



The Sage Group plc
Results for the year ended 30 September 2025 (audited)
19 November 2025

Strategic focus driving strong, sustainable growth

Steve Hare, Chief Executive Officer, commented:

"Sage delivered another good performance in FY25. Strong, broad-based revenue growth and significant margin expansion reflect our focus on strategic execution, our resilient business model, and continuing investment in our products, our platform and our people.

"We are excited by the pace of technological change. AI is opening up new possibilities for businesses and creating a significant opportunity for Sage, enabling us to enhance and accelerate the benefits our software provides. Sage Copilot is already creating value, helping customers make smarter decisions and be more productive, while our launch of AI agents is delivering the next wave of intelligent solutions.

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

Underlying Financial APMs⁽ⁱⁱ⁾	FY25	FY24⁽ⁱⁱⁱ⁾	Change	Organic Change
Annualised Recurring Revenue (ARR)	£2,574m	£2,329m	+11%	+10%
Underlying Total Revenue	£2,513m	£2,290m	+10%	+9%
Underlying Operating Profit	£600m	£513m	+17%	+16%
% Underlying Operating Profit Margin	23.9%	22.4%	+1.5 pts	+1.5 pts
Underlying EBITDA	£694m	£605m	+15%	
% Underlying EBITDA Margin	27.6%	26.4%	+1.2 pts	
Underlying Basic EPS (p)	43.2p	36.7p	+18%	
Underlying Cash Conversion	110%	123%	-13 pts	
Statutory Measures	FY25	FY24	Change	
Revenue	£2,513m	£2,332m	+8%	
Operating Profit	£530m	£452m	+17%	
% Operating Profit Margin	21.1%	19.4%	+1.7 pts	
Basic EPS (p)	37.7p	32.1p	+18%	
Dividend Per Share (p)	21.85p	20.45p	+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 10% to £2,513m, reflecting our high-quality subscription-based recurring revenue model.
- Underlying operating profit grew by 17% to £600m, driving a strong margin increase of 150 basis points to 23.9%, with disciplined cost management supporting ongoing investment.
- Underlying EBITDA increased by 15% to £694m, with margin increasing by 120 basis points to 27.6%.
- Statutory operating profit increased by 17% to £530m reflecting growth in underlying operating profit together with lower acquisition-related expenses.
- Underlying basic EPS increased by 18% to 43.2p, whilst statutory basic EPS also increased by 18% to 37.7p. Strong cash performance, with underlying cash conversion of 110%, reflecting continued growth in subscription revenue and good working capital management.
- Robust balance sheet, with £1.0bn of cash and available liquidity; net debt to underlying EBITDA of 1.7x.

Shareholder returns

- Proposed final dividend of 14.4p, increasing the full year dividend by 7% to 21.85p, in line with our progressive policy.
- Share buyback programme of up to £300m 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 £2,574m, with growth across all regions balanced between new and existing customers.
- Renewal rate by value of 101% (FY24: 101%), reflecting strong retention rates and a good level of sales to existing customers.
- Sage Business Cloud revenue increased by 13% to £2,083m (FY24: £1,837m), including cloud native revenue growth of 23% to £885m (FY24: £718m).
- Subscription penetration increased to 83% (FY24: 82%) driven by growth in subscription revenue of 12% to £2,093m (FY24: £1,876m).
- Strong growth across our cloud products, particularly Sage Intacct, supported by continued investment in our customer proposition and go-to-market capabilities.
- Leveraging the Sage Platform to enhance our portfolio of integrated solutions across finance, HR and payroll, supported by the acquisitions of ForceManager, Fyle and Criterion^[iii].
- Scaled the availability and usage of Sage Copilot across core products including Sage Intacct, Sage X3, Sage Accounting and Sage 50, while introducing intelligent AI agents across our platform.

Outlook

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

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

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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/rh8fgcxe>. To join the conference call, please register via <https://register-conf.media-server.com/register/BI1cf95491b8e84032966a6bd14e73d7a9>.

Business Review

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

Overview of results

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

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

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

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

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

ARR growth

ARR increased by 11% to £2,574m (FY24: £2,329m) on an underlying basis, reflecting growth balanced between new and existing customers. On an organic basis, ARR increased by 10% to £2,560m (FY24: £2,329m).

Renewal rate by value of 101% (FY24: 101%) reflects strong retention rates and a good level of sales to existing customers, including pricing and customer add-ons. In total, Sage added £200m of ARR through new customer acquisition on an organic basis during FY25, up from £185m^[vii] a year earlier.

Performance by region

North America	FY25	FY24	Change	Organic change
US	£997m	£891m	12%	11%
Canada	£141m	£127m	11%	11%
Underlying total revenue	£1,138m	£1,018m	12%	11%

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

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

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

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

UKIA	FY25	FY24	Change	Organic change
UK & Ireland	£554m	£505m	10%	10%
Africa & APAC	£175m	£163m	7%	7%
Underlying total revenue	£729m	£668m	9%	9%

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

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

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

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

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

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

Central Europe achieved a total revenue increase of 6% to £155m. HR and payroll solutions, which

represent almost half the region's revenue, grew strongly, driven by upsell to existing customers together with new customer wins. Growth was also driven by Sage 200, mainly through sales to existing customers.

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

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

Strategic progress

Our strategic framework for growth includes 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 Platform is the foundation for our trusted and thriving network for SMBs, connecting products, partners and customers in an intelligent ecosystem. As we connect more customers to the platform, we are expanding the scale and scope of our services, delivering greater value and transforming customer workflows. During the year we significantly grew services such as accounts payable and accounts receivable automation, enhanced our expense management capabilities through the acquisition of Fyle, drove growth through payroll and HR, and increased revenue from payment services - helping SMBs get paid, pay suppliers, pay employees and manage capital. In October 2025 we strengthened our human capital management (HCM) capabilities with the acquisition of Criterion, a unified cloud HR, payroll and talent engagement solutions provider, enhancing our offering to mid-market businesses. We are also innovating to expand our reach, delivering a rapidly growing set of embedded accounting and tax services to fintech and other partners such as Tide, Monzo and NatWest.

Grow

Our aim is to expand revenues across all products and services, with a focus on the greatest growth opportunities. We continue to scale Sage Intacct, our flagship solution for mid-sized businesses, which grew strongly in the US, expanded rapidly in the UK, Canada and South Africa, and gained early traction in France and Germany. Reflecting this progress, Sage Intacct grew ARR by over 20% in the US and by around 50% outside the US. We also drove value through the rollout of specialist suites across the construction, not-for-profit, software, financial services, professional services, healthcare and hospitality verticals. For small businesses and accountants, we are focused on augmenting our proposition through product and package enhancements, including in Sage Accounting and Sage 50, driving strong 'in-life' growth and new customer acquisition particularly in the UKIA region. In Europe, Sage Active growth accelerated following enhancements including the integration of AI-driven insights and automation.

