RNS Number : 7324I
Sage Group PLC (The)
15 May 2025

The Sage Group plc
Results for the six months to 31 March 2025 (unaudited)
15 May 2025

Continued strong growth driven by consistent strategic execution

Steve Hare, Chief Executive Officer, commented:

"Sage delivered strong results in the first half of the year, extending our track record of broad-based growth and significant margin expansion. Our performance reflects the strength of our accounting, HR and payroll solutions, underpinned by ongoing investment in our network platform."

"We continue to focus on innovation, transforming customer workflows through AI-powered services. Just one year after launch, Sage Copilot is delivering enhanced productivity and insights to thousands of customers across our portfolio, whilst paving the way for the next generation of AI accounting, powered by agentic workflows.

"Amid a more volatile and uncertain macroeconomic environment, Sage remains resilient and diversified. Small and mid-sized businesses continue to adopt digital technologies to become more productive and efficient. I am confident that our proven strategy will deliver further long-term value to all our stakeholders."

Underlying Financial APMs[i]	**H1 25**	**H1 24[ii]**	**Change**	**Organic Change**
Annualised Recurring Revenue (ARR)	£2,454m	£2,218m	+11%	+10%
Underlying Total Revenue	£1,242m	£1,134m	+9%	+9%
Underlying Operating Profit	£288m	£247m	+16%	+16%
% Underlying Operating Profit Margin	*23.2%*	*21.8%*	*+1.4 ppts*	*+1.4 ppts*
Underlying EBITDA	£334m	£292m	+14%	
% Underlying EBITDA Margin	*26.9%*	*25.8%*	*+1.1 ppts*	
Underlying Basic EPS (p)	20.8p	17.7p	+17%	
Underlying Cash Conversion	115%	127%	-12 ppts	
Statutory Measures	**H1 25**	**H1 24**	**Change**	
Revenue	£1,242m	£1,152m	+8%	
Operating Profit	£255m	£215m	+18%	
% Operating Profit Margin	*20.5%*	*18.7%*	*+1.8 ppts*	
Basic EPS (p)	18.2p	15.3p	+19%	
Dividend Per Share (p)	7.45p	6.95p	+7%	

Please note that tables may not cast and change percentages may not calculate precisely due to rounding.

Financial highlights

- Underlying total revenue increased by 9% to £1,242m, reflecting our high-quality subscription-based recurring revenue model.
- Underlying operating profit increased by 16% to £288m, driving a strong margin increase of 140 basis points to 23.2%, with disciplined cost management supporting ongoing investment.
- Underlying EBITDA increased by 14% to £334m, with margin increasing by 110 basis points to 26.9%.
- Statutory operating profit increased by 18% to £255m reflecting growth in underlying operating profit together with lower acquisition-related expenses.
- Underlying basic EPS increased by 17% to 20.8p, whilst statutory basic EPS increased by 19% to 18.2p.

- Strong cash performance, with underlying cash conversion of 115%, reflecting continued growth in subscription revenue and good working capital management.

- Robust balance sheet, with £1.2bn of cash and available liquidity, and net debt to underlying EBITDA of 1.5x.

Shareholder returns

- Interim dividend up 7% to 7.45p, in line with our progressive policy.
- Share buyback programme extended by up to £200m, as announced separately today, reflecting Sage's strong cash generation, robust financial position, and the Board's confidence in Sage's future prospects.

Strategic and operational highlights

- Underlying annualised recurring revenue (ARR) up 11% to £2,454m, with growth across all regions balanced between new and existing customers.
- Renewal rate by value of 101% (H1 24: 102%), reflecting strong retention rates and a good level of sales to existing customers.
- Sage Business Cloud revenue increased by 13% to £1,020m (H1 24: £901m), including cloud native revenue growth of 22% to £425m (H1 24: £349m).
- Subscription penetration increased to 83% (H1 24: 81%) driven by growth in subscription revenue of 12% to £1,031m (H1 24: £923m).
- Strong strategic progress as we continue to enhance and expand our global cloud solutions and deepen our vertical-specific capabilities, complemented by the recent acquisition of ForceManager.
- Rapidly scaling Sage Copilot, our generative AI-powered assistant; now available with key products in the UK, US and Europe, delivering enhanced productivity and insights to customers.

Outlook

Against the background of a more volatile and uncertain macroeconomic environment, we currently continue to expect organic total revenue growth in FY25 to be 9% or above. Operating margins are expected to trend upwards in FY25 and beyond, as we focus on efficiently scaling the Group.

About Sage

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 digitising business processes and relationships with customers, suppliers, employees, banks and governments, our digital network 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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A presentation for investors and analysts will be held at 8.30am UK time. The webcast can be accessed via sage.com/investors or directly via the following link: https://edge.media-server.com/mmc/p/p333t4ss. To join the conference call, please register via https://register-conf.media-server.com/register/BI0dc9341f066f446d96b7c1637dc01236.

Business Review

Sage performed well in the first half of FY25, with continued growth across all regions, in line with expectations, underpinned by organic and inorganic investment. Disciplined cost management together with operating efficiencies supported strong operating profit and margin expansion, driving further growth in earnings per share and robust cash flows.

Overview of results

The Group increased underlying total revenue by 9% to £1,242m (H1 24: £1,134m), with all regions contributing to growth. In North America, revenue grew by 11%, with a good performance from Sage Intacct together with continued growth in Sage 200 and Sage 50. In the UKIA[iii] region, revenue increased by 9% driven by Sage Intacct together with cloud solutions for small businesses including Sage 50. In Europe, revenue increased by 8%, with growth across our accounting, HR and payroll solutions.

Throughout the Group, our principal focus is to grow Sage Business Cloud, comprising our cloud native[iv] and cloud connected[v] solutions, by attracting new customers and delivering further value to existing customers. Sage Business Cloud solutions enable customers to benefit from a range of cloud services as part of the Sage Network platform, leading to deeper customer relationships and higher lifetime values.

As a result, Sage Business Cloud total revenue increased by 13% to £1,020m (H1 24: £901m), driven by growth in cloud native revenue of 22% to £425m (H1 24: £349m) 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 £1,203m (H1 24: £1,095m), with software subscription revenue up by 12% to £1,031m (H1 24: £923m) leading to subscription penetration of 83% (H1 24: 81%). As a result, 97% of the Group's revenue is recurring.

On an organic basis, total revenue grew by 9% to £1,239m (H1 24: £1,137m), while recurring revenue increased by 9% to £1,200m (H1 24: £1,098m).

ARR growth

ARR increased by 11% to £2,454m (H1 24: £2,218m) on an underlying basis, reflecting continued growth balanced between new and existing customers. On an organic basis, ARR increased by 10% to £2,449m (H1 24: £2,224m).

Renewal rate by value of 101% (H1 24: 102%) reflects strong retention rates and a good level of sales to existing customers, including customer add-ons and targeted price rises. In total, Sage has added £190m of ARR through new customer acquisition on an organic basis over the last 12 months, in line with the prior period.

Performance by region

North America	H1 25	H1 24	Change	Organic change
US	£498m	£449m	11%	10%
Canada	£70m	£62m	12%	12%
Underlying total revenue	**£568m**	**£511m**	**11%**	**11%**

In North America, underlying total revenue increased by 11% to £568m, with growth across Sage's key accounting solutions, particularly among mid-sized businesses. Recurring revenue grew by 11% to £554m (H1 24: £497m), while subscription penetration increased to 82%, up from 80% in the prior period.

In the US, total revenue increased by 11% to £498m. Sage Intacct, which now represents 45% of US revenue, grew by 21% to £223m (H1 24: £184m), driven by strength in both new and existing customer revenues across key industry verticals, particularly construction & real estate, not-for-profit and financial services. Revenue was also driven by growth in Sage 200, with good levels of upsell to existing customers, together with further growth in Sage X3 and Sage 50.
In Canada, total revenue grew by 12% to £70m, driven by a good performance from Sage Intacct, together with growth in Sage 50, which benefitted from a strong cloud renewal rate and new customer acquisition. In addition, Sage HR continued to achieve good traction following its Canadian launch last year.

UKIA	H1 25	H1 24	Change	Organic change
UK & Ireland	£271m	£248m	9%	9%
Africa & APAC	£87m	£81m	8%	8%
Underlying total revenue	**£358m**	**£329m**	**9%**	**9%**

In the UKIA region, underlying total revenue increased by 9% to £358m, with further strength across Sage's accounting, HR and payroll solutions. Recurring revenue also grew by 9% to £350m (H1 24: £322m), while subscription penetration was 89%, in line with the prior period.

