 6 years

Number of Board members

2. The data reflects Board tenure as at 30 September 2025.

Directors' key skills and experience

	Andrew Duff	Steve Hare	Jonathan Howell	Dr John Bates	Jonathan Bewes	Maggie Chan Jones	Annette Court	Roisin Donnelly	Derek Harding	Lori Mitchell-Keller
Executive and strategic leadership	●	●	●	●	●	●	●	●	●	●
Financial acumen	●	●	●	●	●		●		●	
Technology and innovation	●	●	●	●		●	●		●	●
Remuneration and people	●	●	●	●	●		●	●		
Audit and risk		●	●		●		●		●	●
Sustainability and environment	●	●	●			●		●		
Strategy and M&A	●	●	●	●	●	●	●	●	●	●
Customer-centricity	●	●	●	●	●	●	●	●	●	●
International experience	●	●	●	●	●	●	●	●	●	●

Chair's introduction to governance

Governance at the heart of purposeful leadership

Our strong culture and shared Values remain fundamental to the continued success of the business, and it's important that the Board plays its part in keeping our purpose, strategy, and culture aligned.

Andrew Duff
Chair

Dear shareholder,
On behalf of the Board, I am pleased to introduce our Governance Report for the financial year ended 30 September 2025.

This report outlines how the Board oversees corporate governance across the Group, ensuring that long-term sustainable success is at the heart of our decision making, while acting with transparency, openness, and fairness to our stakeholders. The report also provides insight into the key activities of the Board and its Committees in FY25 and how we seek to ensure the maintenance of effective controls and processes to monitor and manage strategic risks and capitalise on opportunities presented by digital transformation and innovative technology. Our strong culture and shared Values remain fundamental to the continued success of the business, and it's important that the Board plays its part in keeping our purpose, strategy, and culture aligned.

Board composition and succession

Overseeing and implementing effective succession planning has been a key priority for the Board in FY25. We welcomed Lori Mitchell-Keller as a new Non-executive Director, who was appointed to the Board in February 2025. Lori brings a customer-centric mindset and has experience in scaling, differentiating, and advancing businesses through technology transformation. Her expertise complements and enhances the Board's capabilities. Also in February 2025, Sangeeta Anand stepped down from the Board in order to fully focus her time on her other board commitments, and we wish her well for her future endeavours.

As announced in March 2025, Jonathan Howell informed the Board of his intention to step down from his role as Chief Financial Officer on 31 December 2025, having served on the Board for twelve years, with five of those as a Non-executive Director, and then seven years as Chief Financial Officer. I am grateful to Jonathan for his outstanding contribution, commitment, and dedication to the Board during his tenure. Jonathan will leave with our best wishes as he moves on from executive life. In line with the Group's succession plans, Jonathan will be succeeded by Jacqui Cartin as Chief Financial Officer with effect from 1 January 2026. Jacqui is exceptionally well qualified to be the new Chief Financial Officer of Sage and an outstanding successor. I am looking forward to welcoming Jacqui to the Board.

For more information on our Board composition and succession planning, please see pages 104 and 105

Stakeholder engagement

In FY25, we added partners as a key stakeholder, recognising their strategic importance in helping us drive sustainable growth and achieve our ambitions for our customers. The Board and I were pleased to have several opportunities throughout the year to meet with different stakeholder groups, allowing us to listen to their feedback and perspectives. These interactions ensure we gain a thorough understanding of diverse views, which in turn inform and guide the decisions in the Boardroom.

One of the most valued and enjoyable aspects of the Board's role is the opportunity to meet and spend time with colleagues across the Group. The conversations that take place inform our direct understanding of the sentiment of our colleagues and their views on the Group's operations, risks, successes, and challenges. I would like to thank all those colleagues who took the time to attend Board events and share their experiences with us in FY25. In addition to these engagements, our ongoing Board Associate programme continues to enhance our awareness by bringing the colleague voice into the Boardroom. All of these interactions give the Board insights as to how the Group's high-performance culture is being consistently embedded at all organisational levels.

Amy Cosgrove, our current Board Associate, will conclude her tenure in December 2025. I am grateful to Amy for bringing her valuable insights into the Boardroom, and I wish her every success as she takes on her next challenge within Sage. The Board has commenced the process of appointing her successor, ensuring continued representation of colleagues' perspectives in the Boardroom.

You can read more on the Board's engagement with stakeholders on pages 90 to 97

Details on how the Board is monitoring and embedding culture can be found on pages 98 and 99

Board performance review

This year the Board undertook an external performance review led by Manchester Square Partners, an independent advisory firm. The review process was undertaken between May and July 2025. I am delighted to confirm that the review concluded that the Sage Board was functioning extremely well and in line with first-class corporate governance processes, demonstrating strong leadership, rigour, and support. Positive feedback was also received on individual Directors and Committee Chairs, noting their time investment, commitment, and support of the business and the leadership team. The Board is committed to ongoing improvement and is developing a plan to address those areas of improvement identified during the review.

Further details about the FY25 Board performance review can be found on pages 100 and 101

Annual General Meeting

The 2026 Annual General Meeting ('2026 AGM') will be held on Thursday, 5 February 2026 at Sage's Newcastle office. I hope you will be able to attend. The Board looks forward to meeting shareholders, hearing their views, and answering any questions. Further details about the 2026 AGM, including the resolutions to be tabled for shareholder approval, will be provided in the Notice of Annual General Meeting, and shareholders will be notified when it is available to view on our website.

The year ahead

As I look to the future, I am excited about the opportunities that lie ahead for the Group. The ongoing support from our stakeholders remains integral to our continued success, and I would like to take this opportunity to thank all who have contributed so meaningfully throughout FY25. My appreciation also extends to my fellow Board members for their invaluable insight, and to the Executive Leadership Team, whose commitment and leadership have positioned the Group to deliver sustained value as we move into the new financial year.

Andrew Duff
Chair

Board of Directors

Andrew Duff
Chair

Steve Hare
Chief Executive Officer

Jonathan Howell
Chief Financial Officer

Dr John Bates
Independent Non-executive Director

Jonathan Bewes
Independent Non-executive Director

Maggie Chan Jones
Independent Non-executive Director

Annette Court
Senior Independent Director

Roisin Donnelly
Independent Non-executive Director

Derek Harding
Independent Non-executive Director

Lori Mitchell-Keller
Independent Non-executive Director

Key

Board Chair | C Committee Chair | Audit and Risk Committee | Nomination Committee | Remuneration Committee

Andrew Duff
Chair

Appointed
Non-executive Director on 1 May 2021 and Non-executive Chair on 1 October 2021

Gender
Male

Ethnicity
White

Nationality
British

Skills
Wealth of experience as a non-executive director and chair, with a strong track record of transforming high-profile international businesses. Effective leader with strategic insights and international experience. Strong focus on purpose, culture, customer-centricity, and delivering value for all stakeholders.

Key previous experience
Non-executive chair and chair of the nomination committee of Elementis plc

Non-executive chair and chair of the nomination committee of Severn Trent plc

Senior independent director and chair of the remuneration committee of Wolseley plc

Chief executive officer of npower

Key external commitments
Non-executive director of UK Government Investments Limited

Steve Hare
Chief Executive Officer

Appointed
3 January 2014 as Chief Financial Officer, 31 August 2018 as Chief Operating Officer, and as Chief Executive Officer on 2 November 2018

Gender
Male

Ethnicity
White

Nationality
British

Skills
Significant financial, operational, and transformation experience, which includes driving change programmes in several previous roles. Broad knowledge of Sage, having joined the Board in January 2014 as Chief Financial Officer. Extensive understanding of the drivers and priorities needed for the commercial delivery of Sage's strategy and in creating a high-performance culture.

Key previous experience
Operating partner and co-head of the Portfolio Support Group at the private equity firm Apax Partners

Chief financial officer of Invensys plc and Marconi plc

Group finance director of Spectris plc

Key external commitments
Non-executive director of J Sainsbury plc

Jonathan Howell
Chief Financial Officer

Appointed
15 May 2013 as Non-executive Director and as Chief Financial Officer on 10 December 2018

Gender
Male

Ethnicity
White

Nationality
British

Skills
Highly experienced group finance director, chair and non- executive director. Significant financial and accounting experience, gained across several sectors to provide substantial insight into the Group's financial reporting and risk management processes. Excellent working knowledge of Sage, having joined as an independent Non-executive Director and served as the Chair of the Audit and Risk Committee.

Key previous experience

Group chief financial officer of Close Brothers Group plc

Group chief financial officer of London Stock Exchange Group plc

Non-executive director of EMAP plc

Chair of FTSE International

Key external commitments[1]
Non-executive director and chair of the audit committee of Experian plc

1. Non-executive director and chair of the audit committee of Whitbread PLC from 1 January 2026.

Dr John Bates
Independent Non-executive Director

Appointed
31 May 2019

Gender
Male

Ethnicity
White

Nationality
British, American

Skills
Visionary technologist and highly accomplished business leader in the fields of technology innovation and business transformation. Proven track record of applying cutting edge techniques, including Artificial Intelligence and Machine Learning, to revolutionise business areas including algorithmic trading, smart environments, software test automation and document process automation.

Key previous experience
Co-founder, president, and chief technology officer of Apama (pioneer in Streaming Analytics)

Head of industry solutions and chief marketing officer of Software AG

Chief executive officer of Terracotta, Inc. (a subsidiary of Software AG)

Executive vice president of corporate strategy and chief technology officer at Progress Software

Chief executive officer at Plat.One (now part of SAP)

Chief executive officer of the Eggplant Group, part of Keysight Technologies Inc

Key external commitments
Chief executive officer of SER Group Holding GmbH

Jonathan Bewes
Independent Non-executive Director

Appointed
1 April 2019

Gender
Male

Ethnicity
White

Nationality
British

Skills
Wealth of accounting and financial experience and experienced audit committee chair. Strong investment banking experience gained over a 25-year career in the sector. Advised boards of UK and overseas companies on a wide range of financial and strategic issues, including financing, corporate strategy, and governance.

Key previous experience
Investment banking experience with Robert Fleming, UBS, and Bank of America Merrill Lynch

Chartered accountant with KPMG

Vice-chair, corporate and institutional banking at Standard Chartered Bank plc

Key external commitments
Senior independent director and chair of the audit committee of Next plc

Non-executive director and chair of the audit and risk committee of the Court of the Bank of England

Chair of MONY Group plc

Changes to the Board and to Board Committees during FY25 and announced up to the date of this report

- Sangeeta Anand stepped down from the Board on 6 February 2025.
- Lori Mitchell-Keller was appointed to the Board on 7 February 2025.
- Maggie Chan Jones was appointed to the Remuneration Committee on 1 August 2025.
- Jonathan Howell will step down from the Board on 31 December 2025.
- Jacqui Cartin will join the Board as Chief Financial Officer on 1 January 2026.

Key

Board Chair | C Committee Chair | Audit and Risk Committee | Nomination Committee | Remuneration Committee

Maggie Chan Jones

Independent Non-executive Director

Appointed
1 December 2022

Gender
Female

Ethnicity
Asian

Nationality
American

Skills
Deep international marketing and brand experience gained from time spent at some of the world's largest technology companies. SAP's first woman chief marketing officer, responsible for driving global marketing across more than 180 countries. Recognised as an industry thought leader in the marketing and technology sector and was previously named as one of the "Most Influential CMO" in the world by Forbes.

Key previous experience
Non-executive director of Avast plc

Chief marketing officer of SAP

Founder and former chief executive of Tenshey, Inc

Key external commitments
Non-executive board advisor to Ontinue

Non-executive director and designated non-executive director for workforce engagement of BT Group plc

Vice president and chair of the compensation committee of the United States Tennis Association

Annette Court

Senior Independent Director

Appointed
1 April 2019

Gender
Female

Ethnicity
White

Nationality
British

Skills
Experience of serving as chair of a remuneration committee, as well as in executive and non-executive director roles at the highest levels, including as chair of FTSE 100 companies. Strong technology background combined with a record of using ecommerce to drive commercial success. Expertise in mentoring leaders to achieve greater clarity of purpose and provide a practical approach to problem-solving.

Key previous experience
Senior independent director of Jardine Lloyd Thompson Group

Chief executive officer of Europe General Insurance for Zurich Financial Services

Chief executive officer of the Direct Line Group

Member of the board of the Association of British Insurers (ABI)

Non-executive director of Foxtons Group plc

Chair of Admiral Group plc

Key external commitments
Chair of WH Smith PLC

Director of Admiral Europe Compañía de Seguros SAU (AECS)

Roisin Donnelly

Independent Non-executive Director

Appointed
3 February 2023

Gender
Female

Ethnicity
White

Nationality
British

Skills
Extensive customer, marketing, and branding experience brought to the Board, gained during executive career at Procter & Gamble. Strong background in digital transformation and data, and significant knowledge and experience of developing environmental, social and governance (ESG) strategies at board level.

Key previous experience
Non-executive director of Just Eat plc

Non-executive director of HomeServe Limited

Non-executive director of Holland & Barrett Limited

Non-executive director of Bourne Leisure Limited

Key external commitments
Non-executive director of NatWest Group plc

Non-executive director of Premier Foods plc

Derek Harding

Independent Non-executive Director

Appointed
2 March 2021

Gender
Male

Ethnicity
White

Nationality
British

Skills
Significant financial experience, including leading business transformations and sharp financial acumen. Broad experience across a range of commercially focused financial and operational roles including strategy, investor relations, and mergers and acquisitions.

Key previous experience
Chief financial officer of Senior plc

Group finance director of Shop Direct

Finance director of Wolseley UK

Chief financial officer of Spectris plc

Key external commitments
President of Spectris Scientific and board member of Spectris plc

Lori Mitchell-Keller

Independent Non-executive Director

Appointed
7 February 2025

Gender
Female

Ethnicity
White

Nationality
American

Skills
Global technology leader and strategic advisor who has over 30 years of experience of scaling, differentiating, and advancing businesses through technology transformation. A strong track record of spearheading industry-focused product solutions and growth strategies.

Key previous experience
Vice president of Google Cloud

President of Industry Cloud at SAP

Senior vice president of Product/Solution Management and Marketing at JDA Software

Chief marketing officer of Manugistics Software

Director of Allegiance Healthcare

Key external commitments
Board member of Mitratech Holdings Inc

Non-executive director of OneStock

Scan or click the QR code to read more about the Board of Directors

Roles and division of responsibilities

About our Board

The Board comprises the Chair, seven independent Non-executive Directors, and two Executive Directors.

There is a clear and distinct division between the roles of the Chair and the Chief Executive Officer. Each has a clearly defined remit, which is established and agreed by the Board.

As Directors of the Company, both the Non-executive and Executive Directors have the same duties, but distinct roles on the Board, which ensures appropriate accountability and oversight.

Andrew Duff
Chair

- Leadership and effective operation of the Board
- Sets the Board agenda, and the style and tone of Board discussions
- Ensures the Board receives accurate and timely information
- Leads the annual Board performance review
- Promotes an inclusive and open culture and debate
- Engages with stakeholders through structured dialogue and ensuring their feedback informs and shapes Board decisions
- Promotes the highest standards of corporate governance, assisted by the Company Secretary, and demonstrates objective judgement
- Promotes and safeguards the interests and reputation of the Company

Steve Hare
Chief Executive Officer

- Provides leadership of the Company, develops and implements the Group's objectives and strategy
- Leads the Executive Leadership Team and senior management, with a focus on driving Sage's operational and financial performance
- Keeps the Chair and Board informed on key issues, shares senior management's views to improve Board discussions, and presents differing opinions from management before decisions are reached
- Maintains an effective internal controls and risk management environment to ensure risks are rigorously managed
- Promotes a strong culture and ensures Sage operates in line with its Values by doing the right thing

Jonathan Howell
Chief Financial Officer

- Manages the Group's financial affairs, including any tax and treasury matters
- Supports the CEO in implementing the corporate strategy and overseeing operational performance
- Ensures effective financial reporting, processes, and controls are in place
- Engages with Sage's stakeholders, and manages relationships with Sage's investor base
- Provides insights into the Group's commercial and financial position
- Recommends the annual budget and long-term strategic and financial plan

Annette Court
Senior Independent Director

- Provides support and acts as a sounding board for the Chair
- Serves as a trusted intermediary for the other Directors
- Acts as an alternative contact for shareholders, if concerns have not been addressed through normal channels of communication
- Leads the performance review of the Chair and meets with the other Non-executives at least annually without the Chair present
- Together with the Nomination Committee, leads the Chair succession process

Dr John Bates, Jonathan Bewes, Maggie Chan Jones, Roisin Donnelly, Derek Harding, and Lori Mitchell-Keller
Independent Non-executive Directors

- Contribute, challenge, and monitor the delivery of strategic objectives and Group performance
- Assist in development, approval, and review of strategy
- Oversee internal controls and the Enterprise Risk Management Framework, and ensure they are rigorous
- Provide external perspectives, independent insight, and support based on relevant experience
- Engage with internal and external stakeholders and take their views into account in their decision making, including the culture at Sage
- Review the succession planning together with the Board Committees, Chair, and Senior Independent Director

Vicki Bradin
General Counsel and Company Secretary

- Ensures the necessary information flow between the Board and its Committees, and senior management to drive Board and Committee efficiency and effectiveness
- Advises the Board on legal, compliance, and corporate governance developments
- Supports the Chair with Board procedures by facilitating comprehensive and tailored inductions, training and professional development, and stakeholder engagement plans for Non-executive Directors
- Supports the Chair on the Board performance review

The Non-executive Directors' terms of appointment are available for inspection at Sage's Registered Office.

Executive Leadership Team

Steve Hare
Chief Executive Officer and member of the Executive Leadership Team

See full biography in Board of Directors, page 75 .

Jonathan Howell
Chief Financial Officer and member of the Executive Leadership Team

See full biography in Board of Directors, page 75.

Walid Abu-Hadba
Chief Product Officer

Derk Bleeker
Chief Commercial Officer

Vicki Bradin
General Counsel and Company Secretary

Amanda Cusdin
Chief People Officer

Aaron Harris
Chief Technology Officer

Amy Lawson
Chief Brand and Corporate Affairs Officer

Walid Abu-Hadba

Chief Product Officer

Appointed
1 January 2022

Skills and experience
Extensive industry experience and leadership skills gained in the technology sector, with a breadth of technology sector experience. Passionate about driving strategy and building the culture that delivers tangible, customer-centric solutions.

Joined Sage in 2021, having previously spent 20 years at Microsoft as corporate vice president responsible for the developer and platform evangelism group, before joining ANSYS, Inc as chief product officer. Most recently senior vice president of Oracle Developer Tools. Holds board-level roles in the technology sector and patents in the field of AI.

Derk Bleeker

Chief Commercial Officer

Appointed
1 October 2019

Skills and experience
Accountable for Sage's Go to Market teams, including commercial performance, customer support, and performance marketing. Joined Sage in 2014 and has held a number of commercial, finance, mergers and acquisitions, and strategy leadership roles, including as Sage's Chief Corporate Development and Strategy Officer and most recently as President—EMEA. Appointed Chief Commercial Officer on 1 March 2024.

In-depth experience as a leader of corporate development, gained from working for a global industrial and medical technology company.

Experience in private equity and as a mergers and acquisitions specialist in investment banking.

Vicki Bradin

General Counsel and Company Secretary

Appointed
1 October 2016

Skills and experience
Leads the Office of the General Counsel, which includes several teams at Sage, including Legal and Company Secretariat, Security, Procurement, Mergers and Acquisitions, AI and Data Governance, Risk, and Assurance. Extensive corporate legal experience built over 20 years in global and magic circle law firms and in-house at large multi-nationals and UK-listed companies.

Contributes in-depth software and technology sector knowledge and experience across a breadth of legal areas, including mergers and acquisitions, litigation, risk, and intellectual property.

Amanda Cusdin

Chief People Officer

Appointed
1 October 2017

Skills and experience
Joined Sage in March 2015, becoming Chief People Officer in September 2018. Leads our global People function and has overall executive accountability for Sage's Places strategy, creating world-class workplaces that promote innovation, productivity, and wellbeing, and amplify the Sage experience for colleagues and visitors alike.

Before joining Sage, spent 18 years within a number of FTSE organisations, working across all aspects of Human Resources to drive change and transformation, with particular focus on mergers and acquisitions integration. Passionate about developing talent and leadership, and creating truly inclusive organisations which promote diversity.

Aaron Harris

Chief Technology Officer

Appointed
1 April 2019

Skills and experience
Key contributor and creator of Sage's technology strategy, and advisor on its software architecture.

More than 20 years of high-tech engineering experience in business applications and software development strategies.

Founding leader of Sage Intacct, acquired by Sage in 2017. Led the company's product vision and technology direction, establishing Sage Intacct as the innovation leader in cloud financial management solutions.

Amy Lawson

Chief Brand and Corporate Affairs Officer

Appointed
1 March 2022

Skills and experience
Joined Sage in 2015, becoming Chief Corporate Affairs Officer in 2022, and Chief Brand and Corporate Affairs Officer in 2024. Responsible for brand and corporate affairs at Sage, including internal and external reputation and engagement.

Leads our global strategy for communications and PR, brand and campaigns, public affairs, sustainability, and Sage Foundation. Former Board Associate at Sage.

Prior to joining Sage, served as head of the Cabinet Office media operation as a civil servant for the UK government and was Head of Communications for Channel 4 News, responsible for protecting and promoting the reputation of the national news programme.

Changes to the Executive Leadership Team during FY25 and announced up to the date of this report

- Cath Keers stepped down from the Executive Leadership Team on 31 December 2024.
- Eduardo Rosini stepped down from the Executive Leadership Team on 31 October 2025.
- Jonathan Howell will step down from the Executive Leadership Team and the Board on 31 December 2025.
- Jacqui Cartin will join the Executive Leadership Team when she assumes the position of Chief Financial Officer on 1 January 2026.
- Walid Abu-Hadba will step down from his role as Chief Product Officer and from the Executive Leadership Team with effect from 31 March 2026.

Executive Leadership Team composition[1]

Gender

Male	6
Female	3

Experience

Technology and innovation	11%
Financial	11%
Customer success	22%
Marketing/Brand	17%
Corporate affairs	6%
Strategy	11%
Colleague success and ESG	17%
Legal, risk and governance	6%

Tenure[2]

1 to 3 years

3 to 6 years

Over 6 years

Number of Executive Leadership Team

1. The Executive Leadership Team composition data in this section reflects the information as at 30 September 2025 and includes the Executive Directors as well as Eduardo Rosini, Chief Growth Officer, who served as a member of the ELT throughout FY25.
2. Jonathan Howell's tenure does not for this purpose include time as Non-executive Director.

Governance framework

Our governance framework empowers the Board to function with optimal efficiency and effectiveness, ensuring well-informed decision making, robust oversight, and transparent accountability.

Scan or click the QR code for further insight into Sage leadership

Shareholders

Shareholders, as the Company's owners, are instrumental in guiding our governance practices.

More information about our shareholder engagement can be found on pages 91 and 97

Board of The Sage Group plc.

The Board is responsible for the stewardship, strategic direction, and overall performance of the Group. Its role is to promote the long-term success of the Company by generating sustainable value for shareholders and considering the interests of the Group's other stakeholders. The Board monitors the Group's culture and Values, ensuring they are effectively embedded throughout the organisation. It also provides constructive challenge to management on the execution of strategy and is accountable for maintaining robust risk management and internal control systems.

The Board is supported by three Committees, each of which is entrusted with delegated authority to provide rigorous oversight and focused attention on key matters. The Chair of each Committee reports regularly to the Board, ensuring that all members remain informed and actively engaged in decision making on delegated issues.

Audit and Risk Committee

Oversees the integrity of the Company's financial and narrative reporting and ensures the maintenance of robust internal controls and risk management systems. It monitors the effectiveness of internal audit and the effectiveness of the external audit process and the external auditor independence and objectivity.

See pages 109 to 116 for the Audit and Risk Committee Report

Nomination Committee

Keeps the structure, size, and composition of the Board under regular review and recommends appointments to the Board and its Committees. It oversees succession planning for the Board and Executive Leadership Team, ensuring a diverse pipeline of talent and promoting diversity across the Board and the wider Group.

See pages 102 to 108 for the Nomination Committee Report

Remuneration Committee

Sets the Group's Remuneration Policy and agrees the remuneration framework for the Chair, Executive Directors, and Executive Leadership Team ('ELT') members, and selected senior executives. It does so with regard to remuneration practices and policies across the wider workforce within the Group. It is also responsible for reviewing the design of the Group's incentive plans and performance-related pay.

See pages 117 to 151 for the Remuneration Committee Report

Scan or Click the QR code for insight into Sage's Board Committee membership and their Terms of Reference

Executive Leadership Team

The Board delegates responsibility for the day-to-day strategic execution and operational management of the Company to the ELT, which is led by the Chief Executive Officer.

The ELT is accountable for executing the Company's strategy and achieving its commercial objectives. It drives operational and financial performance while operating within established risk management and internal control frameworks, and plays a critical role in fostering and sustaining the Company's culture. Members of the ELT provide regular updates at Board meetings and maintain ongoing dialogue with the Board to ensure alignment, enable support, and encourage constructive challenge.

Our governance framework enables agile and effective decision making, by providing a clear framework for delegated responsibilities, whilst ensuring the Group operates within established and robust governance and risk practices.

The Disclosure Committee

oversees the accuracy, timeliness, and materiality of Group disclosures and announcements, ensuring that Sage meets its compliance obligations in accordance with applicable regulations.

Members: The Committee is chaired by the Chair of the Board, with membership including the Chief Executive Officer, the Chief Financial Officer, the Chair of the Audit and Risk Committee, and the General Counsel and Company Secretary.

The governance framework also includes a number of additional supporting corporate and management Committees:

The Global Risk Committee ('GRC')

oversees Sage's risk management activities in order to mitigate risks and enable opportunities identified by the business. It holds ultimate accountability for identifying, assessing, and managing strategic risks across the Group. It sets the risk appetite and approves changes to Sage's Principal Risks.

Members: The Committee is chaired by the General Counsel and Company Secretary, with membership including the Chief Executive Officer and the Chief Financial Officer. The Chair of the Audit and Risk Committee attends regularly, and other Non-executive Directors are invited to participate on an ad hoc basis to provide additional insight and oversight.

The Sustainability, AI and Data Ethics Committee

provides oversight for the direction and progress of Sage's Sustainability and Society strategy, and ongoing adherence and developments to the AI and Data Ethics Principles.

Members[1]: The Committee is chaired by the Chief Brand and Corporate Affairs Officer, with membership including the EVP Sustainability and Foundation, the EVP Chief Risk Officer, the General Counsel and Company Secretary, the Chief Product Officer, the Chief People Officer, and the Chief Technology Officer.

1. Effective from FY26, EVP People—Routes to Revenue, Learning and Inclusion, and Vice President ('VP') AI and Data Governance will join as Committee members, and the Chief People Officer will step down.

The Mergers and Acquisitions Committee ('M&A Committee')

considers proposals to acquire, divest, and/or make investments in businesses as outlined in the Group's Merger, Acquisition & Divestiture Policy. This Committee also oversees updates on integration of acquisitions in line with an established cadence. The M&A Committee is a central part of disciplined and efficient acquisition, divestiture, and investment management at Sage.

Members: The Committee is chaired by the Chief Executive Officer, with membership including the Chief Financial Officer, the General Counsel and Company Secretary, and the Chief People Officer.

The Group's subsidiary entities are equally held to the same rigorous standards of corporate governance and operate under a well-established delegated authority framework that is consistently applied across the Group.

Schedule of matters reserved

Certain key matters requiring Board approval are set out in a formal schedule of matters reserved, which the Board reviews annually.

Scan or click the QR Code for the full schedule of matters reserved for the Board

Board composition

The Board recognises that diversity of background, experience, and perspective among its members is essential to fostering constructive debate, enhancing decision making, and supporting overall effectiveness. The composition of the Board is subject to ongoing review and all Board appointments follow a formal and rigorous search process, which complements the comprehensive succession planning activities. The Board entrusts the Nomination Committee with the responsibility of ensuring its composition remains appropriate, drawing on the Committee's expertise and insight.

Managing conflicts of interest

Directors are required to disclose any actual or potential conflicts of interest to the Board as soon as they arise. At each Board meeting, the Board formally considers a register of interests, commitments, and potential conflicts, including any proposed new external appointments. When appropriate, the Board gives the necessary approvals in accordance with our articles of association. If any possible conflict exists, Directors recuse themselves from consideration of the relevant subject matter.

During FY25, the Board has concluded that no Director had a conflict that would have a detrimental impact on their independence and judgement or their time commitment to Sage.

Further information on external directorships and time commitments can be found on pages 104 and 105

Induction, training, and professional development

On appointment, all new Directors undertake a comprehensive and tailored induction programme. This programme is designed to ensure a smooth transition for new Directors to the Board, which consists of meetings and events, and takes into consideration their specific background, experience, and prospective Committee memberships. This was demonstrated in the induction programme undertaken by Lori Mitchell-Keller, as outlined in the panel on the right, which ensured a thorough understanding of both Sage's business and the statutory responsibilities of a Director. The programme is structured around key themes: business familiarisation, corporate governance including Directors' duties, and Director development. As part of the business familiarisation theme, new Directors engage with members of the ELT and senior management to gain valuable insights into the Company's operations and strategic priorities. Directors are regularly invited to provide feedback throughout their induction, and the programme is adapted to address any identified needs.

In addition to these responsibilities, Non-executive Directors participate in tailored briefings and continuous professional development activities. These sessions are designed to ensure Directors maintain a comprehensive understanding of the Group's operations, industry trends, and regulatory landscape.

The Remuneration Committee receives updates from the Committee's remuneration advisors covering governance and developments in executive remuneration. Separately, the Audit and Risk Committee spent time at a focused session in February 2025, examining the implications of the 2024 Code, with particular focus on Provision 29 and assessing Sage's readiness to report in line with the 2024 Code's recommendations.

Non-executive Director induction programme Lori Mitchell-Keller

Led by the Company Secretary with input from the Chair, a comprehensive induction programme was designed for our new Non-executive Director, Lori Mitchell-Keller. The programme featured a tailored schedule of meetings and a dedicated reading room via Sage's secure Board portal to support Lori's understanding of the Sage business and the UK governance landscape.

As part of Lori's business familiarisation, she met with the Executive Leadership Team and senior leaders across the organisation, gaining valuable insights into Sage's strategic priorities, brand positioning, sustainability strategy, cyber security, and culture.

Board familiarisation included one-to-one sessions with the Board Chair, Committee Chairs, and the Company Secretary, offering an overview of Board structure, Committee responsibilities, and governance processes. Meetings with the Senior Independent Director supported Lori's understanding of Board dynamics. Meetings were also held with the Board Associate, to enable her understanding of the colleague sentiment across the business.

The programme also deepened Lori's understanding of the current UK corporate governance landscape, equipping her with valuable insight into the evolving expectations placed on UK listed companies—particularly in relation to Board leadership, succession planning, and the effective discharge of her duties as a Director.

Board and Committee meeting attendance and cross-membership[1]

Key

● Board ● Audit and Risk Committee ● Nomination Committee ● Remuneration Committee Ⓒ Board Chair Ⓒ Committee Chair Ⓢ Secretary

Directors		Scheduled Board	Audit and Risk Committee	Nomination Committee	Remuneration Committee
Andrew Duff	ⒸⒸ	●●●●●	–	●●●	–
Steve Hare		●●●●●	–	–	–
Jonathan Howell		●●●●●	–	–	–
Sangeeta Anand[2]	●	●●	●●	–	–
Dr John Bates	●●	●●●●●	–	●●●	●●●●●●
Jonathan Bewes	Ⓒ●	●●●●●	●●●●	●●●	–
Maggie Chan Jones[3]	●	●●●●●	–	–	●
Annette Court	●●●	●●●●●	●●●●	●●●	●●●●●●
Roisin Donnelly	Ⓒ	●●●●●	–	–	●●●●●●
Derek Harding	●	●●●●●	●●●●	–	–
Lori Mitchell-Keller[4]		●●●	–	–	–
Vicki Bradin[5]	ⒸⒸⒸⒸ	●●●●●	●●●●	●●●	●●●●●●

1. Board and Committee meetings during FY25 followed the formal schedule, with 100% attendance at scheduled meetings by respective members. The table above shows current Committee memberships, each of which complied with the Code throughout the year. Attendance figures for Committee meetings reflect participation by Committee members only.
2. Sangeeta Anand stepped down from the Board on 6 February 2025.
3. Maggie Chan Jones was appointed to the Remuneration Committee effective 1 August 2025.
4. Lori Mitchell-Keller was appointed to the Board on 7 February 2025.
5. The Company Secretary acts as a Secretary to the Board and all Board Committees.

Schedule of Board meetings

Board meetings are conducted in an environment that encourages open dialogue, constructive challenge, and thoughtful debate. The Board maintains a comprehensive schedule of meetings and a forward-looking agenda to ensure its time is used most effectively and efficiently, and is supported by the Company Secretary. Members of the Board and Committees are expected to attend every scheduled meeting and any ad hoc meetings, where possible.

If a Director cannot attend a meeting, due to either exceptional circumstances or prior commitments, they are encouraged to provide comments and observations to the Chair of the Board or Committees, so these can be provided at that meeting. The Board considers its meetings an important opportunity to meet colleagues at different operating locations and aims to hold at least two meetings outside of the UK each year, providing an opportunity to engage with a diverse group of colleagues, including senior business leaders. This approach allows the Board to listen to local colleagues' perspectives to gain first-hand insight into the business and ensure that decisions are grounded in the practicalities of day-to-day operations.

During the year, five scheduled Board meetings were held, alongside three meetings of the Nomination Committee, four of the Audit and Risk Committee, and six of the Remuneration Committee. An additional brief Board call is also scheduled in March every year to provide an update on any key matters that management wishes to bring to the Board's attention. The scheduled meetings were evenly distributed throughout the year to support effective oversight and decision making by the Board. In addition, ad hoc meetings were convened as needed to ensure timely responses to emerging matters.

To ensure the whole Board is kept up to date on the key strategic decisions and discussions of the Committee meetings, the Chairs of the Audit and Risk, Remuneration, and Nomination Committees update the Board on their respective proceedings, while standing papers from each Committee are also presented to the Board. All Directors are invited to attend Committee meetings, regardless of membership, subject to recusal where matters concern them personally or present a potential conflict of interest.

The Non-executive Directors devote considerable time to the Group beyond the schedule of Board and Board Committee meetings. Their activities include consideration of out-of-cycle papers and submitted reports and discussion with the senior management and other subject-matter experts, between Board meetings.

The Board appreciates the importance of opportunities to meet and interact outside of the Boardroom. This includes Board dinners, where the Board gathers informally to connect and strengthen Board cohesion.

Board Strategy Day

The Board met in February 2025 for its annual Strategy Day in our Newcastle offices, which is attended by the ELT and other senior management. The day was structured to facilitate in-depth strategic discussions, enabling the Board to review progress, explore growth opportunities, and assess challenges across key areas including product development and AI capabilities, M&A strategy, and the competitive landscape. The Board also considered the ongoing integration of a high-performance culture throughout the business. The agreed actions and key takeaways for management were noted with updates provided and built into the Board agenda over the course of FY25.

For further information on the Board activities, refer to pages 86 and 87

Board engagement

Engaging with all our stakeholders is crucial to the Group's long-term success. This year, the Board connected with all key stakeholders to understand their interests and incorporate them into Board decision making. The Board also acknowledges the importance of meeting colleagues outside the formal meeting schedule, via office visits and walkarounds, which facilitate natural interactions and help the Board gain a deeper understanding of Sage's culture.

Further information regarding engagement activities with our stakeholders can be found on pages 90 to 97

Board meeting timeline

3 years
Dates and venues of Board meetings are set.

1 year
A rolling agenda of standing and periodic items is compiled. This is updated throughout the year to reflect key developments in the business.

1 month
The Company Secretary prepares the meeting agenda in consultation with the Chair and CEO.

7 working days
Papers are submitted to the Company Secretary for final review.

5 working days
Papers are circulated to the Board via a secure web portal.

Board meeting

+ 10 working days
Minutes of the meeting and a schedule of actions are sent to the Chair for review.

Annual General Meeting

The 2025 Annual General Meeting ('2025 AGM') was held on 6 February 2025 at Sage's Newcastle office, as an in-person meeting. All our Directors, as well as both the external auditor for FY24 (EY) and the auditor for FY25 (KPMG), along with members of senior management, were present in person. All resolutions at the 2025 AGM were voted on a poll and were passed with over 80% of votes cast in favour. The website is the principal means by which we communicate with our shareholders.

Scan or click the QR code for details of our past Annual General Meetings

The 2026 Annual General Meeting ('2026 AGM') is scheduled to be held on Thursday, 5 February 2026 at Sage's Newcastle office. The 2026 AGM is a key date in the Board's calendar and presents an important opportunity to engage with shareholders. In accordance with Sage's articles of association and the Code, all Directors who wish to continue to serve are subject to shareholder election or re-election at the 2026 AGM.

Sage provides shareholders with the opportunity to submit questions about the business of the 2026 AGM ahead of the meeting. Further details will be provided to our shareholders in the Notice of Meeting for the 2026 AGM.

Sage's new North America headquarters:

From Board decision to realised vision

Scan or click the QR code to find out more on Sage's new flagship office in Atlanta

Scan or click the QR code to find out more about the Sage Discovery Centre

Vision

Sage's management team carried out a comprehensive search to relocate our North America headquarters within Atlanta. A sustainable site was proposed in Ponce City Market, to continue our presence in a city with strategic potential, diverse talent, and a thriving tech community. Spanning 58,000 square feet over two levels of a four floor building, the new workspace was conceived as a hub for innovation, collaboration, and growth. Surrounded by local businesses, the unique location provides an environment for connection and partnerships.

97.3

NPS score[1]

Decision

In February 2023, the Board approved the capital expenditure for the new North America headquarters, underpinning the decision by elevating Sage's brand presence, meeting sustainability commitments through its design, and a vision for a premium collaborative workplace to attract talent and facilitate customer connection.

120

engagement events

16

Sage Studio sessions[2]

Connection

At the heart of the space is the Sage Discovery Centre, purpose-built as an immersive venue for stakeholder engagement. In response to customer feedback for in-person connection with Sage experts, this dynamic space hosts customers, partners, and community groups for hands-on technology showcases, events, and collaborative workshops.

Experience

Inclusivity and accessibility are central to the office design, with flexible workspaces, wellness rooms, and biophilic features supporting wellbeing. Every detail, from ergonomic furnishings to multi-faith quiet spaces, brings the colleague experience to the forefront. Sustainability is woven throughout the space, including zero net carbon operations, LEED Gold certification, and the use of locally sourced Georgia timber.

Realisation

The office opened its doors in March 2025, closely followed by July's Sage Discovery Centre launch event. Customers, partners, local community leaders, and colleagues were in attendance to experience the immersive space for the first time.

In September 2025, the Board visited the completed flagship office to experience the strategic vision brought to life. Board members deepened stakeholder relationships during their visit through a guided office tour and participation in engagement sessions with colleagues, customers, and partners, along with a session with local entrepreneurs run through Sage Foundation. For further details on stakeholder engagement, please refer to pages 90 to 97.

1. NPS score calculated from surveys completed by Sage Discovery Centre attendees.
2. Sage Studio is a dedicated space for stakeholders to create and capture content.

Board activities

Recurring updates

Strategy: The Board receives updates on the Group's strategy at scheduled Board meetings and holds a Strategy Day every year. Please refer to page 84 for more details.

Executive: The CEO and CFO report on financial performance, corporate development, and investor relations are presented at every scheduled meeting. A cyber security update is presented as a standing item at each Board meeting.

Committees: The Board receives regular updates from the Audit and Risk Committee, the Nomination Committee, and the Remuneration Committee.

Governance: Legal and governance updates are received at each Board meeting.

2024

November

Key stakeholders considered

Activity

SO F E PC G CT CI RM

Approval
- FY24 Annual Report and Accounts
- Final dividend
- FY25 Rolling Board Agenda

Review
- FY24 Sustainability and Society and Climate Reports
- Annual Non-executive Director fee review
- Go to Market update
- Board Associate update
- FY25 Board Strategy Day agenda

Announcements[1]
- Full FY24 results

Link to Principal Risks

1 2 4 5 6 7 9 10

2025

February

Key stakeholders considered

Activity

SO F E PC G CT CI RM

Approval
- Review of merger and acquisition transaction delegation of authority
- EMTN Programme update
- Disclosure Committee Terms of Reference
- Anti-bribery and Corruption, and Sanctions policies

Deep dive
- Board Strategy Day
- FY25 strategic dashboard

Review
- Q1 FY25 performance and results
- Dividend and funding strategy
- Culture and diversity, equity, and inclusion ('DEI') annual update

Board engagement: Newcastle, UK
- UKI business overview
- UKI people and culture overview
- Customer journey walk through
- Colleague engagement lunch
- UKI product demos
- Go to Market and partner updates

Announcements
- Result of Annual General Meeting

Link to Principal Risks

1 2 3 4 5 7 8 9 10

1. The announcements in the Board activities section include relevant press releases from the month of the scheduled Board meeting. All financial results and dividend RNS announcements are approved in principle by the Board, with final approval delegated to the Disclosure Committee.

Key stakeholder groups

Customers | Colleagues | Partners | Shareholders | Society

Principal Risks

1 Customer experience
2 Execution of product strategy
3 Developing and exploiting new business models
4 Route to market
5 People and performance
6 Culture
7 Cyber security
8 Data and AI governance
9 Readiness to scale
10 Environmental, social and governance

Activity

SO Strategy and operations
CI Customers and innovation
PC People and culture
F Finance
G Governance
RM Risk management
CT Cyber threat
E ESG

July

Key stakeholders considered

Activity

SO F PC G CT CI RM

Approval
- Schedule of matters reserved for the Board
- Share Dealing Code, and Social and External Communications, and Environmental policies
- Remuneration Committee membership

Deep dive
- Strategic planning update
- European business update
- Annual talent review

Review
- Q3 FY25 performance and results
- Share buyback update
- Three-year financial plan
- Update on Fyle Technologies ('Fyle') acquisition
- External Board performance review feedback
- Board Associate update

Board engagement: Frankfurt, Germany
- CEU business overview
- European product focus
- Colleague engagement lunch
- Customer, Go to Market and partner updates

Announcements
- Fyle acquisition
- Q3 FY25 trading update
- Maggie Chan Jones appointment to Remuneration Committee

Link to Principal Risks

1 2 4 5 6 7 8 9

May

Key stakeholders considered **Activity**

SO F E G CT CI RM

Approval
- Delegated approval to Disclosure Committee:
  - Share buyback extension
  - H1 FY25 interim dividend
- Audit and Risk, Nomination, and Remuneration Committees Terms of Reference
- Whistleblowing, and Board Diversity, Equity and Inclusion policies

Deep dive
- Cyber security strategy review

Review
- H1 FY25 performance and results
- Capital allocation
- Sustainability strategy and reporting
- Go to Market update
- Health and safety and wellbeing annual report

Announcements
- H1 FY25 results
- Share buyback extension

Link to Principal Risks

1 2 4 5 6 7 8 9 10

September

Key stakeholders considered **Activity**

SO F PC G CT CI

Approval
- FY26 preliminary budget
- Criterion, Inc ('Criterion') acquisition

Deep dive
- Strategic progression and evolution

Review
- FY25 external Board performance recommendations

Board engagement: Atlanta, US
- North America Go to Market update
- Partner and customer roundtable
- Colleague engagement lunch
- Sage Impact Entrepreneurship Programme deep dive

Please see stakeholder engagement on pages 90 to 97 for more information

Please see the principal decisions by the Board on page 89 for the Fyle and Criterion announcements

Link to Principal Risks

1 2 5 7 9

Principal decisions by the Board during FY25

The principal decisions and processes described below illustrate how the Board considers the interests of stakeholders in their strategic decision making. These decisions were considered by the Board to have a material impact on our stakeholders during FY25.

Board information
Board papers from senior management clearly identify the key stakeholders impacted. Where appropriate, they include summaries of stakeholder engagement activities and outcomes. To support effective decision making, the Board ensures the quality and completeness of information through appropriate due diligence and seeks assurance where necessary.

Board strategic discussion
The Board Chair encourages open and constructive challenge, fostering discussions that consider different stakeholder perspectives. Throughout these discussions, Directors actively reflect on their duties under section 172.

Board decision
The Board ensures that decision making is sufficiently well informed, including longer-term sustainable impact and value creation for Sage stakeholders.

Outcomes
The Board maintains oversight through progress updates from senior management that allow the Board to review and adjust plans as situations evolve.

Chief Financial Officer

Board information and considerations

Sage announced in March 2025 that Jonathan Howell had informed the Board of his intention to step down as Chief Financial Officer on 31 December 2025. The CFO succession process was initiated and led by the Nomination Committee, with oversight from the full Board, to identify a candidate with both the requisite technical expertise and a deep understanding of Sage's strategic priorities, culture, and Values. Jacqui Cartin, currently serving as EVP Group Financial Controller, was selected following a rigorous assessment process, including formal interviews, where she demonstrated exceptional leadership, financial acumen, and strategic vision.

Succession planning for key leadership roles is a fundamental element of Sage's governance framework. The Board recognises the importance of strategic succession planning at executive levels and its far-reaching implications, and therefore a range of stakeholders were considered during the succession planning process. The Board considered how the appointment would support Sage's high-performance culture, ensuing that it continues to nurture internal talent, fostering an environment where colleagues see clear pathways for growth and advancement.

Stakeholders considered

Section 172 factors

Decision: Appointment of Chief Financial Officer

Outcome

Upon recommendation from the Nomination Committee, the Board appointed Jacqui Cartin as the Chief Financial Officer with effect from 1 January 2026.

In reaching its decision, the Board reaffirmed its commitment to responsible leadership, cultivating talent from within, and promoting a culture where colleagues can grow, thrive, and contribute meaningfully to Sage's success. Jacqui's knowledge of Sage, complemented by her deep technical knowledge, uniquely positions her to help deliver on Sage's strategic ambitions and create lasting strategic growth and sustainable value for all our stakeholders.

For further information on the CFO appointment please see the Nomination Committee Report on pages 102 to 104

Scan or click the QR code for the CFO announcement

Key stakeholder groups

Customers Colleagues Partners Shareholders Society

Section 172 factors

a) The likely consequences of any decisions in the long term

b) The interests of the company's employees

c) The need to foster the company's business relationships with suppliers, customers, and others

d) The impact of the company's operations on the community and the environment

e) The desirability of the company maintaining a reputation for high standards of business conduct

f) The need to act fairly as between members of the company

Capital allocation

Board information and considerations

On 20 November 2024, Sage announced the commencement of a £400m share buyback programme, with an extension to the programme announced on 15 May 2025 for an additional aggregate consideration of £200m (together the 'share buyback programmes'). The Board noted that share buyback remains an efficient method of returning excess capital to shareholders, with feedback from shareholders indicating strong support for this approach.

Sage's robust financial position, and its commitment to shareholders to maintain a progressive dividend policy, were key considerations by the Board in the approval of the interim dividend of 7.45 pence per share, as announced on 15 May 2025, and final dividend of 14.40p per share, as announced on 19 November 2025 (together the 'FY25 dividend'). The Board reflected that the share buyback programmes and the FY25 dividend together demonstrate the Board's confidence in Sage's future outlook and robust financial position, while retaining the financial flexibility and resilience necessary to execute the Group's growth strategy.

The Board plays a vital role in shaping Sage's strategic direction and, as part of its ongoing oversight, the Board carefully evaluated the proposed acquisitions of Fyle Technologies ('Fyle') and Criterion, Inc. ('Criterion') by assessing the strategic rationales and benefits of the acquisitions. Key factors included the enhanced functionality Fyle's expense management technology would bring to Sage's small and mid-sized customers and how Criterion's Human Capital Management strengths would bolster Sage's offerings to customers. Consideration was also given to how both Fyle's and Criterion's teams would integrate within Sage, and how new colleagues would be successfully transitioned and supported during integration.

Stakeholders considered

Section 172 factors

Decisions: Approval of the share buyback programmes, the FY25 dividend, and the acquisitions of Fyle and Criterion.

Outcomes[1]

The Board approved the share buyback programmes, pursuant to which, the Company has repurchased and cancelled over 48 million shares for an aggregate consideration of £600m.

The Board approved the FY25 dividend (with the final dividend for FY25 remaining subject to shareholder approval at the 2026 AGM) and noted the dividend growth of 7% year on year.

As announced in July 2025, the Board approved the acquisition of Fyle, and, as more recently announced in October 2025, the acquisition of Criterion. The Board believes that these acquisitions will enhance Sage's product ecosystem, providing greater value and improved solutions for customers and partners, while creating opportunities for colleagues.

These decisions reflect the Board's ongoing commitment to disciplined capital allocation and financial resilience. These actions were guided by a comprehensive perspective on stakeholder value creation, while carefully balancing short- and long-term interests to ensure they are both aligned and mutually supportive.

Scan or click the QR codes to learn more about the acquisitions

Fyle acquisition

Criterion acquisition

1. The Board also approved the acquisition of Tritium Software, S.L., the developer of ForceManager (now Sage Sales Management), in FY25. For further information, please refer to Principal Decisions by the Board on page 46 of Sage's FY24 Annual Report.

Empowering connections, delivering value

Understanding and engaging with our stakeholders is fundamental to the delivery of Sage's strategy and underpins the long-term, sustainable success of the Company. We establish open, constructive dialogue with stakeholders, enabling us to strengthen relationships, understand evolving expectations, and respond meaningfully to feedback.

The Board undertakes an annual review of key stakeholder groups to ensure continued alignment with our purpose and strategic priorities. As noted in the FY24 Annual Report, partners were formally recognised as a key stakeholder group from FY25 onwards, reflecting their critical role in extending our reach, enhancing our capabilities, and delivering improved outcomes for Sage customers.

Stakeholder interests are systematically considered in business decision-making processes across the Group and are embedded in Board decision-making. Board papers routinely incorporate stakeholder considerations to support informed, balanced decisions that reflect diverse perspectives. While stakeholder interests may occasionally diverge, the Board strives to balance competing priorities through a fair and transparent approach, thereby promoting equitable and sustainable outcomes.

Sage's section 172 (1) statement on pages 46 and 47 and principal decisions for FY25 on pages 88 and 89 explain how the Directors have considered stakeholders in their decision-making.

Customers

Engagement with the Board

Regular updates during Board meetings on:

- Customer insights to understand customer behaviours and customer needs
- Customer feedback and metrics
- Trust, security, and product innovations for customers

Further details on Board engagement with customers are on page 92

Engagement across the Group

- Initiatives for colleagues to understand customer behaviour, needs and feedback:
  - Internal customer hub for colleagues to access customer insights
  - Global call listening initiative for colleagues to hear first hand our customers' experiences
- Strategic acquisitions to bring in new product capabilities with Criterion, Fyle, and ForceManager (now Sage Sales Management). Please see pages 89 for further details
- US Customer Supper Clubs launched, providing opportunities for management to connect directly with customers
- First Sage Day held in August 2025. Hosted at the Sage Discovery Centre in Atlanta, the event connected customers to colleagues and industry thought leaders to strengthen customer and community engagement and impact
- Continued support provided to customers through the evolved online Trust and Security Hub

Scan or click the QR code to access our Trust and Security Hub

Partners

Engagement with the Board

- An update on our partners strategy is provided during regional updates at Board meetings

Further details on Board engagement with partners are on page 93

Engagement across the Group

- Sage's Partner Centre of Excellence and Partner Network supports global partner and customer success, fostering a strong partner ecosystem. Sage Channel Executives deliver tailored partner onboarding and success plans
- Colleagues connect with partners via events, including:
  - June's Sage Accountants Roadshow in Johannesburg and Cape Town
  - Partner conference, Sage Summer Camp 2025 in Berlin in May
  - Strategic Partner meeting at the Sage Discovery Centre in Atlanta in July
  - Accountex UK in May

Colleagues

Engagement with the Board

Regular updates during Board meetings on:

- Colleague sentiment, including Sage's biannual Pulse Survey results and key outcomes and actions
- Implementation of the Group's DEI strategy
- Progress on embedding a high-performance culture across the Group
- Colleague sentiment reports received from the Board Associate biannually

Further details on Board engagement with colleagues are on pages 94 and 95, and in Board activities on pages 86 and 87

Engagement across the Group

- Sage's "All About Us" voluntary and confidential programme reached a global self-declaration rate of 60% in FY25, following the onboarding of colleagues in India. The programme provides insights into equity and representation to inform solutions
- Flexible Working policy updated, and new Sage workplaces launched to boost collaboration and engagement
- Colleague Success Networks membership increased to 28% in FY25 from 22% in FY24
- Global Wellbeing Community, a 24/7 Employee Assistance and whistleblowing hotline, and Healthy Mind Coaches available
- Personal Data Protection learning refreshed, reinforcing ethical standards
- Sage TV Live broadcasts, kick-off events, town halls and skip-level meetings enable direct engagement between colleagues and senior leaders

Society

Engagement with the Board

- Annual update on the evolved Sustainability and Society strategy along with updates on the FY25 sustainability reporting suite and non-financial disclosures and assurance process
- Sustainability, AI and Data Ethics Committee insights from attendee Maggie Chan Jones, our Non-executive Director for ESG, were received by the Board

Further details on Board engagement with society are on page 96

Engagement across the Group

- Sustainability, AI and Data Ethics Committee updated sustainability material topics, material impacts, risks, and opportunities
- Embedded sustainability into operations and culture through policies and supplier onboarding
- Enhanced supplier due diligence for human rights and labour relations
- Launched Sage Impact Entrepreneurship Programme, empowering 165 entrepreneurs over three years
- Sustainability Learning initiative upskilled 1,767 colleagues globally

Shareholders

Engagement with the Board

- Board Chair meets top shareholders to discuss strategic progress. Extensive feedback gathered from top shareholders and proxy agencies on the 2025 Directors' Remuneration Policy
- Board members' attendance at 2025 Annual General Meeting allows engagement with shareholders attending the meeting
- Regular updates on top shareholders, movements in the share register, share price performance, and investor engagements
- Approve material investor communications, including the Annual Report and Accounts, and results announcements
- Investor meeting feedback after full-year and half-year results announcements and quarterly trading updates

Further details on Board engagement with shareholders are on page 97

Engagement across the Group

- Senior management and Investor Relations met with shareholders and analysts to discuss Sage's strategy and performance
- Six investor roadshows held in the UK and US with senior management attendance
- A senior management-led webinar covered product, technology, and go-to-market strategies for investors and analysts
- Annual equity analyst event with senior management
- Annual and interim results reports and presentations

Scan or click the QR code for access to our investor relations website. This is our primary digital communications tool and is available to all shareholders

Customers

We want to be customer-centric every day, and we understand that every customer's needs and behaviours, triggers and barriers, priorities and preferences are different. Therefore, we have developed a robust method of grouping customers with similar characteristics, which enables us to design, develop, and communicate more effectively with each segment and persona of customers, leveraging human insight and expertise to deliver greater value. By understanding the customers needs and emotions, we measure success through their eyes, creating a unique Sage experience that exceeds expectations and ensures confidence and support in their business.

KPIs
Customer experience, renewal rate by value, and Sage Business Cloud penetration

What customers need from Sage
(i) Enhanced technology that helps them run and grow their business with ease and efficiency, (ii) trust and security including AI ethics, (iii) personalised value-added experiences, and (iv) innovation and future-readiness for AI-driven productivity, connected services, and sustainability tools.

Outcomes from FY25 engagement initiatives

- Our approach to capturing and leveraging customer feedback continues to mature. Our transactional Net Promoter Score (tNPS) has risen from 73 in FY24 to 79 in FY25 and our renewal rate by value held steady at 101% in FY25, demonstrating customers' advocacy and commitment to Sage
- The uplift in our Customer Effort Score from 81.7 in FY24 to 82.5 in FY25 reflects a positive shift in ease and efficiency of customer interactions, signalling improved customer experience at key service touchpoints
- Thousands of customer reviews, giving Sage an overall score of 4/5 on Trustpilot, 4.2/5 on G2 and 4.2/5 on Gartner, highlighting the high regard with which our customers value Sage products
- Implemented global Voice of the Customer platform to deepen our understanding of customers and guide decision making through continuous feedback
- Sage was recognised at the UserTesting 2025 illumi awards for our use of customer insights to create better experiences

Case study

Customer and partner roundtable discussions

In September, customers and partners from North America were hosted at the Sage Discovery Centre for roundtable discussions with the Board. These sessions were a valuable opportunity for open dialogue, enabling Non-executive Directors and senior management to hear first hand about stakeholder experiences, expectations, and perceptions of Sage's products and services.