Deliver

Our ambition is to create the world's most trusted and thriving network for SMBs, powered by AI. During the year, we continued to scale Sage Copilot, our generative AI-powered assistant, in availability and usage across core products including Sage Intacct, Sage X3, Sage Accounting, Sage 50, Sage for Accountants, and Sage Active. With strong feedback, Sage Copilot is driving value for customers, helping them get paid faster and save time on manual tasks. We are further developing Sage Copilot with the introduction of agents to automate tasks across compliance, reconciliation, accounts payable and tax, allowing customers to focus on higher-value strategic work. These include the Making Tax Digital (MTD) for Income Tax Agent to support accountants in the UK, and the Finance Intelligence Agent to support Sage Intacct customers in the US and the UK. We are also leveraging AI to drive productivity internally, with benefits across business areas including in engineering and customer support.

Sustainability and Society

Sage's Sustainability and Society strategy underscores our commitment to serve all our stakeholders, including our colleagues and communities. We have made good progress across our three pillars - Protect the Planet, Tech for Good and Human by Design - and embedded sustainability across our operations, products and culture. We launched the Sage Impact Entrepreneurship Programme, which was completed by more than 50 businesses in FY25, helping them access a combination of funding, mentorship, training and products. In July, Sage Foundation celebrated ten years of impact, having raised over US \$5m and facilitated 1.4 million volunteering hours over the last decade for local communities and causes.

In FY25, Sage was recognised in Newsweek's World's Greenest Companies, TIME and Statista's World's Most Sustainable Companies, and ranked in the top 30 of the Financial Times Europe Climate Leaders list. We maintained our 'Gold' rating from EcoVadis and our 'AAA' ESG rating from MSCI, and we were awarded CDP A List status for Climate Leadership and Supplier Engagement. We also won the *edie* 2025 award for Sustainability Reporting & Communications.

Forthcoming senior management change

On 31 March 2026, after almost five years at Sage, Walid Abu-Hadba will step down as Chief Product Officer and take on a new role as technology advisor to the Group in a part-time capacity. The search for a successor is under way.

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 ^[viii].

Statutory and underlying financial results

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

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

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

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

Revenue - underlying and organic reconciliation to statutory

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

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

Operating profit

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

Operating profit - underlying and organic reconciliation to statutory

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

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

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

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

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

Underlying EBITDA

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

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

Net finance cost

The underlying net finance cost for FY25 increased to £45m (FY24: £27m) mainly reflecting higher interest expense following the new debt issuance (see page 9), together with lower interest income on cash and cash equivalents during the year. The statutory net finance cost of £46m (FY24: £26m) is broadly in line with the underlying net finance cost.

Taxation

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

Earnings per share (EPS)

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

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

Cash flow

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

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

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

Net debt and liquidity

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

2024: £1,138m).

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

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

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

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

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

Capital allocation

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

Sage has a progressive dividend policy, intending to grow the dividend over time while considering the future capital requirements of the Group. The final dividend proposed by the Board is 14.4p per share, taking the total dividend for the year to 21.85p, up 7% compared to the prior year (FY24: 20.45p).

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

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

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

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

Return on capital employed (ROCE) for FY25 was 31% (FY24 as reported: 26%). A reconciliation of ROCE to our reported measures is set out in Appendix 1 on page 12.

Foreign exchange

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

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

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	<p>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:</p> <ul style="list-style-type: none"> 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. <p>Recurring items are adjusted each period irrespective of materiality to ensure consistent treatment.</p> <p>Underlying basic EPS is also adjusted for the tax impact of recurring and non-recurring items.</p> <p>All prior period underlying measures (revenue and profit) are retranslated at the current year exchange rates to neutralise the effect of currency fluctuations.</p>	<p>Underlying measures allow management and investors to compare performance without the effects of foreign exchange movements or recurring or non-recurring items.</p> <p>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.</p>
Organic (revenue and profit) measures	<p>In addition to the adjustments made for Underlying measures, Organic measures:</p> <ul style="list-style-type: none"> 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. <p>Acquisitions and disposals where the revenue and contribution impact would be immaterial are not adjusted.</p>	<p>Organic measures allow management and investors to understand the like for like revenue and current period margin performance of the continuing business.</p>
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	<p>Underlying EBITDA is Underlying Operating Profit excluding underlying depreciation, amortisation and share-based payments.</p> <p>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.</p>	To calculate the Net Debt to Underlying EBITDA leverage ratio and to show profitability before the impact of major non-cash charges.
Annualised recurring revenue	Annualised recurring revenue ("ARR") is the normalised recurring revenue in the last month of the reporting period, adjusted consistently period to period, multiplied by twelve. Adjustments to normalise reported recurring revenue involve adjusting for certain components (such as non refundable contract sign up fees) to ensure the measure reflects that part of the revenue base which (subject to ongoing use and renewal) can reasonably be expected to repeat in future periods.	ARR represents the annualised value of the recurring revenue base that is expected to be carried into future periods, and its growth is a forward looking indicator of reporting recurring revenue growth.
Renewal Rate by Value	The ARR from renewals, migrations, upsell and cross-sell of active customers at the start of the year, divided by the opening ARR for the year.	As an indicator of our ability to retain and generate additional revenue from our existing customer base through up and cross sell.
Free Cash Flow	Free Cash Flow is Underlying Cash Flow from Operations minus net interest paid, derivative financial instruments and income tax paid, and adjusted for non-recurring cash items (which excludes	To measure the cash generated by the operating activities during the period that

MEASURE	DESCRIPTION	RATIONALE
	cash and cash equivalents for non-recurring cash items (which exclude net proceeds on disposals of subsidiaries) and profit and loss foreign exchange movements.	to ensure that the period that is available to repay debt, undertake acquisitions or distribute to shareholders.
% Subscription Penetration	Underlying software subscription revenue as a percentage of underlying total revenue.	To measure the migration of our customer base from licence and maintenance to a subscription relationship.
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.
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. A reconciliation of ROCE to our reported measures is set out in the table below.	As an indicator of the financial return on the capital invested in the Company. ROCE is used as an underpin in the FY23, FY24 and FY25 PSP awards.

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

Consolidated income statement

For the year ended 30 September 2025

	Note	2025 £m	2024 £m
Revenue	2	2,513	2,332
Cost of sales		(183)	(168)
Gross profit		2,330	2,164
Selling and administrative expenses		(1,800)	(1,712)
Operating profit	2	530	452
Finance income		12	19
Finance costs		(58)	(45)
Profit before income tax		484	426
Income tax expense	4	(115)	(103)
Profit for the year		369	323
Profit attributable to: Owners of the parent		369	323
Earnings per share attributable to the owners of the parent (pence)			
Basic	6	37.74p	32.10p
Diluted	6	37.16p	31.55p

All operations in the year relate to continuing operations.