In the UK & Ireland, total revenue grew by 9% to £271m. Sage Intacct, the largest driver of growth in the region, continued to scale rapidly driven by accelerating new customer acquisition. Sage 50 also contributed strongly, together with Sage 200, with growth mainly from existing customers through 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 continued to deliver good levels of growth. The performance of Sage Accounting and Sage 50 was supported by the recent launch of Sage Copilot to customers of both solutions. Revenue was also driven by accountancy practice management tools, supported by the continued growth of Sage for Accountants.

In Africa and APAC, total revenue grew by 8% to £87m, with continued growth in Sage Accounting, Sage Payroll and Sage HR driven by good levels of new customer acquisition and higher pricing. Sage Intacct also performed well, off a small base. In addition, Sage X3 and local products within the Sage 50 franchise continued to contribute to growth.

Europe	H1 25	H1 24	Change	Organic Change
France	£158m	£149m	6%	6%
Central Europe	£77m	£71m	8%	8%
Iberia	£81m	£74m	10%	7%
Underlying total revenue	**£316m**	**£294m**	**8%**	**7%**

Europe achieved underlying total revenue growth of 8% to £316m, reflecting a strong performance in Sage 200, Sage X3, HR and payroll solutions. Recurring revenue grew by 8% to £299m (H1 24: £276m), while subscription penetration increased to 79%, up from 75% in the prior period.

In France, total revenue grew by 6% to £158m driven mainly by accounting solutions. Sage X3 contributed significantly to growth, benefitting from continued strong customer demand. Sage 200, together with HR and payroll solutions, also performed well. In addition, Sage Intacct saw good early traction as the solution starts to scale.

Central Europe achieved a total revenue increase of 8% to £77m. Cloud HR and payroll solutions, which represent around half of the region's revenue, grew particularly 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 £81m, reflecting strength across Sage 200 and Sage 50 driven by good levels of renewals, higher pricing and new customers, together with the acquisition in October 2024 of ForceManager, a cloud native mobile workforce management solution. Growth was further driven by solutions for 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 7% in the Europe region as a whole.

Strategic progress

At our FY24 results, we set out our refreshed strategic framework for growth, including three key focus areas: **connecting** SMBs through our trusted and thriving network, **growing** by winning new customers and delighting existing ones, and **delivering** productivity and insights driven by AI. Our progress in each of these areas is outlined below.

Connect

The Sage Network is our platform of cloud products and services that connects and integrates Sage ecosystem solutions, enabling AI-powered network services that digitally transform customer workflows. We are focused on scaling the network, and developing and growing these services. Our accounts payable automation service is expanding rapidly, with monthly transaction value tripling in the last 12 months to almost 1.3 billion, while our accounts receivable solution has received strong industry recognition. We also achieved good momentum in the provision of embedded payment services to customers through key partnerships including Stripe, GoCardless and Versapay.

Grow

Our aim is to expand revenues across all products and services, with a focus on areas with the greatest growth opportunities. We continue to scale Sage Intacct, our flagship solution for mid-sized businesses, which delivered further strong growth in the US, expanded rapidly in the UK & Ireland, Canada and South Africa, and achieved good early traction in France and Germany. Across the Group, Sage Intacct added in excess of £100m of ARR over the last 12 months, expanding by over 20% in the US and by over 50% outside the US.

We also made further progress in the introduction of suites to simplify our customer proposition, with integrated offerings across the construction, software, financial services and not-for-profit verticals now helping to drive new customer growth. Building on its success in the US, we launched Sage Intacct Construction in the UK market. In Europe, Sage Active growth accelerated following recent enhancements including the integration of AI-driven insights and automation capabilities.

Deliver

Sage Copilot, our generative-AI powered assistant, enables us to enhance productivity, efficiency and growth for our customers. Launched in 2024, Sage Copilot is now available to selected customers of key products including Sage Accounting, Sage 50, Sage Active, Sage for Accountants and Sage Intacct, in the UK, US and Europe. We continue to develop and refine its capabilities, introducing features to accelerate the monthly close process, analyse financial performance, and simplify business intelligence, as well as helping accountants improve client collaboration and practice management. With continued strong feedback, Sage Copilot is driving value for customers and revenue for Sage, and our focus is to scale the solution to more products and customers throughout the Group. We are also leveraging AI to drive internal productivity in areas including customer success and engineering.

Sustainability and Society

Sage's Sustainability and Society strategy supports our purpose to knock down barriers so everyone can thrive. It also underscores our commitment to serve all of our stakeholders, including our colleagues and communities. Over the last year, Sage was ranked amongst the World's Most Sustainable Companies by TIME Magazine and Statista, received a Gold sustainability rating from EcoVadis, obtained an 'A-' leadership score from CDP, maintained its 'AAA' ESG rating from MSCI, and won the *edie* 2025 award for Sustainability Reporting & Communications.

We continue to make good progress across our three sustainability pillars: Protect the Planet, Tech for Good and Human by Design. During the first half we delivered over 1,000 sustainability learnings to colleagues, integrated sustainability into our due diligence processes and published our first human rights charter. Through Sage Foundation we launched the Sage Impact Entrepreneurship Programme, helping more than 50 purpose-driven SMBs across France, the UK and the US to grow and scale their business, as part of our commitment to invest in and support local businesses and communities.

Financial Review

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[vi].

Statutory and underlying financial results

Financial results	Statutory			Underlying		
	H1 25	H1 24	Change	H1 25	H1 24	Change
North America	£568m	£520m	+9%	£568m	£511m	+11%
UKIA	£358m	£328m	+9%	£358m	£329m	+9%
Europe	£316m	£304m	+4%	£316m	£294m	+8%
Total revenue	**£1,242m**	**£1,152m**	**+8%**	**£1,242m**	**£1,134m**	**+9%**
Operating profit	£255m	£215m	+18%	£288m	£247m	+16%
% Operating profit margin	*20.5%*	*18.7%*	*+1.8 ppts*	*23.2%*	*21.8%*	*+1.4 ppts*
Profit before tax	£236m	£203m	+16%	£270m	£235m	+15%
Profit after tax	£180m	£156m	+16%	£206m	£180m	+15%
Basic EPS	18.2p	15.3p	+19%	20.8p	17.7p	+17%

The Group achieved statutory and underlying total revenue of £1,242m in H1 25. Statutory total revenue increased by 8%, reflecting underlying total revenue growth of 9% offset by a one percentage point foreign exchange headwind, with sterling strengthening across key currencies.

Statutory operating profit increased by 18% to £255m, reflecting a 16% increase in underlying operating profit to £288m, together with a £6m decrease in recurring and non-recurring items[vii], mainly relating to lower acquisition-related expenses.

Statutory basic EPS increased by 19% to 18.2p and underlying basic EPS increased by 17% to 20.8p, mainly reflecting higher underlying profit, with an increase in underlying net finance costs offset by a reduction in the weighted average number of shares as a result of recent share buybacks.

Revenue - underlying and organic reconciliation to statutory

Total revenue bridge	H1 25	H1 24	Change
Statutory	**£1,242m**	**£1,152m**	**+8%**
Recurring items	-	-	
Impact of FX	-	(£18m)	
Underlying	**£1,242m**	**£1,134m**	**+9%**
Disposals	-	-	
Acquisitions	(£3m)	£3m	
Organic	**£1,239m**	**£1,137m**	**+9%**

Statutory and underlying total revenue was £1,242m in H1 25. Underlying revenue in H1 24 of £1,134m reflects statutory revenue of £1,152m retranslated at current year exchange rates, resulting in a foreign exchange headwind of £18m. Organic total revenue in H1 25 was £1,239m, reflecting underlying revenue of £1,242m adjusted for £3m of revenue from the acquisition of ForceManager during the period. Organic revenue in H1 24 of £1,137m reflects underlying revenue of £1,134m, adjusted for £2m of revenue from Anvyl and £1m of revenue from Infineo, which were acquired at the end of FY24.

Operating profit

The Group increased underlying operating profit by 16% to £288m (H1 24: £247m), resulting in a strong increase in underlying operating margin of 140bps to 23.2% (FY24: 21.8%). 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 £288m (FY24: £248m) while margin was in line with underlying.

