

BASE PROSPECTUS



THE SAGE GROUP PLC

(incorporated with limited liability in England and Wales with registered number 2231246)

£1,500,000,000

**Euro Medium Term Note Programme
unconditionally and irrevocably guaranteed by**

SAGE TREASURY COMPANY LIMITED

(incorporated with limited liability in England and Wales with registered number 8319044)

Under this £1,500,000,000 Euro Medium Term Note Programme (the **Programme**), The Sage Group plc (the **Issuer** and, together with its subsidiaries, the **Group**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Sage Treasury Company Limited (the **Guarantee** and the **Guarantor**, respectively).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £1,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Base Prospectus has been approved as a base prospectus by the Financial Conduct Authority (the **FCA**), as competent authority under Regulation (EU) 2017/1129 as it forms part of United Kingdom (**UK**) domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK Prospectus Regulation**). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer, the Guarantor or the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the FCA (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange's main market (the **Market**). References in this Base Prospectus to the Notes being **listed** (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a UK regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA (**UK MiFIR**).

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the UK. The

obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be admitted to trading on the Market and to be listed on the Official List, will be delivered to the FCA and, where listed, the London Stock Exchange. Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Programme has been rated BBB+ by S&P Global Ratings UK Limited (**S&P**). In addition, the Issuer has a long-term issuer rating of BBB+ (stable outlook) by S&P. S&P is established in the UK and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the **UK CRA Regulation**). S&P is not established in the European Economic Area (EEA) and has not applied for registration under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009, as amended (the **EU CRA Regulation**). The ratings issued by S&P have been endorsed by S&P Global Ratings Europe Limited in accordance with the EU CRA Regulation. S&P Global Ratings Europe Limited is established in the EEA and registered under the EU CRA Regulation. As such, S&P Global Ratings Europe Limited is included in the list of registered credit rating agencies published at the website of the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the EU CRA Regulation.

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to either the Programme or the Issuer. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes issued under the Programme may be calculated by reference to EURIBOR as specified in the applicable Final Terms. As at the date of this Base Prospectus, the European Money Markets Institute, the administrator of EURIBOR, is included in the register of administrators and benchmarks established and maintained by the FCA under Article 36 of Regulation (EU) No 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**).

Arranger

BofA Securities

Dealers

BofA Securities

HSBC

J.P. Morgan

**Lloyds Bank Corporate
Markets**

NatWest Markets

Standard Chartered Bank

TD Securities

The date of this Base Prospectus is 31 January 2024.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation.

The requirement to publish a prospectus under the Financial Services and Markets Act 2000, as amended (FSMA) only applies to Notes which are admitted to trading on a UK regulated market as defined in UK MiFIR and/or offered to the public in the UK other than in circumstances where an exemption is available under Section 86 of the FSMA.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of each of the Issuer and the Guarantor, the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect its import.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form a part of this Base Prospectus and has not been scrutinised or approved by the FCA.

Neither the Dealers nor the Trustee (as defined below) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer, the Guarantor, the Dealers or the Trustee to give any information or to make any representation not contained in and not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, any such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor, the Dealers or the Trustee.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, any of the Dealers or the Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by

or on behalf of the Issuer, the Guarantor, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition and affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

If a jurisdiction requires that an offering of Notes issued under the Programme be made by a licensed broker or dealer and the Dealers or any parent company or affiliate of the Dealers is a licensed broker or dealer in that jurisdiction and so agrees, such offering of Notes shall be deemed to be made by the Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of UK MiFIR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the relevant Notes and which channels for distribution of the relevant Notes are appropriate. Any person subsequently offering, selling or recommending the relevant Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in

respect of the relevant Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 of 7 April 2016 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the relevant Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the relevant Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (the SFA)

Unless otherwise specified before an offer of Notes, the Issuer has determined and hereby notifies all relevant persons (as defined in Section 390A(1) of the SFA) that all Notes issued or to be issued under the Programme shall be "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Dealers and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about,

and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including Belgium), the UK, Switzerland, Canada, Japan and Singapore, see "*Subscription and Sale*".

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;
- (iv) understands thoroughly the terms of the Notes and is familiar with the financial markets;
- (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) understands the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Notes.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

STABILISATION

In connection with the issue of any Tranche of Notes, one or more relevant Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant

Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

PRESENTATION OF CERTAIN INFORMATION

Certain non-IFRS financial information

This Base Prospectus includes and incorporates by reference certain financial information which has not been prepared in accordance with International Financial Reporting Standards (**IFRS**) but which has been derived from the audited financial statements. The glossary of these alternative performance measures for the purposes of the ESMA Guidelines on Alternative Performance Measures (**APMs**) set out on pages 269 to 270 of the Issuer's 2023 Annual Report (as defined below) is incorporated by reference in this Base Prospectus (see "*Documents Incorporated by Reference*").

Underlying results

The Group's consolidated income statements are presented on both an underlying and a statutory basis. Statutory results reflect the Group's results prepared in accordance with the requirements of IFRS. Underlying results and underlying as reported results are APMs and not IFRS measures. Adjustments are made to statutory results to arrive at an underlying result which is in line with how the business is managed and measured on a day-to-day basis. Adjustments are made for items that are individually important in order to aid understanding of the financial performance for the year and the comparability between periods. Management applies judgement in determining which items should be excluded from underlying performance.

In addition, the prior year underlying amounts are translated at current year exchange rates. Prior year underlying amounts at prior year exchange rates are referred to as "underlying as reported"; prior year and current year amounts at current year exchange rates are referred to as "underlying".

Reflecting the above factors, the Group has presented certain of its FY2022 financial information in this Base Prospectus on both an original and a comparative basis or just on a comparative basis when it is being compared solely to financial information for FY2023. Where FY2022 financial information is not identified as either original or comparative in this Base Prospectus, this means that there is no difference between the Original FY2022 financial information and the FY2022 financial information.

Financial information described in this Base Prospectus as **FY2022** or as being presented on a comparative basis has been derived from the Group's audited consolidated financial statements for the financial year ended 30 September 2023 which are incorporated by reference in this Base Prospectus and is directly comparable with the Group's financial information for FY2023 which has also been derived from those financial statements.

Financial information described in this Base Prospectus as **Original FY2022** or as being presented on an original basis has been derived from the Group's audited consolidated financial statements for the financial year ended 30 September 2022 which are incorporated by reference in this Base Prospectus and is directly comparable with the Group's financial information for FY2021 which has also been derived from those financial statements.

Unless otherwise specified, all financial information in this Base Prospectus for FY2021 or as at any date in FY2021 has been derived from the Group's audited consolidated financial statements for the financial year ended 30 September 2022 which are incorporated by reference in this Base Prospectus and is directly comparable with the Group's financial information for FY2022 which has also been

derived from those financial statements. Certain FY2021 comparative amounts presented in the FY2022 audited consolidated financial statements have been restated, on a constant currency basis, for disposals made in the period and assets held for sale to provide more direct comparability with the Group's FY2022 results; such comparative figures are not audited.

The table below shows reconciliations of the Group's underlying measures to the statutory results for each of FY2023, FY2022, Original FY2022 and FY2021.

	FY2023		FY2022		Original FY2022		FY2021	
	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit
<i>(£ million)</i>								
Statutory	2,184	315	1,947	367	1,947	367	1,846	373
Recurring items ⁽¹⁾	—	103	2	83	2	83	—	40
Net gain on disposal of subsidiaries	—	—	—	(53)	—	(53)	—	(126)
Restructuring costs	—	32	—	—	—	—	—	62
Employee related costs	—	9	—	—	—	—	—	—
Office relocation.....	—	—	—	—	—	—	—	9
Reversal of restructuring costs	—	(3)	—	(20)	—	(20)	—	—
Impact of foreign exchange ⁽²⁾	—	—	33	9	—	—	32	10
Underlying	2,184	456	1,982	386	1,949	377	1,878	368

Notes

- (1) Recurring items are detailed in note 3.6 to the financial statements for the financial year ended 30 September 2023 and note 3.6 to the financial statements for the financial year ended 30 September 2022.
- (2) Impact of retranslating FY2022 results at FY2023 average rates and FY2021 results at FY2022 average rates.

Operating margins

This Base Prospectus contains references to the Group's operating margins, which are APMs and not measures of financial performance under IFRS. In determining its operating margins, the Group divides its operating profit by its revenue. The Group's statutory operating margins were 14.4 per cent. in FY2023, 18.9 per cent. in FY2022 and 20.2 per cent. in FY2021 (on both an original and comparative basis). The Group's underlying operating margins were 20.9 per cent. in FY2023, 19.5 per cent. in FY2022, 19.4 per cent. in Original FY2022 and 19.6 per cent. in FY2021.

The Group believes that the presentation of its operating margins is helpful to investors because these and other similar measures enable understanding of like-for-like comparison of the performance of the continuing business.

Other APMs

Certain other APMs are referred to elsewhere in this Base Prospectus. These include:

- annualised recurring revenue (**ARR**), which is the normalised underlying recurring revenue in the last month of the reporting period, adjusted consistently period to period, multiplied by 12. Adjustments to normalise reported recurring revenue include those components that management has assessed should be excluded in order 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 (such as non-refundable contract sign-up fees). 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;

- software subscription penetration, which is underlying software subscription revenue expressed as a percentage of underlying total revenue. The Group uses this APM to measure the progress of migrating its customer base from licence and maintenance to a subscription relationship;
- Sage Business Cloud penetration, which is underlying recurring revenue from the Sage Business Cloud (native and connected cloud) expressed as a percentage of the underlying recurring revenue of the Future Sage Business Cloud Opportunity. Future Sage Business Cloud Opportunity is defined as revenue from customers using products that are currently part of, or that management currently believe have a clear pathway to, Sage Business Cloud. The Group uses this APM to measure the progress in the migration of its revenue base to the Sage Business Cloud by connecting its solutions to the cloud and/or migrating its customers to cloud connected and cloud native solutions; and
- renewal rate by value, which is the ARR from renewals, migrations, upsell and cross-sell of active customers at the start of the year, divided by the opening ARR for the year. This APM is used as an indicator of the Group's ability to retain and generate additional revenue from its existing customer base through upsell and cross-sell.

Each of these measures is a strategic key performance indicator (**KPI**) monitored and reported by management to demonstrate the Group's strategic progress, showing how it achieves success and reinforcing the quality of its performance.

In addition, the Group monitors and reports its underlying cash flow from operations, its free cash flow and its underlying cash conversion. Underlying cash flow from operations is the Group's underlying operating profit adjusted for non-cash items, net capital expenditure (excluding business combinations and similar items) and changes in working capital and it shows the cash flow generated by the Group's operations and enables the calculation of underlying cash conversion. Underlying cash conversion is the Group's underlying cash flow from operations divided by its underlying (as reported) operating profit and informs management and investors about the cash operating cycle of the business and how efficiently operating profit is converted into cash. Free cash flow is calculated as underlying cash flow from operations minus net interest paid, income tax paid and adjusted for non-recurring cash items (which excludes net proceeds on disposals of subsidiaries) and profit and loss foreign exchange movements and measures the cash generated by the Group's operating activities during the period that is available to repay debt, undertake acquisitions or distribute to shareholders.

The table below shows the Group's calculation of underlying cash flow from operating activities and free cash flow for each of FY2023, FY2022 and FY2021.

	FY2023	FY2022	FY2021
<i>(£ million, except where otherwise indicated)</i>			
Underlying operating profit (as reported)	456	377	358
Depreciation, amortisation and non-cash items in profit	51	51	47
Share-based payments.....	43	36	36
Net changes in working capital.....	—	(40)	65

Net capital expenditure	(22)	(22)	(55)
Underlying cash flow from operations	528	402	451
<i>Underlying cash conversion (per cent.)</i>	<i>116%</i>	<i>107%</i>	<i>126%</i>
Non-recurring cash items	(11)	(23)	(9)
Net interest paid and derivative financial instruments	(24)	(21)	(19)
Income tax paid	(85)	(62)	(81)
Profit and loss foreign exchange movements....	(4)	(1)	(3)
Free cash flow	404	295	339

Further, the Group also monitors and reports its leverage ratio, which is defined as net debt divided by EBITDA. Net debt is determined as total borrowings less cash and cash equivalents inclusive of the impact of businesses categorised as held for sale and EBITDA is determined as underlying operating profit excluding depreciation, amortisation and share-based payments. In addition to enabling the calculation of the leverage ratio, EBITDA also shows profitability before the impact of major non-cash charges.

The table below shows the Group's calculation of EBITDA and its leverage ratio for each of FY2023, FY2022, Original FY2022 and FY2021.

	FY2023	FY2022	Original FY2022	FY2021
<i>(£ million, except where otherwise indicated)</i>				
Underlying operating profit	456	386	377	368
Depreciation and amortisation	54	55	55	50
Share-based payments.....	43	36	36	36
EBITDA	553	477	468	454
Net debt ⁽¹⁾	561		733	
Net debt/EBITDA leverage ratio ⁽¹⁾ ..	1.0x		1.6x	

Note

(1) Net debt and Net debt/EBITDA leverage ratio are calculated on an original basis only.

Third party and market share data

This Base Prospectus contains information regarding the Group's business and the industry in which it operates and competes, which the Group has obtained from third party sources. Where third party information has been used in this Base Prospectus, the source of such information has been identified.

In some cases, independently determined industry data is not available. In these cases, any Group market share data included in this Base Prospectus is referred to as having been estimated. All such estimates have been made by the Group using its own information and other market information which is publicly available. The Group believes that these estimates of market share are helpful as they give prospective investors a better understanding of the industry in which the Group operates as well as its position within that industry. Although all such estimations have been made in good faith based on the information available and the Group's knowledge of the market within which it operates,

the Group cannot provide any assurance that a third-party expert using different methods would reach the same conclusions.

Where information has not been independently sourced, it is the Group's own information.

No incorporation of website information

The Group's website is www.sage.com. The information on this website or any other website mentioned in this Base Prospectus or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Base Prospectus, and investors should not rely on it.

Certain defined terms and rounding

All references in this Base Prospectus to:

FY2024 are to the financial year ended 30 September 2024;

FY2023 are to the financial year ended 30 September 2023;

FY2022 are to the financial year ending 30 September 2022;

FY2021 are to the financial year ended 30 September 2021;

FY2020 are to the financial year ended 30 September 2020; and

GBP, sterling, pounds and **£** are to the currency of the United Kingdom.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

FORWARD-LOOKING STATEMENTS

Certain statements included in this Base Prospectus may constitute "forward-looking statements". Forward-looking statements are all statements in this Base Prospectus that do not relate to historical facts and events, and include statements concerning the Issuer's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. The Issuer uses the words "may", "will", "could", "believes", "assumes", "intends", "estimates", "expects", "plans", "seeks", "approximately", "aims", "projects", "anticipates" and similar expressions, or the negative thereof, to generally identify forward-looking statements.

Forward-looking statements may appear in a number of places in this Base Prospectus, including (without limitation) in the sections "*Risk Factors*" and "*Description of the Group*". The Issuer has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements contained in this Base Prospectus and from past results, performance or achievements. Although the Issuer believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer has identified in this Base Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or incorrect, the Issuer's actual results of operations may vary from those expected, estimated or projected.

These forward-looking statements are made only as at the date of this Base Prospectus. Except to the extent required by law, the Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Base Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on the Issuer's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Base Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of any Notes should not place undue reliance on these forward-looking statements.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Delegated Regulation (EU) No 2019/980 as it forms part of UK domestic law by virtue of the EUWA.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this overview.