The conversations offered rich insight into what matters most to our customers and partners, helping to inform strategic decision making and strengthen relationships. The Board gained a deeper understanding of how Sage's Values and purpose are reflected in day-to-day interactions, and how our solutions support businesses to thrive.

Non-executive Director engagement highlights

2025

February

Call listening, Newcastle
Non-executive Director Maggie Chan Jones participated in call listening with Customer Support colleagues as part of the Customer Centricity initiative

May

Sage Future, Atlanta
Non-executive Directors Maggie Chan Jones, Roisin Donnelly, and Lori Mitchell-Keller walked the Expo floor and attended keynote speeches throughout the event, meeting a wide range of customers

Accountex, London
Board Chair met with customers as Sage demonstrated how our AI-powered products help businesses to thrive

July

Call listening, Johannesburg
Our Board Chair heard directly from customers during call listening with Customer Support colleagues in the Africa and Middle East (AME) region

Partners

Our partners are fundamental to Sage's ongoing growth and our unwavering commitment to customer success. By expanding our market reach and delivering enhanced outcomes across diverse customer segments, partners amplify the impact of our solutions and services. We support our partners through a tailored, collaborative approach that connects customers to Sage's digital network, facilitating seamless interactions and value creation. Through these strategic partnerships, we further our mission to deliver exceptional experiences and results for customers worldwide.

KPIs
Renewal rate by value and Sage Business Cloud penetration

What partners need from Sage
Partners seek opportunities to create monetisable value and sustainable growth, and we are committed to enabling that ambition. Partners want the ability to differentiate their offering to remain competitive in the market and deliver business impact to the evolving needs of customers. They look to Sage for support with driving growth by accelerating the time they spend on increasing value and revenue.

Outcomes from FY25 engagement initiatives

- Simplified partner categories introduced to provide clarity on what partners offer and reflect the diversity of their ecosystem and products. Partners can adapt their offering to fit their needs and the needs of our customers

Scan or click the QR code for more information about the different categories of Sage partners

- The Partner Code of Conduct sets out Sage's Values and ways of working, along with the behaviour and ethical standards partners must demonstrate
- Sage leaders Juha Harkonen, VP Partner Ecosystem & Marketplace Strategy, and Nancy Sperry, VP Partner Sales, were named in the prestigious 2025 CRN Channel Chiefs list to recognise their commitment in empowering our partners and reinforcing Sage's position as a leader in enabling partner success

Case study

Women in Tech Networking Breakfast

Sage Future launched in Atlanta, bringing together over 4,000 customers, partners, and colleagues to explore our vision for business transformation through AI and high-performance solutions. The event showcased Sage's commitment to customers and partners, and was attended by Non-executive Directors Maggie Chan Jones, Roisin Donnelly, and Lori Mitchell-Keller and senior leaders.

A highlight of Sage Future was the Women in Tech Networking Breakfast, which offered an opportunity to celebrate the women in Sage's partner ecosystem through mentorship and meaningful discussions. Over 60 female partners and colleagues attended, and a panel discussion between the three Non-executive Directors and Sage leaders kicked off the event, with practical advice and stories on owning career journeys, inclusive communities, and intentional leadership. The event transitioned into facilitated table discussions with Sage colleagues, where partners shared their career experiences and defining moments, and the importance of allyship and key learnings.

Scan or click the QR code for further information about Sage Future Atlanta

Scan or click the QR code to sign up for upcoming Sage Future events

Non-executive Director engagement highlights

2025

May
Sage Future, Atlanta
Non-executive Directors Maggie Chan Jones, Roisin Donnelly, and Lori Mitchell-Keller attended Partner Day to connect with a range of North American partners

July
Partner meeting, Frankfurt
Members of the Board met with a partner as part of regional updates on partner success

September
Roundtable discussions, Atlanta
The Board engaged with partners and customers at a roundtable event to hear first-hand insights into their experiences with Sage

Colleagues

Our colleagues are critical to the successful delivery of our strategy, and we believe in building a high-performing and human-centred culture that supports each colleague to reach their full potential. At Sage, we are committed to creating an inclusive environment where colleagues feel energised to contribute their best work, are engaged and embrace our purpose and Values, and collaborate to drive growth, innovation, and positive impact.

KPI
Employee satisfaction

What colleagues need from Sage
Colleagues want to work for a company that genuinely values their contributions and provides them with an opportunity and an environment to bring their authentic self to work. They expect Sage to address crucial societal issues, such as diversity, sustainability and the evolving nature of work. Our colleagues want to be treated fairly and feel supported with their health, safety and wellbeing, while being recognised and rewarded for their contribution.

Outcomes from FY25 engagement initiatives

- 82% of colleagues completed the biannual September 2025 Pulse Survey, with 15,500 colleague comments and an overall eSAT score of 76, an increase from 74 in March. Colleagues reported the positive impact of colleagues and managers who listen and mentor to drive performance, and their continued confidence to speak up
- Let's Talk sessions launched in North America, directly addressing Pulse Survey feedback and fostering leader-colleague connection
- New global People Zone launched in September for streamlined access to resources and AI-powered support
- Interactive culture enablement sessions and 360 surveys strengthened feedback and high-performance habits
- Sage is proud to be placed #15 on the Financial Times UK's Best Employers of 2025 list and recognised as one of the World's Best Employers 2025 by Forbes

Case study

Board Chair visit to Johannesburg office

In July, our Board Chair, Andrew Duff, visited our Johannesburg office in the AME region. The visit signified the Board's commitment to engaging with colleagues on the ground, strengthening mutual understanding of interests, and aligning strategic priorities with regional execution.

The Chair actively engaged with a wide range of colleagues, gaining first-hand insight into colleague sentiment, regional performance, and market dynamics. These conversations deepened the Board's understanding of the region's contribution to Sage's growth and how culture is being embedded across the Group, while also providing colleagues with a clearer view of the Board's role in driving long-term value.

A key moment of the visit was the Chair's participation in a live Q&A session during the AME All-Hands meeting to encourage open dialogue and connection. Colleagues posed questions virtually and in person on a range of topics, such as Sage's purpose and culture, growth opportunities, and shareholder expectations.

Non-executive Director engagement highlights

2025

February

Colleague Connect, Newcastle
The Board heard directly from Customer Service and Early Careers colleagues on life at Sage, opportunities for change, and future direction

Corporate Affairs All-Hands meeting, Newcastle
Non-executive Director Roisin Donnelly attended as guest speaker at a Q&A session with Corporate Affairs colleagues

April

Global Risk Committee, London
Audit and Risk Committee Chair, Jonathan Bewes, attended the Global Risk Committee meeting

July

Colleague Connect, Frankfurt
The Board engaged with colleagues, discussing Sage's future focus, continuous improvement, and personal career stories

Chair Visit, Johannesburg
Our Board Chair met both formally and informally with a range of teams and colleagues during a two-day office visit

September

Colleague Connect, Atlanta
The Board joined North American colleagues to hear perspectives on growth opportunities, barriers to success, and elevating Sage's impact

Connecting with purpose:

My journey as a Board Associate

It's been an incredible learning experience. I've had direct exposure to leadership at its highest level, new insight into Board decision making, and the chance to engage deeply with colleagues across the business.

Since Sage launched the Board Associate programme in 2017, it has played a vital role in connecting colleagues with the Board and deepening organisational understanding of Board governance. In January 2024, I was honoured to be appointed to the Board Associate role. Over the last two years, the role has involved attending Board meetings, observing how decisions are made, and ensuring the colleague voice is part of the conversation at the very top.

It's been an incredible learning experience. I've had direct exposure to leadership at its highest level, new insight into Board decision making, and the chance to engage deeply with colleagues across the business. This perspective has sharpened my own strategic thinking and strengthened the link between on-the-ground team perspectives and Sage's long-term vision.

Highlights so far have included colleague roundtables across our key hubs, podcasts and interviews with Board members, and open sessions such as Fireside Chats that created space for honest dialogue. Sharing Board insights with colleagues, and elevating their views into Board discussions, helps keep our strategy and culture grounded in the real experiences of the people who deliver them.

As I move into the final phase of my tenure, the process to appoint the next Board Associate is underway. Nominations come from our Executive Leadership Team, and shortlisted colleagues go through a multi-stage process, including interviews with Non-executive Directors and our Chair. This approach ensures the next Board Associate brings fresh perspective, strong leadership, and a deep commitment to representing colleagues at Board level.

Looking ahead, I am committed to making the most of the final months by strengthening relationships, elevating colleague dialogue, and continuing to use this unique vantage point in my leadership. Serving as Board Associate has been a privilege, and one I will carry forward to champion trust, human connection, and collaboration across Sage.

Colleague engagement and communication activities

2024	**November**	Interview with Audit and Risk Committee Chair Jonathan Bewes on Sage's approach to risk. Roundtable with colleagues based in London.
2025	**January**	Article published on experience in first year of role and priorities for second year.
	February	Roundtable hosted with early careers and customer service colleagues in Newcastle. Interview with Remuneration Committee Chair Roisin Donnelly and EVP Reward, Global Mobility, People Operations and Function Leader Tara Gonzalez discussing the Remuneration Committee.
	April	Deep dive on Pulse Survey results with Culture, Engagement, and Colleague Experience team.
	May	Engagement with colleagues in London office.
	June	Article published on Sage Future and Non-executive Director attendance.
	July	Roundtable with colleagues in Frankfurt.
	September	Interview with Non-executive Director Derek Harding on balancing strategic leadership roles. Roundtable with colleagues in Atlanta.

Society

We understand that systemic barriers including discrimination, bias, unequal access to education, and digital resources continue to affect opportunities for many individuals and communities. We are dedicated to reducing digital and economic inequality and supporting environmental sustainability by investing in education, technology, and initiatives that empower individuals, SMBs, and communities to thrive.

Through Sage Foundation, we break down barriers to digital and economic inequality, and support environmental sustainability, through global partnerships, volunteering, and fundraising. By empowering underserved entrepreneurs and equipping communities with essential digital and AI skills, we aim to build a more inclusive and sustainable future.

KPIs
Sage Foundation volunteering

What society needs from Sage
A positive societal and environmental impact, and a commitment to diversity matters. We are in a great position to help SMBs align their business practices with societal values, leading to sustainable growth and long-term success.

Outcomes from FY25 engagement initiatives

- Received a number of awards and accolades for the first time in FY25, including (i) a five-star rating in the 2025 Newsweek Greenest Companies list, (ii) a Leadership score for climate change based on an assessment by CDP, and (iii) edie award for 2025 Sustainability Reporting & Communications
- 56 businesses completed the Sage Impact Entrepreneurship Programme, with access to funding, mentorship, and training
- In FY25, £3.4m was disbursed to charitable partners around the world through Sage Foundation, including provision for disaster relief
- Colleagues logged 80,036 volunteering hours during the year, with 49% of colleagues engaging with volunteering and fundraising in FY25

Scan or click the QR code for the 2025 Impact Book

Case study

Sage Impact Entrepreneurship Programme

During a visit to Atlanta in September, the Board engaged with the Sage Impact Entrepreneurship Programme, our largest-ever social impact programme, delivered through Sage Foundation.

During a dedicated engagement session, Board members took part in a mock advisory Board meeting, offering their expertise to help two programme entrepreneurs navigate business challenges. Entrepreneurs came prepared with major strategic challenges, recent milestones, and company background, and led the session. The discussion focused on overcoming key growth barriers, with Board members asking insightful questions, challenging assumptions, and sharing their expertise to create a dynamic and authentic Boardroom experience.

The session not only strengthened Sage's connection to the communities it serves but also demonstrated how corporate governance can play a direct role in knocking down barriers so everyone can thrive.

Non-executive Director engagement highlights

2024

November
Sustainability, AI and Data Ethics Committee
Committee meeting attended by Non-executive Director Maggie Chan Jones

2025

March
Sustainability, AI and Data Ethics Committee
Committee meeting attended by Non-executive Director Maggie Chan Jones

May
Sage Future, Atlanta
Non-executive Director Roisin Donnelly connected with entrepreneurs at the Sage Impact Summit

June
Sustainability, AI and Data Ethics Committee
Committee meeting attended by Non-executive Director Maggie Chan Jones

September
Sage Impact Entrepreneurship Board session, Atlanta
The Board took part in mock Board sessions with entrepreneurs. Please see the above case study for more information

Shareholders

We target sustainable growth in shareholder value. Our shareholders are our owners and providers of equity capital, and are key beneficiaries in the value we create. Insights and feedback from our shareholders help shape our strategic direction, guide our investment decisions, and ensure we stay aligned with our shared vision for success.

KPIs
Underlying ARR growth, renewal rate by value, subscription penetration and efficient growth

What shareholders need from us
(i) Deliver a return on their investment underpinned through robust financial and operational performance, (ii) sustainability practices, risks, and opportunities, (iii) strong leadership and executive remuneration, and (iv) a culture and shared Values conducive to good governance and high standards of business ethics.

Outcomes from FY25 engagement initiatives

- Positive interactions with shareholders and analysts, ensuring a clear understanding of investor perspectives and reinforcing support for Sage's management, strategic direction, executive remuneration, and capital allocation priorities
- Maintained active and constructive relationships with our top shareholders at multiple organisational levels
- Proactive approach to targeting prospective shareholders, particularly those based in the US, and to sustaining regular dialogue with current shareholders. US institutional ownership stands at around 40%
- Approximately 81% of issued share capital voted at FY25 Annual General Meeting, with 80.72% of the votes received supporting the 2025 Directors' Remuneration Policy

Case study

2025 Directors' Remuneration Policy

Roisin Donnelly, Chair of the Remuneration Committee, alongside Andrew Duff, Chair of the Board, and members of Sage's Reward team, led a comprehensive engagement process with key shareholders ahead of the Board's proposal for a new Remuneration Policy at the 2025 Annual General Meeting (the '2025 AGM').

The revised Policy was designed to better align Executive Director remuneration with Sage's recent performance, international scale, and strategic ambition, while supporting the attraction and retention of top-tier talent from the competitive global talent market.

An extensive consultation process with shareholders took place in the latter part of FY24 and into FY25 in the lead up to the 2025 AGM. Initial proposals were shared with 18 shareholders, covering 59% of issued share capital. Feedback received during this initial phase helped to shape revised proposals, which were communicated in early FY25 to 46 shareholders (covering 75% of Sage's voting rights in total), and to proxy agencies. Further meetings were held during October and November 2024, with feedback reflected in the final Policy. Full details of our initial proposals, together with information on the changes made as a result of the consultation process, were published in the FY24 Annual Report and Accounts.

Following this comprehensive engagement, the new Remuneration Policy was approved with 80.72% shareholder support.

Non-executive Director engagement highlights

2025

January

Shareholders meetings, virtual and in person
Board Chair Andrew Duff and Remuneration Committee Chair Roisin Donnelly met with top shareholders to discuss the 2025 Remuneration Policy

Annual Chair's roadshow, virtual and in person
The Board Chair held 15 shareholder meetings as part of an annual roadshow

February

2025 Annual General Meeting, Newcastle
The Board attended the 2025 Annual General Meeting

September

Shareholder meeting, London
The Board Chair held a one-to-one meeting with the governance team of a top shareholder

Embedding culture—from the Boardroom to our colleagues

The Board holds ultimate accountability for defining Sage's purpose, Values, and strategic direction, and ensuring these are embedded within the Company's culture. Culture remains a standing priority on the Board's agenda, both as a dedicated topic and as a lens through which broader strategic matters are considered. To monitor and assess how effectively culture is embedded across the organisation, the Board draws on a diverse range of tools and data sources, including colleague feedback, functional reporting, deep dives, and performance indicators.

These insights enable the Board to evaluate how Sage's Values are being lived throughout the business.

The Board also receives regular updates on succession planning for the ELT and senior management, supporting the development and retention of high-calibre internal talent. By leading the way in modelling and communicating Sage's Values, the Board and ELT support the embedding of high-performance culture and drive sustainable business outcomes.

We do the right thing

Human

We make connections with customers, partners, and colleagues, through empathy and care

Bold

We are curious, courageous, ambitious, and creative

Simplify

We strip away complexity

Trust

We deliver our promises to customers, colleagues, society, and shareholders

Board performance

An independent externally led performance review of the Board was carried out in FY25 to ensure the Board, its Committees, and the Directors perform effectively and uphold high standards of governance. The scope of the review included how the Board is actively involved in setting and assessing Sage's Values and culture.

Read more about FY25's Board performance review on pages 100 to 101

Functional insights

Our Assurance and People functions play a crucial role in helping the Board to identify and address any misalignments between colleague behaviours, business purpose, and Sage's Values to ensure that our culture is embedded. People data such as performance reviews, grievance data and employee turnover can highlight areas of concern or emerging cultural risks. The Assurance team, through independent audits and reports to the Audit and Risk Committee, continues to enhance how it provides insights into how culture is embedded across the business. Its findings have potential to enrich how the Board evaluates whether the Values and behaviours promoted at the top are reflected throughout the business.

High-performance culture

The Board receives regular updates on how a high-performance culture is embedded across the business and engages with management to assess its effectiveness. Structured reporting provides assurance through engagement data, behavioural outcomes, and cultural indicators. At its February 2025 meeting, the Board conducted a deep dive into FY25 priorities, focusing on talent, performance management, and reinforcing key behaviours. These discussions enable the Board to evaluate how Values are lived across the business and to challenge management on measuring and sustaining cultural alignment.

Read more about our high-performance culture FY25 progress on pages 24 to 29, and page 34

Connecting with colleagues

The Board sees the time spent with colleagues as invaluable as it offers meaningful insight into Sage's culture in action. Board members connect with colleagues across the regions to gain a deeper understanding of the local culture and regional differences. These sessions also give colleagues the chance to ask questions directly and see the Board actively role-modelling Sage's Values and behaviours.

The CEO Open Circle brings together high-potential colleagues from across the business to engage in meaningful dialogue with the CEO ahead of each Board meeting, with membership refreshed periodically to ensure insights are gathered from a broad and diverse range of colleagues. This collaborative forum enables the CEO to gather diverse perspectives on key agenda items, including strategic direction, risk, and success metrics. By capturing a broad spectrum of colleague perspectives, the Open Circle provides the CEO (and the Board via CEO updates) with valuable insights through inclusive and dynamic discussions to support informed decision-making.

Read more about colleague engagement on pages 91 , 94 and 95

Board Associate

The lived experience of colleagues is brought directly into the Boardroom through regular updates from the Board Associate. These updates provide valuable insights into colleague sentiment and regional perspectives, offering the Board a grounded view of Sage's culture in practice. This direct line of communication enables the Board to assess how Sage's Values are being embedded across the business, supporting informed oversight and continuous cultural alignment.

Read more about our Board Associate's engagement activities during FY25 on page 95

DEI strategy

The Board's dedicated DEI Policy applies to both the Board and its Committees, and complements Sage's Group-wide DEI Policy while setting a consistent, enterprise-wide tone from the top. The Board receives regular updates on Sage's DEI strategy and progress made against our commitments towards an equitable and inclusive culture. The DEI Accountability Board, chaired by the CEO, plays an important role in ensuring alignment of the DEI strategy to business outcomes, the desired culture and Sage Values. Sage's DEI self-disclosure programme "All About Us" provides data-driven insight to understand inequities and underrepresentation to provide solutions that build diverse teams and an inclusive culture.

Read more about the DEI strategy on page 108

Reward framework

The Remuneration Committee ensures Sage's reward and incentive framework promotes behaviours aligned with our Values. Grounded in transparency and fairness, the framework supports a high-performance culture and long-term value creation. Through ongoing dialogue with the Board and the Executive Leadership Team, the Remuneration Committee ensures that remuneration outcomes contribute to a culture that supports strategic delivery, talent retention, and stakeholder trust.

Please see the Directors' Remuneration Report on pages 117 to 151 for more information on the Committee's work in FY25

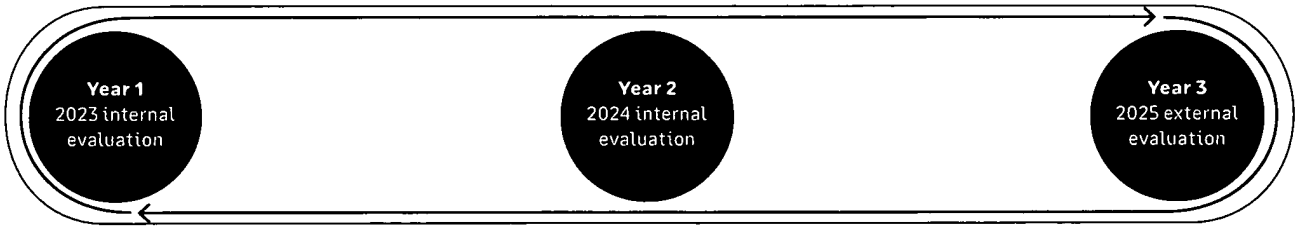
Pulse Surveys

Sage's Pulse Survey captures candid feedback from across the business and gives the Board a view of what is working well and where improvements can be made to help colleagues perform at their best and deliver great stakeholder outcomes. Pulse Survey data provides detailed insight into the collective colleague experience and perspectives in order to understand culture and Values in action.

Read more about the FY25 Pulse Survey results on page 94

Board Performance Review

The Chair and the Board are committed to continually strengthening and enhancing their performance, skills, and experience to align with the Group's strategy and to maintain effective decision making. The annual Board performance review affords the Board, its Committees, and individual Directors with a valuable opportunity to reflect on their overall performance, fostering robust governance, leadership, and oversight.



Our Board performance review cycle

In FY25, the annual performance review of the Board was externally facilitated by Manchester Square Partners (MSP), an independent advisory firm with no other connection to Sage and no significant connection to any individual Director.[1] An outline of the evaluation process is set out opposite.

FY25 Board performance review findings

Overall, the Sage Board operates to very high standards of governance, with strong leadership, guidance, and support, fostering an environment conducive to open discussion, constructive challenge, and effective debate. A particular strength of the Board lies in its composition of high-calibre individuals, whose complementary skills and diverse experiences provide a broad spectrum of perspectives. Governance matters are managed with diligence, enabling the Board to devote appropriate attention to strategic priorities.

The Board Committees continue to operate effectively, with strong leadership from their respective Chairs. The Committees maintained the confidence and trust of the Board in their handling of delegated matters, and were commended for their rigorous approach and clear focus. Regular and transparent reporting to the Board further supports the effective discharge of their responsibilities.

Each Director continues to make an effective contribution to the Board. The Non-executive Directors have expressed their satisfaction and pride in serving on the Board, reflecting the positive and collaborative environment.

The Chair is held in high regard, leading the Board with a balanced leadership style that fosters diversity of thought, encourages open dialogue, and builds trust. His guidance ensures well-structured discussions, a clear understanding of strategy and performance, and effective follow-through on agreed actions.

FY25 externally facilitated Board performance review process

Scope and framework
March—April 2025

- The scope and evaluation framework were agreed between MSP and the Chair, supported by the Company Secretary. The review focused on key governance attributes and built upon themes identified in FY24's Board performance review. Focus areas included:
  - Strategy, opportunities, challenges, and risk
  - Values and culture
  - Role of the Board and Committees and their governance, leadership, and engagement
  - Structure, composition, and succession planning

Preparation and observations
March—May 2025

- Review of Board documents and structure of meetings
- Attendance by MSP at the Board and Committee meetings to observe the meeting proceedings and Board and Committee dynamics
- One-to-one interviews by MSP with the Board, the Company Secretary, the Chief People Officer, and the Board Associate

Discuss findings
June—July 2025

- Results evaluated by MSP and discussed with the Board Chair
- Final report presented at the July Board session
- Separate discussion led by the Senior Independent Director, without the Board Chair present, to discuss the performance review of the Board Chair

FY26 Action planning
September 2025

- Action plans developed, presented and approved

1. MSP previously provided coaching services to one Non-executive Director, who had no direct or indirect involvement in selecting MSP for this role.

Update on progress for the focus areas identified for FY25

FY25 areas of focus	Actions implemented in FY25
Continue to constructively challenge management to maintain focus on driving long-term growth	Maintained commitment to strategic oversight by constructively challenging management and engaging in robust, insightful debate while ensuring continued focus on long-term growth and value for stakeholders. Further details of the Board's activities in support of this agenda are outlined on pages 86 and 87.
Continue to focus on execution of the technology strategy, with a particular focus on AI, Sage Network, and Sage Copilot	Regular updates on the evolving AI landscape and Sage's product strategy. The Board was kept apprised of the launch and commercialisation of Sage Copilot, our first AI-powered accounting assistant, in key Sage regions.
Provide clarity on M&A strategy and ambition	Regularly reviews the M&A pipeline and engage with acquisitions requiring Board approval, with focused discussion on M&A strategy at the Board Strategy Day.
Continue to monitor competitor landscape and Sage's performance against the competition	Targeted discussions on competitive landscape and market intelligence, with ongoing updates provided prior at each Board meeting.
Maintain awareness of emerging risks, opportunities, and trends specific to Sage and the industry, and continue monitoring of successful delivery of strategy to execution	The Board through its delegation to the Audit and Risk Committee, comprehensively reviews Principal Risks and emerging risks, ensuring alignment with the Group's risk appetite and promptly identifying and evaluating response as needed.
Continue to focus on succession plans for the Board, and capability development for key senior management positions	The Board and Nomination Committee prioritised succession planning in FY25, appointing a new Non-executive Director and Chief Financial Officer, and discussing succession plans for the Executive Leadership Team.
Continue to monitor how diversity is being built into talent pipelines	DEI considerations are embedded into all succession planning for the Board, Committees, and, Executive Leadership Team. The Board also received Group DEI updates at the culture deep-dive session at the February 2025 Board meeting.
Ensure culture remains a focus on Board agendas (meetings and engagement)	Regular culture updates to the Board and Nomination Committee, including a deep-dive at the February 2025 Board meeting. Colleague engagement during site visits to Newcastle, Frankfurt, and, Atlanta further inform the Board's oversight of the Group's culture.
Ensure Board paper length does justice to more complex topics	The Company Secretariat collaborates with Board and Committee paper authors, with targeted external training delivered in FY25 to enhance submission quality and clarity of all Board papers.
Continue to invite external speakers, to build knowledge on strategic discussions and give a fresh perspective for continuous education to the Board	An external speaker addressed the Board dinner in September 2025, offering insights into the evolving landscape of AI.

Focus areas for FY26

- Maintain clear visibility of Sage's principal strategic enablers, supporting the delivery of its strategic ambition over the short and medium term.
- Continue to deepen understanding of market trends and competitive insight.
- Maintain clear visibility and effective governance of all Board succession planning activities.
- Remain cognisant of the evolving cyber risk and cyber security landscape through ongoing cyber reviews, ensuring robust oversight.
- Shape the Board agenda to maintain an appropriate balance of the time spent between operational oversight and strategic priorities.
- Continue to monitor progress towards further embedding and maintaining a high-performance culture across the Group.

Nomination Committee

A principal focus during FY25 centred on stewarding the succession process for the incoming CFO, who is set to join the Board in January 2026, and ensuring an orderly and smooth transition.

Andrew Duff
Chair of the Nomination Committee

Other Nomination Committee members

Dr John Bates **Jonathan Bewes** **Annette Court**

Key FY25 activities

February
Non-executive Director succession planning

March*
CFO appointment

May
Directors' time commitments

DEI Policy and Committee Terms of Reference

July*
Remuneration Committee appointment

September
ELT succession planning

* Ad hoc meetings.

Committee purpose and responsibilities

The Nomination Committee (the 'Committee') is responsible for overseeing the appointment process for Board members and ensuring robust succession plans are in place for key senior leadership roles. It regularly reviews the structure, size, and composition of the Board and its Committees to ensure an effective balance of skills, experience, knowledge, and diversity.

Key responsibilities of the Nomination Committee include:

- Ensuring formal, rigorous, and transparent procedures are in place for Director appointments and reappointments, and making recommendations to the Board.
- Championing diversity, equity, and inclusion, while ensuring all appointments are made on merit against objective criteria.
- Reviewing Directors' time commitments to confirm they can meet their Sage Board responsibilities.
- Overseeing induction programmes for new Board members and supporting ongoing training.
- Ensuring a high-quality Executive Leadership Team and senior management are in place, underpinned by credible succession plans.

Dear shareholders,

On behalf of the Nomination Committee, I am pleased to present the Nomination Committee Report for FY25, which highlights the vital role of the Committee in maintaining an optimum balance of skills, experience, knowledge, and diversity across the Board and its Committees.

A primary focus for the Committee in FY25 was to ensure a seamless succession for the Chief Financial Officer ('CFO') role, following Jonathan Howell informing the Board of his intention to step down on 31 December 2025. In line with our commitment to a rigorous and transparent process and ongoing succession planning, the Committee had conducted a comprehensive and thorough internal review, and subsequently recommended to the Board the appointment of Jacqui Cartin as CFO, effective from 1 January 2026. This appointment demonstrates the strength of our internal talent pipeline and underscores the effectiveness of our succession planning, enabling the business to maintain continuity and leadership stability through the promotion of a high-calibre internal candidate.

In addition, following a comprehensive and externally facilitated recruitment process, and after thorough assessment of candidates against the defined criteria, the Committee was pleased to recommend to the Board the appointment of Lori Mitchell-Keller as an independent Non-executive Director. Lori was appointed to the Board with effect from 7 February 2025. This followed on from Sangeeta Anand stepping down from the Board in February 2025, having chosen not to stand for re-election at the 2025 AGM.

The Committee also recommended the appointment of Maggie Chan Jones as a member of the Remuneration Committee, effective from 1 August 2025, following its annual review of committee composition.

I am pleased to confirm that these appointments followed rigorous processes, resulting in the enhancement of both the Board's and the Remuneration Committee's collective skills and expertise in strategically important areas.

The Committee maintained its strong commitment to diversity, equity, and inclusion throughout the year, with ongoing oversight at Board level and continued monitoring progress across the Group. For FY25, the Board's gender diversity remained at 40%. The Board also continued to meet the ethnic diversity target referred to in the Parker Review.

More details on the progress towards our Group-wide DEI strategy and targets can be found on pages 108. Further information on the diversity of the Board and Executive Leadership Team can be found on pages 71 and 79.

The Committee also dedicated considerable time during the year to succession planning activities for our Executive Leadership Team, keeping under review the leadership needs of the business and ensuring that we continued to invest and develop our diverse pool of high-potential internal talent.

Following an externally facilitated performance review this year, I am pleased to report that the process demonstrated that this Committee continues to operate effectively across all its responsibilities. Further information on the outcome of the performance review conducted in FY25 can be found on pages 100 and 101.

Looking forward, with a new CFO commencing her tenure in early 2026, a primary focus for the Committee will be to ensure a smooth transition for Jacqui as she steps into her Executive Director role. The Nomination Committee, together with the Board, is committed to providing the necessary support to enable Jacqui's success in this critical position.

I would like to thank my fellow Committee members for their openness, insight, and constructive challenge throughout the year. Their ongoing dedication and valuable contributions have been instrumental in enabling the Committee to fulfil its responsibilities effectively.

Andrew Duff
Nomination Committee Chair

Board and Board Committee composition and succession planning

The Chair leads the process for new Board appointments, except in instances when the Committee is dealing with the Board Chair succession. The Committee follows established procedures for appointing new Non-executive and Executive Directors, which are clearly set out in its Terms of Reference.

Over the course of the year, the Committee considered two Board appointments, with a focus to ensure that the Board's composition continues to support Sage's strategic direction and high standards of governance.

To facilitate a rigorous and inclusive external selection process for a new Non-executive Director, the Committee was supported by the Lygon Group, an independent executive search company with no other connection to the Company or any of its Directors. The Committee met with a shortlist of diverse candidates, who were assessed on merit against objective criteria as well as their alignment to Sage Values and culture. In reaching its recommendation, the Committee also considered the Board's collective composition, the existing skillsets of individual Directors, the skills required for the future, and how the candidate would integrate with the Board. On the Committee's recommendation, the Board appointed Lori Mitchell-Keller as a Non-executive Director in February 2025 in view of the valuable expertise she would bring while strengthening the Board's diversity of thought and strategic capabilities. On her appointment, Lori undertook a full Board induction programme, which was designed to help her obtain a deep understanding of her role and responsibilities, and to support the smooth transition into the Boardroom. Further details of Lori's induction programme can be found on page 82.

The Committee also considered the succession of Sage's CFO, following Jonathan Howell informing the Board of his intention to step down from the role on 31 December 2025. In its deliberations, the Committee reviewed the CFO succession plan, including the requisite skills, knowledge, financial expertise, stakeholder understanding, and personal attributes required to succeed in the role. In line with the Group's robust succession planning activity, an internal candidate was identified as the preferred successor. To assist the Committee in its evaluation, an independent assessment of the candidate's readiness was undertaken by an independent advisory firm, YSC Consulting, which has no other connection to the Company or any of its Directors. This comprehensive review encompassed an analysis of the candidate's strengths and areas for development. In addition, interviews were held with each Committee member, the Chief Executive Officer, and the Chief People Officer to inform the Committee's recommendation. On the recommendation of the Committee, the Board appointed Jacqui Cartin as the new CFO with effect from 1 January 2026. The appointment of an internal successor demonstrates the robustness of the succession planning process, and underlines our commitment to nurturing internal talent, preserving knowledge within the business and minimising disruption. Further details of how the Board considered section 172 factors in its approval of the new CFO can be found on page 88. Membership for all the Board Committees is reviewed annually to ensure an optimum combination of skills, experience, knowledge, and diversity that supports effective governance and decision making. Further to such review, the Committee recommended to the Board the appointment of Maggie Chan Jones to the Remuneration Committee. She brings valuable insight through her understanding of the US software market and remuneration matters, and draws on her experience at Sage and her other external commitments. Maggie Chan Jones' appointment, effective 1 August 2025, ensures that the Remuneration Committee remains appropriately resourced, maintaining an optimum balance of relevant skills and perspectives. No changes were recommended to the membership of the Audit and Risk or the Nomination Committees.

Further information on the Board skills matrix can be found on page 71

Annual election and re-election of Directors

Every year, the Committee considers and, if thought fit, recommends to the Board the election or re-election of Directors by shareholders at the Annual General Meeting. As part of the annual review process, the Committee reviews the time commitment, contribution and effectiveness of each Board member, and, having noted that Jonathan Howell will step down from his role on 31 December 2025, recommended to the Board that each Director be proposed for election or re-election by shareholders at the 2026 Annual General Meeting. Lori Mitchell-Keller and Jacqui Cartin will be standing for election by shareholders for the first time at the 2026 Annual General Meeting.

Time commitments and external directorships

The Board places significant emphasis on ensuring that Directors are able to dedicate the time and attention necessary to fulfil their Sage Board responsibilities effectively. Prior to appointment, Non-executive Directors are made fully aware of the expected time commitment associated with their role. All Directors are also informed that any proposed additional external appointments or significant new commitments would require prior approval of the Board.

The Board maintains ongoing oversight of the number and nature of external directorships held by its members and conducts an annual review of their significant external time commitments. As part of this annual process, consideration is given by the Committee to internal Sage policies, market best practice, meeting attendance records, and the scope of each Director's external directorships. These assessments enable the Committee to ensure that all Directors continue to contribute meaningfully to Board discussions and decision making. The Board remains satisfied that no Director is overboarded and that each continues to perform their duties to the Sage Board effectively.

In FY25, the Committee considered the proposed external appointment of Steve Hare as a non-executive director at J Sainsbury plc, with effect from 3 July 2025. Following a thorough assessment of the anticipated time commitment associated with this role, the Committee concluded that Steve Hare would continue to discharge his responsibilities to the Sage Board effectively. The Committee also recognised

that the Sage Board would benefit from the broader insights and perspectives Steve gains through this non-executive appointment. Accordingly, the Committee recommended to the Board to approve this external appointment.

The Committee also reviewed the proposed appointment of Jonathan Howell as an independent non-executive director and chair of the audit committee at Whitbread PLC, effective from 1 January 2026. The Committee noted that the appointment would take effect following Jonathan stepping down from his role as an Executive Director at Sage.

The Committee further considered the appointment of Lori Mitchell-Keller to the board of OneStock, and concluded that it was satisfied that she would continue to be able to devote sufficient time to her duties on Sage's Board and that the appointment did not represent a conflict. The Committee recommended that the external appointment be approved by the Board following its deliberations.

As disclosed in the FY24 Annual Report, the Committee reviewed and approved the appointment of Jonathan Bewes as Chair of MONY Group plc, effective from 1 January 2025. Further details regarding the Committee's considerations relating to this appointment were provided on page 102 of the FY24 Annual Report.

Succession planning for the Executive Leadership Team and senior management

To foster an environment of an inclusive culture and ensure robust succession planning for the Executive Leadership Team and senior management, the Committee maintains clear oversight of a diverse pool of senior talent identified as potential successors. Regular reviews are conducted to assess candidates' readiness, evaluating a broad spectrum of leadership capabilities and personal attributes to ensure the succession pipeline is both strong and representative of high-calibre colleagues from diverse backgrounds. As part of this process, the Committee also considers how Sage attracts and retains high-calibre individuals and nurtures high-potential talent to realise their career aspirations. These efforts are underpinned by Sage's inclusive, high-performance culture which remains a critical enabler of the Group's ability to succeed in a dynamic and competitive global market.

In FY25, the Committee dedicated time to discussing succession plans for several key positions, including the Chief Commercial Officer, Chief Growth Officer and Chief Technology Officer. These discussions involved a detailed review of each of the role's evolving requirements, the strength and depth of the succession pipeline, and the future capabilities needed to meet the Group's strategic ambitions. One-to-one colleague mentoring conversations (the Non-executive Director Conversation Programme) were also arranged to provide Non-executive Directors with valuable exposure to succession pipeline candidates. This initiative supports both the development of future leaders and enhances the Directors' understanding of emerging senior talent. Succession planning for the Executive Leadership Team and senior management will remain a key focus of the Committee in FY26.

Committee performance and evaluation

The Board is dedicated to upholding the highest standards of governance and conducts a formal and rigorous evaluation of its performance, as well as of its Committees, individual Directors, and the Chair annually.

In FY25, in accordance with the recommendations of the Code, an externally facilitated Board performance review was conducted. As part of this process, the Committee's performance was assessed, which included consideration of the effectiveness of the Committee Chair. The findings of the external performance review affirmed the effectiveness of the Committee Chair and the strong performance of the Committee, noting a positive culture of open dialogue and constructive debate.

Further information on the FY25 external Board performance review, outcomes and next steps are available on pages 100 and 101

Diversity, equity, and inclusion

The Committee and the Board conducted its annual review of the Board Diversity, Equity and Inclusion ('DEI') Policy. The policy sets out the DEI approach for the Board and its Committees, with the intention of fostering inclusive leadership and maintaining appropriate Board and Committee composition.

While all Board and Committee appointments are based on merit and objective criteria, the Board remains committed to promoting diversity, equity, and inclusion. We continue to meet the targets set out by the FTSE Women Leaders Review, the Parker Review, and the UK Listing Rules. These commitments, together with the Board DEI Policy, and other associated global policies, reflect our broader responsibility to foster inclusive leadership and reflect the diversity of our global business.

As at 30 September 2025 and the date of this report, the Board composition meets both the gender and ethnic diversity targets set out in the UK Listing Rules, with women representing 40% of Board membership, Annette Court serving as one of the specified senior Board positions in her role as Senior Independent Director, and one Board member being from an ethnic minority background. Following the appointment of Jacqui Cartin as an Executive Director and CFO in January 2026, Board gender diversity is expected to increase to 50%, with women holding two out of four senior Board positions, thereby potentially exceeding the targets set by the FTSE Women Leaders Review and the UK Listing Rules.

The Board and senior management believe diversity, our strong culture, and Values remain fundamental to the continued success of the business, providing the right blend of perspectives and insights required to meet our purpose and deliver on our strategic objectives. The Board and the Committee will continue to monitor progress against the Board DEI Policy to provide meaningful disclosure in the Annual Report and Accounts on the policy's implementation and progress in meeting its objectives.

Scan or click the QR code to access the Board DEI Policy

Further information on the diversity of the Executive Leadership Team and their direct reports can be found on page 28

UK Listing Rules—Board and executive management diversity reporting

The Committee recognises the requirements under the UK Listing Rules to disclose data in a prescribed format about the gender identity or sex, and the ethnic background of members of the Board and executive management.

Approach to data collection

The data used for the purpose of our disclosure against Board diversity targets, as set out on this page, was collected as part of the annual declaration process, whereby the Board and the Executive Leadership Team confirmed their details through the internal DEI dashboard or through self-declaration. This self-declaration process is based on individuals voluntarily self-reporting their personal information, including confirmation of ethnicity and consent for its inclusion in public reporting. The data in the tables below is used for statistical reporting purposes and is as at our chosen reference date of 30 September 2025. Further information on the gender balance of those in senior management and their direct reports can be found on page 79.

Board and executive management gender

	Number of Board members[1]	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)[1]	Number in executive management[2,3,4]	Percentage of executive management[2,3,4]
Men	6	60%	3	6	67%
Women	4	40%	1	3	33%
Not specified/prefer not to say	–	–	–	–	–

Board and executive management ethnicity

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority White groups)	9	90%	4	8	89%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	10%	–	–	–
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic group	–	–	–	1	11%
Not specified/prefer not to say	–	–	–	–	–

1. The data for the Board members is expected to change on 1 January 2026 as the new CFO, Jacqui Cartin, joins the Board. Jonathan Howell will step down from the Board on 31 December 2025.
2. As per the UK Listing Rules, executive management within Sage is, for this purpose, the Executive Leadership Team, including the Company Secretary.
3. The data for the executive management is expected to change on 1 January 2026 as Jacqui Cartin joins the Executive Leadership Team.
4. The executive management data reflects the information as at 30 September 2025 and includes the Executive Directors as well as Eduardo Rosini, who served as Chief Growth Officer and a member of the Executive Leadership Team throughout FY25.

Board policy

Board DEI Policy objectives	Implementation and progress against objectives
All appointments to the Board should be made on merit against objective criteria which take into account experience, skills, and the need to ensure an appropriately diverse balance in the resulting membership of the Board.	The Board and the Committee are committed to ensuring the composition of the Board exhibits a diverse mix of skills, personal attributes, professional and industry backgrounds, geographical experience and expertise, independence of thought, gender, age, tenure, race, ethnicity, and broader aspects of diversity which may include, for instance, disability, sexual orientation, and socio-economic background.
Consider candidates for appointment to the Board from as diverse a pool of applicants as possible, ensuring that the recruitment and selection process has been reviewed to mitigate bias.	The Board and the Committee seek a wide and diverse list of candidates for Board appointments who possess a range of critical skills of value to the Board and relevant to challenges and opportunities faced by the Company. Independent executive search firms help the Company to identify candidates from diverse backgrounds which support the Company's diversity, equity, and inclusive culture, always with the aim of securing the very best candidate for the position.
Continue to meet (or, where appropriate in respect of future targets, work towards meeting) the targets of the Parker and FTSE Women Leaders Reviews and the UK Listing Rules, and our internal global gender diversity target, as far as possible, recognising that there may be temporary periods when this is not possible; such periods should be minimised.	The Board and the Committee are satisfied that the Board continues to meet the recommendation of the Parker Review, with at least one Board member of ethnic minority. The Sage Board meets the target set by the UK Listing Rules and by the FTSE Women Leaders Review to have one of the senior Board positions (Chair, CEO, CFO, or SID) held by a woman. It is expected that, when Jacqui Cartin joins the Board on 1 January 2026, female representation on the Board will increase to 50%, with women holding two out of four senior Board positions. Please refer to page 106 for further information.
Engage executive search firms that understand Sage's Values and approach to diversity, equity, and inclusion, have signed up to the Voluntary Code of Conduct on both gender and ethnic diversity and best practice, and utilise an open recruitment process for non-executive roles.	The Board engages independent advisory firms to assist with the selection of non-executive roles. The Lygon Group was appointed by the Board in FY25 to facilitate the search and appointment of Lori Mitchell-Keller, who joined the Board as a Non-executive Director in February 2025. The Lygon Group has signed up to the Voluntary Code of Conduct on both gender and ethnic diversity and best practice, and utilises an open recruitment process for non-executive roles.
Ensure advertisements, role descriptions, and long lists reflect the Board's commitment to diversity, equity, and inclusion, as set out in this policy.	All role briefs are maintained to reflect the Board's policy of considering a diverse pool of candidates with different backgrounds.

Group-wide DEI initiatives

The Group continues to invest in its global DEI strategy, supported by three strategic principles of building diverse teams, creating an inclusive culture, and delivering equity by design. Despite shifts in the socio-political landscape in some regions and resulting decline in DEI commitments, Sage remains unwavering in its dedication to doing the right thing. The Board receives updates from members of the Executive Leadership Team and senior management on the Group-wide initiatives which underpin the DEI strategic principles and monitor progress against key measures. The alignment of refreshed targets with our strategic cycle (FY25-FY27) demonstrates our continued commitment to the DEI strategic principles. This, coupled with the ongoing commitment of executive leaders, senior management, and colleagues, means we are well positioned for the next three years. The following table outlines key progress in FY25:

Group-wide initiative	Progress in FY25
All About Us colleague participation This initiative is designed to better understand our colleagues and encourages them to voluntarily share insights about themselves. Sage is committed to a workforce that fully represents the many different cultures, backgrounds, and viewpoints of its customers, partners, and communities. When the personal insights are combined, colleagues' contributions will provide an accurate view of Sage's colleague population and help Sage to redesign polices, processes, and procedures to help build an equitable experience for all colleagues.	Participation in FY25 at 60% (FY24: 64%). The global participation target for the end of FY25 was 60%, increasing to 65% for FY27. In FY25, we expanded the All About Us programme with a successful launch campaign in India, engaging 474 colleagues and achieving a 69% participation rate among our Indian workforce. This approach contributed to our global self-disclosure rate achieving the FY25 target. Sage recognises that the gathering of data will become increasingly important as government reporting on pay transparency increases to encompass other DEI criteria. FY26 will see the launch of a refreshed programme for Sage colleagues in France.
Colleague Success Network participation This initiative aims to create an inclusive and welcoming culture through well-supported colleague communities. All of Sage's Colleague Success Networks have the same overarching goal, aiming to help create and support the Company's inclusive culture. The Networks support the Company's DEI journey by centring and elevating the voices of underrepresented communities across disability, race and ethnicity, and gender. They provide inclusive platforms for sharing lived experiences and identifying shared challenges, which are fed back into the DEI strategy.	Participation in the year grew to 28% of colleagues participating in one or more Networks (FY24: 22%). The global participation target for the end of FY25 was 20%. Throughout the year, we continued to support our volunteer-led Colleague Success Networks through evolving our framework and governance structure to enhance their impact, and strengthened the Networks' partnership with Sage Foundation. In FY25, we launched two new Networks, Inclusion Network in France and Gender Alliance Network in South Africa, and broadened the remit of the UK&I Family Network to the Family & Carers Network.
Sage Group's global gender diversity goal Supporting our building diverse teams DEI strategic principle, our global gender diversity goal is for 65% of our leadership teams to be gender diverse by FY27. This means there are no more than 60% men, women or non-binary people in any leadership team. Our revised FY27 targets are ambitious but achievable, with targets set at management and leadership teams at the top four levels of seniority.	Milestone target for FY25 is 50%. 40% of leadership teams currently meet this target (FY24: 41%). In FY25, we have evolved our FY27 targets and annual diversity milestone targets for the top four levels of seniority. We have also introduced a Sage race/ethnicity target for FY27 of 20% for senior leadership teams. The Company acknowledges that continued effort is essential to continue increasing the percentage of leadership teams meeting our ambitious targets each year and to achieve the overall targets by the end of FY27 to deliver long-term impactful change.
Sunflower Hidden Disabilities Programme The Programme is a simple tool for colleagues to share that they have a disability, illness, or condition that may not be immediately visible. As diverse as these conditions are, so are our colleagues' individual needs and the support they require. The sunflower is a globally recognised symbol for non-visible disabilities, conditions, or chronic illnesses and we have chosen to participate in the scheme to reduce stigma, build understanding, and encourage conversations between colleagues about the support that they need to perform at their best.	In FY25, we launched our Sunflower Hidden Disabilities Programme to all colleagues in the UK, Ireland, and South Africa. Colleagues with non-visible disabilities have the option to wear a green sunflower lanyard, bracelet, or pin badge, or to use a sunflower Microsoft Teams background, to discreetly let others know that they may require additional support and understanding to improve their day-to-day work experience. This year, we distributed 1,400 green sunflower lanyards, pin badges, and wristbands to colleagues. Additionally, we provided 1,435 white sunflower lanyards, wristbands, pin badges, and stickers to allies of the Programme.

Audit and Risk Committee

> **The external audit was a key focus for the Committee this year, as the Group transitioned to its new external auditor, KPMG. Alongside this, the Committee has maintained its focus and oversight on the Group's external reporting, internal controls, and the continued strengthening of risk management.**
>
> **Jonathan Bewes**
> Chair of the Audit and Risk Committee

Other Audit and Risk Committee members

Annette Court **Derek Harding**

Key FY25 activities

November
FY24 Full-Year results and Annual Report and Accounts

Net Zero Transition Strategy Update

February
2024 Corporate Governance Code Preparedness (Deep Dive)

KPMG Audit Transition Update

May
H1 FY25 Interim Results

AI Governance and Data Privacy Update

September
Non-Financial Sustainability Disclosures

FY26 Internal Audit Plan

Dear shareholders,

I am pleased to present the Annual Report of the Audit and Risk Committee (the "Committee") for FY25. This report sets out our role and how we have delivered on it during the year, while adapting to the changing needs of the business. The Committee is central to Sage's governance framework, overseeing financial and non-financial reporting, risk management, and internal controls. The Committee seeks to ensure the clarity and reliability of the Group's financial statements and non-financial disclosures, and to provide independent oversight of both internal and external audit activities.

Throughout the year, the Committee maintained close engagement with both management and the external auditor to receive updates on ongoing matters. FY25 marked the first year of the Group's new external auditor, KPMG LLP (KPMG). Accordingly, one of the Committee's key activities during the year was managing the transition to KPMG, to which a significant amount of time and attention was dedicated.

Jonathan Bewes
Chair of the Audit and Risk Committee

Activities and evaluation

During the year, the Committee oversaw the Group's financial and non-financial reporting, risk management and internal control procedures, and the work of Sage Assurance (internal audit) and the external auditor.

The Committee also received specific updates on several key matters, including the Group's preparedness for compliance with the enhanced internal control recommendations under the revised UK Corporate Governance Code 2024, the transition to KPMG as external auditor, the migration of the financial reporting system in North America, and the evolving risk framework for Artificial Intelligence (AI) and data governance. Further details on these matters are provided on page 114.

The Committee's performance was also reviewed as part of an externally facilitated Board performance review process, which included consideration of the effectiveness of the Chair of the Committee. The report on this review, shared with both the Chair of the Board and the Chair of the Committee, supported the performance and effectiveness of the Committee.

The Committee operated during the year in accordance with the principles of the Financial Reporting Council's (FRC) UK Corporate Governance Code 2018 (the "Code") and the associated recommendations set out in the FRC's Guidance on Audit Committees.

Role of the Committee

The Committee is an essential part of Sage's overall governance framework. The Board has delegated to the Committee the responsibility to oversee and assess the integrity of the Group's financial reporting, internal controls and risk management (including risk appetite, tolerance, and strategy), whistleblowing, anti-bribery and fraud, as well as the work of Sage Assurance (internal audit) and the external auditor. With respect to ESG, the Committee is responsible for monitoring the integrity, accuracy, and consistency of both ESG and sustainability-related non-financial disclosures.

These responsibilities are defined in the Committee's Terms of Reference, which were reviewed and approved by the Committee and the Board in May 2025.

Composition

The Code requires that at least one member of the Committee has recent and relevant financial experience. The Disclosure Guidance and Transparency Rules (DTRs) require that at least one member has competence in accounting and/or auditing. The Board is satisfied that these requirements are met, with Jonathan Bewes being a qualified chartered accountant and experienced Audit Committee Chair following 25 years in financial services as a corporate finance advisor in the investment banking sector. Derek Harding is also considered to meet these requirements as a chartered accountant who previously served as chief financial officer at Spectris plc and remains on the board as an executive director of the group.

Further, the Board considers that the Committee has the necessary competence and broad experience relevant to the sector in which Sage operates as required by the Code. Annette Court is a former chief executive officer with extensive experience of leading complex, customer focused businesses.

Sangeeta Anand stepped down from the Committee following her resignation from the Board in February 2025.

There have been no other changes in the composition of the Committee during the year.

Activities during the year

The Committee held four scheduled meetings during the year, in line with its Terms of Reference. Details of individual attendance at scheduled meetings are set out on page 83.

Regular attendees by invitation include the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the General Counsel and Company Secretary, the EVP Group Financial Controller, the EVP Chief Risk Officer, and the VP Assurance. All Committee meetings are attended by the external auditor, KPMG. By invitation, other members of management are invited to present.

The Chair of the Committee reported to the Board on key matters arising after each Committee meeting. At certain meetings, the Committee met with the external auditor and the VP Assurance, without management being present.

Outside these formal Committee meetings, the Chair of the Committee met with the Committee's regular attendees by invitation, as well as the external auditor.

During the year, the Committee received, considered, and, where appropriate, challenged:

- Scheduled finance updates on business performance and significant reporting and accounting matters, including going concern, from the EVP Group Financial Controller;
- The Group's half-year results and Annual Report and Accounts, as well as the accompanying press release, ahead of their review by the Board;
- A detailed summary of the Group's tax strategy, which was presented by the EVP Group Financial Controller, and subsequently approved by the Committee;

- Scheduled risk updates, including risk dashboards outlining both principal and any escalated risks. The Committee also received summary reports and supplementary briefings from management on selected Principal Risks and other "in-focus" reviews, in addition to a general update on business resilience matters;
- The assessment of the Group's Principal Risk appetites and consideration of emerging risks;
- Summary reports of escalated incidents and instances of whistleblowing and fraud, together with status of investigations and, where appropriate, management actions to remediate issues identified;
- The internal audit plan and subsequently progress against the plan and results of internal audit activities, including Sage Assurance reports on internal control and the implementation of remedial management actions, to address issues identified and make internal control improvements;
- The external audit plan and subsequent updates on delivery of the external audit and reports from the external auditor on the Group's financial reporting and observations on the internal financial control environment in the course of its work;
- Updates on the legal and regulatory frameworks relevant to the Committee's areas of responsibility, including an update on AI, cyber security, and data privacy matters;
- A joint update from the EVP Group Financial Controller and the EVP Chief Risk Officer with respect to the Group's Viability Statement; and
- Updates from the EVP Sustainability and Foundation on non-financial disclosures, including ESG metrics and reporting as well as other ESG compliance and related reporting matters.

Audit and corporate governance reform

During the year, the Committee received updates from the EVP Group Financial Controller and EVP Chief Risk Officer with respect to the Group's preparedness for compliance with the enhanced internal control recommendations under Provision 29 of the revised UK Corporate Governance Code 2024, which are applicable for the Group from FY27 onwards.

The Group will perform a dry run of procedures to support compliance with Provision 29 during FY26, with the Committee supportive of the preparatory work completed to date. Updates on the dry run will be presented to the Committee at each meeting throughout FY26.

Review by the Financial Reporting Council (FRC)

During the year, the Corporate Reporting Review team of the Financial Reporting Council (FRC) wrote to the Company noting that a review of the company's annual report and accounts for the year ended 30 September 2024 had been carried out in accordance with the FRC's Corporate Reporting Review Operating Procedures. The review did not identify any questions or queries that the FRC wished to raise with the Company. The Committee notes that the FRC's review does not provide assurance that the annual report and accounts were correct in all material respects as the FRC's role is not to verify information but to consider compliance with reporting requirements.

Financial reporting, including significant reporting and accounting matters

The agenda for every Committee meeting includes a formal finance update from the EVP Group Financial Controller. This informs the Committee about developments in the Group's reporting and accounting environment, and compliance with relevant reporting standards. During the year, the Committee considered how these developments were addressed in preparing the Group's financial statements, ensuring that applicable requirements were appropriately reflected. The Committee assessed the overall quality of financial reporting through review and discussion of the significant accounting matters and the interim and annual financial statements.