Operating profit - underlying and organic reconciliation to statutory

Operating profit bridge	H1 25		H1 24	
	Operating profit	Operating margin	Operating profit	Operating margin
Statutory	**£255m**	**20.5%**	**£215m**	**18.7%**
Recurring items[viii]	£35m	-	£43m	-
Non-recurring items:				
• *Reversal of employee-related costs*	-	-	(£3m)	-
• *Reversal of restructuring costs*	-	-	(£1m)	-
• *Reversal of property restructuring costs*	(£2m)	-	-	-
Impact of FX	-	-	(£7m)	-
Underlying	**£288m**	**23.2%**	**£247m**	**21.8%**
Disposals	-	-	-	-
Acquisitions	-	-	£1m	-
Organic	**£288m**	**23.2%**	**£248m**	**21.8%**

The Group achieved a statutory operating profit in H1 25 of £255m (H1 24: £215m). Underlying operating profit of £288m in H1 25 reflects statutory operating profit adjusted for recurring and non-recurring items.

Recurring items of £35m (H1 24: £43m) comprise £22m of amortisation of acquisition-related intangibles (H1 24: £26m) and £13m of M&A related charges (H1 24: £17m). Non-recurring items in H1 25 comprise a £2m reversal of property restructuring costs. In H1 24, non-recurring items comprised a £3m reversal of employee-related charges for French payroll taxes relating to previous years and a £1m reversal of restructuring costs. Together, recurring and non-recurring items reduced by £6m compared to the prior year.

In addition, the retranslation of H1 24 operating profit at current year exchange rates has resulted in an operating profit headwind of £7m. This has led to a 20-basis point margin headwind from foreign exchange to 21.8% (H1 24 underlying as reported: 22.0%).

Underlying EBITDA

Underlying EBITDA was £334m (H1 24: £292m) representing a margin of 26.9%. The increase in underlying EBITDA principally reflects growth in underlying operating profit.

	H1 25	H1 24	Margin
Underlying operating profit	**£288m**	**£247m**	**23.2%**
Depreciation & amortisation	£24m	£24m	
Share based payments	£22m	£21m	
Underlying EBITDA	**£334m**	**£292m**	**26.9%**

Net finance cost

The statutory net finance cost for the period increased to £19m (H1 24: £12m), mainly reflecting lower interest income on deposits, as well as higher finance costs including new debt issuance. The statutory net finance cost is broadly in line with the underlying net finance cost of £18m (H1 24: £12m).

Taxation

The underlying tax expense for H1 25 was £64m (H1 24: £55m), resulting in an underlying effective tax rate of 24% (H1 24: 23%). The underlying effective tax rate has increased as the Group's higher underlying profit before tax has reduced the relative impact of its tax incentive claims. The statutory income tax expense for H1 25 was £56m (H1 24: £47m), resulting in a statutory effective tax rate of 24% (H1 24: 23%).

Earnings per share (EPS)

	H1 25	H1 24	Change
Statutory basic EPS	18.2p	15.3p	+19%
Recurring items	2.8p	3.2p	
Non-recurring items	(0.2)p	(0.3)p	
Impact of foreign exchange	-	(0.5)p	
Underlying basic EPS	**20.8p**	**17.7p**	**+17%**

Underlying basic EPS increased by 17% to 20.8p, principally reflecting the increase in underlying operating profit. Statutory basic EPS increased by 19%, reflecting the increase in underlying basic EPS together with lower charges for recurring and non-recurring items compared to the prior period.

Cash flow

Sage remains highly cash generative with underlying cash flow from operations of £330m (H1 24: £322m), representing underlying cash conversion of 115% (H1 24: 127%). This strong cash performance reflects further growth in subscription revenue and continued good working capital management, partly offset by increased capital expenditure driven by workplace investment. Free cash flow of £246m (H1 24: £240m) reflects strong underlying cash conversion.

Cash flow APMs	**H1 25**	**H1 24 (as reported)**
Underlying operating profit	£288m	£254m
Depreciation, amortisation and non-cash items in profit	£23m	£23m
Share based payments	£22m	£21m
Net changes in working capital	£29m	£35m
Net capital expenditure	(£32m)	(£11m)
Underlying cash flow from operations	**£330m**	**£322m**
Underlying cash conversion %	*115%*	*127%*
Non-recurring cash items	(£6m)	(£4m)
Net interest paid	(£36m)	(£31m)
Income tax paid	(£38m)	(£46m)
Profit and loss foreign exchange movements	(£4m)	(£1m)
Free cash flow	**£246m**	**£240m**

Statutory reconciliation of cash flow from operations	**H1 25**	**H1 24 (as reported)**
Statutory cash flow from operations	**£330m**	**£297m**

Recurring and non-recurring items	£28m	£35m
Net capital expenditure	(£32m)	(£11m)
Other adjustments including foreign exchange translations	£4m	£1m
Underlying cash flow from operations	**£330m**	**£322m**

Net debt and liquidity

Group net debt was £976m at 31 March 2025 (30 September 2024: £738m), comprising cash and cash equivalents of £574m (30 September 2024: £508m) and total debt of £1,550m (30 September 2024: £1,246m). The Group had £1,204m of cash and available liquidity at 31 March 2025 (30 September 2024: £1,138m).

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

	H1 25	**H1 24 (as reported)**
Net debt at 1 October	**(£738m)**	**(£561m)**
Free cash flow	£246m	£240m
New leases less disposals	(£6m)	(£17m)
Acquisition of businesses	(£33m)	(£3m)
M&A and equity investments	(£22m)	(£33m)
Dividends paid	(£135m)	(£129m)
Share buyback	(£293m)	(£306m)
FX movement and other	£5m	(£2m)
Net debt at 31 March	**(£976m)**	**(£811m)**

The Group's debt is sourced from sterling and euro denominated notes, together with a syndicated multi-currency Revolving Credit Facility (RCF).

In March 2025, the Group issued £300m 12-year notes with a coupon of 5.625% as part of the Group's Euro Medium Term Note (EMTN) programme. This follows issuance in February 2023 of €500m 5-year notes with a coupon of 3.82% also under the EMTN programme. Sage's other sterling denominated 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, having been extended by one year in November 2024. As at 31 March 2025, the RCF was undrawn (H1 24: undrawn).

Sage has an investment grade issuer credit rating assigned by Standard and Poor's of BBB+ (stable outlook).

Capital allocation

Sage's disciplined capital allocation policy is focused on accelerating strategic execution through organic and inorganic investment, and delivering shareholder returns. During the period, Sage completed the acquisition of Tritium Software, the developer of ForceManager (now rebranded Sage Sales Management), a cloud native mobile workforce management solution for field-based sales teams.

Sage has a progressive dividend policy, intending to grow the dividend over time while considering the future capital requirements of the Group. Reflecting the Group's strong business performance and cash generation during the first half, we have increased the interim dividend by 7% to 7.45p per share (H1 24: 6.95p).

The Group also considers returning surplus capital to shareholders. On 20 November 2024, Sage commenced a share buyback programme of up to £400m, under which, as at 12 May 2025, a total of 30.7m shares had been purchased for an aggregate consideration of £383m and subsequently cancelled.

Alongside these results, we have announced an extension to this share buyback programme of up to £200m, 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. The extended programme is expected to end no later than 6 August 2025.

	H1 25	**H1 24 (as reported)**
Net debt	£976m	£811m
Underlying EBITDA (Last Twelve Months)	£655m	£576m
Net debt/underlying EBITDA ratio	**1.5x**	**1.4x**

The Group's underlying EBITDA over the last 12 months was £655m, resulting in a net debt to underlying EBITDA leverage ratio of 1.5x, up from 1.4x 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.

Group return on capital employed (ROCE) for H1 25 was 29% (H1 24 as reported: 23%).

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 31 March 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 19.

Foreign exchange

The Group does not hedge foreign currency profit and loss translation exposure, and therefore the statutory results are 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)	H1 25	H1 24	Change
Euro (€)	1.20	1.16	+3%
US Dollar ( )	1.27	1.25	+1%
Canadian Dollar (C)	1.80	1.70	+6%
South African Rand (ZAR)	23.12	23.60	-2%

Appendix 1 - 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.
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	ARR represents the annualised value of the recurring revenue base that is expected to be

MEASURE	DESCRIPTION	RATIONALE
	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.	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 progress of migrating our customer base from licence and maintenance to a subscription relationship.
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 the 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 FY21, FY22 and FY23 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.