The Issuer:	The Sage Group plc
Legal Entity Identifier (LEI):	2138005RN5XYLTF8G138
The Guarantor:	Sage Treasury Company Limited
Legal Entity Identifier (LEI):	2138006TSK7BN1MDC772
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme or the Guarantor's ability to fulfil its obligations under the Guarantee. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under " <i>Risk Factors</i> ".
Description:	Euro Medium Term Note Programme
Arranger:	Merrill Lynch International
Dealers:	HSBC Bank plc J.P. Morgan Securities plc Lloyds Bank Corporate Markets plc Merrill Lynch International NatWest Markets Plc Standard Chartered Bank The Toronto-Dominion Bank and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ").

Notes having a maturity of less than one year

Notes having a maturity of less than one year from their date of issue will constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the FSMA unless they are issued to a limited class of investment professionals and have a denomination of at least £100,000 or its equivalent (see "*Subscription and Sale*").

Trustee:	HSBC Corporate Trustee Company (UK) Limited
Principal Paying Agent:	HSBC Bank plc
Paying Agent:	Banque Internationale à Luxembourg
Programme Size:	Up to £1,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, notes may be denominated in euro, Sterling, U.S. dollars, yen and any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form as described in " <i>Form of the Notes</i> ".
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined on the basis of the reference rate set out in the applicable Final Terms.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Benchmark Replacement:

In the event that the Issuer (in consultation with the Principal Paying Agent or the Calculation Agent, as applicable) determines that a Benchmark Event (as defined in the "*Terms and Conditions of the Notes*") has occurred, such that any Rate of Interest (or any component part thereof) cannot be determined by reference to the original benchmark specified in the applicable Final Terms, then such Rate of Interest may be substituted (subject to certain conditions) with a Successor Reference Rate or an Alternative Reference Rate (with consequent amendment to the terms of such Series of Notes and the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 4.2(f) for further information.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Clean-Up Call:

If indicated in the applicable Final Terms, the Issuer will have the option to redeem the relevant Notes in whole, but not in part, at the Optional Redemption Amount if the aggregate nominal amount of the relevant Notes then outstanding is 20 per cent. or less of the aggregate nominal amount of the relevant Series originally issued. See Condition 6.7 for further information.

Change of Control Put:

If indicated in the applicable Final Terms, the relevant Notes may be redeemable at the option of the relevant Noteholders upon the occurrence of a change of control of the Issuer and the fulfilment of certain other conditions. See Condition 6.6 for further information.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that (i) the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see "*Certain Restrictions - Notes having a maturity of less than one year*" above) and (ii) the minimum denomination of each Note will be at least €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:

All payments in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the UK or any political subdivision thereof or any authority thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances, pay additional amounts to cover the amounts so withheld or deducted, all as described in Condition 7 (*Taxation*).

Negative Pledge:

The Conditions contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*).

Cross Acceleration:

The Conditions contain a cross acceleration provision as further described in Condition 9 (*Events of Default*).

Status of the Notes:

The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Guarantee:

The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Guarantor and will rank *pari passu* and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.

Rating:

The Programme has been rated BBB+ by S&P. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the

same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating agency.

Listing:

Application has been made for Notes issued under the Programme to be admitted to the Official List and for such Notes to be admitted to trading on the Market.

The applicable Final Terms relating to each Tranche of Notes will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Notes, the Guarantee and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee will be governed by, and shall be construed in accordance with, English law

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including Belgium), the UK, Switzerland, Canada, Japan and Singapore; see "*Subscription and Sale*".

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

The purchase of any Notes issued under the Programme may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in such Notes. Before making an investment decision, prospective purchasers of any Notes should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Base Prospectus. If any, or a combination of, these risks occur, the Group could be materially adversely affected in the manner described in each individual risk. For the purposes of this section, the indication that a risk, uncertainty or problem may or will have a "material adverse effect" on the Group or that the Group may be "materially adversely affected" means that the risk, uncertainty or problem could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows, liquidity, reputation and/or prospects and/or on the Issuer's ability to make payments under any Notes and/or on the market price of any Notes, except as otherwise indicated or as the context may otherwise require.

The Issuer believes that the factors described below represent all the material risks inherent in investing in Notes issued under this Programme, but the inability of the Issuer to pay amounts due under any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP

The Group's success depends upon its ability to develop new products and services, integrate acquired products and services, enhance its existing products and services and leverage customer data to create new services and business models

Rapid technological advances, changing delivery and business models and evolving standards in computer hardware and software development and communications infrastructure, changing and increasingly sophisticated customer needs and frequent new product introductions and enhancements (including artificial intelligence (AI) adoption and application) characterise the industry in which the Group competes. If the Group:

- fails to anticipate, understand or deliver the products and services its current and future customers need in order to be successful in a timely manner; or
- fails to position and price its products and services to meet current and future customer demand,

customers may not purchase or subscribe to its software or cloud offerings or renew software support or cloud subscription contracts which could adversely affect its reputation, revenue and, potentially, profitability. Renewals of these contracts are critical to the growth of the Group's business.

The Group remains focused on both enhancing existing and releasing new offerings of cloud products and services. If the Group is unable to develop new or sufficiently differentiated products and services, including both cloud connected and cloud native solutions, that are aligned with the Group's goals and deliver against its customers' needs, or if its products and services do not enhance and improve its existing product offerings and support services in a timely manner, there is a significant risk that customers will migrate to other providers that better meet their existing and future needs which could adversely affect the Group's reputation, revenue and, potentially, profitability.

The Group's business, including its reputation, revenue and profitability, may also be adversely affected if:

- it does not continue to develop and release new or enhanced cloud-based products and services within the anticipated time frames;
- it fails to effectively develop AI and embed AI-powered features into its solutions;
- there is a delay in market acceptance of new, enhanced or acquired product lines or services;
- there are changes in information technology (IT) trends that the Group does not adequately anticipate or address with its product development efforts;
- the Group does not optimise complementary product lines and services on a timely basis;
- the Group fails to recognise the value of its data assets in order to improve insights into customer experience and support the delivery of customer value; or
- the Group is unable to develop and commercialise new business models, such as consumption-based models, which capitalise on the scale of the Group's customer base and enable it to leverage its customer data holdings.

The Group's cloud strategy may adversely affect its revenue and profitability if it is unable to sustain the required levels of innovation

The Group provides services to customers worldwide through cloud-based offerings. As discussed above under "*The Group's success depends upon its ability to develop new products and services, integrate acquired products and services, enhance its existing products and services and leverage customer data to create new services and business models*", as this business model continues to evolve, the Group must be able to rapidly deploy new innovations and business models, whether relating to new technologies or services, utilising data created by or stored within products and services or new ways of working with the Group, to its customers and partners. In addition, as the Group continues to accelerate growth in cloud native and cloud connected solutions, there is a greater focus on ensuring that it can continue to scale its services environment in a robust, agile, and speedy manner to ensure the delivery of a consistent and robust cloud experience. This delivery could relate to new technologies (such as the adoption of AI), operating practices and services.

If the Group is unable to deploy new innovations or appropriately scale its services environment, it may not be able to compete effectively, generate significant recurring revenue or maintain the profitability of its cloud offering. If the Group does not successfully execute its cloud computing strategy or anticipate the cloud computing needs of its current and future customers, its reputation as a provider of cloud-based products and services could be harmed and its revenue and profitability could decline.

Customers generally purchase the Group's cloud offering on a subscription basis and revenue from this offering is generally recognised rateably over the term of each subscription. Consequently, any deterioration in sales activity associated with the Group's cloud offering may not be immediately observable in its consolidated income statement, notwithstanding that the Group reports both recurring revenue and annualised recurring revenue (ARR). This is in contrast to revenue associated with the Group's on-premise licence arrangements which are generally recognised in full at the time of delivery of each licence. The proportion of the Group's revenue that is generated from on-premise licence arrangements has been decreasing over recent years. In addition, the Group incurs certain expenses associated with the infrastructure and marketing of its cloud offering in advance of its ability to recognise the revenue associated with this offering.

If the Group's cloud services environment fails this could result in loss of revenue and additional cost

If the Group suffers an event that causes the cloud services environment to fail, for example due to the operating environment being changed internally through product or system changes, through external or internal cyber-attack or other malicious attack or through a key third party provider being impacted, this could result in reputational damage and loss of revenue and could materially increase the Group's costs, thereby negatively impacting its profitability.

Sales and implementation of the Group's products and services are subject to significant risks sometimes beyond the Group's direct control

A core element of the Group's business is the successful implementation of software and service solutions to enable its customers to run their businesses. The implementation of the Group's software and cloud-based service deliveries is led by the Group, its partners and customers. In implementing new products and services in the medium business segment in particular, the Group is exposed to risks that may fall outside its direct control, including (but not limited to) the risk that implementations take longer than planned, cost more than anticipated or fail to generate the profit expected.

Further, if the Group fails to encourage and sustain the innovation that is required to create disruptive technologies, processes and services, its ability to deliver on its commercial goals will be adversely affected. In addition, if the Group fails to identify, develop and maintain a blend of channels to market, including through offering appropriate internal support, market data and intelligence to its partners, its ability to sell and support the right products and services to the right customers at the right time will be impaired.

Also, if the Group fails to maintain a sharp focus on the relationship it has with its customers, including through aligning its front- and back-office activities to deliver the products, services and proactive support which its customers need to be successful, it will not be able to achieve sustainable growth. This also includes ensuring that the Group's partners are similarly aligned, and able to deliver effectively against the Group's expectations.

If any of the above risks materialise, this could have a material adverse effect on the Group's reputation and revenue and could materially increase its costs, thereby negatively impacting its profitability.

If the Group is unable to maintain and enhance an effective partner ecosystem, its revenue might not increase as expected

The Group believes that an open and vibrant partner ecosystem is a fundamental pillar of its success and growth strategy. The Group has entered into partnership agreements that drive co-innovation on its platforms, profitably expand all its routes to market to optimise market coverage, optimise cloud delivery and provide high-quality services capacity in all market segments. Partners play a key role in driving market adoption of the Group's solutions portfolio, by co-innovating on its platforms, embedding its technology and reselling and/or implementing its software.

However, if the Group is unable to develop, manage and maintain strong relationships, or is unable to deliver clear alignment through education on strategic direction, with the partners who are critical to the delivery of its products and services, and are critical to its profile in the market, the Group could experience significant reputational and financial damage.

The Group's sales partnerships and delivery partnerships expose it to a range of risks primarily including, but not limited to:

- failure to maintain a network of qualified and fully committed delivery partners supporting its needs, which could result in the Group's products or services being less strategic and/or attractive than those of its competitors;
- partners not renewing agreements with the Group, or not entering into new agreements on terms acceptable to the Group or at all, or starting to compete with the Group;
- partners not developing a sufficient number of new solutions and content on the Group's platforms or not providing high-quality products to meet customer expectations;
- partners not embedding the Group's solutions sufficiently enough to profitably drive product adoption, especially with innovations such as the Group's cloud platform;
- partners failing to adhere to applicable legal and compliance regulations or failing to meet the quality requirements or other expectations of the Group's customers; and
- partners not transforming their business models in accordance with the transformation of the Group's business model in a timely manner.

If one or more of these risks materialise, this could have an adverse effect on the demand for the Group's products and services as well as the partners' loyalty and ability to deliver.

If the confidentiality, integrity or availability of data stored or processed by the Group's products and services is compromised for any reason, service delivery to customers could be impacted, the Group's reputation and brand could be damaged, and its customers could stop using its products and services, all of which could reduce the Group's revenue and profitability, increase its expenses and expose it to legal claims and regulatory action

The Group operates in the data-driven technology sector in conjunction with products and components across a broad ecosystem. Its products and services, including its cloud services, store, retrieve, manipulate and manage its and its customers' information and data as well as external data.

The Group has a reputation for secure and reliable product offerings and related services and has invested significant time and resources to protect the integrity and security of its products, services and the internal and external data that it manages.

At times, the Group encounters attempts by third parties (which may include individuals or groups of hackers and sophisticated organisations, such as organised criminal groups, nation states and/or groups or individuals sponsored by them) to identify and exploit product and service vulnerabilities, penetrate or bypass the Group's security measures, and gain unauthorised access to the Group's or its customers', partners' and suppliers' software, hardware and cloud offerings, networks and systems, as well as third party data, products or services incorporated into, or that are designed to interact with, the Group's portfolio of products. Data may also be accessed, disclosed or modified improperly (including loss or deletion without authorisation) as a result of customer, partner, employee or supplier error or malfeasance, and third parties may attempt to fraudulently induce customers, partners, employees or suppliers into disclosing sensitive information, such as user names, passwords or other information, in order to gain access to the Group's data, its customers', suppliers' or partners' data or the IT systems of the Group and its customers, suppliers or partners.

If successful, any of these could lead to the compromise of personal data or the confidential information or data of the Group or its customers, create system disruptions and cause shutdowns or denials of service. This, in turn, could cause the Group to suffer significant damage to its brand and reputation, become subject to regulatory investigations and monetary penalties under applicable data protection legislation, and receive complaints or claims from both customers and individuals. Customers could also

lose confidence in the security and reliability of the Group's products and services, including its cloud offerings, and perceive them to be insecure. This could lead to fewer customers using the Group's products and services and result in reduced revenue and profitability. The costs the Group would incur to identify, address and remediate these security incidents, including any legal and administrative costs in responding to customers, individuals and regulators, would increase its costs and expenses. These types of security incidents could also lead to loss or destruction of information, inappropriate use of proprietary and sensitive data, lawsuits, indemnity obligations, regulatory investigations and financial penalties, and claims and increased legal liability, including in some cases contractual costs related to customer notification and fraud monitoring. These costs can potentially be very significant, and may exceed amounts covered by the Group's insurance. For example, non-compliance with certain obligations under the EU GDPR and UK GDPR (each as defined below) may result in monetary penalties of up to the greater of 4 per cent. of the Group's worldwide turnover in the preceding financial year, or €20 million (under EU GDPR) or £17.5 million (under UK GDPR) as applicable. Non-UK or EU data jurisdictions in which the Group operates have similar punitive financial penalties for data breaches and regulatory non-compliance.

Because the techniques used to obtain unauthorised access to, or sabotage, IT systems change frequently, grow more complex over time and often are not recognised until launched against a target, the Group may be unable to identify, anticipate or implement adequate measures to protect itself against such techniques. The Group's internal IT systems continue to evolve and it is often an early adopter of new technologies. However, its business policies and internal security controls may not keep pace with these changes as new threats emerge. In addition, the Group may not discover any security breach and loss of information for a significant period after the security breach.

Recent advances in generative AI have significantly increased public and government discourse around the safety of AI systems and ethical and responsible use of data used to train models which underpin them. The Group has externally published Data and AI Ethics Principles to communicate its standards for AI and data ethics. This is a dynamic area of risk but new regulation, major shifts in public opinion, or failure to adhere to the Group's standards could result in significant damage to the Group's brand and reputation or cause customers to stop using its products and services, particularly AI or data-powered features.

The Group's market share and profit could decline due to increased competition, market consolidation, technological innovation, and new business models in the software industry

The Group believes that the market for accounting, financial, human resources (HR) and payroll cloud technology is increasing and shows strong growth relative to the market for on-premise solutions. To maintain or improve its operating results in the cloud business, it is important that its customers renew their agreements with the Group when the initial contract term expires and continue to purchase additional modules or additional capacity.