The Committee's review included assessing the appropriateness of the Group's accounting policies and practices, confirming their compliance with financial reporting standards and relevant statutory requirements, and reviewing the adequacy of disclosures in the financial statements. In performing its review of the Group's financial reporting, the Committee considered and challenged the work, judgements and conclusions of management. The Committee also received reports from the external auditor setting out its view on the accounting treatments included in the financial statements.

The Committee has also reviewed and considered the requirements of the FRC's Audit Committees and the External Audit: Minimum Standard.

Significant reporting and accounting matters

During the year, the Committee considered a number of significant reporting and accounting matters which impacted the Group's financial statements. The Committee's response and challenge over these matters is set out on the pages that follow:

Significant reporting and accounting matters	Response and challenge	Cross-reference
Revenue recognition Revenue recognition continues to be an important area of focus for the Group. The Group has a detailed revenue recognition policy for each category of revenue. This includes the application of rules relating to the various ways in which the Group sells its products. With over a third of the Group's revenue generated through sales to partners rather than end-users, the key judgement in revenue recognition is determining whether a business partner is a customer of the Group. Considering the nature of Sage's subscription products and support services, this judgement is usually based on whether the business partner has responsibility for payment, has discretion to set prices, and takes on the risks and rewards of the product from Sage. Inherently, this assessment can be judgemental.	• The Committee continues to oversee management's application of revenue recognition policies and, during the year, has continued to monitor compliance with financial reporting and accounting controls linked to revenue recognition. During the year, there have been no changes to the Group's revenue recognition policies. • The Committee has considered the Group's revenue recognition policies with respect to emerging business models, including revenue earned from services provided via the Sage Platform, particularly those which are commercialised on a consumption basis. • As part of the preparation for the interim and annual financial statements, the Committee obtained reports from both management and KPMG, which set out the application of accounting and reporting treatment against the revenue recognition policy. • KPMG provided an update to the Committee on the nature, extent, and findings from its procedures over revenue recognition during the year.	See note 3.1 of the financial statements on pages 192 to 194.
Carrying value of goodwill Given the Group's goodwill balance of £2,213m and the continuing evolution of Sage's business model, the annual assessment of the recoverability of goodwill is a significant area of focus for the Committee. During the year, the Group made two acquisitions—ForceManager and Fyle. Further information on both acquisitions is set out in note 14.1 on page 244 and 245 in the financial statements.	• The Committee reviewed and considered the methodology applied and challenged the key inputs into the impairment model including areas of estimation and judgement such as forecast cash flows and discount rates, with consideration to their appropriateness given the evolving macroeconomic environment. • Where appropriate, the Committee acknowledged the use of external specialists to support and corroborate management's inputs. • The Committee further enquired as to whether any other reasonable changes in assumptions would result in a material impairment and therefore require sensitivity disclosure in the financial statements. The Committee considered management's sensitivity testing and agreed that the possibility of such reasonable changes is remote and therefore agree with the disclosures provided. • The Committee considered the level at which goodwill is tested and concluded a consistent approach to the prior year is appropriate.	See note 6.1 of the financial statements on pages 205 to 207.

Significant reporting and accounting matters	Response and challenge	Cross-reference
Going concern and viability assessment Both the going concern and viability assessment are key areas of focus for the Committee due to the level of management judgement required. In preparing these assessments, consideration was given to the macroeconomic environment. The Committee received a detailed update from management during the year which included both reverse and scenario-specific stress testing.	• The Committee reviewed management's process for assessing the Group's longer-term viability, including the determination of the period over which viability should be assessed, the appropriateness of the viability scenarios identified in light of the Group's Principal Risks and uncertainties, and the reasonableness of key assumptions used by management in calculating the financial impact of a viability scenario arising. • With consideration to the macroeconomic environment, the Committee reviewed the key assumptions underpinning management's longer-term forecasting, and the sufficiency and adequacy of future funding requirements. As part of this review, the Committee considered the level of available liquidity over the forecast period. • The Committee reviewed the results of management's scenario-specific stress testing for both going concern and viability, as well as reverse stress testing, the result of which demonstrated the resilience of the Group's business model. • It was noted that under scenario-specific stress testing, the Group maintains sufficient available liquidity over the forecast period. The results of reverse stress testing highlighted that such a scenario would only arise following a highly significant deterioration in performance, well in excess of the assumptions in the scenario-specific stress testing. • As part of its review and challenge, the Committee took into consideration updates provided by the EVP Chief Risk Officer with respect to the Group's principal and emerging risks. • The Committee approved the disclosures in relation to both the going concern and viability assessment, and recommended to the Board the preparation of the financial statements under the going concern basis.	The Group's going concern and viability statements can be found on pages 153, 67 and 68, respectively.
Alternative Performance Measures (APMs) The Committee closely monitors management's interpretation and definition of APMs, in particular annualised recurring revenue (ARR). In addition, the Committee considers the presentation of APMs in the Group's Annual Report and Accounts in the context of the requirement that they be fair, balanced, and understandable.	The Committee continues to review and challenge management's use of APMs and, as part of the preparation for the interim and annual financial statements, requests a clear reconciliation between key APMs and statutory reporting measures. There is a continued focus by the Committee on the ARR APM given its importance as a key measure of business performance. Biannually, an update on ARR performance is provided to the Committee. The Committee has challenged the sufficiency, adequacy, and clarity of disclosures related to APMs in the Annual Report and Accounts, and considers them to be appropriately disclosed. The Committee also reviewed supplementary information issued alongside the financial statements, including the Group's press release, to ensure consistency in the way APMs are disclosed and presented on a balanced basis alongside statutory reporting measures.	The definition of APMs can be located in the glossary on pages 261 and 262. Reconciliations of statutory revenue, operating profit, and basic earnings per share to their underlying and organic equivalents are in the Financial review starting on page 48.

Fair, balanced, and understandable

Each year, the Committee advises the Board on whether the Annual Report and Accounts taken as a whole are fair, balanced, and understandable, and provide the information necessary for shareholders to assess Sage's position, performance, business model, and strategy. In reaching its conclusion, the Committee considered the results of management's assessment of going concern and viability, together with disclosures relating to the Group's principal and emerging risks, reviewed the Annual Report and Accounts as a whole, and assessed the results of processes undertaken by management to provide assurance that the Group's financial statements were fairly presented.

These processes included an analysis of how the key events in the year had been described and presented in the Annual Report and Accounts, how APMs had been defined and presented, and the outcome of representations received from country management teams on the application of a range of financial controls. The Committee also considered the perspective of the external auditor.

Risk management and internal controls

The Committee assists the Board in its monitoring of the Company's internal control and risk management systems, and in its review of their effectiveness. This monitoring includes oversight of all material controls, including financial, operational, regulatory, and compliance controls, and assessing whether the control systems are fit for purpose and whether any corrective action is necessary.

During the year, the Committee:

- Reviewed the Principal Risks, their evolution during the year, and the associated risk appetites and metrics, challenging and confirming their alignment to the continued achievement of Sage's strategic objectives. At each meeting, the Committee considered and challenged the ongoing overall assessment of each risk, their associated metrics and management actions, and mitigations in place and planned;
- Considered the latest updates on the risk profile surrounding the use of AI and data privacy more broadly, including an update on the Group's AI governance framework;
- Received an update from the EVP Chief Risk Officer on business resilience preparedness, with a focus on key topics including product security, enterprise IT solutions, and crisis management;
- Reviewed and considered an assessment of the effectiveness of risk management more broadly, and reviewed updates on fraud risk management and the Group's adherence to policies, including Conflicts of Interest, Anti-Money Laundering, Sanctions, Competition Law, Anti-Bribery and Corruption, and Modern Slavery;
- Received reports from Sage Assurance and management on internal control and monitored the implementation of management actions to remediate issues identified and make improvements. The Committee is satisfied that management's response to any financial reporting or internal financial control issues identified by the external auditor was appropriate;
- Reviewed at each Committee meeting any escalated incidents and any instances of whistleblowing and management actions to remediate any issues identified (see Incident management, fraud, and whistleblowing paragraph below for further details); and
- Considered individual incidents and associated actions to assess whether they demonstrated a significant failings or weaknesses in internal controls, of which none were identified.

For further details on the Group's risk management and internal control systems, its risk-informed decision-making process and its Principal Risks, refer to the Risk management section on pages 56 to 60 and Principal Risks and uncertainties on pages 61 to 66.

Specific areas of focus

The Committee spent time on the following specific areas of focus during the year to consider and challenge relevant, current and important issues:

- The Group's activities to ensure preparedness for the enhanced internal control recommendations of the revised UK Corporate Governance Code 2024, which included a deep dive session led by management for Committee members in the first half of FY25;
- The progress relating to the implementation of a new financial reporting system in the Group's North America business; and
- An update on cyber security and data privacy matters, alongside updates on broader matters relating to the Group's strategic initiatives, including the Sage Platform and use of AI and Machine Learning.

ESG reporting

The Committee received updates from the EVP Sustainability and Foundation on ESG reporting and compliance matters, with a focus on the evolving regulatory landscape. As part of this, the Committee considered the processes and controls in place to ensure the integrity of external ESG reporting, as well as the plans around assurance. In addition, the Committee received updates on the Group's progress towards achieving its net zero targets.

The Committee reviewed the progress made during the year relating to the reporting requirements under the EU Corporate Sustainability Reporting Directive (CSRD), including the double materiality assessment and reporting approach. It is noted that the European Parliament has voted to delay the implementation of CSRD, with further updates expected on the revised effective implementation date.

Incident management, fraud, and whistleblowing

The Committee considered the suitability and alignment of the Incident, Emergency, and Crisis Management, and Whistleblowing policies, and confirmed the effectiveness of these policies in facilitating appropriate disclosure to

senior executive management and the Committee. At each meeting, the Committee received a summary report of any escalated incidents and instances of whistleblowing and, together with management, considered whether there were any thematic issues and identified remediating actions.

As part of this reporting process, the Committee was notified of all whistleblowing matters raised, including any relating to financial reporting, the integrity of financial management or that included any allegations relating to fraud, bribery, or corruption. The Committee was also notified of all non-whistleblowing incidents exceeding an agreed materiality threshold.

Internal audit

Internal audit is delivered by the in-house Sage Assurance function. Reporting directly to the Committee, its remit is to provide independent and objective assurance over the Group's operations and activities, to assist management and colleagues in fulfilling their responsibility to develop and maintain appropriate internal controls. The VP Assurance has direct access to the Chair of the Audit Committee and meets with the Committee without management present to allow for open discussion.

The specific objectives, authority, scope, and responsibilities of Sage Assurance are set out in the Internal Audit Charter, which is reviewed annually by the Committee. The Committee also considers and evaluates the level of Sage Assurance resource and its quality, experience, and expertise, supplemented as appropriate by third-party support and subject-matter expertise, to ensure it is appropriate to provide the required level of assurance.

Additionally, in line with the recommendations of both the UK Corporate Governance Code and the Chartered Institute of Internal Auditors' (IIA) Internal Audit Code of Practice, the effectiveness of Sage Assurance is reviewed by the Committee on an annual basis and is also subject to an independent external quality assessment (EQA) at least once every five years. In 2025, PwC was appointed to conduct the latest EQA and assess conformance with the Global Internal Audit Standards and the IIA's Code of Practice. Feedback from the EQA was positive and noted conformance with the IIA Standards, with the team viewed as being modern, agile, and valued. The EQA report was presented and discussed at the September 2025 Committee meeting, at which the Committee endorsed these conclusions.

The Committee reviews and approves the nature and scope of the work of Sage Assurance, and the Sage Assurance plan was approved by the Committee at the beginning of the financial year, along with subsequent quarterly updates. Progress against the plan and the results of Sage Assurance's activities, including the quality and timeliness of management responses, are monitored at each Committee meeting. This includes a summary of findings from the internal audit plan, reported at each meeting by Sage Assurance, as well as an executive summary for each individual internal audit.

Following its review of the Company's internal control systems, the Committee considered whether any matter required disclosure as a significant failing or weakness in internal control during the year. No such matters were identified.

External audit

In September 2023, the Group announced the Board's intention to propose to shareholders that KPMG be appointed as the Group's external auditor for the financial year ending 30 September 2025. The audit tender process was described in detail in the FY23 Annual Report and Accounts, and KPMG's appointment was approved by shareholders at the 2025 AGM.

As part of KPMG's transition and first-year audit, the following steps have been undertaken:

- KPMG shadowed EY during its final FY24 audit, including attending some meetings alongside EY. This included KPMG's attendance at the September 2024 and November 2024 Committee meetings.
- Early and regular engagement to ensure an effective audit process, including review and approval of the FY25 audit plan by the Committee at the February 2025 meeting.
- A review by KPMG of all significant judgements and estimates, as well as the Group's accounting policies. There were no areas where the Group's interpretation differed from that of KPMG.
- Throughout the year, KPMG has provided updates to the Committee, noting that no changes to the audit risk assessment have been proposed against the audit plan presented at the start of the year.

The external auditor is required to rotate the lead audit partner every five years. The FY25 audit was the first year for the KPMG lead audit partner, Simon Richardson.

The Committee confirms that the Company is, and has been throughout the year under review, in compliance with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee responsibilities) Order 2014.

Auditor effectiveness

The Committee is responsible for assessing the effectiveness of the external auditor. In doing so, the Committee considers the independence, objectivity, and level of professional scepticism exercised by the external auditor, as well as the results of the annual auditor effectiveness review. To fulfil its responsibility for oversight of the external audit process, the Committee reviewed and agreed:

- The terms, areas of responsibility, associated duties, and scope of the audit as set out in the external auditor's engagement letter;
- The overall work plan and fee proposal;
- The issues that arose during the course of the audit and their resolution;
- Key accounting and audit judgements;
- The level of errors identified during the audit; and

- Control recommendations made by the external auditor.

In addition to the above, specific considerations made by the Committee during the year included:

- The detail relating to KPMG's scoping and audit plan for FY25, which was presented to the Committee at its February meeting;
- The findings published by the FRC into its view on the effectiveness of KPMG's audits;
- The experience and expertise demonstrated by the auditor in its direct communication with, and support to, the Committee;
- The content, quality of insight, and added value provided by KPMG's reports;
- The robustness, including professional scepticism, and perceptiveness of KPMG in its handling of key accounting and audit judgements; and
- The interaction between management and the auditor.

At certain Committee meetings, a separate, private meeting was held between Committee members and the lead audit partner, Simon Richardson, to encourage open and transparent feedback. The Chair of the Committee also met with the external auditor outside of Committee meetings, supporting effective and timely communication.

During the year, the Committee also received feedback from various stakeholders across the businesses evaluating the performance of each assigned audit team. Management's report to the Committee included a summary of the findings of a survey of key Sage colleagues on the quality of the KPMG's delivery, communication, and interaction with the various finance teams across the Group. Management concluded that the working relationship between the finance team and KPMG across the Group was effective, and the audit had been carried out in an independent, professional, organised, and constructive manner, with an appropriate level of challenge and scepticism over management's treatment of significant reporting and accounting matters.

Auditor independence

The Committee is responsible for the development, implementation, and monitoring of policies and procedures to ensure auditor independence. At Sage, this is governed by the Group's Auditor Independence Policy (the "Policy"). The Policy has been in place throughout the year. It specifies the role of the Committee in reviewing and approving non-audit services in order to ensure the ongoing independence of the external auditor. A summary of non-audit fees paid to the external auditor is provided to the Committee on a quarterly basis.

The Policy states that Sage will not use the external auditor for non-audit services, except in limited circumstances, and as permitted by the Ethical Standard, where non-audit services may be provided by the external auditor with pre-approval by the Committee unless clearly trivial.

This is provided that the approval process set out in the Policy is adhered to and that potential threats to independence and objectivity have been assessed and safeguards applied to eliminate or reduce these threats to an appropriate level.

Any non-audit services individually in excess of £75,000 require pre-approval by the Chair of the Committee, as do any non-audit services where the cumulative total of previously approved non-audit services in the financial year exceed £75,000.

The Committee considered the application of the Policy with regard to non-audit services and confirms it was properly and consistently applied during the year. The Policy also requires that the ratio of audit fees to non-audit fees must be within Sage's pre-determined ratio, and non-audit fees for the year must not exceed 70% of the average of the external audit fees billed over the previous three years.

In FY25, the ratio of non-audit fees to audit fee was 9% (FY24: 10%), principally reflecting the fee paid for the half-year interim review and other permitted assurance services. A breakdown of total audit and non-audit fees charged by the external auditor for the year under review is shown in note 3.2 to the financial statements.

The Committee has also considered the independence of the external auditor's partners and staff involved in the audit of Sage. KPMG has confirmed that all its partners and staff complied with its ethics and independence policies and procedures that are consistent with the FRC's ethical standards, including that none of its employees working on the audit hold publicly listed securities issued by Sage. In addition, the Committee acknowledges management's internal assessment that no employee in a key financial reporting oversight role has a close relationship with any KPMG employee that may impact their independence.

Auditor re-appointment

Having considered the summary set out above relating to the effectiveness and independence of KPMG, the Committee has recommended to the Board that a resolution to re-appoint KPMG be proposed to shareholders at the 2026 AGM, for the year ending 30 September 2026. The Board has accepted and endorsed this recommendation.

Remuneration Committee

"I would like to thank shareholders for their strong support of our 2025 Directors' Remuneration Policy. The Committee is confident that the Policy is driving pay for performance and remains strongly aligned to our business ambition."

Roisin Donnelly
Chair of the Remuneration Committee

Other Remuneration Committee members

Maggie Chan Jones **Dr John Bates** **Annette Court**

Composition of the Committee

The Remuneration Committee is composed solely of independent Non-executive Directors, Maggie Chan Jones, Dr John Bates and, Annette Court, and is chaired by Roisin Donnelly. Details of the skills and experience of the Remuneration Committee members can be found in their biographies on pages 75 and 76, and in the skills matrix on page 71.

Letter from the Remuneration Committee Chair	**page 118**
Remuneration at a glance	**page 121**
Remuneration Committee governance	**page 123**
Corporate Governance Code considerations	**page 125**
Remuneration Policy 2025	**page 127**
Directors' Annual Remuneration Report	**page 132**
Statement of implementation of Remuneration Policy in the following financial year	**page 144**

Scan or click the QR code for more information on the Committee's Terms of Reference

Activities during FY25

November
- Determined outcomes for 2024 bonus and vesting level of 2022 Performance Share Plan (PSP) award
- Approved the 2024 Directors' Remuneration Report
- Reviewed stakeholder feedback and provided final approval of the 2025 Directors' Remuneration Policy and implementation in 2025
- Approval of Long Term Incentive Plan (LTIP) rules

February
- Reviewed stakeholder feedback and remuneration-related results from the 2025 AGM
- Reviewed workforce remuneration following the annual review
- Reviewed performance against in-flight incentive plans
- Reviewed remuneration-related policies

March[1]
- Approved CFO transition arrangements

May
- Market update provided by the Committee's advisors
- Approved the annual review of the Committee's Terms of Reference
- Reviewed remuneration arrangements for below Board executives in the US
- Reviewed performance against in-flight incentive plans

July
- Market update provided by the Committee's advisors
- Approved structure of 2026 bonus and performance share awards
- Approved 2026 below Board equity allocation policy
- Reviewed workforce remuneration and related policies
- Reviewed performance against in-flight incentive plans

September
- Market update provided by the Committee's advisors
- Approved targets for 2026 bonus and performance share awards
- Reviewed structure of 2026 remuneration packages for below Board executives
- Approved implementation of the Directors' Remuneration Policy for Executive Directors in 2026
- Reviewed share plan rules
- Reviewed performance against in-flight incentive plans

Dear shareholders,

I am delighted to present the Directors' Remuneration Report (the "Report") for the year ended 30 September 2025 on behalf of the Remuneration Committee (the "Committee").

This marks the first year of our 2025 Remuneration Policy (the "Policy"), following shareholder approval. I would like to thank shareholders for their engagement during the extensive consultation process and for the strong support of the Policy at the 2025 AGM. The Committee has striven to ensure that the Policy has been implemented effectively, aligned to our pay for performance ethos, and driving forward Sage's ambition.

The following statement, on pages 118 to 122, provides detail and context regarding the Committee's decisions during the year relating to FY25 incentive outcomes and FY26 remuneration for Executive Directors. Broader context is provided in an expanded disclosure explaining remuneration for the wider workforce on pages 138 to 140.

The Annual Report on Remuneration, set out on pages 132 to 151, will be subject to an advisory vote at the 2026 AGM.

Context for FY25 incentive outturns and FY26 remuneration decisions

Sage has delivered another year of strong progress and delivery against our strategy. As the Board Chair highlights in his statement, a continued, sharp focus on growth and operational efficiency has resulted in further significant revenue and earnings expansions. Performance highlights are set out below.

Performance highlights

10%

Underlying total revenue growth
(FY24: £2,290m) £2,513m driven by broad-based growth in cloud solutions

£600m

Underlying operating profit
(FY24: £513m) 17% increase, driven by revenue growth and an increase in underlying operating profit margin of 150 bps to 23.9%

11%

Underlying ARR growth
(FY24: 11%) reflects growth across all regions balanced between new and existing customers

43.2p

Underlying basic EPS
(FY24: 36.7p) increased by 18%

Undoubtedly, our colleagues are central to our success, and the broader colleague experience plays an important part in the Committee's decision making. In FY25, our colleague engagement remained very strong, with eSAT of 76 and a response rate of 82%, our Employer Brand Index improved by 15 points over the year. These achievements demonstrate a growing recognition of Sage as a values-led organisation with colleagues at the heart.

Remuneration updates for Executive Directors in FY26

We are proposing several changes to FY26 remuneration arrangements, all of which are consistent with the 2025 Policy:

1) Base salary increase for the CEO (as disclosed in the 2024 Directors' Remuneration Report)

In last year's Remuneration Report, we set out details of our extensive review into senior executive remuneration arrangements. The review highlighted a number of issues, including a perceived disconnect between pay and performance, internal relativities, the competitiveness of the global technology market, the Company's exposure to the US and market positioning of remuneration against peers. To address these issues, we made a number of changes under our new Remuneration Policy, including a salary increase for the CEO phased over two years. Before implementing the second phase of this increase, the Committee carefully considered performance during FY25 and noted that Sage has had another year of good financial performance, as outlined in the performance highlights on this page, and consistent with our values, our focus has been on delivering practical, safe, human-first AI that empowers our customers and their businesses. Our executive team, led by the CEO, has been a key driver of that performance. Accordingly, the Committee intends to implement the planned second phase of the base salary increase and so, with effect from 1 January 2026, the CEO's base salary will increase to £1,223,313 (15% increase), as disclosed on page 121 of the 2024 Annual Report and Accounts. There are no changes to the CEO's annual bonus or LTIP opportunity in FY26.

2) Remuneration for incoming CFO in FY26

Jacqui Cartin will be appointed CFO with effect from 1 January 2026. On appointment, her basic remuneration package will comprise: a basic annual salary of £650,000, a pension contribution of 10% of salary, plus bonus, long-term incentives, and all other benefits in accordance with the 2025 Policy. The Committee was satisfied that this package was commensurate with Jacqui's skills, qualifications, and experience.

3) Change to FY26 annual bonus plan measures

Our Remuneration Policy incentivises the delivery of our strategy to achieve sustainable, efficient growth. In FY25, total revenue was introduced as the primary financial measure within our annual bonus plan, in alignment with the key revenue metrics communicated to the market. To further reinforce our commitment to sustainable growth and drive accelerated ARR growth, a Rule of 40 metric will be introduced alongside the total revenue measure in FY26. As noted in our KPIs on page 22, the Rule of 40 is a critical financial benchmark used to evaluate the performance and

efficiency of SaaS organisations. The annual bonus plan measures for FY26, as set out below, are, in the Committee's opinion, the best way to drive sustainable value creation.

FY26 incentive	How it promotes the achievement of strategy	FY26 measures	Weighting	How it will be measured	Changes in FY26
Annual bonus	Incentivises management to deliver strong annual revenue growth, balanced by strategic goals	Total underlying revenue growth	40% of bonus	See page 261 for the definitions of underlying measures	Reduction in weighting from 70% of bonus to 40% of bonus to enable equal weighting with the Rule of 40 metric for FY26
		Rule of 40	40% of bonus	Underlying ARR growth plus underlying EBITDA margin. See page 261 for the definitions of underlying measures	Introducing this measure reflects the importance of our disciplined approach to balanced growth, focusing on high-quality revenue and progressive margin improvement as the business scales, while supporting continued investment in future opportunities
		Strategic goals	20% of bonus	Assessment of the individual Executive Directors' performance against their strategic goals	None

To avoid overcomplicating the bonus plan, the separate customer metric has been removed for FY26 and relevant customer-related goals incorporated into Executive Directors' strategic goals, where appropriate. For completeness, there are no proposed changes to the FY26 performance share award metrics (basic underlying earnings per share (EPS), relative Total Shareholder Return (TSR), and ESG). The full set of annual bonus and performance share award measures and related targets for FY26 are set out on pages 145 to 146.

Incentivising balanced performance in FY26 in line with our strategy

Balanced growth

The weighting of both total revenue and the Rule of 40 in the annual bonus, and EPS growth in the LTIP incentivises the delivery of complementary objectives: achieving high-quality revenue growth and a gradually improving margin as we scale the business efficiently, while investing in future growth.

A high-quality revenue mix with the ability to explore adjacent revenue opportunities

Incentivising total revenue aligns with our market guidance, and will ensure recurring revenue, which represents 97% of total revenue and is central to our growth plans, is maximised. It also supports management in the additional development of adjacent, high-quality revenue opportunities, including, for example, certain digital network services. When determining incentive outcomes, the Committee examines the quality of our revenue mix as part of the broader context in which performance was delivered.

Strategically aligned M&A in a fast-paced sector

Strategically aligned acquisitions enable Sage to accelerate its strategic progress. The Return on Capital Employed (ROCE) underpin ensures a continued focus on value creation with regard to such acquisitions. Revenue, the Rule of 40 and EPS are measured on an underlying basis, so the impact of M&A decisions on these can be evaluated.

The Committee will review, based on materiality, the impact of significant acquisitions and disposals on the annual bonus and LTIP, and judge whether an adjustment to incentive targets or outcomes is required. Any adjustment would be disclosed in the Directors' Remuneration Report.

Setting target ranges to reward performance appropriately

The goal of creating value for stakeholders involves a balance between incentivising high performance relative to our ambition, and providing fair and competitive reward aligned with the experience of our external stakeholders. The Committee determines target ranges for the annual bonus and LTIP through a robust review process which considers, where relevant, various factors, including, but not limited to, the current business plan and budget, historical performance, peer benchmarks, and market forecasts. This helps to ensure that remuneration outcomes are appropriate for the level of performance achieved through the full target ranges.

Assessing quality when determining outcomes

When determining incentive outcomes, the Committee examines various factors, including the broader context in which performance was delivered. This includes balanced growth, a high-quality revenue mix, and strategically aligned M&A as components of the shareholder experience. The Committee has the discretion to decide whether and to what extent the performance conditions have been met, and, in appropriate circumstances, to override the formulaic outcome.

Delivering our remuneration principles in FY26

We aim to align the total remuneration for our Executive Directors to our business strategy through a combination of salary, bonus, and long-term incentive schemes underpinned by stretching performance targets. The table below summarises the remuneration arrangements for our current Executive Directors in FY26, in accordance with the 2025 Policy and our remuneration principles, which are:

Remuneration principles

1 Drives focus on strategy, purpose, and culture 2 Market competitive 3 Simplicity 4 Aligned with shareholder interests

Element of Policy	Purpose	Implementation in FY26
Base salary 1 2	Enables Sage to attract and retain Executive Directors of the calibre required to deliver the Group's strategy.	Steve Hare: £1,223,313 (15% increase) Jacqui Cartin: £650,000 (on appointment from 1 January 2026) Jonathan Howell: £684,780 (until he steps down from his role on the Board and his role as CFO on 31 December 2025) The equivalent average increase for colleagues eligible for an annual pay award is 3.85% (in respect of colleagues based in the UK).
Pension 1 2 3	Provides a competitive post-retirement benefit, in a way that manages the overall cost to the Company.	10% of base salary in line with the pension benefit for the UK's wider workforce.
Benefits 2	Provide a competitive and cost-effective benefits package to Executive Directors to assist them in carrying out their duties effectively.	Standard benefits package plus costs of travel, accommodation, and subsistence for the Executive Directors and their partners on Sage-related business.
Annual bonus 1 2 3 4	Rewards and incentivises the achievement of annual financial and strategic targets. A minimum of one third deferral into shares for three years is compulsory until the enhanced shareholding guideline is met, following which the deferral requirement reduces to 15% of any bonus earned. The remainder is delivered in cash.	Maximum 175% of base salary 40% based on underlying total revenue growth, 40% based on the Rule of 40 metric, and 20% based on strategic goals.
Performance share awards 1 2 3 4	Support achievement of our strategy by targeting performance under various financial performance indicators. Vesting is after three years, and awards are subject on vesting to a holding period of two years before being released.	Face value of 400% of base salary for Steve Hare Face value of 300% of base salary for Jacqui Cartin Jonathan Howell is not eligible for an award in FY26 60% based on underlying EPS with a ROCE underpin, 30% based on relative TSR performance, and 10% based on an ESG basket of measures.
All-employee share plans 1	Provide an opportunity for Executive Directors to voluntarily invest in the Company.	Eligible to participate up to the tax-efficient limit of £500 per month.
Chair and Non-executive Director fees 2	Provide an appropriate reward to attract and retain high-calibre individuals.	**See page 147 of this Report for a list of Non-executive Director fees**
Shareholding guideline 4	The shareholding guideline for the CEO is 500% of base salary and for the CFO is 350% of base salary. Achievement of this is expected within a maximum of five years from the time the Executive Director became subject to the guideline. The post-employment shareholding guideline requires Executive Directors to retain shares following cessation of employment as a Director, in line with Investment Association guidelines.	Shareholding at 30 September 2025 (inclusive of deferred shares held, net of tax at the current estimated marginal tax withholding rate, and Sage shares held by an Executive Director's connected person): Steve Hare 922% of base salary Jonathan Howell 654% of base salary **See page 147 for more information on the shareholding guideline**

Remuneration at a glance

The summary below sets out clearly and transparently the total remuneration paid to our Executive Directors in FY25.

Fixed pay for FY25
- Base salary
- Benefits
- Pension

See page 132

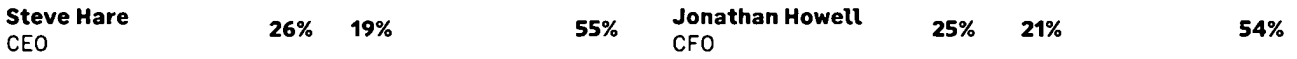
Annual bonus for FY25
- 9.8% total revenue growth achieved (at budgeted FX)
- Customer experience
- Personal strategic goals

See pages 133 to 135

PSP awards vesting in FY25
- 89.7% Sage Business Cloud penetration achieved
- 80th TSR percentile rank
- ESG basket of measures
- Underpins met

See pages 135 and 136

FY25 single figure for total remuneration summary for Executive Directors



Key remuneration outcomes for FY25

	Measure	Weighting	% of the overall maximum award
Annual bonus	Total revenue growth[1]	70%	28.0%
	Customer experience	10%	6.9%
	CEO performance against personal strategic goals	20%	14.0%
	CFO performance against personal strategic goals	20%	16.0%
	CEO total bonus opportunity achieved	100%	48.9%
	CFO total bonus opportunity achieved	100%	50.9%
Performance Share Plan	Sage Business Cloud penetration[2]	50%	42.3%
	Relative TSR	30%	26.0%
	ESG: Reduction in Scope 1, 2, and 3 carbon emissions	7.5%	7.0%
	ESG: Sage products with functionality for carbon accounting	5%	4.0%
	ESG: Inclusion Score	3.75%	0.0%
	ESG: Gender diversity target	3.75%	0.0%
	Total PSP opportunity achieved	100%	79.3%

1. Payment of a bonus for total revenue growth is subject to the achievement of an underpin condition of Group underlying operating profit (UOP) margin of 19.5%. Group UOP was 24.1% and the underpin met. Actuals have been retranslated at budgeted foreign currency exchange rates consistent with the basis on which the targets were set.
2. For any of this portion of the PSP award to vest, underpins relating to ROCE (12.0%), absolute organic revenue growth (>0.0%), and cloud native penetration (30.0%) must be met across the three-year performance period. ROCE of 25.3%, absolute organic revenue growth of 31.4%, and cloud native penetration of 37.8% were achieved across the performance period, therefore the underpins were met.

FY25 performance and incentive outturns

Sage has delivered another year of strong progress and delivery against our strategy, with underlying total revenue growth of 9.8% and underlying operating profit margin of 24.1% (at budgeted FX rates consistent with the basis on which the bonus targets were set); focus continues on scaling the business, with growth creating the headroom to increase investment and expand margins. As outlined in previous Directors' Remuneration Reports, the Remuneration Committee maintains a robust pay-for performance ethos, supported by highly stretching budget, target and personal strategic objective ranges relative to bonus opportunity. This has been reflected in incentive payouts of 48.9% to 50.9% of maximum in the annual bonus and 79.3% of maximum in the PSP award.

Wider workforce context

Our colleagues deliver extraordinary outcomes every day and it is important for us to ensure they are rewarded fairly, feel valued, and are advocates for Sage. Colleague engagement remains strong, with eSAT of 76. Across our workforce, our annual pay review budget is aligned with the external software market, and pay increases are aligned to performance, contribution, and the external market. Sage continues

to be an accredited Living Wage Foundation employer. Additionally, Save and Share, our all-colleague share plan, enables eligible colleagues to become shareholders at all levels across the business. Total participation across all-colleague plans in 2025 was 39% of eligible colleagues. We place importance on financial education and ensuring colleagues understand our all-colleague plans; this was externally recognised with the 2025 GEO Award for Best in Financial Education and Wellbeing (10,000–25,000 employees). Further details explaining remuneration for the wider workforce can be found on pages 138 to 140.

The Committee also undertook a review of remuneration and related policies for the wider workforce, and deemed that the remuneration policies and practices for Executive Directors are aligned to the wider workforce. This is achieved by consistent performance measures in the annual bonus plan, pay principles that are applicable across the entire workforce, and application of the annual pay review process consistently across all colleagues.

In view of the above, the Committee is striving to balance the need for remuneration to reward high performance and strategic delivery, to remain competitive within the global talent market, and to align to the external operating environment and UK corporate governance requirements.

Engagement with stakeholders

The Committee values input from shareholders and is committed to ensuring open and transparent dialogue in regard to executive remuneration. Where appropriate, the Committee seeks the views of the largest shareholders individually and others through shareholder representative bodies when considering any significant changes to the Policy. Any feedback received is thoughtfully reviewed and, where appropriate, changes are implemented. Ahead of the 2026 AGM, the Committee consulted individually with Sage's top 20 shareholders and proxy agencies on the proposed changes to Executive Director remuneration and the annual bonus metrics for 2026. This was initially in written format and included one meeting to discuss the proposals in detail. Shareholders who responded indicated their support for the proposals.

Colleague success is critical for Sage, and engaging with the workforce through meaningful, two-way dialogue underpins this. The CEO hosts frequent "All-Hands" calls for the whole workforce, during which he provides Company performance updates explaining how this translates to the bonus plan. Colleagues are encouraged to ask questions and the CEO provides open and transparent answers.

Additionally, Company performance and bonus updates are periodically provided on our intranet site and by email; this ensures that colleagues are able to understand how the business is performing during the financial year and the impact that can have on their reward package.

Colleagues receive a detailed personal reward statement annually in December outlining their basic salary and bonus plan structure (where applicable) for the year.

Colleagues have the opportunity to share their thoughts and feedback on all topics, including our remuneration policies and practices, through our "Always Listening" survey. Originally launched during 2020 in response to the pandemic, this is a continuous feedback survey which colleagues can access at any time. In addition, our biannual colleague Pulse Surveys have a high response rate, demonstrating that colleagues welcome the opportunity to share their thoughts, and CEO roundtables offer further opportunities for colleagues to provide direct feedback.

A global Reward and Recognition policy is available to all colleagues and applies across the entire workforce.

Furthermore, colleagues are able to access a more detailed explanation of executive pay through this Report and of our equity awards through our colleague intranet.

Board changes considered in FY25

As announced on 27 March 2025, Jonathan Howell will step down from the Board and his role as CFO on 31 December 2025, and will remain employed by Sage until the end of his notice period on 31 March 2026 in order to assist a successful transition. Jonathan will remain eligible for a pro-rated bonus, paid wholly in cash, for the financial year ending 30 September 2026, but will not be eligible to receive a FY26 LTIP award. In light of his excellent service to Sage and the nature of his departure, the Committee determined that Jonathan should be treated as a good leaver. Accordingly, he will retain his unvested Deferred Bonus Plan (DSBP) awards, and his unvested LTIP awards will be time pro-rated by reference to the date on which he leaves the Company and remain subject to performance. There will be no acceleration of vesting for any unvested equity awards and the awards will continue to be subject to a two-year holding period.

Concluding remarks

The Committee reviewed the implementation of the Policy over 2025 and judged it to be operating as intended and with no deviation from the approved Policy. It determined this through the periodic review of potential incentive outcomes and their contribution to the single figure for remuneration; a consideration of wider business performance including customer metrics; the experience of shareholders and our TSR; and the experience of our colleagues.

This letter, along with the broader Directors' Remuneration Report, outlines the Group's approach to remuneration, which takes into account best practice and market trends while continuing to support the Group's commercial priorities, as well as the interests of shareholders and other stakeholders. The Committee gives high priority to ensuring that there is a clear link between pay and performance, including a focus on culture and adherence to the Group's risk framework, and that our remuneration outcomes reflect this broader context.

Roisin Donnelly
Chair of the Remuneration Committee
18 November 2025

Remuneration Committee governance

Objectives and responsibilities

The Committee's main objective is to determine the framework, broad policy, and levels of remuneration for the Group's Chief Executive Officer, the Group's Chief Financial Officer, the Chair of the Company, and other executives as deemed appropriate, ensuring compliance with legal and regulatory requirements and striving to enhance Sage's long-term development.

This framework includes, but is not limited to, establishing stretching performance-related elements of reward and is intended to promote the long-term success of the Company.

We achieve this through:

- Providing recommendations to the Board, within agreed Terms of Reference, on Sage's framework of executive remuneration.
- Determining the contract terms, remuneration, and other benefits for each of the Executive Directors, including performance share awards, performance-related bonus schemes, pension rights, and compensation payments, and aligning such to the Company's purpose, values, and culture.
- Reviewing workforce remuneration, and related policies across the Group and the alignment of incentives and rewards with culture, taking these into account when setting the Policy for Executive Directors.
- Determining remuneration for senior executives below Board level.
- Approving share awards.
- Ensuring the Policy promotes long-term shareholdings by Executive Directors by ensuring share awards granted are released on a phased basis and subject to a total vesting and holding period of five years.

Committee meetings

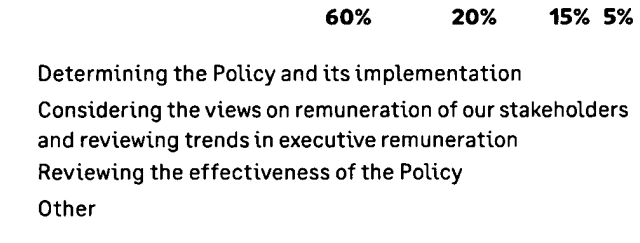
The Committee held six scheduled meetings during FY25. Details of individual attendance at scheduled meetings are provided in the table below.

	4 November 2024	14 November 2024	26 February 2025	13 May 2025	9 July 2025	9 September 2025
Committee members						
Roisin Donnelly	●	●	●	●	●	●
Annette Court	●	●	●	●	●	●
Dr John Bates	●	●	●	●	●	●
Maggie Chan Jones[1]	–	–	–	–	–	●

1. Maggie Chan Jones was appointed to the Remuneration Committee on 1 August 2025.

Activities of the Committee at a glance

Allocation of time



Note: Allocation of time has been rounded to the nearest 5%.

Activities and evaluation

Details of the Committee's activities are set out below.

Activities of the Committee

During the year, the Committee focused on the matters summarised in the table below:

Key area of activity	Matters considered	Outcome
Determining the Policy and its implementation	• Determined 2025 bonus targets and bonus outcomes for 2024. • Determined PSP outcomes for the 2022 award. • Approved the 2025 Directors' Remuneration Policy. • Reviewed content of the 2024 Directors' Remuneration Report. • CFO transition arrangements.	• 2024 bonus determined at 55.9% to 59.7% of potential, as disclosed in last year's Report. • 2022 PSP determined at 95.1% of the overall award for vesting, as disclosed in last year's Report. • Shareholder approval of the Policy at the 2025 AGM. • Approved the 2024 Directors' Remuneration Report. • Terms as detailed on pages 122 and 118 respectively of this Report.
Considering the views on remuneration of our stakeholders and reviewing trends in executive remuneration	• At least quarterly, the Committee's advisors presented on market trends, legislative change, and corporate governance requirements in executive remuneration.	• Views of shareholders, proxy voting agencies, and market insight provided invaluable context for the Committee's deliberations on the implementation of the Policy and its effectiveness.
Reviewing the effectiveness of the Policy	• Reviewed performance against in-flight incentive plans. • Reviewed remuneration-related risks. • Reviewed the structure of remuneration. • Discussed the base salaries, and the bonus and LTIP structure for 2026 through the implementation of the 2025 Policy.	• Determined that the Policy was operating as intended for FY25.
Other	• Reviewed the Committee's Terms of Reference. • Reviewed workforce remuneration and related policies.	• Determined no change needed to the Committee's Terms of Reference. • Considered the implementation of the 2025 Policy in FY26 in light of workforce remuneration.

Corporate Governance Code considerations

We are fully compliant with the UK Corporate Governance Code 2018. When reviewing the Policy for Executive Directors and determining the approach to pay, in line with the Code, the Committee gives consideration to the following:

Clarity	**Code provision:** remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	Engaging with stakeholders effectively, in a timely, transparent, and relevant manner is important for the Company. Further details on how we engage with stakeholders can be found on page 122. The purpose, strategic alignment, and structure of each element of pay is provided in the Policy and easily accessible on our Company website.
Simplicity	**Code provision:** remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	Simplicity is one of our remuneration principles and guides the design of our remuneration structures. Remuneration arrangements in place for Executive Directors are not complex: executives are eligible for an annual bonus and a performance share award under our Long Term Incentive Plan, the metrics of which are aligned to the Company's strategy. Salaries are reviewed annually across the whole workforce and benefits including pension provision are provided in line with local market norms. This Report provides open and transparent disclosure of executive remuneration for our workforce and our shareholders.
Risk	**Code provision:** remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans are identified and mitigated.	There is an appropriate mix of fixed and variable pay and financial and non-financial measures and goals in our remuneration plans. There are mechanisms in place to ensure alignment with long-term shareholder interests and the ongoing performance of the business: one third of annual bonus is deferred into Sage shares (reducing to 15% of any bonus earned, once a Director's enhanced shareholding guideline is met), a holding period of two years is applicable to performance share awards, and Executive Directors are required to build up and maintain a significant holding of Sage shares both whilst an Executive Director (500% of salary for the CEO and 350% of salary for the CFO) and for a two-year period after stepping down from that position (100% of their "in-employment" guideline for two years after stepping down as a Director). The Committee is able to exercise discretion over the formulaic outcomes of the bonus and performance share awards to ensure outturns reflect the performance of the Executive Directors and the business. Malus and clawback provisions are applicable to these plans in the event of a trigger event.
Predictability	**Code provision:** the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy.	Incentive opportunities are capped with clearly defined payout schedules, deferral requirements, and holding periods. Additionally, the Committee is able to exercise discretion over the formulaic outcomes of the bonus and performance share awards to ensure outturns reflect the performance of the Executive Directors and the business.

Proportionality	**Code provision:** the link between individual awards, the delivery of strategy, and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	Executive Directors' total remuneration package is designed to ensure that remuneration increases or decreases in line with business performance and aligns the interests of Executive Directors and shareholders, specifically with the annual bonus and performance share awards rewarding over the short and long term. Stretching targets over an annual (applicable to annual bonus) and three-year performance period (applicable to performance share awards) are approved by the Committee and assessed at the end of the performance period, taking into account the wider business performance and the internal and external context. The Committee has overriding discretion over the formulaic outcomes of the bonus and performance share awards to ensure outturns reflect performance of Executive Directors, the business, and the shareholder experience, ensuring that poor performance is not rewarded.
Alignment to culture	**Code provision:** incentive schemes should drive behaviours consistent with the Company purpose, values, and strategy.	Incentive schemes are aligned to Sage's culture. The bonus plan is split between Company performance and achievement of strategic goals, which incorporate non-financial metrics such as employee engagement, leadership development, inclusion, talent development, and the community. The Company performance measures are central to the strategic progression of Sage and the strategic goal assessments are completed taking into account outputs and how they have been delivered in respect of the Company's Values and Behaviours. Performance share award measures align to the Company's strategic priorities in addition to the wider shareholder experience through TSR. The ESG measures first introduced into performance share awards in 2022 and updated for 2026 will help contribute to the achievement of the Sustainability and Society strategy. Full details of the proposed measures can be found on pages 145 and 146.

This Report complies with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013, the provisions of the UK Corporate Governance Code 2018, the Companies (Miscellaneous Reporting) Regulations 2018, the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, and the Listing Rules.

Remuneration Policy 2025

The current Policy was approved by our shareholders at the 2025 AGM and can be found in full in the 2024 Annual Report, or can be downloaded from www.sage.com/investors.

The table below sets out a summary of key elements of the Policy that shareholders approved at the 2025 AGM on 6 February 2025.

Base salary

Supports the recruitment and retention of Executive Directors from a global talent market of the calibre required to deliver the Group's strategy.

Rewards executives for the performance of their role.

Set at a level that allows fully flexible operation of our variable pay plans.

Operation

Normally reviewed annually, with any increases applied from January.

When determining base salary levels, consideration is given to factors including the following:

- Pay increases for other employees across the Group;
- The individual's skills and responsibilities;
- Pay at companies of a similar size and international scope to Sage, in particular those within the FTSE 11–50 (excluding financial services companies); and
- Corporate and individual performance.

Maximum opportunity

Ordinarily, salary increases will be in line with increases awarded to other employees in major operating businesses of the Group. However, increases may be made above this level at the Remuneration Committee's discretion to take account of individual circumstances such as:

- Increase in scope and responsibility;
- The individual's development and performance in role (e.g. for a new appointment where base salary may be increased over time rather than set directly at the level of the previous incumbent or market level); and
- Alignment to market level.

Accordingly, no monetary maximum has been set.

Performance measures

None, although overall performance of the individual is considered by the Remuneration Committee when setting and reviewing salaries annually.

Pension

Provides a competitive post-retirement benefit, in a way that manages the overall cost to the Company.

Operation

Defined contribution plan (with Company contributions set as a percentage of base salary). An individual may elect to receive some or all of their pension contribution as a cash allowance.

Maximum opportunity

The Company contribution rate for Executive Directors is aligned with the rate available to the majority of the workforce (currently 10% of salary).

Performance measures

None.

Benefits
Provide a competitive and cost-effective benefits package to executives to assist them to carry out their duties effectively.

Operation
The Group provides a range of benefits which may include a car benefit (or cash equivalent), private medical insurance, permanent health insurance, life assurance, and financial advice.

Additional benefits may also be provided in certain circumstances which may include relocation expenses, housing allowance, school fees, tax return support, and tax equalisation payments. Business expenses and associated tax thereon may also be reimbursed.

Other benefits may be offered if considered appropriate and reasonable by the Remuneration Committee.

Maximum opportunity
Set at a level which the Remuneration Committee considers:

- Appropriately positioned against comparable roles in companies of a similar size and complexity in the relevant market; and
- Provides a sufficient level of benefit based on the role and individual circumstances, such as relocation.

As the costs of providing benefits will depend on the Director's individual circumstances, the Remuneration Committee has not set a monetary maximum.

Performance measures
None.

Annual bonus
Rewards and incentivises the achievement of financial and strategic targets over the year.

An element of compulsory deferral, provides a link to the creation of sustainable long-term value.

Operation
Performance measures, weightings, and targets are set and payout levels are determined by the Remuneration Committee based on performance against those targets. The Remuneration Committee may, in appropriate circumstances, override the formulaic outcome and amend the bonus payout should this not, in the view of the Remuneration Committee, reflect overall business performance or individual contribution.

The default arrangement is that a minimum of one third of any annual bonus earned by Executive Directors is delivered in deferred share awards with the remainder delivered in cash. The deferral requirement reduces to 15% of any annual bonus earned by Executive Directors once their enhanced shareholding guideline, as outlined within the shareholding guideline section of this table, is met. The Committee has discretion to defer bonus in cash if dealing restrictions prevent share awards being granted. The deferral period will usually be a minimum of three years.

Maximum opportunity
175% of salary.

Up to 50% of the bonus can be paid for delivering a target level of performance.

Performance measures
At least 70% of the bonus will be determined by measure(s) of Group financial performance.

No more than 30% of the bonus will be based on pre-determined financial, strategic, ESG, or operational measures appropriate to the individual Director.

The measures that will apply for the financial year 2026 are described in the Directors' Annual Remuneration Report.

Performance share awards (PSA) Motivate and reward the achievement of long-term business goals. Support the creation of shareholder value through the delivery of strong market performance aligned with the long-term business strategy. Support achievement of our strategy.	**Operation** PSAs will be granted under the terms of The Sage Group plc. Long Term Incentive Plan (LTIP). Awards vest dependent upon the achievement of performance conditions measured over a period usually of at least three years. Following the end of the performance period, the performance conditions will be assessed and the percentage of awards that will vest will be determined. The Remuneration Committee may decide that the shares in respect of which an award vests will be subject to an additional holding period. A holding period will normally last for two years, unless the Remuneration Committee determines otherwise. The Remuneration Committee has discretion to decide whether and to what extent the performance conditions have been met and, in appropriate circumstances, to override the formulaic outcome, taking into account such factors as the performance of the Group, the experience of the stakeholders and windfall gains. If an event occurs that causes the Remuneration Committee to consider that an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy, the Remuneration Committee may amend or substitute any performance condition.
	Maximum opportunity Awards vest on the following basis: • Threshold performance: 20% of the maximum shares awarded; • Exceptional performance: 100% of the shares awarded; and • The vesting schedule related to the levels of performance between threshold and exceptional, including whether or not this will include interim performance levels, will be determined by the Remuneration Committee on an annual basis and disclosed in the relevant Directors' Annual Remuneration Report for that year. Overall individual limit of 400% of base salary in respect of a financial year. Implementation for FY26 is outlined on page 120 of this Report.
	Performance measures Vesting will be subject to performance conditions as determined by the Remuneration Committee on an annual basis. The performance conditions will initially be underlying EPS, relative TSR, and ESG, although the Remuneration Committee will retain discretion to include additional or alternative performance measures which are aligned to the corporate strategy. At its discretion, the Remuneration Committee may elect to add additional underpin performance conditions. Details of the targets that will apply for awards granted in 2026 are set out in the Directors' Annual Remuneration Report.
All-employee share plans Provide an opportunity for Directors (as well as the general workforce) to voluntarily invest in the Company.	**Operation** UK-based Executive Directors are entitled to participate in an HMRC-approved all-employee plan, the Save and Share Plan. Under this plan, they can make monthly savings over a period permitted by HMRC, which is currently three years, linked to the grant of an option over Sage shares. The option price can be at a discount set by HMRC; currently this is a maximum of 20% of the market value of shares on grant. Options may be adjusted to reflect the impact of any variation of share capital. Overseas-based Executive Directors are entitled to participate in any similar all-employee scheme operated by Sage in their jurisdiction.
	Maximum opportunity UK participation limits are those set by HMRC from time to time. Currently this is £500 per month (or foreign currency equivalent). Limits for participants in overseas schemes are determined in line with any local legislation.
	Performance measures None.

Chair and Non-executive Director fees
Provide an appropriate reward to attract and retain high-calibre individuals.

Non-executive Directors do not participate in any incentive scheme.

Operation
Fees are reviewed periodically. The fee structure is as follows:

- The Chair is paid a single, consolidated fee;
- The Non-executive Directors are paid a basic fee, plus fees for additional responsibilities or time commitments such as chairing (and, where appropriate, membership) of Board Committees and to the Senior Independent Director; and
- Fees are currently paid in cash, but the Company may choose to provide some of the fees in shares.

Additional travel allowance payments may be made to the Chair and Non-executive Directors for time spent travelling internationally on Company business, for example to attend a Board meeting. Non-executive Directors may be eligible for benefits such as company car, use of secretarial support, healthcare, or other benefits that may be appropriate, including where travel to the Company's registered office is recognised as a taxable benefit, in which case a Non-executive Director may receive the grossed-up costs of travel as a benefit.

Maximum opportunity
Set at a level which:

- Reflects the commitment and contribution that is expected from the Chair and Non-executive Directors; and
- Is appropriately positioned against comparable roles in companies of a similar size, complexity, and international scope to Sage, in particular those within the FTSE 11–50 (excluding financial services companies).

Overall fees paid to Directors will remain within the limit stated in our articles of association, currently £1.75m. Actual fee levels are disclosed in the Directors' Annual Remuneration Report for the relevant financial year.

Performance measures
None.

Shareholding guideline
Aligns the interests of Executive Directors and shareholders, and encourages a focus on long-term performance.

Operation
Whilst in employment, Executive Directors are expected to build up a shareholding worth 500% of salary in respect of the CEO and 350% of salary in respect of other Executive Directors over five years from the Director becoming subject to the guideline. The Remuneration Committee will review progress towards the guideline on an annual basis and has the discretion to adjust the guideline in what it feels are appropriate circumstances.

Executive Directors are also expected to remain compliant with this guideline or, if lower, their actual shareholding at leaving for two years post-cessation of employment. Shares acquired by an Executive Director in their personal capacity at any time, or shares released to an Executive Director prior to 11 September 2019, are exempt from this guideline. The Committee retains discretion to amend or waive this guideline if it is not considered appropriate in the specific circumstances.

Notes:
- Annual bonus and PSA performance measures and targets are selected each year so as to align with key financial and operational objectives.
- Awards granted under the Deferred Bonus Plan and as a PSA may:
  a. Be made in the form of conditional awards or nil-cost options and may be settled in cash on vesting;
  b. Incorporate the right to receive an amount (in cash or shares) equal to the dividends which would have been paid or payable on the shares that vest in the period up to vesting/release (this amount may be calculated assuming the dividends were reinvested in the Company's shares on a cumulative basis); and
  c. Be adjusted in the event of any variation of the Company's share capital, demerger, delisting, special dividend, rights issue, or other event which may, in the opinion of the Remuneration Committee, affect the current or future value of the Company's shares, or as a result of a participant moving from one jurisdiction to another or becomes tax resident in a different jurisdiction, and, as a result, there may be adverse legal, regulatory, tax, or administrative consequences for the participant and/or a member of the Group in connection with an award.

Provisions to withhold (malus) or recover (clawback) sums paid under the annual bonus and PSA in the event of material negative circumstances, such as a material misstatement in the Company's audited results, serious reputational damage or significant financial loss to the Company (as a result of the participant's conduct), an error in assessing the performance metrics relating to the award, or the participant's gross misconduct are incorporated into the terms of the PSA, the annual bonus, and the Deferred Bonus Plan. These provisions may apply up to three years from the release date of a PSA or three years from the date a cash bonus is paid or a deferred share award is granted. Details of the proposed implementation of those provisions in the forthcoming year are set out in the Directors' Annual Remuneration Report.

All Directors submit themselves for re-election annually.

The Remuneration Committee intends to honour any commitments entered into with current or former Directors on their original terms, including outstanding incentive awards, which have been disclosed in previous remuneration reports and, where relevant, are consistent with a previous Policy approved by shareholders. Any such payments to former Directors will be set out in the Remuneration Report as and when they occur.

The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed (i) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, "payments" includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

The Remuneration Committee may make minor amendments to the Policy (for regulatory, exchange control, tax, or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Directors' Annual Remuneration Report

Purpose of this section:

- Provides remuneration disclosures for Executive and Non-executive Directors.
- Details financial measures for the annual bonus plan and performance share awards.
- Illustrates Company performance and how this compares with the pay of Executive Directors.
- Outlines implementation of the 2025 Policy for Executive and Non-executive Directors for 2026.