The notes on pages 19 to 35 form an integral part of these condensed consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 30 September 2025

	2025 £m	2024 £m
Profit for the year	369	323

Profit for the year	369	323
Items of other comprehensive income that will not be reclassified to profit or loss, net of tax		
Actuarial gain/(loss) on post-employment benefit obligations	1	(2)
Fair value reassessment of equity investments	(2)	-
	(1)	(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	10	(101)
Changes in fair value of foreign currency basis of hedge relationships	(2)	-
Amortisation of foreign currency basis of hedge relationships	1	-
	9	(101)
Other comprehensive income/(expense) for the year, net of tax	8	(103)
Total comprehensive income for the year	377	220
Total comprehensive income for the year attributable to:		
Owners of the parent	377	220

Consolidated balance sheet

As at 30 September 2025

	Note	2025 £m	2024 (Restated*) £m
Non-current assets			
Goodwill	7	2,213	2,122
Other intangible assets	7	212	228
Property, plant and equipment	7	144	108
Equity investments		4	6
Trade and other receivables		144	137
Deferred income tax assets		101	81
Derivative financial instruments		32	29
		2,850	2,711
Current assets			
Trade and other receivables		471	404
Current income tax asset		2	16
Cash and cash equivalents	9	390	508
		863	928
Total assets		3,713	3,639
Current liabilities			
Trade and other payables		(433)	(405)
Current income tax liabilities		(39)	(26)
Borrowings	9	(17)	(15)
Provisions		(21)	(22)
Deferred income		(845)	(758)
		(1,355)	(1,226)
Non-current liabilities			
Borrowings	9	(1,562)	(1,231)
Post-employment benefits		(25)	(23)
Deferred income tax liabilities		(15)	(19)
Provisions		(23)	(25)
Trade and other payables		(8)	(3)
Deferred income		(5)	(6)
Derivative financial instruments		-	(13)
		(1,638)	(1,320)
Total liabilities		(2,993)	(2,546)
Net assets		720	1,093
Equity attributable to owners of the parent			
Ordinary shares	8	11	11
Share premium	8	548	548
Other reserves	8	(369)	(429)
Retained earnings		530	963
Total equity		720	1,093

*Adjusted for finalisation of the fair value of assets acquired and liabilities assumed in the acquisition of Infineo SAS (see note 11). Other reserves and retained earnings have been restated to present the treasury share reserve and capital redemption reserve within other reserves.

Consolidated statement of changes in equity

For the year ended 30 September 2025

	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 October 2024	11	548	(429)	963	1,093
Adjustment on initial application of IFRS 9 hedge accounting	-	-	1	(1)	-
Adjusted opening shareholders' equity	11	548	(428)	962	1,093
Profit for the year	-	-	-	369	369
Other comprehensive income/(expense), net of tax					
Actuarial gain on post-employment benefit obligations	-	-	-	1	1
Fair value reassessment of equity investments	-	-	-	(2)	(2)
Exchange differences on translating foreign operations and net investment hedges	-	-	10	-	10
Changes in fair value of foreign currency basis of hedge relationships	-	-	(2)	-	(2)
Amortisation of foreign currency basis of hedge relationships	-	-	1	-	1
Total comprehensive income	-	-	9	368	377
for the year ended 30 September 2025					
Transactions with owners					
Employee share option scheme - value of employee services including deferred tax	-	-	-	57	57
Vesting of share awards and exercise of share options	-	-	50	(41)	9
Share buyback programme	-	-	-	(609)	(609)
Dividends paid to owners of the parent	-	-	-	(207)	(207)
Total transactions with owners	-	-	50	(800)	(750)
for the year ended 30 September 2025					
At 30 September 2025	11	548	(369)	530	720

Consolidated statement of changes in equity

For the year ended 30 September 2024

	Ordinary shares £m	Share premium £m	Other reserves (Restated*) £m	Retained earnings (Restated*) £m	Total equity £m
At 1 October 2023	12	548	(324)	1,171	1,407
Profit for the year	-	-	-	323	323
Other comprehensive expense					
Actuarial loss on post-employment benefit obligations	-	-	-	(2)	(2)
Exchange differences on translating foreign operations and net investment hedges	-	-	(101)	-	(101)
Total comprehensive (expense)/income	-	-	(101)	321	220
for the year ended 30 September 2024					
Transactions with owners					
Employee share option scheme - value of employee services including deferred tax	-	-	-	62	62
Vesting of share awards and exercise of share options	-	-	50	(41)	9
Cancellation of ordinary shares	(1)	-	1	-	-
Share buyback programme	-	-	-	(351)	(351)
Purchase of shares by Employee Benefit Trust	-	-	(55)	-	(55)
Dividends paid to owners of the parent	-	-	-	(199)	(199)
Total transactions with owners	(1)	-	(4)	(529)	(534)
for the year ended 30 September 2024					

*Other reserves and retained earnings have been restated to present the treasury share reserve and capital redemption reserve within other reserves.

Consolidated statement of cash flows

For the year ended 30 September 2025

	Note	2025 £m	2024 £m
Cash flows from operating activities			
Cash generated from continuing operations		675	625
Interest paid		(46)	(43)
Income tax paid		(101)	(91)
Net cash generated from operating activities		528	491
Cash flows from investing activities			
Purchase of equity investment		-	(2)
Acquisition of subsidiaries, net of cash acquired	11	(82)	(30)
Purchases of intangible assets	7	(18)	(18)
Purchases of property, plant and equipment	7	(41)	(19)
Proceeds from disposals of property, plant and equipment	7	1	9
Interest received		13	19
Net cash used in investing activities		(127)	(41)
Cash flows from financing activities			
Proceeds from borrowings	9	297	-
Repayments of borrowings	9	(2)	-
Capital element of lease payments	9	(17)	(16)
Borrowing costs		(2)	(1)
Receipt of lease incentive		6	-
Share buyback programme		(605)	(348)
Proceeds from issuance of treasury shares		9	9
Purchase of shares by Employee Benefit Trust	8	-	(55)
Dividends paid to owners of the parent	5	(207)	(199)
Net cash used in financing activities		(521)	(610)
Net decrease in cash and cash equivalents (before exchange rate movement)		(120)	(160)
Effects of exchange rate movement	9	2	(28)
Net decrease in cash and cash equivalents		(118)	(188)
Cash and cash equivalents at 1 October	9	508	696
Cash and cash equivalents at 30 September	9	390	508

Notes to the financial information

For the year ended 30 September 2025

1. Group accounting policies

Basis of preparation

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. The Company is incorporated and registered in the United Kingdom as a public limited company limited by shares.

In conformity with the requirements of the Companies Act 2006, these condensed consolidated financial statements have been prepared based on International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and UK-adopted International Accounting Standards (UK-IFRS). These condensed consolidated financial statements have been prepared on a going concern basis.

These condensed consolidated financial statements do not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. The annual financial statements are included in the Annual Report and Accounts for the year ended 30 September 2025 and will be delivered to the Registrar of Companies in due course. Annual financial statements for the year ended 30 September 2024 have been delivered to the Registrar of Companies. The auditor's reports on the annual financial statements for the years ended 30 September 2025 and 30 September 2024 were both 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.

Except as set out below, the accounting policies used in these condensed consolidated financial statements

Except as set out below the accounting policies used in these condensed consolidated financial statements are consistent with those applied in the annual financial statements for the year ended 30 September 2024. Additionally, in the current year, treasury share reserve and capital redemption reserve have been presented separately within other reserves (earlier combined within retained earnings). This change provides visibility and greater clarity to users of the consolidated financial statements.

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

Change in accounting policies

As at 1 October 2024 the Group elected to apply the hedge accounting requirements in IFRS 9 "Financial Instruments" instead of those in IAS 39 "Financial Instruments: Recognition and Measurement". This standard introduces simplified hedge accounting through closer alignment with the entity's risk management methodology.