Additionally, the Group intends to bring new solutions based on its cloud platform to the market in line with demand and ahead of its competitors. The Group believes that growth in the cloud technology market and any inability on its part to compete effectively in that market, see "*If the Group is unable to compete effectively, its results of operations and prospects could be adversely affected*" below, could result in:

- potential loss of existing on-premise customers due to competing cloud market trends;
- customers and partners being reluctant or unwilling to migrate and adapt to the cloud or considering competing cloud offerings or not extending renewals;
- existing customers cancelling or not renewing their contracts, or deciding not to buy additional products and services from the Group;

- the market for accounting, financial, HR and payroll cloud technology failing to develop further, or developing more slowly than currently anticipated by the Group; and
- strategic alliances among competitors and/or their growth-related efficiency gains in the cloud area leading to significantly increased competition in the market with regards to pricing and ability to integrate solutions.

Any one or more of these events could materially adversely affect the Group's revenue.

If the Group is unable to compete effectively, its results of operations and prospects could be adversely affected

The Group faces intense competition in all aspects of its business. The nature of the technology industry creates a competitive landscape that is constantly evolving as firms emerge, expand or are acquired, as technology evolves, and as delivery models change. The Group believes that by offering its current and potential customers the right information on the right products and services at the right time and at the right price, it can maximise the value that it can obtain from its marketing and customer engagement activities. This can shorten the Group's sales cycle and ensure that customer retention is improved. The Group can also use new products and services, such as payments and banking technologies, to attract new customers.

However, other vendors may spend greater amounts than the Group at different points in their product cycles to develop and market applications and technologies which compete with the Group's offerings. Existing use of a competitors' technology may influence a customer's purchasing decision or create an environment that makes it less efficient to utilise the Group's products and services.

The Group may fail to realise some or all of the benefits described in the first paragraph above and it could lose customers if its competitors introduce new competitive products, add new functionality, acquire competitive products, reduce prices, better execute on their sales and marketing strategies, offer more flexible business practices or form strategic alliances with other companies. The Group may also face increasing competition from open-source software initiatives in which competitors may provide software and intellectual property for free. Existing or new competitors could gain sales opportunities or customers at the Group's expense.

Further, the collection and use of information is fundamental to the Group's business as it enables revenue creation, gives the Group the ability to improve its customers' experience and enables the Group to meet its obligations and commitments. Any failure to gather and use its information effectively may result in the Group failing to identify market opportunities which could result in lost revenue and a weakened competitive position if the Group's competitors are able to leverage these opportunities before the Group.

The Group might experience significant coding or other errors in its product and service offerings

Despite testing prior to the release and throughout the lifecycle of a product or service, the Group's product and service offerings sometimes contain coding or other errors that can impact their function, performance and security, and result in other negative consequences. The detection and correction of any errors in released offerings can be time consuming and costly. Errors in the Group's product and service offerings could:

- affect their ability to properly function or operate with other cloud, licence or hardware offerings;
- delay the development or release of new products or services or new versions of products or services;
- potentially create security vulnerabilities in the Group's products or services; and

- adversely affect market acceptance of the Group's products or services.

This includes third-party software products or services incorporated into the Group. If the Group experiences errors or delays in releasing its product and service offerings or new versions of them, its sales could be affected and its revenue could decline.

In addition, the Group runs many of its business operations on its own networks and using some of its own products. As a result, any flaws in its products could affect the Group's ability to conduct its own business operations. Customers rely on the Group's product offerings and related services to run their businesses and errors in those offerings and related services could expose the Group to product liability, performance and warranty claims as well as significant damage to its brand and reputation, which could impact the Group's future sales.

Any failure to offer high-quality technical support services may adversely affect the Group's relationships with its customers and its financial results

The Group's customers depend on its support organisation to resolve technical issues relating to its offerings. The Group may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. Increased customer demand for these services, without corresponding revenue, could increase costs and adversely affect the Group's operating results. Any failure to maintain high-quality technical support, or a market perception that the Group does not maintain high-quality support, could adversely affect the Group's reputation, its ability to sell its products and services to existing and prospective customers and its business, operating results and financial position.

The knowledge and skills of its employees are critical to the Group's future success

As the Group continues to invest and innovate, the capacity, knowledge and leadership skills that it needs are changing. As a result, the Group increasingly needs to attract specialist talent and experience to help it make this change and needs to provide an environment where its employees can develop to meet new expectations. In the technology industry, there is substantial and continuous competition for highly skilled personnel. The Group may not therefore be successful in recruiting the new personnel that it requires or in retaining and motivating existing personnel, which could, over time, adversely affect its financial performance. The Group may also experience increased compensation costs that are not offset by either improved productivity or higher sales.

The Group believes that a shared value-based behavioural competency that encourages employees to always do the right thing, put customers at the heart of business and drive innovation is critical to enable a high performance culture and support the Group's success. In particular, the Group is focusing on devolution of decision making, and the acceptance of accountability for these decisions, as the Group develops and sustains its shared values and behaviours and fosters a culture that provides customers with a rich digital environment. The Group also believes that it will need to create a culture of empowered leaders that support the development of ideas, and that provide employees with a safe environment that allows for honest disclosures and discussions. Any failure by the Group to develop these competencies and culture could materially adversely affect its future success.

Governmental regulation, legal requirements or industry standards relating to consumer privacy and data protection could significantly negatively impact the Group's business

The Group is subject to laws and regulations relating to privacy and data protection, including the General Data Protection Regulation (EU) 2016/679 (**EU GDPR**), Regulation (EU) 2016/679 as it forms part of UK domestic law by virtue of the EUWA (**UK GDPR**), and US federal and applicable state privacy laws (including the California Consumer Privacy Act 2018). As the regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal

data expand and become more complex (including in relation to privacy, the use of AI, the operation of digital platforms, and provision of digital services), the Group expects that potential risks related to data collection and use within its business will intensify. Data protection laws applicable to the Group impact the ability of its customers, partners and data providers, to collect, augment, analyse, use, transfer and share personal and other information that is integral to certain services the Group provides. In addition, new laws or regulations governing privacy, data localisation, security, the use of AI, the provision of digital services, and data protection may be introduced that could apply to the Group in future. The nature and extent of such additions and changes in data protection laws or regulations, and the application to, or impact they may have on, the Group is uncertain.

Regulators can impose significant monetary fines for violations of laws and regulations relating to privacy and data protection. For example, non-compliance with certain obligations under the EU GDPR and UK GDPR may result in monetary penalties of up to, the greater of, 4 per cent. of the Group's worldwide turnover in the preceding financial year, or €20 million (under EU GDPR) or £17.5 million (under UK GDPR) as applicable. The size of potential fines related to data protection and the increased cost of providing its products and services, could result in changes to the Group's business practices, and could prevent the Group from offering certain services in jurisdictions in which it operates. Although the Group has implemented contracts, policies and procedures designed to ensure compliance with applicable laws and regulations, there can be no assurance that its employees, contractors, partners, data providers or agents will not violate such laws and regulations or the Group's contracts, policies and procedures.

The Group is also subject to restrictions under applicable data protection laws in relation to the international transfer of personal data. For example, in order to transfer data outside the EEA or the UK to a non-adequate country, the EU GDPR and UK GDPR (as applicable) requires the Group to enter into an appropriate transfer mechanism, and often take additional steps to ensure an essentially equivalent level of data protection. These transfer mechanisms are subject to change, and implementing new or revised transfer mechanisms or ensuring an essentially equivalent protection may involve additional expense and potentially increased compliance risk. In the event a legislator, government, regulator or court imposes additional restrictions on international transfers, there may be operational interruption in the performance of services for customers and internal processing of employee information. Such restrictions may also increase the Group's obligations in relation to carrying out international transfers of personal data and incur additional expense and increased regulatory liabilities.

The Group may make statements about its use and disclosure of personal data through its privacy policy, information provided on its website and press statements. Any failure, or perceived failure, by the Group to comply with these public statements or with applicable laws and regulations, including laws and regulations regulating privacy, data security or consumer protection, could result in lost or restricted business, proceedings, actions or fines brought against the Group or levied by governmental entities or others, or could adversely affect the Group's business and damage its reputation. Public perception and standards related to the privacy of personal data can shift rapidly, in ways that may affect the Group's reputation and regulators' approaches to the enforcement of existing regulations and laws, or influence legislators to enact regulations and laws that may limit the Group's ability to handle personal data or provide certain products and services in the future.

Economic, political and market conditions could have a material adverse effect on the Group

The Group's business is influenced by a range of factors that are beyond its control and that are difficult to forecast accurately. These include:

- general economic and business conditions;
- overall demand for accounting, financial, HR and payroll cloud and licensed products and services;

- governmental budgetary constraints or shifts in government spending priorities; and
- general legal, regulatory and political developments.

Due to its wide geographic spread, the Group is generally protected from localised or regional economic downturns. However, macroeconomic developments that lead to significant global uncertainty or instability in economic, political or market conditions (such as, for example, the conflict between Russia and Ukraine and the war between Israel and Hamas) could negatively affect the Group's business, operating results, financial condition and outlook. Any general weakening of, and related declining corporate confidence in, the global economy or the curtailment of government or corporate spending across multiple markets could cause current or potential customers to reduce or eliminate their technology budgets and spending, which could cause customers to delay, decrease or cancel purchases of the Group's products and services or cause customers not to pay the Group or to delay paying the Group for previously purchased products and services.

The Group was affected to a limited extent by the Covid-19 pandemic in FY2020 and a resurgence of Covid-19, including by way of a highly transmissible or more virulent variant, or a new pandemic disease could impact the Group's business and profitability, including to a greater degree than in FY2020.

Whilst the Covid-19 pandemic did not significantly impact the Group's financial performance, the transition to home working, then to hybrid working models has changed expectations of the workplace (including for example, changes to working patterns brought about by an increase in partial remote working and fully remote working). This creates new challenges related to attracting and retaining talent as, within a competitive recruitment market, the Group needs to manage and balance its employees' preference for the flexibility and other benefits of remote working, with the need of the Group's business for colleagues to work together collaboratively in offices in sufficient number and regularity to drive innovation. A failure to retain and attract talent as a result of this could have an adverse impact on the Group's business.

Other economic and political factors that may adversely impact the Group include a trade war between the US and China, energy shortages, rising interest rates and inflation. For example, to the extent that any of these factors results in increased defaults of small- and medium-sized businesses, this could lead to an increase in the Group's customer churn and a reduced ability to sell to new or existing customers. Additionally, increased labour costs in key markets, could make it difficult for the Group to retain and attract talent.

The Group's international sales and operations subject it to additional risks that can adversely affect its operating results

The Group derives a substantial portion of its revenue from, and has significant operations, outside the UK. The Group's international operations include cloud operations, customer support, and other services and shared administrative service centres.

Compliance with the laws and regulations that apply to the Group's international operations increases its cost of doing business. These laws and regulations include data privacy requirements, labour relations laws, tax laws, foreign currency-related regulations, competition regulations, money laundering regulations, anti-corruption laws, sanctions legislation, market access, import, export and general trade regulations. Violations of these laws and regulations could result in fines and penalties, criminal sanctions against the Group, its officers or employees, and prohibitions on the conduct of the Group's business, including the loss of trade privileges. Any such violations could also materially damage the Group's reputation, brand and ability to attract and retain employees.

Compliance with these laws requires a significant amount of management attention and effort, which may divert management's attention from running the Group's business operations and could harm the

Group's ability to grow its business, or may increase the Group's expenses as it engages specialised or other additional resources to assist it with its compliance efforts. The Group's success depends, in part, on its ability to anticipate these risks and manage these difficulties. To identify and mitigate potential fraud, the Group must monitor its operations and investigate allegations of improprieties relating to transactions and the way in which such transactions are recorded. Where circumstances warrant, the Group provides information and reports its findings to government authorities, but no assurance can be given that action will not be taken by such authorities.

The Group is also subject to a variety of other risks and challenges in managing an organisation operating globally, including those related to:

- general economic conditions in each country or region;
- fluctuations in currency exchange rates and related impacts to customer demand and the Group's operating results;
- regulatory changes, including government austerity measures in certain countries that the Group may not be able to sufficiently plan for or avoid that may unexpectedly impair bank deposits or other cash assets that the Group holds in these countries or that impose additional taxes that the Group may be required to pay in these countries;
- political unrest, terrorism and the potential for other hostilities;
- common or customary local business behaviours that are in direct conflict with the Group's business ethics, practices and conduct policies;
- longer payment cycles and difficulties in collecting accounts receivable;
- overlapping tax regimes;
- public health risks, social risks and supporting infrastructure stability risks, particularly in areas in which the Group has significant operations; and
- reduced protection for the Group's intellectual property rights in some countries.

The variety of risks and challenges listed above could also disrupt or otherwise negatively impact the sales of the Group's products and services in affected countries or regions.

The Group might not acquire and integrate companies effectively or successfully

As part of its growth strategy, the Group may acquire businesses, products and technologies. For example, in FY2021 to FY2024 it acquired TaskSheriff Limited, GoProposal Limited (**GoProposal**), Brightpearl Limited (**Brightpearl**), Futrli Limited (**Futrli**), Lockstep Network Holdings Inc. (**Lockstep**), Spherics Technology Limited (**Spherics**) (which was subsequently rebranded as Sage Earth) and Corecon Technologies, Inc. (**Corecon**), each of which was a small but strategically important acquisition. The negotiation of potential acquisitions and alliances, and the subsequent integration of acquired businesses, products and/or technologies demands time, focus and resources of both management and the workforce, and may expose the Group to unpredictable operational difficulties.

Any acquisition made by the Group, including those described above, exposes the Group to a range of risks, including:

- disruption of the Group's ongoing business and diversion of its management's attention by acquisition, transition or integration activities;

- incorrect assumptions made during the due diligence process for the acquisition which could result in (i) an acquisition not furthering the Group's business strategy as expected, (ii) integration of an acquired company or technology not being as successful as expected or (iii) the acquired business otherwise being negatively impacted, any of which could mean that the Group overpays for, or otherwise fails to realise the expected return on, the investment;
- the failure to successfully integrate (i) acquired technologies or solutions into the Group's solution portfolio and strategy, (ii) acquired operations, cultures or languages, all within the constraints of applicable local laws and (iii) the Group's internal controls and other systems, procedures and policies within acquired companies, which could result in higher costs or lower revenue than anticipated and could cause customer confusion;
- the loss of the acquired company's key employees, customers and partners, which could reduce the anticipated revenue to be derived from the acquisition;
- the Group's operating results or financial condition being adversely impacted by (i) claims or liabilities that the Group assumes from an acquired company or technology or that are otherwise related to an acquisition, including, among others, claims from government agencies, terminated employees, current or former customers, former shareholders or other third parties; (ii) pre-existing contractual relationships of an acquired company that the Group would not have otherwise entered into, the termination or modification of which may be costly or disruptive to the Group's business; (iii) unfavourable revenue recognition or other accounting treatment as a result of an acquired company's practices; and (iv) intellectual property claims or disputes;
- the failure to coordinate the acquired company's research and development, sales and marketing activities with those of the Group, thereby losing anticipated synergistic benefits from the acquisition;
- the incurrence of significant debt to make the acquisition or significant unexpected cash expenditures, which could give rise to additional risks, see "*There are risks associated with the Group's outstanding and future borrowings*" below; and
- the impairment of goodwill and other intangible assets acquired in business combinations which could reduce the Group's profitability.

Any one or more of these events could have a material adverse effect on the Group.

There are risks associated with the Group's outstanding and future borrowings

As at 30 September 2023, the Group had an aggregate of £1,257 million of outstanding borrowings, which mature between January 2028 and December 2034, and the Group may incur additional indebtedness in the future. The Group's ability to pay interest on, and repay the principal of, its indebtedness is dependent upon its ability to manage its business operations and generate sufficient cash flows to service that debt, which in turn are subject to a range of factors, many of which are outside the Group's control, including:

- general economic and market conditions;
- international and domestic interest rates;
- credit availability from banks or other financiers; and
- investor confidence in the Group.