Consolidated income statement

For the six months ended 31 March 2025

(Unaudited)	Note	**Six months ended 31 March 2025 £m**	Six months ended 31 March 2024 £m
Revenue	2	**1,242**	1,152
Cost of sales		**(90)**	(82)
Gross profit		**1,152**	1,070
Selling and administrative expenses		**(897)**	(855)
Operating profit	2	**255**	215
Finance income		**7**	10
Finance costs		**(26)**	(22)
Profit before income tax		**236**	203
Income tax expense	4	**(56)**	(47)
Profit for the period		**180**	156
Profit attributable to:			
Owners of the parent		**180**	156
Earnings per share attributable to the owners of the parent (pence)			
Basic	6	**18.16p**	15.31p
Diluted	6	**17.86p**	15.03p

The notes on pages 19 to 36 form an integral part of these condensed consolidated half-yearly financial statements.

Consolidated statement of comprehensive income

For the six months ended 31 March 2025

	Six months ended 31 March	Six months ended 31 March

(Unaudited)	2025 £m	2024 £m
Profit for the period	**180**	156
Items of other comprehensive income that will not be reclassified to profit or loss, net of tax:		
Fair value reassessment of equity investments	**(2)**	-
	(2)	-
Items of other comprehensive income that may be reclassified to profit or loss, net of tax:		
Exchange differences on translating foreign operations and net investment hedges	**33**	(29)
Changes in fair value of foreign currency basis of hedge relationships	**(2)**	-
Amortisation of foreign currency basis of hedge relationships	**1**	-
Cash flow hedges	**2**	(1)
	34	(30)
Other comprehensive income/(expense) for the period, net of tax	**32**	(30)
Total comprehensive income for the period	**212**	126

Consolidated balance sheet

As at 31 March 2025

(Unaudited)	Note	31 March 2025 £m	31 March 2024 £m	30 September 2024* £m
Non-current assets				
Goodwill	7	**2,201**	2,190	2,122
Other intangible assets	7	**213**	245	228
Property, plant and equipment	7	**123**	101	108
Equity investments		**4**	6	6
Trade and other receivables		**139**	136	137
Deferred income tax assets		**99**	73	81
Derivative financial instruments		**14**	13	29
		2,793	2,764	2,711
Current assets				
Trade and other receivables		**451**	391	404
Current income tax asset		**10**	37	16
Cash and cash equivalents	9	**574**	448	508
Assets classified as held for sale	11	**-**	7	-
		1,035	883	928
Total Assets		**3,828**	3,647	3,639
Current liabilities				
Trade and other payables		**(464)**	(371)	(405)
Current income tax liabilities		**(40)**	(26)	(26)
Borrowings	9	**(15)**	(15)	(15)
Provisions		**(17)**	(15)	(22)
Deferred income		**(870)**	(803)	(758)
		(1,406)	(1,230)	(1,226)
Non-current liabilities				
Borrowings	9	**(1,535)**	(1,244)	(1,231)
Post-employment benefits		**(23)**	(20)	(23)
Deferred income tax liabilities		**(18)**	(19)	(19)
Provisions		**(23)**	(27)	(25)
Trade and other payables		**(6)**	(6)	(3)
Deferred income		**(6)**	(5)	(6)
Derivative financial instruments		**(12)**	(8)	(13)
		(1,623)	(1,329)	(1,320)
Total liabilities		**(3,029)**	(2,559)	(2,546)
Net assets		**799**	1,088	1,093
Equity attributable to owners of the parent				
Ordinary shares	8	**11**	11	11
Share premium	8	**548**	548	548
Other reserves	8	**123**	159	88
Retained earnings		**117**	370	446
Total equity		**799**	1,088	1,093

*Adjusted for finalisation of the fair value of assets acquired and liabilities assumed in the acquisition of Infineo SAS (see notes 1 and 11).

Consolidated statement of changes in equity

For the six months ended 31 March 2025

(Unaudited)	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
			Attributable to owners of the parent		
At 1 October 2024	**11**	**548**	**88**	**446**	**1,093**
Adjustment on initial application of IFRS 9 hedge accounting	**-**	**-**	**1**	**(1)**	**-**
Adjusted opening shareholders' equity	**11**	**548**	**89**	**445**	**1,093**
Profit for the period	**-**	**-**	**-**	**180**	**180**
Other comprehensive expense, net of tax					
Exchange differences on translating foreign operations and net investment hedges	**-**	**-**	**33**	**-**	**33**
Changes in fair value of foreign currency basis of hedge relationships	**-**	**-**	**(2)**	**-**	**(2)**
Amortisation of foreign currency basis of hedge relationships	**-**	**-**	**1**	**-**	**1**
Cash flow hedges	**-**	**-**	**2**	**-**	**2**
Fair value reassessment of equity investments	**-**	**-**	**-**	**(2)**	**(2)**
Total comprehensive income for the period ended 31 March 2025	**-**	**-**	**34**	**178**	**212**
Transactions with owners					
Employee share option scheme - value of employee services including deferred tax	**-**	**-**	**-**	**33**	**33**
Proceeds from issuance of treasury shares	**-**	**-**	**-**	**3**	**3**
Share buyback programme	**-**	**-**	**-**	**(407)**	**(407)**
Dividends paid to owners of the parent	**-**	**-**	**-**	**(135)**	**(135)**
Total transactions with owners for the period ended 31 March 2025	**-**	**-**	**-**	**(506)**	**(506)**
At 31 March 2025	**11**	**548**	**123**	**117**	**799**

Consolidated statement of changes in equity

For the six months ended 31 March 2024

(Unaudited)	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
			Attributable to owners of the parent		
At 1 October 2023	12	548	189	658	1,407
Profit for the period	-	-	-	156	156
Other comprehensive expense					
Exchange differences on translating foreign operations and net investment hedges	-	-	(29)	-	(29)
Cash flow hedges	-	-	(1)	-	(1)
Total comprehensive (expense)/income for the period ended 31 March 2024	-	-	(30)	156	126
Transactions with owners					
Employee share option scheme - value of employee services including deferred tax	-	-	-	33	33
Proceeds from issuance of treasury shares	-	-	-	2	2
Cancellation of ordinary shares	(1)	-	-	1	-
Share buyback programme	-	-	-	(351)	(351)
Dividends paid to owners of the parent	-	-	-	(129)	(129)
Total transactions with owners for the period ended 31 March 2024	(1)	-	-	(444)	(445)
At 31 March 2024	11	548	159	370	1,088

Consolidated statement of cash flows

For the six months ended 31 March 2025

(Unaudited)	Notes	**Six months ended 31 March 2025 £m**	Six months ended 31 March 2024 £m
Cash flows from operating activities			
Cash generated from continuing operations	9	**330**	297
Interest paid		**(42)**	(41)
Income tax paid		**(28)**	(46)

Income tax paid		(38)	(40)
Net cash generated from operating activities		**250**	210
Cash flows from investing activities			
Purchase of equity investment		**-**	(2)
Acquisition of subsidiaries, net of cash acquired	11	**(28)**	-
Purchases of intangible assets	7	**(10)**	(10)
Purchases of property, plant and equipment	7	**(25)**	(4)
Interest received		**7**	11
Net cash used in investing activities		**(56)**	(5)
Cash flows from financing activities			
Proceeds from borrowings	9	**297**	-
Repayments of borrowings		**(2)**	-
Borrowing costs		**(1)**	(1)
Capital element of lease payments		**(9)**	(8)
Receipt of lease incentive		**6**	-
Proceeds from issuance of treasury shares		**3**	2
Share buyback programme	8	**(296)**	(306)
Dividends paid to owners of the parent	5	**(135)**	(129)
Net cash generated used in financing activities		**(137)**	(442)
Net increase/(decrease) in cash and cash equivalents (before exchange rate movement)		**57**	(237)
Effects of exchange rate movement	9	**9**	(11)
Net increase/(decrease) in cash and cash equivalents		**66**	(248)
Cash and cash equivalents at 1 October	9	**508**	696
Cash and cash equivalents at period end	9	**574**	448

Notes to the financial information
For the six months ended 31 March 2025

1. Group accounting policies

General information

The Sage Group plc ("the Company") and its subsidiaries (together "the Group") is a leader in accounting, financial, HR and payroll technology for small and mid-sized businesses.

These condensed consolidated half-yearly financial statements were approved for issue by the Board of Directors on 14 May 2025.

The financial information set out above does not constitute the Company's annual financial statements. Statutory Accounts for the year ended 30 September 2024 have been delivered to the Registrar of Companies. The auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain statements under section 498 (2) and (3) of the Companies Act 2006.