Single figure for total remuneration (audited information)

The following table sets out the single figure for total remuneration for Executive Directors for the financial years ended 30 September 2025 and 2024.

	(a) Salary/fees[7]		(b) Benefits[8]		(c) Bonus[9]		(d) PSP awards[10]		(e) Pension[11]		(f) Other		Total fixed remuneration[12]		Total variable remuneration[13]		Total[14]	
	2025 £'000	2024 £'000	**2025 £'000**	2024 (restated) £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 (restated) £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 (restated) £'000	**2025 £'000**	2024 (restated) £'000	**2025 £'000**	2024 (restated) £'000
Executive Directors																		
S Hare	**1,029**	904	**43**	43	**881**	885	**2,506**	3,394	**103**	90	**–**	–	**1,175**	1,037	**3,387**	4,279	**4,562**	5,316
J Howell	**665**	599	**7**	7	**592**	626	**1,546**	1,863	**57**	52	**–**	–	**729**	658	**2,138**	2,489	**2,867**	3,147
Non-executive Directors																		
A Duff	**454**	415	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**454**	415	**–**	–	**454**	415
S Anand[1]	**27**	73	**4**	16	**–**	–	**–**	–	**–**	–	**–**	–	**31**	89	**–**	–	**31**	89
J Bates	**90**	73	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**90**	73	**–**	–	**90**	73
J Bewes	**107**	96	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**107**	96	**–**	–	**107**	96
M Chan Jones[2]	**80**	73	**16**	16	**–**	–	**–**	–	**–**	–	**–**	–	**96**	89	**–**	–	**96**	89
A Court[3]	**120**	99	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**120**	99	**–**	–	**120**	99
R Donnelly[4]	**103**	83	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**103**	83	**–**	–	**103**	83
D Hall[5]	**–**	22	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	22	**–**	–	**–**	22
D Harding	**86**	73	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**86**	73	**–**	–	**86**	73
L Mitchell-Keller[6]	**52**	–	**8**	–	**–**	–	**–**	–	**–**	–	**–**	–	**60**	–	**–**	–	**60**	–

Notes:

1. Sangeeta Anand stepped down from the Board on 6 February 2025.
2. Maggie Chan Jones joined the Remuneration Committee on 1 August 2025.
3. Annette Court was appointed as Senior Independent Director on 1 January 2024 and stepped down as Chair of the Remuneration Committee on 30 April 2024.
4. Roisin Donnelly was appointed as Chair of the Remuneration Committee on 1 May 2024.
5. Drummond Hall retired on 31 December 2023.
6. Lori Mitchell-Keller was appointed as a Non-executive Director on 7 February 2025.
7. Details of salary progression since 2022 for the current Executive Directors are summarised in the "Statement of implementation of Remuneration Policy in the following financial year" on page 144 of this Report. Following a review of Non-executive Director fees, the Chair of the Board fee, the basic Non-executive Director fee, and the Senior Independent Director, additional fees were increased with effect from 1 January 2025. Committee membership fees for the Audit and Risk Committee, Remuneration Committee, and Nomination Committee were also introduced with effect from 1 January 2025. Further details are provided on page 151 of the 2024 Annual Report and Accounts.
8. Benefits provided to the Executive Directors included: car benefits or cash equivalent (Steve Hare only), private medical insurance, permanent health insurance, life assurance, financial advice, and, where deemed to be a taxable benefit, the grossed-up costs of travel, accommodation, and subsistence for the Directors and their partners on Sage-related business if required. Benefits exclude items subject to tax where they are in the nature of business expenses. Sangeeta Anand, Maggie Chan Jones, and Lori Mitchell-Keller, who are based in the US, each received a £4,000 travel allowance fee for their attendance at each Board meeting, which required travel from the US (total of 4 meetings), commensurate to the travel time required for attendance in person. No tax support was provided to any of the Non-executive Directors in either FY24 or FY25 and the FY24 benefits figure for Maggie Chan Jones has been restated accordingly.
9. Further information about how the level of FY25 bonus award was determined is provided in the additional disclosures below.
10. The 2025 PSP value for Steve Hare and Jonathan Howell is based on the PSP award granted in financial year 2023, which is due to vest in December 2025. The performance conditions applicable to the awards are outlined on pages 135 to 136 of this Report. The value is based on the number of shares vesting under the 2023 PSP award multiplied by the average price of a Sage share between 1 July and 30 September 2025, which was £11.512, plus dividend equivalents accrued. For Steve Hare, £739,282 of the value is attributable to movement in the share price between grant and vesting, and for Jonathan Howell, £456,212 of the value is attributable to movement in the share price between grant and vesting. No discretion has been exercised by the Committee. Further detail is set out below in the notes to the table. The values of Steve Hare's and Jonathan Howell's 2022 PSPs for 2024 have been restated. The change in value is as a result of changes in the share price reported in 2024 in line with the methodology set out in the 2013 Reporting Regulations (£10.323) and the share price actually achieved at vesting (£13.145).
11. Pension emoluments for Steve Hare were equal to 10% of base salary and for Jonathan Howell were equal to 10% of base salary (less a deduction for Employer National Insurance Contributions). Both elected to receive them as a cash allowance. Maximum pension contribution levels for the wider workforce in the UK are 10% of salary, subject to contributions from the colleagues themselves.
12. Total fixed remuneration is inclusive of salary/fees, benefits, and pension.
13. Total variable remuneration is inclusive of bonus and PSP awards.
14. Total remuneration for Directors in 2025 was £8,576,000 compared with £9,502,000 in 2024 (updated from the 2024 Directors' Remuneration Report).

Additional disclosures for single figure for total remuneration table (audited information)

Annual bonus 2025

The bonus targets for FY25 were set with reference to the strategy for FY25, in particular the achievement of total revenue growth and improving the customer experience, taking into account the Company's annual budget and historical performance in determining the payout curve.

Bonus measure	% weighting	Threshold performance	Target performance	Stretch performance	Actual performance (at budget foreign currency exchange rates)	% of maximum bonus payable
Total revenue growth	70%	9.5% (21% of bonus payable)	10.1% (35% of bonus payable)	10.9% (70% of bonus payable)	9.8%	28.0%
Customer experience scorecard	10%	The assessment of the customer experience scorecard is set out below this table (between 0% and 10% of bonus payable)				6.9%
Strategic measures	20%	The assessment of strategic measures is set out below this table (between 0% and 20% of bonus payable)				Steve Hare (CEO): 14.0% of maximum Jonathan Howell (CFO): 16.0% of maximum
Total						Steve Hare: 48.9% of maximum bonus (85.6% of salary) Jonathan Howell: 50.9% of maximum bonus (89.1% of salary)

Notes:
- Payment of a bonus for total revenue growth was subject to the achievement of an underpin condition of Group UOP margin. Group UOP margin was 24.1%, which exceeded the underpin target of 19.5%.
- Total revenue growth and UOP margin are defined on page 261. Actuals have been retranslated at budgeted foreign currency exchange rates consistent with the basis on which the targets were set. The Committee considered the movement of foreign currency exchange rates over the year, and determined that the effect was immaterial and that the use of like-for-like exchange rates was appropriate.
- As the Executive Directors' shareholding exceeds their respective shareholding guidelines of 500% for the CEO and 350% for the CFO, the bonus deferral requirement is 15% of the bonus earned deferred into Sage shares for three years.

The Committee determined, after careful consideration of business performance and the interests of Sage's stakeholders such as shareholders, customers, and colleagues, that the calculated outcome was appropriate. Consequently, 48.9% and 50.9% of the maximum bonus will be awarded to the CEO and CFO, respectively.

Customer experience (10% weighting)

Customer experience was measured in the FY25 annual bonus through Sales and Service tNPS and renewal rate by value (RRbV).

	Measure	Performance commentary
1	tNPS is a lead indicator of customer experience and gives immediate insight to a customer's experience following a specific customer touchpoint. tNPS is measured across the Company to understand customers' feedback and generate improvement opportunities.	Throughout FY25, tNPS remained a strategic focus across the business, resulting in year-on-year improvements across all business units. This was driven by sustained efforts to enhance customer access, first contact resolution, and speed to resolution, particularly within the medium segment. Additionally, ongoing technology optimisation enabled customers to access support more efficiently (e.g. via chat and knowledge materials).
2	Renewal rate by value demonstrates how Sage grows value within its current customer portfolio and is an important measure of the strength of our existing customer base. 100% and above shows an increase in customer cohort compared to the prior year.	As a strategic KPI, renewal rate by value is an important measure of the strength of our existing customer base and demonstrates the efficacy of our in-life strategies. Renewal rate by value of 101.4% for FY25 reflects strong retention rates and a good level of sales to existing customers.

In consideration of these factors, the Committee determined that a bonus of 6.9% of the maximum 10% for this element was an appropriate award.

Executive Directors' strategic goals (20% weighting)

Executive Directors' strategic goals were set by the Committee at the beginning of the financial year, consistent with the key deliverables within the annual budget. Targets for strategic goals are considered to be commercially sensitive and are not disclosed. However, details of performance achievements that were taken into account by the Committee in coming to its assessment of this measure are set out below.

Steve Hare, CEO

Steve Hare was set a range of highly stretching strategic goals linked to the execution of the 2025 budget and long-term strategy plan. These were:

- Prepare a refreshed strategy to outperform competitors in the small business segment and demonstrate early execution progress (10% weighting);
- Scale Sage efficiently (20% weighting);
- Instil a high-performance culture (25% weighting);
- Deliver on the promise of the Sage Platform and Copilot (25% weighting); and
- Influence the change agenda (20% weighting).

Personal strategic objectives

The Committee took into account the following performance against those goals:

Prepare refreshed strategy to outperform competitors in the small business segment and demonstrate early execution progress
Refreshed cross-functional strategies implemented in the small business segment to accelerate growth. Sage Copilot made available to Sage Accounting and Sage 50 customers in the UK. Improvements made to brand perception among UK accountants. Key campaigns and events have re-established Sage as a leading and trusted provider in this part of the market. Key partnerships have been signed with banks and Fintechs, as well as the English Football League sponsorship. Overall, the objective was exceeded.

Scale Sage efficiently
Positive progression on operating margin of 23.9% in FY25, with revenue growth in line with market expectations. Further acceleration needed to achieve our scaling ambition underpinned by the Rule of 40. Therefore, this objective was partially met.

Instil a high-performance culture: develop talent, create clarity, and drive high performance at all levels
Processes implemented to increase clarity and accountability reflecting strategic objectives and embedding use of key results (OKRs). Location strategy implemented increasing the proportion of the workforce based in flagship and hub locations. Robust succession plans in place for all ELT roles and a talented internal successor, Jacqui Cartin, announced as CFO. Overall, this objective was met.

Deliver on the promise of the Sage Platform and Copilot
Significant progress made towards creating the world's most trusted network with the Sage Platform strategy designed and communicated. Sage Copilot available across key products, including Sage Accounting, Sage Active, Sage for Accountants, Sage 50, and Sage Intacct. Embedded services growth exceeded the stretching targets set. Accounts Payable (AP) automation platform adoption accelerated. Overall, the objective was met.

Influence the change agenda: become a thought leader and influencer on the digitalisation and AI agenda in our key geographies
Sage is making a substantial impact through media, policy, and industry engagement. The CEO is positioned as a leading voice on Sage's AI strategy and, throughout the year, had frequent engagement with UK and European government officials, driving the AI agenda for small and mid-sized businesses and accountants, including through digital policy, and e-invoicing initiatives. The objective was exceeded.

The Committee maintains a robust pay-for-performance ethos, supported by highly stretching budget and target ranges relative to bonus opportunity. The Committee considers the formulaic calculation in the context of an expectation of high performance, to ensure strong alignment with shareholder experience and long-term value creation. This approach is consistent with our track record of setting highly stretching targets, ensuring incentive outcomes are proportionate, and reflects our culture of continually raising the bar on performance expectations of executives. In consideration of these factors and the overall performance of the business, the Committee determined that a bonus of 14.0% of the maximum 20% for this element was an appropriate award.

Jonathan Howell, CFO

Jonathan Howell was set a range of strategic goals linked to the execution of the 2025 budget and long-term strategy plan. These were:

- Scalable and efficient financial operations (25% weighting);
- Enhance shareholder value (25% weighting);
- Robust financial fundamentals (25% weighting); and
- A diverse team of empowered finance professionals (25% weighting).

Personal strategic objectives

The Committee took into account the following performance against those goals:

Scalable and efficient financial operations
Efficient delivery of year-end and half-year reporting processes. Maintained accurate and timely forecasting, enabling agile decision making and cost discipline. Successful transition of the Company's auditor to KPMG. Progress made in driving efficiencies within Treasury. Overall, the objective was exceeded.

Enhance shareholder value
Maintained high-quality communication with shareholders throughout the year. Strong engagement with investors and analysts, including six investor roadshows across the US and UK. The proportion of US shareholders was broadly maintained at around 40%. Completion of £600m share buyback during FY25. Therefore, this objective was exceeded.

Robust financial fundamentals
Achieved FY25 revenue growth in line with market expectations, with an operating margin of 23.9%, demonstrating effective cost management. Maintained a strong balance sheet including funding, liquidity, and leverage, with cash conversion over 100%. Credit rating of BBB+ maintained. On balance, the objective was partially met.

A diverse team of empowered finance professionals
Successfully led the Finance function, driving accountability and execution across the team. High-quality succession pipeline for key roles in place. High level of internal vacancy fill rate, with talent developed through Early Careers and training programmes. eSAT in the Finance function of 78 is ahead of the Company average. The objective was exceeded.

Overall, under the CFO's strong leadership, Sage delivered another year of good performance, with strategic focus driving strong, sustainable growth and margin expansion. Disciplined capital allocation continues to support investment and shareholder returns. In consideration of these factors and the overall performance of the business, the Committee determined that a bonus of 16.0% of the maximum 20% for this element was an appropriate award.

PSP awards

Awards granted under the PSP to Steve Hare and Jonathan Howell in December 2022 vest depending on performance against six measures, measured over three years, from 1 October 2022 to 30 September 2025:

- 50% Sage Business Cloud penetration (with underpins for ROCE, absolute organic revenue growth, and cloud native penetration).
- 30% relative TSR performance against the FTSE 100 (excluding financial services and extracting companies).
- 20% ESG (7.5% percentage reduction in Scope 1, 2, and 3 carbon emissions; 5% number of Sage products that have carbon accounting functionality; 3.75% DEI—inclusion score; and 3.75% DEI—gender diversity).

For each measure, three levels of performance are defined below: threshold, stretch, and exceptional.

Measure	Between threshold (20% vests) and stretch (80% vests)	Between stretch (80% vests) and exceptional (100% vests)
Sage Business Cloud Penetration	Between 85.0% and 89.0% (with ROCE of 12%, absolute organic revenue growth >0%, and cloud native penetration of 30%)	Between 89.0% and 92.0% (or above) (with ROCE of 12%, absolute organic revenue growth >0%, and cloud native penetration of 30%)
Relative TSR	Between median and upper quartile	Between upper quartile and upper decile (or above)
ESG—percentage reduction in Scope 1, 2, and 3 carbon emissions between baseline year FY22 and FY25	Between 6.9% and 13.8%	Between 13.8% and 20.7% (or above)
ESG—number of Sage products that have carbon accounting functionality at the end of FY25	Between 3 and 6	Between 6 and 8 (or above)
ESG—inclusion score in Q1/March 2025 Employee Engagement Survey	Between 82 and 84	Between 84 and 86 (or above)
ESG—percentage of leadership teams in the top four levels of Sage meeting the gender diversity target of no more than 60% of any one gender at the end of FY25	Between 50% and 65%	Between 65% and 80% (or above)

The calculated vesting outcome of the award is detailed below.

Measure	Achieved	Vesting
Sage Business Cloud Penetration	89.7%	42.3%
Relative TSR	80th percentile	26.0%
ESG[1]—percentage reduction in Scope 1, 2, and 3 carbon emissions between baseline year FY22 and FY25[2]	18.25%	7.0%
ESG[1]—number of Sage products that have carbon accounting functionality at the end of FY25[3]	6	4.0%
ESG[1]—inclusion score in Q1/March 2025 Employee Engagement Survey	79	0.0%
ESG[1]—percentage of leadership teams in the top four levels of Sage meeting the gender diversity target of no more than 60% of any one gender at the end of FY25	40%	0.0%
Total		**79.3%**

Notes:

- Full details of the FY23 PSP performance measures and targets, including baselines were disclosed on pages 175 to 176 of the 2022 Annual Report and Accounts.
- Bureau Veritas UK have conducted an independent third-party limited assurance of the ESG measures reported in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Revised.

1. ESG measures have been accounted and reported in line with the Sage Basis of Reporting document 2025 as outlined on pages 89 to 113 of the Non-Financial Statement 2025.
2. The reduction in scope 1, 2, and 3 carbon emissions is related to market-based emissions.
3. Six products with carbon accounting functionality: SBCA UK, Sage 50 UK, Sage Platform, Sage Intacct UK, Sage for Accountants, and Suites for Small Business.

Over the performance period, the ROCE was 25.3% (compared with the underpin of 12%), absolute organic revenue growth was 31.4% (compared with the underpin of positive growth), and cloud native penetration was 37.8% (compared with the underpin of 30%), meaning that the underpin conditions were achieved.

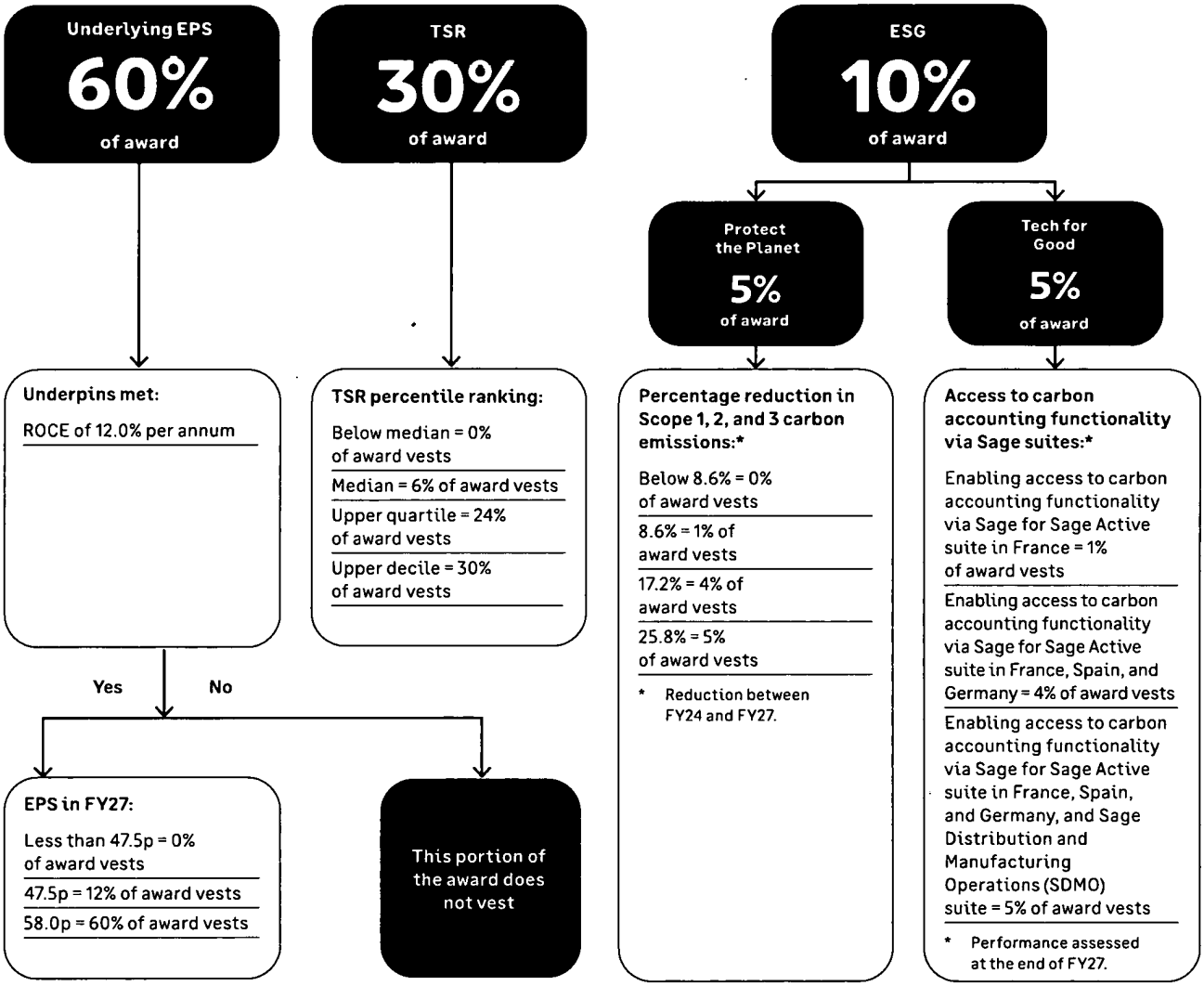
The Committee determined, after careful consideration of business performance and the interests of Sage's stakeholders such as shareholders, customers, and colleagues, that the calculated outcome was appropriate. Consequently, 79.3% of the total award will vest.

The Committee noted that it had satisfied itself, at the time of grant, that there was no issue of windfall gains in respect of this award. This conclusion had been reached following analysis of the number of shares granted in previous awards to the CEO. Consequently, the Committee was satisfied that no further adjustment was required in this respect at the time of vesting.

Awards are scheduled to vest on 2 December 2025, and for both Executive Directors will be subject to a two-year holding period and released on 2 December 2027.

Performance share awards granted in FY25 (audited information)

Awards were granted under the LTIP on 7 February 2025 for the CEO and CFO at a market value of £13.120 per share in the form of conditional share awards. In alignment with our business strategy for FY25, performance conditions for awards granted in FY25 are:[1]



1. The context for the PSP measures selected for FY25 was provided on page 121 of the 2024 Annual Report and Accounts.

Vesting is on a straight-line basis between the points. The following key areas are highlighted in relation to the performance measures:

- 60% of the awards being determined by EPS aligns with our growth strategy.
- Continued focus on overall Group growth and delivery of shareholder value is achieved by:
  - Requiring the achievement of a ROCE underpin of 12.0% p.a. The Committee will exclude from the ROCE calculation, where appropriate, any write down that arises from an asset that was acquired prior to the appointment of the current Executive Directors.
- 10% of the awards being determined by an ESG basket of measures aligns to our Sustainability and Society strategy.
- 30% of the awards being determined by relative TSR performance provides shareholder alignment.

Awards will vest, subject to satisfaction of those performance conditions, in December 2027. A holding period for the PSAs will apply for two years from the vesting date. No further performance conditions attach to the awards during the holding period.

	Type of award	Maximum number of shares	Face value (£)[1]	Face value (% of salary)	Threshold vesting (% of award)	End of performance period
Steve Hare	Performance shares	324,314	4,255,000	400%	20%	30 September 2027
Jonathan Howell	Performance shares	156,580	2,054,340	300%	20%	30 September 2027

Note:
1. The face value of the PSAs has been calculated using the market value (middle market quotation) of a Sage share on 29 November 2024 (the last trading day prior to the grant for all eligible colleagues) of £13.120.

Remuneration for the wider workforce

39%

of eligible colleagues participated in an all-employee share plan (Save and Share or the Colleague Share Purchase Plan) in FY25

£7.6m

value delivered to colleagues through share price appreciation from the Save and Share maturity and Colleague Share Purchase Plan purchases in FY25

3.85%

FY25 budgeted salary increase in UK

79%

of colleagues received a base salary increase in 2025 as part of the annual reward review

An Employee Assistance Programme is available to all colleagues

In setting Executive Director remuneration, the Committee places strong emphasis on understanding and aligning with the Group's broader approach to pay. Remuneration policies and practices for the wider workforce are reviewed by the Committee twice annually—once in February following the annual reward review, and again in July, as part of the Committee's ongoing oversight.

The policies and practices applying to the wider workforce are broadly consistent with those applying to Executive Directors. A key distinction is the greater emphasis on long-term performance and value creation for Executive Directors, with a significant portion of their remuneration delivered in Sage shares and subject to additional holding and post-employment shareholding requirements. The following table outlines how our remuneration approach for the wider workforce compares with that of Executive Directors.

Base salary

Approach for colleagues
Base salary reflects colleagues' contribution to Sage and their value relative to market.

It is normally reviewed annually, taking into account a colleague's performance, contribution, and alignment to the external market. Any other factors, such as gender, race, or sexual orientation, do not impact a colleague's base pay.

Each role has a market-informed pay range, and colleagues can expect to progress through the pay range as their contribution increases.

Pay is managed for all colleagues in alignment with local gender pay gap reporting requirements. Additionally, we are a UK Living Wage Foundation employer.

Alignment with Executive Directors
The same factors are considered when determining base salary across all colleagues inclusive of Executive Directors.

Pension and benefits

Approach for colleagues
To ensure that every colleague, no matter where they are based, has access to consistent, meaningful support, we have a number of globally available benefits:

- Employee Assistance Programme (EAP): Confidential support for work, family, and personal issues, including coaching and counselling for colleagues and their families.
- Calm: Access for colleagues and their family members to a mental wellness app.
- Cleo: Access to expert guidance and personalised support for colleagues through different life stages, such as caring for a child or an ageing family member.
- From Babies with Love: Gifts for new parents following the birth or adoption of a child on their return to work from parental leave.

Additional benefits are aligned to local market requirements to remain market competitive. The most prevalent benefits available are annual leave, healthcare, retirement benefits, and voluntary and lifestyle benefits.

Alignment with Executive Directors
Executive Directors are eligible to receive a range of market-aligned benefits and pension in line with the UK wider workforce.

Annual bonus

Approach for colleagues
Our annual bonus rewards colleagues for their performance and contribution to company success, with reward differentiated to reflect performance levels.

It is calculated based on a percentage of base salary for achievement of goals which take into account a mixture of Company and personal performance. The percentage of base salary and split between Company and personal performance varies by seniority (more junior colleagues have a higher weighting of personal performance as it more accurately reflects their span of control). Payments are made on an annual basis.

77% of colleagues participate in Sage's annual bonus plan (with the remaining colleagues eligible for sales incentives).

Alignment with Executive Directors
The annual bonus structure and associated metrics are consistent across bonus-eligible colleagues and Executive Directors.

Annual bonuses for Executive Directors are subject to a deferral requirement for a period of three years.

Sales incentives

Approach for colleagues
Our sales incentives reward colleagues for their performance and contribution to company success, with reward differentiated to reflect performance levels.

Sales commission is paid for achievement of sales goals, typically on the value of contracts sold. Payments are typically made on a monthly basis, in line with market practice.

Alignment with Executive Directors
Executive Directors are not eligible to receive sales incentives.

All-employee share plans

Approach for colleagues
All-employee share plans provide an opportunity for colleagues to become shareholders in Sage and share in our long-term success. They are available in most geographies, where it is practicable to invite colleagues to participate in line with local regulatory requirements.

Participation in all-employee share plans in FY25 was 39% across both the Save and Share and Colleague Share Purchase Plan (CSPP). £7.6m of value was delivered to colleagues through share price appreciation from the Save and Share maturity and CSPP purchases in FY25.

Alignment with Executive Directors
Executive Directors are eligible to participate in the Save and Share Plan on the same terms as all other UK-based colleagues.

Long-term incentives

Approach for colleagues
Restricted share awards are granted to around 800 colleagues annually across the organisation, creating value for our stakeholders through direct alignment with our share price.

Additionally, members of our ELT are eligible to receive performance share awards, incentivising the delivery of long-term value creation and alignment with our strategic framework.

Alignment with Executive Directors
The same measures and targets for performance share awards are applied to Executive Directors as the ELT.

Executive Directors are not eligible to receive restricted share awards (except in a recruitment scenario).[1]

Recognition schemes

Approach for colleagues
A non-financial, global peer-to-peer recognition scheme, "Hi-5", enables colleagues to recognise their peers for achievements in line with our values.

For Sales colleagues and partners, the Sage Platinum Club recognises top sales performance.

Alignment with Executive Directors
All colleagues, including Executive Directors, can participate in Hi-5, our non-financial recognition scheme.

Executive Directors are not eligible for ad hoc recognition.

1. As detailed in the recruitment section of the Directors' Remuneration Policy—see pages 134 to 135 of the 2024 Annual Report and Accounts.

Ratio of the pay of the CEO to that of the UK lower quartile, median, and upper quartile colleagues

The table below shows the ratio of the pay of the CEO to that of the UK lower quartile, median, and upper quartile colleagues in 2025, consistent with the Companies (Miscellaneous Reporting) Regulations 2018. As outlined in the Remuneration Committee Chair's letter, the treatment of colleagues has provided important context for the Committee's decisions on executive remuneration in 2025 and the Committee is consequently satisfied that the median pay ratio for 2025 is consistent with the pay and progression policies for Sage's UK employees as a whole.

		Pay ratio				Remuneration values		
Year	Method	25th percentile (lower quartile)	50th percentile (median)	75th percentile (upper quartile)		Y25 (25th percentile)	Y50 (50th percentile)	Y75 (75th percentile)
2025	A	106 : 1	71 : 1	47 : 1	Total remuneration	£42,995	£64,525	£98,040
					Salary only	£37,125	£54,749	£65,632
2024	A	108 : 1	73 : 1	48 : 1	Total remuneration	£42,631	£63,037	£95,481
					Salary only	£33,201	£51,500	£76,347
2023	A	101 : 1	68 : 1	46 : 1	Total remuneration	£39,536	£58,417	£87,553
					Salary only	£32,073	£47,669	£57,887
2022	A	65 : 1	43 : 1	29 : 1	Total remuneration	£38,056	£57,421	£85,380
					Salary only	£32,122	£41,945	£48,854
2021	A	70 : 1	46 : 1	31 : 1	Total remuneration	£34,807	£53,304	£79,739
					Salary only	£29,700	£42,103	£79,091
2020	A	55 : 1	36 : 1	23 : 1	Total remuneration	£29,865	£45,942	£71,524
					Salary only	£27,955	£36,116	£56,983
2019	A	95 : 1	62 : 1	38 : 1	Total remuneration	£26,463	£40,385	£66,095
					Salary only	£20,281	£34,184	£51,087

The year-on-year change in the pay ratio is largely driven by variation in business performance-related pay outcomes, such as the PSP and annual bonus. As the CEO has a larger proportion of his total remuneration linked to business performance than other colleagues based in the UK, the ratio has decreased compared with last year. This is due to a lower performance outcome for the FY23 PSP vesting on 2 December 2025, as set out on page 136 of this Report, compared with the FY22 PSP which vested on 2 December 2024 and is included in the 2024 ratio, and a lower bonus outcome for FY25 compared with the bonus outcome for FY24.

Notes:

- Under method A, colleague data is based on full-time equivalent pay for UK colleagues as at 30 September 2025. Pay for each colleague is calculated in accordance with the single figure for remuneration. All components of remuneration except long-term incentives are presented on a full-time equivalent basis by dividing sums by the average working hours divided by full-time equivalent hours for the portion of the year worked. Colleagues who worked no hours during the year are excluded from the dataset.
- Method A has been selected as the basis of the disclosure as it is the best reflection of the underlying colleague data required by the Companies (Miscellaneous Reporting) Regulations 2018.
- Total remuneration comprises salary and benefits. Certain benefits have been omitted from the remuneration of colleagues except the CEO. These principally comprise sums paid by way of expenses allowance chargeable to UK income tax and not paid through the payroll. Such expenses are typically irregular and generally immaterial to remuneration and are excluded to enable more meaningful comparison of the ratio of underlying colleague remuneration over time.
- The CEO's pay is based on the single figure for remuneration set out on page 132 of this Report. Because a large portion of the CEO's pay is variable, the pay ratio is heavily dependent on the outcomes of variable pay plans and, in the case of long-term share-based awards, share price movements. Further information on these outcomes for the CEO in FY25 is set out on pages 133 to 136 of this Report.

Gender and ethnicity pay

We welcome colleagues of all races, genders and ethnicities, building an inclusive workplace where everyone can belong and thrive.

Our 2025 UK gender pay gap report shows that the median gender pay gap of 6.95% has reduced from 2024 (9.37%), largely due to focus on ensuring equitable practices during our hiring and promotion processes. The mean gender pay gap of 5.05% has increased slightly since 2024 (4.81%), due to a higher number of men in senior roles. For the first time, we are also publishing our Ireland gender pay gap report (for Sage Hibernia Ltd.)—this highlights a median gender pay gap of 5.51% and a mean gender pay gap of 3.98%.

For the fifth consecutive year, we have voluntarily reported our UK ethnicity pay gap, which shows a median pay gap of -6.73% (2024: -3.91%) and a mean pay gap of 2.05% (2024: 5.42%).

The 2025 UK and Ireland gender pay gap reports and UK ethnicity pay gap report are available on the Company's website.

Change in remuneration of Directors compared with colleagues

The table below shows the annual percentage change in total remuneration of Directors with colleagues employed by The Sage Group plc. who are not also Directors of the Group.

	% change 2024/2025			% change 2023/2024			% change 2022/2023			% change 2021/2022			% change 2020/2021		
	Salary/ fees[1]	Taxable benefits[2]	Annual incentive[3]	Salary/ fees[1]	Taxable benefits[2]	Annual incentive[3]	Salary/ fees[1]	Taxable benefits[2]	Annual incentive[3]	Salary/ fees[1]	Taxable benefits[2]	Annual incentive[3]	Salary/ fees[1]	Taxable benefits[2]	Annual incentive[3]
Executive Directors															
S Hare	**13.8%**	**1.2%**	**(0.5)%**	8.5%	(33.7)%	(10.9)%	3.8%	48.3%	(19.7%)	2.3%	3.8%	49.5%	0.5%	(65%)	229%
J Howell	**11.1%**	**3.6%**	**(5.3)%**	4.8%	(11.8)%	(9.5)%	3.3%	7.7%	(19.4%)	1.4%	36.3%	47.4%	0.5%	(6%)	223%
Non-executive Directors															
A Duff[4]	**9.3%**	**–%**	**–%**	3.8%	–%	–%	–%	–%	–%	1,500%	–	–	–	–	–
S Anand[5]	**(62.3)%**	**(75.0)%**	**–%**	3.8%	33.3%	–%	10.5%	200.0%	–%	5.6%	–	–	140%	–	–
J Bates	**23.4%**	**–%**	**–%**	3.8%	–%	–%	10.5%	–%	–%	5.6%	–	–	0%	–	–
J Bewes	**11.2%**	**–%**	**–%**	7.1%	–%	–%	10.7%	–%	–%	5.6%	–	–	0%	–	–
M Chan Jones[6]	**10.2%**	**0%**	**–%**	24.5%	51.5%	–%	–%	–%	–%	–	–	–	–	–	–
A Court[7]	**21.7%**	**–%**	**–%**	9.7%	–%	–%	10.7%	–%	–%	5.6%	–	–	0%	–	–
R Donnelly[8]	**24.5%**	**–%**	**–%**	80.2%	–%	–%	–%	–%	–%	–	–	–	–	–	–
D Hall[9]	**–%**	**–%**	**–%**	(75.0)%	–%	–%	8.3%	–%	–%	4.3%	–	–	0%	–	–
D Harding[10]	**18.2%**	**–%**	**–%**	3.8%	–%	–%	10.5%	–%	–%	82.1%	–	–	–	–	–
L Mitchell-Keller[11]	**–%**	**–%**	**–%**	–	–	–	–	–	–	–	–	–	–	–	–
Colleagues of the Company	**10.5%**	**5.0%**	**4.8%**	7.1%	3.9%	3.7%	4.1%	2.4%	24.4%	4.2%	13.8%	(8.7%)	5%	29%	6%

Notes:

- The change in the Non-executive Directors' fees for 2021/2022 and 2022/2023 is due to the increase in the basic Non-executive Director fee, the Audit and Risk Committee Chair additional fee, and the Remuneration Committee Chair additional fee that took effect from 1 June 2022. Further information can be found on page 176 of the 2022 Annual Report and Accounts.
- The change in the Non-executive Directors' fees for 2023/2024 is due to the increase in the basic Non-executive Director fee, the Audit and Risk Committee Chair additional fee, the Remuneration Committee Chair additional fee, and the Chair of the Board's fee that took effect from 1 January 2024. Further information can be found on page 158 of the 2023 Annual Report and Accounts.
- The change in the Non-executive Directors' fees for 2024/2025 is due to the increase in basic Non-executive Director fee, the Senior Independent Director additional fee, and the Chair of the Board's fee that took effect from 1 January 2025, in addition to the Audit and Risk Committee membership fee, Remuneration Committee membership fee, and Nomination Committee membership fee, which also took effect from 1 January 2025. Further information can be found on page 151 of the 2024 Annual Report and Accounts.

1. Average colleague pay is based on the dataset used for the CEO pay ratio as set out on page 141 of this Report. It excludes colleagues that joined within the reporting period, as the dataset for the Company is so small that to leave them in provides a skewed result, making meaningful judgements difficult. The salary, taxable benefits, and annual incentive are the respective median values in the dataset and may relate to different incumbents. Salaries and fees for Directors for 2025 are as set out on page 132 of this Report.
2. Steve Hare's and Jonathan Howell's taxable benefits for 2025 are as set out on page 132 of this Report. Taxable benefits for colleagues employed by The Sage Group plc. are based on the dataset used for the CEO pay ratio, as set out immediately following this section.
3. The annual incentive values for Steve Hare and Jonathan Howell for 2025 are as set out on page 132 of this Report. Annual incentives for colleagues employed by The Sage Group plc. are inclusive of bonus and commission and are based on the dataset used for the CEO pay ratio as set out immediately following this section. Non-executive Directors are not eligible for annual incentives.
4. Andrew Duff was appointed as a Non-executive Director on 1 May 2021 and accordingly no comparison prior to 2021/2022 can be drawn. The significant change in his fee for 2021/2022 is due to his fee being pro-rated in 2021 to his start date of 1 May 2021 and his change in role from Non-executive Director to Chair of the Sage Board with effect from 1 October 2021.
5. Sangeeta Anand stepped down from the Board on 6 February 2025. Her taxable benefits reflect the travel allowance she received for attending one Board meeting during FY25 and four Board meetings during FY24.
6. Maggie Chan Jones was appointed as a Non-executive Director on 1 December 2022 and accordingly no comparison to prior years can be drawn. Her taxable benefits reflect the travel allowance she received for attending four Board meetings during FY25 and FY24.
7. Annette Court was appointed Senior Independent Director on 1 January 2024 and stepped down as Chair of the Remuneration Committee on 30 April 2024, resulting in a change of fees for 2023/2024.
8. Roisin Donnelly was appointed as a Non-executive Director on 3 February 2023 and accordingly no comparison to prior years can be drawn. The change in her fee for 2023/2024 is due to her fee being pro-rated in 2023 to her start date of 3 February 2023 and her appointment as Chair of the Remuneration Committee on 1 May 2024.
9. Drummond Hall retired on 31 December 2023.
10. Derek Harding was appointed as a Non-executive Director on 2 March 2021 and accordingly no comparison prior to 2021/2022 can be drawn. The significant change in his fee for 2021/2022 is due to his fee being pro-rated in 2021 to his start date of 2 March 2021.
11. Lori Mitchell-Keller was appointed as a Non-executive Director on 7 February 2025. Her taxable benefits reflect the travel allowance she received for attending two Board meetings during FY25.

Historical executive pay and Company performance

The table below summarises the Chief Executive Officer's single figure for total remuneration, annual bonus payout, and PSP vesting as a percentage of maximum opportunity for the current year and previous nine years.

	CEO	2016	2017	2018	2019	2020	2021	2022	2023	2024	**2025**
CEO single figure for remuneration (in £'000)	Steve Hare[1]	–	–	98	2,495	1,557	2,507	2,524	4,358	5,316	**4,562**
	Stephen Kelly[2]	1,723	3,547	1,690	–	–	–	–	–	–	
Annual bonus payout (as % maximum opportunity)	Steve Hare	–	–	0%[3]	94%	18%	60%	88%	68%	56%	**49%**
	Stephen Kelly	69%	19%	0%	–	–	–				
PSP vesting (as % of maximum opportunity)	Steve Hare	–	–	29%	15%	27%	34%	20%	73%	95%	**79%**
	Stephen Kelly	–	66%	29%	–	–	–	–	–	–	

Notes:

1. Steve Hare was appointed Interim COO and CFO on 31 August 2018. Whilst Steve Hare's job title at 30 September 2018 was Interim COO and CFO, not CEO, he is regarded as being the equivalent of CEO for the purposes of the disclosure.
2. Stephen Kelly stepped down from the position of CEO on 31 August 2018.
3. Steve Hare waived his entitlement to a bonus in respect of 2018.

Historical Group performance against FTSE 100

The graph below shows the TSR of the Group and the FTSE 100 over the last 10 years. The FTSE 100 Index is the index against which the TSR of the Group should be measured because of the comparable size of the companies which comprise that index.

Note:

- This graph shows the value, by 30 September 2025, of £100 invested in The Sage Group plc. on 30 September 2015 compared with the value of £100 invested in the FTSE 100 Index. The other points plotted are the values at intervening financial year ends.

Payments to past Directors (audited information)

No payments were made to past Directors during FY25.

Payments for loss of office (audited information)

No payments were made for loss of office during FY25.

Relative importance of spend on pay

The charts below show the all-employee pay cost (as stated in the notes to the Group financial statements), profit before tax (PBT), and returns to shareholders by way of dividends and share buybacks for 2024 and 2025.

The information shown in the charts is based on the following:

- Underlying PBT (underlying as reported)—Underlying profit before income tax taken from note 3.6 on page 199. Underlying PBT has been chosen as a measure of our operational profitability.
- Returns to shareholders—Total dividends taken from note 13.4 on page 241; value of shares purchased during the year taken from consolidated statement of changes in equity on pages 177 and 178.
- Total colleague pay—Total staff costs from note 3.3 on page 195, including wages and salaries, social security costs, pension, and share-based payments.

Underlying PBT
(Underlying as reported in £m)

+£53m

FY25: 555

FY24: 502

Dividends paid to shareholders (£m)
Total dividends

+£8m

FY25: 207

FY24: 199

Value of shares purchased during the year

+£203m

FY25: 609

FY24: 406

Total colleague pay (£m)

-£15m

FY25: 1,097

FY24: 1,112

Statement of implementation of Remuneration Policy in the following financial year

This section provides an overview of how the Committee is proposing to implement the Policy in FY26.

Base salary

Executive Director salaries effective 1 January 2026 have been set by the Remuneration Committee as outlined on pages 118 to 120 of this Report. The CEO's salary is as disclosed on page 121 of the 2024 Annual Report and Accounts:

	Salary 1 January 2026	Salary 1 January 2025	Salary 1 January 2024	Salary 1 January 2023	Salary 1 January 2022
Steve Hare	£1,223,313 (15.0% increase)	£1,063,750 (15.0% increase)	£925,000 (9.9% increase)	£841,500 (4% increase)	£809,000 (3% increase)
Jacqui Cartin[1]	£650,000	–	–	–	–
Jonathan Howell[2]	–	£684,780 (13.0% increase)	£606,000 (5% increase)	£577,000 (4% increase)	£555,000 (1.8% increase)

1. Jacqui Cartin appointed as CFO from 1 January 2026.
2. Jonathan Howell steps down from the Board and his role as CFO on 31 December 2025.

Pension and benefits

The CEO and the CFO will continue to receive a pension provision worth 10% of salary, as a contribution to a defined contribution plan and/or as a cash allowance. The pension for the wider workforce is 10% of salary. Executive Directors will also receive a standard package of other benefits and, where deemed necessary, the costs of travel, accommodation, and subsistence for the Directors and their partners on Sage-related business, consistent with that in FY25.

Annual bonus

Key features of the Executive Directors' annual bonus plan for FY26 are as follows:

- The maximum annual bonus potential is 175% of salary (pro-rated where relevant).
- One third of any bonus earned will be deferred into shares for three years under the Deferred Bonus Plan, unless a Director is compliant with their enhanced shareholding guideline or in other circumstances set out in the Policy. If already compliant with their shareholding guideline, the deferral requirement will be reduced to 15% of the bonus earned.
- Annual bonuses awarded in respect of performance in FY26 will be subject to potential withholding (malus) or recovery (clawback) if specified trigger events occur within three years of the payment/award of the annual bonus. Trigger events will include a material misstatement of the audited results, error in calculation of the bonus payout, serious reputational damage, or significant financial loss as a result of an individual's conduct or gross misconduct which could have warranted an individual's summary dismissal.

The annual bonus for FY26 for Executive Directors will be determined as detailed below:

As a percentage of maximum bonus opportunity:

Measure[1]	
Total revenue growth	40%
Rule of 40 (underlying ARR growth plus underlying EBITDA margin)	40%
Strategic goals	20%

Notes:

1. Executives' incentives for FY26 will be measured on an underlying basis. This will apply to the total revenue growth and the Rule of 40 in the annual bonus. The Remuneration Committee will review on a case-by-case basis the impact on underlying measures of significant acquisitions and disposals and judge whether to adjust incentive targets or outcomes.

The selection of measures reflects the Company's strategic priorities as outlined on the Remuneration Committee Chair's letter on pages 118 to 120. Targets take into account the Company's internal budgeting, and, where relevant, analyst forecasts. The revenue growth measure is based on the definition of underlying measures set out on page 261. Strategic goals will include diversity, equity, and inclusion metrics, and customer metrics, where relevant. Targets are not disclosed because they are considered by the Board to be commercially sensitive. Many of the Company's competitors are unlisted companies and not required to disclose their targets; the Company's disclosure could provide its competitors with a considerable advantage. It is intended for retrospective disclosure to be made in next year's Report.

When determining incentive outcomes, the Remuneration Committee will examine factors including the broader context in which performance was delivered. This includes: balanced growth, a high-quality revenue mix, and strategically-aligned M&A, as components of the shareholder experience. The Remuneration Committee has discretion to decide whether and to what extent the performance conditions have been met, and in appropriate circumstances to override the formulaic outcome.

Performance share awards

The Remuneration Committee reviews award sizes annually, taking into account factors such as underlying business performance, individual performance, and share price movement.

FY26 performance share awards will be granted over shares worth 400% of salary for the CEO and 300% of salary for Jacqui Cartin (based on salaries effective 1 January 2026 as set out on page 144). Jonathan Howell is not eligible for a FY26 performance share award.

Vesting of these awards will be subject to satisfaction of the performance conditions detailed on page 146, measured over the three financial years to 30 September 2028.

Measures and weightings are unchanged from FY25. The Remuneration Committee is satisfied that all the targets represent a degree of challenge proportionate to the potential rewards that may be realised for their achievement in light of all relevant factors, including the current business plan, historical performance, and analysts' forecasts.

Underlying EPS (60% of award)[1]

	EPS[1] in FY28	% of award vesting[2]
Below threshold	Below 53.3p	0%
Threshold	53.3p	12%
Exceptional	65.3p	60%

Notes:
1. EPS is measured as the amount of post-tax profit attributable to each ordinary share on an underlying basis.
2. Vesting of this portion of the performance share award is subject to the achievement of 12% p.a. ROCE underpin. ROCE is defined on page 262. ROCE will be measured on an underlying basis. The Remuneration Committee will review on a case-by-case basis the impact on underlying measures of significant acquisitions and disposals, and judge whether to adjust incentive targets or outcomes. The impact of share buybacks will be included.

Relative TSR performance condition (30% of award)

	TSR ranking	% of award vesting
Below threshold	Below median	0%
Threshold	Median	6%
Stretch	Upper quartile	24%
Exceptional	Upper decile	30%

Notes:
- TSR performance comprises share price growth and dividends paid. Vesting is on a straight-line basis between the points.
- Sage's TSR performance will be measured relative to the TSR of the constituents of the FTSE 100, excluding financial services and extracting companies.

ESG—Protect the Planet (5% of award)

Delivering on our climate change commitment, this metric addresses reduction in Scope 1, 2, and 3 carbon emissions:

	% reduction in carbon emissions[1]	% of award vesting
Below threshold	Below 10.1%	0%
Threshold	10.1%	1%
Stretch	16.5%	4%
Exceptional	18.8%	5%

Notes:
1. Targets are for emissions reduction between FY25 and FY28, aligning to our Net Zero goal by 2040.
   Outturns will be independently verified.
   Vesting is on a straight-line basis between the points.

ESG—Tech for Good (5% of award)

Supporting customers on their sustainability journey through enabling access to carbon accounting functionality for Sage Medium customers and through Sage Copilot automations.

	Supporting customers on their sustainability journey through enabling access to carbon accounting functionality for Sage Medium customers and through Sage Copilot automations[1]	% of award vesting
Below threshold	Sage Earth available for 50% or less of Medium financial accounting customers in the UK	0%
Threshold	Sage Earth available for more than 50% of Medium financial accounting customers in the UK	1%
Stretch	Sage Earth available for more than 50% of Medium customers in the UK and France; and Sage Earth via Copilot skill(s) enabled in at least one Sage suite	4%
Exceptional	Sage Earth available for more than 50% of Medium customers in the UK, France and an additional EU country; and Sage Earth via Copilot skill(s) enabled in multiple Sage suites	5%

Note:
1. At the end of FY25, the industry average benchmarking solution was added to Sage Intacct UK, available to all customers of this product. Performance will be assessed at the end of FY28, when the Remuneration Committee will determine the availability of Sage Earth to Sage Medium customers and Sage Earth via Copilot skill(s) enabled in Sage suites.

Performance share awards granted in FY26 will be subject to potential withholding (malus) or recovery (clawback) if specified trigger events occur prior to the third anniversary of the release date of an award. Trigger events in respect of PSAs will comprise a material misstatement of the audited results, an error in calculation of the extent of the PSA vesting, serious reputational damage, or significant financial loss as a result of an individual's conduct or gross misconduct which could have warranted an individual's summary dismissal, or a material failure of risk management.

Non-executive Director remuneration

Non-executive fees, except for the fee for the Chair, are determined by the executive members of the Board plus the Chair. The fee for the Chair of the Board is determined by the Remuneration Committee. Consistent with the Investment Association's Principles of Remuneration, fees are regularly reviewed to ensure they fairly reflect the time commitment and complexity of different roles. In consideration of these factors and relevant market data, several adjustments have been made to FY26 fees, as set out in the table below.

	Fees effective from 1 January 2026	Fees effective prior to 1 January 2026
Chair of the Board all-inclusive fee	£487,000	£465,000
Basic Non-executive Director fee	£85,000	£80,000
Senior Independent Director additional fee	£27,500	£25,000
Audit and Risk Committee Chair additional fee	£27,500	£25,000
Remuneration Committee Chair additional fee	£27,500	£25,000
Audit and Risk Committee membership fee	£10,000	£10,000
Remuneration Committee membership fee	£10,000	£10,000
Nomination Committee membership fee	£5,000	£5,000

Directors' shareholdings and share interests (audited information)

The shareholding guideline for the CEO is 500% of salary and for the CFO is 350% of salary. Executive Directors are expected to build up the required shareholding within a five-year period of the Executive Director becoming subject to the guideline. As at 30 September 2025, Steve Hare held shares worth 922% of salary and Jonathan Howell held shares worth 654% of salary. Values include unvested deferred shares net of tax at the estimated marginal withholding rates and any shares held by the Executive Directors' connected persons. The values for an Executive Director are derived from interests in shares valued using the average market price of a share in the three months to 30 September 2025 (the last trading day of the financial year), which was £11.512, and the Executive Director's basic salary over the same period.

Executive Directors are required to hold Sage shares for a two-year period after stepping down from that position. This post-employment shareholding guideline is aligned to the Investment Association guidance, such that Executive Directors are required to remain compliant with 100% of their "in-employment" shareholding guideline for two years after stepping down as a Director. The Executive Director's actual shareholding will include any shares acquired through the vesting or release of shares from share incentive plans (net of tax, where applicable) after the date the Policy was adopted and unvested shares granted under the Deferred Bonus Plan (net of tax), but excludes shares acquired through purchase and the release of shares under share incentive plans where the release occurred prior to the Committee's adoption of the Policy. Additionally, performance share awards vesting after cessation are subject to a two-year holding period at vesting.

On cessation as an Executive Director, the Committee may subject any relevant portion of an unvested share award preserved for "good leaver" reasons to the fulfilment of the post-cessation shareholding requirement as a condition of vesting.

Furthermore, for awards granted to an Executive Director on or after 1 October 2019, the Committee may as a condition of grant require an Executive Director to have a relevant portion of a released share award be released into a nominee account to be held on their behalf until such time as the post-cessation shareholding requirement expires.

Interests in shares

The interests as at 30 September 2025 of each person who was a Director of the Company during the year (together with interests held by his or her connected persons) were:

Director	Ordinary shares at 30 September 2025	Ordinary shares at 30 September 2024
S Anand[1]	1,000	1,000
J Bates[2]	16,735	16,735
J Bewes	10,000	10,000
M Chan Jones	10,000	10,000
A Court	7,300	7,300
R Donnelly	10,000	10,000
D Hall[3]	–	10,000
S Hare[4]	540,887	558,291
J Howell	192,946	231,885
D Harding[5]	10,000	10,000
A Duff	13,150	13,150
L Mitchell-Keller[6]	0	–
Total	812,018	878,361

Notes:
1. Sangeeta Anand stepped down from the Board on 6 February 2025. This is the balance on that date.
2. Jillian Marie Bates is a person closely associated with Dr Bates. The total for 30 September 2025 includes 16,735 shares held by Jillian Marie Bates.
3. This is the balance at 31 December 2023 on the date Drummond Hall retired.
4. Lucinda Cowley is a person closely associated with Mr Hare. The total for 30 September 2025 includes 30,000 shares held by Lucinda Cowley.
5. Fiona Harding is a person closely associated with Mr Harding. The total for 30 September 2025 includes 10,000 shares held by Fiona Harding.
6. Lori Mitchell-Keller was appointed a Non-executive Director on 7 February 2025.

There have been no changes in the interests of each Director between 30 September 2025 and 18 November 2025, being a date not more than one month prior to the publication of the notice of the 2026 AGM.

Details of the Executive Directors' interests in outstanding share awards under the PSP, LTIP, Deferred Bonus Plan, and all-employee share option plans are set out below.

All-employee share options (audited information)

All Executive Directors are eligible to join the all-employee share plan, the Sage Save and Share Plan, on the same terms as all eligible colleagues based in their respective local jurisdiction. See note 13.2 of the Group financial statements on pages 234 to 239 for more detail of this plan. In the year under review, Steve Hare participated in this scheme.

The outstanding all-employee share options granted to each Director of the Company are as follows:

Director	Exercise price per share	Shares under option at 1 October 2024 number	Granted during the year number	Exercised during the year number	Lapsed during the year number	**Shares under option at 30 September 2025 number**	Date exercisable
S Hare	690p	2,608	–	–	–	2,608	1 August 2026-31 January 2027
Total		**2,608**	**–**	**–**	**–**	**2,608**	

Notes:
- Steve Hare participated in the 2023 Save and Share Plan. Under the UK Save and Share Plan rules, the scheme has a three-year saving period. No performance conditions apply to options granted under this plan. For the 2023 UK Save and Share grant, the exercise price was set at £6.90, a 20% discount on the average share price on 18 May 2023, 19 May 2023, and 22 May 2023 of £8.614.
- Jonathan Howell did not participate in the 2023 Save and Share Plan. Neither Steve Hare or Jonathan Howell participated in the 2025 Save and Share Plan.
- The market price of a share of the Company at 30 September 2025 (the last trading day of the financial year) was £11.00 (mid-market average) and the lowest and highest market prices during the year were £9.536 and £13.398, respectively.