At times in the past, global credit markets have experienced difficult conditions, including reduced liquidity, greater volatility, widening of credit spreads, bank liquidity and solvency concerns leading to significant government intervention and financial support, and decreased availability of funding generally. Any recurrence of these conditions could make it difficult or significantly more expensive for the Group to obtain additional financing, either on a short-term or long-term basis, to fund developments or to repay existing financing.

To the extent that the Group's debt increases significantly in the future, its leverage could:

- require a substantial portion of the Group's cash flow from operations to be dedicated to the payment of principal and interest on its indebtedness, thereby reducing its ability to use its cash flow to fund its operations, capital expenditures and future business opportunities and to pay dividends;
- expose the Group to the risk of increased interest rates with respect to its borrowings at variable rates of interest;
- limit the Group's ability to react to changes in the international economy;
- limit the Group's ability to obtain additional financing for working capital, capital expenditures, debt service requirements and general corporate or other purposes;
- affect the Group's ability to access funding through the debt capital markets on terms that are favourable for the Group;
- negatively impact the credit ratings of the Group; and
- increase the likelihood of failure to meet its debt obligations.

The Group may also need to refinance a portion of its outstanding debt as it matures. There is a risk that the Group may not be able to refinance existing debt or that the terms of any refinancing may not be as favourable as the terms of its existing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. In addition, changes by any rating agency to the Group's outlook or credit rating could negatively affect the value of its debt and increase the interest amounts it pays on certain outstanding or future debt.

The Issuer's credit ratings may change and any ratings downgrade could make it more expensive for the Issuer to obtain new financing and adversely affect the value of Notes issued under the Programme

The Issuer has a long-term issuer rating of BBB+ (stable outlook) by S&P. The Issuer cannot be certain that a credit rating will remain for any given period or that a credit rating will not be downgraded or withdrawn entirely by any relevant rating agency if, in its judgment, circumstances in the future so warrant.

Any future downgrade or withdrawal at any time of a credit rating assigned to the Issuer by any rating agency could have a material adverse effect on the Issuer's cost of borrowing and could limit its access to debt capital markets. A downgrade may also adversely affect the market price of Notes issued under the Programme and cause trading in the Notes to be volatile.

The Group may not be able to protect its intellectual property rights

The Group relies on copyright, trademark, patent and trade secrecy laws, confidentiality procedures, controls and contractual commitments to protect its intellectual property rights. Despite the Group's efforts, these protections may be limited. The ownership of intellectual property generated by generative AI may be challenged. Unauthorised third parties may try to copy or reverse engineer all or parts of the Group's products or otherwise obtain and use its intellectual property. Any patents owned by the Group may be invalidated, circumvented or challenged. Any of the Group's pending or future patent applications, whether or not being currently challenged, may not be issued with the scope of the claims sought, if at all. In addition, the laws of some countries do not provide the same level of protection for the Group's intellectual property rights as the laws and courts of the UK. If the Group cannot protect its intellectual property rights against unauthorised copying or use, or other misappropriation, the Group's competitive position may be adversely affected.

Third parties have claimed, and in the future may claim, infringement or misuse of intellectual property rights and/or breach of licence agreement provisions

The Group periodically receives notices from, or has lawsuits filed against it by, third parties claiming infringement or other misuse of their intellectual property rights and/or breach of the Group's agreements with them. These third parties include entities that acquire intellectual property like patents for the sole purpose of monetising their acquired intellectual property through asserting claims of infringement and misuse. The Group expects to continue to receive such claims as:

- it acquires companies and expands into new businesses;
- it expands its use of emerging technologies and tools as, for example, the risk of infringing third-party intellectual property rights may be increased through the deployment of generative AI tools;
- the number of products and competitors in its industry segments grows;
- the use and support of third-party code (including open-source code) becomes more prevalent in the industry;
- the volume of issued patents continues to increase; and
- non-practicing entities continue to assert intellectual property infringement in the Group's industry segments.

Responding to any such claim, regardless of its validity, could:

- be time consuming, costly and result in litigation;
- divert management's time and attention from developing the Group's business;
- require the Group to pay monetary damages or enter into royalty and licensing agreements that it would not normally find acceptable;
- require the Group to stop selling or to redesign certain of its products;
- require the Group to release source code to third parties, possibly under open-source licence terms;
- require the Group to satisfy indemnification obligations to its customers; or

- otherwise materially adversely affect the Group.

Any legal action that the Group brings to enforce its proprietary rights could also involve enforcement against a partner or other third party, which might have an adverse effect on the Group's ability, and its customers' ability, to use that partner's or other third parties' products.

The outcome of litigation and other claims or lawsuits is intrinsically uncertain. Management's view of the litigation might also change in the future. Actual outcomes of litigation and other claims or lawsuits could differ from the assessments made by management in prior periods, which are the basis for the Group's accounting for litigation and claims under IFRS.

The Group is exposed to a range of operational risks

Operational risk and losses can result from fraud and errors by the Group's employees, failure to comply with regulatory requirements and equipment failures. In particular, the proper functioning of the Group's IT systems is critical to its business and ability to compete effectively. The Group's business activities would be materially disrupted if there is a partial or complete failure of any of its IT systems or the IT systems of its key suppliers. Such failures can be caused by a variety of factors, some of which are wholly or partially outside the Group's control, including natural disasters, extended power outages, computer viruses and malicious third party intrusions, see *"If the confidentiality, integrity or availability of data stored or processed by the Group's products and services is compromised for any reason, service delivery to customers could be impacted, the Group's reputation and brand could be damaged, and its customers could stop using its products and services, all of which could reduce the Group's revenue and profitability, increase its expenses and expose it to legal claims and regulatory action"* above. Losses from any failure of the Group's system of internal controls could materially adversely affect it.

The Group's employees could engage in misrepresentation, misconduct or improper practice that could expose the Group to direct and indirect financial loss and damage to its reputation. Such practices may include engaging in corrupt or illegal practices, intentionally or inadvertently releasing confidential information about customers or failing to follow internal procedures. It will not always be possible for the Group to detect or deter these types of misconduct, and the precautions which the Group takes to detect and prevent such misconduct may not be effective in all cases. Any such actions by the Group's employees could expose the Group to financial losses resulting from the need to reimburse customers who suffered loss or as a result of fines or other regulatory sanctions and could damage the Group's reputation.

These risks are aggravated in an organisation, such as the Group, which operates across a wide range of businesses in different geographies. Accordingly, if the Group fails to apply sustainable and repeatable end-to-end business processes and controls, this could significantly increase the risks of operational losses.

The Group may fail to properly consider and manage ESG-related risks and opportunities which could adversely affect the Group's reputation

The Group is committed to investing in education, technology and the environment to give individuals, small and mid-sized businesses (SMBs) and the planet the opportunity to thrive. Its goal is to use its technology, time and experience to back a generation of diverse, sustainable businesses. Internally, it is essential that the Group understands the potential impact of climate change on its strategy and operations and considers appropriate mitigations. Societal and governance-related issues are integral to the Group's purpose and values and to the achievement of its strategy.

In FY2023, the Group identified six ESG-related risks and five ESG-related opportunities as having the potential to impact its business. The internal risks identified are (i) an increase in global disruption due to climate change that could reduce economic activity and lead to a lower demand for the Group's

services; (ii) certain of the Group's activities are energy-intensive and, if the cost of carbon increases, this could increase the Group's operating costs, and (iii) reputational damage if targets are missed or if the Group is perceived to be insufficiently active in relation to climate change or its suppliers and supply chain. The external risks all relate to the exposure of the Group's business to extreme weather events that could (i) leave offices and homes unfit for work, (ii) disrupt or damage the Group's sites and facilities (and insufficiently prepared facilities could be inadequately equipped to deal with more frequent and intense occurrences of these events), and (iii) reduce service availability and customer experience through their impact on centralised public cloud providers and hosting services used by the Group, each of which could reduce workforce productivity by making it difficult for employees to work during certain times, increase the Group's costs, reduce the Group's profitability and damage its reputation.

The Group believes that the potential benefits of investing in its environment, social and governance (ESG) strategy include:

- increased customer engagement;
- new products and services which generate new revenue streams and/or may improve the Group's reputation;
- better use of resources, for example lower energy and water consumption and associated costs;
- enhanced stakeholder trust;
- improved ability to attract and retain talent, enabling colleagues to perform at their best;
- stronger community relations; and
- ensuring the Group remains a business fit for the future.

If the Group fails to fully, and continually, respond to these (or any other) climate-related opportunities, it may fail to deliver positive change to social and environmental issues and damage the confidence of its stakeholders. This may damage its reputation which in turn could adversely impact its financial performance. In addition, failure to respond to regulatory ESG requirements could also result in associated fines and reputational damage.

The Group spends significant amounts on research and development efforts which may not prove successful

An important element of the Group's corporate strategy is to continue to dedicate significant resources to research and development and related product and service opportunities, both through internal investments and the acquisition of intellectual property from companies that it may acquire. Accelerated product and service introductions and short life cycles require high levels of expenditure for research and development that could adversely affect the Group's operating results if not offset by revenue increases. The Group believes that it must continue to dedicate significant resources to its research and development efforts to maintain its competitive position. However, there is no assurance that the Group's research and development activities will prove successful and the Group's future profitability could be negatively impacted if significant amounts invested are written off in future periods or if products and services derived from research and development activity do not generate revenue in the originally anticipated amounts.

Business disruptions could adversely affect the Group's operating results

A significant portion of the Group's critical business operations are concentrated in a few geographic areas. The Group is a highly automated business and a disruption or failure of its systems and processes

could cause delays in completing sales, providing services, including some of its cloud offerings, and enabling a seamless customer experience with respect to its customer-facing back-office processes. A major earthquake or fire, political, social or other disruption to infrastructure that supports its operations or other catastrophic event or the effects of climate change (such as increased storm severity or drought) and pandemics that result in the destruction or material disruption of any of the Group's critical business or IT systems could severely affect its ability to conduct normal business operations and, as a result, could materially adversely affect the Group.

The Group may not have adequate insurance

Although the Group seeks to ensure that its businesses and assets are appropriately insured, no assurance can be given that any existing insurance policies will be renewed on equivalent terms or at all. In addition, the Group's businesses and assets could suffer damage from fire or other causes, including from data-related incidents, resulting in losses that may not be fully compensated by insurance. Further, certain types of risks and losses, such as those resulting from acts of war, are generally excluded from coverage, and certain natural disasters are not economically insurable. If an uninsured, underinsured or uninsurable loss were to occur, or if insurance proceeds were insufficient to repair or replace any damaged or destroyed assets, the Group's business could be materially adversely affected.

Where an insured against event occurs, there is no certainty that any proceeds of insurance received will fully cover the loss experienced by the Group. The Group's insurance policies may be subject to limits, deductibles or exclusions that could materially reduce the amount recoverable by the Group and, in certain circumstances, the policies could be void or voidable at the option of the insurer. In addition, the Group's insurers may become insolvent and therefore not be able to satisfy any claim in full or at all.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features.

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period or, where Clean-Up Call is specified as being applicable in the applicable Final Terms, if less than 20 per cent. of the Notes originally issued are outstanding.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Where Clean-up Call is specified as being applicable in the applicable Final Terms, there is no obligation on the Issuer to inform investors if and when the 20 per cent. threshold referred to above has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that, immediately

prior to the serving of a notice in respect of the exercise of the Clean-up Call, the relevant Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing interest rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of any specific Series of Notes issued at a substantial discount (such as Zero Coupon Notes) or at a premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (including EURIBOR), are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

The euro risk-free rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms, or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, or referencing, or otherwise dependent (in whole or in part) upon, a benchmark and the secondary market for such Notes.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event (as defined in Condition 4.2(f)) occurs, including the possibility that the Rate of Interest or other amounts payable under the Notes could be set by reference to a Successor Reference Rate or an Alternative Reference Rate (both as defined in the Conditions) determined by an Independent Adviser (as defined in the Conditions), and that, if a Successor Reference Rate or an Alternative Reference Rate (as the case may be) is determined, an Adjustment Spread (as defined in the Conditions) shall also be determined by the relevant Independent Adviser and may also include amendments to the Conditions and the Trust Deed (without the consent of the Noteholders or Couponholders (as such terms are defined in the Conditions)) to ensure the proper operation of the Successor Reference Rate, Alternative Reference Rate or Adjustment Spread, as applicable. An Adjustment Spread could be positive, negative or zero and may not be effective in reducing or eliminating any economic prejudice to investors arising out of the replacement of the relevant Original Reference Rate with the Successor Reference Rate or the Alternative Reference Rate (as the case may be). The use of a Successor Reference Rate or Alternative Reference Rate (including with the application of an Adjustment Spread) will still result in any Notes referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the relevant Original Reference Rate were to continue to apply in its current form. No consent of the Noteholders or Couponholders shall be required in connection with effecting any relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or any other related adjustments and/or amendments described above. Any such adjustment or amendment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder or Couponholder, any such adjustment will be favourable to each Noteholder or Couponholder.

Furthermore, in certain circumstances, the ultimate fallback for the purposes of the calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark

replacement provisions in respect of the Notes in making any investment decision with respect to any Notes referencing a benchmark.

Risks applicable to the Notes generally

Set out below is a description of material risks relating to the Notes generally:

The Notes and the Guarantee are not protected by the Financial Services Compensation Scheme

Unlike a bank deposit, the Notes and the Guarantee are not protected by the Financial Services Compensation Scheme (the FSCS). As a result, the FSCS will not pay compensation to an investor in the Notes upon the failure of the Issuer and/or the Guarantor. If the Issuer and/or the Guarantor go out of business or become insolvent, Noteholders may lose all or part of their investment in the Notes.

The Conditions contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders

The Conditions contain provisions for convening meetings of the Noteholders (including by way of conference call or video call or as a combined physical meeting and meeting by way of conference call or a video call) to consider any matter affecting their interests generally or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, the Conditions or any of the provisions of the Trust Deed or (ii) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default shall not be treated as such or (iii) agree to the substitution of another entity as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15 (*Substitution*) of the Notes and as more particularly described in the Trust Deed.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a nominal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a nominal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Conditions are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

RISKS RELATED TO THE MARKET GENERALLY

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell their Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If an investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of their holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes and an equivalent investment issued at the current market interest rate may be more attractive to investors.

Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit

rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the relevant rating agency at any time.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, such third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agency and ratings is set out on the cover of this Base Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following documents, which have been previously published or are published simultaneously with this Base Prospectus. The following documents shall be incorporated in, and form part of, this Base Prospectus:

- (a) the audited consolidated financial statements of the Issuer for the financial year ended 30 September 2023, together with the auditor's report thereon (which can be found at pages 171 – 272 in the Annual Report of the Issuer for the financial year ended 30 September 2023) (which can be accessed from the following hyperlink: <https://www.sage.com/investors/-/media/files/investors/documents/pdf/overview/sage-financial-statements-2023.pdf>);
- (b) the audited consolidated financial statements of the Issuer for the financial year ended 30 September 2022, together with the auditor's report thereon (which can be found at pages 189 – 279 in the Annual Report of the Issuer for the financial year ended 30 September 2022) (which can be accessed from the following hyperlink: <https://www.sage.com/investors/-/media/files/investors/documents/pdf/overview/sage-financial-statements-2022.pdf>);
- (c) the audited financial statements of the Guarantor for the financial year ended 30 September 2023 together with the auditor's report thereon (which can be accessed from the following hyperlink: <https://www.sage.com/investors/-/media/files/investors/documents/pdf/debt/guarantor-financial-statements-fy23.pdf>);
- (d) the audited financial statements of the Guarantor for the financial year ended 30 September 2022, together with the auditor's report thereon (which can be accessed from the following hyperlink: <https://www.sage.com/investors/-/media/files/investors/documents/pdf/debt/guarantor-financial-statements-fy22.pdf>); and
- (e) the section entitled "Terms and Conditions of the Notes" contained in the Base Prospectus dated 31 January 2023 at pages 42-78 (inclusive) prepared by the Issuer in connection with the Programme which is available for viewing on the following website: <https://www.sage.com/investors/-/media/files/investors/documents/pdf/debt/sage-group-plc-emptn-base-prospectus.pdf>.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and the Guarantor and approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Any documents or information that are incorporated by reference into the documents listed above shall not form part of this Base Prospectus. Any information contained in any of the documents specified above which is not expressly incorporated by reference in this Base Prospectus does not form part of this Base Prospectus and is either not relevant to investors or is covered elsewhere in this Base Prospectus.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note** and, together with a Temporary Global Note, each a **Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification to the effect that the beneficial owners of interests in the Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9 (*Events of Default*)) has occurred and is continuing, or

(ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by one Authorised Signatory of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and on all interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer, or as the case may be, the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

APPLICABLE FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.]¹

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA [**UK MiFIR**]. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]²

[MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer ['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer ['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the UK Financial Conduct Authority Handbook Conduct of Business Sourcebook, and professional clients, as defined in [Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018]**[UK MiFIR]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Notes (a **distributor**)]/[distributor] should take into consideration the

¹ Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

² Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

manufacturer ['s/s'] target market assessment; however, a distributor subject to the UK Financial Conduct Authority Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer ['s/s'] target market assessment) and determining appropriate distribution channels.]

[SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]³

[Date]

The Sage Group plc

Legal Entity Identifier (LEI): 2138005RN5XYLTF8G138

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
unconditionally and irrevocably guaranteed by Sage Treasury Company Limited
under the £1,500,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 31 January 2024 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK Prospectus Regulation**) (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus has been published on the website of the Issuer at www.sage.com.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date] [and the supplement to it dated [date]] which are incorporated by reference in the Base Prospectus dated 31 January 2024. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK Prospectus Regulation**) and must be read in conjunction with the Base Prospectus dated 31 January 2024 [and the supplement to it dated [date], which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (the **Base Prospectus**), including the Conditions incorporated

³ Delete where the Notes are not offered to Singapore investors. Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

by reference into the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus has been published on the website of the Issuer at www.sage.com.

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the subparagraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. (a) Issuer: The Sage Group plc
- (b) Guarantor: Sage Treasury Company Limited
2. (a) Series Number: []
- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below, which is expected to occur on or about *[date]*][Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denominations: []

*(Note – where multiple denominations are being used the following sample wording should be followed:
 "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
- (b) Calculation Amount (in relation to calculation of interest on Notes in global form see Conditions): []

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

7. (a) Issue Date: []
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Specify date or for Floating Rate Notes – Interest Payment Date falling in or nearest to [specify month and year]]
9. Interest Basis: [[] per cent. Fixed Rate]
[[[] month EURIBOR +/- [] per cent. Floating Rate]
[Zero Coupon]
(see paragraph [14]/[15]/[16] below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount
11. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there][Not Applicable]
12. Put/Call Options: [Issuer Call]
[Issuer Par Call]
[Investor Put]
[Change of Control Put]
[Clean-Up Call]
[(see paragraph [18]/[19]/[20]/[21]/[22] below)]
[Not Applicable]
13. (a) Status of the Notes: Senior
- (b) Status of the Guarantee: Senior
- (c) [Date [Board] approval for issuance of Notes and Guarantee obtained: [] [and [], respectively]]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
- (Amend appropriately in the case of irregular coupons)*
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [] per Calculation Amount
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year][Not Applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
15. Floating Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in subparagraph (b) below/, not subject to adjustment, as the Business Day Convention in subparagraph (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]

- (c) Additional Business Centre(s): []
- (d) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [[] (the **Calculation Agent**)/Not Applicable]
- (e) Screen Rate Determination:
- Reference Rate: [] month EURIBOR
 - Interest Determination Date(s): [The second day on which T2 is open prior to the start of each Interest Period]
 - Relevant Screen Page: []
(If not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (f) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (g) Margin(s): [+/-] [] per cent. per annum
- (h) Minimum Rate of Interest: [] per cent. per annum
- (i) Maximum Rate of Interest: [] per cent. per annum
- (j) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
30E/360 (ISDA)]
16. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6.2: Minimum period: [30] days
Maximum period: [60] days
18. Issuer Call: [Applicable/Applicable from and including [date] to but excluding [date]/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [[] per Calculation Amount/Spens Amount/Make-whole Amount/[]]
- (i) Reference Bond: []
- (ii) Redemption Margin: []
- (iii) Quotation Time: []
- (c) If redeemable in part: [Applicable/Not Applicable, as the Notes are not redeemable in part]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee.)
19. Issuer Par Call: [Applicable/Applicable from and including [date] to but excluding [date]/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Par Call Period: From (and including) [] (the **Par Call Period Commencement Date**) to (but excluding) the Maturity Date

(b) Notice Period: Minimum period: [15] days

Maximum period: [30] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)

20. Investor Put: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s): []

(b) Optional Redemption Amount: [[] per Calculation Amount/[]]

(c) Notice periods: Minimum period: [15] days

Maximum period: [30] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)

21. Change of Control Put: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraph of this paragraph)

(a) Optional Redemption Amount: [[] per Calculation Amount/[]]

22. Clean-Up Call: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraph of this paragraph)

(a) Optional Redemption Amount: [[] per Calculation Amount/[]]

(b) Notice periods: Minimum period: [15] days

Maximum period: [30] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)

23. Final Redemption Amount: [] per Calculation Amount

24. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [[] per Calculation Amount/Early Redemption Amount calculated in accordance with Condition 6.8(b)]

(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:

(a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

(N.B. The option for an issue of Notes to be represented on issue by a Temporary global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 above

includes language substantially to the following effect: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].”)

(b) New Global Note: [Yes][No]

26. Additional Financial Centre(s): [Not Applicable/give details]

(Note that this paragraph 26 relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which subparagraph 15(c) above relates)

27. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of The Sage Group plc:

Signed on behalf of Sage Treasury Company Limited:

By:

By:

Duly authorised

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's main market and to be listed on the Official List of the Financial Conduct Authority] with effect from [].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's main market and to be listed on the Official List of the Financial Conduct Authority with effect from [].]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:
- S&P Global Ratings UK Limited (S&P): []
- [Insert details of any other relevant credit rating agencies as well as their status under the UK CRA and the EU CRA].*
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of *[insert relevant fee disclosure]*] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their respective affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the UK Prospectus Regulation.)

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(i) Reasons for the offer: [See "Use of Proceeds" in the Base Prospectus/Give details]

(See "Use of Proceeds" wording in the Base Prospectus – if reasons for offer are different from what is disclosed in the Base Prospectus, give details)

(ii) Estimated net proceeds: []

5. YIELD (Fixed Rate Notes only)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

(i) ISIN: []

(ii) Common Code: []

(iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): []

(vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

7. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/give name]
- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (v) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
- (vi) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared in the EEA, "Applicable" should be specified.)
- (vii) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared in the UK, "Applicable" should be specified.)
- (viii) Singapore Sales to Institutional Investors and Accredited Investors only: [Applicable/Not Applicable]

(If the Notes are offered to Institutional Investors and Accredited Investors in Singapore only, "Applicable" should be specified. If the Notes are also offered to investors other than Institutional Investors and Accredited Investors in Singapore, "Not Applicable" should be specified.

Parties to consider the Monetary Authority of Singapore's Notice on Business Conduct Requirements for Corporate Finance Advisers on 23 February 2023 (last updated on 21 June 2023) and the related due diligence requirements. "Not Applicable" should only be specified if no corporate finance advice is given by any manager or Dealer.)

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by The Sage Group plc (the **Issuer**) constituted by a Trust Deed dated 31 January 2023 made between the Issuer, Sage Treasury Company Limited (the **Guarantor**) as guarantor and HSBC Corporate Trustee Company (UK) Limited (the **Trustee**, which expression shall include any successor(s)) as trustee) (such Trust Deed as supplemented by the First Supplemental Trust Deed dated 31 January 2024 and as may be further modified and/or supplemented and/or restated from time to time, the **Trust Deed**).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as modified and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 31 January 2023 and made between the Issuer, the Guarantor, the Trustee, HSBC Bank plc as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents). The Principal Paying Agent, the Calculation Agent (if any is specified in the applicable Final Terms) and the Paying Agents are together referred to as the **Agents**.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

The Trustee acts for the benefit of the holders of the Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), all in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms

and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement are available by appointment for inspection during normal business hours at the principal office for the time being of the Trustee, being at 31 January 2024 at 8 Canada Square, London, E14 5HQ and at the specified office of each of the Paying Agents and copies may, at the Trustee's or the relevant Paying Agent's option, be sent by email. If the Notes are to be admitted to trading on the main market of the London Stock Exchange, the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed (including the Guarantee), the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of any inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of any inconsistency between the Agency Agreement or the Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

In these Conditions, **euro** means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Guarantor, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Clearstream Banking S.A. (**Clearstream, Luxembourg**) and/or Euroclear Bank SA/NV (**Euroclear**) each person (other than Clearstream, Luxembourg or Euroclear) who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant

Global Note shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest or proven error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Clearstream, Luxembourg and/or Euroclear, as the case may be. References to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. STATUS OF THE NOTES AND THE GUARANTEE

2.1 Status of the Notes

The Notes and any relative Coupons are direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

2.2 Guarantee and status of the Guarantee

The payment of the principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the **Guarantee**).

The obligations of the Guarantor under the Guarantee constitute direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Guarantor and (subject as provided above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. NEGATIVE PLEDGE

3.1 Restriction

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or permit to subsist, and the Issuer will procure that no Material Subsidiary (as defined below) will create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest (other than any arising by operation of law) (**Security**) upon the whole or any part of its undertaking, assets or revenues (including uncalled capital), present or future, to secure any Relevant Debt, or to secure any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Notes, the Coupons and the Trust Deed or, as the case may be, the Guarantor's obligations under the Trust Deed, (i) are secured equally and rateably therewith, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement (whether

or not it includes the giving of Security) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders save that the Issuer may permit to subsist (without the obligation to provide to the Notes, Coupons and the Trust Deed any security, guarantee, indemnity or other arrangement as aforesaid) any Permitted Security.

3.2 Relevant Debt

For the purposes of this Condition 3, **Relevant Debt** means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other recognised securities market, but excluding any such indebtedness which has a stated maturity of less than one year.

3.3 Permitted Security

For the purposes of this Condition 3, **Permitted Security** means:

- (a) any Security in respect of any Relevant Debt (**Existing Relevant Debt**), or in respect of any guarantee of or indemnity in respect of any Existing Relevant Debt, given by any Material Subsidiary where such entity becomes a Subsidiary after the Issue Date and where such Security exists at the time such entity becomes a Subsidiary (provided that (i) such Security was not created in connection with or in contemplation of that entity becoming a Subsidiary; and (ii) the nominal amount secured at the time of that company becoming a Subsidiary is not subsequently increased; and (iii) such Security does not extend to or cover any undertaking, assets or revenues (including any uncalled capital) of the Issuer, the Guarantor or any of their respective other Subsidiaries); or
- (b) any Security given by any Material Subsidiary in respect of any Relevant Debt, or in respect of any guarantee of or indemnity in respect of any Relevant Debt where such Relevant Debt (**New Relevant Debt**) is incurred to refinance Existing Relevant Debt in circumstances where there is outstanding Security (**Existing Security**) given by that Material Subsidiary in respect of such Existing Relevant Debt or, as the case may be, in respect of any guarantee or indemnity in respect of such Existing Relevant Debt, provided that (i) the nominal amount of the New Relevant Debt is not greater than the outstanding nominal amount of the Existing Relevant Debt, (ii) the Security does not extend to any undertaking, assets or revenues (including any uncalled capital), present or future, of (A) that Material Subsidiary which were not subject to the Existing Security or (B) the Issuer, the Guarantor or any of their respective other Subsidiaries; and (iii) the final maturity date of the New Relevant Debt does not exceed the final maturity date of the Existing Relevant Debt.

3.4 Definitions

For the purposes of these Conditions:

Group means the Issuer, the Guarantor and the Issuer's Subsidiaries taken as a whole;

Material Subsidiary means any Subsidiary of the Issuer which (itself or together with its own Subsidiaries) by reference to the most recently published full or half year consolidated financial statements of the Issuer, accounts for at least 10 per cent. of consolidated turnover or gross assets of the Group for the period or as at the last day of the period, as the case may be, in respect of which such accounts have been prepared (provided that if a Subsidiary has been acquired since the date as at which the last full or half year consolidated financial statements of the Issuer have been prepared, the financial statements shall be deemed to be adjusted in order to take into

account the acquisition of that Subsidiary (that adjustment being certified by an Authorised Signatory as representing an accurate reflection of the consolidated turnover and/or gross assets of the Issuer); and

Subsidiary has the meaning ascribed thereto in Section 1159 of the Companies Act 2006.

A report by an Authorised Signatory (as defined in the Trust Deed) of the Issuer (whether or not addressed to the Trustee) that in their opinion a Subsidiary is or is not or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without liability to any person and without further enquiry or evidence and, if relied upon by the Trustee, shall be conclusive and binding on all parties.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction. The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

For the purposes of these Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest (for any period) in accordance with this Condition 4:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment

Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii), the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of paragraph (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than T2) specified in the applicable Final Terms;
- (b) if T2 is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system (**T2**) is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian

dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which T2 is open.

(b) **Rate of Interest**

In respect of Floating Rate Notes, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate specified in the applicable Final Terms which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (A) above, no offered quotation appears or, in the case of (B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Principal Paying Agent or the Calculation Agent, as applicable, shall request each of the Reference Banks to provide the Principal Paying Agent or the Calculation Agent, as applicable, with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent or the Calculation Agent, as applicable, with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent or the Calculation Agent, as applicable, with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent or the Calculation Agent, as applicable, determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent or the Calculation Agent, as applicable, by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent or the Calculation Agent, as applicable, with offered rates, the offered rate for deposits in the Specified Currency for

a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent or the Calculation Agent, as applicable, it is quoting to leading banks in the Euro-zone inter-bank market plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

For the purposes of this Condition 4.2(b):

Reference Banks means the principal Euro-zone office of four major banks in the Euro-zone inter-bank market as selected by the Issuer;

Reference Rate means EURIBOR as specified in the Final Terms; and

Specified Time means 11.00 a.m. (Brussels time).

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and calculation of Interest Amounts**

The Principal Paying Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period in accordance with this Condition 4.2:

- (i) if "Actual/Actual" or "Actual/Actual (ISDA)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(e) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means the period of time designated in the Reference Rate.