The financial information has been prepared on the basis of the accounting policies and critical accounting estimates and judgements as set out in the annual financial statements for the year ended 30 September 2024, unless otherwise stated. As at 1 October 2024 the Group elected to apply the hedge accounting requirements in IFRS 9 (Financial Instruments).

These condensed consolidated half-yearly financial statements have been reviewed, not audited.

The Company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ. The Company is listed on the London Stock Exchange.

All figures presented are rounded to the nearest £m, unless otherwise stated.

Basis of preparation

The financial information for the six months ended 31 March 2025 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as issued by the International Accounting Standards Board ("IASB") and as adopted for use in the UK.

These condensed consolidated half-yearly financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2024, which have been prepared in accordance with UK-adopted International Accounting Standards ("UK-IFRS") and International Financial Reporting Standards ("IFRS") as issued by the IASB.

Going concern

As at 31 March 2025, the Group had a strong liquidity position with cash and available liquidity of £1.2bn, supported by underlying cash conversion of 115% reflecting the robust subscription-based business model. The Group's position is further supported by a well-diversified customer base amongst small and mid-sized businesses with high quality recurring revenue and strong retention rates.

In reaching its assessment on going concern, the Directors have reviewed liquidity forecasts for the Group for a period of at least 12 months from the date of the approval of these financial statements (the going concern assessment period), which reflect the expected impact of economic conditions on trading.

Scenario-specific stress testing has been performed, with the level of churn assumptions increased by 75%, and a significant reduction in the level of new customer acquisition and sales to existing customers. In these severe stress 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, controllable mitigating actions to protect liquidity, including the reduction of discretionary spend, are available to the Group should they be required.

The Directors also reviewed the results of reverse stress testing to provide an illustration of the level of churn and deterioration in new customer acquisition which would be required to exhaust 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. 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 operation throughout the going concern assessment period. Accordingly, these condensed consolidated half-yearly financial statements have been prepared on a going concern basis.

Accounting policies

As at 1 October 2024 the Group elected to apply the hedge accounting requirements in IFRS 9 (Financial Instruments). 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 2024 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 for 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 between the cost of hedging reserve and 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 for hedge accounting when compared to the previous accounting policies under IAS 39.

The impact on the six months ended 31 March 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.

Adoption of new and revised IFRSs

There are no accounting standards, amendments or interpretations effective for the first time this financial period that have had a material impact on the Group. No standards have been early adopted during the period.

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 period ended 31 March 2025.

On 9 April 2024, the IASB issued a new standard IFRS 18 "Presentation and Disclosure in Financial Statements", which, if adopted by the UK Endorsement Board, will be effective for annual reporting periods beginning on or after 1 January 2027. 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.

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

(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 criteria 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, discounts 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.

Goodwill impairment (estimate)

The estimates applied in calculating the value in use of the Cash Generating Units (CGUs) 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.

Management has performed a review for indicators of impairment of goodwill as at 31 March 2025. As a result of this review, no indicators of impairment have been identified.

The carrying value of goodwill and the key estimates used in performing the annual impairment assessment are disclosed in note 6.1 of the annual financial statements for the year ended 30 September 2024.

Business combinations (judgement and estimate)

In the period, the Group finalised the purchase price accounting for the acquisitions of Infineo SAS ("Infineo") and Tritium Software, S.L. ("Tritium Software") (see note 11). 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:

- Judgment 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, the multi-period excess earnings method and 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.

Website

This condensed consolidated half-yearly financial report for the six months ended 31 March 2025 can also be found on our website: www.sage.com/investors/financial-information/results

2. Segment information

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. The Group's Executive Leadership Team ("ELT") has been identified as the chief operating decision maker, 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.

The revenue analysis in the table below 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 by segment

	Six months ended 31 March 2025						
	Statutory £m	**Underlying £m**	**Organic adjustments* £m**	**Organic £m**	Change Statutory %	Change Underlying %	Change Organic %
Recurring revenue by segment							
North America	**554**	**554**	**-**	**554**	9%	11%	11%
UKIA	**350**	**350**	**-**	**350**	9%	9%	9%
Europe	**299**	**299**	**(3)**	**296**	5%	8%	7%
Recurring revenue	**1,203**	**1,203**	**(3)**	**1,200**	8%	10%	9%
Other revenue by segment							
North America	**14**	**14**	**-**	**14**	1%	2%	2%
UKIA	**8**	**8**	**-**	**8**	5%	4%	4%
Europe	**17**	**17**	**-**	**17**	(7%)	(4%)	(5%)
Other revenue	**39**	**39**	**-**	**39**	(2%)	0%	(1%)
Total revenue by segment							
North America	**568**	**568**	**-**	**568**	9%	11%	11%
UKIA	**358**	**358**	**-**	**358**	9%	9%	9%
Europe	**316**	**316**	**(3)**	**313**	4%	8%	7%
Total revenue	**1,242**	**1,242**	**(3)**	**1,239**	8%	9%	9%

* Adjustments relate to the acquisition of Tritium Software.

	Six months ended 31 March 2025						
	Statutory £m	**Underlying £m**	**Organic adjustments* £m**	**Organic £m**	Change Statutory %	Change Underlying %	Change Organic %
Total revenue by type							
Software subscription revenue	**1,031**	**1,031**	**(3)**	**1,028**	10%	12%	11%
Other recurring revenue	**172**	**172**	**-**	**172**	(2%)	0%	0%
Recurring revenue	**1,203**	**1,203**	**(3)**	**1,200**	8%	10%	9%
Other revenue	**39**	**39**	**-**	**39**	(2%)	0%	(1%)
Total revenue	**1,242**	**1,242**	**(3)**	**1,239**	8%	9%	9%

* Adjustments relate to the acquisition of Tritium Software.

	Six months ended 31 March 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	506	(9)	497	2	499
UKIA	321	1	322	-	322
Europe	285	(9)	276	1	277
Recurring revenue	1,112	(17)	1,095	3	1,098
Other revenue by segment					
North America	14	-	14	-	14
UKIA	7	-	7	-	7
Europe	19	(1)	18	-	18
Other revenue	40	(1)	39	-	39
Total revenue by segment					
North America	520	(9)	511	2	513
UKIA	328	1	329	-	329
Europe	304	(10)	294	1	295
Total revenue	1,152	(18)	1,134	3	1,137

* Adjustments relate to the acquisition of Infineo and Anvyl, Inc. ("Anvyl") in the previous year.

	Six months ended 31 March 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	937	(14)	923	3	926
Other recurring revenue	175	(3)	172	-	172
Recurring revenue	1,112	(17)	1,095	3	1,098
Other revenue	40	(1)	39	-	39
Total revenue	1,152	(18)	1,134	3	1,137

* Adjustments relate to the acquisition of Infineo and Anvyl in the previous year.

Operating profit by segment

	Six months ended 31 March 2025							
	Statutory £m	**Underlying adjustments* £m**	**Underlying £m**	**Organic adjustments ** £m**	**Organic £m**	**Change Statutory %**	**Change Underlying %**	**Change Organic %**
Operating profit by segment								
North America	**117**	**14**	**131**	**-**	**131**	36%	27%	28%
UKIA	**87**	**11**	**98**	**-**	**98**	17%	5%	5%
Europe	**51**	**8**	**59**	**-**	**59**	(8%)	15%	11%
Total operating profit	**255**	**33**	**288**	**-**	**288**	18%	16%	16%

* Adjustments are detailed in note 3.
** Adjustments relate to the acquisition of Tritium Software.

	Six months ended 31 March 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	86	20	106	(3)	103	-	103
UKIA	74	20	94	(1)	93	-	93
Europe	55	(1)	54	(3)	51	1	52
Total operating profit	215	39	254	(7)	247	1	248

* Adjustments are detailed in note 3.
** Adjustments relate to the acquisition of Infineo and asset purchase of Anvyl in the previous year.

3. Adjustments between underlying and statutory profit

	Six months ended 31 March 2025		Six months ended 31 March 2024	
	Operating profit £m	**Profit before tax £m**	Operating profit £m	Profit before tax £m
Statutory measures	**255**	**236**	215	203
Recurring items				
• Amortisation of acquired intangibles	**22**	**22**	26	26
• Other M&A activity-related items	**13**	**13**	17	17
• Foreign currency movements on intercompany balances	**-**	**1**	-	-
Non-recurring items:				
• Reversal of property restructuring costs	**(2)**	**(2)**	-	-
• Reversal of employee-related costs	**-**	**-**	(3)	(3)
• Reversal of restructuring costs	**-**	**-**	(1)	(1)
Underlying (as reported) measures	**288**	**270**	254	242
Impact of foreign exchange	**-**	**-**	(7)	(7)
Underlying measures	**288**	**270**	247	235

Recurring items

Recurring items impacting operating profit (reported within selling and administrative costs) and profit before tax comprise:

- Amortisation of acquired intangibles £22m (six months ended 31 March 2024: £26m) which have previously been recognised as part of business combinations or similar transactions.
- Other M&A activity-related items £13m (six months ended 31 March 2024: £17m) which include 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. £6m (six months ended 31 March 2024: £2m) of these costs have been paid in the period, while the remainder are expected to be paid in subsequent periods.