All existing hedge relationships were regarded as continuing hedge relationships. All such designated hedge relationships under IAS 39 as at 30 September 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 hedge accounting and has not restated prior period comparatives.

The impact on the year ended 30 September 2025 is not material and the transition did not result in any changes in the measurement or classification of financial instruments as at 1 October 2024.

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 ("CODM"). The Group's Executive Leadership Team ("ELT") has been identified as the CODM, in accordance with their designated responsibility for the allocation of resources to operating segments and assessing their performance through the Monthly Performance Reviews. The ELT uses organic and underlying data to monitor business performance. Operating segments are reported in a manner which is consistent with the operating segments produced for internal management reporting.

The Group is organised into three key operating segments:

- North America
- United Kingdom, Ireland, Africa and APAC ("UKIA")
- Europe

For reporting under IFRS 8, each of the three operating segments above represents a reportable segment.

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.

Category	Examples
Recurring revenue	Software subscription revenue Other subscription revenue Other recurring revenue
Other revenue	Perpetual software licences Upgrades to perpetual licences Professional services Training

Revenue by segment

	Year ended 30 September 2025			Change		
	Statutory and Underlying £m	Organic Adjustments* £m	Organic £m	Statutory	Underlying	Organic
Recurring revenue by segment						
North America	1,110	(2)	1,108	8%	12%	11%
UKIA	714	-	714	9%	9%	9%
Europe	612	(5)	607	7%	8%	7%
Recurring revenue	2,436	(7)	2,429	8%	10%	9%
Other revenue by segment						
North America	28	-	28	13%	17%	17%
UKIA	15	-	15	(3%)	(2%)	(2%)
Europe	34	-	34	(5%)	(4%)	(4%)
Other revenue	77	-	77	1%	3%	3%
Total revenue by segment						
North America	1,138	(2)	1,136	8%	12%	11%
UKIA	729	-	729	9%	9%	9%
Europe	646	(5)	641	6%	7%	6%

Total revenue	2,513	(7)	2,506	8%	10%	9%
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*Adjustments relate to the acquisition of Tritium Software, S.L. ("Tritium Software") and Fyle Technologies Private Limited ("Fyle").

	Year ended 30 September 2025			Change		
	Organic					
	Statutory and Underlying £m	Adjustments* £m	Organic £m	Statutory	Underlying	Organic
Total revenue by type						
Software subscription revenue	2,093	(7)	2,086	10%	12%	11%
Other recurring revenue	343	-	343	(1%)	1%	1%
Recurring revenue	2,436	(7)	2,429	8%	10%	9%
Other revenue	77	-	77	1%	3%	3%
Total revenue	2,513	(7)	2,506	8%	10%	9%

*Adjustments relate to the acquisition of Tritium Software and Fyle.

Revenue by segment (continued)

	Year ended 30 September 2024				
	Statutory and Underlying as reported £m	Impact of foreign exchange £m	Underlying £m	Organic Adjustments* £m	Organic £m
Recurring revenue by segment					
North America	1,028	(34)	994	5	999
UKIA	655	(2)	653	-	653
Europe	574	(6)	568	1	569
Recurring revenue	2,257	(42)	2,215	6	2,221
Other revenue by segment					
North America	24	-	24	-	24
UKIA	15	-	15	-	15
Europe	36	-	36	-	36
Other revenue	75	-	75	-	75
Total revenue by segment					
North America	1,052	(34)	1,018	5	1,023
UKIA	670	(2)	668	-	668
Europe	610	(6)	604	1	605
Total revenue	2,332	(42)	2,290	6	2,296

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

	Year ended 30 September 2024				
	Statutory and Underlying as reported £m	Impact of foreign exchange £m	Underlying £m	Organic Adjustments* £m	Organic £m
Total revenue by type					
Software subscription revenue	1,910	(34)	1,876	6	1,882
Other recurring revenue	347	(8)	339	-	339
Recurring revenue	2,257	(42)	2,215	6	2,221
Other revenue	75	-	75	-	75
Total revenue	2,332	(42)	2,290	6	2,296

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

Operating profit by segment

	Year ended 30 September 2025			Change		
	Statutory	Underlying adjustments*	Underlying and Organic	Statutory	Underlying	Organic
	£m	£m	£m			
Operating profit by segment						
North America	231	26	257	21%	14%	15%
UKIA	182	25	207	17%	12%	12%
Europe	117	19	136	12%	31%	28%
Total operating profit	530	70	600	17%	17%	16%

	Year ended 30 September 2024					
	Statutory	Underlying adjustments*	Underlying as reported	Impact of foreign exchange	Organic adjustments**	Organic
	£m	£m	£m	£m	£m	£m
Operating profit by segment						

North America	192	43	235	(11)	224	(1)	223
UKIA	155	33	188	(3)	185	-	185
Europe	105	1	106	(2)	104	3	107
Total operating profit	452	77	529	(16)	513	2	515

* Adjustments are detailed in note 3.

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

Adjustments between underlying profit and statutory profit

	Year ended 30 September 2025		Year ended 30 September 2024	
	Operating	Profit	Operating	Profit
	profit £m	before tax £m	profit £m	before tax £m
Statutory measures	530	484	452	426
Recurring items				
· Amortisation of acquired intangibles	42	42	48	48
· Other M&A activity-related items	31	31	34	34
· Foreign currency movements on intercompany balances	-	1	-	(1)
Non-recurring items				
· Reversal of property restructuring costs	(2)	(2)	-	-
· Reversal of restructuring costs	(1)	(1)	(2)	(2)
· Reversal of employee-related costs	-	-	(3)	(3)
Underlying (as reported) measures	600	555	529	502
Impact of foreign exchange	-	-	(16)	(16)
Underlying measures	600	555	513	486

Recurring items

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

- Amortisation of acquired intangibles £42m (2024: £48m) which have previously been recognised as part of business combinations or similar transactions.
- Other M&A activity-related items relate to advisory, legal, accounting, valuation, and other professional or consulting services which are related to M&A activity as well as acquisition-related remuneration and directly attributable integration costs. £15m (2024: £5m) of these costs have been paid in the year, while the remainder is expected to be paid in subsequent financial years.

Non-recurring items

Non-recurring items impacting operating profits (reported within selling and administrative costs) and profit before tax comprise:

- Reversal of property restructuring costs £2m (2024: £nil) arising as a result of a sub-lease entered into for a property site in North America, which had previously been exited.
- Reversal of restructuring costs of £1m (2024: £2m) relates to unutilised provisions previously recognised.
- Reversal of employee-related costs of £3m in the prior year relates to unutilised employee-related provisions recognised in previous years for French payroll taxes.

In total for the year ended 30 September 2025, cash paid in respect of recurring and non-recurring items (some of which was incurred in prior periods) of £41m, comprised £33m of other M&A activity-related items and £8m of employee-related costs. (For the year ended 30 September 2024, cash paid in respect of recurring and non-recurring items of £44m comprised £39m of other M&A activity-related items, £3m of restructuring costs and £2m of property restructuring costs).

The tax impact of recurring and non-recurring adjustments between statutory and underlying profit before tax is £17m, of which £18m relates to recurring items and £1m tax credit relates to non-recurring items. For the year ended 30 September 2024 the tax impact is £17m, of which all £17m relates to recurring items. For the impact of these on the effective tax rates, see note 4.