(f) **Benchmark Replacement**

Notwithstanding the foregoing provisions in this Condition 4 (*Interest*), if the Issuer, in consultation with the party responsible for determining the Rate of Interest (being the Principal Paying Agent or the Calculation Agent, as applicable), determines that a Benchmark Event has occurred in relation to an Original Reference Rate at any time when the Conditions provide for any Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the following provisions shall apply:

- (i) **Independent Adviser:** The Issuer shall use reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable to determine (acting in good faith) a Successor Reference Rate, failing which, an Alternative Reference Rate and, in either case, an Adjustment Spread and any Benchmark Amendments (each as defined and as further described below) no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the **IA Determination Cut-off Date**) for the purposes of determining the Rate of Interest applicable to the Notes for such next succeeding Interest Period and for all future Interest Periods (subject to the subsequent operation of this Condition 4.2(f) during any other future Interest Periods).
- (ii) **Successor Reference Rate or Alternative Reference Rate:** If the Independent Adviser (acting in good faith) determines that:
 - (A) there is a Successor Reference Rate then such Successor Reference Rate (as adjusted by the applicable Adjustment Spread as provided in Condition 4.2(f)(iii)), shall subsequently be used in place of the relevant Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent further operation of this Condition 4.2(f)); or
 - (B) there is no Successor Reference Rate but that there is an Alternative Reference Rate, then such Alternative Reference Rate (as adjusted by

the applicable Adjustment Spread as provided in Condition 4.2(f)(iii)), shall subsequently be used in place of the relevant Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 4.2(f)).

- (iii) **Adjustment Spread:** if a Successor Reference Rate or Alternative Reference Rate is determined in accordance with Condition 4.2(f)(ii), the Independent Adviser (acting in good faith) shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the relevant Successor Reference Rate or the relevant Alternative Reference Rate (as the case may be for each subsequent determination of a relevant Rate of Interest and Interest Amount(s) (or a component part thereof) by reference to such Successor Reference Rate or Alternative Reference Rate (as applicable)), subject to the subsequent further operation and adjustment as provided in this Condition 4.2(f)(ii).
- (iv) **Benchmark Amendments:** If any Successor Reference Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 4.2(f), the Independent Adviser (acting in good faith) may determine (i) that amendments to these Conditions, the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Reference Rate, Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (provided that such amendments do not, without the consent of the party responsible for determining the Rate of Interest (being the Calculation Agent or such other party specified in the applicable Final Terms, as applicable) impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or protective provisions afforded to it) (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.2(f)(v), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

For the avoidance of doubt, the Trustee and Principal Paying Agent shall, at the request and expense of the Issuer, agree to use their reasonable endeavours to effect such Benchmark Amendments to the Trust Deed, the Agency Agreement and these Conditions, including, inter alia, by execution of a deed supplemental to the Trust Deed and/or the Agency Agreement, as the Issuer determines and certifies to the Trustee and the Principal Paying Agent are required in order to give effect to this Condition 4.2(f) and neither the Trustee nor the Principal Paying Agent shall be liable to any party for any consequence thereof. Notwithstanding the above, neither the Trustee nor the Principal Paying Agent (as applicable) shall be obliged to agree to any Benchmark Amendments if the same would, in the sole opinion of the Trustee or the Principal Paying Agent (as applicable), expose it to any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it in the Trust Deed and/or these Conditions and/or the Agency Agreement (as applicable).

In connection with any such variation in accordance with this Condition 4.2(f), the Issuer shall comply with the rules of any stock exchange or other relevant authority on or by which the Notes are for the time being listed or admitted to trading.

- (v) **Notices etc.:** The Issuer shall no later than three Business Days prior to the relevant Interest Determination Date notify the party responsible for determining the Rate of Interest (being the Principal Paying Agent or the Calculation Agent, as applicable), the Trustee, the Principal Paying Agent, the Paying Agents and promptly thereafter notify, in accordance with Condition 14 (*Notices*), the Noteholders of any Successor Reference Rate, Alternative Reference Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4.2(f). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any. No later than notifying the Trustee and the Principal Paying Agent of the same, the Issuer shall deliver to the Trustee and the Principal Paying Agent a certificate signed by an Authorised Signatory of the Issuer confirming (i) that a Benchmark Event has occurred, (ii) the Successor Relevant Rate or Alternative Reference Rate (as applicable), (iii) any Adjustment Spread and (iv) where applicable, the terms of any Benchmark Amendments and certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread.

The Trustee and the Principal Paying Agent shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Reference Rate or Alternative Reference Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Reference Rate or Alternative Reference Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's and the Principal Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Calculation Agent, the Paying Agents and the Noteholders.

- (vi) **Survival of Original Reference Rate:** Without prejudice to the obligations of the Issuer under this Condition 4.2(f), the Original Reference Rate and the fallback provisions provided for in Condition 4.2(b) will continue to apply unless and until the party responsible for determining the Rate of Interest (being the Principal Paying Agent or the Calculation Agent, as applicable) has been notified of the Successor Reference Rate or the Alternative Reference Rate (as the case may be), the applicable Adjustment Spread and Benchmark Amendments (if applicable), in accordance with Condition 4.2(f)(v).
- (vii) **Fallbacks:** If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the immediately following Interest Determination Date, the Issuer is unable to appoint an Independent Adviser or no Successor Reference Rate or Alternative Reference Rate (as applicable) is determined pursuant to this Condition 4.2(f) prior to the IA Determination Cut-Off Date and the Relevant Screen Page is no longer available for use, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period (which may be the initial Rate of Interest) (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied

to the last preceding Interest Period for which the Rate of Interest was determined, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period).

For the avoidance of doubt, this Condition 4.2(f) shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date only and the Rate of Interest applicable to any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.2(f).

For the purpose of this Condition 4.2(f):

Adjustment Spread means a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread, which the Independent Adviser (acting in good faith), determines is required to be applied to the relevant Successor Reference Rate or the relevant Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended, or formally provided as an option for the parties to adopt, in relation to the replacement of the relevant Original Reference Rate with the Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the relevant Original Reference Rate where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (iii) (if no such determination has been made) the Independent Adviser (acting in good faith) determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Original Reference Rate, where such rate has been replaced by the Successor Reference Rate or the Alternative Reference Rate (as the case may be); or
- (iv) (if no such industry standard is recognised or acknowledged) the Independent Adviser (acting in good faith) determines to be appropriate in order to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the relevant Original Reference Rate with the Successor Reference Rate or Alternative Reference Rate (as applicable);

Alternative Reference Rate means, in respect of an Original Reference Rate, the rate that the Independent Adviser (acting in good faith) determines in accordance with Condition 4.2(f) has replaced such Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser (acting in good faith) determines in its discretion is most comparable to such Original Reference Rate;

Benchmark Event means, in respect of an Original Reference Rate:

- (i) such Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing permanently to be calculated, administered and published; or
- (ii) the later of (A) the making of a public statement by the administrator of such Original Reference Rate that it has ceased or that it will, on or before a specified future date, cease publishing such Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Original Reference Rate) and (B) the date falling six months prior to the specified date referred to in (ii)(A); or
- (iii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate has been permanently or indefinitely discontinued; or
- (iv) the later of (A) the making of a public statement by the supervisor of the administrator of the Reference Rate that such Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the specified date referred to in (iv)(A);
- (v) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which, such Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences in each case on or before a specified date and (B) the date falling six months prior to the specified date referred to in (v)(A); or
- (vi) the later of (A) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is or will on or before a specified date no longer be representative of an underlying market and (B) the date falling six months prior to the specified date referred to in (vi)(A); or
- (vii) it has or will prior to the next Interest Determination Date become unlawful for the Principal Paying Agent, (if applicable) the Calculation Agent or the Issuer) to calculate any payments due to be made to any Noteholder using such Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, if applicable);

Independent Adviser means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international debt capital markets, in each case appointed by the Issuer at its own expense. For the avoidance of doubt, an Independent Adviser appointed pursuant to this Condition 4.2(f) shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Trustee, the Agents, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 4.2(f);

Original Reference Rate means the originally-specified Reference Rate used to determine the relevant Rate of Interest (or any component part thereof) in respect of any Interest Period(s) (provided that if, following one or more Benchmark Events, such originally-specified Reference Rate (or any Successor Reference Rate or Alternative Reference Rate which has replaced it) has been replaced by a (or a further) Successor Relevant Rate or Alternative Reference Rate and a Benchmark Event subsequently

occurs in respect of such Successor Reference Rate or Alternative Reference Rate, the term "Original Reference Rate" shall include any such Successor Reference Rate or Alternative Reference Rate);

Relevant Nominating Body means, in respect of an Original Reference Rate:

- (i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of:
 - (A) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such Original Reference Rate relates;
 - (B) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate;
 - (C) a group of the aforementioned central banks or other supervisory authorities; or
 - (D) the Financial Stability Board or any part thereof; and

Successor Reference Rate means, in respect of an Original Reference Rate, a successor to or replacement of such Original Reference Rate or, where a Successor Relevant Rate or an Alternative Reference Rate has been determined pursuant to Condition 4.2(f), such Successor Reference Rate or Alternative Reference Rate, as applicable, which is formally recommended, or formally provided as an option for parties to adopt, by any Relevant Nominating Body.

(g) **Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor, the Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*). For the purposes of this paragraph (f), the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(h) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2, whether by the Principal Paying Agent or, if applicable, the Calculation

Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the other Agents, the Trustee and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the Trustee, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, as applicable in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from (and including) its due date for redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event interest will continue to accrue as provided in the Trust Deed.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

5.2 Presentation of Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each

amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and/or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, whether against presentation or surrender of any Global Note or otherwise, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and/or Clearstream, Luxembourg, as applicable.

5.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for their share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 5, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment

in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

5.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation; and
 - (ii) each Additional Financial Centre (other than T2) specified in the applicable Final Terms; and
- (b) if T2 is specified as an Additional Financial Centre in the applicable Final Terms, a day on which T2 is open; and
- (c) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which T2 is open.

5.6 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes; and

- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for taxation reasons

Subject to Condition 6.7, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Trustee and the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts, were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Trustee (i) a certificate signed by an Authorised Signatory of the Issuer or, as the case may be, an Authorised Signatory of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of the relevant change or amendment, and the Trustee shall be entitled to accept the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.8 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or, if so specified in the applicable Final Terms, some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms, together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if either Spens Amount or Make-whole Amount is specified in the applicable Final Terms, will be:

- (a) if Spens Amount is specified as being applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Determination Agent, at which the Gross Redemption Yield to maturity (or, if Issuer Par Call is specified as being applicable in the applicable Final Terms, the Gross Redemption Yield to the Par Call Period Commencement Date and assuming for this purpose that the Notes are scheduled to mature on the Par Call Period Commencement Date instead of the Maturity Date) on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin; or
- (b) if Make-whole Amount is specified as applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed (assuming for this purpose, in the case of any Notes for which Issuer Par Call is specified as being applicable in the applicable Final Terms, that the Notes are scheduled to mature on the Par Call Period Commencement Date instead of the Maturity Date) and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming the Day Count Fraction specified in the applicable Final Terms or such other day count basis as the Determination Agent may consider to be appropriate having regard to customary market practice at such time) at the Reference Bond Rate, plus the Redemption Margin, all as determined by the Determination Agent.

For the purposes of this Condition 6.3:

DA Selected Bond means a government security or securities (which if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing

new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

Determination Agent means an investment bank or financial institution of international standing selected and appointed by the Issuer at its own expense;

Gross Redemption Yield means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts"; "Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Determination Agent;

Quotation Time shall be as set out in the applicable Final Terms;

Redemption Margin shall be as set out in the applicable Final Terms;

Reference Bond shall be as set out in the applicable Final Terms or the DA Selected Bond;

Reference Bond Price means, with respect to any date of redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations, or (c) if the Determination Agent obtains only one such Reference Government Bond Dealer Quotation, such quotation so obtained, or (d) if no Reference Government Bond Dealer Quotations are provided, the price determined by the Determination Agent (or failing which the Issuer, in consultation with the Determination Agent), acting in a commercially reasonable manner, at such time and by reference to such sources as it deems appropriate;

Reference Bond Rate means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

Reference Date will be set out in the relevant notice of redemption;

Reference Government Bond Dealer means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

Remaining Term Interest means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to maturity of such Note (or, if Issuer Par Call is specified as being applicable in the applicable Final Terms, the remaining term up to

the Par Call Period Commencement Date as specified in the applicable Final Terms) determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 6.3.

In the case of a partial redemption of Notes, the Notes to be redeemed (the **Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (*Notices*) not less than 15 days prior to the date fixed for redemption.

6.4 Redemption at the option of the Issuer (Issuer Par Call)

If Issuer Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, at any time during the Par Call Period specified as being applicable in the applicable Final Terms, at the Final Redemption Amount specified in the applicable Final Terms, together, if appropriate, with interest accrued but unpaid to (but excluding) the date fixed for redemption.

6.5 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition 6.5 and the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on their instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 6.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9 (*Events of Default*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.5 and instead to declare such Note forthwith due and payable pursuant to Condition 9 (*Events of Default*).

6.6 **Redemption at the option of the Noteholders on a Change of Control (Change of Control Put)**

If Change of Control Put is specified as being applicable in the applicable Final Terms, the following provisions will apply the Notes:

- (a) **A Change of Control Put Event** will be deemed to occur if:
 - (i) (A) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006, as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006, as amended) in (x) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (y) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer, or (B) the Guarantor ceases to be a direct or indirect Subsidiary of the Issuer (each, a **Change of Control**); and
 - (ii) at the time of the occurrence of a Change of Control, the Notes carry, on a solicited basis, an investment grade credit rating (Baa3/BBB-, or equivalent, or better) (an **Investment Grade Rating**), from any Rating Agency and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) or withdrawn and such rating is not within the Change of Control Period (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency or replaced by an Investment Grade Rating of another Rating Agency on a solicited basis; and
 - (iii) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control.

Further, (aa) if at the time of the occurrence of the Change of Control the Notes carry either a non-investment grade credit rating from each Rating Agency then assigning a credit rating to the Notes on a solicited basis or no credit rating from any Rating Agency on a solicited basis, a Change of Control Put Event will be deemed to occur upon the occurrence of a Change of Control alone; and (bb) if at the time of the occurrence of the Change of Control the Notes carry an Investment Grade Rating from more than one Rating Agency on a solicited basis, then a Change of Control Put Event will be deemed to occur upon the first of such Rating Agencies, within the Change of Control Period, downgrading its rating to a non-investment grade credit rating or withdrawing its rating, and such Rating Agency's assigned rating is not, within the Change of Control Period, (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency or replaced by an Investment Grade Rating of another Rating Agency on a solicited basis.

- (b) If a Change of Control Put Event occurs at any time while any Note remains outstanding, each Noteholder shall have the option to require the Issuer to redeem or repay that Note on the Change of Control Put Date (as defined below) at its Optional Redemption Amount specified in the

applicable Final Terms, together, if appropriate, with interest accrued to (but excluding) the date of redemption or purchase. Such option shall operate as set out below.

- (c) Promptly upon the Issuer or the Guarantor becoming aware that a Change of Control Put Event has occurred, the Issuer or the Guarantor shall notify the Trustee in writing and the Issuer or the Guarantor shall, and at any time upon the Trustee receiving such express notice the Trustee may, and if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice (a **Change of Control Put Event Notice**) to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of the Change of Control Put Event and the procedure for exercising the option contained in this Condition 6.6.
- (d) If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the option to require the redemption or repayment of a Note under this Condition 6.6 the holder of this Note must deliver a Change of Control Put Notice (as defined below), on any day on which commercial banks and foreign exchange markets are open in the city of the relevant Paying Agent falling within the period (the **Change of Control Put Period**) of 45 days after a Change of Control Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Change of Control Put Notice**). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Change of Control Put Period (the **Change of Control Put Date**), failing which the Paying Agent will require payment of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed in the manner provided in Condition 5 (*Payments*) against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 11 (*Replacement of Notes, Coupons and Talons*)) at any time after such payment, but before the expiry of the period of 10 years from the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of that Coupon. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption or repayment of a Note under this Condition 6.6, the holder of this Note must, within the Change of Control Put Period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on their instruction by Euroclear and/or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and/or Clearstream, Luxembourg from time to time.