Performance Share Plan and Long Term Incentive Plan (audited information)

The outstanding performance awards granted to each Executive Director of the Company under the PSP and for 7 February 2025 under the LTIP are as follows:

Director	Grant date	Under award 1 October 2024 number	Awarded during the year number	Vested during the year number	Lapsed during the year number	**Under award 30 September 2025 number**	Vesting date
S Hare	7 February 2025	–	324,314	–	–	324,314	2 December 2027
	1 February 2024	241,514	–	–	–	241,514	4 December 2026
	2 December 2022	259,210	–	–	–	259,210	2 December 2025
	4 February 2022	258,169	–	(245,518)	(12,651)	–	2 December 2024
		758,893	**324,314**	**(245,518)**	**(12,651)**	**825,038**	
J Howell	7 February 2025	–	156,580	–	–	156,580	2 December 2027
	1 February 2024	118,668	–	–	–	118,668	4 December 2026
	2 December 2022	159,961	–	–	–	159,961	2 December 2025
	4 February 2022	141,690	–	(134,747)	(6,943)	–	2 December 2024
		420,319	**156,580**	**(134,747)**	**(6,943)**	**435,209**	
Total		**1,179,212**	**480,894**	**(380,265)**	**(19,594)**	**1,260,247**	

Notes:

- The PSP rules expired in 2025. Shareholders approved the LTIP rules at the 2025 AGM. Performance share awards were granted under the LTIP to the Executive Directors on 7 February 2025, as detailed on page 137.
- No variations were made in the terms of the awards in the year.
- Performance share awards for 2025 were granted to Executive Directors on 7 February 2025. The market price of the awards was £13.120.
- The performance conditions for awards granted in February 2022, December 2022, December 2023, and February 2024 are set out in the respective Reports for the year of grant. The performance conditions for awards granted in February 2025 are outlined on page 137.
- The performance conditions for Steve Hare's and Jonathan Howell's awards that vested during 2025 are set out on page 143 of the 2024 Report.
- Awards for Steve Hare granted in December 2017 and after are subject to a holding period of two years on vesting. Awards for Jonathan Howell vesting in 2020 and after are subject to a holding period of two years on vesting.
- All PSP and LTIP awards were granted as conditional awards.

Deferred shares (audited information)

The outstanding awards granted to each Executive Director of the Company under The Sage Group Deferred Bonus Plan are as follows:

Director	Grant date	Under award 1 October 2024 number	Awarded during the year number	Vested during the year number	Lapsed during the year number	**Under award 30 September 2025 number**	Vesting date
S Hare	2 December 2024	–	22,481	–	–	22,481	2 December 2027
	4 December 2023	28,815	–	–	–	28,815	4 December 2026
	2 December 2022	50,785	–	–	–	50,785	2 December 2025
	2 December 2021	35,188	–	(35,188)	–	–	2 December 2024
		114,788	**22,481**	**(35,188)**	**–**	**102,081**	
J Howell	2 December 2024	–	15,899	–	–	15,899	2 December 2027
	4 December 2023	20,050	–	–	–	20,050	4 December 2026
	2 December 2022	35,221	–	–	–	35,221	2 December 2025
	2 December 2021	24,754	–	(24,754)	–	–	2 December 2024
		80,025	**15,899**	**(24,754)**	**–**	**71,170**	
Total		**194,813**	**38,380**	**(59,942)**	**–**	**173,251**	

Notes:

- Awards are not subject to further performance conditions once granted. The market price of a share on 29 November 2024, the last trading day prior to the date of the awards made in the year ended 30 September 2025, was £13.120.
- No variations were made in the terms of the awards in the year.

There is a limit on the number of newly issued and treasury shares that can be used to satisfy awards under the Group's share schemes in any 10-year period. The limit and the Group's current position against that limit as at 30 September 2025 (the last practicable date prior to publication of this Report) are set out below:

Limit	Current position
10% of Group's share capital can be used for all share schemes	5.6%

Notes:
- The 5% dilution limit for discretionary share plans is no longer applicable, following shareholder approval of the removal of this limit at the 2025 AGM.

The current position consists of shares released during the period plus committed shares inclusive of dividend equivalents accrued, with the total adjusted for forfeitures and, where applicable, performance for awards which have vested. The Company has previously satisfied all awards through the market purchase of shares or transfer of treasury shares and will continue to consider the most appropriate approach, based on the relevant factors at the time.

External appointments

Executive Directors are permitted, where appropriate and with Board approval, to take non-executive directorships with other organisations in order to broaden their knowledge and experience in other markets and countries. Fees received by the Directors in their capacity as directors of these companies are retained, reflecting the personal responsibility they undertake in these roles. The Board recognises the significant demands that are made on Executive and Non-executive Directors and has therefore adopted a policy that no Executive Director should hold more than one directorship of other listed companies. Except in exceptional circumstances, where approved in advance by the Chair of the Committee, if an Executive Director holds non-executive positions at more than one listed company then only the fees from one such company will be retained by the Director.

Steve Hare was appointed as independent non-executive director to the board of J Sainsbury plc with effect from 3 July 2025 and as such receives an annual fee of £78,697.

Jonathan Howell was appointed as independent non-executive director to the board of Experian plc with effect from 1 May 2021 and as such receives an annual fee of €179,250. He was subsequently appointed as audit committee chair with effect from 1 July 2022 and receives an annual fee of €54,250 accordingly. Additionally, non-executive directors required to undertake intercontinental travel to attend Board meetings receive a supplementary payment of €10,000 per trip, in addition to any travel expenses.

For the year ended 31 March 2025, he received €251,000, as reported on page 143 of the Experian Annual Report 2025. This is the only appointment of this nature he holds.

No formal limit on other board appointments applies to Non-executive Directors under the Policy, but prior approval (not to be unreasonably withheld) from the Board is required in the case of any new appointment.

Unexpired term of contract table

Director	Date of contract	Unexpired term of contract on 30 September 2025, or on date of contract if later	Notice period under contract
Executive Directors			
S Hare	3 January 2014	12 months	12 months from the Company and/or individual
J Howell	10 December 2018	12 months	12 months from the Company and/or individual
Non-executive Directors			
J Bates	31 May 2025	2 years 8 months	1 month from the Company and/or individual
J Bewes	1 April 2025	2 years 6 months	1 month from the Company and/or individual
M Chan Jones	1 December 2022	2 months	1 month from the Company and/or individual
A Court	1 April 2025	2 years 6 months	1 month from the Company and/or individual
R Donnelly	3 February 2023	4 months	1 month from the Company and/or individual
A Duff	1 May 2024	1 year 7 months	6 months from the Company and/or individual
D Harding	2 March 2024	1 year 5 months	1 month from the Company and/or individual
L Mitchell-Keller	7 February 2025	2 years 4 months	1 month from the Company and/or individual

Consideration by the Directors of matters relating to Directors' remuneration

The following Directors were members of the Committee when matters relating to the Directors' remuneration for the year were being considered:

- Annette Court
- Dr John Bates
- Maggie Chan Jones (from 1 August 2025)
- Roisin Donnelly (Chair)

The Committee received assistance from Amanda Cusdin (Chief People Officer), Tara Gonzalez (Executive Vice President, Reward and Recognition), Vicki Bradin (General Counsel and Company Secretary), and other members of management (including the CEO and CFO), who may attend meetings by invitation, except when matters relating to their own remuneration are being discussed.

External advisors

The Committee continues to receive advice from Deloitte LLP, an independent firm of remuneration consultants appointed by the Committee after consultation with the Board. During the year, Deloitte's executive compensation advisory practice advised the Committee on developments in market practice, corporate governance, institutional investor views, the development of the Company's incentive arrangements, and the review of the Policy. Total fees for advice provided to the Committee during the year were £139,370 (charged on a time spent basis).

The Committee is satisfied that the advice it has received has been objective and independent.

Deloitte is a founding member of the Remuneration Consultants Group and adheres to its code in relation to executive remuneration consulting in the UK. Other parts of Deloitte have provided tax advice, specific corporate finance support in the context of merger and acquisition activity, and unrelated corporate advisory services.

Stitch, a Deloitte business, provided the Sage Reward team with communication support on colleague share plan communications during 2025.

Statement of shareholding voting

The table below sets out the results of the vote on the 2025 Policy and on the Directors' Remuneration Report at the 2025 AGM:

	Votes for number	%	Votes against number	%	Votes cast	Votes withheld
Remuneration Policy	655,779,523	80.72	156,636,696	19.28	812,416,219	2,511,025
Remuneration Report	789,980,030	97.00	24,471,358	3.00	814,451,388	475,856

Roisin Donnelly
Chair of the Remuneration Committee
18 November 2025

Directors' Report

The Directors present their report together with the audited consolidated financial statements for the financial year ended 30 September 2025 (the 'Annual Report and Accounts').

The Annual Report and Accounts contain statements that are not based on current or historical fact and are forward-looking in nature. Please refer to the Disclaimer on pages 157 and 158.

Information included in the Strategic Report

The Directors' Report, together with the Strategic Report on pages 1 to 68, represents the management report for the purpose of compliance with the Disclosure Guidance and Transparency Rules ('DTRs') 4.1.R.

As permitted under section 414C(11) of the Companies Act 2006 (the 'Act'), some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report, as the Board considers them to be of strategic importance. Specifically, these are:

Subject matter	Page reference
Future business developments	12 to 14—Chief Executive's Review Relevant information is also in the Strategic Report on pages 15 to 18
Greenhouse gas emissions, energy consumption and energy-efficiency action	30 to 32—Sustainability and Society 35 to 44—TCFD Relevant information is also available in our Impact Book on our website www.sage.com
Employment of disabled persons	24 to 29—Our people and culture
Engagement with colleagues	46 and 47—Section 172(1) statement 91, 94 and 95—Colleague engagement Relevant information is also in the Corporate Governance Report on pages 98 and 99
Engagement with customers, suppliers and others	88 to 97—Stakeholder engagement Relevant information is also in this Directors' Report on page 153
Important events affecting the Group after the year end	9 and 11 of the Strategic Report 155 of the Directors' Report Note 16 of the financial statements on page 247

Corporate governance statement

The DTRs require certain information to be included in a corporate governance statement in the Directors' Report. This information can be found in the Corporate Governance report on pages 70 to 151, which is incorporated into this Directors' Report by reference, and in the case of the information referred to in DTR 7.2.6, in this Directors' Report.

Disclosure of information under UK Listing Rule 6.6.1R

Sub-section of Listing Rule 6.6.1.R	Detail	Page Reference
6	Allotments of shares for cash pursuant to the Group employee share schemes	234 to 239
11,12	Shareholder waiver of dividend	156

Results and dividends

The results for the financial year are set out on pages 159 to 259.

Full details of the proposed final dividend payment for the year ended 30 September 2025 are set out on page 242. The Board is proposing a final dividend of 14.40p per share, following the payment of an interim dividend of 7.45p per share on 27 June 2025 . The proposed total dividend for the year is therefore 21.85p per share.

Going concern

After making enquiries, the Directors have a reasonable expectation that Sage has adequate resources to continue in operational existence over the 18 months to 31 March 2027 (the going concern assessment period). Accordingly, they continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion, the Directors have had due regard to the following:

- The Group has a robust balance sheet with £1.0bn of cash and available liquidity as at 30 September 2025 and strong underlying cash conversion of 110%, reflecting the strength of the subscription business model. Further information on the available cash resources, including the undrawn revolving credit facility and committed bank facilities, is provided in note 11 of the financial statements on pages 219 to 222.
- The financial position of Sage, its cash flows, financial risk management policies and available debt facilities, which are described in the financial statements, and Sage's business activities, together with the factors likely to impact its future growth and operating performance, which are set out in the Strategic Report on pages 48 to 55.
- The Directors have reviewed liquidity forecasts for the Group for the period to 31 March 2027 (the going concern assessment period), which reflect the expected impact of economic conditions on trading. In doing so, the Directors have also reviewed the extent to which the macro-economic environment has been considered in building assumptions to support the forecasts. Stress testing has been performed with the impact of severe increases in churn and significantly reduced levels of new customer acquisition and sales to existing customers being considered.

Viability Statement

The full Viability Statement and the associated explanations made in accordance with Provision 31 of the 2018 UK Corporate Governance Code can be found on pages 67 and 68.

Research and development

During the year, the Group incurred a cost of £379m (2024: £344m) in respect of research and development. Please see note 3.2 of the financial statements on page 194 for further details.

Political donations

No political donations were made in the year.

Relating to the Company's stakeholders

Employment policy

The Group remains dedicated to fostering a diverse, equitable and inclusive workplace, valuing the unique culture, identity and experience that each colleague brings. This applies across all the Group's employment activities ranging from recruitment to retirement, with candidates and colleagues treated with dignity, care and respect, regardless of their characteristics, identities, backgrounds, opportunity or lived experiences. In fostering an inclusive culture, the Group ensures that there is no bias or discrimination in the treatment of persons with disabilities. Applications for employment are welcomed from persons with disabilities and adjustments are made in consultation with the applicant to ensure that fair opportunity is given so that they can demonstrate their suitability for the role. Wherever possible, Sage will undertake any adjustments or retraining required for any colleague who becomes disabled during their employment within the Group. Further details of the Board's DEI Policy can be found on page 107, and information regarding workforce diversity is provided on pages 27, 28, and 108.

Engagement with colleagues

The Group remains strongly committed to engaging with colleagues by ensuring availability of information and consulting with them on matters of concern to them. Colleagues regularly receive updates on the financial and economic factors affecting the Group, and the Group regularly seeks direct feedback from colleagues. Many colleagues choose to participate in the Company's voluntary all-employee share plans (in eligible countries) and/or may be awarded free shares under the Company's discretionary share plans, including a long-term performance share plan. Further details regarding colleague engagement, our Board Associate and how the Directors have had regard to colleague interests during the year are provided on pages 91, 94 and 95, and 98 and 99 respectively.

Engagement with other stakeholders

Details of engagement with Sage's other key stakeholders, information on how the Directors have considered their interests and the effect of that consideration on principal decisions taken by the Board during the year are provided in the Governance report on pages 88 to 97.

Relating to the Company's shares

Major shareholdings

As at 30 September 2025, Sage had been notified by the following investors of their interest in its ordinary share capital, in accordance with the DTRs:

Name	Ordinary shares	Percentage of capital[1]	Nature of holding
Aviva Plc	30,110,692	2.99	Direct
BlackRock, Inc.	64,021,267	5.90	Indirect
The Capital Group Companies, Inc.	51,198,348	5.10	Indirect
Lindsell Train Limited	50,214,000	4.97	Indirect
FIL Limited[2]	50,373,561	4.92	Direct and Indirect
FMR LLC	42,556,657	4.22	Indirect

Notes:
1. Percentage as at date of notification. Notification is required when the percentage of voting rights (through shares and financial instruments) held by a person reaches, exceeds or falls below an applicable threshold specified in the DTRs.
2. In the period from 30 September 2025 to the date of this report, notification was received from FIL Limited regarding an increase in their interest to above the five per cent threshold, as duly announced on 3 October 2025.

Information provided to Sage under the DTRs is publicly available via the regulatory information service and on Sage's website at sage.com.

Share capital

Sage's share capital is set out on page 233. Sage has a single class of share capital, which is divided into ordinary shares of $1^{4}/_{77}$ pence each.

Rights and obligations attaching to shares

Voting

In a general meeting of Sage, the provisions of the Companies Act 2006 apply in relation to voting rights, subject to the provisions of the articles of association and to any special rights or restrictions as to voting attached to any class of shares in Sage (of which there are none). In summary:

- On a show of hands, each qualifying person (being an individual who is a member of Sage, a person authorised to act as the representative of a corporation or a person appointed as a proxy of a member) shall have one vote, except that a proxy has one vote for and one vote against a resolution if the proxy has been appointed by more than one member and has been given conflicting voting instructions by those members or has been given discretion as to how to vote; and
- On a poll, every qualifying person shall have one vote for every share which they hold or represent.

No member shall be entitled to vote at any general meeting or class meeting in respect of any shares held by them if any call or other sum then payable by them in respect of that share remains unpaid. Currently, all issued shares are fully paid.

Deadlines for voting rights

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the Annual General Meeting to be held on 5 February 2026 will be set out in the Notice of Annual General Meeting.

Dividends and distributions

Subject to the provisions of the Companies Act 2006, Sage may, by ordinary resolution, declare a dividend to be paid to the members and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the Board.

The Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of Sage justifies its payment, in the opinion of the Board. All dividends shall be apportioned and paid pro-rata according to the amounts paid up on the shares.

Liquidation

If Sage is in liquidation, the liquidator may, with the authority of a special resolution of Sage and any other authority required by the statutes (as defined in the articles of association):

- Divide among the members in specie the whole or any part of the assets of Sage; or
- Vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit but no member shall be compelled to accept any assets upon which there is any liability.

Transfer of shares

Subject to the articles of association, any member may transfer all or any of their certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The Board may, in its absolute discretion, decline to register any instrument of transfer of a certificated share which is not a fully paid share (although not so as to prevent dealings in shares taking place on an open and proper basis) or on which Sage has a lien.

The Board may also decline to register a transfer of a certificated share unless the instrument of transfer is: (i) left at Sage's Registered Office, or at such other place as the Board may decide, for registration; and (ii) accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to prove the title of the intending transferor or his or her right to transfer the shares.

The Board may permit any class of shares in Sage to be held in uncertificated form and, subject to the articles of association, title to uncertificated shares to be transferred by means of a relevant system and may revoke any such permission. Registration of a transfer of an uncertificated share may be refused where permitted by the statutes (as provided in the articles of association).

Powers of the Company to buyback its own shares

In line with common practice for listed companies, Sage requests shareholder authority at its Annual General Meeting ('AGM') each year to permit the Company to buy back its ordinary shares of $1^{4}/_{77}$ pence ('ordinary shares') in the market (the 'Buyback Authorities'). Sage obtained shareholder authority at the AGM held on 6 February 2025 to buy back up to 100,394,226 ordinary shares in the market (the '2025 Buyback Authority'). The 2025 Buyback Authority replaced the shareholder authority obtained at the AGM held on 1 February 2024 to buy back up to 102,607,262 ordinary shares in the market, which expired at the 2025 AGM (the '2024 Buyback Authority').

Pursuant to a share buyback programme which started on 20 November 2024 and ended on 2 June 2025 (the '2024/2025 Share Buyback Programme'), a total number of 32,126,997 ordinary shares were purchased of which 12,529,716 ordinary shares were purchased using the 2024 Buyback Authority and 19,597,281 ordinary shares were purchased using the 2025 Buyback Authority. The aggregate amount of consideration paid by Sage for ordinary shares purchased under the 2024/2025 Share Buyback Programme was £399,999,988.45 and the average price paid per ordinary share was £12.45.

The 2024/2025 Share Buyback Programme was extended (the 'Extended Programme'), as announced on 15 May 2025. The Extended Programme commenced on 3 June 2025 and ended on 30 July 2025, with a total of 16,082,393 ordinary shares purchased using the 2025 Buyback Authority. The aggregate amount of consideration paid by Sage for ordinary shares purchased under the Extended Programme was £199,999,996.18 and the average price paid per ordinary share was £12.44.

Therefore, the total number of ordinary shares purchased under the 2024/2025 Share Buyback Programme and the Extended Programme is 48,209,390 (of which 12,529,716 ordinary shares were purchased using the 2024 Buyback Authority and 35,679,674 ordinary shares were purchased using the 2025 Buyback Authority) for an aggregate amount of £599,999,984.63. All of the purchased ordinary shares were subsequently cancelled.

The shares purchased during FY25 represent approximately 4.71% of the called-up share capital of the Company as at 30 September 2025. The 2024/2025 Buyback Programme and the Extended Programme were consistent with Sage's disciplined capital allocation policy, and reflected the Board's confidence in Sage's future prospects, together with Sage's strong cash generation and robust financial position. Please refer to pages 48 to 55 and note 13.4 on page 241 for further information.

Alongside our FY25 results, we are announcing a share buyback programme of up to £300 million, running from 19 November 2025 and expected to end no later than 19 March 2026 (the '2025/2026 Buyback Programme'). The 2025/2026 Buyback Programme is permitted under the 2025 Buyback Authority, which will expire at the AGM to be held in February 2026. Shareholder approval will be sought for a similar authority at the 2026 AGM.

Under the terms of the Buyback Authorities, the minimum price which must be paid for each ordinary share is its nominal value and the maximum price is the higher of an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately before the purchase is made and an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for ordinary shares on the trading venue where the purchase is carried out (in each case exclusive of expenses).

The 2025/2026 Buyback Programme is consistent with the Group's disciplined capital allocation policy, and reflects the Board's confidence in Sage's future prospects, together with Sage's strong cash generation and robust financial position. Sage continues to have considerable financial flexibility to drive the execution of its growth strategy. Shares repurchased under the 2025/2026 Buyback Programme will be cancelled. Information on transactions in own shares will be made publicly available via the regulatory information service and on Sage's website at sage.com.

Amendment of Sage's articles of association

Any amendments to Sage' s articles of association may be made in accordance with the provisions of the Companies Act 2006 by way of special resolution. Sage's articles of association were last amended by special resolution at the AGM held on 4 February 2021.

Relating to the Company's Board

The Board of Directors

The names and full biography of the current Directors are provided on pages 74 to 76. Changes to the Board during the year and up to the date of this report are set out below.

Name	Effective date of appointment/departure
Departure	
Sangeeta Anand	6 February 2025
Appointment	
Lori Mitchell-Keller	7 February 2025

In addition, as announced in March 2025, Jonathan Howell will step down from the Board on 31 December 2025 and will be succeeded as Chief Financial Officer by Jacqui Cartin, who will join the Board on 1 January 2026.

Appointment and replacement of Directors

Directors shall be not less than two and no more than 15 in number. Directors may be appointed by Sage by ordinary resolution or by the Board. A Director appointed by the Board holds office until the next AGM and is then eligible for election by the shareholders, in accordance with Sage's articles of association.

The Board may from time to time appoint one or more Directors to hold employment or executive office for such period (subject to the provisions of the Companies Act 2006) and on such terms as they may determine and may revoke or terminate any such appointment.

Under the articles of association, at every AGM of Sage, every Director who held office as at seven days before the date of the Notice of Annual General Meeting shall retire from office (but shall be eligible for election or re-election by the shareholders). Sage may by special resolution (or by ordinary resolution of which special notice has been given) remove, and the Board may by unanimous decision remove, any Director before the expiration of his or her term of office. The office of Director shall be vacated if: (i) he or she resigns; (ii) he or she has become physically or mentally incapable of acting as a director and may remain so for more than three months and the Board resolves that his or her office is vacated; (iii) he or she is absent without permission of the Board from meetings of the Board for six consecutive months and the Board resolves that his or her office is vacated; (iv) he or she becomes bankrupt or makes an arrangement or composition with his or her creditors generally; (v) he or she is prohibited by law from being a director; or (vi) he or she is removed from office pursuant to the articles of association.

Directors' Interests

A list of Directors' interests in the ordinary share capital of Sage, their interests in its long-term Performance Share Plan and Deferred Share Bonus Plan, and details of their options over the ordinary share capital of Sage are given in the Directors' Remuneration Report on pages 117 to 151.

No Director had a material interest in any significant contract, other than a service contract or contract for services, with Sage or any of its operating companies at any time during the year.

Directors Indemnities and Insurance

Sage maintains Directors' and Officers' liability insurance, which provides appropriate cover for legal action brought against its Directors. Sage has also granted indemnities (which are qualifying third-party indemnity provisions under the Companies Act 2006) to each member of the Board, under which it has agreed to indemnify the Directors to the extent permitted by law and by Sage's articles of association, in respect of all liabilities incurred in connection with the performance of their duties as a Director of Sage or any of its subsidiaries. These indemnities were in force throughout the financial year and remain in force as at the date of this report. Neither these indemnities, nor the Directors' and Officers' insurance provide cover in the event that a Director is proven to have acted fraudulently or dishonestly.

Powers of the Directors

The business of Sage will be managed by the Board which may exercise all the powers of Sage, subject to the provisions of Sage's articles of association, the Companies Act 2006 and any resolution of Sage. Authority is sought from shareholders at each AGM to grant the Directors powers, in line with institutional shareholder guidelines and relevant legislation, in relation to the issue and buyback by the Company of its shares.

Shares held in the Employee Benefit Trust

The trustee of The Sage Group plc. Employee Benefit Trust ('EBT') has agreed not to vote any shares held in the EBT at any general meeting. If any offer is made to shareholders to acquire their shares, the trustee will not be obliged to accept or reject the offer in respect of any shares which are subject to subsisting awards, but will have regard to the interests of the award holders and will have power to consult them to obtain their views on the offer. Subject to the above, the trustee may take action with respect to any offer it thinks fair. The trustee has waived its right to dividends on the shares held in the EBT.

Relating to other matters

Significant agreements

The following significant agreements contain provisions entitling the counterparties to exercise termination or other rights in the event of a change of control of Sage:

- Under the terms of (i) the €500m 3.820 per cent guaranteed Notes due 15 February 2028 (issued under Sage's EMTN Programme); (ii) the £350m 1.625 per cent guaranteed Notes due 25 February 2031; (iii) the £400m 2.875 per cent guaranteed Notes due 8 February 2034,and (iv) the £300m 5.625 per cent Notes due 5 March 2037 (issued under Sage's EMTN Programme) , which are all issued by the Company and guaranteed by Sage Treasury Company Limited, a Noteholder has the right to require the Company to redeem or repay its Notes on a change of control of the Company where at the time of the occurrence of the change of control:
  - i) the Notes then in issue carry, on a solicited basis, an investment-grade credit rating, which is either downgraded to non-investment grade or withdrawn (so long as the Notes are not upgraded or reinstated to an investment-grade rating by the relevant rating agency, or a replacement investment-grade rating of another rating agency on a solicited basis is not obtained, in each case within a set period of time), and the relevant rating agency confirms that its rating decision resulted, in whole or in part, from the occurrence of the change of control; or
  - ii) the Notes then in issue carry a non-investment grade credit rating from each rating agency then assigning a credit rating on a solicited basis or no credit rating from any rating agency on a solicited basis.
- Under the terms of the Notes, 'change of control' is defined as:
  - i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006, as amended), whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Company, shall become interested (within the meaning of Part 22 of the Companies Act 2006, as amended) in (x) more than 50 per cent. of the issued or allotted ordinary share capital of the Company or (y) shares in the capital of the Company carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Company; or
  - ii) Sage Treasury Company Limited ceases to be a direct or indirect subsidiary of the Company.
- Under a £630m five-year multi-currency revolving credit facility agreement, dated 13 December 2022, and made between, amongst others, Sage Treasury Company Limited and the facility agent, and guaranteed by the Company, on a change of control, if any individual lender so requires and after having consulted with Sage Treasury Company Limited in good faith for not less than 30 business days following the change of control, the facility agent shall, by not less than 10 business days' notice to Sage Treasury Company Limited, cancel the commitment of that lender and declare the participation of that lender in all outstanding loans, together with accrued interest and all other amounts accrued under the finance documents, immediately due and payable, whereupon the commitment of that lender will be cancelled and all such outstanding amounts will become immediately due and payable. In respect of this revolving credit facility agreement, "control" is defined as per Sections 450 and 451 of the Corporation Taxes Act 2010.
- The platform reseller agreement, dated 31 January 2015, relating to the Company's strategic arrangements with Salesforce.com EMEA Limited contains a change of control right enabling Salesforce to terminate the agreement in the event there is a change of control in favour of a direct competitor of Salesforce.com EMEA Limited. The agreement contains post-termination requirements upon Salesforce to support a transition for up to a specified period. In respect of the platform reseller agreement with Salesforce.com EMEA Limited, "change of control" occurs where a corporate transaction results in the owners of the subject entity owning less than 50% of the voting interests in that entity as a result of the corporate transaction.
- All of Sage's employee share plans contain provisions relating to a change of control of The Sage Group plc. Outstanding awards and options may vest/become exercisable on a change of control, subject to the satisfaction of any applicable performance conditions and time pro-rating.

Branch

The Group, through various subsidiaries, has a branch in France. Further details are included in note 17 on pages 248 to 251.

Financial risk management

The Group's exposure to and management of capital, liquidity, credit, interest rate and foreign currency risk are shown in note 12.6 of the financial statements on pages 231 and 232. Our approach to risk management and our Principal Risks can be found on pages 56 to 66.

Disclaimer

The purpose of this Annual Report and Accounts is to provide information to the members of Sage. The Annual Report and Accounts has been prepared for, and only for, the members of Sage, as a body, and no other persons. Sage, its Directors and employees, agents or advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The Annual Report and Accounts contains certain forward-looking statements with respect to the operations, performance and financial condition

of the Group. By their nature, these statements involve uncertainty, since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and Accounts, and Sage undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report and Accounts should be construed as a profit forecast.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts, including the Directors' Remuneration Report and the financial statements of the Group and the Company, in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards (UK-IFRS) and the Company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether, for the Group, applicable UK-IFRS have been followed, subject to any material departures disclosed and explained in the financial statements;
- State whether, for the Company, applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for the maintenance and integrity of Sage's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors as at the date of this report, whose names and functions are listed on pages 74 to 76, confirm that:

- To the best of their knowledge, the Group's financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards (UK-IFRS), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- To the best of their knowledge, the Company's financial statements, which have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- To the best of their knowledge, the Directors' Report and the Strategic Report include a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the Principal Risks and uncertainties that it faces.

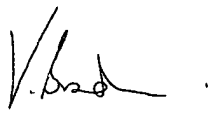
Each Director as at the date of this report further confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Group's and the Company's auditor is unaware; and
- The Director has taken all the steps that they ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Group's and the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

In addition, the Directors as at the date of this report consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's position, performance, business model and strategy.

By Order of the Board



Vicki Bradin
Company Secretary 18 November 2025
The Sage Group plc. Company number 02231246

FINANCIAL STATEMENTS

Financial statements

160 Independent Auditor's Report to the members of The Sage Group plc.

Consolidated financial statements

174 Consolidated income statement
175 Consolidated statement of comprehensive income
176 Consolidated balance sheet
177 Consolidated statement of changes in equity
179 Consolidated statement of cash flows

Notes to the consolidated financial statements

180 1. Basis of preparation and accounting estimates and judgements
185 2. Segment information
191 3. Profit before income tax
201 4. Income tax expense
203 5. Earnings per share
204 6. Intangible assets
210 7. Property, plant and equipment
212 8. Working capital
215 9. Provisions
217 10. Deferred income tax
219 11. Cash flow and net debt
223 12. Financial instruments
233 13. Equity
243 14. Acquisitions and disposals
247 15. Related party transactions
247 16. Events after the balance sheet date
248 17. Group undertakings

KPMG LLP's Independent Auditor's Report

To the members of The Sage Group plc

1. Our opinion is unmodified

In our opinion:

- the financial statements of The Sage Group plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2025, and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

ADDITIONAL OPINION IN RELATION TO IFRS AS ISSUED BY THE IASB

As explained in note 1 to the Group financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

In our opinion, the Group financial statements have been properly prepared in accordance with IFRS Accounting Standards as issued by the IASB.

What our opinion covers

We have audited the Group and Parent Company financial statements of The Sage Group plc ("the Company") for the year ended 30 September 2025 (FY25) included in the Annual Report and Accounts 2025, which comprise:

Group (The Sage Group plc and its subsidiaries)	Parent Company (The Sage Group plc)
• Consolidated income statement; • Consolidated statement of comprehensive income; • Consolidated balance sheet; • Consolidated statement of changes in equity; • Consolidated statement of cash flows; and • Notes 1 to 17 to the Group financial statements, including the accounting policies in note 1.	• Company balance sheet; • Company statement of changes in equity; and • Notes 1 to 7 to the Parent Company financial statements, including the accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit and Risk Committee ("ARC").

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

Our assessment of risks was shaped by a dynamic external environment, including geopolitical tensions, macroeconomic shifts, and evolving stakeholder and investor expectations. Internal factors such as performance pressures also contributed to potential financial reporting and operational risks. These elements collectively informed our audit focus and risk assessment approach.

The Group uses multiple IT systems to process a high volume of transactions in order to recognise revenue for the period, resulting in an area where significant audit effort was required and, consequently, was identified as a Key Audit Matter for the Group.

The carrying amount of investments in subsidiaries held at cost in The Sage Group plc's accounts is a material proportion of its total company assets and, hence, is a Key Audit Matter for The Sage Group plc accounts only.

Key Audit Matters	Item
Revenue recognition (Group)	4.1
Recoverability of investments in subsidiaries (Parent Company)	4.2

Audit and Risk Committee ('ARC') interaction

During the year, the ARC met four times. KPMG attended all ARC meetings and are provided with an opportunity to meet with the ARC in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the ARC in item 4, including matters that required particular judgement for each.

The matters included in the Report of the Audit and Risk Committee on page 109 to 111 are materially consistent with our observations of those meetings.

Our independence

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during FY25 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the year ended 30 September 2025. The period of total uninterrupted engagement is for the one financial year ended 30 September 2025.

The Group engagement partner is required to rotate every five years. As these are the first set of the Group's financial statements signed by Simon Richardson, he will be required to rotate off after the FY29 audit.

All component engagement partners have a tenure of one year.

Total audit fee	£5.3m
Audit related fees (including interim review)	£0.5m
Other services	£Nil
Non-audit fee as a % of total audit and audit related fee %	9%
Date first appointed	6 February 2025
Uninterrupted audit tenure	1 year
Next financial period which requires a tender	2035
Tenure of Group engagement partner	1 year
Tenure of component engagement partners	1 year

Materiality (item 6 below)

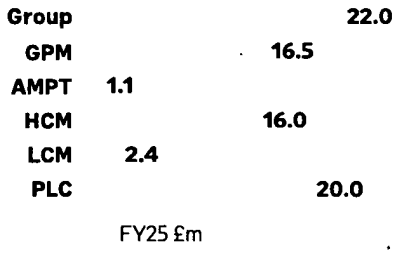
The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group financial statements as a whole at £22.0m and for the Parent Company financial statements as a whole at £20.0m.

We have determined that the Group's normalised profit before tax from continuing operations ('PBTCO') is the benchmark for the Group. This is appropriate given the sector in which the Group operates, its ownership, and the focus of users. As such, we based our Group materiality on the Group's normalised PBTCO, of which it represents 4.6%.

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company's total assets, of which it represents 0.4%.

Materiality levels used in our audit



Group	Group Materiality
GPM	Group Performance Materiality
AMPT	Audit Misstatement Posting Threshold
HCM	Highest Component Materiality
LCM	Lowest Component Materiality
PLC	Parent Company Materiality

Group scope (item 7 below)

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, what audit procedures to perform at these components and the extent of involvement required from our component auditors around the world.

We scoped in:

- Four components (UK, France, North America and Sage Intacct North America) as quantitatively significant components; and
- Five other components where we performed procedures to obtain further audit coverage.

Certain Group transactions originate in various countries and are processed at the Group's operating centres in the US, UK and South Africa. We established audit teams to perform centralised testing on behalf of our component teams in these locations.

In addition, for the remaining components for which we performed no audit procedures, we carried out analysis at an aggregated Group level to reassess our assessment that there is not a reasonable possibility of a material misstatement within these components.

We performed audit procedures in relation to components that accounted for 83% of Group profit before tax, and the Parent Company which accounted for 4% of the Group profit before tax. These components accounted for 89% of Group total assets (excluding goodwill and intangibles).

We consider the scope of our audit, as communicated to the Audit and Risk Committee, to be an appropriate basis for our audit opinion.

Coverage of Group financial statements

Our audit procedures covered 85% of Group revenue:

The impact of climate change on our audit	In planning our audit, we considered the potential impacts of risks arising from climate change on the Group's business and its financial statements. The Group has set out its targets under its Net Zero Transition Plan to achieve Net Zero by 2040 and reduce Scope 1, 2, and 3 GHG emissions by 50% by 2030, from a 2019 base year, aligned to SBTi as disclosed on page 41. In Note 1 to the consolidated financial statements, the Group has explained how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to achieve net zero emissions by 2040. As described in Note 1, there were no factors identified that would have a material impact on the Group's accounting estimates and judgements in the current year. The considerations in relation to goodwill impairment testing are set out in note 6.1. We have evaluated management's assessment of the impact of climate-related risks, physical and transition risks and their climate-related commitments and assessed whether the impact of climate change has been appropriately reflected by management in reaching their judgements in relation to modelling future cash flows used in the assessments of goodwill impairment, going concern and viability and associated disclosures. As part of this evaluation, we performed our risk assessment to determine if the potential impacts of climate change may materially affect the financial statements and our audit. We did this by making inquiries of management and inspecting internal and external reports in order to independently assess the climate-related risks and their potential impact. We also held discussions with our own climate change professionals to challenge our risk assessment. Based on our work, we determined that climate-related risks did not have a significant impact on our audit and there is no significant impact of these risks on our Key Audit Matters. We have also read the Group's disclosures of climate related information in the Strategic Report and considered consistency with the financial statements and our audit knowledge.

3. Going concern, viability and principal risks and uncertainties

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Going concern

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources over this period were:

- Non-renewal of subscriptions by existing customers ('churn')
- Decrease in the acquisition of new customers due to competition

We considered whether these risks could plausibly affect the liquidity in the going concern period, including by assessing the degree of downside assumptions that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

We also considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the UK Listing Rules set out on page 153 is materially consistent with the financial statements and our audit knowledge.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement on page 153 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement set out on page 67 and 68 under the UK Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

4. Key audit matters

What we mean

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the Key Audit Matters together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Revenue recognition (Group)

Financial Statement Elements			Our results
	FY25	FY24	**FY25: Acceptable**
Revenue	**£2,513m**	£2,332m	

Description of the Key Audit Matter	Our response to the risk
Revenue Recognition Revenue mainly comprises revenue from subscription services, and maintenance and support services; and is typically recognised over the contractual term. Revenue is computed and recorded across multiple IT systems that process a high volume of relatively low-value transactions. Aggregated systematic errors in revenue recognition could result in incorrect reporting of revenue. The size of revenue, the fact that it is computed and recorded across multiple IT systems is reflected in the allocation of our resources when planning and executing the audit across the Group.	Our procedures to address the risk included: • **Walkthroughs and controls.** We performed walkthroughs of each significant class of revenue transaction. However, we did not test the operating effectiveness of any process level controls. • **Test of details (data analytics).** We primarily adopted a data analytics approach for testing the revenue recognised in the UK, North America and Sage Intacct North America components. Our procedures involved testing the full population of transaction data covering the majority of the billing systems at these components and included a correlation analysis between invoiced revenue, receivables, cash, deferred revenue and revenue recognised. Where any postings did not follow our expectations, we inspected their validity by agreeing a sample of transactions to underlying documents such as signed contracts, sales invoices and related cash receipt. • **Test of details (non-data analytics).** For all other components where revenue was in-scope, and for billing systems in the UK component not in scope for data analytics approach, we tested a statistical sample of revenue postings by inspecting their validity to underlying documents such as signed contracts or other appropriate evidence, recalculated the revenue for the period for the sample, and compared it to the revenue recognised.

Communications with The Sage Group plc's Audit and Risk Committee

Our discussions with and reporting to the Audit and Risk Committee included:

- Our approach to the audit of revenue including details of planned substantive procedures (including data analytics) and the extent of our control reliance.
- Our conclusions on the appropriateness of the revenue recognised for the period.

Areas of particular auditor judgement

We did not identify any areas of particular auditor judgement

Our results

The results of our testing were satisfactory and we considered the amount of revenue recognised to be acceptable.

Further information in the Annual Report and Accounts: See the Report of the Audit and Risk Committee on page 112 for details on how the Audit and Risk Committee considered revenue recognition as an area of significant attention, page 192 to 194 for the accounting policy on revenue recognition, and note 2.1 and 3.1 for the financial disclosures.

4.2 Recoverability of investments in subsidiaries (Parent Company)

Financial Statement Elements			Our results
	FY25	FY24	**FY25: Acceptable**
Investments	**£3,088m**	£3,088m	

Description of the Key Audit Matter	Our response to the risk
Low risk, high value The carrying amount of the Parent Company's investments in subsidiaries represents 65% of the Parent Company's total assets. Their recoverability is not at a high risk of material misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company's financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company's audit.	We performed the tests below rather than seeking to rely on any of the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: • **Assessing management's impairment indicator assessment:** We assessed management's assessment for indicators of impairment to understand the relevance and appropriateness of factors considered by management in their investment review. • **Assessing the Group goodwill impairment work:** We referred to the conclusions reached in the Group goodwill impairment work to assess whether they gave rise to any indications of impairment which would be relevant in assessing the recoverability of Parent Company's investment in subsidiaries. • **Assessing component audits:** Assessing the work performed by the component auditors on all components and considering the results of that work on those components' profits and net assets. • **Our sector experience:** We evaluated the current level of trading, including identifying any indications of a downturn in activity considering our knowledge of the Group and the industry.

Communications with The Sage Group plc's Audit and Risk Committee
Our discussions with and reporting to the Audit and Risk Committee included:

- Our approach to the audit of the recoverability of the Parent Company's investments in subsidiaries
- Our conclusion from our assessment of the impairment indicators based on the procedures stated above.

Areas of particular auditor judgement
We did not identify any area of particular auditor judgement.

Our results
The results of our testing were satisfactory and we found the Parent Company's conclusion that there is no impairment of its investments in subsidiaries to be acceptable.

Further information in the Annual Report and Accounts: See page 255 for the accounting policy on investments in subsidiaries, and note 2 to the Parent Company's financial statements for the financial disclosures.

5. Our ability to detect irregularities, and our response

Fraud – identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment	To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included: • Enquiring of directors, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud. • Reading Board and Audit and Risk Committee minutes. • Considering remuneration incentive schemes and performance targets for management and directors. • Using analytical procedures to identify any unusual or unexpected relationships. • Using our own forensic professionals with specialised skills and knowledge to assist us in identifying the fraud risks based on discussions of the circumstances of the Group.
Risk communications	We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group auditor to component auditors of relevant fraud risks identified at the Group level and requesting component auditors to perform procedures at the component level to report to the Group auditor any identified fraud risk factors or identified or suspected instances of fraud.
Fraud risks	As required by auditing standards, and taking into account possible pressures to meet performance targets, we performed procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit, we do not believe there is a fraud risk related to revenue recognition because of the overall process in place for accounting for the high volume and low value revenue transactions and relatively lower and consistent levels of manual adjustments to revenue. We did not identify any additional fraud risks.
Procedures to address fraud risks	In determining the audit procedures, we took into account the results of our evaluation of the design of some of the Group-wide fraud risk management controls. For further details in respect of the Group-wide risk management controls refer to the report of the Audit and Risk Committee on page 114. We also performed the following procedures: • Identified journal entries and other adjustments to test at the Group level and at selected in-scope components based on a determined risk criteria, such as postings to seldom used accounts or journals posted after the closure of the general ledger, and comparing the identified entries to supporting documentation. • Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Laws and regulations – identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment	We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and from inspection of the Group's regulatory and legal correspondence. We discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.
Risk communications	We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group auditor to component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.
Direct laws context and link to audit	The potential effect of these laws and regulations on the financial statements varies considerably. The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Most significant indirect law/ regulation areas	The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: • Data protection laws (requirements from existing data privacy laws) • Anti-bribery (reflecting the Group's use of business partners for generating revenue as well as various incentive plans for business partners) • Employment law (reflecting the Group's geographically diverse workforce) • Contract legislation (reflecting the Group's use of trademarks, copyrights and patents) Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context

Context of the ability of the audit to detect fraud or breaches of law or regulation	Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£22m Materiality for the group financial statements as a whole	**What we mean** A quantitative reference for the purpose of planning and performing our audit. **Basis for determining materiality and judgements applied** Materiality for the Group financial statements as a whole was set at £22m. This was determined with reference to a benchmark of Group normalised profit before tax from continuing operations ('PBTCO'). We determined that Group normalised PBTCO is the main benchmark for the Group as we consider profit before tax, excluding certain identified items, as a key indicator of performance and the basis for earnings, and therefore the primary focus of an investor. We normalised the Group's PBTCO by adding back adjustments that do not represent the normal, continuing operations of the Group. The items we adjusted for were related to reversals of property restructuring costs and employee related unutilised provisions. As such, we based our Group materiality on Group normalised PBTCO of £481m. Our Group materiality of £22m was determined by applying a percentage to the Group normalised PBTCO. When using a benchmark of the Group's normalised PBTCO to determine overall materiality, KPMG's approach for listed entities considers a guideline range of up to 5% of the measure. In setting overall Group materiality, we applied a percentage of 4.6% to the benchmark. Materiality for the Parent Company financial statements as a whole was set at £20m, determined with reference to a benchmark of Parent Company's total assets, of which it represents 0.4%.

£16.5m Performance materiality	**What we mean** Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.
	Basis for determining performance materiality and judgements applied We have considered performance materiality at a level of 75% of materiality for the Group financial statements as a whole to be appropriate. The Parent Company performance materiality was set at £15m, which equates to 75% of materiality for the Parent Company financial statements as a whole. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.
£1.1m Audit misstatement posting threshold	**What we mean** This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud. This is also the amount above which all misstatements identified are communicated to The Sage Group plc's Audit and Risk Committee.
	Basis for determining the audit misstatement posting threshold and judgements applied We set our audit misstatement posting threshold at 5% of our materiality for the Group financial statements. We also report to the Audit and Risk Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £22m compares as follows to the main financial statement caption amounts:

	Total Group revenue FY25	Group profit before tax FY25	Total Group assets FY25
Financial statement Caption	**£2,513m**	**£484m**	**£3,713m**
Group Materiality as % of caption	**0.9%**	**4.5%**	**0.6%**

7. The scope of our audit

Group scope	**What we mean** How the Group auditor determined the procedures to be performed across the Group.
	We applied the revised group auditing standards in our audit of the consolidation financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components. In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatements ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparison to prior period coverage figures are not meaningful. In this report, we provide an indication of scope coverage on the new basis. We performed risk assessment procedures to determine which of the Group's components are likely to include RMMs to the Group financial statements and which procedures to perform at these components to address those risks. In total, we identified 85 components, having considered our evaluation of the Group's operational structure, geographical locations, the consolidation process and our ability to perform audit procedures centrally. Of those, we identified four quantitatively significant components (UK, France, North America and Sage Intacct North America) which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Group scope continued

Additionally, having considered qualitative and quantitative factors, we selected five additional components with accounts and/or disclosures contributing to the specific RMMs of the Group financial statements.

The below summarises where we performed audit procedures:

Component type	Number of components where we performed audit procedures	Range of materiality applied
Quantitatively significant components	4	£8.1m – £16.0m
Other components where we performed procedures	5	£2.4m – £10.3m
Total	**9**	

The Group also operates share service centres ('operating centres') that are relevant to our audit in the UK, US and South Africa. These operating centres perform accounting and reporting activities alongside related controls and support the Group's operating entities. Together, these operating centres process a substantial portion of the Group's transactions, the outputs of which relate to financial information of the reporting components they service and therefore they are not separate reporting components. Each of the operating centres were subject to specified risk-focused audit procedures, predominantly the testing of transaction processing and key manual process level controls operated in the operating centres. Additionally, audit procedures were also performed on transactions directly processed at the reporting components. The combination of these audit procedures constitute the audit for group reporting purposes on those reporting components.

We involved component auditors in performing the audit work on all 9 components. We performed audit procedures on the items excluded from the normalised Group profit before tax used as the benchmark for our materiality. We set the component materialities having regard to the mix of size and risk profile of the Group across the components. We also performed the audit of the parent company.

Our audit procedures covered 85% of Group revenue and we performed audit procedures in relation to components that accounted for 83% of total profits and losses that made up the Group profit before tax, and the Parent Company which accounted for 4% of the Group profit before tax. These components accounted for 89% of Group total assets excluding goodwill and intangible assets. Goodwill and intangible assets accounted for 65% of Group's total assets and procedures over these, mainly in relation to testing for impairment, were directly performed by the group auditor.

We have also performed audit procedures centrally across the Group, in the following areas:

- Consolidation of the financial information;
- Understanding the IT environment across the Group for key billing and accounting systems;
- Journal entry analysis;
- For UK, North America and Sage Intacct North America components, using technology to perform a recalculation of the revenue recognised to assess the accuracy of revenue recorded for the year and perform a matching to cash receipts to assess the existence of the underlying contract;
- Uncertain tax positions;
- Climate considerations and impact on the financial statements.

We also communicated to the component auditors the result of certain audit procedures performed centrally but relevant to the component auditors, such as result of the central testing of IT systems and configurations.

For the remaining components for which we performed no audit procedures, no component represented more than 1% of Group total revenue or 2% of Group total assets (excluding Goodwill & Intangibles) or more than 7% of total profits and losses that made up the Group profit before tax. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

Group scope continued

Impact of controls on Group audit

The Group has a number of IT systems linked to financial reporting. We identified three key ledger systems relevant to the preparation of Group accounts, in addition to the consolidation system. With the assistance of our IT auditors, we obtained an understanding of these key ledger systems, which are maintained centrally and are used by many of the components where we performed audit procedures.

Having considered the efficiency and effectiveness of approaches to gain the appropriate audit evidence, we took a predominantly substantive approach to the audit. This included a data-oriented approach to testing key revenue streams using analytical routines. Given that we did not plan to rely on IT controls, a direct testing approach was used over the completeness and reliability of data used in our substantive procedures, including in relation to our testing of automated and manual journals.

Scope of Parent Company audit

We also performed the audit of the parent company. Our audit of The Sage Group plc company financial statements was undertaken to the materiality level specified in item 6 above and the scope of the audit work performed was fully substantive due to its nature of being a holding company.

Group auditor oversight

What we mean

The extent of the Group auditor's involvement in work performed by component auditors.

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components, including the key audit matter in respect of the recognition of revenue.

Instructions

We instructed the component auditors as to the significant areas to be covered, including the relevant risks and the information to be reported back. We worked with our component auditors throughout the audit to maintain an active dialogue and to determine the overall audit response.

We also released audit notices on a regular basis (as needed) to component auditors to provide continuous updates regarding the overall audit.

Virtual meetings and calls

We held regular virtual meetings with the component auditors across all locations in scope for group reporting. These meetings were held to understand the business, any updates to the risk assessment and any issues and findings. The findings reported to us were discussed in more detail with component auditors and any further work required was then performed either by the group auditor or by the component auditors, as appropriate.

Global conferences

We hosted a two-day physical conference in London, UK in January 2025 and two virtual conferences in June and September 2025. These conferences emphasised key areas of the group audit instructions, facilitated two-way communication and sharing of risk assessment considerations including group updates, and allowed us to enhance our understanding of the component audits.

- In January, we held our first global conference which was attended by all in-scope component auditors. This in-person conference enhanced collaboration and the sharing of understanding of the Group, notably in our first year as the Group auditors. It also facilitated our discussions around planning and risk assessment, specifically brainstorming the fraud risk assessment, our initial scoping and an overview of data and analytics tools used in the audit.
- In June, the first virtual conference covered key group developments, key messages regarding independence, data analytics, and the group team's involvement with components, specially under ISA (UK) 600 revised.
- In September, we held a second virtual conference to provide a further update on risk assessment, the Group's year-to-date results and reminders for component reporting.

Group auditor oversight continued	**Site visits** We visited the component auditors across all in-scope markets to assess the audit risks and strategy. At these visits, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and any further work required by us was then performed by the component auditors. **Inspection of work papers** We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on areas of component level risk assessment, audit procedures performed in relation in revenue, journal entries and a selection of specific group level audit risks.

8. Other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility	Our reporting
Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.	Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic Report and Directors' Report

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

Our responsibility	Our reporting
We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.	In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance disclosures

Our responsibility	Our reporting
We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and: • the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; • the section of the annual report describing the work of the Audit and Risk Committee, including the significant issues that the Audit and Risk Committee considered in relation to the financial statements, and how these issues were addressed; and • the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.	Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.
We are also required to review the part of the Corporate Governance Report relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review.	We have nothing to report in this respect.

Other matters on which we are required to report by exception

Our responsibility

Under the Companies Act 2006, we are required to report to you if, in our opinion::

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Our reporting

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 158, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

S. Richardson

Simon Richardson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London E14 5GL

18 November 2025

Consolidated income statement

For the year ended 30 September 2025

	Note	2025 £m	2024 £m
Revenue	2.1, 3.1	**2,513**	2,332
Cost of sales		**(183)**	(168)
Gross profit		**2,330**	2,164
Selling and administrative expenses		**(1,800)**	(1,712)
Operating profit	2.2, 3.2	**530**	452
Finance income	3.5	**12**	19
Finance costs	3.5	**(58)**	(45)
Profit before income tax		**484**	426
Income tax expense	4	**(115)**	(103)
Profit for the year		**369**	323
Profit attributable to:			
Owners of the parent		**369**	323
Earnings per share attributable to the owners of the parent (pence)			
Basic	5	**37.74p**	32.10p
Diluted	5	**37.16p**	31.55p

All operations in the year relate to continuing operations.

Consolidated statement of comprehensive income

For the year ended 30 September 2025

	Note	2025 £m	2024 £m
Profit for the year		**369**	323
Items of other comprehensive income that will not be reclassified to profit or loss, net of tax:			
Actuarial gain/(loss) on post-employment benefit obligations	13.4	**1**	(2)
Fair value reassessment of equity investments		**(2)**	–
		(1)	(2)
Items that may be reclassified to profit or loss, net of tax:			
Exchange differences on translating foreign operations and net investment hedges	13.3	**10**	(101)
Changes in fair value of foreign currency basis of hedge relationships	13.3	**(2)**	–
Amortisation of foreign currency basis of hedge relationships	13.3	**1**	–
		9	(101)
Other comprehensive income/(expense) for the year, net of tax		**8**	(103)
Total comprehensive income for the year		**377**	220
Total comprehensive income for the year attributable to:			
Owners of the parent		**377**	220

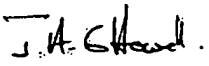
Consolidated balance sheet

As at 30 September 2025

	Note	2025 £m	2024 (restated)* £m
Non-current assets			
Goodwill	6.1	**2,213**	2,122
Other intangible assets	6.2	**212**	228
Property, plant and equipment	7	**144**	108
Equity investments		**4**	6
Trade and other receivables	8.1	**144**	137
Deferred income tax assets	10	**101**	81
Derivative financial instruments	12.5	**32**	29
		2,850	2,711
Current assets			
Trade and other receivables	8.1	**471**	404
Current income tax asset		**2**	16
Cash and cash equivalents	11.3	**390**	508
		863	928
Total assets		**3,713**	3,639
Current liabilities			
Trade and other payables	8.2	**(433)**	(405)
Current income tax liabilities		**(39)**	(26)
Borrowings	11.4	**(17)**	(15)
Provisions	9	**(21)**	(22)
Deferred income	8.3	**(845)**	(758)
		(1,355)	(1,226)
Non-current liabilities			
Borrowings	11.4	**(1,562)**	(1,231)
Post-employment benefits		**(25)**	(23)
Deferred income tax liabilities	10	**(15)**	(19)
Provisions	9	**(23)**	(25)
Trade and other payables	8.2	**(8)**	(3)
Deferred income	8.3	**(5)**	(6)
Derivative financial instruments	12.5	**–**	(13)
		(1,638)	(1,320)
Total liabilities		**(2,993)**	(2,546)
Net assets		**720**	1,093
Equity attributable to owners of the parent			
Ordinary shares	13.1	**11**	11
Share premium		**548**	548
Other reserves	13.3	**(369)**	(429)
Retained earnings	13.4	**530**	963
Total equity		**720**	1,093

* The comparative balance sheet at 30 September 2024 has been restated as discussed within 'Basis of preparation' (see note 1) and adjusted for finalisation of the fair value of assets acquired and liabilities assumed in the acquisition of Infineo SAS (see notes 1 and 14)

The consolidated financial statements on pages 174 to 251 were approved by the Board of Directors on 18 November 2025 and are signed on their behalf by:



Jonathan Howell
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 30 September 2025

		Attributable to owners of the parent				
	Note	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 October 2024		**11**	**548**	**(429)**	**963**	**1,093**
Adjustment on initial application of IFRS 9 hedge accounting		–	–	1	(1)	–
Adjusted opening shareholders' equity		**11**	**548**	**(428)**	**962**	**1,093**
Profit for the year		–	–	–	369	369
Other comprehensive income:						
Actuarial gain on post-employment benefit obligations		–	–	–	1	1
Fair value reassessment of equity investments		–	–	–	(2)	(2)
Exchange differences on translating foreign operations and net investment hedges	13.3	–	–	10	–	10
Changes in fair value of foreign currency basis of hedge relationships	13.3	–	–	(2)	–	(2)
Amortisation of foreign currency basis of hedge relationships	13.3	–	–	1	–	1
Total comprehensive income for the year ended 30 September 2025		–	–	9	368	377
Transactions with owners:						
Employee share option scheme—value of employee services including deferred tax	13.4	–	–	–	57	57
Vesting of share awards and exercise of share options	13.3, 13.4	–	–	50	(41)	9
Share buyback programme	13.4	–	–	–	(609)	(609)
Dividends paid to owners of the parent	13.4, 13.6	–	–	–	(207)	(207)
Total transactions with owners for the year ended 30 September 2025		–	–	50	(800)	(750)
At 30 September 2025		**11**	**548**	**(369)**	**530**	**720**

Consolidated statement of changes in equity

For the year ended 30 September 2024

		Attributable to owners of the parent (restated)*				
	Note	Ordinary shares £m	Share premium £m	Other reserves* £m	Retained earnings* £m	Total equity £m
At 1 October 2023		12	548	(324)	1,171	1,407
Profit for the year		–	–	–	323	323
Other comprehensive expense:						
Exchange differences on translating foreign operations and net investment hedges	13.3	–	–	(101)	–	(101)
Actuarial loss on post-employment benefit obligations		–	–	–	(2)	(2)
Total comprehensive (expense)/income for the year ended 30 September 2024		–	–	(101)	321	220
Transactions with owners:						
Employee share option scheme—value of employee services including deferred tax	13.4	–	–	–	62	62
Vesting of share awards and exercise of share options	13.4	–	–	50	(41)	9
Cancellation of ordinary shares	13.1, 13.4	(1)	–	1	–	–
Share buyback programme	13.4	–	–	–	(351)	(351)
Purchase of shares by Employee Benefit Trust	13.3, 13.5	–	–	(55)	–	(55)
Dividends paid to owners of the parent	13.4, 13.6	–	–	–	(199)	(199)
Total transactions with owners for the year ended 30 September 2024		(1)	–	(4)	(529)	(534)
At 30 September 2024		11	548	(429)	963	1,093

* The comparative statement of changes in equity for the year ended 30 September 2024 has been restated as discussed within 'Basis of preparation' (see note 1)

Consolidated statement of cash flows

For the year ended 30 September 2025

	Note	2025 £m	2024 £m
Cash flows from operating activities			
Cash generated from continuing operations	11.1	**675**	625
Interest paid		**(46)**	(43)
Income tax paid		**(101)**	(91)
Net cash generated from operating activities		**528**	491
Cash flows from investing activities			
Purchase of equity investment		**–**	(2)
Acquisition of subsidiaries, net of cash acquired	14.1	**(82)**	(30)
Purchases of intangible assets		**(18)**	(18)
Purchases of property, plant and equipment	7	**(41)**	(19)
Proceeds from disposals of property, plant and equipment	7	**1**	9
Interest received		**13**	19
Net cash used in investing activities		**(127)**	(41)
Cash flows from financing activities			
Proceeds from borrowings	11.2	**297**	–
Repayments of borrowings	11.2	**(2)**	–
Capital element of lease payments	11.2	**(17)**	(16)
Borrowing costs		**(2)**	(1)
Receipt of lease incentive		**6**	–
Share buyback programme	13.4	**(605)**	(348)
Proceeds from issuance of treasury shares		**9**	9
Purchase of shares by Employee Benefit Trust	13.3, 13.5	**–**	(55)
Dividends paid to owners of the parent	13.6	**(207)**	(199)
Net cash used in financing activities		**(521)**	(610)
Net decrease in cash and cash equivalents (before exchange rate movement)		**(120)**	(160)
Effects of exchange rate movement	11.2	**2**	(28)
Net decrease in cash and cash equivalents		**(118)**	(188)
Cash and cash equivalents at 1 October	11.2	**508**	696
Cash and cash equivalents at 30 September	11.2	**390**	508

Notes to the consolidated financial statements

1 Basis of preparation and accounting estimates and judgements

Accounting policies applicable across the consolidated financial statements are shown below. Accounting policies that are specific to a component of the consolidated financial statements have been incorporated into the relevant note.