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 (six months ended 31 March 2025: £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 employee-related costs of £3m in the prior year relates to unutilised employee-related provisions

recognised in previous years for French payroll taxes.

- Reversal of restructuring costs of £1m in the prior year relates to unutilised provisions previously recognised.

In total for the six months ended 31 March 2025, cash paid in respect of recurring and non-recurring items (some of which was incurred in prior periods) of £28m, comprised £22m of other M&A activity-related items and £6m of employee-related costs. (For the six months ended 31 March 2024, cash paid in respect recurring and non-recurring items of £35m comprised £31m of other M&A activity-related items, £3m of restructuring costs and £1m of property restructuring costs).

The tax impact of recurring and non-recurring adjustments between statutory and underlying profit before tax is £8m, of which £8m relates to recurring items and £nil relates to non-recurring items (for the six months ended 31 March 2024, the tax impact is £9m, of which £10m relates to recurring items, and £(1)m relates to non-recurring items). For the impact of these on the effective tax rates, see note 4.

4. Income tax expense

The effective tax rate on statutory profit before tax was 24% (six months ended 31 March 2024: 23%) whilst the effective tax rate on underlying profit before tax for continuing operations was 24% (six months ended 31 March 2024: 23%). The effective income tax rate represents the best estimate of the Group's average effective income tax rate expected for the full year, applied to the profit before income tax for the six months ended 31 March 2025.

The Group is in scope of the OECD's Pillar Two global tax reform for the financial year ended 30 September 2025. Pillar Two is not expected to materially impact the Group's effective tax rate.

For the period to 31 March 2025, the Group has continued to apply the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

5. Dividends

	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m	Year ended 30 September 2024 £m
Final dividend paid for the year ended 30 September 2023 of 12.75p per share	**-**	129	129
Interim dividend paid for the year ended 30 September 2024 of 6.95p per share	**-**	-	70
Final dividend paid for the year ended 30 September 2024 of 13.50p per share	**135**	-	-
	135	129	199

The interim dividend of 7.45 pence per share will be paid on 27 June 2025 to shareholders on the register at the close of business on 30 May 2025. The Company's distributable reserves are sufficient to support the payment of this dividend. These condensed consolidated half-yearly financial statements do not reflect this proposed dividend payable.

6. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period, 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 period.

	Underlying Six months ended 31 March 2025	Underlying as reported Six months ended 31 March 2024	Underlying Six months ended 31 March 2024	**Statutory Six months ended 31 March 2025**	Statutory Six months ended 31 March 2024
Earnings attributable to owners of the parent (£m)					
Profit for the period	**206**	186	180	**180**	156
Number of shares (millions)					
Weighted average number of shares for basic earnings per share	**993**	1,016	1,016	**993**	1,016
Dilutive effects of shares	**16**	19	19	**16**	19
Weighted average number of shares for diluted earnings per share	**1,009**	1,035	1,035	**1,009**	1,035
Earnings per share attributable to owners of the parent (pence)					
Basic earnings per share	**20.81**	18.22	17.75	**18.16**	15.31
Diluted earnings per share	**20.47**	17.89	17.42	**17.86**	15.03

Reconciliation of earnings	**Six months ended 31 March 2025 £m**	Six months ended 31 March 2024 £m
Statutory profit for the period attributable to owners of the parent	**180**	156
Adjustments:		
• Recurring items	**36**	43
• Non-recurring items	**(2)**	(4)
Taxation on adjustments between statutory and underlying profit before tax	**(8)**	(9)
Underlying profit for the period attributable to owners of the parent (as reported)	**206**	186
Impact of movement in foreign currency exchange rates	**-**	(6)
Underlying profit for the period (after exchange movement) attributable to owners of the parent	**206**	180

7. Non-current assets

	Goodwill £m	**Other intangible assets £m**	**Property, plant and equipment £m**	**Total £m**
Opening net book amount at 1 October 2024*	**2,122**	**228**	**108**	**2,458**
Additions	**-**	**7**	**31**	**38**
Acquisitions	**25**	**6**	**-**	**31**
Depreciation, amortisation and other movements	**-**	**(31)**	**(16)**	**(47)**
Exchange movement	**54**	**3**	**-**	**57**
Closing net book amount at 31 March 2025	**2,201**	**213**	**123**	**2,537**

* Opening net book amount adjusted for finalisation of fair value of assets acquired and liabilities assumed in the acquisition of Infineo in the prior year (see notes 1 & 11).

	Goodwill £m	Other intangible assets £m	Property, plant and equipment £m	Total £m
Opening net book amount at 1 October 2023	2,245	274	104	2,623
Additions	-	9	21	30
Transfer to held for sale	-	-	(7)	(7)
Depreciation, amortisation and other movements	-	(35)	(15)	(50)
Exchange movement	(55)	(3)	(2)	(60)
Closing net book amount at 31 March 2024	2,190	245	101	2,536

8. Equity

Ordinary shares and share premium

	Number of shares	**Ordinary Shares £m**	**Share premium £m**	**Total £m**
At 1 October 2024	**1,071,499,517**	**11**	**548**	**559**
Cancellation of shares*	**(22,188,837)**	**-**	**-**	**-**
At 31 March 2025	**1,049,310,680**	**11**	**548**	**559**

	Number of shares	Ordinary Shares £m	Share premium £m	Total £m
At 1 October 2023	1,100,789,295	12	548	560
Cancellation of shares	(25,920,557)	(1)	-	(1)
At 31 March 2024	1,074,868,738	11	548	559

*Cancellation of shares in the six months ended 31 March 2025 resulted in a reduction of the nominal value of ordinary shares of less than £1m.

As at 31 March 2025:

- The Group held 61,472,220 treasury shares (30 September 2024: 66,725,007). During the period the Group transferred 5,252,787 treasury shares to employees in order to satisfy vested awards (six months ended 31 March 2024: 5,173,523).
- The Employee Benefit Trust held 8,211,546 ordinary shares in the Company (30 September 2024: 8,473,802 ordinary shares). During the period, the Employee Benefit Trust satisfied the vesting of certain share awards

utilising 263,336 ordinary shares (six months ended 31 March 2024: 132,643).

The Employee Benefit Trust did not receive additional funds for the purchase of shares in the market (six months ended 31 March 2024: £nil).

On 19 November 2024, the Group approved a share buyback programme of its ordinary shares of up to £400m, which commenced on 20 November 2024 and is expected to end no later than 3 June 2025.

During the six months ended 31 March 2025, the Group purchased a total of 23,614,479 ordinary shares, of which 22,188,837 were cancelled as at 31 March 2025. The total consideration for those shares purchased in the current period amounted to £300m, of which £295m had been paid as at 31 March 2025. Of the expected associated taxes, £1m had been paid as at 31 March 2025.

At 31 March 2025, a liability of £111m is recorded within trade and other payables representing the remaining amount to be paid under the share buyback programme announced on 20 November 2024.

Other Reserves

All components of other reserves are presented on a consolidated basis on the face of the consolidated statement of changes in equity.

	Translation reserve £m	**Cash flow hedging Reserve £m**	**Cost of hedging reserve £m**	**Merger Reserve £m**	**Total £m**
At 1 October 2024	**23**	**4**	**-**	**61**	**88**
Adjustment on initial application of IFRS 9 hedge accounting	**3**	**1**	**(3)**	**-**	**1**
At 1 October 2024 - Adjusted	**26**	**5**	**(3)**	**61**	**89**
Exchange differences on translating foreign operations and net investment hedges	**33**	**-**	**-**	**-**	**33**
Changes in fair value of foreign currency basis of hedge relationships	**-**	**-**	**(2)**	**-**	**(2)**
Amortisation of foreign currency basis of hedge relationships	**-**	**-**	**1**	**-**	**1**
Cash flow hedges	**-**	**2**	**-**	**-**	**2**
At 31 March 2025	**59**	**7**	**(4)**	**61**	**123**

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.