A Change of Control Put Notice, once given, shall be irrevocable. The Issuer shall redeem or repay the relevant Notes on the Change of Control Put Date unless previously redeemed and cancelled.

- (e) If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed pursuant to this Condition 6.6, the Issuer may, on not less than 15 or more than 30 days' notice to the Noteholders given within 30 days after the Change of Control Put Date, redeem, at its option, the remaining Notes as a whole at their Optional Redemption Amount specified in the applicable

Final Terms, together, if appropriate, interest accrued to (but excluding) the date of such redemption.

- (f) If the rating designations employed by any of Moody's, S&P or Fitch are changed from those which are described in paragraph (a)(ii) above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's or S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P or Fitch and paragraph (a)(ii) above shall be read accordingly.
- (g) The Trustee is under no obligation to monitor or ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred and, until it shall have express notice in writing pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.
- (h) In these Conditions:

Change of Control Period means the period commencing on the date of the announcement of the Change of Control having occurred and ending 120 days after such date (or such longer period as the Notes are under consideration, announced publicly within such 120 day period, for rating review); and

Rating Agency means Moody's Investors Service Ltd. (**Moody's**) or Standard & Poor's Credit Market Services Europe Limited (**S&P**) or Fitch Ratings Ltd (**Fitch**), or their respective successors or any rating agency (a **Substitute Rating Agency**) substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee.

6.7 Clean-Up Call Option

If Clean-Up Call is specified as being applicable in the applicable Final Terms, in the event that the nominal amount of the Notes then outstanding is 20 per cent. or less of the aggregate nominal amount of the Notes originally issued (for these purposes, any further notes issued pursuant to Condition 18 (*Further Issues*) and consolidated with this Series of Notes shall be deemed to have been originally issued), the Issuer may redeem, at its option, all but not some only of the Notes then outstanding, on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption) at the Optional Redemption Amount specified in the applicable Final Terms, together with interest accrued to (but excluding) the date fixed for redemption provided that the Notes no longer outstanding have not been redeemed by the Issuer pursuant to Condition 6.3, if applicable.

6.8 Early Redemption Amounts

For the purpose of Condition 6.2 and Condition 9 (*Events of Default*):

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

^y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

6.9 Purchases

The Issuer, the Guarantor or any of their respective Subsidiaries (as defined above) may at any time purchase Notes (provided that in the case of definitive Notes, all unmatured Coupons and Talons appertaining to the Notes are purchased with the Notes) in any manner and at any price. Such Notes may be held, reissued, resold or, at the option of the Issuer, the Guarantor or any of their respective Subsidiaries, surrendered to any Paying Agent for cancellation. All Notes so purchased will be surrendered to a Paying Agent for cancellation.

6.10 Cancellations

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.9 (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

6.11 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3, 6.4, 6.5, 6.6 or 6.7 upon its becoming due and repayable as provided in Condition 9 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.9 as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

7. TAXATION

7.1 Payment without Withholding

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer or the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders and Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) the holder of which is liable for Taxes in respect of such Note or Coupon by reason of having some connection with the United Kingdom other than a mere holding of the Notes or Coupons; or
- (b) presented for payment in the United Kingdom; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Day (as defined in Condition 5 (*Payments*)); or
- (d) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by complying with any statutory requirements (including, but not limited to, obtaining and/or presenting any form of certificate) or by making a declaration or any other statement or claim for exemption (including, but not limited to, a declaration of non-residence), but fails to do so.

7.2 Interpretation

In these Conditions, **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 14 (*Notices*).

7.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 7 or under any undertakings given in addition to, or in substitution for, this Condition 7 pursuant to the Trust Deed.

8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of the Notes or, as the case may be, the Coupons.

There shall not be included in any Coupon sheet issued on exchange of any Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. EVENTS OF DEFAULT

9.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but, in the case of the happening of any of the events described in paragraphs (b) to (d) (other than the winding up or dissolution of the Issuer or the Guarantor), and (e) to (h) inclusive below, only if the Trustee shall have certified in writing to the Issuer and the Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer and the Guarantor that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount, together with accrued interest as provided in the Trust Deed, if any of the following events shall occur (each, together where applicable with certification by the Trustee as described above, an **Event of Default** and together, **Events of Default**):

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal or 14 days in the case of interest; or
- (b) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy, when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or
- (c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any Material Subsidiary becomes due and payable prematurely by reason of an event of default (however described); (ii) the Issuer, the Guarantor or any Material Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Issuer, the Guarantor or any Material Subsidiary for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce the same; or (iv) default is made by the Issuer, the Guarantor or any Material Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this paragraph (c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above which have occurred and are continuing, exceeds the greater of 1 per cent. of the value of the net assets of the Group as shown in the most recent annual or interim, as the case may be, consolidated financial statements of the Issuer or £20,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, the Guarantor or any Material Subsidiary, save for the purposes

of reorganisation on terms previously approved by an Extraordinary Resolution of the Noteholders; or

- (e) if the Issuer, the Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution of the Noteholders or where such cessation is in connection with the transfer of all or substantially all of the business of the Issuer, Guarantor or Material Subsidiary to a Subsidiary of the Issuer or a sale of assets of the Issuer, Guarantor or Material Subsidiary at fair market value where the proceeds of such sale are reinvested in the business of the Group; or
- (f) if the Issuer, the Guarantor or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) if (i) proceedings are initiated against the Issuer, the Guarantor or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official, or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer, the Guarantor or any Material Subsidiary or, as the case may be, in relation to all or substantially all of the undertaking or assets of any of them or an encumbrancer takes possession of all or substantially all of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) is not discharged within 14 days; or
- (h) if the Issuer, the Guarantor or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (i) if the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect.

9.2 Interpretation

For the purposes of this Condition 9, **Indebtedness for Borrowed Money** means any indebtedness (whether being principal, premium, interest or other amounts but excluding any intra-Group indebtedness) for or in respect of any borrowed money or any liability under or in respect of any acceptance or acceptance credit or any notes, bonds, debentures, debenture stock, loan stock or other securities.

10. ENFORCEMENT

10.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the

Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons or otherwise, but it shall not be bound to take any such proceedings or other steps or action unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

10.2 Limitation on Trustee actions

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would be illegal or contrary to any applicable law of any jurisdiction or any applicable directive or regulation of any agency of any state (including, without limitation, section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) or which would or might otherwise render it liable to any person and may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

10.3 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to (i) take any steps or action against the Issuer or the Guarantor to enforce the performance of any of the provisions of the Trust Deed, the Notes or the Coupons or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or the Guarantor, in each case unless the Trustee, having become bound so to take any such action, steps or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer and the Guarantor are entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (which may be the Principal Paying Agent) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe other than the jurisdiction in which the Issuer or the Guarantor is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

14. NOTICES

14.1 Notices to the Noteholders

All notices required to be given to the Noteholders pursuant to these Conditions and the Trust Deed will be valid if published in a leading English language daily newspaper published in London. It is expected that publication in a newspaper will normally be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 14.1.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

14.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Notes in definitive form) with the relative Note or Notes, with the Principal

Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. SUBSTITUTION

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer and the Guarantor to the substitution in place of the Issuer (or of any previous substitute under this Condition 15) as the principal debtor under the Notes, the Coupons and the Trust Deed of the Guarantor or any other company being a Subsidiary of the Issuer, subject to:

- (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer;
- (b) the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Noteholders; and
- (c) certain other conditions set out in the Trust Deed being complied with.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

16.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders (including by way of conference call or a video call or as a combined physical meeting and meeting by way of conference call or a video call) to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the nominal amount of the Notes held or represented by them, except that, at any meeting the business of which includes any matter defined in the Trust Deed as a Basic Terms Modification, including the modification of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (including the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

16.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders or Couponholders (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders), or (ii) to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

16.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

16.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14 (*Notices*).

17. INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTOR

17.1 Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Guarantor, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

17.2 Trustee Contracting with the Issuer and the Guarantor

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

18. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or the Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and date of the first payment of interest and the date from which interest starts to accrue, which may be consolidated and form a single Series with the outstanding Notes.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing Law

The Trust Deed (including the Guarantee), the Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed (including the Guarantee), the Agency Agreement, the Notes and the Coupons are governed by, and construed in accordance with, English law.

19.2 Submission to Jurisdiction

- (a) Subject to Condition 19.2(c), the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons (a **Dispute**) and each of the Issuer, the Guarantor, the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 19.2, each of the Issuer and the Guarantor waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction and (ii) concurrent proceedings in any number of jurisdictions.

19.3 Other Documents and the Guarantor

Each of the Issuer and, where applicable, the Guarantor has in the Agency Agreement and the Trust Deed submitted to the jurisdiction of the English courts.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

USE OF PROCEEDS

Unless otherwise specified in the applicable Final Terms, the net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

DESCRIPTION OF THE GROUP

INTRODUCTION

The Group's purpose is to 'knock down barriers so everyone can thrive', starting with the millions of SMBs served by the Group, its partners and accountants. By digitising business processes and relationships with customers, suppliers, employees, banks and governments, the Group's digital network of connections between businesses and their customers, suppliers, employees and regulatory bodies (known as the **Sage Network**) connects SMBs, removing friction and delivering insights. 'Knocking down barriers' also means the Group uses its time, technology and experience to tackle digital inequality, economic inequality and the climate crisis. This purpose underpins the Group's ambition to become the trusted network for SMBs.

The Issuer, which is one of the UK's largest software companies, is listed on the London Stock Exchange (ticker: SGE.L) and is a member of the FTSE 100 Index with a market capitalisation of approximately £12 billion as at 31 December 2023.

The Group supports millions of SMBs around the world, focusing primarily on professional users, typically accountants or bookkeepers who understand compliance and want rich functionality to help drive efficiencies and gain more insight into their business. The Group delivers this through what it considers to be best in class cloud-based technology and support across accounting, people and payroll solutions.

The Group is a global organisation with local focus. The Group's geographical segments are North America (United States and Canada) which accounted for 44 per cent. of its underlying revenue in FY2023, UK, Ireland, Africa and APAC (including South Africa, the Middle East, Australia, Singapore and Malaysia) which accounted for 29 per cent. of its underlying revenue in FY2023 and Europe which accounted for 27 per cent. of its underlying revenue in FY2023.

Since its formation, the Group has grown by expanding globally and broadening the range of products and services that it provides, both through organic growth and acquisitions, including the acquisition of Sage Intacct and Sage People in 2017, Ocrex Limited (which traded as **AutoEntry**) and Sage HR in 2019, Brightpearl, Lockstep and Spherics (subsequently rebranded as Sage Earth) in 2022 and Corecon in 2023.

In FY2023, the Group had total underlying revenue of £2,184 million (reflecting growth of 10 per cent. from £1,982 million in FY2022), underlying recurring revenue of £2,096 million (reflecting growth of 12 per cent. from £1,875 million in FY2022) and an underlying operating margin of 20.9 per cent. In addition, the Group achieved a cash conversion of 116 per cent. (the fifth consecutive year in excess of 100 per cent.) and maintains a resilient balance sheet with £1.3 billion of available cash and liquidity as at 30 September 2023.

HISTORY

The Issuer was founded in 1981 by three entrepreneurs from Newcastle in order to automate accounting processes. The Issuer is a public limited company with an unlimited duration registered in England and Wales under company registration number 02231246 and incorporated under the Companies Act 1985. Its registered office is at C23 5 & 6 Cobalt Park Way, Cobalt Business Park, Newcastle-Upon-Tyne, Tyne & Wear, NE28 9EJ and its telephone number is +44 191 294 3000.

In 1989, the Issuer was listed on the London Stock Exchange and it became a FTSE 100 company in 1999. From 1991, the Group began to expand internationally, entering 11 new markets by 2003. In 1998, the Group acquired Peachtree, a leading desktop accounting software company in North America, and in 2005, it acquired Adonix, a French company which developed the original enterprise resource planning software that is now known as Sage X3.

In 2011, the Group launched Sage Business Cloud Accounting. In 2017, it acquired Sage People and Sage Intacct, in 2019, it acquired AutoEntry and Sage HR, in 2022 it acquired Brightpearl, Lockstep and Spherics (subsequently rebranded as Sage Earth) and, in 2023, it acquired Corecon. The launch of Sage Business Cloud in 2017 marked the commencement of the Group's transition from an on-premise licence software business to a software as a service (**SaaS**) business with an increased focus on cloud native solutions.

Building from this, at the start of its 2019 financial year, the Group set out its strategy to reshape its operating model and culture as a SaaS-focused business, resulting in a shift towards a more resilient and higher quality business model focused on cloud native and cloud connected solutions, underpinned by predictable subscription revenue streams. This SaaS model has transformed the relationship the Group has with its customers, resulting in increased interaction with customers and allowing the Group to continuously refine its understanding of customers' needs, thereby enabling it to add greater value to its customers over time.

From FY2021 onwards, the Group's strategy has been increasingly focused on creating a digital network of applications and services (now called the Sage Network), through which its customers are able to digitise more aspects of their business, and enable SMBs to connect with their customers, suppliers, banks and other partners.

Alongside this, the Group has pursued divestment or other value creation paths for non-core products which have no route to Sage Business Cloud, resulting in significantly reduced underlying revenue from non-Sage Business Cloud products. In March 2021, the Group completed the disposal of its Polish business, in May 2021 it disposed of its businesses in Asia and Australia, in November 2021 it completed the sale of its Swiss business and, in April 2022, it disposed of its South African payroll outsourcing business (in each case, excluding global products that are core to the Group's strategy such as Sage Intacct, Sage People and Sage X3). This disposal process has reduced the Group's exposure to non-core business lines and geographies and is now complete, resulting in a simplified structure, with management and capital resources now focused on fewer, larger geographies and verticals.

The Guarantor was incorporated in 2012 and is a wholly-owned subsidiary of the Issuer. The Guarantor is a private limited company with an unlimited duration registered in England and Wales under company registration number 08319044 and incorporated under the Companies Act 2006. Its registered office is at C23 5 & 6 Cobalt Park Way, Cobalt Business Park, Newcastle-Upon-Tyne, Tyne & Wear, NE28 9EJ and its telephone number is +44 191 294 3000.

STRATEGY

Central to the Group's strategy is its purpose – to knock down barriers so everyone can thrive. The Group's solutions, backed by human expertise, enable SMBs to automate accounting and HR workflows, streamline operations and make more informed business decisions. By contributing to the success of SMBs, the Group aims to help power the global economy, providing benefits to all of the Group's stakeholders including customers, colleagues, society and shareholders, and supporting long-term sustainability of the Group.

The Group's performance is driven by its consistent focus on the needs of SMBs, and at the heart of this is the Sage Network. Established as a single platform to bring businesses together through connected accounting, the Sage Network is a set of integrated products and services that enable organisations to transform their accounting, finance, payroll and HR workflows. The platform connects SMBs with key stakeholders and counterparties, for example customers, suppliers, employees, banks and governments – digitising relationships and removing friction from their processes.

The Group believes that the Sage Network serves as a powerful platform for innovation. Through the Sage Network, the Group is able to build services once, and deploy them to customers of multiple solutions across Sage Business Cloud, accelerating the development cycle. In addition, by harnessing the

data flows across the Sage Network, the Group creates AI-based services that learn from the collective activity and data flows of potentially millions of SMBs globally.

The Group has designed the Sage Network based on an open architecture incorporating standard application programming interfaces (APIs), enabling the Group's extensive partner and independent software vendor (ISV) ecosystem to join the network, extend the customer proposition and drive further scale by offering more cloud-based services to SMBs.

The Group believes that the Sage Network has the potential to offer AI-powered solutions to SMBs that are truly transformative, automating workflows both within and between businesses, and forming a strong foundation for the continued growth of the Group over the longer term.