2. Income tax expense

The effective tax rate on statutory profit before tax was 24% (2024: 24%), whilst the effective tax rate on underlying profit before tax on continuing operations was 24% (2024: 24%).

The statutory and underlying effective tax rates are lower than the UK corporation tax rate applicable to the Group of 25%, primarily due to the innovation tax credits for registered patents and software, and research and development activities which attract government tax incentives in a number of operating territories.

3. Dividends

	£m	£m
Final dividend paid for the year ended 30 September 2024 of 13.50p per share (2024: final dividend paid for the year ended 30 September 2023 of 12.75p per share)	135	-
	-	129
Interim dividend paid for the year ended 30 September 2025 of 7.45p per share (2024: interim dividend paid for the year ended 30 September 2024 of 6.95p per share)	72	-
	-	70
	207	199

In addition, the Directors are proposing a final dividend in respect of the financial year ended 30 September 2025 of 14.40p. The Company's distributable reserves are sufficient to support the payment of this dividend. If approved at the AGM on 5 February 2026 it will be paid on 10 February 2026 to shareholders who are on the register of members on 9 January 2026. These financial statements do not reflect this proposed dividend payable.

Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares and held by the Employee Benefit Trust, which are treated as cancelled, until reissued.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares, exercisable at the end of the year.

	Underlying 2025	Underlying as reported* 2024	Underlying 2024	Statutory 2025	Statutory 2024
Earnings attributable to owners of the parent** (£m)					
Profit for the year	423	382	370	369	323
Number of shares (millions)					
Weighted average number of shares	978	1,007	1,007	978	1,007
Dilutive effects of shares	15	18	18	15	18
Weighted average number of shares for diluted earnings per share	993	1,025	1,025	993	1,025
Earnings per share attributable to owners of the parent** (pence)					
Basic earnings per share	43.19	37.91	36.73	37.74	32.10
Diluted earnings per share	42.52	37.25	36.09	37.16	31.55

* Underlying as reported is at 2024 reported exchange rates.

** All operations in the years relate to continuing operations.

	2025 £m	2024 £m
Reconciliation of earnings		
Statutory profit for the period attributable to owners of the parent	369	323
Adjustments:		
· Recurring items	74	81
· Non-recurring items	(3)	(5)
Taxation on adjustments between statutory and underlying profit before tax	(17)	(17)
Underlying profit for the period attributable to owners of the parent (as reported)	423	382
Impact of movement in foreign currency exchange rates	-	(12)
Underlying profit for the period (after exchange movement) attributable to owners of the parent	423	370

4. 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	-	14	71	85
Acquisition	74	28	-	102
Disposals	-	-	(6)	(6)
Depreciation, amortisation and other movements	-	(60)	(30)	(90)
Exchange movement	17	2	1	20
Closing net book amount at 30 September 2025	2,213	212	144	2,569

	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

Opening net book amount at 1 October 2023	-	-	-	-
Additions	-	21	43	64
Acquisition*	24	9	-	33
Disposals	-	-	(7)	(7)
Depreciation, amortisation and other movements	-	(67)	(29)	(96)
Exchange movement	(147)	(9)	(3)	(159)
Closing net book amount at 30 September 2024*	2,122	228	108	2,458

* Adjusted for finalisation of fair value of assets acquired and liabilities assumed in the acquisition of Infineo in the prior year (see note 11).

5. 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**	(48,209,390)	-	-	-
At 30 September 2025	1,023,290,127	11	548	559
At 1 October 2023	1,100,789,295	12	548	560
Cancellation of shares	(29,289,778)	(1)	-	(1)
At 30 September 2024	1,071,499,517	11	548	559

* Issued and fully paid ordinary shares of 14⁷⁷ pence each.

** Cancellation of shares in the current year resulted in a reduction of the nominal value of ordinary shares of less than £1m.

At 30 September 2025 the Group held 59,869,507 treasury shares (2024: 66,725,007). During the year, the Group satisfied the vesting of certain share awards utilising 6,855,500 treasury shares (2024: 7,181,463).

On 19 November 2024, the Group entered into a non-discretionary share buyback programme to purchase up to £400m of its own shares. On 15 May 2025, the programme was extended by up to £200m. The extended programme completed in July 2025, for a total consideration of £600m plus expected associated taxes, corresponding to the £609m recognised through retained earnings at the balance sheet date, of which £605m was paid in the current year. The Group repurchased a total of 48,209,390 ordinary shares as part of the programme.

Employee Benefit Trust

The Employee Benefit Trust (EBT) holds shares in the Company and was set up for the benefit of Group employees. The EBT purchases the Company's shares in the market or is gifted these by the Company for use in connection with the Group's share-based payments arrangements. These shares are accounted for as treasury shares. Once purchased, shares are not sold back into the market unless required to settle employee tax liabilities in respect of their share awards.

At 30 September 2025 the EBT holds 8,064,848 ordinary shares in the Company (2024: 8,473,802) with £nil of shares purchased during the year (2024: £55m), funded by the Company, and a nominal value of £nil (2024: £nil). During the year, the EBT satisfied the vesting of certain share awards utilising 420,118 ordinary shares (2024: 1,381,398 ordinary shares).

The costs of funding and administering the EBT are charged to the profit and loss account of the Company in the period to which they relate. The market value of the shares of the Company held by the EBT at 30 September 2025 was £89m (2024: £87m).

Other reserves

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

In preparation of the financial statements in the current year, management have separated treasury share reserve and capital redemption reserve from retained earnings in the consolidated statement of changes in equity that was presented in previous years, and presented them within other reserves, in order to provide greater clarity by disaggregating retained earnings. The below tables have been presented in this manner for the current and prior year.

On transition to IFRS 9, an equity classification adjustment was recognised for which £3m was credited to the translation reserve and £1m to the cash flow hedging reserve, offset by £4m debited to the cost of hedging reserve.

An adjustment between the cost of hedging reserve and retained earnings of £1m was also recognised on transition to reflect the cumulative effect of hedging costs that would have been amortised to the income statement under IFRS 9 over the life of the Group's existing hedging arrangements up to the date of adoption.

	Translation reserve £m	Cash flow hedging reserve £m	Cost of hedging reserve £m	Merger reserve £m	Treasury share reserve £m	Capital redemption reserve £m	Total £m
At 1 October 2024	23	4	-	61	(520)	3	(429)

Adjustment on initial application of

Adjustment on initial application of IFRS 9 hedge accounting	3	1	(3)	-	-	-	1
At 1 October 2024 - adjusted	26	5	(3)	61	(520)	3	(428)
Exchange differences on translating foreign operations and net investment hedges	10	-	-	-	-	-	10
Changes in fair value of foreign currency basis of hedge relationships	-	-	(2)	-	-	-	(2)
Amortisation of foreign currency basis of hedge relationships	-	-	1	-	-	-	1
Vesting of share awards and exercise of share options	-	-	-	-	50	-	50
At 30 September 2025	36	5	(4)	61	(470)	3	(369)

	Translation reserve £m	Hedging reserve £m	Merger reserve £m	Treasury share reserve* £m	Capital redemption reserve* £m	Total £m
At 1 October 2023	124	4	61	(515)	2	(324)
Exchange differences on translating foreign operations and net investment hedges	(101)	-	-	-	-	(101)
Vesting of share awards and exercise of share options	-	-	-	50	-	50
Cancellation of ordinary shares	-	-	-	-	1	1
Purchase of shares by Employee Benefit Trust	-	-	-	(55)	-	(55)
At 30 September 2024	23	4	61	(520)	3	(429)

*Other reserves and retained earnings have been restated to present the treasury share reserve and capital redemption reserve within other reserves.