Basis of preparation

The consolidated financial statements of The Sage Group plc. (the Company) and together with its subsidiaries (the Group) have been prepared in accordance with UK-adopted International Accounting Standards (UK-IFRS) in conformity with the requirements of the Companies Act 2006 and also prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

UK-IFRS can differ in certain respects from IFRS as issued by the IASB. The differences have no impact on the Group's consolidated financial statements for the years presented.

The consolidated financial statements have been prepared under the historical cost convention, except where adopted IFRS require an alternative treatment. The principal variations from the historical cost convention relate to derivative financial instruments and equity investments which are measured at fair value. In the current year, treasury share reserve and capital redemption reserve have been presented separately within other reserves (earlier combined within retained earnings). This change provides visibility and greater clarity to users of the consolidated financial statements.

The consolidated financial statements of the Group comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared at the end of the reporting period. The accounting policies have been consistently applied across the Group. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, which is usually from the date of acquisition.

All figures presented are rounded to the nearest £m, unless otherwise stated.

Impact of application of hedging requirements of IFRS 9 Financial Instruments

As at 1 October 2024, the Group elected to apply the hedge accounting requirements in IFRS 9 Financial Instruments instead of those in IAS 39 Financial Instruments: Recognition and Measurement. This standard introduces simplified hedge accounting through closer alignment with the entity's risk management methodology.

All existing hedge relationships were regarded as continuing hedge relationships. All such designated hedge relationships under IAS 39 as at 30 September met the criteria for hedge accounting under IFRS 9 as the Group's risk management strategies and hedge documentation were aligned to the new standard.

The Group has adopted the modified transition approach and therefore adjusted opening retained earnings and other reserve balances for the impact of adopting IFRS 9 hedge accounting and has not restated prior period comparatives.

Under IAS 39 the Group included the cost of hedging within the hedge relationship. On transition, IFRS 9 allows the choice to separate aspects of the cost of hedging from the designation within a hedge relationship as part of the hedging instrument. Under IFRS 9, in relation to the cross-currency interest rate swaps that are designated in the aforementioned hedge relationships, the Group has separated the costs relating to currency basis from the hedge relationship and therefore allocates this component within a newly recognised cost of hedging reserve.

On transition to IFRS 9, an equity classification adjustment was recognised for which £3m was credited to the translation reserve and £1m to the cash flow hedging reserve, offset by £4m debited to the costs of hedging reserve.

The value of the cost of hedging reserve at designation of the hedge relationship is amortised to the income statement (within finance costs) over the expected life of the hedge relationship. An adjustment to retained earnings of £1m was recognised on transition to reflect the cumulative effect of hedging costs that would have been recognised under IFRS 9 over the life of the Group's existing hedging arrangements up to the date of adoption.

Other than the changes above, there are no additional accounting differences applied as a result of the adoption of IFRS 9 hedge accounting requirements when compared to the previous accounting policies under IAS 39.

The impact on the year ended 30 September 2025 is not material and the transition did not result in any changes in the measurement or classification of financial instruments as at 1 October 2024.

1 Basis of preparation and accounting estimates and judgements continued

New or amended accounting standards

There are no accounting standards, amendments, or interpretations effective for the first time this financial year that have had a material impact on the Group. No standards have been early adopted during the year.

The Directors also considered the impact on the Group of new and revised accounting standards, interpretations, or amendments which have been issued but were not effective for the Group for the year ended 30 September 2025.

On 9 April 2024, the IASB issued a new standard, IFRS 18 "Presentation and Disclosure in Financial Statements", which will replace IAS 1 "Presentation of Financial Statements" which if adopted by the UK Endorsement Board, will be effective for annual reporting periods beginning on or after 1 January 2027. The key new concepts introduced in IFRS18 relate to:

- The structure of the statement of profit or loss;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

While IFRS 18 will not impact the recognition or measurement of items in the financial statements, it will likely result in changes to how Sage presents certain information. The Group is in the process of assessing the impact that the application of this standard will have on the Group's financial statements when first applied.

No other new or revised accounting standards, interpretations, or amendments which have been issued but were not effective are expected to have a material impact on the Group's financial statements when first applied.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance, and position, are set out in the Strategic Report on pages 1 to 68.

In preparing these consolidated financial statements, the Directors have reviewed and approved a going concern assessment which considers the liquidity forecast of the Group for a period of at least 12 months from the date of the approval of these consolidated financial statements. The liquidity forecast reflects the expected impact of economic conditions on trading, including the current inflationary environment. More specifically, full consideration has been given to the potential risks and uncertainties linked to the changing macroeconomic environment, and the possible impact on the Group's customer base.

In light of this, we note that the Group's operational and financially robust position is supported by:

- High-quality recurring and subscription-based revenue;
- Resilient cash generation and robust liquidity (see note 11), supported by strong underlying cash conversion of 110%, reflecting the strength of the subscription business model; and
- A well-diversified small and medium-sized customer base which is geographically diverse.

In preparing the going concern assessment scenario-specific stress testing has been performed, with the level of churn assumptions increasing by 75%, and a significant reduction in the level of new customer acquisition and sales to existing customers. Under these scenarios, the Group continues to have sufficient resources to continue in operational existence without the need to seek additional financing. If more severe impacts occur there are further controllable mitigating actions which can be taken to protect liquidity, including the reduction of discretionary spend. Stress testing has also been performed as part of the severe but plausible scenarios (as described within the Viability Statement on 67 to 68).

The Directors have also reviewed the results of reverse stress testing performed to provide an illustration of the level of churn and deterioration in new customer acquisition which would be required to exhaust available liquidity down to minimum working capital requirements. The result of the reverse stress testing has highlighted that such a scenario would only arise following a significant deterioration in performance, well in excess of the assumptions considered in the stress testing scenarios above. The probability of these factors occurring is deemed to be remote given the resilient nature of the subscription business model, robust balance sheet, and continued strong cash conversion.

After making enquiries, the Directors have a reasonable expectation that Sage has adequate resources to continue in operational existence throughout the going concern assessment period. Accordingly, the consolidated and Company financial information has been prepared on a going concern basis.

Further details for adopting the going concern basis are set out in the Directors' Report on pages 152 to 158.

1 Basis of preparation and accounting estimates and judgements continued

Foreign currencies

The consolidated financial statements are presented in sterling, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency monetary items are translated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in profit or loss for the period, except for foreign currency movements on intercompany balances where settlement is not planned or likely in the foreseeable future, in which case they are recognised in other comprehensive income. Foreign exchange movements on external borrowings and derivative financial instruments which are designated as a hedge of the net investment in its related subsidiaries are recognised in the translation reserve.

The assets and liabilities of the Group's subsidiaries outside the UK are translated into sterling using period-end exchange rates. Income and expense items are translated at the average exchange rates for the period. Where differences arise between these rates, they are recognised in other comprehensive income and the translation reserve. Foreign exchange movements on derivative financial instruments which are designated in cash flow hedge relationships are included in the profit or loss for the period, to offset foreign currency movements in the hedged item.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are recycled in the income statement as part of the gain or loss on sale, with the exception of exchange differences recorded in equity prior to the transition to IFRS on 1 October 2004, in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards".

Climate change

In preparing the consolidated financial statements, management has considered the impact of climate change, with particular reference to the disclosures provided in the Strategic Report.

As a business, we are committed to reducing our carbon emissions and target achieving net zero by 2040. We support our customers, small and mid-sized businesses, in achieving net zero by sharing the knowledge, technology and skills to be a driving force for change. We have continued to support more broadly by advocating for enabling policies and standards that support a transition to a low-carbon economy.

We recognise the importance of identifying and effectively managing the physical and transitional risks that climate change poses to our operations and consider the impact of climate-related matters, including legislation, on our business.

The climate change scenario analyses and financial quantification of climate risks undertaken in line with Task Force on Climate-related Financial Disclosures recommendations did not identify any material impact on the Group's financial results, going concern or viability. More specifically:

- In preparing the viability assessment, consideration has been given to the potential impact of climate change over the next three years, as set out in the Strategic Report. No material impact has been identified at this stage.
- Climate change-related factors on matters including residual values, useful lives and depreciation and amortisation periods which relate to non-current assets have also been considered, with no impact identified at this stage.
- In our future forecasts used for goodwill impairment and the going concern assessment, we have considered the extent to which costs associated with our climate-related commitments have been considered, as well as broader societal commitments. These commitments do not have a material impact.
- We have also considered the extent to which climate change could impact longer-term economic growth, which may impact long-term growth rates used in the goodwill impairment test. Sensitivity testing demonstrates that all cash-generating units retain sufficient headroom.

1 Basis of preparation and accounting estimates and judgements continued

Accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates and judgements by management, including in the application of accounting policies. We continually evaluate our estimates and judgements based on available information.

Management has determined that there are no areas of estimation uncertainty that could be significant under IAS 1 "Presentation of Financial Statements", being areas of estimation uncertainty with a significant risk of a material change to the carrying value of assets and liabilities within the next financial year.

Other key estimates are made when preparing the financial statements, which, while not meeting the definition of a significant estimate under IAS 1, involve the measurement of certain material assets or a higher degree of complexity.

Significant judgements are those made by management in applying our accounting policies that have a material impact on the amounts presented in the financial statements.

Management's rationale in relation to these key accounting estimates and significant judgements are regularly assessed and, where material in value or in risk, are discussed with the Audit and Risk Committee. These areas are discussed in further detail below:

Revenue recognition (judgement)

Over a third of the Company's revenue is generated from sales to business partners rather than end users. The key judgement is determining whether the business partner is a customer of the Group. The key criterion in this determination is whether the business partner has taken control of the product. Considering the nature of Sage's subscription products and support services, this is usually assessed based on whether the business partner has responsibility for payment, has discretion to set prices, and takes on the risks and rewards of the product from Sage.

Where the business partner is a customer of Sage, commissions are remunerated in the form of a discount and are recognised as a deduction from revenue.

Where the business partner is not a customer of Sage and their part in the sale has simply been in the form of a referral, they are remunerated in the form of a commission payment. These payments are treated as contract acquisition costs (see note 8.1).

Goodwill impairment (estimate)

The estimates applied in calculating the value in use of the cash-generating units being tested for impairment are a source of estimation uncertainty. The key estimates considered in the calculation relate to the future performance expectations of the business and include the average medium-term revenue growth rate, the long-term growth rate of net operating cash flows and the discount rate.

Further information on these key estimates, as well as the level at which goodwill is monitored and the results of sensitivity analysis are disclosed in note 6.1.

1 Basis of preparation and accounting estimates and judgements continued

Business combinations (judgement and estimate)

When the Group completes a business combination, the consideration transferred for the acquisition and the identifiable assets and liabilities are recognised at their fair values. The amount by which the consideration exceeds the net assets acquired is recognised as goodwill. The application of accounting policies to business combinations involves judgement and the use of estimates.

In the year, the Group acquired and finalised the purchase price accounting for the acquisitions of Tritium Software, S.L. ("Tritium Software") and Fyle Technologies Private Limited ("Fyle"), and finalised the purchase price accounting for Infineo SAS ("Infineo") which was acquired in the prior year. As part of finalising the purchase price accounting, external independent valuation experts were engaged to support with the identification and valuation of acquired intangible assets:

- Judgement was required with respect to the identification of acquired intangible assets, with both technology and customer relationships being identified. Subsequently, the valuation of those acquired intangible assets involved key estimates.
- Valuation techniques including the relief from royalty method, discounted cash flows, the multi-period excess earnings method, and the income approach were used to value the technology and customer relationships. The key estimates requiring consideration as part of the valuations included the application of a discount rate and the use of an appropriate royalty rate.
- Based on the strategic intent and rationale for the acquisition, and the way in which management intends to monitor the performance of the business going forward, judgement was also required in allocating the acquired goodwill to the Cash Generating Units (CGUs).

For further details on the above transactions, see note 14.

2 Segment information

This note shows how Group revenue and Group operating profit are generated across the three reportable segments in which the Group operates as listed in the accounting policy below.

For each reportable segment, revenue and operating profit are compared to prior year in order to understand the movements in the year. This comparison is provided for statutory, underlying, and organic revenue and statutory, underlying, and organic operating profit.

- Statutory results reflect the Group's results prepared in accordance with the requirements of UK-IFRS and IFRS as issued by the IASB.
- "Underlying" and "underlying as reported" are non-GAAP measures. Underlying measures are adjusted to exclude items which in management's judgement need to be disclosed separately by virtue of their size, nature or frequency. These measures are considered key measures within the business which aid understanding of the performance for the year and comparability between periods. The items excluded comprise both: a) recurring items which include purchase price adjustments including amortisation of acquired intangible assets and adjustments made to reduce deferred income arising on acquisitions, acquisition-related items, and unhedged foreign currency movements on intercompany balances; and b) non-recurring items that management considers to be one-off or non-operational such as gains and losses on the disposal of assets, impairment charges and reversals, and restructuring-related costs. Management applies judgement in determining which items should be excluded from underlying performance. See note 3.6 for details of these adjustments.

In addition, underlying measures are presented on a constant currency basis with prior year amounts translated at current year exchange rates. Prior year underlying amounts at prior year exchange rates are "underlying as reported"; prior year and current year underlying amounts at current year exchange rates are "underlying".

- "Organic" is a non-GAAP measure. In addition to the adjustments made to the underlying measures, the contributions from discontinued operations, disposals, and assets held for sale of standalone businesses in the current and prior period are removed so that results can be compared to the prior year on a like-for-like basis. Results from acquired businesses are excluded in the year of acquisition. Adjustments are made to the comparative period to present prior period acquired businesses as if these had been part of the Group throughout the prior period. Acquisitions and disposals which occurred close to the start of the opening comparative period where the contribution impact would be immaterial are not adjusted.

In addition, the following reconciliations are made in this note to the extent adjustments have arisen:

- Statutory revenue per segment reconciled to the statutory revenue for the year as per the income statement.
- Statutory operating profit per segment reconciled to the statutory operating profit for the year as per the income statement.
- Statutory revenue reconciled to underlying revenue per segment (detailing the adjustments made).
- Statutory operating profit reconciled to underlying operating profit per segment (detailing the adjustments made).

Non-GAAP measures should not be viewed in isolation, nor are considered as a substitute for measures reported in accordance with IFRS.

2 Segment information continued

Accounting policy

In accordance with IFRS 8 "Operating Segments", information for the Group's operating segments has been derived using the information used by the Chief Operating Decision Maker (CODM). The Group's Executive Leadership Team (ELT) has been identified as the CODM, in accordance with their designated responsibility for the allocation of resources to operating segments and assessing their performance through the Monthly Performance Reviews. The ELT uses organic and underlying data to monitor business performance. Operating segments are reported in a manner which is consistent with the operating segments produced for internal management reporting.

The Group is organised into three key operating segments:

- North America
- United Kingdom, Ireland, Africa and APAC (UKIA)
- Europe

For reporting under IFRS 8, each of the three operating segments above represents a reportable segment.

Segment reporting

The tables overleaf show a segmental analysis of the results for continuing operations.

The revenue analysis in the table overleaf is based on the location of the customer, which is not materially different from the location where the order is received and where the assets are located.

Revenue categories are defined in note 3.1.

2 Segment information continued

2.1 Revenue by segment

	Year ended 30 September 2025			Change		
	Statutory and Underlying £m	Organic adjustments* £m	Organic £m	Statutory	Underlying	Organic
Recurring revenue by segment						
North America	**1,110**	**(2)**	**1,108**	8%	12%	11%
UKIA	**714**	**–**	**714**	9%	9%	9%
Europe	**612**	**(5)**	**607**	7%	8%	7%
Recurring revenue	**2,436**	**(7)**	**2,429**	8%	10%	9%
Other revenue by segment						
North America	**28**	**–**	**28**	13%	17%	17%
UKIA	**15**	**–**	**15**	(3%)	(2%)	(2%)
Europe	**34**	**–**	**34**	(5%)	(4%)	(4%)
Other revenue	**77**	**–**	**77**	1%	3%	3%
Total revenue by segment						
North America	**1,138**	**(2)**	**1,136**	8%	12%	11%
UKIA	**729**	**–**	**729**	9%	9%	9%
Europe	**646**	**(5)**	**641**	6%	7%	6%
Total revenue	**2,513**	**(7)**	**2,506**	8%	10%	9%

	Year ended 30 September 2025			Change		
	Statutory and Underlying £m	Organic adjustments* £m	Organic £m	Statutory	Underlying	Organic
Total revenue by type						
Software Subscription Revenue	**2,093**	**(7)**	**2,086**	10%	12%	11%
Other Recurring Revenue	**343**	**–**	**343**	(1%)	1%	1%
Recurring revenue	**2,436**	**(7)**	**2,429**	8%	10%	9%
Other revenue	**77**	**–**	**77**	1%	3%	3%
Total revenue	**2,513**	**(7)**	**2,506**	8%	10%	9%

Note:

* Adjustments relate to the acquisition of Tritium Software and Fyle.

2 Segment information continued

2.1 Revenue by segment continued

	Year ended 30 September 2024				
	Statutory and Underlying as reported £m	Impact of foreign exchange £m	Underlying £m	Organic adjustments* £m	Organic £m
Recurring revenue by segment					
North America	1,028	(34)	994	5	999
UKIA	655	(2)	653	–	653
Europe	574	(6)	568	1	569
Recurring revenue	2,257	(42)	2,215	6	2,221
Other revenue by segment					
North America	24	–	24	–	24
UKIA	15	–	15	–	15
Europe	36	–	36	–	36
Other revenue	75	–	75	–	75
Total revenue by segment					
North America	1,052	(34)	1,018	5	1,023
UKIA	670	(2)	668	–	668
Europe	610	(6)	604	1	605
Total revenue	2,332	(42)	2,290	6	2,296

	Year ended 30 September 2024				
	Statutory and Underlying as reported £m	Impact of foreign exchange £m	Underlying £m	Organic adjustments* £m	Organic £m
Total revenue by type					
Software Subscription Revenue	1,910	(34)	1,876	6	1,882
Other Recurring Revenue	347	(8)	339	–	339
Recurring revenue	2,257	(42)	2,215	6	2,221
Other revenue	75	–	75	–	75
Total revenue	2,332	(42)	2,290	6	2,296

Note:

* Adjustments relate to the acquisition of Infineo and Anvyl, Inc. ("Anvyl") in the previous year.

2 Segment information continued

2.2 Operating profit by segment

	Year ended 30 September 2025			Change		
	Statutory £m	**Underlying adjustments £m**	**Underlying and Organic £m**	Statutory	Underlying	Organic
Operating profit by segment						
North America	**231**	**26**	**257**	21%	14%	15%
UKIA	**182**	**25**	**207**	17%	12%	12%
Europe	**117**	**19**	**136**	12%	31%	28%
Total operating profit	**530**	**70**	**600**	17%	17%	16%

	Year ended 30 September 2024						
	Statutory £m	Underlying adjustments £m	Underlying as reported £m	Impact of foreign exchange £m	Underlying £m	Organic adjustments* £m	Organic £m
Operating profit by segment							
North America	192	43	235	(11)	224	(1)	223
UKIA	155	33	188	(3)	185	–	185
Europe	105	1	106	(2)	104	3	107
Total operating profit	452	77	529	(16)	513	2	515

Note:

* Adjustments relate to the acquisition of Infineo and Anvyl in the previous year.

The results by segment from continuing operations were as follows:

Year ended 30 September 2025	Note	**North America £m**	**UKIA £m**	**Europe £m**	**Group £m**
Revenue		**1,138**	**729**	**646**	**2,513**
Segment statutory operating profit		**231**	**182**	**117**	**530**
Finance income	3.5				**12**
Finance costs	3.5				**(58)**
Profit before income tax					**484**
Income tax expense	4				**(115)**
Profit for the year					**369**

2 Segment information continued

2.2 Operating profit by segment continued

Reconciliation of underlying operating profit to statutory operating profit:

Year ended 30 September 2025	Note	**North America £m**	**UKIA £m**	**Europe £m**	**Group £m**
Underlying operating profit		**257**	**207**	**136**	**600**
Amortisation of acquired intangible assets	3.6	**(18)**	**(18)**	**(6)**	**(42)**
Other acquisition-related items	3.6	**(10)**	**(7)**	**(14)**	**(31)**
Non-recurring items	3.6	**2**	**–**	**1**	**3**
Statutory operating profit		**231**	**182**	**117**	**530**

The results by segment from continuing operations were as follows:

Year ended 30 September 2024	Note	North America £m	UKIA £m	Europe £m	Group £m
Revenue		1,052	670	610	2,332
Segment statutory operating profit		192	155	105	452
Finance income	3.5				19
Finance costs	3.5				(45)
Profit before income tax					426
Income tax expense	4				(103)
Profit for the year					323

Reconciliation of underlying operating profit to statutory operating profit:

Year ended 30 September 2024	Note	North America £m	UKIA £m	Europe £m	Group £m
Underlying operating profit as reported		235	188	106	529
Amortisation of acquired intangible assets	3.6	(24)	(20)	(4)	(48)
Other acquisition-related items	3.6	(19)	(13)	(2)	(34)
Non-recurring items	3.6	–	–	5	5
Statutory operating profit		192	155	105	452

No impairment losses are reported by the Group during the year (2024: £nil).

2 Segment information continued

2.3 Analysis by geographic location

Management considers countries which generate 10% or more of total Group revenue to be material. Additional disclosures have been provided below to show the proportion of revenue from these countries.

Revenue by individually significant countries	2025 £m	2024 £m
USA	**997**	918
UK	**525**	479
France	**324**	309
Other individually immaterial countries	**667**	626
	2,513	2,332

Management considers countries which contribute 10% or more to total Group non-current assets to be material. Additional disclosures have been provided below to show the proportion of non-current assets from these countries.

Non-current assets presented below exclude deferred tax assets and financial instruments.

Non-current assets by geographical location	2025 £m	2024* £m
USA	**1,566**	1,491
UK	**536**	551
France	**293**	280
Other individually immaterial countries	**313**	268
	2,708	2,590

Note:

* Adjusted for finalisation of the fair value of assets acquired and liabilities assumed in the acquisition of Infineo SAS (see notes 1 and 14)

3 Profit before income tax

This note sets out the Group's profit before tax, by looking in more detail at the key operating costs, including a breakdown of the costs incurred as an employer, research and development costs, the cost of the external audit of the Group's financial statements, and finance costs. This note also sets out the Group's revenue recognition policy.

In addition, this note explains the accounting applied to leases entered into by the Group as a lessee and analyses the amounts recognised for leases on the balance sheet and in the income statement.

3 Profit before income tax continued

3.1 Revenue

Accounting policy

The Group reports revenue under two revenue categories and the basis of recognition for each category is described below:

Category and examples	Accounting treatment
Recurring revenue *Software subscription revenue* *Other subscription revenue* *Other recurring revenue*	Recurring revenue is revenue earned from customers for the provision of a good or service over a contractual term, with the customer being unable to continue to benefit from the full functionality of the good or service without ongoing payments. Subscription revenue is recurring revenue earned from customers for the provision of a service over a contractual term. In the event that the customer stops paying, they lose the legal right to use the software, and the Group has the ability to restrict the use of the product or service. Other recurring revenue primarily comprises maintenance and support revenue provided over a contractual term. In the event that the customer stops paying, they lose access to technical product support as well as any non-specified updates, upgrades and enhancements. Other recurring revenue also includes transaction and agent fees for transactional services which are billed on a consumption or per-unit basis. Subscription revenue and other recurring revenue are usually recognised on a straight-line basis over the term of the contract as control is transferred to the customer (including non-specified upgrades, when included). An exception is revenue from term licences embedded within a subscription contract for software with significant standalone functionality which are expected to recur upon renewal of the subscription offering. Revenue for these term licences is recognised when control is transferred at inception of each subscription contract period. Further, revenue billed on a consumption or per-unit basis is recognised as the services are utilised.
Other revenue *Software and software-related services* • Perpetual software licences • Upgrades to perpetual licences • Professional services • Training	Revenue relating to perpetual software licences with significant standalone functionality and upgrades to such licenses is recognised when the control relating to the licence has been transferred, which is typically when electronic delivery has taken place. Professional services and training revenue is usually recognised when delivered, or by reference to the stage of completion of the transaction at the end of the reporting period. This assessment is made by comparing the proportion of contract costs incurred to date to the total expected costs to completion.

Identification of performance obligations

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate performance obligations, they are aggregated with other goods and/or services in the agreement until a separate performance obligation is identified.

Typically, the products and services outlined in the categories of revenue section qualify as separate performance obligations and the portion of the contractual fee allocated (or allocated based on the standalone selling prices) to them is recognised separately. However, certain on-premise subscription contracts, which combine the delivery of on-premise software and maintenance and support services, require unbundling. Sage's cloud native services do not require unbundling as the terms do not provide the customer with a right to terminate the hosting contract and take possession of the software.

3 Profit before income tax continued

3.1 Revenue continued

Determination of transaction price and standalone selling prices

The Group determines the transaction price it is entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. Contract terms generally are monthly or annual, and customers either pay up-front or over the term of the related service agreement.

The transaction price is allocated between the identified obligations according to the relative standalone selling prices (SSPs) of the performance obligations. The SSP of each performance obligation deliverable in the contract is determined according to the prices that the Group would obtain by selling the same goods and/or services included in the performance obligation to a similar customer on a standalone basis. The Group has established a hierarchy to identify the SSPs that are used to allocate the transaction price of a customer contract to the performance obligations in the contract. Where SSPs for on-premise offerings are observable and consistent across the customer base, SSP estimates are derived from pricing history. Where there are no directly observable estimates available, comparable products are utilised as a basis of assessment or the residual approach is used. Under the residual approach, the SSP for the offering is estimated to be the total transaction price less the sum of the observable SSPs of other goods or services in the contract.

Timing of recognition

Revenue is recognised when the respective performance obligations in the contract are delivered to the customer and payment remains probable.

- Licences for standard on-premise software products are typically delivered by providing the customer with access to download the software. The licence period starts when such access is granted and the customer therefore has control over the software. For licences which are dependent on updates for ongoing functionality, the Group recognises revenue rateably over the term of the contract. Typically, this includes our payroll and tax compliance software.
- Where the Group's performance obligation is the grant of a right to continuously access a cloud offering for a certain term, revenue is recognised rateably over the term of the contract.
- Maintenance and support revenue is typically recognised based on time elapsed and thus rateably over the term of the support arrangement. Typically, the Group's performance obligation is to stand ready to provide technical product support and unspecified updates, upgrades, and enhancements on a when-and-if-available basis. The customers simultaneously receive and consume the benefits of these services.
- Professional services and classroom training revenue are typically recognised as they are delivered. Where the Group stands ready to provide the service (such as access to learning content), revenue is recognised based on time elapsed and thus rateably over the service period.
- Consumption-based services are recognised as the services are utilised.

Where revenue is recognised over time in accordance with IFRS 15, it is typically recorded on a daily basis to reflect the continuous transfer of control. In certain cases, a monthly recognition approach is applied where it provides a reliable representation of the performance obligation pattern and aligns with the substance of the contractual arrangement.

Identification of contract with the customer

When the Group sells goods or services through a business partner, a key consideration is determining whether the business partner or the end user is Sage's customer. The key criterion in this determination is whether the business partner has taken control of the product. Considering the nature of Sage's subscription products and support services, this is usually assessed based on whether the business partner has responsibility for payment, has discretion to set prices, and takes on the risks and rewards of the product from Sage. See "Accounting estimates and judgements" in note 1 for details.

3 Profit before income tax continued

3.1 Revenue continued

Principal versus agent considerations

When the Group has control of third-party goods or services prior to delivery to a customer, then the Group is the principal in the sale to the customer. As a principal, receipts from customers and payments to suppliers are reported on a gross basis in revenue and cost of sales.

If the Group does not have control of third-party goods or services prior to transfer to a customer, then the Group is acting as an agent for the supplier and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and reported revenue represents the margin earned by the Group.

Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its supplier. This takes into account whether Sage bears the price, inventory, and performance risks associated with the transaction.

Practical expedients

As the majority of contracts have a term of one year or less, the Group has applied the following practical expedients:

- The aggregate transaction price allocated to the unsatisfied or partially unsatisfied performance obligations at the end of the reporting period is not disclosed.
- Any financing component is not considered when determining the transaction price.

3.2 Operating profit

Accounting policy

Cost of sales includes items such as third-party royalties, hosting costs, transaction, and credit card fees related to the provision of payment processing services and the cost of hardware and inventories. These also include the third-party costs of providing training and professional services to customers. All other operating expenses incurred in the ordinary course of business are recorded in selling and administrative expenses.

The following items have been included in arriving at operating profit from continuing operations	Note	2025 £m	2024 £m
Staff costs		**1,030**	1,006
Depreciation of property, plant and equipment	7	**30**	29
Amortisation of intangible assets	6.2	**60**	67
Customer acquisition amortisation expense	8.1	**164**	157
Other M&A activity-related items	3.6	**31**	34

The Group incurred £379m (2024: £344m) of research and development expenditure in the year, of which £302m (2024: £300m) relates to total Group staff costs included above. See note 6.2 for the research and development accounting policy.

Services provided by the Group's auditor and network firms

During the year, the Group obtained the following services from the Group's auditor at costs as detailed below:

	2025 £m	2024 £m
Fees payable to the Group's auditor for the audit of the Company and the consolidated accounts	**3**	3
Fees payable to the Group's auditor for the audit of the Company's subsidiaries	**3**	3
Total fees	**6**	6

Fees payable to the Group's auditor for audit-related assurance services (including costs relating to the half-year review) and other non-audit services were less than £1m (2024: less than £1m).

Fees payable in the prior year were those paid to Ernst & Young LLP as the previous incumbent auditor.

A summary of the Board's policy in respect of the procurement of non-audit services for the Group's auditor is set out on pages 115 and 116.

3 Profit before income tax continued

3.3 Employees and Directors

Average monthly number of people employed (including Directors)	2025 number	2024 number
By segment:		
North America	**2,757**	2,662
UKIA	**4,889**	5,008
Europe	**3,428**	3,326
	11,074	10,996

Staff costs	Note	2025 £m	2024 £m
Wages and salaries		**891**	907
Social security costs		**123**	118
Post-employment benefits		**32**	31
Share-based payments	13.2	**51**	56
		1,097	1,112

Staff costs include a total of £67m of capitalised commission costs which are amortised over the expected contract life including probable contract renewals (2024: £67m); see note 8.1.

Post-employment benefits include £1m of costs related to defined benefit plans (2024: £2m) and £31m (2024: £29m) in relation to defined contribution plans. The associated defined benefit liability is £25m (2024: £23m) and an actuarial gain was recognised in the period of £1m (2024: £3m loss) in other comprehensive income, gross of a £nil tax charge (2024: £1m benefit).

Key management compensation	2025 £m	2024 £m
Salaries and short-term employee benefits	**10**	12
Share-based payments	**8**	8
	18	20

Key management personnel are deemed to be members of the Group's Executive Leadership Team and the Non-executive Directors as shown on pages 74 to 79.

3 Profit before income tax continued

3.4 Leases

Accounting policy

The Group as lessee

The Group recognises lease assets and lease liabilities on the balance sheet for most of its leases to account for the right to use leased items and the obligation to make future lease payments. Lease liabilities are measured at the present value of future lease payments over the lease term. The lease term is determined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if the option is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if the option is reasonably certain not to be exercised. Lease payments normally include fixed payments (including in-substance fixed payments), a deduction for any lease incentives receivable and variable lease payments that depend on an index or a rate. In the event that a lease includes an exercise price for a purchase option that is reasonably certain to be exercised, or a termination penalty that is reasonably certain to be incurred, these too are included in lease payments as are any amounts expected to be paid under any residual value guarantees. Variable lease payments that do not depend on an index or a rate are not included in the lease liability but are recognised as an expense when incurred.

Lease payments are discounted using the incremental borrowing rate applicable to the lease at the lease commencement date, as the rate implicit in the lease cannot normally be readily determined. Lease assets are recognised at the amount of the lease liability, adjusted where applicable for any lease payments made or lease incentives received before commencement of the lease, direct costs incurred at the commencement of the lease and estimated restoration costs to be incurred at the end of the lease.

Right-of-use assets are presented within property, plant and equipment, and depreciated on a straight-line basis over the shorter of their useful life and the lease term. Their carrying amounts are measured at cost less accumulated depreciation and impairment losses. Lease liabilities are presented within current and non-current borrowings. Over the lease term, the carrying amounts of lease liabilities are increased to reflect interest on the liability and reduced by the amount of lease payments made. A lease liability is remeasured if there is a modification, a change in the lease term or a change in lease payments. The costs of these leases are recognised in the income statement split between the depreciation of the lease asset and the interest charge on the lease liability. Depreciation is presented within selling and administrative expenses and interest charges within finance costs.

This policy applies mainly to the Group's leases for properties and vehicles. For short-term leases with a lease term of 12 months or less and leases of low-value items, the Group has elected to apply the exemptions available under the standard. For these leases, rentals payable are charged to the income statement on a straight-line basis as an operating expense presented within selling and administrative expenses. Where rent payments are prepaid or accrued, their balances are reported under prepayments and accruals respectively. The low-value exemption has been applied to most of the Group's leases of IT and other office equipment.

The Group leases various offices and vehicles under non-cancellable lease agreements. Leases of properties have a range of lease terms, up to a maximum of 15 years. Other leases are generally for lease terms of 3 or 4 years. Property leases include various contractual terms, most commonly variable lease payments and termination and extension options.

3 Profit before income tax continued

3.4 Leases continued

The carrying amounts of right-of-use assets and their movements during the year are presented in note 7.

The carrying amounts of lease liabilities and their movements during the year are below.

	Note	2025 £m	2024 £m
At 1 October		**90**	86
• Additions		**30**	24
• Disposals		**(7)**	–
• Interest charge in the year	3.5	**5**	2
• Payment of lease liabilities		**(21)**	(18)
• Lease incentives		**6**	–
• Exchange movement		**–**	(4)
At 30 September		**103**	90
Presented as:			
Borrowings—current	11.4	**17**	15
Borrowings—non-current	11.4	**86**	75

The maturity analysis of lease liabilities is included in note 12.2.

Amounts recognised in the income statement for leases are as follows:

	Note	2025 £m	2024 £m
Depreciation of right-of-use assets	7	**15**	14
Interest expense charge on lease liabilities	3.5	**5**	2
Lease expense from short-term leases and leases of low-value assets (included in selling and administrative expenses)		**2**	5
		22	21

Total cash outflows for leases in the year, including interest payments and outflows related to short-term leases and leases of low-value assets, was £23m (2024: £23m). Cash flows in relation to short-term leases and leases of low value assets are reported as part of cash flows from operating activities.

The Group is exposed to potential future increases in variable lease payments that are based on an index or rate, which are initially measured as at the commencement date, with any future changes in the index or rate excluded from the lease liability until they take effect. If adjustments to lease payments based on an index or rate take effect, the lease liability will be reassessed and adjusted against the right-of-use asset.

3 Profit before income tax continued

3.5 Finance income and costs

Accounting policy

Finance income and costs are recognised using the effective interest method. Finance costs are recognised in the income statement simultaneously with the recognition of an increase in a liability or the reduction in an asset. Derivative financial instruments are measured at fair value through profit or loss, within finance income and costs, unless they are designated as a hedging instrument.

Where derivative financial instruments have been designated as hedging instruments in a cash flow hedge, and the hedging relationship is effective, gains and losses on those instruments are accumulated in the cash flow hedge reserve. The amount accumulated in the hedging reserve is reclassified to finance income or costs in the same period or periods during which the expected future cash flows affect the profit or loss. Any ineffective portion of changes in the fair value of the derivative financial instrument is recognised immediately in finance income or costs.

Where derivative financial instruments have been designated as hedging instruments in a net investment hedge, gains or losses on those instruments are recognised in finance income and costs only to the extent the hedging relationship is ineffective. Where the hedging relationship is effective, gains or losses are accumulated in the foreign currency translation reserve.

Foreign currency movements on intercompany balances are recognised in the income statement unless settlement is not planned or likely in the foreseeable future, in which case they are recognised in other comprehensive income.

	2025 £m	2024 £m
Finance income:		
Interest income on short-term deposits	**12**	19
Finance income	**12**	19
Finance costs:		
Finance costs on bond notes	**(46)**	(37)
Finance costs on bank borrowings	**(4)**	(4)
Interest charge on lease liabilities	**(5)**	(2)
Amortisation of issue costs	**(2)**	(2)
Amortisation of foreign currency basis of hedge relationships	**(1)**	–
Finance costs	**(58)**	(45)
Finance costs—net	**(46)**	(26)

3 Profit before income tax continued

3.6 Adjustments between underlying and statutory results

Accounting policy

The business is managed and measured on a day-to-day basis using underlying results. To arrive at underlying results, certain adjustments are made for items that are individually important (due to their size, nature, or frequency).

Management applies judgement in determining which items should be excluded from underlying performance.

Recurring items

These are items which occur regularly, but the exclusion of which management considers necessary to aid understanding of the underlying results of the Group. These items mainly relate to merger and acquisition (M&A)-related activity. By its nature, M&A activity is variable in its impact but is likely to include amortisation of acquired intangible assets, adjustments to acquired deferred income and acquisition and disposal-related costs, including integration costs relating to an acquired business and acquisition-related remuneration (which are typically incurred over a period of one year or more). Unhedged foreign currency movements on intercompany balances that are charged through the income statement are excluded from underlying results, so that exchange rate impacts do not affect comparisons. Recurring items are adjusted each year irrespective of materiality to ensure consistent treatment.

Non-recurring items

These are items which are non-recurring and are adjusted on the basis of either their size or their nature. These items can include, but are not restricted to, gains and losses on the disposal of assets, impairment charges and reversals, and restructuring-related costs. Whilst these items are described as non-recurring, similar costs, for example in relation to different restructuring programmes or impairments of other assets, may arise in future periods. As these items are one-off or non-operational in nature, management considers that their exclusion aids understanding of the Group's underlying business performance.

	Operating profit 2025 £m	**Profit before tax 2025 £m**	Operating profit 2024 £m	Profit before tax 2024 £m
Statutory measures	**530**	**484**	452	426
Recurring				
• Amortisation of acquired intangibles	**42**	**42**	48	48
• Other M&A activity-related items	**31**	**31**	34	34
• Foreign currency movements on intercompany balances	**–**	**1**	–	(1)
Non-recurring				
• Reversal of property restructuring costs	**(2)**	**(2)**	–	–
• Reversal of restructuring costs	**(1)**	**(1)**	(2)	(2)
• Reversal of employee-related costs	**–**	**–**	(3)	(3)
Underlying (as reported) measures	**600**	**555**	529	502
Impact of foreign exchange	**–**	**–**	(16)	(16)
Underlying measures	**600**	**555**	513	486

3 Profit before income tax continued

3.6 Adjustments between underlying and statutory results continued

Recurring items

Recurring items impacting operating profit (reported within selling and administrative costs) and profit before tax comprise:

- Acquired intangibles are assets which have previously been recognised as part of business combinations or similar transactions. These assets are predominantly customer relationships and technology rights. Further details including specific accounting policies in relation to these assets can be found in note 6.2.
- Other M&A activity-related items relate to advisory, legal, accounting, valuation, and other professional or consulting services which are related to M&A activity as well as acquisition-related remuneration and directly attributable integration costs. £15m (2024: £5m) of these costs have been paid in the year, while the remainder is expected to be paid in subsequent financial years.

Non-recurring items

Non-recurring items impacting operating profit (reported within selling and administrative costs) and profit before tax comprise:

- Reversal of property restructuring costs £2m (2024: £nil) arising as a result of a sub-lease entered into for a property site in North America, which had previously been exited.
- Reversal of restructuring costs of £1m (2024: £2m) relates to unutilised provisions previously recognised.
- Reversal of employee-related costs of £3m in the prior year relates to unutilised employee-related provisions recognised in previous years for French payroll taxes.

In total for the year ended 30 September 2025, cash paid in respect of recurring and non-recurring items (some of which was incurred in prior periods) of £41m, comprised £33m of other M&A activity-related items and £8m of employee-related costs. (For the year ended 30 September 2024, cash paid in respect recurring and non-recurring items of £44m comprised £39m of other M&A activity-related items, £3m of restructuring costs and £2m of property restructuring costs.)

The tax impact of recurring and non-recurring adjustments between statutory and underlying profit before tax is £17m, of which £18m relates to recurring items and £1m tax credit relates to non-recurring items. (For the year ended 30 September 2024 the tax impact is £17m, of which all £17m relates to recurring items.) For the impact of these on the effective tax rates, see note 4.

4 Income tax expense

This note analyses the tax expense for this financial year which includes both current and deferred tax. Current tax expense represents the amount payable on this year's taxable profits and any adjustments relating to prior years. Deferred tax is an accounting adjustment to recognise liabilities or benefits that are expected to arise in the future due to differences between the carrying values of assets and liabilities and their respective tax bases.

This note outlines the tax accounting policies, analyses the current and deferred tax expenses in the year and presents a reconciliation between profit before tax in the income statement multiplied by the UK rate of corporation tax and the tax expense for the year.

Accounting policy

The taxation expense for the year represents the sum of current tax and deferred tax. The expense is recognised in the income statement, in the statement of comprehensive income or in equity according to the accounting treatment of the related transaction.

Current tax is based on the taxable income for the period and any adjustment in respect of prior periods. Current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases (note 10).

Analysis of expense in the year	Note	2025 £m	2024 £m
Current income tax			
Current tax on profit for the year		**144**	126
Adjustment in respect of prior years		**(2)**	(1)
Current income tax		**142**	125
Deferred tax			
Origination and reversal of temporary differences		**(28)**	(21)
Adjustment in respect of prior years		**1**	(1)
Deferred tax	10	**(27)**	(22)
The current year tax expense is split into the following:			
Underlying tax expense		**132**	120
Tax credit on adjustments between the underlying and statutory operating profit		**(17)**	(17)
Income tax expense reported in income statement		**115**	103

Tax charge/(benefit) recognised directly in other comprehensive income	2025 £m	2024 £m
Current income tax		
Foreign currency derivatives	**–**	2
Deferred tax		
Actuarial gain on post-employment benefit obligations	**–**	(1)
Foreign currency derivatives	**–**	(2)
Total tax recognised in other comprehensive income	**–**	(1)

4 Income tax expense continued

Tax charge/(benefit) recognised directly in retained earnings	2025 £m	2024 £m
Current tax		
Employee benefits	**(7)**	(7)
Deferred tax		
Employee benefits	**1**	1
Income tax expense reported in retained earnings	**(6)**	(6)

The effective tax rate for the year is lower (2024: lower) than the rate of UK corporation tax applicable to the Group of 25% (2024: 25%). The differences are explained below:

	2025 £m	2024 £m
Profit before income tax	**484**	426
Statutory profit before income tax multiplied by the rate of UK corporation tax of 25% (2024: 25%)	**121**	106
Tax effects of:		
Adjustments in respect of prior years	**(1)**	(2)
Foreign tax rates in excess of UK rate of tax	**–**	1
US tax reform	**(5)**	(4)
Non-deductible expenses and permanent items	**9**	13
Other corporate taxes (withholding tax, business tax)	**5**	5
Tax incentive claims	**(14)**	(16)
At the effective income tax rate of 24% (2024: 24%)	**115**	103
Income tax expense reported in the income statement	**115**	103

The underlying effective tax rate for the year is lower (2024: lower) than the rate of UK corporation tax applicable to the Group of 25% (2024: 25%). The differences are explained below:

	2025 £m	2024 £m
Underlying profit before income tax	**555**	502
Underlying profit before income tax multiplied by the rate of UK corporation tax of 25% (2024: 25%)	**139**	125
Tax effects of:		
Adjustments in respect of prior years	**(1)**	(3)
Foreign tax rates in excess of UK rate of tax	**1**	1
US tax reform	**(5)**	(4)
Non-deductible expenses and permanent items	**7**	12
Other corporate taxes (withholding tax, business tax)	**5**	5
Tax incentive claims	**(14)**	(16)
At the effective income tax rate of 24% (2024: 24%)	**132**	120
Underlying tax expense	**132**	120

The effective tax rate on statutory profit before tax was 24% (2024: 24%), whilst the effective tax rate on underlying profit before tax on continuing operations was 24% (2024: 24%).

The statutory and underlying effective tax rates are lower than the UK corporation tax rate applicable to the Group, primarily due to the innovation tax credits for registered patents and software, and research and development activities which attract government tax incentives in a number of operating territories.

The Group recognises certain provisions and accruals in respect of tax which involve a degree of estimation and uncertainty where the tax treatment cannot finally be determined until a resolution has been reached by the relevant tax authority. This approach resulted in a provision of £39m at 30 September 2025 (2024: £39m).

4 Income tax expense continued

The tax provision is sensitive to a number of issues which are not always within the control of the Group and are often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Group operates. Issues can take many years to resolve and assumptions on the likely outcome have therefore been made by management.

Management has applied the principles set out in IFRIC 23 in determining the measurement of uncertain tax positions. In making these estimates, management's judgement was based on various factors including:

- The status of recent and current tax audits and enquiries;
- The results of previous claims; and
- Any changes to the relevant tax environment.

When making this assessment, the Group utilises our specialist in-house tax knowledge and experience of similar situations. These judgements also, where appropriate, take into consideration specialist tax advice provided by third-party advisors.

Management continually assesses the impact of legislative developments in the jurisdictions in which we operate. The Group is in scope of the OECD's Pillar Two global tax reform for the financial year ended 30 September 2025. An assessment of this legislation has been completed, and it is not expected to materially impact the Group's effective tax rate in future periods.

5 Earnings per share

This note sets out how earnings per share (EPS) is calculated. EPS is the amount of post-tax profit attributable to each ordinary share. Diluted EPS shows what the impact would be if all potentially dilutive ordinary shares in respect of exercisable share options were exercised and treated as ordinary shares at the year end.

This note also provides a reconciliation between the statutory profit figure, which ties to the consolidated income statement, and the Group's internal measure of performance, underlying profit. See note 3.6 for details of the adjustments made between statutory and underlying profit before tax and note 4 for the tax impact on these adjustments.

Accounting policy

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares and held by the Employee Benefit Trust, which are treated as cancelled, until reissued.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares, exercisable at the end of the year. The Group has one class of dilutive potential ordinary shares which are share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year, where the vesting criteria are achieved at year end.

5 Earnings per share continued

Reconciliations of the earnings and weighted average number of shares	Underlying 2025	Underlying as reported* 2024	Underlying 2024	Statutory 2025	Statutory 2024
Earnings attributable to owners of the parent** (£m)					
Profit for the year	**423**	382	370	**369**	323
Number of shares (millions)					
Weighted average number of shares	**978**	1,007	1,007	**978**	1,007
Dilutive effects of shares	**15**	18	18	**15**	18
	993	1,025	1,025	**993**	1,025
Earnings per share attributable to owners of the parent** (pence)					
Basic earnings per share	**43.19**	37.91	36.73	**37.74**	32.10
Diluted earnings per share	**42.52**	37.25	36.09	**37.16**	31.55

Notes:

* Underlying as reported is at 2024 reported exchange rates.

** All operations in the years relate to continuing operations.

Reconciliation of earnings	2025 £m	2024 £m
Statutory profit for the year attributable to owners of the parent	**369**	323
Adjustments:		
• Amortisation of acquired intangible assets	**42**	48
• Other M&A activity-related items	**31**	34
• Reversal of property restructuring costs	**(2)**	–
• Reversal of restructuring costs	**(1)**	(2)
• Reversal of employee-related costs	**–**	(3)
• Foreign currency movements on intercompany balances	**1**	(1)
Taxation on adjustments between underlying and statutory profit before tax	**(17)**	(17)
Net adjustments	**54**	59
Underlying profit for the year (before foreign exchange movement)	**423**	382
Foreign exchange movement	**–**	(16)
Taxation on foreign exchange movement	**–**	4
Net foreign exchange movement	**–**	(12)
Underlying profit for the year (after foreign exchange movement) attributable to owners of the parent	**423**	370

Exchange movement relates to the retranslation of prior year results to current year exchange rates, as shown in the table on page 55 within the Financial review.

6 Intangible assets

This note provides details of the non-physical assets used by the Group to generate revenues and profits. These assets include items such as goodwill, and other intangible assets such as brands, customer relationships, computer software, in-process R&D and technology which have predominantly been acquired as part of business combinations. These assets are initially measured at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Goodwill represents the excess of the amount paid to acquire a business over the fair value of the identifiable net assets of that business at the acquisition date.

This section also explains the accounting policies applied and the specific judgements and estimates made by management in arriving at the carrying value of these assets.

6 Intangible assets continued

6.1 Goodwill

Accounting policy

Goodwill arising from the acquisition of a subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's total identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

Goodwill previously written off directly to reserves under UK GAAP prior to 1 October 1998 has not been reinstated and is not recycled to the income statement on the disposal of the business to which it relates.

Goodwill is tested for impairment annually and when circumstances indicate that it may be impaired. Goodwill is assessed for the purpose of impairment testing, at either the individual cash-generating unit (CGU) level or group of CGUs, consistent with the level at which goodwill is monitored internally. Impairment is determined by assessing the recoverable amount of each CGU or group of CGUs to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs is less than its carrying amount, an impairment loss is recognised.

At recognition, goodwill is allocated to those CGUs expected to benefit from the synergies of the combination.

	Note	**2025 £m**	2024* £m
Cost and net book amount at 1 October		**2,122**	2,245
Acquisition of subsidiaries	14.1	**74**	24
Exchange movement		**17**	(147)
Cost and net book amount at 30 September		**2,213**	2,122

Note:

* Adjusted for finalisation of fair value of assets acquired and liabilities assumed in the acquisition of Infineo in the prior year.

There are no accumulated impairment charges within goodwill for any of the years presented.

Cash-generating units

The following table shows the allocation of the carrying value of goodwill at the end of the reporting period by CGU or group of CGUs:

	2025 £m	2024* £m
North America	**1,375**	1,331
UK & Ireland	**354**	354
France	**246**	234
Iberia	**159**	126
Central Europe	**55**	53
Africa and the Middle East	**24**	24
	2,213	2,122

Note:

* Adjusted for finalisation of the fair value of assets acquired and liabilities assumed in the acquisition of Infineo (see notes 1 and 14.2) and allocation of previously unallocated goodwill to the France CGU (£32m), with the remainder allocated to other intangible and deferred tax liabilities (see note 14.2)

6 Intangible assets continued

6.1 Goodwill continued

Annual goodwill impairment tests

The recoverable amount of a CGU or group of CGUs is determined as the higher of its fair value less costs of disposal and its value in use. In determining value in use, estimated future cash flows over a three-year period are discounted to their present value, with a terminal value based on the cash flows in the third year and an assumed long-term growth rate.
The Group performed its annual test for impairment as at 30 June 2025. In all cases, the financial forecasts contained in the Group's three-year financial plan form the basis for the cash flow projections for a CGU or a group of CGUs, which is aligned with the Group's three-year strategic planning horizon.

Net operating cash flows over the three-year plan period reflect the Group's current assessment of climate change for each CGU or group of CGUs. This includes the potential impact on both revenue and cost, including the cost of any associated commitments made by the Group, which at this stage are not material. Consideration has also been given to the potential longer-term impacts which are reflected in the long-term growth rates since they are based on independently sourced longer-term Consumer Prices Index (CPI) forecasts. Reasonably possible changes in the long-term growth rates, considering the potential impact of climate change, do not materially impact the impairment test.

The key assumptions in the value in use calculations include the discount rate, average medium-term revenue growth rates and the long-term growth rates of net operating cash flows:

- The average medium-term revenue growth rates represent the compound annual revenue growth for the first three years. The average medium-term revenue growth rate applied to each CGU's cash flow projections for plan periods of three years are calculated using the specific rates used in the preparation of the Group's three-year plan and reflects rates applicable to each territory.
- Long-term growth rates of net operating cash flows are assumed to be in line with the long-term CPI forecasts of the country in which the CGU's operations are primarily undertaken, reflecting the specific rates for each territory.

Average medium-term operating margins are equal to the expected operating margin across the three-year plan period. The operating margins over the three-year plan period are based on historical margins specific to each CGU with modest improvements from expected efficiencies in scaling the business.

Range of rates used across the different CGUs	**2025**	2024
Average medium-term revenue growth rates*	**6%–14%**	8%–15%
Long-term growth rates to net operating cash flows	**2%–4%**	2%–5%

Note:

* Current year average medium-term revenue growth is based on three (2024: three) year compound annual revenue growth and excludes intercompany revenue.