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.

	Translation reserve £m	Hedging reserve £m	Merger Reserve £m	Total £m
At 1 October 2023	124	4	61	189
Exchange differences on translating foreign operations and net investment hedges	(29)	-	-	(29)
Cash flow hedges	-	(1)	-	(1)
At 31 March 2024	95	3	61	159

9. Cash flow and net debt

Reconciliation of profit for the year to cash generated from continuing operations	**Six months ended 31 March 2025 £m**	Six months ended 31 March 2024 £m
Profit for the year	**180**	156
Adjustments for:		
Income tax	**56**	47
Finance income	**(7)**	(10)
Finance costs	**26**	22
Amortisation of intangible assets	**31**	35
Depreciation of property, plant and equipment	**15**	15
R&D tax credits	**(1)**	-
Equity-settled share-based transactions	**25**	24
Exchange movement	**(4)**	(2)
Changes in working capital:		
Increase in trade and other receivables	**(43)**	(24)
Decrease in trade and other payables and provisions	**(47)**	(41)

Decrease in trade and other payables and provisions	**(47)**	(41)
Increase in deferred income	**99**	75
Cash generated from continuing operations	**330**	297

Reconciliation of net cash flow to movement in net debt	**Six months ended 31 March 2025 £m**	Six months ended 31 March 2024 £m
Cash inflows/(outflows) in the year (pre-exchange movements)	**56**	(237)
Cash (inflows)/outflows from loans and lease liabilities	**(290)**	8
Change in net debt resulting from cash flows	**(234)**	(229)
Cash and lease liabilities recognised from acquisitions of subsidiaries or similar transactions	**(1)**	-
Other non-cash movements	**(8)**	(18)
Exchange movement	**5**	(3)
Movement in net debt in the year	**(238)**	(250)
Net debt at 1 October	**(738)**	(561)
Net debt at 31 March	**(976)**	(811)

Analysis of change in net debt	At 1 October 2024 £m	**Cash flow £m**	**Acquisitions £m**	**Non-cash movements £m**	**Exchange movement £m**	**At 31 March 2025 £m**
Cash, cash equivalents	508	**56**	**1**	**-**	**9**	**574**
Loans due after more than one year	(1,156)	**(295)**	**(2)**	**(2)**	**(2)**	**(1,457)**
Lease liabilities due within one year	(15)	**5**	**-**	**(5)**	**-**	**(15)**
Lease liabilities after more than one year	(75)	**-**	**-**	**(1)**	**(2)**	**(78)**
	(1,246)	**(290)**	**(2)**	**(8)**	**(4)**	**(1,550)**
Total	(738)	**(234)**	**(1)**	**(8)**	**5**	**(976)**

Analysis of change in net debt	At 1 October 2023 £m	Cash flow £m	Non-cash movements £m	Exchange movement £m	At 31 March 2024 £m
Cash, cash equivalents and bank overdrafts	696	(237)	-	(11)	448
Liabilities arising from financing activities					
Loans due after more than one year	(1,171)	-	(1)	6	(1,166)
Lease liabilities due within one year	(14)	8	(9)	-	(15)
Lease liabilities after more than one year	(72)	-	(8)	2	(78)
	(1,257)	8	(18)	8	(1,259)
Total	(561)	(229)	(18)	(3)	(811)

The Group's debt is sourced from sterling and euro denominated bond notes, with a syndicated Revolving Credit Facility (RCF) of £630m also available.

	Interest coupon*	**2025 £m**	2024 £m
Bonds:			
• GBP 350m bond notes	1.63%	**350**	350
• GBP 400m bond notes	2.88%	**400**	400
• EUR 500m bond notes	3.82%	**419**	427
• GBP 300m bond notes	5.63%	**300**	-
• Unamortised issue and discount costs	N/A	**(11)**	(9)
Unamortised RCF loan costs	N/A	**(1)**	(2)
Total		**1,457**	1,166

* 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.

In November 2024, a one-year extension was agreed to the Group's RCF, resulting in a new maturity in December 2029. At 31 March 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.

10. Financial instruments

10. 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 at bank and in hand.

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 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.

The fair value of the swaps held by the Group as at 31 March 2025 was a £2m net asset, comprised of £14m assets offset by £12m liabilities (31 March 2024: £5m net asset, comprised of £13m assets offset by £8m liabilities).

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 and loan notes are included in the table below.

	At 31 March 2025		At 31 March 2024		At 30 September 2024	
	Book Value £m	**Fair Value £m**	Book Value £m	Fair Value £m	Book Value £m	Fair Value £m
Long term-borrowings (excluding lease liabilities)	**(1,457)**	**(1,332)**	(1,166)	(1,056)	(1,156)	(1,065)

11. Acquisitions and disposals

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 approved and completed.

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 restated to reflect the adjustment to the provisional amounts.

Acquired intangible assets comprise technology, at a fair value of £8m, which will be amortised over a useful economic life of 6 years and customer relationships, at a fair value of £1m, which will be amortised over a useful economic life of 10 years. 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.

Acquisitions made during the current period

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, 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 intangible assets comprise technology, at a fair value of £5m, which will be amortised over a useful economic life of 7 years and customer relationships, at a fair value of £1m, which will be amortised over a useful economic life of 10 years.

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, and 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.

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 reported by Tritium Software for the period since the acquisition date, includes revenue of £3m and profit after tax of £nil.

On an underlying and statutory basis, revenue would have increased and profit after tax would have decreased by an immaterial amount, if Tritium Software had been acquired at the start of the financial year and included in the Group's results for the six months ended 31 March 2025.

Disposals and discontinued operations

Discontinued operations and assets and liabilities held for sale

The Group had no discontinued operations during the six-month period ended 31 March 2025 (31 March 2024: none).

There were no assets held for sale at 31 March 2025.

Assets held for sale at 31 March 2024 included the Group's Beaverton property site, part of the North America operating segment. The sale of the property site was completed in April 2024. On classification as held for sale, no adjustment was required to the carrying value of the Beaverton property site of £7m.

12. Related party transactions

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 parent and its subsidiaries within the Group, and between those subsidiaries, have been eliminated on consolidation and are not disclosed in this note.

consolidation and are not disclosed in this note.

Key management compensation	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Salaries and short-term employee benefits	**5**	6
Share-based payments	**4**	4
	9	10

Key management personnel are deemed to be members of the Executive Leadership Team, as defined in the Group's Annual Report and Accounts 2024 and the Non-executive Directors. Since the signing of the Group's Annual Report and Accounts 2024, the following changes to the Executive Leadership Team and the Non-executive Directors have taken place:

- Cath Keers has left her role as Chief Marketing Officer with effect from 31 December 2024.
- Sangeeta Anand has left her role as a Non-executive Director with effect from 6 February 2025.
- Lori Mitchell-Keller joined as a Non-executive Director with effect from 7 February 2025.

13. Events after the balance sheet date

On 15 May 2025, Sage extended its ongoing share buyback programme by up to £200m. The extended programme is expected to end no later than 6 August 2025.

Managing Risk

Through our risk process, Sage is able to effectively manage our strategic, operational, commercial, compliance, change and emerging risks. This helps us to deliver our strategic objectives and goals through risk informed decisions. The Board's role is to maintain oversight of the key principal and business risks, together with ensuring that the appropriate committees are managing the risks effectively. Additionally, the Board reviews the effectiveness of our risk management approach and challenges our leaders to articulate their risk management strategies.

Sage continuously evaluates its Principal Risks to ensure they align with our strategy and reflect our current position on the journey to creating the world's most trusted, thriving network for SMBs, powered by Sage Copilot.

By monitoring risk and performance indicators related to this strategy, Principal Risk owners focus on those metrics that signal current performance, as well as any emerging risks and issues. The management and mitigation actions described below reflect the Principal Risks and build on those actions previously reported in the Annual Report and Accounts 2024.

Key - Stakeholder groups				
Colleagues	Customers	Society	Shareholders	Partners
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, constantly offering the products, services and experiences they need for success. If we meet or exceed their expectations, customers will stay with Sage, increasing their lifetime value, and becoming our greatest advocates. By aligning our people, processes and technology with this focus in mind, all Sage colleagues can 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. • A Market and Competitive Intelligence team to provide insights that Sage uses to win in the market. • Proactive analysis of customer activity and churn data, to improve customer experience. • Customer Advisory Boards, Customer Design Sessions, and closed-loop feedback to constantly gather information on customer needs. • Customer-journey mapping to ensure appropriate strategy alignment and alignment to 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 allows us to identify customer challenges rapidly and respond in a timely manner to emerging trends. • Sage Membership offered to all customers, providing customers with access to curated resources, tools, and a connected community of business leaders.