6. Cash flow and net debt

	2025 £m	2024 £m
Reconciliation of profit for the year to cash generated from continuing operations		
Profit for the year	369	323
Adjustments for:		
Income tax	115	103
Finance income	(12)	(19)
Finance costs	58	45
Amortisation of intangible assets	60	67
Depreciation of property, plant and equipment	30	29
Gain on disposal of property, plant and equipment	(1)	(2)
R&D tax credits	(3)	(2)
Equity-settled share-based transactions	51	56
Exchange movement	-	(4)
Changes in working capital:		
Increase in trade and other receivables	(68)	(48)
(Decrease)/increase in trade and other payables and provisions	(3)	20
Increase in deferred income	79	57
Cash generated from continuing operations	675	625

	2025 £m	2024 £m
Reconciliation of net cash flow to movement in net debt		
Cash outflows in the year (pre-exchange movements)	(123)	(164)
Cash (inflows)/outflows from loans and lease liabilities	(280)	18
Change in net debt resulting from cash flows	(403)	(146)
Cash and lease liabilities recognised from acquisitions of subsidiaries or similar transactions	1	4
Other non-cash movements	(30)	(28)
Exchange movement	(19)	(7)
Movement in net debt in the year	(451)	(177)
Net debt at 1 October	(738)	(561)
Net debt at 30 September	(1,189)	(738)

	At 1 October 2024 £m	Cash flow £m	Acquisition £m	Non-cash movements £m	Exchange movement £m	At 30 September 2025 £m
Analysis of change in net debt						
Cash and cash equivalents	508	(123)	3	-	2	390

Borrowings

Loans due after more than one year	(1,156)	(295)	(2)	(2)	(21)	(1,476)
Lease liabilities due within one year	(15)	15	-	(17)	-	(17)
Lease liabilities after more than one year	(75)	-	-	(11)	-	(86)
	(1,246)	(280)	(2)	(30)	(21)	(1,579)
Total	(738)	(403)	1	(30)	(19)	(1,189)

	At 1 October 2023 £m	Cash flow £m	Acquisition £m	Non-cash movements £m	Exchange movement £m	At 30 September 2024 £m
Analysis of change in net debt						
Cash and cash equivalents	696	(164)	4	-	(28)	508

Borrowings

Loans due after more than one year	(1,171)	-	-	(2)	17	(1,156)
Lease liabilities due within one year	(14)	18	-	(20)	1	(15)
Lease liabilities after more than one year	(72)	-	-	(6)	3	(75)
	(1,257)	18	-	(28)	21	(1,246)
Total	(561)	(146)	4	(28)	(7)	(738)

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

	Year issued	Interest coupon*	Maturity	2025 £m	2024 £m
Bonds					
· GBP 350m bond notes	2021	1.63%	25-Feb-31	350	350
· GBP 400m bond notes	2022	2.88%	8-Feb-34	400	400
· EUR 500m bond notes	2023	3.82%	15-Feb-28	437	416
· GBP 300m bond notes	2025	5.63%	5-Mar-37	300	-
· Unamortised issue and discount costs	N/A	N/A	N/A	(10)	(9)
Unamortised RCF loan costs	N/A	N/A	N/A	(1)	(1)
Total				1,476	1,156

*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.

At 30 September 2025, £nil of the RCF was drawn down (30 September 2024: £nil).

During the year, 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.

7. 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 swaps held by the Group as at 30 September 2025 was a £32m net asset, comprised of £32m assets (30 September 2024: £16m net asset, comprised of £29m assets offset by £13m 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 are included in the table below.

	At 30 September 2025		At 30 September 2024	
	Book Value £m	Fair Value £m	Book Value £m	Fair Value £m
Long-term borrowings (excluding lease liabilities)	(1,476)	(1,400)	(1,156)	(1,065)

8. Acquisitions and disposals

Acquisitions made during the current period

Tritium Software

On 29 October 2024, the Group acquired 100% equity capital and voting rights of Tritium Software, S.L. ("Tritium Software"), a company based in Spain, for a total consideration of £30m. Tritium Software provides a cloud-native, mobile workforce management solution for field-based sales teams through its main product, Sage Sales Management (previously branded as ForceManager).

Summary of acquisition	£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	£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:

	Valuation £m	Useful economic life (years)
Acquired intangible assets		
Customer relationships	1	10
Technology	5	7
Acquired intangible assets	6	

Acquired goodwill of £25m comprises the fair value of the acquired control premium, workforce in place and the expected synergies. The goodwill has been allocated to the Iberia CGU where the underlying benefit arising from the acquisition is expected to be realised. No goodwill is expected to be deductible for tax purposes. The results of the business are allocated to the Europe operating segment in line with the underlying operations.

The outflow of cash and cash equivalents on the acquisition is as follows:

	£m
Cash consideration	(28)
Cash and cash equivalents acquired	1
Net cash outflow	(27)

Transaction costs of £5m relating to the acquisition have been included in selling and administrative expenses, classified as other M&A activity-related items within recurring adjustments between underlying and statutory results. These costs relate to advisory, legal, and other professional services. See note 3.

Arrangements have been put in place for retention payments to remunerate employees of Tritium Software for future services. The total cost of these arrangements will be recognised in future periods over the retention period, contingent on employment.

The consolidated income statement includes revenue and loss after tax relating to Tritium Software for the period since the acquisition date, of which both are immaterial.

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 period ended 30 September 2025.

Fyle Technologies

On 24 July 2025, the Group acquired a 100% controlling interest in Fyle Technologies Private Limited ("Fyle"). Fyle provides an AI-enabled expense management platform which transforms how SMBs track and manage expenses, with an existing customer base in the United States.

Summary of acquisition	£m
Cash consideration	56
Deferred consideration	3
Holdback consideration	4
Acquisition-date fair value of consideration	63
Fair value of identifiable net assets	(14)
Goodwill	49

Fair value of identifiable net assets acquired	£m
Acquired intangible assets	22
Deferred tax liability	(5)
Other net liabilities	(3)
Fair value of identifiable net assets acquired	14

A summary of the acquired intangible assets is set out below:

	Valuation £m	Useful economic life (years)
Acquired intangible assets		
Technology	22	8
Acquired intangible assets	22	

Acquired goodwill of £49m comprises the fair value of the acquired control premium, workforce in place and the expected synergies. The goodwill has been allocated to the North America CGU where the underlying benefit arising from the acquisition is expected to be realised. No goodwill is expected to be deductible for tax purposes. The results of the business are allocated to the North America operating segment in line with the underlying operations.