6 Intangible assets continued

6.1 Goodwill continued

In accordance with IAS 36, key assumptions for the value in use calculations are disclosed for those CGUs and groups of CGUs where significant goodwill is held. These are deemed by management to be CGUs or groups of CGUs holding 10% or more of total goodwill. The discount rate, average medium-term revenue growth rate and long-term growth rate assumptions used for the value in use calculation for these are shown below:

2025	**Local discount rate (post-tax)**	**Approximate local discount rate (pre-tax) equivalent**	**Long-term growth rate**	**Average medium-term revenue growth rate***
North America	**9.8%**	**13.1%**	**2.3%**	**14.3%**
UK & Ireland	**9.9%**	**13.3%**	**2.0%**	**14.0%**
France	**8.8%**	**11.7%**	**1.8%**	**9.4%**

2024	Local discount rate (post-tax)	Approximate local discount rate (pre-tax) equivalent	Long-term growth rate	Average medium-term revenue growth rate*
North America	10.1%	13.5%	2.2%	15.0%
UK & Ireland	10.1%	13.3%	2.0%	12.6%
France	8.9%	11.9%	1.8%	11.3%

Note:

* Current year average medium-term revenue growth is based on three (2024: three) year compound annual revenue growth and excludes intercompany revenue.

Discount rate

The Group uses a discount rate based on a local Weighted Average Cost of Capital (WACC) for each CGU or group of CGUs, applying local government bond yields and specific tax rates to each CGU or group of CGUs. The discount rate applied to a CGU or group of CGUs represents a post-tax rate that reflects the market assessment of the time value of money as at 30 June 2025 and the risks specific to the CGU of group of CGUs, through the inclusion of a country risk premium. As the net operating cash flows for each CGU or group of CGUs include the expected impact of inflation, a nominal post-tax discount rate is used.

Use of a post-tax discount rate is consistent with the use of post-tax cash flows in the calculations and produces a result that is not materially different from applying the equivalent pre-tax rate to pre-tax cash flows. For comparison, the equivalent pre-tax rate has been estimated by grossing up the post-tax rate and is considered to provide a reasonable approximation of the rate that would have been used if calculations were on a pre-tax basis considering there are no significant timing differences. The post-tax discount rates applied to CGUs or group of CGUs were in the range of 8.1% (2024: 8.4%) to 16.1% (2024: 17.7%), reflecting the specific rates for each territory.

Sensitivity analysis

A sensitivity analysis was performed for each of the significant CGUs or groups of CGUs and management concluded that no reasonably possible change in any of the key assumptions would result in the carrying value of the CGU or group of CGUs exceeding its recoverable amount. Sensitivity testing assumed a reasonably possible reduction in both average medium-term revenue growth rates and average medium-term operating margins, as well as an increase in the discount rate.

Impairment charge

No impairment charge was recognised in the year (2024: £nil).

The Group performed its annual test for impairment for all CGUs as at 30 June 2025. The recoverable amount exceeded the carrying value for each CGU or group of CGUs; accordingly no impairment charge has been recognised in the year.

6 Intangible assets continued
6.2 Other intangibles

Accounting policy

Intangible assets arising on business combinations are recognised initially at fair value at the date of acquisition. Subsequently they are carried at cost less accumulated amortisation and impairment charges. The main intangible assets recognised are brands, technology, in-process R&D, computer software, and customer relationships. Amortisation is charged to the income statement on a straight-line basis over their estimated useful lives.

The estimated useful lives are as follows:

Brand names	1 to 20 years	Customer relationships	4 to 15 years
Technology/In-process R&D (IPR&D)	3 to 8 years	Computer software	2 to 7 years

Other intangible assets that are acquired by the Group are stated at cost, which is the asset's purchase price and any directly attributable costs of preparing the asset for its intended use, less accumulated amortisation and impairment losses if applicable.

The carrying value of intangibles is reviewed for impairment whenever events indicate that the carrying value may not be recoverable. The recoverable amount is considered to be the higher of the fair value less costs of disposal and value in use.

Internally generated software development costs qualify for capitalisation when the Group can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The existence of a market or, if it is to be used internally, the usefulness of the intangible asset;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during development.

Generally, commercial viability of new products is not proven until all high-risk development issues have been resolved through testing pre-launch versions of the product. As a result, technical feasibility is proven only after completion of the detailed design phase and formal approval, which occurs just before the products are ready to go to market. Accordingly, development costs have not been capitalised. However, the Group continues to assess the eligibility of development costs for capitalisation on a project-by-project basis.

Costs which are incurred after the general release of internally generated software or costs which are incurred in order to enhance existing products are expensed in the period in which they are incurred and included within research and development expense in the financial statements.

6 Intangible assets continued
6.2 Other intangibles continued

	Brands £m	Technology £m	Internal IPR&D £m	Computer software £m	Customer relationships £m	Total £m
Cost at 1 October 2024	**32**	**335**	**3**	**182**	**203**	**755**
Additions	**–**	**–**	**–**	**14**	**–**	**14**
Acquisition of subsidiaries	**–**	**27**	**–**	**–**	**1**	**28**
Disposals	**–**	**(2)**	**–**	**(40)**	**–**	**(42)**
Exchange movement	**1**	**3**	**–**	**–**	**3**	**7**
At 30 September 2025	**33**	**363**	**3**	**156**	**207**	**762**
Accumulated amortisation at 1 October 2024	**32**	**218**	**3**	**136**	**138**	**527**
Charge for the year	**–**	**27**	**–**	**18**	**15**	**60**
Disposals	**–**	**(2)**	**–**	**(40)**	**–**	**(42)**
Exchange movement	**1**	**2**	**–**	**1**	**1**	**5**
At 30 September 2025	**33**	**245**	**3**	**115**	**154**	**550**
Net book amount at 30 September 2025	**–**	**118**	**–**	**41**	**53**	**212**

	Brands £m	Technology £m	Internal IPR&D £m	Computer software £m	Customer relationships £m	Total £m
Cost at 1 October 2023	34	333	3	184	216	770
Additions	–	7	–	14	–	21
Acquisition of subsidiaries*	–	8	–	–	1	9
Disposals	–	–	–	(10)	–	(10)
Exchange movement	(2)	(13)	–	(6)	(14)	(35)
At 30 September 2024*	32	335	3	182	203	755
Accumulated amortisation at 1 October 2023	33	196	3	134	130	496
Charge for the year	1	31	–	19	16	67
Disposals	–	–	–	(10)	–	(10)
Exchange movement	(2)	(9)	–	(7)	(8)	(26)
At 30 September 2024	32	218	3	136	138	527
Net book amount at 30 September 2024*	–	117	–	46	65	228

Note:

* Adjusted for finalisation of fair value of assets acquired and liabilities assumed in the acquisition of Infineo in the prior year.

All amortisation charges in the year have been charged through selling and administrative expenses. Of these amortisation charges, those relating to acquired intangibles of £42m (primarily technology and customer relationships) have been classified as a recurring adjustment (2024: £48m); see note 3.6.

7 Property, plant and equipment

This note details the physical assets used by the Group to operate the business and generate revenues and profits. Assets are shown at their purchase price less depreciation, which is an expense that is charged over the useful life of these assets to reflect annual usage and wear and tear, and impairment.

Accounting policy

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on a straight-line basis to write down an asset to its residual value over its useful life as follows:

Freehold buildings	• Up to 50 years
Long leasehold buildings and improvements	• Shorter of associated lease term and useful life
Plant and equipment	• 2 to 7 years
Motor vehicles	• 4 years
Office equipment	• 2 to 7 years
Right-of-use lease assets	• Shorter of lease term and useful life

Freehold land is not depreciated.

An item of property, plant and equipment is reviewed for impairment whenever events indicate that its carrying value may not be recoverable.

Further information on the policy applied to right-of-use lease assets is included in note 3.4.

7 Property, plant and equipment continued

	Plant and equipment £m	Motor vehicles and office equipment £m	Right-of-use assets: Property £m	Right-of-use assets: Vehicles £m	Total £m
Cost at 1 October 2024	**120**	**23**	**150**	**8**	**301**
Additions	**39**	**2**	**28**	**2**	**71**
Disposals	**(23)**	**(1)**	**(9)**	**–**	**(33)**
Exchange movement	**(2)**	**5**	**2**	**–**	**5**
At 30 September 2025	**134**	**29**	**171**	**10**	**344**
Accumulated depreciation at 1 October 2024	**77**	**19**	**90**	**7**	**193**
Charge for the year	**13**	**2**	**14**	**1**	**30**
Disposals	**(23)**	**(1)**	**(3)**	**–**	**(27)**
Exchange movement	**1**	**1**	**2**	**–**	**4**
At 30 September 2025	**68**	**21**	**103**	**8**	**200**
Net book amount at 30 September 2025	**66**	**8**	**68**	**2**	**144**

	Land and buildings £m	Plant and equipment £m	Motor vehicles and office equipment £m	Right-of-use assets: Property £m	Right-of-use assets: Vehicles £m	Total £m
Cost at 1 October 2023	13	124	27	134	7	305
Additions	–	18	1	23	1	43
Disposals	(13)	(13)	(4)	(1)	–	(31)
Exchange movement	–	(9)	(1)	(6)	–	(16)
At 30 September 2024	–	120	23	150	8	301
Accumulated depreciation at 1 October 2023	6	83	23	83	6	201
Charge for the year	–	14	1	13	1	29
Disposals	(6)	(13)	(4)	(1)	–	(24)
Exchange movement	–	(7)	(1)	(5)	–	(13)
At 30 September 2024	–	77	19	90	7	193
Net book amount at 30 September 2024	–	43	4	60	1	108

All depreciation charges in the years presented have been charged through selling and administrative expenses.

In the prior year, the Group disposed of its Beaverton property site with a carrying value of £7m, which was part of the North America operating segment, for proceeds of £9m. The profit on disposal of the site was recognised through selling and administrative expenses and proceeds from the sale were recognised through cash flows from investing activities.

8 Working capital

This note provides the amounts invested by the Group in working capital balances at the end of the financial year. Working capital is made up of trade and other receivables, trade and other payables, and deferred income.

Trade and other receivables are made up of amounts owed to the Group by customers, amounts that we pay to our suppliers in advance, and incremental costs to acquire a contract. Trade receivables are shown net of an allowance for expected credit losses. Our trade and other payables are amounts we owe to our suppliers that have been invoiced to us or accrued by us. They also include amounts due in relation to taxes and social security from our role as an employer.

This note also gives some additional detail on the age and recoverability of our trade receivables, which provides an understanding of the credit risk faced by the Group as a part of everyday trading. Credit risk is further disclosed in note 12.6.

8.1 Trade and other receivables

Accounting policy

Trade receivables and contract assets

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses.

The Group uses the term "Trade receivables" for contract receivables. These are recognised when the right to consideration is unconditional. Typically, the Group invoices fees for perpetual licences on contract closure and delivery. For performance obligations satisfied over time, judgement is required in determining whether a right to consideration is unconditional. In such situations, a receivable is recognised for the transaction price of the non-cancellable portion of the contract when the Group starts satisfying the performance obligation, including arrangements where customers pay over time taking into consideration the contractual terms and the nature of the customer's payment arrangements.

When revenue recognised in respect of a customer contract exceeds amounts received or receivable from the customer a contract asset is recognised.

The carrying amounts of trade receivables and contract assets are reduced by allowances for expected credit losses using the simplified approach under IFRS 9. The Group uses a matrix approach to determine the allowance, with default rates assessed for each country in which the Group operates. The default rates applied are based on the ageing of the receivable, past experience of credit losses, and forward-looking information. An allowance for a receivable's estimated lifetime expected credit losses is first recorded when the receivable is initially recognised, and subsequently adjusted to reflect changes in credit risk until the balance is collected. In the event that management considers that a receivable cannot be collected, the balance is written off.

Incremental costs of obtaining customer contracts

The incremental costs of obtaining customer contracts are capitalised under IFRS 15. Contract acquisition costs primarily consist of sales commissions earned by the Group's sales force and business partners.

Judgement is required in determining the amounts to be capitalised, particularly where the commissions are based on cumulative targets. The Group capitalises such cumulative target commissions for all customer contracts that count towards the cumulative target but only if nothing other than obtaining customer contracts can contribute to achieving the cumulative target.

The capitalised assets are amortised over the period during which the related revenue is recognised, which may extend beyond the initial contract term where the Group expects to benefit from future renewals as a result of incurring the costs. Typically, either the Group does not pay sales commissions for customer contract renewals or such commissions are not commensurate with the commissions paid for new contracts. Consequently, the Group amortises sales commissions paid for new customer contracts on a straight-line basis over the expected contract life including probable contract renewals. Judgement is required in estimating these contract lives. In exercising this judgement, the Group considers respective renewal history adjusted for indications that the renewal history is not fully indicative of future renewals.

The amortisation periods range from one year to eight years depending on the type of commission arrangement. Amortisation of the capitalised costs of obtaining customer contracts is reported within selling and administrative expenses.

8 Working capital continued

8.1 Trade and other receivables continued

Non-current:	2025 £m	2024 £m
Customer acquisition costs	**135**	131
Other receivables	**5**	5
Prepayments	**4**	1
	144	137

Current:	2025 £m	2024 £m
Trade receivables	**318**	275
Less: allowance for expected credit losses	**(9)**	(10)
Trade receivables—net	**309**	265
Other receivables	**27**	24
Prepayments	**86**	69
Customer acquisition costs	**49**	46
	471	404

The Group has incurred £170m (2024: £164m) to obtain customer contracts and an amortisation expense of £164m (2024: £157m) was recognised in operating profit during the year. There were no material contract assets.

Movements on the Group allowance for expected credit losses of trade receivables were as follows:	2025 £m	2024 £m
At 1 October	**10**	10
Increase in allowance for expected credit losses	**3**	4
Receivables written off during the year as uncollectable	**(4)**	(4)
At 30 September	**9**	10

The Group's credit risk on trade and other receivables is primarily attributable to trade receivables. The Group has no significant concentrations of credit risk since the risk is spread over a large number of unrelated counterparties.

The Group's businesses implement policies, procedures, and controls to manage customer credit risk. Outstanding balances are regularly monitored and reviewed to identify any change in risk profile. The Group recognises a loss allowance against trade receivables using the simplified approach under IFRS 9. The amount of the allowance reflects the lifetime expected credit losses measured using historical payment default rates determined for each geographical market in which the Group operates. The historical default rates are adjusted where necessary if they do not reflect the level of future expected credit losses, for example because of changes in the local economy or other commercial considerations. The allowance for expected credit losses is calculated using a provision matrix. The amount of the allowance increases as outstanding balances age. A customer balance is written off when it is considered that there is no reasonable expectation that the amount will be collected and legal enforcement activities have ceased.

8 Working capital continued

8.1 Trade and other receivables continued

An analysis of the gross carrying amount of trade receivables showing credit risk exposure by age of the outstanding balance is as follows:

Trade receivables at 30 September 2025	**Not yet due £m**	**1–30 days overdue £m**	**31–60 days overdue £m**	**61–90 days overdue £m**	**91+ days overdue £m**	**Total £m**
Expected credit loss rate	**1%**	**3%**	**8%**	**13%**	**41%**	**–**
Estimated total gross carrying amount at default	**276**	**19**	**6**	**4**	**13**	**318**
Expected credit loss	**(3)**	**(1)**	**–**	**–**	**(5)**	**(9)**

Trade receivables at 30 September 2024	Not yet due £m	1–30 days overdue £m	31–60 days overdue £m	61–90 days overdue £m	91+ days overdue £m	Total £m
Expected credit loss rate	1%	3%	9%	16%	59%	
Estimated total gross carrying amount at default	239	17	6	3	10	275
Expected credit loss	(2)	(1)	(1)	–	(6)	(10)

Included in selling and administrative expenses in the income statement is a debit of £7m (2024: debit of £6m) in relation to receivables credit losses.

The maximum exposure to credit risk at the end of the reporting period is the fair value of each class of receivables mentioned above. The Group held no collateral as security. The carrying value of trade receivables approximate their fair value.

8.2 Trade and other payables

Accounting policy

Trade payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Current trade and other payables can be analysed as follows:	**2025 £m**	2024 £m
Trade payables	**52**	38
Other tax and social security payable	**47**	39
Other payables	**38**	50
Accruals	**296**	278
	433	405

Non-current trade and other payables can be analysed as follows:	**2025 £m**	2024 £m
Other payables	**8**	3

8 Working capital continued

8.3 Deferred income

Accounting policy

If amounts received or receivable from a customer exceed revenue recognised for a contract, a contract liability is recognised. The Group uses the term "deferred income" for a contract liability. Contract liabilities primarily reflect invoices due or payments received in advance of revenue recognition. Deferred income is unwound as related performance obligations are satisfied.

In all material respects, current deferred income at 1 October 2024 was recognised as revenue during the year and the current deferred income recorded at 30 September 2025 is expected to be recognised as revenue in the next financial year. Deferred income presented in non-current liabilities is expected to be recognised as revenue in more than 12 months. Other than the recognition and unwind of deferred income from the sale of subscription and maintenance and support contracts, there were no significant changes in contract liability balances during the year.

9 Provisions

This note provides details of the provisions recognised by the Group, where a liability exists of uncertain timing or amount. The main estimates in this area relate to legal exposure, employee severance, onerous contracts, interest on uncertain tax provisions and dilapidation charges.

This section also explains the accounting policies applied and the specific judgements and estimates made by the Directors in arriving at the value of these liabilities.

Accounting policy

A provision is recognised only when all three of the following conditions are met:

- The Group has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the present value of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, i.e. the present value of the amount that the Group would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party.

9 Provisions continued

	Restructuring £m	Legal £m	Building £m	Other £m	Total £m
At 1 October 2024	7	15	18	7	47
• Additional provision in the year	–	6	2	2	10
• Provision utilised in the year	(2)	(8)	(2)	–	(12)
• Unused amount reversed	(1)	(1)	(1)	–	(3)
• Exchange movement	–	1	1	–	2
At 30 September 2025	4	13	18	9	44

	Restructuring £m	Legal £m	Building £m	Other £m	Total £m
Maturity profile					
< 1 year	–	9	3	9	21
1–2 years	1	4	4	–	9
2–5 years	3	–	8	–	11
> 5 years	–	–	3	–	3
At 30 September 2025	4	13	18	9	44

Restructuring provisions are for the estimated costs of Group restructuring activities and mainly relate to employee severance which remains unpaid at the balance sheet date. These provisions will be utilised as obligations are settled which is currently expected to be within five years. This includes the non-recurring restructuring costs recognised in previous years, of which £1m was utilised in the year, which remain unpaid at the balance sheet date.

Legal provisions have been made in relation to ongoing disputes with third parties and other claims against the Group. The amount and ageing of legal provisions is assessed regularly, based upon internal and external legal advice, as required.

Building provisions relate to dilapidation charges and property-related contracts that have become onerous. The timing of the cash flows associated with building provisions is dependent on the timing of lease agreement termination.

Other provisions comprise mainly the interest related to uncertain tax penalties and those for the costs of warranty cover provided by the Group in respect of products sold to third parties. The timing of the cash flows associated with warranty provisions is spread over the period of warranty with the majority of the claims expected in the first year.

10 Deferred income tax

Deferred income tax is an accounting adjustment to recognise liabilities or benefits that are expected to arise in the future due to differences in the carrying value of assets and liabilities and their respective tax bases. In this note we outline the accounting policies, movements in the year on the deferred tax account and the net deferred tax asset or liability at the year end.

A deferred tax asset represents a tax reduction that is expected to arise in a future period.

A deferred tax liability represents taxes which will become payable in a future period as a result of a current or previous transaction.

Accounting policy

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Tax assets and liabilities are offset when there is a legally enforceable right and there is an intention to settle the balances net.

Deferred tax	Other intangible assets (excluding goodwill) £m	Tax losses £m	Accounting provisions/ accruals £m	Goodwill £m	Deferred revenue £m	Share options and awards £m	Capitalised R&D £m	Other £m	Total £m
At 30 September 2023	(45)	23	10	(24)	16	20	37	1	38
Income statement credit/(debit)	11	(2)	(5)	(1)	(13)	4	27	1	22
Acquisition or disposal of subsidiaries*	(1)	1	–	–	–	–	1	–	1
Other comprehensive income movement	–	–	–	–	–	(1)	–	4	3
Exchange movement	2	(1)	1	1	–	–	(4)	(1)	(2)
At 30 September 2024*	(33)	21	6	(24)	3	23	61	5	62
Income statement credit/(debit)	**12**	**(2)**	**6**	**2**	**12**	**(2)**	**7**	**(8)**	**27**
Acquisition or disposal of subsidiaries	**(5)**	**4**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**
Exchange movement	**(1)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**(2)**
At 30 September 2025	**(27)**	**23**	**12**	**(22)**	**15**	**21**	**68**	**(4)**	**86**

Note:

* Adjusted for finalisation of fair value of assets acquired and liabilities assumed in the acquisition of Infineo in the prior year.

10 Deferred income tax continued

The net deferred tax asset at the end of the year is analysed below:	2025 £m	2024* £m
Deferred tax assets	**101**	81
Deferred tax liabilities	**(15)**	(19)
Net deferred tax asset	**86**	62

Note:

* Adjusted for finalisation of fair value of assets acquired and liabilities assumed in the acquisition of Infineo in the prior year.

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered. Each of these assets are reviewed to ensure there is sufficient evidence to support their recognition. Deferred tax liabilities for the taxable temporary differences associated with the Group's investments in subsidiaries have been appropriately recognised to the extent that it is probable that the temporary differences will reverse in the future. Deferred taxes have been provided for the future tax impact of repatriating the Group's undistributed earnings, which is consistent with the position in the prior year.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as required by IAS 12 "Income Taxes") during the year are shown in the above table. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax assets and liabilities categorised as "other" in the above table include various balances in relation to the following items:

	2025 £m	2024 £m
Unremitted earnings	**(6)**	(7)
Lease liability	**12**	18
Right-of-use lease assets	**(5)**	(12)
Other amounts	**(5)**	6
	(4)	5

The Company has unrecognised carried forward losses of £122m (2024: £134m) available to reduce certain future taxable profits. Deferred tax assets of £28m (2024: £32m) have not been recognised in respect of these losses due to uncertainty regarding whether suitable profits will arise in future periods against which the deferred tax asset would reverse. Of these, £18m (2024: £18m) relate to UK capital losses that are available indefinitely but cannot be used to offset UK trading profit.

In July 2023, the UK Endorsement Board adopted "International Tax Reform-Pillar Two Model Rules (Amendments to IAS 12)" as issued by the IASB, which introduced a mandatory temporary exception in IAS 12, prohibiting both the recognition and disclosure of deferred tax assets and deferred tax liabilities that arise from the implementation of the OECD Pillar Two Model Rules. The Group has applied the mandatory exception under IAS 12 within the consolidated financial statements for the year ended 30 September 2025.

11 Cash flow and net debt

This note analyses our operational cash generation, shows the movement in our net debt in the year, and explains what is included within our cash balances and borrowings at the year end.

Cash generated from operations is the starting point of our consolidated statement of cash flows. This section outlines the adjustments for any non-cash accounting items to reconcile our accounting profit for the year to the amount of cash we generated from our operations.

Net debt represents the amount of cash held less borrowings and overdrafts.

Borrowings are mostly made up of fixed-term external debt which the Group has taken out for general corporate purposes, including the refinancing of debt and acquisitions. Borrowings also include lease liabilities.

11.1 Cash flow generated from continuing operations

Reconciliation of profit for the year to cash generated from continuing operations	2025 £m	2024 £m
Profit for the year	**369**	323
Adjustments for:		
• Income tax	**115**	103
• Finance income	**(12)**	(19)
• Finance costs	**58**	45
• Amortisation of intangible assets	**60**	67
• Depreciation of property, plant and equipment	**30**	29
• Gain on disposal of property, plant and equipment	**(1)**	(2)
• R&D tax credits	**(3)**	(2)
• Equity-settled share-based transactions	**51**	56
• Exchange movement	**–**	(4)
Changes in working capital:		
• Increase in trade and other receivables	**(68)**	(48)
• (Decrease)/increase in trade and other payables and provisions	**(3)**	20
• Increase in deferred income	**79**	57
Cash generated from continuing operations	**675**	625

11.2 Net debt

Reconciliation of net cash flow to movement in net debt	2025 £m	2024 £m
Cash outflows in the year (pre-exchange movements)	**(123)**	(164)
Cash (inflows)/outflows from loans and lease liabilities	**(280)**	18
Change in net debt resulting from cash flows	**(403)**	(146)
Cash and lease liabilities recognised from acquisitions of subsidiaries or similar transactions	**1**	4
Other non-cash movements	**(30)**	(28)
Exchange movement	**(19)**	(7)
Movement in net debt in the year	**(451)**	(177)
Net debt at 1 October	**(738)**	(561)
Net debt at 30 September	**(1,189)**	(738)

11 Cash flow and net debt continued

11.2 Net debt continued

Analysis of change in net debt	At 1 October 2024 £m	Cash flow £m	Acquisition £m	Non-cash movements £m	Exchange movement £m	At 30 September 2025 £m
Cash and cash equivalents	508	**(123)**	**3**	**–**	**2**	**390**
Borrowings						
Loans due after more than one year	(1,156)	**(295)**	**(2)**	**(2)**	**(21)**	**(1,476)**
Lease liabilities due within one year	(15)	**15**	**–**	**(17)**	**–**	**(17)**
Lease liabilities after more than one year	(75)	**–**	**–**	**(11)**	**–**	**(86)**
	(1,246)	**(280)**	**(2)**	**(30)**	**(21)**	**(1,579)**
Total	(738)	**(403)**	**1**	**(30)**	**(19)**	**(1,189)**

Analysis of change in net debt	At 1 October 2023 £m	Cash flow £m	Acquisition £m	Non-cash movements £m	Exchange movement £m	At 30 September 2024 £m
Cash and cash equivalents	696	(164)	4	–	(28)	508
Borrowings						
Loans due after more than one year	(1,171)	–	–	(2)	17	(1,156)
Lease liabilities due within one year	(14)	18	–	(20)	1	(15)
Lease liabilities after more than one year	(72)	–	–	(6)	3	(75)
	(1,257)	18	–	(28)	21	(1,246)
Total	(561)	(146)	4	(28)	(7)	(738)

11 Cash flow and net debt continued

11.3 Cash and cash equivalents

Accounting policy

For the purpose of preparation of the consolidated statement of cash flows and the consolidated balance sheet, cash and cash equivalents include cash at bank and in hand, money market funds (MMFs) and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of a subsidiary's cash management are included in cash and cash equivalents where they have a legal right of set-off and there is an intention to settle net, against positive cash balances, otherwise bank overdrafts are classified as borrowings. Cash and cash equivalents are measured at amortised cost.

	2025 £m	2024 £m
Cash at bank and in hand	**251**	292
MMFs and short-term bank deposits	**139**	216
	390	508

The credit risk on liquid funds is considered to be low, as the Board-approved Group treasury policy limits the value that can be invested with each approved counterparty to minimise the risk of loss. The Group treasury policy is to place cash and cash equivalents with counterparties which are well-established banks with high credit ratings where available.

Cash and cash equivalents are classified and measured at amortised cost under IFRS 9 and are therefore subject to the expected loss model requirements of that standard. However, no material expected credit losses have been identified. At 30 September 2025, 97% (2024: 99%) of the cash and cash equivalents balance was deposited with financial institutions rated at least A- by Standard & Poor's.

The Group's maximum exposure to credit risk in relation to cash and cash equivalents is their carrying amount on the balance sheet.

11.4 Borrowings

Accounting policy

Interest-bearing borrowings are recognised initially at fair value less attributable issue costs, which are amortised over the period of the borrowings. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of borrowing on an effective interest basis.

Further information on the policy applied to lease liabilities is included in note 3.4.

11 Cash flow and net debt continued

11.4 Borrowings continued

Current borrowings at book value	2025 £m	2024 £m
Lease liabilities	**17**	15

Non-current borrowings at book value	2025 £m	2024 £m
Sterling denominated bond notes	**1,041**	743
Euro denominated bond notes	**436**	414
Lease liabilities	**86**	75
Unamortised RCF loan costs	**(1)**	(1)
	1,562	1,231

Borrowings at nominal value	Year issued	Interest coupon*	Maturity	2025 £m	2024 £m
Bonds					
• GBP 350m bond notes	2021	1.63%	25-Feb-31	**350**	350
• GBP 400m bond notes	2022	2.88%	8-Feb-34	**400**	400
• EUR 500m bond notes	2023	3.82%	15-Feb-28	**437**	416
• GBP 300m bond notes	2025	5.63%	5-Mar-37	**300**	–

Note:

* This does not include the impact of cross-currency interest rate swaps entered into in relation to the GBP 350m bond notes and EUR 500m bond notes.

The Group's debt is sourced from sterling and euro denominated bond notes, with a syndicated multi-currency Revolving Credit Facility (RCF) also available.

Bond notes at 30 September 2025 were £1,477m (30 September 2024: £1,157m), comprised of sterling denominated bond notes £1,041m (30 September 2024: £743m) and euro denominated bond notes £436m (30 September 2024: £414m).

In November 2024, a one-year extension was agreed to the Group's RCF, resulting in a new maturity in December 2029. At 30 September 2025, £nil of the RCF was drawn down (30 September 2024: £nil).

During the period, the Group issued sterling denominated bond notes for a nominal amount of £300m with a maturity date of March 2037. Net cash proceeds from the issuance were £297m.

Further information on lease liabilities is included in note 3.4.

12 Financial instruments

This note shows details of the fair value and carrying value of short- and long-term borrowings, trade and other payables, trade and other receivables, derivative financial instruments, equity investments, short-term bank deposits, and cash and cash equivalents. These items are all classified as "financial instruments" under accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In order to assist users of these consolidated financial statements in making an assessment of any risks relating to financial instruments, this note also sets out the maturity of these items and analyses their sensitivity to changes in key inputs, such as interest rates and foreign exchange rates. An explanation of the Group's exposure to, and management of, capital, liquidity, credit, interest rate, and foreign currency risk is set out in the financial risk management section at the end of this note.

Accounting policy

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, or when the Group has transferred those rights and either has also transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but no longer has control of the asset.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expires.

The Group may use derivative financial instruments to manage its exposures to fluctuating foreign exchange rates and foreign currency cash flows in relation to external borrowings. These instruments are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

At the inception of designated hedge relationships, the Group documents its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

12 Financial instruments continued

The amounts on the consolidated balance sheet that are accounted for as financial instruments, and their classification under IFRS 9, are as follows:

		IFRS 9 classification				
As at 30 September 2025	Note	**At amortised cost £m**	**Derivatives used for hedging £m**	**At fair value through profit or loss £m**	**At fair value through other comprehensive income £m**	**Total £m**
Non-current assets						
Equity investments		**–**	**–**	**–**	**4**	**4**
Trade and other receivables: other receivables	8.1	**3**	**–**	**2**	**–**	**5**
Derivative financial instruments—cross-currency interest rate swaps		**–**	**32**	**–**	**–**	**32**
Current assets						
Trade and other receivables: trade receivables	8.1	**309**	**–**	**–**	**–**	**309**
Trade and other receivables: other receivables	8.1	**26**	**–**	**1**	**–**	**27**
Cash and cash equivalents	11.3	**390**	**–**	**–**	**–**	**390**
Current liabilities						
Trade and other payables excluding other tax and social security	8.2	**(386)**	**–**	**–**	**–**	**(386)**
Borrowings	11.4	**(17)**	**–**	**–**	**–**	**(17)**
Non-current liabilities						
Borrowings	11.4	**(1,562)**	**–**	**–**	**–**	**(1,562)**
Trade and other payables: other payables		**(8)**	**–**	**–**	**–**	**(8)**
		(1,245)	**32**	**3**	**4**	**(1,206)**

		IFRS 9 classification				
As at 30 September 2024	Note	At amortised cost £m	Derivatives used for hedging £m	At fair value through profit or loss £m	At fair value through other comprehensive income £m	Total £m
Non-current assets						
Equity investments		–	–	–	6	6
Trade and other receivables: other receivables	8.1	3	–	2	–	5
Derivative financial instruments—cross-currency interest rate swaps		–	29	–	–	29
Current assets						
Trade and other receivables: trade receivables	8.1	265	–	–	–	265
Trade and other receivables: other receivables	8.1	23	–	1	–	24
Cash and cash equivalents	11.3	508	–	–	–	508
Current liabilities						
Trade and other payables excluding other tax and social security	8.2	(366)	–	–	–	(366)
Borrowings	11.4	(15)	–	–	–	(15)
Non-current liabilities						
Borrowings	11.4	(1,231)	–	–	–	(1,231)
Trade and other payables: other payables		(3)	–	–	–	(3)
Derivative financial instruments—cross-currency interest rate swaps	12.5	–	(13)	–	–	(13)
		(816)	16	3	6	(791)

12 Financial instruments continued

12.1 Fair values of financial instruments

The carrying amounts of the following financial assets and liabilities approximate to their fair values: trade and other payables excluding tax and social security, trade and other receivables excluding prepayments and accrued income, lease liabilities, and short-term bank deposits, and cash and cash equivalents.

Borrowings (excluding lease liabilities)

The fair value of the sterling and euro denominated bond notes are determined by reference to quoted market prices and therefore can be considered as a level 1 fair value as defined within IFRS 13.

The Group does not hold any financial liabilities whose fair value would be considered as a level 3 fair value as defined within IFRS 13.

The respective book and fair values of bond notes are included in the table below:

		2025		2024	
	Note	**Book value £m**	**Fair value £m**	Book value £m	Fair value £m
Long-term borrowing (excluding lease liabilities)	11.4	**1,476**	**1,400**	1,156	1,065

Contingent consideration receivable

The Group recognises contingent consideration receivable of £3m (2024: £3m) relating to the disposal of Sage Payroll Solutions in the year ended 30 September 2019. This is classified as a financial asset measured at fair value through profit or loss. Its fair value is determined using a discounted cash flow valuation technique. The main inputs to the calculation for which assumptions have been made are the discount rate and the period over which the consideration will be received. This is a level 3 fair value under IFRS 13.

Equity investments

The fair value of the unlisted equity investments held by the Group is determined using a market-based valuation approach. The significant unobservable inputs used in level 3 fair value measurement are transaction prices paid for identical or similar instruments of the investee and revenue growth factors.

Derivative financial instruments—cross-currency interest rate swaps

The fair value of the cross-currency interest rate swaps held by the Group is determined using a discounted cash flow valuation technique at market rates and therefore can be considered as a level 2 fair value as defined within IFRS 13.

12 Financial instruments continued

12.2 Maturity of financial liabilities

The maturity profile of the undiscounted contractual amount of the Group's financial liabilities (excluding cross-currency interest rate swaps) at 30 September was as follows:

				2025
	Borrowings: bond notes £m	**Borrowings: lease liabilities £m**	**Trade and other payables excluding other tax and social security £m**	**Total £m**
In less than one year	**52**	**19**	**386**	**457**
In more than one year but not more than five years	**600**	**66**	**8**	**674**
In more than five years	**1,200**	**35**	**–**	**1,235**
	1,852	**120**	**394**	**2,366**

				2024
	Borrowings: bond notes £m	Borrowings: lease liabilities £m	Trade and other payables excluding other tax and social security £m	Total £m
In less than one year	34	18	366	418
In more than one year but not more than five years	527	62	3	592
In more than five years	808	31	–	839
	1,369	111	369	1,849

The maturity profile of the undiscounted contractual amounts of the Group's cross-currency interest rate swaps, including expected interest payments, at 30 September was as follows:

			2025
	Receipts £m	**Payments £m**	**Total £m**
In less than one year	**11**	**(13)**	**(2)**
In more than one year but not more than five years	**596**	**(585)**	**11**
In more than five years	**356**	**(327)**	**29**
	963	**(925)**	**38**

			2024
	Receipts £m	Payments £m	Total £m
In less than one year	29	(33)	(4)
In more than one year but not more than five years	605	(612)	(7)
In more than five years	361	(336)	25
	995	(981)	14

12 Financial instruments continued

12.3 Borrowing facilities

The Group has the following undrawn committed revolving credit facility available at 30 September in respect of which all conditions precedent had been met at that date:

	2025 £m	2024 £m
Expiring in more than one year but not more than five years	**630**	630

The facility has been arranged to help finance the expansion of the Group's activities. This facility incurs commitment fees at market rates. In November 2024, a one-year extension was agreed to the Group's RCF, resulting in a new maturity in December 2029.

12.4 Market risk sensitivity analysis

Financial instruments affected by market risks include borrowings and deposits.

The following analysis is intended to illustrate the sensitivity to changes in market variables, being sterling/US dollar and sterling/euro exchange rates.

The sensitivity analysis assumes reasonable movements in foreign exchange rates before the effect of tax. Sensitivity to movements in sterling/US dollar and sterling/euro exchange rates of 10% are shown, reflecting changes of reasonable proportion in the context of movement in those currency pairs over the last year.

Using the above assumptions, the following table shows the illustrative effect on equity resulting from changes in sterling/US dollar and sterling/euro exchange rates:

	2025 Equity gains/(losses) £m	2024 Equity gains/(losses) £m
10% strengthening of sterling versus the US dollar	**50**	50
10% strengthening of sterling versus the euro	**(9)**	(9)
10% weakening of sterling versus the US dollar	**(65)**	(62)
10% weakening of sterling versus the euro	**10**	11

12 Financial instruments continued

12.5 Hedge accounting

Accounting policy

As at 1 October 2024, the Group elected to apply the hedge accounting requirements in IFRS 9 Financial Instruments instead of those in IAS 39 Financial Instruments: Recognition and Measurement. The Group applies hedge accounting to external borrowings and cross-currency interest rate swap contracts that are designated as a hedge of a net investment in foreign operations. The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation which is determined to be an effective hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The ineffective portion is recognised immediately in profit or loss. On disposal of the net investment, the foreign exchange gains and losses on the hedging instrument are recycled to the income statement from equity.

Where borrowings denominated in a currency other than sterling, or cross-currency interest rate swap contracts, are used to hedge the Group's exposure to foreign currency exchange movements of its net investment in its subsidiaries, these relationships are designated as net investment hedges for accounting purposes. The hedges are documented and assessed for effectiveness on an ongoing basis. The Group has separated the costs relating to currency basis from the hedge relationship and therefore allocates this component within the cost of hedging reserve. The value of the cost of hedging reserve at designation of the hedge relationship is amortised to the income statement (within finance costs) over the expected life of the hedge relationship.

The Group applies hedge accounting to certain exchange differences arising between the functional currencies of a foreign operation and Company, regardless of whether the net investment is held directly or through an intermediate parent.

The Group applies cash flow hedge accounting to cross-currency interest rate swap contracts that are designated as a hedge of cash flows arising from foreign currency denominated borrowings. The effective portion of changes in the fair value of such a derivative is recognised in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

The Group designates the change in fair value of the forward element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

12 Financial instruments continued

12.5 Hedge accounting continued

Net investment hedges

The Group hedges the risk exposure to foreign currency exchange movements of its net investment in its subsidiaries in the US and Eurozone.

A portion of the Group's external euro denominated borrowings, relating to the EUR 500m bond, are designated as hedging instruments.

The underlying risk of the hedging instruments exactly matches the hedged risk as the borrowings and net investments in subsidiaries are denominated in the same currencies, giving a hedge ratio of 1:1. Hedge ineffectiveness will arise if the carrying amount of the net investment falls below the carrying amount of the designated borrowings.

The Group designates certain USD cross-currency interest rate swap contracts totalling £557m (USD 750m) (2024: £560m, USD 750m) as hedging instruments to hedge risk exposure to foreign currency exchange movements of its net investment in its subsidiaries in the US. Sources of ineffectiveness on this hedge relationship will arise from a difference in credit ratings between the counterparties and modifications to the terms of either the hedged item or the instrument. During the year, £nil (2024: £nil) has been recognised in the income statement as ineffective.

Changes in the carrying amount of the loan notes relate to foreign exchange movements recognised through other comprehensive income. The change in the carrying amount of the derivative financial instrument is due to fair value movements also recognised through other comprehensive income.

The impact of the hedging instrument on the consolidated balance sheet is as follows:

As at 30 September 2025		Nominal amount	**Carrying amount* £m**	**Change in carrying amount as a result of movements in the year recognised in OCI £m**
Non-current borrowings	EUR bond notes**	EUR 70m	**61**	**–**
Derivative financial instruments	Cross-currency interest rate swap	USD 429m	**(7)**	**(1)**
Derivative financial instruments	Cross-currency interest rate swap	USD 321m	**(25)**	**(2)**
			29	**(3)**

As at 30 September 2024		Nominal amount	Carrying amount* £m	Change in carrying amount as a result of movements in the year recognised in OCI £m
Non-current borrowings	EUR bond notes***	EUR 156m	130	(6)
Derivative financial instruments	Cross-currency interest rate swap	USD 429m	(6)	(24)
Derivative financial instruments	Cross-currency interest rate swap	USD 321m	(23)	(22)
			101	(52)

Notes:

* Liability/(asset) position.

** Hedge relationship was designated effective from 30 September 2025.

*** Hedge relationship was de-designated effective from 30 September 2024.

12 Financial instruments continued

12.5 Hedge accounting continued

The cumulative impact of the hedged item on the consolidated balance sheet is as follows:

	2025	2024
	Foreign currency translation reserve £m	Foreign currency translation reserve £m
Net investment in foreign subsidiaries—USD	**(32)**	(29)
Net investment in foreign subsidiaries—EUR	**(–)**	(9)
	(32)	(38)

The change in value of the hedged item, being the Group's net investment in its USD and EUR subsidiaries, recorded through OCI in the year was £3m (2024: £46m) and £nil (2024: £6m) respectively.

Cash flow hedges

The Group hedges the risk exposure to foreign currency exchange movements of its foreign currency borrowings.

The Group has designated cross-currency interest rate swap contracts (to receive fixed euro and pay fixed sterling) as the hedging instruments in a cash flow hedge relationship, to mitigate the risk of changes in the denominated cash flows attributable to the exchange rate related to EUR 300m of the EUR 500m bond notes, for which hedge accounting has been applied.

The underlying risk of the hedging instruments exactly matches the hedged risk as the hedging instrument and euro borrowings are arranged on the same payment profile, for the same interest rate and nominal amount, giving a hedge ratio of 1:1. Hedge ineffectiveness will arise if the carrying amount of the euro borrowings falls below the amount of the cross-currency swap contract, for example on early repayment of the euro borrowings.

Sources of ineffectiveness on this hedge relationship will arise from a difference in credit ratings between the counterparties and modifications to the terms of either hedged item or instrument. At 30 September 2025, £nil (2024: £nil) has been recognised in profit or loss due to ineffectiveness. The hedges are documented and are assessed for effectiveness on an ongoing basis.

Gains and losses initially recognised in other comprehensive income on cross-currency swap contracts are recognised in profit or loss (within finance costs) in the periods in which the hedged forecast transaction affects profit or loss. A reconciliation of movements in the hedging reserve in relation to the cash flow hedging instrument is provided in note 13.3.

The impact of the hedging instrument on the consolidated balance sheet is as follows:

As at 30 September 2025		Nominal amount	**Carrying amount* £m**	**Change in carrying amount as a result of net movements in the year recognised in OCI £m**	**Change in carrying amount as a result of net movements in the year recognised in P&L £m**
Derivative financial instruments	Cross-currency interest rate swap	EUR 300m	**–**	**–**	**(13)**

As at 30 September 2024		Nominal amount	Carrying amount* £m	Change in carrying amount as a result of net movements in the year recognised in OCI £m	Change in carrying amount as a result of net movements in the year recognised in P&L £m
Derivative financial instruments	Cross-currency interest rate swap	EUR 300m	13	–	11

Note:

* Liability position.

Further information on the Group's exposure to foreign currency risk and how the risk is managed is included in note 12.6.

12 Financial instruments continued

12.6 Financial risk management

The Group's exposure to and management of capital, liquidity, credit, interest rate and foreign currency risk are summarised below.

Capital risk

The Group's objectives when managing capital (defined as net debt plus equity) are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, while maintaining an appropriate balance of debt and equity funding. The Group manages its capital structure through regular review by the Board and makes adjustments to it with respect to changes in economic conditions and our strategic objectives. Priorities for capital allocation are organic and inorganic investment, including through acquisitions of complementary technology and partnerships; the progressive growth of the dividend; and the return of surplus capital to shareholders, if appropriate. Over the medium term, the Group plans to operate in a broad range of 1–2x net debt to underlying EBITDA, with flexibility to move outside this range as the business needs require. A reconciliation of the net debt/underlying EBITDA ratio is provided as part of the capital allocation disclosure within the Financial review on page 54.

Liquidity risk

The Group manages its exposure to liquidity risk by reviewing cash resources required to meet business objectives through both short- and long-term cash flow forecasts. The Group has committed facilities which are available to be drawn for general corporate purposes including working capital. The Treasury function has responsibility for optimising the level of cash across the business.

Credit risk

The Group's credit risk primarily arises from trade and other receivables. The Group has a low operational credit risk due to the transactions being principally of a high-volume, low-value, and short maturity. The Group has no significant concentration of operational credit risk, with the exposure spread over a large number of well-diversified counterparties and customers.

The credit risk on liquid funds is considered to be low, as the Board-approved Group treasury policy limits the value that can be invested with each approved counterparty to minimise the risk of loss. All counterparties must meet minimum credit rating requirements or be specifically authorised as an exception.

Further information on the credit risk management procedures applied to trade receivables is given in note 8.1 and to cash and cash equivalents in note 11.3. The carrying amounts of trade receivables and cash and cash equivalents shown in those notes represent the Group's maximum exposure to credit risk.

12 Financial instruments continued

12.6 Financial risk management continued

Interest rate risk

The Group's borrowings at 30 September 2025 principally comprise sterling and euro denominated bond notes, which are at fixed interest rates, and a bank RCF, which is subject to floating interest rates. Additionally, the Group is exposed to interest rate risk on floating rate deposits. The Group regularly reviews forecast debt, cash and cash equivalents, and interest rates to monitor this risk. Interest rates on debt and deposits are fixed when management decides this is appropriate.

At 30 September 2025, the Group had £390m (2024: £508m) of cash and cash equivalents, while its borrowings comprised:

- Sterling denominated bond notes of £1,041m (2024: £743m), comprising a nominal £350m bond issued in 2021, a nominal £400m bond issued in 2022 and a nominal £300m bond issued in 2025. The Group is also party to a cross-currency interest rate swap in relation to the £350m bond, as a result of which the bond had an effective average fixed interest rate of 2.45% (2024: 2.45%). The £400m bond has an fixed coupon of 2.88% (2024: 2.88%) and the £300m bond has an effective average fixed coupon rate of 5.63%.
- Euro denominated bond notes of £436m (2024: £414m). The Group is also party to cross-currency interest rate swaps in relation to EUR 300m of this nominal EUR 500m bond, as a result of which the bond had an effective average fixed interest rate of 4.52% (2024: 4.53%).
- Undrawn bank RCF (2024: undrawn).

See note 11.4 for more information.

Foreign currency risk

Although a substantial proportion of the Group's revenue and profit is earned outside the UK, operating companies generally only trade in their own currency. The Group is therefore not subject to any significant foreign exchange transactional exposure within these subsidiaries.

The Group's principal exposure to foreign currency lies in the translation of overseas profits into sterling; this exposure is not hedged.

During the year a portion of the Group's external euro denominated borrowings (EUR 70m of a nominal EUR 500m) were designated as a hedge of the net investment in its EUR functional entities effective from 30 September 2025.

During the prior year a portion of the Group's external euro denominated borrowings (EUR 156m of a nominal EUR 500m) were also designated as a hedge of the net investment in its subsidiaries in the Eurozone. This hedge relationship was de-designated effective from 30 September 2024.

The Group has cross-currency swap contracts to receive fixed sterling and pay fixed US dollars (£350m, USD 429m; £264m USD 321m), as well as receive fixed euros and pay fixed sterling (EUR 300m, £264m).

The euro-sterling swap contracts have been designated as the hedging instruments in a cash flow hedge relationship to mitigate the risk of changes in the cash flows related to the remaining euro denominated borrowings attributable to changes in exchange rate. The average interest rate of the euro-sterling swap contracts is 4.98%, fixed for the lifetime of the instrument. See note 12.5.

The US dollar-sterling swap contracts have been designated as a hedge of the Group's net investment in its subsidiaries in the US. See note 12.5.

Certain of the Group's intercompany balances have been identified as part of the Group's net investment in foreign operations. Foreign exchange effects on these balances that remain on consolidation are also reflected in the translation reserve. The Group's other currency exposures comprise those currency gains and losses recognised in the income statement, reflecting other monetary assets and liabilities of the Group that are not denominated in the functional currency of the entity involved. At 30 September 2025 and 30 September 2024, these exposures were immaterial to the Group.

13 Equity

This note analyses the movements recorded through shareholders' equity that are not explained elsewhere in the consolidated financial statements, being changes in the amount which shareholders have invested in the Group.

The Group utilises share award plans as part of its employee remuneration package. These are set out in more detail below, along with the costs incurred, and the number of shares outstanding.

Share award plans primarily include:

- Performance Share Awards– Previously awards were granted under the Sage Group Performance Share Plan ("PSP"), with the last awards granted in December 2024. The Sage Group Long Term Incentive Plan ("LTIP") was approved in February 2025 and allows for grants of both performance awards and time-based awards. Subsequently, performance awards for Directors and senior executives are granted under the LTIP.
- Restricted Share Awards– Previously awards were granted under the Sage Group Restricted Share Plan, with the last awards granted in December 2024. The LTIP was approved in February 2025 and allows for grants of both performance awards and time-based awards. Subsequently, restricted awards for colleagues who contribute to Sage's strategic outcomes are granted under the LTIP.
- Other Plans–The Sage Save and Share Plan (the "Save and Share Plan") for employees in eligible countries of the Group and the Colleague Stock Purchase Plan (the "CSPP Plan") for US-based employees.

This note also shows the dividends paid in the year and any dividends that are to be proposed and paid post-year end. Dividends are paid as an amount per ordinary share held.

13.1 Ordinary shares

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued.

The balance on the share premium account represents the amounts received in excess of the nominal value of the ordinary shares.

Issued and fully paid ordinary shares of 1$^{4}/_{77}$ pence each	**2025 shares**	**2025 £m**	2024 shares	2024 £m
At 1 October	**1,071,499,517**	**11**	1,100,789,295	12
Cancellation of shares*	**(48,209,390)**	**–**	(29,289,778)	(1)
At 30 September	**1,023,290,127**	**11**	1,071,499,517	11

Note:

* Cancellation of shares in the current year resulted in a reduction of the nominal value of ordinary shares of less than £1m.

13 Equity continued

13.2 Share-based payments

Accounting policy

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest allowing for the effect of non market-based vesting conditions.

Fair value is measured using the Black-Scholes or the Monte Carlo pricing models, based on observable market prices. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

All outstanding PSPs and performance awards granted from February 2025 under the LTIP are subject to some non-market performance conditions. The element of the income statement charge relating to market performance conditions is fixed at the grant date.

At the end of the reporting period, the Group revises its estimates for the number of awards expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The total charge for the year relating to employee share-based payment plans was £51m (2024: £56m), all of which related to equity-settled share-based payment transactions.

Plans	2025 £m	2024 £m
Performance Share Awards	**5**	5
Restricted Share Awards	**43**	48
Other Plans	**3**	3
Total	**51**	56

£5m of the charge for the year (2024: £11m) relates to acquisition-related remuneration and is reported as a recurring adjustment within other M&A activity-related items. See note 3.6.

Performance Share Awards

Annual grants of performance shares are normally made to Executive Directors and senior executives after the preliminary declaration of the annual results. Under Performance Share awards, 875,535 (2024: 755,730) awards were made during the year.

Awards for 2023

These performance shares are subject to a service condition and three performance conditions. Performance conditions are weighted 50% on the achievement of a financial performance target, 30% on the achievement of a TSR target, and 20% on the achievement of ESG targets.

The financial performance target is based on the achievement of Sage Business Cloud (SBC) Penetration targets for the final year of the performance period. Where SBC Penetration is between prescribed targets, the extent to which the financial performance condition is satisfied will be calculated on a straight-line, pro-rata basis within a defined range.

2023 awards	Range 1	Range 2
SBC Penetration (%)	85%–89%	89%–92%
Performance condition satisfied (%)	10%–40%	40%–50%

The performance target relating to TSR measures share price performance against a designated comparator group. Where TSR is between median and upper quartile, the TSR vesting percentage will be calculated on a straight-line, pro-rata basis between 6% and 24%, and where TSR is between upper quartile and upper decile, the TSR vesting percentage will be calculated on a straight-line, pro-rata basis between 24% and 30%.

The comparator group for awards granted for 2023 onwards is the companies comprised in the FTSE 100 Index at the start of the performance period, excluding financial services and extraction companies.

The performance targets relating to ESG are based on the achievement of targets relating to (i) a Protect the Planet condition, (ii) a Tech for Good condition, and (iii) two Diversity, Equity and Inclusion conditions. Where attainment of each of the ESG condition are between prescribed targets, the extent to which the ESG performance conditions are satisfied will be calculated on a straight-line, pro-rata basis within defined ranges as detailed below.

13 Equity continued

13.2 Share-based payments continued

The Protect the Planet condition will be measured by reference to the reduction in the Group's Scope 1, 2 and 3 carbon emissions during the performance period.

2023 awards	Range 1	Range 2
Reduction in carbon emissions (%)	6.9%–13.8%	13.8%–20.7%
Performance condition satisfied (%)	1.5%–6%	6%–7.5%

The Tech for Good condition will be measured by reference to the number of Sage products that have embedded functionality for carbon accounting at the end of the performance period.

2023 awards	Range 1	Range 2
Number of products (number)	3–6	6–8
Performance condition satisfied (%)	1%–4%	4%–5%

The Diversity, Equity and Inclusion conditions will be measured by reference to (i) the inclusion score in the employee engagement survey undertaken in the last financial year of the performance period, and (ii) the percentage of leadership teams meeting Sage's global gender diversity target at the end of the performance period.

2023 awards	Range 1	Range 2
Inclusion score (number)	82–84	84–86
Performance condition satisfied (%)	0.75%–3%	3%–3.75%
Percentage of teams (%)	50%–65%	65%–80%
Performance condition satisfied (%)	0.75%–3%	3%–3.75%

Awards for 2024

These performance shares are subject to a service condition and three performance conditions over the 3-year length of the performance period. Performance conditions are weighted 50% on the achievement of a financial performance target, 30% on the achievement of a TSR target, and 20% on the achievement of ESG targets.

The financial performance condition is based on the achievement of underlying earnings per share targets at the end of the performance period. Where underlying EPS is between prescribed targets, the extent to which the financial performance condition is satisfied will be calculated on a straight-line, pro-rata basis within a defined range.

2024 awards	Range 1	Range 2
Underlying EPS (pence)	**37.0–43.0**	**43.0–46.0**
Performance condition satisfied (%)	**10%–40%**	**40%–50%**

The performance target relating to TSR measures share price performance against a designated comparator group. Where TSR is between median and upper quartile, the TSR vesting percentage will be calculated on a straight-line, pro-rata basis between 6% and 24%, and where TSR is between upper quartile and upper decile, the TSR vesting percentage will be calculated on a straight-line, pro-rata basis between 24% and 30%.

The comparator group for awards granted for 2024 onwards is the companies comprised in the FTSE 100 Index at the start of the performance period, excluding financial services and extraction companies.

The performance targets relating to ESG are based on the achievement of targets relating to (i) a Protect the Planet condition, (ii) a Tech for Good condition, and (iii) two Diversity, Equity and Inclusion conditions.

The Protect the Planet condition will be measured by reference to the reduction in the Group's Scope 1, 2, and 3 carbon emissions during the performance period.

2024 awards	Range 1	Range 2
Reduction in carbon emissions (%)	**8.1%–16.2%**	**16.2%–24.3%**
Performance condition satisfied (%)	**1.5%–6%**	**6%–7.5%**

13 Equity continued

13.2 Share-based payments continued

The Tech for Good condition will be measured by reference to the Sage suites that have embedded functionality for carbon accounting at the end of the performance period.

2024 awards	Access to carbon accounting functionality through Sage suites	Performance condition satisfied (%)
Threshold 1	No suites	**0%**
Threshold 2	Sage for Small Business suite	**1%**
Threshold 3	Sage for Small Business suite and Sage for Accountants suite	**4%**
Threshold 4	Sage for Small Business suite, Sage for Accountants suite, and Sage for Medium Business suite	**5%**

The Diversity, Equity and Inclusion conditions will be measured by reference to (i) the percentage of ethnically diverse colleagues in senior leadership teams, and (ii) the percentage of leadership teams in the top four levels of Sage meeting the global gender diversity target, at the end of the performance period.