Principal Risk	Risk context	Management and mitigation
2. Execution of product	Sage needs to continuously adapt its	• A robust product organisation supported by a

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	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.	governance model to enable the way we build products. • Migration framework in key countries to support our customers as they move to the cloud. • Continued expansion of Sage Intacct outside of North America and for additional product verticals. • Enhancing accessibility of Sage cloud products to WCAG 2.1 AA standard by the end of 2025. • A strong 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.
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 which 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.	• A business unit solely focused on scaling the Sage Network. • Continued digitalisation and automation of Sage products through Sage Network and AI services. • Enhanced, consistent digital experience for all Sage Business Cloud users through the Sage Experience Platform. • A Strategic Ventures team helps inform the product strategy and assesses new business opportunities in emerging ecosystems to identify those that may align with Sage's vision. • Expansion of Sage's Fintech and Payments ecosystem through partnership with Stripe to simplify cashflow management for SMBs. • 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.

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.	• A Global Routes to Revenue Team developing a consistent approach to taking Sage's products to market. • A specific Onboarding Squad enhances user journeys to enable customer conversion. • Acceleration of new partnerships to support the Sage Network. • Six strategic OKRs focussed on delivery to the market to align priorities across Sage. • Centre of Excellence to support our indirect sales and third-party approach. • Expansion of relationship with AWS to elevate innovation for SMBs, demonstrated by Sage's achievement of a 2024 AWS Partner Award. • Re-establishment of significant presence in Atlanta through announcement of new North America headquarters.
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 colleague engagement and create aligned high-performing teams.	• Extensive 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, Twitter, LinkedIn, and Facebook. • Reward mechanisms designed to incentivise and encourage the right behaviour, with a focus on ensuring fair and equitable pay in all markets. • A series of Learning Academies and talent programmes to support the development of internal talent including sponsorship programmes, and new Director, graduate, and apprentice programmes. • An OKR framework to define measurable goals and track outcomes of colleague success. • Talent Marketplace solution to support identification of capabilities and gaps, talent pipeline, development and career pathways, and mentoring. • Strategic Workforce Planning Framework across the business.

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 in 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. Sage 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. Such 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 are encouraged to take up to five paid Sage Foundation days each year, to support charities and provide philanthropic support to the community. • A DEI strategy focused on building diverse teams, an equitable culture, and fostering inclusive leadership. This is supported by strategic plans to track progress, ensuring Sage meets its 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, allowing Sage to signpost relevant training at colleagues' point of need. • Core e-learning modules rolled out across Sage, with regular refresher training. • Whistleblowing and incident-reporting mechanisms in place to allow issues to be formally reported and investigated. • High performance culture initiatives, including training and tools for managers, to help embed this culture across Sage.
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 Sage is continuously improving, and reduce cyber risk across technology, business processes, and culture. • Accountability within both IT and Product for all internal and external data being processed by Sage. The Chief Information Security Officer oversees information security, with a network of Information Security Officers that directly support the business. • Formal certification schemes maintained across the business include internal and external validation of compliance. • All colleagues are required to undertake awareness training for cyber security and information management. • A Cyber Security Risk Management Methodology and standards are deployed to provide clear requirements and objective risk information on our assets and systems. • A Trust and Security Hub and publication of Cyber security for SMBs report to support our customers and their understanding of cyber security in Sage products.

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 which 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 Network. The strategy is underpinned by our ability to innovate customer propositions, improve insight and decision making, and create new business models and ecosystems. 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 Sage must do this in a way which is compliant with laws, regulations and in line with our values.	• Published AI and Data Ethics Principles to ensure we use customer data responsibly to achieve our strategy and an ethics checklist, assessing adherence to principles. • Governance policies, processes and tooling to enhance and manage the quality and trust in our data. • The implementation of data architecture and associated data models that facilitate data sharing and utilisation. • A Sustainability, AI and Data Ethics Committee, which includes members from the Executive Leadership Team and Sage Board, governing activities relating to data and AI ethics. • All colleagues are required to undertake awareness training for data protection, with a focus on all relevant data privacy laws and regulations. • A Trust and Security Hub to support 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	As Sage continues to build sustainable growth, we continue to focus on scaling our current and future platform-services environment in a rigorous, agile, and speedy manner to ensure we provide a consistent and healthy cloud platform and associated network. Sage must provide the right infrastructure and operations for all customer products, 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 less than 90 days. • Service-level objectives including uptime, responsiveness, and mean time to repair. • Defined real-time demand-management processes and controls, and also disaster-recovery capability and operational-resilience models. • A governance framework to optimise operational

resilient and less able to respond to its customer expectations. **Trend** **Stakeholder alignment** **Link to viability scenario** Data breach Cloud operations failure		cost base in line with key metrics. • All new acquisitions are required to adopt Sage cloud operation standards.

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 on ESG measures within long-term incentive plans. • An integrated framework for the management of ESG-related risk and, in particular, physical and transitional climate risks, as detailed by TCFD. • External limited assurance obtained over selected metrics to ensure accuracy of sustainability data and claims.

Statement of Directors' Responsibilities

The condensed consolidated half-yearly financial report for the six months ended 31 March 2025 includes the following responsibility statement.

Each of the Directors confirms that, to the best of their knowledge:

- the Group condensed consolidated half-yearly financial statements, which have been prepared in accordance with IAS34 "Interim Financial Reporting", as adopted by the UK and as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Half-Yearly Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R, namely:
    - an indication of important events that have occurred during the six months ended 31 March 2025 and their impact on the condensed consolidated half-yearly financial report, and a description of the principal risks and uncertainties that the Group faces for the remaining six months of the current financial year; and
    - any related party transactions in the six months ended 31 March 2025 that have materially affected the financial position or performance of the Group during that period and any changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the six months ended 31 March 2025.

The Directors of The Sage Group plc are consistent with those listed in the Group's Annual Report and Accounts 2024, except for the following changes:

- Sangeeta Anand stepped down from her role as Non-Executive Director with effect from 6 February 2025.

- Lori Mitchell-Keller was appointed to the Board as a Non-Executive Director with effect from 7 February 2025.
- During the period, Jonathan Howell announced that he will step down from his role as Chief Financial Officer, effective 31 December 2025. Jacqui Cartin will succeed him as Chief Financial Officer, with effect from 1 January 2026.

A list of current directors is maintained on the Group's website: www.sage.com.

On behalf of the Board

J Howell

Chief Financial Officer

14 May 2025

INDEPENDENT REVIEW REPORT TO THE SAGE GROUP PLC

Conclusion

We have been engaged by The Sage Group plc ("the Company") to review the condensed consolidated half-yearly financial statements in the half-yearly financial report for the six months ended 31 March 2025 which comprises the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half-yearly financial statements in the half-yearly financial report for the six months ended 31 March 2025 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK, IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated half-yearly financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards ("UK-IFRS") and International Financial Reporting Standards ("IFRS") as issued by the IASB.

The directors are responsible for preparing the condensed consolidated half-yearly financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK and IAS 34 as issued by the IASB.

In preparing the condensed consolidated half-yearly financial statements, the directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated half-yearly financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report 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 for our review work, for this report, or for the conclusions we have reached.

Simon Richardson
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square,
London, E14 5GL
14 May 2025

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[i] See Appendix 1 for full definitions and guidance on the usage of the Alternative Performance Measures.

[ii] To aid comparability, underlying and organic measures for the prior period have been retranslated at current period exchange rates and exclude recurring and non-recurring items, while organic measures also adjust for the impact of acquisitions and disposals. A reconciliation of underlying and organic measures to statutory measures is set out on pages 6 and 7. Underlying and organic measures are defined in Appendix 1.

All references to revenue, profit and margin are on an underlying basis unless otherwise stated.

[iii] United Kingdom, Ireland, Africa and APAC.

[iv] Cloud native solutions run in a cloud environment enabling access to up-to-date functionality at any time, from any location, via the internet.

[v] Cloud connected solutions are deployed on premise with significant functionality delivered through the cloud.

[vi] Underlying and organic revenue and profit measures are defined in Appendix 1.

[vii] Recurring and non-recurring items are defined in Appendix 1, and detailed on page 7 and in note 3 of the financial statements.

[viii] Recurring and non-recurring items are defined in Appendix 1 and detailed in note 3 of the financial statements.