The outflow of cash and cash equivalents on the acquisition is as follows:

	£m
Cash consideration	(56)
Cash and cash equivalents acquired	2
Net cash outflow	(54)

Transaction costs of £5m relating to the acquisition have been included in selling and administrative expenses, classified as other M&A activity-related items within recurring adjustments between underlying and statutory results. These costs relate to advisory, legal and other professional services. See note 3.

Arrangements have been put in place for retention payments to remunerate employees of Fyle for future services, classified as other M&A activity-related items. The total cost of these arrangements will be recognised in future periods over the retention period, contingent on employment.

The consolidated income statement includes revenue and loss after tax relating to Fyle for the period since the acquisition date, of which both are immaterial.

On an underlying and statutory basis, revenue would have increased and profit after tax would have decreased by an immaterial amount, if Fyle had been acquired at the start of the financial year and included in the Group's results for period ended 30 September 2025.

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 ("Infinéo"), 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 year, the valuation and acquisition accounting were completed and approved.

The intangible assets identified and subsequently valued as at the date of acquisition include:

	Valuation £m	Useful economic life (years)
Acquired intangible assets		
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.

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:

	Previously reported provisional fair values £m	Measurement adjustments £m	Final fair values £m
Fair value of identifiable net assets acquired			
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

fair value of identifiable net assets acquired	£	£	£m
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.

9. 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.

	2025 £m	2024 £m
Key management personnel compensation		
Salaries and short-term employee benefits	10	12
Share-based payments	8	8
	18	20

10. Events after the balance sheet date

Acquisition of Criterion Inc.

On 2 October 2025, the Group acquired 100% equity capital and voting rights of Criterion Inc. ("Criterion"), a company based in the United States, for fixed initial consideration of £33m and additional variable consideration of up to £16m, linked to the future performance of the business. Criterion provides a unified human capital management (HCM) platform which will enhance Sage's offering to mid-sized businesses.

Due to the timing of the acquisition being after 30 September 2025, the results of Criterion are not included in our financial statements for the year ended 30 September 2025 and the acquisition accounting has not yet been completed. In line with IFRS 3, the purchase price accounting for the acquisition will be finalised within 12 months of the acquisition date.

Share buyback programme

On 18 November 2025, The Sage Group plc approved a share buyback programme of its ordinary shares of up to £300m, which is expected to commence on 19 November 2025, and end no later than 19 March 2026.

Managing Risk


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










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














We monitor Principal Risks against our risk appetite targets using measures and tolerances, which we evaluate throughout the year to ensure they align with our strategic objectives.








By tracking these measures, risk owners are able to identify both current and emerging risks and take timely mitigating action. The Principal Risks outlined below reflect our strategic priorities and build on the management actions reported in the Annual Report and Accounts 2024, demonstrating ongoing progress in strengthening our risk management capabilities.

Key - Stakeholder groups	Risk exposure change
 Customers  Colleagues  Partners  Shareholders  Society	<input type="checkbox"/> Stable <input checked="" type="checkbox"/> Decreasing <input checked="" type="checkbox"/> 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 <input checked="" type="checkbox"/> Stakeholder alignment 	We must maintain a sharp focus on the relationship we have with our customers, offering the products, services and experiences they need for success. If we meet or exceed their expectations, customers will stay with Sage, increasing lifetime value and becoming our greatest advocates. By aligning our people, processes and technology with this focus in mind, all Sage colleagues help our customers be successful and in turn improve financial performance.	<ul style="list-style-type: none"> Brand-health surveys to provide an understanding of the customer perception of the Sage brand and its products, used to inform and enhance our market offerings. Our Market and Competitive Intelligence team provides insights that guide our strategy and support our growth. Proactive analysis of customer activity and churn data, to improve customer experience. Customer Advisory Boards, call listening, and closed-loop feedback to constantly gather information on customer needs. Customer-journey mapping to ensure appropriate strategy alignment and alignment to our target

		<p>operating model.</p> <ul style="list-style-type: none"> • "Customer for life" roadmaps, detailing how products can fit together, any interdependencies, and migration pathways for current and potential customers. • Continuous Net Promoter Score (NPS) surveying to identify customer challenges and respond in a timely manner to emerging trends. • Sage Membership for all customers, providing customers with access to curated resources, tools, and a connected community of business leaders.
<p>2. Execution of product strategy</p> <p>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.</p> <p>Trend </p> <p>Stakeholder alignment </p>	<p>Sage needs to adapt continuously its approach to new technologies and challenges. This requires a clear direction and strategic guardrails to support our go-to-market offerings. By simplifying our product portfolio and partnering with the right businesses, we can enhance our solutions and drive success.</p>	<ul style="list-style-type: none"> • Robust product organisation and governance model, supported by strategic interlock with our Routes to Revenue (RtR) teams, aligning the way we deliver product to meet the needs of SMBs. • Migration Framework in key countries to support our customers as they move to the cloud. • Continued expansion of Sage Intacct outside North America and for additional product verticals. • Enhancing accessibility of Sage cloud products to meet Web Content Accessibility Guidelines. • Focus on accountants through a tailored Sage for Accountants proposition. • Ongoing deployment of Sage Copilot AI-powered assistant into existing Sage products, including Sage Intacct and integration into Sage Sales Management. • Developing AI agents for use in our core products.
<p>3. Developing and exploiting new business models</p> <p>Sage is unable to develop, commercialise, and scale new business models to diversify from traditional Software as a Service (SaaS), especially consumption-based services and those that leverage data.</p> <p>Trend </p> <p>Stakeholder alignment </p>	<p>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.</p>	<ul style="list-style-type: none"> • Business unit focused on the Sage Platform to realise the opportunities with automation of accounting processes (like Accounts Payable and Accounts Receivable). • Sage Platform integrating Sage's products with AI and digital services to enhance workflows, improve customer experiences, and accelerate innovation. • Enhanced, consistent digital experience for all Sage Business Cloud users through the Sage Experience Platform • A team focused on the product strategy and assessing new business opportunities in emerging ecosystems to identify those that may align with our vision. • Acceleration of Embedded Services by expanding Sage's Fintech and Payments ecosystem through strategic partnerships with Stripe, Monzo and Tide. • Managed growth of the API estate, including enhanced product development that enables access by third-party API developers and optimisation of API integrations to improve efficiency.
<p>4. Route to market</p> <p>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.</p> <p>Trend </p> <p>Stakeholder alignment </p>	<p>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.</p>	<ul style="list-style-type: none"> • Our Global Routes to Revenue team drives a consistent approach to taking Sage's products to market. • Deployment of an enhanced reporting tool to track go-to-market metrics using standard definitions across geographies. • Acceleration of strategic partnerships to strengthen the Sage Platform • Three strategic pillars focused on delivery to the market to align priorities across Sage. • Centre of Excellence to support our indirect sales and third-party approach. • Sage Discovery Centre at our North American headquarters in Atlanta reaffirms our commitment to helping entrepreneurs, communities, and customers to thrive in the age of AI.
<p>5. People and performance</p> <p>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.</p> <p>Trend </p> <p>Stakeholder alignment </p>	<p>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.</p> <p>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</p>	<ul style="list-style-type: none"> • Focus on hiring channels to ensure we are attractive in the market through our enhanced employee value proposition and enhanced presence through social media such as Glassdoor, Comparably, X, LinkedIn, and Facebook. • Reward mechanisms to incentivise and encourage the right behaviour, with a focus on ensuring fair and equitable pay in all markets. • Series of Leadership Academies and talent programmes to support the development of internal talent. • OKR Framework defines measurable goals and tracks outcomes of colleague success.