2024 awards	Range 1	Range 2
Percentage of teams—ethnicity (%)	**13.0%–16.5%**	**16.5%–20.0%**
Performance condition satisfied (%)	**0.75%–3%**	**3%–3.75%**
Percentage of teams—gender (%)	**50%–65%**	**65%–80%**
Performance condition satisfied (%)	**0.75%–3%**	**3%–3.75%**

Awards for 2025

These performance shares are subject to a service condition and three performance conditions over the 3-year length of the performance period. Performance conditions are weighted 60% on the achievement of a financial performance target, 30% on the achievement of a TSR target, and 10% on the achievement of ESG targets.

The financial performance condition is based on the achievement of underlying earnings per share targets at the end of the performance period. Where underlying EPS is between prescribed targets, the extent to which the financial performance condition is satisfied will be calculated on a straight-line, pro-rata basis within a defined range.

2025 awards	Range 1
Underlying EPS (pence)	**47.5–58.0**
Performance condition satisfied (%)	**12%–60%**

The performance target relating to TSR measures share price performance against a designated comparator group. Where TSR is between median and upper quartile, the TSR vesting percentage will be calculated on a straight-line, pro-rata basis between 6% and 24%, and where TSR is between upper quartile and upper decile, the TSR vesting percentage will be calculated on a straight-line, pro-rata basis between 24% and 30%.

The comparator group for awards granted for 2025 onwards is the companies comprised in the FTSE 100 Index at the start of the performance period, excluding financial services and extraction companies.

The performance targets relating to ESG are based on the achievement of targets relating to (i) a Protect the Planet condition and (ii) a Tech for Good condition.

The Protect the Planet condition will be measured by reference to the reduction in the Group's Scope 1, 2, and 3 carbon emissions during the performance period.

2025 awards	Range 1	Range 2
Reduction in carbon emissions (%)	**8.6%–17.2%**	**17.2%–25.8%**
Performance condition satisfied (%)	**1%–4%**	**4%–5%**

13 Equity continued

13.2 Share-based payments continued

The Tech for Good condition will be measured by reference to the Sage suites that have embedded functionality for carbon accounting at the end of the performance period.

2025 awards	Access to carbon accounting functionality through Sage suites	Performance condition satisfied (%)
Threshold 1	No Sage Active suites	**0%**
Threshold 2	Sage for Sage Active suite in France	**1%**
Threshold 3	Sage for Sage Active suite in France, Spain, and Germany	**4%**
Threshold 4	Sage for Sage Active suite in France, Spain, and Germany, and Sage Distribution and Manufacturing Operations (SDMO) suite	**5%**

Awards were valued using the Monte Carlo option pricing model. Performance conditions were included in the fair value calculations, which were based on observable market prices at grant date. All options granted under performance share awards have an exercise price of £nil. The fair value per awards granted and the assumptions used in the calculation are as follows:

Grant date	December 2024	February 2025
Share price at grant date (£)	**13.12**	**13.12**
Number of employees	**7**	**3**
Shares under award	**390,906**	**484,630**
Vesting period (years)	**3**	**3**
Expected volatility	**25.3%**	**24.3%**
Award life (years)	**3**	**3**
Expected life (years)	**3**	**3**
Risk-free rate	**3.98%**	**3.98%**
Fair value per award (£)	**9.78**	**9.73**

Grant date	December 2023	February 2024	May 2024
Share price at grant date (£)	11.30	11.74	10.87
Number of employees	8	1	2
Shares under award	466,758	241,514	47,458
Vesting period (years)	3	3	3
Expected volatility	23.4%	23.0%	24.3%
Award life (years)	3	3	3
Expected life (years)	3	3	3
Risk-free rate	4.17%	3.72%	4.25%
Fair value per award (£)	8.82	8.91	10.00

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed award life.

13 Equity continued

13.2 Share-based payments continued

A reconciliation of award movements over the year is shown below:

	2025		2024	
	Number '000s	**Weighted average exercise price £**	Number '000s	Weighted average exercise price £
Outstanding at 1 October	**2,842**	**–**	2,447	–
Awarded	**876**	**–**	756	–
Forfeited	**(44)**	**–**	(210)	–
Exercised	**(546)**	**–**	(151)	–
Outstanding at 30 September	**3,128**	**–**	2,842	–
Exercisable at 30 September	**–**	**–**	–	–

	2025		2024	
		Weighted average remaining life years		Weighted average remaining life years
Range of exercise prices	**Expected**	**Contractual**	Expected	Contractual
N/A	**0.9**	**0.9**	0.9	0.9

Restricted Share Awards

Restricted Share Awards granted under the Group's RSP and LTIP are issued to colleagues who contribute to Sage's strategic outcomes.

These contingent share awards are made primarily with service conditions. Executive Directors are not permitted to participate in the RSP and shares are either purchased in the market or treasury shares are utilised to satisfy vesting awards. These awards primarily have service conditions, and their fair values are equal to the share price on the date of grant. During the year 4,274,238 (2024: 4,115,981) awards were made, with fair values ranging from 12.30p to 13.12p.

A reconciliation of award movements over the year is shown below:

	2025		2024	
	Number '000s	**Weighted average exercise price £**	Number '000s	Weighted average exercise price £
Outstanding at 1 October	**15,043**	**–**	18,634	–
Awarded	**4,274**	**–**	4,116	–
Forfeited	**(975)**	**–**	(1,372)	–
Exercised	**(4,807)**	**–**	(6,335)	–
Outstanding at 30 September	**13,535**	**–**	15,043	–
Exercisable at 30 September	**–**	**–**	–	–

	2025		2024	
		Weighted average remaining life years		Weighted average remaining life years
Range of exercise prices	**Expected**	**Contractual**	Expected	Contractual
N/A	**1.1**	**1.1**	1.3	1.3

13 Equity continued

13.2 Share-based payments continued

Other Plans

Other plans comprise The Sage Save and Share Plan (the "Save and Share Plan"), the Colleague Stock Purchase Plan (the "CSPP") and acquisition options. These are not considered to be material to the Group's overall share-based payment arrangements. The key aspects of the Group's share option arrangements are explained below.

The Save and Share Plan is a savings-related share option plan for employees of the Group and is available to employees in the majority of countries in which the Group operates. The UK plan is an HMRC-approved savings-related share option scheme, and similar arrangements apply in other countries where they are available. The fair value of the options is expensed over the service period of three years, with a forfeiture assumption included for any anticipated lapses as employees leave the Group.

During the year, 1,132,772 (2024: 1,423,017) options were granted under the terms of the Save and Share Plan.

The CSPP is an employee share purchase plan and is available to employees within the USA. The fair value of the options is expensed over the service period of six months, with a forfeiture assumption included for any anticipated lapses as employees leave the Group.

During the year, 201,585 (2024: 197,730) shares were purchased under the terms of the CSPP.

As part of certain acquisitions, the Group awards certain employees with options proportional to previously held options in the company acquired. No (2024: nil) options have been granted in the year and no (2024: £nil) costs have been incurred to the income statement in respect of these acquisition options.

A reconciliation of historic acquisition award movements over the year is shown below:

	2025		2024	
	Number '000s	**Weighted average exercise price £**	Number '000s	Weighted average exercise price £
Outstanding at 1 October	**533**	**3.62**	705	3.28
Forfeited	**(29)**	**0.92**	(42)	0.83
Exercised	**(232)**	**5.08**	(130)	2.66
Outstanding at 30 September	**272**	**3.37**	533	3.62
Exercisable at 30 September	**272**	**3.37**	533	3.62

	2025		2024	
		Weighted average remaining life years		Weighted average remaining life years
Range of exercise prices	**Expected**	**Contractual**	Expected	Contractual
72p–702p	**–**	**1.5**	–	1.5

13 Equity continued

13.3 Other reserves

All components of other reserves are presented on a consolidated basis on the face of the consolidated statement of changes in equity.

On transition to IFRS 9, an equity classification adjustment was recognised for which £3m was credited to the translation reserve and £1m to the cash flow hedging reserve, offset by £4m debited to the cost of hedging reserve.
An adjustment between the cost of hedging reserve and retained earnings of £1m was also recognised on transition to reflect the cumulative effect of hedging costs that would have been amortised to the income statement under IFRS 9 over the life of the Group's existing hedging arrangements up to the date of adoption.

Other reserves can be analysed as follows:	**Translation reserve £m**	**Cash flow hedging reserve £m**	**Cost of hedging reserve £m**	**Merger reserve £m**	**Treasury share reserve £m**	**Capital Redemption reserve £m**	**Total £m**
At 1 October 2024	**23**	**4**	**–**	**61**	**(520)**	**3**	**(429)**
Adjustment on initial application of IFRS 9 hedge accounting	**3**	**1**	**(3)**	**–**	**–**	**–**	**1**
At 1 October 2024—adjusted	**26**	**5**	**(3)**	**61**	**(520)**	**3**	**(428)**
Exchange differences on translating foreign operations and net investment hedges	**10**	**–**	**–**	**–**	**–**	**–**	**10**
Changes in fair value of foreign currency basis of hedge relationships	**–**	**–**	**(2)**	**–**	**–**	**–**	**(2)**
Amortisation of foreign currency basis of hedge relationships	**–**	**–**	**1**	**–**	**–**	**–**	**1**
Vesting of share awards and exercise of share options	**–**	**–**	**–**	**–**	**50**	**–**	**50**
At 30 September 2025	**36**	**5**	**(4)**	**61**	**(470)**	**3**	**(369)**

Other reserves can be analysed as follows:	Translation reserve £m	Cash flow hedging reserve £m	Merger reserve £m	Treasury share reserve* £m	Capital Redemption reserve* £m	Total £m
At 1 October 2023	124	4	61	(515)	2	(324)
Exchange differences on translating foreign operations and net investment hedges	(101)	–	–	–	–	(101)
Vesting of share awards and exercise of share options	–	–	–	50	–	50
Cancellation of ordinary shares	–	–	–	–	1	1
Purchase of shares by Employee Benefit Trust	–	–	–	(55)	–	(55)
At 30 September 2024	23	4	61	(520)	3	(429)

* The comparatives at 30 September 2024 have been restated as discussed within 'Basis of preparation' (see note 1)

This note further explains the nature and purpose of the translation, hedging, and merger reserves.

Translation reserve

The translation reserve represents the accumulated exchange differences arising since the transition to IFRS from the following sources:

- The impact of the translation of subsidiaries with a functional currency other than sterling; and
- Exchange differences arising on hedging instruments that are designated hedges of a net investment in foreign operations, net of tax where applicable.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.

13 Equity continued

13.3 Other reserves continued

Cost of hedging reserve

The cost of hedging reserve includes the effects of changes in fair value of the foreign currency basis spread of a financial instrument when the foreign currency basis spread of a financial instrument is excluded from the designation of that financial instrument as the hedging instrument (consistent with the Group's accounting policy to recognise non-designated component of foreign currency derivative in equity). The changes in fair value of the foreign currency basis spread of a financial instrument, in relation to a transaction-related hedged item accumulated in the cost of hedging reserve, are reclassified to profit or loss only when the hedged transaction affects profit or loss, or included as a basis adjustment to the non-financial hedged item. The changes in fair value of the time value of the foreign currency basis spread of a financial instrument, in relation to a time-period related hedged item accumulated in the cash flow hedging reserve, are amortised to profit or loss on a rational basis over the term of the hedging relationship.

Merger reserve

Merger reserve brought forward relates to the merger reserve which was present under UK GAAP and frozen on transition to IFRS.

Treasury share reserve

Treasury share are shares in the Company which are owned by the Company itself.

At 30 September 2025, the Group held 59,869,507 (2024: 66,725,007) treasury shares.

During the year, the Group agreed to satisfy the vesting of certain share awards, utilising a total of 6,855,500 (2024: 7,181,463) treasury shares.

Capital redemption reserve

The balance on the capital redemption reserve represents the aggregate nominal value of all the ordinary shares repurchased and cancelled.

13.4 Retained earnings

Retained earnings	Note	2025 £m	2024 £m
At 1 October		**963**	1,171
Adjustment on initial application of IFRS 9 hedge accounting		**(1)**	–
At 1 October—adjusted		**962**	1,171
Profit for the year		**369**	323
Actuarial gain/(loss) on post-employment benefit obligations, net of tax		**1**	(2)
Fair value reassessment of equity investments		**(2)**	–
Employee share option scheme-value of employee services, net of tax		**57**	62
Vesting of share awards and exercise of share options		**(41)**	(41)
Share buyback programme		**(609)**	(351)
Dividends paid to owners of the parent	13.6	**(207)**	(199)
At 30 September		**530**	963

Share buyback

On 19 November 2024, the Group entered into a non-discretionary share buyback programme to purchase up to £400m of its own shares. As announced on 15 May 2025, the programme was extended by up to £200m. The extended programme completed in July 2025, for a total consideration of £600m plus expected associated fees and taxes, corresponding to the £609m recognised through retained earnings at the balance sheet date, of which £605m was paid in the current year.

During the year, the Group repurchased a total of 48,209,390 ordinary shares as part of the programme, all of which were subsequently cancelled.

In the prior year, the Group purchased a total of 29,289,778 ordinary shares as part of a non-discretionary share buyback programme entered into on 22 November 2023 and completed in April 2024. Consideration of £348m for this share buyback programme was paid in the prior year.

13 Equity continued

13.5 Employee Benefit Trust

The Employee Benefit Trust (EBT) holds shares in the Company and was set up for the benefit of Group employees. The EBT purchases the Company's shares in the market or is gifted these by the Company for use in connection with the Group's share-based payments arrangements. These shares are accounted for as treasury shares. Once purchased, shares are not sold back into the market unless required to settle employee tax liabilities in respect of their share awards. The EBT holds 8,064,848 ordinary shares in the Company (2024: 8,473,802) at a cost of £72m (2024: £77m) with £nil of shares purchased during the year (2024: £55m), funded by the Company, and a nominal value of £nil (2024: £nil).

During the year, the EBT satisfied the vesting of certain share awards utilising 420,118 ordinary shares (2024: 1,381,398). The EBT received £nil (2024: £nil) additional funds for future purchase of shares in the market.

The costs of funding and administering the EBT are charged to the income statement of the Group in the period to which they relate. The market value of the shares of the Company held by the EBT at 30 September 2025 was £89m (2024: £87m).

13.6 Dividends

Accounting policy

Dividends are recognised through equity when approved by the Company's shareholders or on payment, whichever is earlier.

	2025 £m	2024 £m
Final dividend paid for the year ended 30 September 2024 of 13.50p per share	**135**	–
(2024: final dividend paid for the year ended 30 September 2023 of 12.75p per share)	–	129
Interim dividend paid for the year ended 30 September 2025 of 7.45p per share	**72**	–
(2024: interim dividend paid for the year ended 30 September 2024 of 6.95p per share)	–	70
	207	199

In addition, the Directors are proposing a final dividend in respect of the financial year ended 30 September 2025 of 14.40p per share which will absorb an estimated £138m of shareholders' funds. The Company's distributable reserves are sufficient to support the payment of this dividend. If approved at the AGM on 5 February 2026 the dividend will be paid on 10 February 2026 to shareholders who are on the register of members on 9 January 2026. These consolidated financial statements do not reflect this proposed dividend payable.

14 Acquisitions and disposals

The following note outlines acquisitions and disposals during the year and the accompanying accounting policies. Each acquisition or disposal during the year is discussed and the effects on the results of the Group are highlighted. Additional disclosures are presented for disposals and planned disposals that qualify as businesses held for sale or for presentation as discontinued operations.

Accounting policy

Acquisitions

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in the income statement. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's total identifiable net assets acquired. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the difference is recognised directly in the consolidated income statement. Any subsequent adjustment to reflect changes in consideration arising from contingent consideration amendments is recognised in the consolidated income statement.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related items such as legal or professional fees are expensed to the income statement as incurred.

Acquisitions of certain legal entities can be accounted for as an asset acquisition, rather than a business combination, when they satisfy the "concentration test" exemption under IFRS 3 "Business Combinations". This is often the case where the value of the acquired legal entity largely comprises a single asset or technology. Where this is applied, no goodwill is recognised as part of the acquisition accounting.

Businesses held for sale and discontinued operations

The Group classifies the assets and liabilities of a business as held for sale if their carrying amounts will be recovered principally through a sale of the business rather than through continuing use. These assets and liabilities are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for classification as held for sale are met only when the sale is highly probable and the business is available for immediate sale in its present condition. Actions required to complete the sale must indicate that it is unlikely that significant changes will be made to the plan or that the decision to sell will be withdrawn. Management must be committed to the sale and completion must be expected within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated balance sheet.

A business qualifies as a discontinued operation if it is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations; and
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations in both the current and prior years and are presented as a single amount in the consolidated income statement as profit or loss on discontinued operations.

14 Acquisitions and disposals continued

14.1 Acquisitions

Tritium Software

On 29 October 2024, the Group acquired 100% equity capital and voting rights of Tritium Software, S.L ("Tritium Software"), a company based in Spain, for a total consideration of £30m. Tritium Software provides a cloud-native, mobile workforce management solution for field-based sales teams through its main product, Sage Sales Management (previously branded as ForceManager).

Summary of acquisition	Total £m
Cash consideration	28
Deferred consideration	2
Acquisition-date fair value of consideration	**30**
Fair value of identifiable net assets	(5)
Goodwill	**25**

Fair value of identifiable net assets acquired	Total £m
Acquired intangible assets	6
Other net liabilities	(1)
Fair value of identifiable net assets acquired	**5**

A summary of the acquired intangible assets is set out below:

Acquired intangible assets	Valuation £m	Useful economic life (years)
Customer relationships	1	10
Technology	5	7
Acquired intangible assets	**6**	

Acquired goodwill of £25m comprises the fair value of the acquired control premium, workforce in place and the expected synergies. The goodwill has been allocated to the Iberia CGU where the underlying benefit arising from the acquisition is expected to be realised. No goodwill is expected to be deductible for tax purposes. The results of the business are allocated to the Europe operating segment in line with the underlying operations.

The outflow of cash and cash equivalents on the acquisition is as follows:

	Total £m
Cash consideration	(28)
Cash and cash equivalents acquired	1
Net cash outflow	**(27)**

Transaction costs of £5m relating to the acquisition have been included in selling and administrative expenses, classified as other M&A activity-related items within recurring adjustments between underlying and statutory results. These costs relate to advisory, legal, and other professional services. See note 3.6.

Arrangements have been put in place for retention payments to remunerate employees of Tritium Software for future services. The total cost of these arrangements will be recognised in future periods over the retention period, contingent on employment.

The consolidated income statement includes revenue and loss after tax relating to Tritium Software for the period since the acquisition date, of which both are immaterial.

14 Acquisitions and disposals continued

14.1 Acquisitions continued

Fyle Technologies

On 24 July 2025, the Group acquired a 100% controlling interest in Fyle Technologies Private Limited ("Fyle"). Fyle provides an AI-powered expense management platform which transforms how SMBs track and manage expenses, with an existing customer base in the United States.

Summary of acquisition	Total £m
Cash consideration	56
Deferred consideration	3
Holdback consideration	4
Acquisition-date fair value of consideration	**63**
Fair value of identifiable net assets	(14)
Goodwill	**49**

Fair value of identifiable net assets acquired	Total £m
Acquired intangible assets	22
Deferred tax liability	(5)
Other net liabilities	(3)
Fair value of identifiable net assets acquired	**14**

A summary of the acquired intangible assets is set out below:

Acquired intangible assets	Valuation £m	Useful economic life (years)
Technology	**22**	8
Acquired intangible assets	**22**	

Acquired goodwill of £49m comprises the fair value of the acquired control premium, workforce in place and the expected synergies. The goodwill has been allocated to the North America CGU where the underlying benefit arising from the acquisition is expected to be realised. No goodwill is expected to be deductible for tax purposes. The results of the business are allocated to the North America operating segment in line with the underlying operations.

The outflow of cash and cash equivalents on the acquisition is as follows:

	Total £m
Cash consideration	(56)
Cash and cash equivalents acquired	2
Net cash outflow	**(54)**

Transaction costs of £5m relating to the acquisition have been included in selling and administrative expenses, classified as other M&A activity-related items within recurring adjustments between underlying and statutory results. These costs relate to advisory, legal and other professional services. See note 3.6.

Arrangements have been put in place for retention payments to remunerate employees of Fyle for future services, classified as other M&A activity-related items. The total cost of these arrangements will be recognised in future periods over the retention period, contingent on employment.

The consolidated income statement includes revenue and loss after tax relating to Fyle for the period since the acquisition date, of which both are immaterial.

14 Acquisitions and disposals continued

14.2 Measurement adjustments to business combinations reported using provisional amounts

On 9 September 2024, the Group acquired 100% equity capital and voting rights of Infineo SAS ("Infineo"), for total cash consideration of £34m.

The net assets acquired and recognised in the financial statements for the year ended 30 September 2024 were based on a provisional assessment of their fair value while the Group undertook a valuation of the acquired intangible assets. Given the timing of the acquisition, the acquisition accounting had not been finalised by the date the financial statements for the year ended 30 September 2024 were approved for issue by the Board of Directors. During the period, the valuation and acquisition accounting were completed and approved.

The intangible assets identified and subsequently valued as at the date of acquisition include:

Acquired intangible assets	**Valuation £m**	Useful economic life (years)
Customer relationships	**1**	10
Technology	**8**	6
Acquired intangible assets	**9**	

The 2024 comparative information has been adjusted to reflect the adjustment to the provisional amounts.

As a result of the recognition of intangible assets of £9m, there was an increase in the deferred tax liability of £1m and a corresponding decrease of £8m to goodwill.

Acquired goodwill of £24m comprises the fair value of the acquired control premium, workforce in place and the expected synergies. The goodwill has been allocated to the France CGU where the underlying benefit arising from the acquisition is expected to be realised. No goodwill is expected to be deductible for tax purposes. The results of the business are allocated to the Europe operating segment in line with the underlying operations.

No other adjustments have been made to the provisional fair value of assets and liabilities reported at 30 September 2024, as set out below:

Fair value of identifiable net assets acquired	Previously reported provisional fair values £m	Measurement adjustments £m	Final fair values £m
Intangible assets	–	9	9
Deferred tax liability	–	(1)	(1)
Other identifiable net assets	2	–	2
Fair value of identifiable net assets acquired	**2**	**8**	**10**
Goodwill	32	(8)	24
Total consideration	**34**	**–**	**34**

The increase in amortisation charge on the intangible assets from the acquisition date to 30 September 2024 was not material and therefore no adjustment has been made for this. No changes have been identified to the directly attributable-acquisition related costs which were included during the financial year ended 30 September 2024 in relation to the acquisition.

15 Related party transactions

This note provides information about transactions between the Group and its related parties. A group's related parties include any entities over which it has control, joint control, or significant influence, and any persons who are members of its key management personnel.

The Group's related parties are its subsidiary undertakings and its key management personnel, which comprises the Group's Executive Leadership Team members and the Non-executive Directors. Transactions and outstanding balances between the Company and its subsidiaries within the Group and between those subsidiaries have been eliminated on consolidation and are not disclosed in this note. Remuneration paid to the Executive Leadership Team is disclosed in note 3.3.

No other related party transactions occurred during the current year or the prior year.

16 Events after the balance sheet date

Acquisition of Criterion Inc

On 2 October 2025, the Group acquired 100% equity capital and voting rights of Criterion Inc ("Criterion"), a company based in the United States, for fixed initial consideration of £33m and additional variable consideration of up to £16m, linked to the future performance of the business. Criterion provides a unified human capital management (HCM) platform which will enhance Sage's offering to mid-sized businesses.

Due to the timing of the acquisition being after 30 September 2025, the results of Criterion are not included in our financial statements for the year ended 30 September 2025 and the acquisition accounting has not yet been completed. In line with IFRS 3, the purchase price accounting for the acquisition will be finalised within 12 months of the acquisition date.

Share buyback programme

On 18 November 2025, The Sage Group plc. approved a share buyback programme of its ordinary shares of up to £300m, which is expected to commence on 19 November 2025, and end no later than 19 March 2026.

17 Group undertakings

While we present consolidated results in these financial statements, our structure is such that there are a number of different operating and holding companies that contribute significantly to the overall result.

Our subsidiaries are located around the world and each contributes to the profits, assets, and cash flow of the Group.

The entities listed below and on the following pages are subsidiaries of the Company or the Group. The Group percentage of equity capital and voting rights is 100% for all subsidiaries listed below unless indicated otherwise. The results for all of the subsidiaries have been consolidated within these financial statements.

Country	Name	Registered Office address
Australia	Brightpearl Pty Limited	Suite 60 Level 2, 2 O'Connell Street, Parramatta NSW 2150, Australia
Australia	Ocrex Australia Pty. Limited	Level 17, 100 Barangaroo Avenue, Barangaroo NSW 2000, Australia
Australia	Sage Business Solutions Pty Ltd	Level 17, 100 Barangaroo Avenue, Barangaroo NSW 2000, Australia
Australia	Sage Intacct Australia Pty Limited	Level 17, 100 Barangaroo Avenue, Barangaroo NSW 2000, Australia
Australia	Snowdrop Systems Pty Ltd	Level 17, 100 Barangaroo Avenue, Barangaroo NSW 2000, Australia
Austria	Sage GmbH	Stella-Klein-Löw-Weg 15, AT-1020, Wien, Austria
Bahamas	Intelligent Apps Holdings Ltd	#2 Bayside Executive Park, West Bay Street & Blake Road, Nassau, N.P., The Bahamas, Bahamas
Belgium	Sage S.A.	Rue Picard, 7 boite 100, 1000 Bruxelles Belgique, Belgium
Botswana	Sage Software Botswana (Pty) Ltd[1]	Plot 50371, Fairground Office Park, Gaborone, Botswana
Canada	Sage Software Canada Ltd	111, 5th Avenue SW, Suite 3100-C, Calgary AB T2P 5L3, Canada
Colombia	ForceManager Colombia, SAS	CRA 21, Number 134-61 apt 805 Bogotá
France	Sage Holding France SAS	10 Place de Belgique, 92250, La Garenne-Colombes, Paris, France
France	Sage Overseas Limited (Branch Registration)	10 Place de Belgique, 92250, Le Garenne Colombes, Paris, France
France	Sage SAS	10 Place de Belgique, 92250, La Garenne-Colombes, Paris, France
Germany	Best Software (Germany) GmbH	Franklinstraße 61-63 60486, Frankfurt am Main, Germany
Germany	eWare GmbH	Untere Weidenstr. 5, c/o RAè Becker & Koll., 81543, München, Germany
Germany	Sage bäurer GmbH	Josefstraße 10, 78166, Donaueschingen, Germany
Germany	Sage CRM Solutions GmbH	Franklinstraße 61-63, 60486, Frankfurt am Main, Germany
Germany	Sage GmbH	Franklinstraße 61-63 60486, Frankfurt am Main, Germany
Germany	Sage Management & Services GmbH	Franklinstraße 61-63 60486, Frankfurt am Main, Germany
Germany	Sage Services GmbH	Karl-Heine-Straße 109-111, 04229, Leipzig, Germany
India	Corecon Technologies India Private Limited	The Atrium at Quark City, Zone-D, Lower Ground Floor, Plot No. A-45, Industrial Focal Point, Chandigarh Sector 59, Rupnagar, S.A.S.Nagar (Mohali), 160059, Punjab, India
India	Fyle Technologies Private Limited	550, 11th Cross, 2nd Main, MICO Layout, BTM 2nd Stage, Bengaluru 560 076, Karnataka
India	Intacct Software Private Limited	No 501 & 502, Tower C, 5th Floor, The Millenia, No. 1 & 2, Murphy Road, Bangalore, Karnataka, 560 008, India
India	Lockstep Network India Pvt. Ltd.	1st and 2nd Flr Sky Loft, Creaticity Mall Opp Golf Course, Shastrinagar Yerwada, Pune, 411006, India
India	Sage Business Technology (India) Private Limited	The Atrium at Quark City, Zone -D, Second Floor, A-45, Industrial Focal Point, Phase VIII B, Mohali, 160059, India

17 Group undertakings continued

Country	Name	Registered Office address
India	Sage Software India Pvt Ltd (in liquidation)	N-34, Lower Ground Floor, Kalkaji, New Delhi, 110 019, India
India	VV Finly Technology Pvt. Ltd.	1st Floor, Gopala Krishna Complex, #45/3 Residency Road, MG Road, Bangaluru, Karnataka- 560025 India
Ireland	Ocrex Limited	Number One, Central Park, Leopardstown, Dublin 18, Ireland
Ireland	Sage Global Services (Ireland) Limited	Number One, Central Park, Leopardstown, Dublin 18, Ireland
Ireland	Sage Hibernia Limited	Number One, Central Park, Leopardstown, Dublin 18, Ireland
Ireland	Sage Irish Finance Company Unlimited Company (in liquidation)	Deloitte House, 29 Earlsfort Terrace, , Dublin 2 D02 AY28
Ireland	Sage Technologies Limited	Number One, Central Park, Leopardstown, Dublin 18, Ireland
Ireland	Sage Treasury Ireland Unlimited Company	1 Central Park, Leopardstown, Dublin 18, Dublin, D18NH10, Ireland
Israel	Budgeta Technologies Ltd	144 Begin Menachem Rd, Tel Aviv, 6492102, Israel
Italy	Sellf S.r.l. (dissolved 2/10/2025)	Via Sile 41, Roncade, Treviso, Italy
Kenya	Sage Software East Africa Limited[1]	114 & 115, 1st Floor, Nivina Towers, LR NO. 1870/IX/96, Westlands Road, Nairobi, Kenya
Latvia	CakeHR SIA (in liquidation)	Brivibas iela 40-27, Riga, LV-1050, Latvia
Malaysia	Sage Malaysia Business Solutions Sdn. Bhd.	Level 11, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia
Mexico	ForceManager S de RL de CV	Avenida Cafetales 1702, Hacienda de Coyoacán,, Coyoacán, CDMX, 04970, Mexico
Morocco	Sage Software SARL	Tour Crystal 1, Niveau 9, Bd Sidi Mohamed Ben Abdellah, Casablanca, 20030, Morocco
Namibia	Sage Software Namibia (Pty) Ltd	344 Independence Avenue, Windhoek, P O BOX 1571, Namibia
Nigeria	Sage Software Nigeria Limited[1]	Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria
Poland	Sage Software Poland sp. z o.o.	ul. Towarowa 28, 00-839, Warsaw, Poland
Portugal	Sage Portugal – Software, S.A.	Edifício Porto Office Park. Avenida de Sidónio Pais, 153, 4.º piso, 4100-467, Porto, Portugal
Romania	Intacct Development Romania SRL	Bulevardul 21 DECEMBRIE 1989, Nr. 77, camera C.1.2, clădirea C-D, The Office, Etaj 1, Cluj-Napoca, Judet Cluj, Romania
Singapore	Sage Singapore Pte. Ltd.	7 Straits View # 12-00, Marina One East Tower, Singapore, 018936, Singapore
South Africa	Sage Alchemex (Pty) Ltd	23A Flanders Drive, Mount Edgecombe, Durban, 4321, South Africa
South Africa	Sage South Africa (Pty) Ltd*	Floor 6 Gateway West, 22 Magwa Crescent, Waterfall 5-1R, Midrand, Gauteng, 2066, South Africa
Spain	Sage Spain Holdco S.L.	Moraleja Building One – Planta 1, Parque Empresarial de La Loraleja, Avenida de Europa no19, 28108 Alcobendas, Madrid, Spain
Spain	Sage Spain SL[1]	Moraleja Building One – Planta 1, Parque Empresarial de La Moraleja, Avenida de Europa no19, 28108 Alcobendas, Madrid, Spain
Switzerland	Sage Bäurer AG	c/o Legalis Consulting GmbH, Suurstoffi 29, 6343, Rotkreuz, Switzerland
United Arab Emirates	Sage Software Middle East FZ-LLC	Premises: 116-120, Floor: 01, Building: 11, Dubai, United Arab Emirates
United Kingdom	Brightpearl Limited	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom

17 Group undertakings continued

Country	Name	Registered Office address
United Kingdom	ForceManager Ltd (in liquidation)	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	HR Bakery Ltd (in liquidation)	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Interact UK Holdings Limited*	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Ocrex UK Ltd	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage (UK) Ltd	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage Euro Hedgeco 1	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage Euro Hedgeco 2	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage Far East Investments Limited	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage Global Services Limited	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage Holding Company Limited*	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage Holdings Limited	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage Irish Investments LLP (in liquidation)	3 Field Court, Gray's Inn, London, WC1R 5EF, United Kingdom
United Kingdom	Sage Irish Investments One Limited (in liquidation)*	3 Field Court, Gray's Inn, London, WC1R 5EF, United Kingdom
United Kingdom	Sage Irish Investments Two Limited (in liquidation)*	3 Field Court, Gray's Inn, London, WC1R 5EF, United Kingdom
United Kingdom	Sage Online Holdings Limited	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage Overseas Limited	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage People Limited	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage Treasury Company Limited*	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage US LLP	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage USD Hedgeco 1	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage USD Hedgeco 2	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sage Whitley Limited	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Sagesoft	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United Kingdom	Snowdrop Systems Limited	C23 – 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ, United Kingdom
United States	Brightpearl, Inc.	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States
United States	Fyle, Inc.	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, Delaware, 19803
United States	Ocrex, Inc.	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States
United States	Sage Budgeta, Inc.	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States
United States	Sage Global Services US, Inc	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States

17 Group undertakings continued

Country	Name	Registered Office address
United States	Sage Intacct, Inc.	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States
United States	Sage People, Inc.	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States
United States	Sage Software Holdings, Inc.	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States
United States	Sage Software International, Inc.	425 West Washington Street #4, Suffolk, Suffolk (Independent City), VA 23434, United States
United States	Sage Software, Inc.	425 West Washington Street #4, Suffolk, Suffolk (Independent City), VA 23434, United States
United States	Sage Software North America	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States
United States	Sage Tempus, Inc.	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States
United States	Softline Holdings USA, Inc.	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States
United States	Softline Software, Inc.	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States
United States	Softline Software USA, LLC	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States
United States	South Acquisition Corp.	Brandywine Plaza, 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE 19803, United States

Notes:

* Direct subsidiary.

1 Group holding in the subsidiary is ≥99% and <100%.

COMPANY STATEMENTS

Company financial statements

253 Company balance sheet
254 Company statement of changes in equity
255 Company accounting policies

Notes to the Company financial statements

257 1. Dividends
257 2. Investments
257 3. Cash and cash equivalents
257 4. Debtors
258 5. Trade and other creditors
258 6. Borrowings
258 7. Equity

Company balance sheet

At 30 September 2025

	Note	2025 £m	2024 (restated)* £m
Non-current assets			
Investments	2	**3,088**	3,088
Debtors	4	**437**	417
Deferred tax assets		**3**	2
		3,528	3,507
Current assets			
Cash and cash equivalents	3	**1**	21
Debtors	4	**1,229**	1,229
		1,230	1,250
Current liabilities			
Trade and other creditors	5	**(52)**	(35)
Non-current liabilities			
Borrowings	6	**(1,477)**	(1,157)
Net assets		**3,229**	3,565
Capital and reserves			
Called up share capital	7.1	**11**	11
Share premium account		**548**	548
Other reserves	7.2	**(406)**	(456)
Profit and loss account		**3,076**	3,462
Total shareholders' funds		**3,229**	3,565

* The comparative balance sheet at 30 September 2024 has been restated as discussed within "Company accounting policies"

The Company's profit for the year was £420m (2024: £58m).

The financial statements on pages 253 to 259 were approved by the Board of Directors on 18 November 2025 and are signed on its behalf by:

Jonathan Howell
Chief Financial Officer

Company's registered number 02231246

Company statement of changes in equity

	Attributable to owners of the parent				
	Called up share capital £m	**Share premium £m**	**Other reserves £m**	**Profit and loss account £m**	**Total equity £m**
At 1 October 2024	**11**	**548**	**(456)**	**3,462**	**3,565**
Profit for the year	**–**	**–**	**–**	**420**	**420**
Total comprehensive income for the year ended 30 September 2025	**–**	**–**	**–**	**420**	**420**
Transactions with owners:					
Employee share option scheme—value of employee services	**–**	**–**	**–**	**51**	**51**
Vesting of share awards and exercise of share options	**–**	**–**	**50**	**(41)**	**9**
Share buyback programme	**–**	**–**	**–**	**(609)**	**(609)**
Dividends paid to owners of the parent	**–**	**–**	**–**	**(207)**	**(207)**
Total transactions with owners for the year ended 30 September 2025	**–**	**–**	**50**	**(806)**	**(756)**
At 30 September 2025	**11**	**548**	**(406)**	**3,076**	**3,229**

	Attributable to owners of the parent (restated)*				
	Called up share capital £m	Share premium £m	Other reserves £m	Profit and loss account £m	Total equity £m
At 1 October 2023	12	548	(452)	3,939	4,047
Profit for the year	–	–	–	58	58
Total comprehensive income for the year ended 30 September 2024	–	–	–	58	58
Transactions with owners:					
Employee share option scheme—value of employee services	–	–	–	56	56
Vesting of share awards and exercise of share options	–	–	50	(41)	9
Purchase of shares by Employee Benefit Trust	–	–	(55)	–	(55)
Cancellation of ordinary shares	(1)	–	1	–	–
Share buyback programme	–	–	–	(351)	(351)
Dividends paid to owners of the parent	–	–	–	(199)	(199)
Total transactions with owners for the year ended 30 September 2024	(1)	–	(4)	(535)	(540)
At 30 September 2024	11	548	(456)	3,462	3,565

* The comparative statement of changes in equity for the year ended 30 September 2024 has been restated as discussed within "Company accounting policies"

Company accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006. The going concern basis is set out in note 1 of the Group consolidated financial statements. A summary of the more important Company accounting policies, which have been consistently applied to all periods presented, is set out below.

The Sage Group plc. (the "Company"), a public company limited by shares, is deemed a qualifying entity under FRS 102, and so may take advantage of the reduced disclosures permitted under the standard. As a result, the following disclosures have not been provided:

- A statement of cash flows and related disclosures under Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- Disclosures about financial instruments under Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments Issues paragraphs 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), and 12.29A; this exemption is permitted as equivalent disclosures are included in the consolidated financial statements;
- Disclosures about share-based payments under Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; this exemption is permitted as the Company is an ultimate parent, the share-based payment arrangements concern its own equity instruments, its separate financial statements are presented alongside the consolidated financial statements of The Sage Group plc. and equivalent disclosures are included in those consolidated financial statements; and
- Key management personnel compensation in total under Section 33 Related Party Disclosures paragraph 33.7.

In the Company's financial statements for the year ended 30 September 2024, the amount paid of £351m relating to a share buyback was disclosed as a component of treasury shares. As the shares were cancelled upon repurchase, £351m should have been deducted from the profit and loss reserve. An adjustment has been recognised in these financial statements. The comparative disclosures in these financial statements have been adjusted as set out in the Company balance sheet, the Company statement of changes in equity and note 7.2 "Other reserves". There is no impact on the Group's consolidated financial statements.

Foreign currencies

The Company is a UK registered company with both a functional and presentational currency of sterling. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are converted into sterling at the rate prevailing at the dates of the transactions. All differences on exchange are taken to the profit and loss account.

Investments

Investments are stated at cost less provision for any diminution in value. Any impairment is charged to the profit and loss account as it arises.

Company profit and loss account

No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006.

Details of the average number of people employed by the Company and the staff costs incurred by the Company are as follows:

Average monthly number of people employed (including Directors)	**2025 number**	2024 number
By segment:		
UKIA	**12**	14

Staff costs	**2025 £m**	2024 £m
Wages and salaries	**5**	5
Social security costs	**2**	2
	7	7

Staff costs are net of recharges to other Group companies.

Company accounting policies continued

Auditor's remuneration

The audit fees payable in relation to the audit of the financial statements of the Company are £47,000 (2024: £50,600).

Directors' remuneration

Details of the remuneration of Executive and Non-executive Directors and their interest in shares and options of the Company are given in the audited part of the Directors' Remuneration Report on pages 117 to 151.

Share-based payments

The Company issues equity-settled share-based payments to certain employees and employees of its subsidiaries. Equity-settled share-based payments granted to employees of the Company are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest allowing for the effect of non-market-based vesting conditions.

Fair value is measured using the Black-Scholes or the Monte Carlo pricing models. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Company also provides certain employees and employees of its subsidiaries with the ability to purchase the Company's ordinary shares at a discount to the current market value at the date of the grant. For awards made to its own employees, the Company records an expense, based on its estimate of the discount related to shares expected to vest, on a straight-line basis over the vesting period.

At the end of each reporting period, the entity revises its estimates for the number of options expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

For awards made to subsidiary employees, the fair value of awards made is recognised by the Company through the profit and loss account. Intergroup recharges to the employing subsidiary, up to the fair value of awards made to employees of that subsidiary, subsequently reverse the decrease to the profit and loss account.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of basic financial assets and liabilities, including trade and other receivables and payables and loans to and from related parties. These transactions are initially recorded at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipt discounted at a market rate of interest, and subsequently recognised at amortised cost.

Financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in comprehensive income or expense.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

Dividends

Dividends are recognised through equity when approved by the Company's shareholders or on payment, whichever is earlier.

Employee Benefit Trust

The Company's Employee Benefit Trust is considered an extension of the Company and therefore forms part of these financial statements.

Notes to the Company financial statements

1 Dividends

	2025 £m	2024 £m
Final dividend paid for the year ended 30 September 2024 of 13.50p per share	**135**	–
(2024: final dividend paid for the year ended 30 September 2023 of 12.75p per share)	**–**	129
Interim dividend paid for the year ended 30 September 2025 of 7.45p per share	**72**	–
(2024: interim dividend paid for the year ended 30 September 2024 of 6.95p per share)	**–**	70
	207	199

In addition, the Directors are proposing a final dividend in respect of the financial year ended 30 September 2025 of 14.40p per share which will absorb an estimated £138m of shareholders' funds. The Company's distributable reserves are sufficient to support the payment of this dividend. If approved at the AGM on 5 February 2026 the dividend will be paid on 10 February 2026 to shareholders who are on the register of members on 9 January 2026. These financial statements do not reflect this proposed dividend payable.

2 Investments

Equity interests in subsidiary undertakings are as follows:

	2025 £m	2024 £m
Cost	**3,097**	3,097
Provision for diminution in value	**(9)**	(9)
Net book value	**3,088**	3,088

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Subsidiary undertakings, included in the Group financial statements for the year ended 30 September 2025, are shown in note 17 of the Group financial statements. All of these subsidiary undertakings are wholly owned, unless otherwise indicated in note 17 of the Group financial statements. Subsidiaries are engaged in the development, distribution, and support of business management software and related products and services for small and medium-sized businesses.

All subsidiaries' results are included in the Group financial statements. The accounting reference date of all subsidiaries is 30 September.

3 Cash and cash equivalents

	2025 £m	2024 £m
Cash and cash equivalents	**1**	21

4 Debtors

	2025 £m	2024 £m
Prepayments and accrued income	**1**	–
Amounts owed by Group undertakings	**1,662**	1,646
Current tax assets	**3**	–
	1,666	1,646

Of amounts owed by Group undertakings £437m (2024: £417m) is due greater than one year. Amounts owed by Group undertakings are unsecured and attract a rate of interest of 3.8% and SONIA plus 1.6% respectively (2024: 3.8% and SONIA plus 1.6%).

5 Trade and other creditors

	2025 £m	2024 £m
Amounts owed to Group undertakings	**1**	–
Accruals	**51**	35
	52	35

Amounts owed to Group undertakings are unsecured and non-interest bearing.

6 Borrowings

	2025 £m	2024 £m
Sterling denominated bond notes	**1,041**	743
Euro denominated bond notes	**436**	414
	1,477	1,157

During the year, bond notes were issued in March 2025 for a nominal amount of £300m with a maturity date of March 2037. Net cash proceeds from the issuance were £297m. For further information, see note 11.4 of the Group consolidated financial statements.

7 Equity

7.1 Called up share capital

Issued and fully paid ordinary shares of 1 4/77 pence each	2025 shares	2025 £m	2024 shares	2024 £m
At 1 October	**1,071,499,517**	**11**	1,100,789,295	12
Cancellation of shares*	**(48,209,390)**	**–**	(29,289,778)	(1)
At 30 September	**1,023,290,127**	**11**	1,071,499,517	11

Note:

* Cancellation of shares in the current year resulted in a reduction of the nominal value of ordinary shares of less than £1m.

See note 13.1 of the Group consolidated financial statements.

7.2 Other reserves

	Treasury share reserve £m	Merger reserve £m	Capital redemption reserve £m	Total other reserves £m
At 1 October 2024	**(520)**	**61**	**3**	**(456)**
Vesting of share awards and exercise of share options	**50**	**–**	**–**	**50**
At 30 September 2025	**(470)**	**61**	**3**	**(406)**

	Treasury share reserve (restated)* £m	Merger reserve £m	Capital redemption reserve £m	Total other reserves (restated)* £m
At 1 October 2023	(515)	61	2	(452)
Vesting of share awards and exercise of share options	50	–	–	50
Cancellation of ordinary shares	–	–	1	1
Purchase of shares by Employee Benefit Trust	(55)	–	–	(55)
At 30 September 2024	(520)	61	3	(456)

Note:

* The comparative treasury share reserve for the year ended 30 September 2024 has been restated as discussed within "Company accounting policies".

7 Equity continued

7.2 Other reserves continued

Treasury shares

Purchase of treasury shares

At 30 September 2025, the Company held 59,869,507 (2024: 66,725,007) treasury shares.

During the year, the Company agreed to satisfy the vesting of certain share awards, utilising a total of 6,855,500 (2024: 7,181,463) treasury shares.

Shares purchased under the Company's buyback programme are either cancelled or are retained in treasury and reissued in the future. Where the shares are retained as treasury shares, they represent a deduction from equity attributable to owners of the Company.

On 19 November 2024, the Company entered into a non-discretionary share buyback programme to purchase up to £400m of its own shares. As announced on 15 May 2025, the programme was extended by up to £200m. The extended programme completed in July 2025, for a total consideration of £600m plus expected associated fees and taxes, corresponding to the £609m recognised through retained earnings at the balance sheet date, of which £605m was paid in the current year.

During the year, the Company repurchased a total of 48,209,390 ordinary shares as part of the programme, all of which were subsequently cancelled.

In the prior year, the Company purchased a total of 29,289,778 ordinary shares as part of a non-discretionary share buyback programme entered into on 22 November 2023 and completed in April 2024. Consideration of £348m for this share buyback programme was paid in the prior year.

Employee Benefit Trust

The Employee Benefit Trust (EBT) holds shares in the Company and was set up for the benefit of Group employees. The EBT purchases the Company's shares in the market or is gifted these by the Company for use in connection with the Group's share-based payments arrangements. Once purchased, shares are not sold back into the market unless required to settle employee tax liabilities in respect of their share awards. The EBT holds 8,064,848 ordinary shares in the Company (2024: 8,473,802) at a cost of £72m (2024: £77m) with £nil of shares purchased during the year (2024: £55m), funded by the Company, and a nominal value of £nil (2024: £nil).

During the year, the EBT utilised 420,118 shares it held to satisfy the vesting of certain share awards (2024: 1,381,398). The EBT received £nil (2024: £nil) additional funds for future purchase of shares in the market.

The costs of funding and administering the EBT are charged to the profit and loss account of the Company in the period to which they relate. The market value of the shares of the Company held by the EBT at 30 September 2025 was £89m (2024: £87m).

ADDITIONAL INFORMATION

Additional information

261 Glossary
264 Shareholder information

Glossary

Alternative Performance Measures

Alternative Performance Measures are used by the Group to understand and manage performance. These are not defined under International Financial Reporting Standards (IFRS) or UK-adopted International Accounting Standards (UK-IFRS) and are not intended to be a substitute for any IFRS or UK-IFRS measures of performance but have been included as management considers them to be important measures, alongside the comparable GAAP financial measures, in assessing underlying performance. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures. The table below sets out the basis of calculation of the Alternative Performance Measures and the rationale for their use.

Measure	Description	Rationale
Underlying (revenue and profit) measures	Underlying measures are adjusted to exclude items which in management's judgement need to be disclosed separately by virtue of their size, nature or frequency to aid understanding of the performance for the year or comparability between periods: • Recurring items include purchase price adjustments including amortisation of acquired intangible assets and adjustments made to reduce deferred income arising on acquisitions, acquisition-related items, and unhedged FX on intercompany balances; and • Non-recurring items that management judge to be one-off or non-operational such as gains and losses on the disposal of assets, impairment charges and reversals, and restructuring related costs. Recurring items are adjusted each period irrespective of materiality to ensure consistent treatment. Underlying basic EPS is also adjusted for the tax impact of recurring and non-recurring items. All prior period underlying measures (revenue and profit) are retranslated at the current year exchange rates to neutralise the effect of currency fluctuations.	Underlying measures allow management and investors to compare performance without the effects of foreign exchange movements or recurring or non-recurring items. By including part-period contributions from acquisitions, discontinued operations, disposals and assets held for sale of standalone businesses in the current and/or prior periods, the impact of M&A decisions on earnings per share growth can be evaluated.
Organic (revenue and profit) measures	In addition to the adjustments made for Underlying measures, Organic measures: • Exclude the contribution from discontinued operations, disposals and assets held for sale of standalone businesses in the current and prior period; and • Exclude the contribution from acquired businesses until the year following the year of acquisition; and Adjust the comparative period to present prior period acquired businesses as if they had been part of the Group throughout the prior period. Acquisitions and disposals where the revenue and contribution impact would be immaterial are not adjusted.	Organic measures allow management and investors to understand the like-for-like revenue and current period margin performance of the continuing business.
Underlying Cash Flow from Operations	Underlying Cash Flow from Operations is Underlying Operating Profit adjusted for non-cash items, net capital expenditure (excluding business combinations and similar items) and changes in working capital.	To show the cash flow generated by the operations and calculate underlying cash conversion.

Glossary continued

Measure	Description	Rationale
Underlying Cash Conversion	Underlying Cash Flow from Operations divided by Underlying (as reported) Operating Profit.	Cash conversion informs management and investors about the cash operating cycle of the business and how efficiently operating profit is converted into cash.
Underlying EBITDA	Underlying EBITDA is Underlying Operating Profit excluding underlying depreciation, amortisation and share based payments. Underlying depreciation and amortisation is the statutory equivalent measure, adjusted for the amortisation of acquired intangibles. Underlying share based payments is the statutory equivalent measure, adjusted for M&A-related share based payment charges included within other M&A activity related items.	To calculate the Net Debt to underlying EBITDA leverage ratio and to show profitability before the impact of major non-cash charges.
Annualised recurring revenue	Annualised recurring revenue ("ARR") is the normalised recurring revenue in the last month of the reporting period, adjusted consistently period to period, multiplied by twelve. Adjustments to normalise reported recurring revenue involve adjusting for certain components (such as non-refundable contract sign-up fees) to ensure the measure reflects that part of the revenue base which (subject to ongoing use and renewal) can reasonably be expected to repeat in future periods.	ARR represents the annualised value of the recurring revenue base that is expected to be carried into future periods, and its growth is a forward- looking indicator of reporting recurring revenue growth.
Renewal Rate by Value	The ARR from renewals, migrations, upsell and cross-sell of active customers at the start of the year, divided by the opening ARR for the year.	As an indicator of our ability to retain and generate additional revenue from our existing customer base through up and cross sell.
Free Cash Flow	Free Cash Flow is Underlying Cash Flow from Operations minus net interest paid, derivative financial instruments and income tax paid, and adjusted for non-recurring cash items (which excludes net proceeds on disposals of subsidiaries) and profit and loss foreign exchange movements.	To measure the cash generated by the operating activities during the period that is available to repay debt, undertake acquisitions or distribute to shareholders.
% Subscription Penetration	Underlying software subscription revenue as a percentage of underlying total revenue.	To measure the migration our customer base from licence and maintenance to a subscription relationship.
% Sage Business Cloud Penetration	Underlying recurring revenue from the Sage Business Cloud as a percentage of the underlying recurring revenue of the Future Sage Business Cloud Opportunity.	To measure the progress in the migration of our revenue base to the Sage Business Cloud by connecting our solutions to the cloud and/or migrating our customers to cloud connected and cloud native solutions.
Return on Capital Employed (ROCE)	ROCE is calculated as underlying operating profit, minus amortisation of acquired intangibles, the result being divided by capital employed, which is the average (of the opening and closing balance for the period) total net assets excluding net debt, derivative financial instruments, provisions for non-recurring costs, financial liability for purchase of own shares and tax assets or liabilities.	As an indicator of the current period financial return on the capital invested in the company. ROCE is used as an underpin in the FY23, FY24 and FY25 PSP awards.
Net debt	Net debt is cash and cash equivalents less current and non-current borrowings.	To calculate the Net Debt to underlying EBITDA leverage ratio and an indicator of our indebtedness.

AGM
Annual General Meeting

AI
Artificial Intelligence

API
Application Program Interface

CAGR
Compound Annual Growth Rate

CDP
Carbon Disclosure Project

CEO
Chief Executive Officer

CFO
Chief Financial Officer

CGU
Cash Generating Unit

CRM
Customer Relationship Management

DTR
Disclosure Guidance and Transparency Rules

EBITDA
Earnings Before Interest Taxes Depreciation and Amortisation

ED
Executive Director

ELT
Executive Leadership Team

EPS
Earnings Per Share

ERP
Enterprise Resource Planning

EU
European Union

FCF
Free Cash Flow

FY23
Financial year ending 30 September 2023

FY24
Financial year ending 30 September 2024

FY25
Financial year ending 30 September 2025

GHG
Greenhouse Gas

HCM
Human Capital Management

HR
Human Resources

IFRS
International Financial Reporting Standards

ISV
Independent Software Vendor

KPI
Key Performance Indicator

LLM
Large Language Model

LSE
London Stock Exchange

LTIP
Long Term Incentive Plan

ML
Machine Learning

MTD
Making Tax Digital

NED
Non-Executive Director

NPS
Net Promoter Score

PBT
Profit Before Tax

PSP
Performance Share Plan

R&D
Research and Development

SBC
Sage Business Cloud

SaaS
Software as a Service

SSRS
Software & Software Related Services

TSR
Total Shareholder Return

Shareholder information

Financial calendar[1]

Annual General Meeting	5 February 2026
Dividend payments[2]	
FY25 final payable	10 February 2026
Interim payable	3 July 2026
Results announcements	
Q1 FY26 trading update	27 January 2026
H1 FY26 interim results	21 May 2026
Q3 FY26 trading update	29 July 2026
FY26 full-year results	19 November 2026

Note:
1. Please note that these dates are provisional and subject to change. Please access our financial calendar on www.sage.com, which is updated regularly.
2. All dividend payments are subject to Board and, in the case of the final dividend, shareholders' approval.

Shareholder and investor information online

More information about our business, products, investors, media, sustainability, and careers at Sage can be found on our website at www.sage.com

A dedicated investor information page can be found at www.sage.com/investors

Enquiries can be directed to Investor Relations via our website.

Electronic shareholder information

Equiniti, the registrar of The Sage Group plc., is able to notify shareholders by email of the availability of shareholder information online. Whenever new shareholder information becomes available, such as Sage's full-year results, those shareholders opted in to the scheme will receive an email notification from Equiniti, enabling them to access, read and print documents at their convenience.

To take advantage of this service, shareholders should go to www.shareview.co.uk, where full details of the shareholder portfolio services are provided. When registering for this service, shareholders will need to have their 11-character Shareholder Reference Number to hand, which is shown on the dividend tax voucher, share certificate or Form of Proxy.

Should shareholders decide at a later date that they do not want to receive these emails, they may amend their request by accessing the Shareview Portfolio online and amending their preferred method of communication.

Annual General Meeting

We consider the Annual General Meeting to be an important event in our calendar and a significant opportunity to engage with our shareholders. The 2026 AGM will be held on 5 February 2026. Further details will be set out in the Notice of Annual General Meeting that accompanies this report and will be available on our website at www.sage.com.

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Consultancy, design and production
www.luminous.co.uk

Sage exists to knock down barriers so everyone can thrive, starting with the millions of small and mid-sized businesses (SMBs) served by us, our partners and accountants. Customers trust our finance, HR and payroll software to make work and money flow. By digitalising business processes and relationships with customers, suppliers, employees, banks and governments, our AI-powered platform connects SMBs, removing friction and delivering insights. Knocking down barriers also means we use our time, technology and experience to tackle digital inequality, economic inequality and the climate crisis.

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