	<p>environment. By addressing what causes colleague voluntary attrition, and embracing the Values of successful technology companies, Sage can increase colleague engagement and create aligned high-performing teams.</p>	<ul style="list-style-type: none"> Enhancing skills and talent technology ecosystem to identify capabilities and skills gaps, talent pipeline, development, and career pathways and mentoring. Strategic Workforce Planning Framework across the business.
<p>6. Culture</p> <p>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.</p> <p>Trend </p> <p>Stakeholder alignment  </p>	<p>The development of a shared behavioural competency that encourages colleagues to always do the right thing, put customers at the heart of business and improve innovation is critical to Sage's success. Devolution of decision making, and the acceptance of accountability for those decisions, will need to go hand in hand as the organisation develops and sustains its shared Values and Behaviours, and fosters a culture that provides customers with a rich digital environment.</p> <p>We will also need to create a culture of empowered leaders that supports the development of ideas, and that provides colleagues with a safe environment allowing for honest disclosures and discussions. A trusting and empowered environment can help sustain innovation, enhance customer success, and encourage the engagement that results in increased market share.</p>	<ul style="list-style-type: none"> Integration of Values and Behaviours into all colleague priorities including talent attraction, selection, and onboarding as well as OKRs. All colleagues encouraged to take up to five paid Sage Foundation days each year, to support charities and provide philanthropic support to the community. DEI strategy focused on building diverse teams, an equitable culture, and fostering inclusive leadership. This is supported by strategic plans to track progress, ensuring we meet our commitments, including no tolerance of discrimination and equal chances for everyone. Code of Conduct training for all colleagues (including anti-bribery and corruption requirements) delivered as snippets, so we can signpost relevant training at colleagues' point of need. Core e-learning modules, with regular refresher training. Whistleblowing and incident-reporting mechanisms so issues can be formally reported and investigated. Scaling Sage culture initiatives, including target culture measurement framework, leadership assessments, and alignment of people processes.
<p>7. Cyber security</p> <p>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.</p> <p>Trend </p> <p>Stakeholder alignment   </p>	<p>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.</p>	<ul style="list-style-type: none"> Multi-year cyber security programmes in IT and Product to ensure we are continuously improving, and reduce cyber risk across technology, business processes, and culture. Accountability within both IT and Product for internal and external data being processed by Sage. Formal certification schemes maintained across the business include internal and external validation of compliance. All colleagues are required to undertake regular 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. Sage Security Champions help amplify and embed a secure culture. An in-house Cyber Defence Operations team to proactively detect, respond to, and prevent cyber threats 24/7. Continued investment in strengthening business resilience and elevating crisis management capabilities.
<p>8. Data and AI governance</p> <p>If Sage fails to collect, process, store, and use data in a way that is compliant with regulation, internal policy, and our ethical principles, we will lose the trust of our stakeholders.</p> <p>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.</p> <p>Trend </p> <p>Stakeholder alignment    </p>	<p>Data is central to the Sage strategy and our ambition to deliver sustainable growth by leveraging AI and expanding the Sage Platform. Our strategy is underpinned by our ability to innovate customer propositions, improve insight and decision making, and create new business models and ecosystems. The successful ability to use data will accelerate our growth and will be key in helping customers transform how they run and build their businesses, and we must do this in a way that is compliant with laws and regulations, and in line with our Values.</p>	<ul style="list-style-type: none"> Our AI and Data Ethics Principles ensure the responsible use of customer data in support of our strategy, with an ethics checklist in place to assess adherence to these principles. Governance policies, processes, and tooling to enhance and manage data quality, trust, and privacy. The implementation of our AI Governance Framework, supported by an AI Inventory and AI assurance process, to ensure that the development and use of AI align with our risk appetite and meet legal, regulatory, ethical, and security requirements. Data Privacy Framework governing the collection, use, and protection of personal data in compliance with applicable laws and regulations. Our Sustainability, AI, and Data Ethics Committee, which includes members from the Executive Leadership Team and Sage Board, governs activities relating to data and AI ethics. We require all colleagues to undertake awareness training for data protection, with a focus on all relevant data privacy laws and regulations. Our Trust and Security Hub supports our customers and their understanding of cyber security, data privacy, and AI and data ethics in Sage products.
<p>9. Readiness to scale</p>	<p>As Sage continues to build</p>	<ul style="list-style-type: none"> Cost optimisation of cloud native products and

<p>As Sage's ambition grows, if it fails to ensure its cloud products can build and operate at an industrial, global scale it will erode its competitive advantage. The hosting of its products must achieve economies of scale, aligned to ambition, in parallel with the ability to accelerate to market with quality. Both must be achieved with reduced environmental impact and zero customer impact. If not addressed, Sage's cloud products would be less resilient and less able to respond to its customer expectations.</p> <p>Trend </p> <p>Stakeholder alignment  </p>	<p>sustainable growth, we continue to focus on scaling our platform services environment in a rigorous, agile, and speedy manner to ensure we provide a consistent and healthy cloud platform and associated network. We must provide the right infrastructure and operations for all our customer products, and a hosting platform together with the governance to ensure optimal service availability, performance, security protection, and restoration (if required).</p>	<p>continued migration of legacy footprint to public cloud.</p> <ul style="list-style-type: none"> 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 disaster-recovery capability and operational-resilience models. A governance framework to optimise operational cost base in line with key metrics. All new acquisitions required to adopt Sage cloud operation standards.
<p>10. Environmental, social, and governance</p> <p>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.</p> <p>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.</p> <p>Trend </p> <p>Stakeholder alignment   </p>	<p>We invest in education, technology, and the environment to give individuals, SMEs, and our planet the opportunity to thrive.</p> <p>Internally, it is essential that Sage understands the potential impact of climate change on its strategy and operations and considers appropriate mitigations.</p> <p>Societal and governance-related issues are integral to Sage's purpose and Values and to the achievement of Sage's strategy.</p>	<ul style="list-style-type: none"> Sage's Sustainability and Society strategy, informed by a rigorous materiality assessment, focusing on three pillars: Protect the Planet, Tech for Good, and Human by Design. Ensuring adequate executive oversight through the Sustainability, AI, and Data Ethics Committee. Enabling accountability through integration of ESG measures within long-term incentive plans. An integrated framework to manage ESG-related risk and physical and transitional climate risks, as detailed by TCFD. External limited assurance obtained over selected metrics to ensure accuracy of sustainability data and claims.

^[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] ForceManager (now branded Sage Sales Management) was acquired in October 2024, Fyle in July 2025, and Criterion in October 2025.

^[iv] United Kingdom, Ireland, Africa and Asia-Pacific (APAC).

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

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

^[vii] Retranslated at current year exchange rates.

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

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

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

[\[x\]](#) Impact of retranslating FY24 revenue and costs at FY25 average rates.

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