During FY2023, the Group made substantial progress towards its ambition to be the trusted network for SMBs. This progress, underpinned by innovation together with focussed execution on its strategic priorities, is building a platform for the sustainable growth of the Group. The Group's five strategic priorities are:

1. Scale Sage Intacct – accelerate the expansion of Sage Intacct in existing and new markets

Sage Intacct forms the heart of the Group's cloud native financial management proposition for mid-sized businesses, in a fast-growing market driven by rapid digital transformation. It provides finance professionals with a powerful cloud financial management platform that brings significant benefits to its customers in terms of productivity and business insights. The Group has already invested significantly in building the proposition to drive accelerated scale, establishing Sage Intacct in new markets beyond the United States, including Canada, the UK, Australia and South Africa, and expanding its vertical focus into the construction and real estate sector. The Group intends to continue to grow Sage Intacct's customer base and addressable market, which it believes will deepen its capabilities in existing verticals, drive expansion into new verticals and accelerate international growth. In FY2022, the Group accelerated growth in Sage Intacct by investing in sales and marketing while further enriching the solution with new functionality and services. Sage Intacct's vertical reach was enhanced through the acquisition of Brightpearl in retail, new features in construction and real estate and the release of Sage Intacct Manufacturing in France, the UK and the United States. In FY2023, Sage Intacct continued to scale through product enhancements, extended vertical reach and geographic expansion. During FY2023, Sage Intacct was launched in continental Europe, starting with France (with Germany to follow in FY2024), Sage Intacct Construction made strong progress in the United States, complemented by the acquisition in May 2023 of Corecon, a project management solution, and Sage Distribution and Manufacturing Operations (formerly Sage Intacct Manufacturing) has now been launched across seven countries. As a result, in FY2022 Sage Intacct's ARR grew by a third in the United States and in FY2023, Sage Intacct's ARR grew by almost 30 per cent. in the United States and by more than 80 per cent. outside the United States.

2. Expand medium beyond financials – broaden the value proposition for mid-sized businesses

The Group believes its well-established position in providing financial management solutions to mid-sized businesses around the world creates a compelling opportunity to expand into adjacent areas – automating and adding value to a broader set of business processes and delivering improved data accuracy and insight. Customers can already benefit from powerful, integrated tools such as Sage Intacct Budgeting and Planning to streamline the planning process, as well as a wide range of add-on modules and services provided by partners. The Group has also partnered with Corporate Spending Innovations to streamline the accounts payable process, while Sage People offers a versatile cloud HR and people management system. Through a combination of organic and inorganic development, the Group intends to continue to broaden its value proposition for mid-sized businesses to support their digital transformation, by automating manual processes and by delivering integrated solutions that connect and deliver insight. During FY2022, the Group launched an AI-driven service to automate manual accounts payable processes

for Sage Intacct customers in the United States, significantly reducing invoice processing costs and data entry error. It also launched Sage People Payroll, bringing integrated payroll functionality to Sage People in the United States and the UK. Sage Intacct Planning continued to grow rapidly, surpassing 1,000 customers in the United States and Canada. During FY2023, the Group's AI-powered service to automate accounts payable processes gained additional traction with customers on Sage Intacct in the United States, Sage 50cloud in France and Sage Accounting in the UK, with further expansion planned. In addition, Sage Intacct Planning has been made available in the UK, South Africa and Australia and Sage Intelligent Time, an AI-powered time tracking tool, has been made available in more markets across the Group.

3. Build the small business engine – create a scalable digital ‘engine’ to acquire and serve small business customers

The Group made significant progress in the small business market in FY2021, increasing its share of new business wins in the UK by offering an integrated suite of cloud native solutions, including Sage Accounting, Sage Payroll and Sage HR. By investing in customer experience and digital marketing capabilities, the Group is creating a scalable growth ‘engine’ to leverage economies of scale and best practice. To complement this approach, the Group is also focusing on supporting and building advocacy with accountants, as key partners and recommenders, by investing in solutions such as Sage for Accountants, launched in November 2021 and complemented by the acquisitions of GoProposal (client management solution) and Futrli (cash flow forecasting) in FY2022, to help them digitise their own practice. The Group's priority is to continue to build the small business digital growth engine, including through acquisitions where appropriate, refining the proposition and capabilities in the UK while scaling and internationalising the approach in other markets. In FY2022, Sage for Accountants attracted more than 2,000 accountancy practices following its launch in the UK in November 2021 and further progress was made in internationalising the UK small business approach, including in South Africa and Canada. In August 2022, the Issuer was recognised on HM Revenue & Customs' official list of software compatible with Making Tax Digital for Income Tax Self-Assessment. In FY2023, the Group's small business solutions, including Sage Accounting and Sage 50cloud, continued to drive growth in key markets. Sage for Accountants adoption increased to almost 8,000 accountants in the UK, and has also been launched in Canada. The Group also enhanced its customer proposition in the UK through the introduction of My Sage, an integrated account management tool. In Europe, the Group launched Sage Active, a new multi-legislation business management solution for SMBs, which is now available in France, Spain and Germany.

4. Scale the network – increase participation in the Sage Network and accelerate the network effect

The Group is focused not only on developing solutions for specific business needs but also on integrating those solutions to provide a unified digital experience, and on creating the Sage Network. The Group has several unique assets and capabilities to help it rapidly scale the Sage Network and drive sustainable competitive advantage, including its strong and loyal global customer base, its vibrant partner, accountant and ISV network, and its brand and reputation. The Group's priority is to enable and encourage participation in the Sage Network, migrating customers to Sage Business Cloud so they enjoy an expanding number of cloud-based digital services, delivered either by the Group or through its ISV ecosystem. More network participants contributing more data will power the insight required to build more innovative customer experiences, improving the Group's ability to retain existing and attract new customers. In FY2022, the Group continued to expand the Sage Network with product launches including Sage Active in France, Sage Accounting in Spain and Sage HR in Germany. This strategy has been accelerated by the acquisition of Lockstep, bringing accounts receivable automation capabilities and other innovative features to the Sage Network. In FY2023, the Group enabled more customers to connect to the network by increasing Sage Business Cloud penetration to 84 per cent., from 75 per cent. in FY2022. The Group drove network participation by expanding AI-powered cloud services such as accounts payable automation and enabling greater network usage by third-party software providers, generating consumption-based revenue while enriching the customer experience.

5. Learn and disrupt – build innovative solutions underpinned by a culture of continuous learning and disruption

Innovation is key to the long-term success of the Group. By providing the opportunity to create actionable insights through data, the Sage Network is a key enabler of innovation and the Group will continue to invest in the technology and capabilities that underpin it. The Group has already made significant progress in developing the core components of the network (for example through the SageID identity management system, the Service Fabric and the Group's microservices architecture) as well as capabilities in AI and machine learning. The resulting innovation, from outlier detection capabilities to intelligent timesheet capture, is already delivering value to customers today. The Group intends to continuously improve its innovation capability and culture (which it will complement with partnerships, investments and acquisitions) in order to share in early learnings from disruptive trends to help inform the Group's investment choices. During FY2022, the Group entered an expanded partnership with Microsoft, integrating Teams with Sage Intacct and Sage People to simplify approval and collaboration workflows, and making Sage Intacct and Sage Active available on Microsoft Azure as part of the Group's multi-cloud access strategy. The Group also entered partnerships with Experian (wage verification) and Tide (small business banking and accounting) during FY2022. In FY2023, the Group launched Sage Network Inbox, its connected accounting workflow management tool, developed and tested Sage Copilot, its virtual accounting assistant, incorporated generative AI into its products for the first time to enable natural language interaction and deepened its relationships with key partners including Microsoft and AWS.

LATEST FINANCIAL RESULTS

The Group's progress in strategic execution in FY2023 has resulted in:

- growth in ARR of 11 per cent. from £1,964 million in FY2022 to £2,188 million in FY2023 reflecting broad-based growth across all regions balanced between new and existing customers;
- software subscription penetration of 79 per cent.⁴ in FY2023 compared to 75 per cent. in FY2022, reflecting continued growth from subscription contracts;
- growth in cloud native ARR of 28 per cent. from £534 million in FY2022 to £684 million in FY2023 driven by both new customers and migrations, with Sage Accounting, Sage Payroll and Sage HR all performing strongly; and
- renewal by value of 102 per cent. in FY2023 compared to 101 per cent. in FY2022, reflecting increased sales to existing customers and good retention rates.

The Group's total underlying revenue growth in FY2023 was 10.2 per cent. at £2,184 million (FY2022: £1,982 million), reflecting growth in underlying recurring revenue of 11.8 per cent. to £2,096 million (FY2022: £1,875 million), underpinned by a 16.7 per cent. rise in software subscription revenue to £1,732 million, which was driven by the Group's continued focus on attracting new customers and migrating existing customers to subscription and Sage Business Cloud. Other revenue (Software and Software-Related Services (SSRS) and processing) declined by 17.8 per cent., in line with the Group's strategy to transition to subscription revenue and away from licence sales and professional services implementations.

In FY2023, the Group's underlying operating profit was £456 million, an increase of 18.1 per cent. from FY2022. The Group's underlying operating margin was 20.9 per cent. in FY2023 compared to 19.5 per cent. in FY2022, driven by operating efficiencies as the Group scales its business.

The Group generated £528 million of underlying cash from operations in FY2023, representing cash conversion of 116 per cent., the fifth consecutive year that the Group delivered cash conversion in excess of 100 per cent. The strong performance in FY2023 reflects further growth in subscription revenue and

⁴ This number has subsequently further increased, as noted under "Trading update" below.

continued good working capital management of receivables, payables and deferred income leading to a positive impact on cashflow, offset by the impact of acquisitions and disposals.

In FY2024, the Group intends to simplify its revenue reporting, to enable continued, clear understanding of progress and performance given the recent evolution of the Group. These changes are expected to include:

- focusing revenue metrics and analysis on total rather than recurring revenue, as their growth rates increasingly converge reflecting the reduction in other revenue (SSRS). ARR will continue to be provided as one of the Group's strategic KPIs; and
- reporting revenue performance principally on a regional basis. Accordingly, the tables relating to revenue by portfolio and by type will no longer be provided, although the Group will continue to report the performance of cloud native, Sage Business Cloud and subscription revenue separately.

TRADING UPDATE

On 18 January 2024, the Group published its trading update for the three months ended 31 December 2023. The Group's total revenue grew by 10 per cent. to £573 million compared to the same period in FY2023. On a regional basis and compared to the same period in FY2023, total revenue in North America increased by 13 per cent. to £259 million, with a good performance from Sage Intacct together with continuing growth in Sage 50 cloud and Sage 200 cloud. In the UK, Ireland, Africa and APAC (including South Africa, the Middle East, Australia, Singapore and Malaysia) region, total revenue grew by 8 per cent. to £162 million, driven by further success in cloud native solutions (including Sage Intacct, Sage Accounting and Sage Payroll), alongside growth in Sage 50 cloud. In Europe, total revenue increased by 7 per cent. to £152 million, with a strong performance particularly in cloud connected solutions.

Sage Business Cloud revenue increased by 18 per cent. to £454 million in the three months ended 31 December 2023, driven by growth in cloud native revenue of 25 per cent. to £174 million (first quarter of FY2023: £140 million) primarily through new customer acquisition, and by growth in cloud connected revenue from both existing and new customers.

Recurring revenue in the three months ended 31 December 2023 increased by 11 per cent. to £554 million compared to £500 million in the same period in FY2023, with software subscription revenue growth of 14 per cent. to £466 million (first quarter of FY2023: £409 million) resulting in subscription penetration of 81 per cent. (first quarter of FY2023: 78 per cent.).

The Group's results for three months ended 31 December 2023 were impacted by the fact that sterling had strengthened against the U.S. dollar and other international currencies compared to the three months ended 31 December 2022.

STRENGTHS

The Group believes that its key strengths are:

A large and growing total addressable market with fragmented competition

Operating across small and medium businesses gives the Group access to a total addressable market (TAM), including all countries in which it sells its solutions, that the Group estimates is set to be worth approximately £35 billion in 2024, increasing by 10 per cent. in value to approximately £39 billion in 2025. The Group's TAM includes organisations across Accounting & Financial Management, Human Capital Management, Enterprise Resource Planning, Payroll, Accountant Taxation & Compliance, and Accounting Practice Management.

Competition within this market is highly fragmented and the Group is active across multiple geographies, customer types and software categories. The Group aims to solve multiple core back-office issues for its customers and thereby establish a deeper relationship with its customers.

The heightened pressure on businesses globally to be more efficient and agile, coupled with increasing regulatory and compliance requirements, is increasing the pace of software adoption. Moreover, constant technological advances in cloud deployment models, enhanced process automation, AI and machine learning are also increasing the pace of software adoption, saving users time and money, and making back-office software more and more fundamental to a business's long-term success. The Group uses these latest advances in technology to provide a suite of solutions that allow its customers to run their entire back office through the Group.

A strong customer proposition

The Group continually innovates and invests in technology to provide market-leading solutions that connect Sage Business Cloud customers into the Sage Network. Sage Business Cloud delivers a suite of cloud software solutions for the accounting, financial management, ERP, people and payroll categories, supported by high value third party market-place applications that can be used to create bespoke offerings for customers, tailored to their individual needs. These cloud services comprise both cloud connected versions of the Group's traditionally on-premise solutions, and fully-hosted cloud native solutions.

The Group's cloud connected solutions (Sage 50cloud and Sage 200cloud) combine the power and productivity of the desktop with the freedom and security of the cloud. The Group's cloud native solutions (Sage Accounting, Sage Intacct, Sage People and Sage Payroll) provide the operational advantages of a fully hosted solution, including anytime, anywhere access and automatic upgrades. Cloud native solutions offer open-application programming interfaces, giving them access to a wide ecosystem of partners and ISVs.

Sage Business Cloud was introduced in FY2017. In each of FY2022 and FY2023 it generated £1,300 million and £1,628 million of underlying recurring revenue respectively, representing significant growth year on year. For FY2023, Sage Business Cloud penetration was 84 per cent., up from 75 per cent. in FY2022.

Globally diversified with significant market opportunity

A deep knowledge of local legislation has allowed the Group to scale globally, with a geographically diverse customer base, and a reputation for compliance, trust and excellent customer service.

In FY2023, the Group's geographical segments were North America (the United States and Canada), which accounted for 44 per cent. of its underlying revenue, UK, Ireland, Africa and APAC (including South Africa, the Middle East, Australia, Singapore and Malaysia) which accounted for 29 per cent. of its underlying revenue and Europe, which accounted for 27 per cent. of its underlying revenue.

The Group believes that transitioning to a high performing SaaS business has enabled it to develop a closer relationship with its customers. As a result, the Group can service customer needs better, increasing retention rates and driving greater value. With 79 per cent. of the Group's underlying revenue in FY2023 and 75 per cent. in FY2022 driven by software subscription, the Group believes that there is still significant opportunity for growth.

Across the Group's global network, customers move significant funds through the Group's accounting and payroll software each year, making the Group an attractive proposition for ISVs and strategic alliances. Continuing to innovate and partner with technology partners, as well as further internal investment in research and development (**R&D**), means the Group can target further growth through new customer acquisition.

High quality recurring and cloud revenue with strong customer retention and a resilient business model

The Group's revenue comprises both recurring revenue, including software subscription and maintenance and support revenue, and non-recurring revenue, principally one-off licences and services revenue. In FY2023, 96 per cent. of the Group's total underlying revenue was underlying recurring revenue and 79 per cent. of the Group's total underlying revenue was software subscription revenue.

During FY2023, the Group's underlying recurring cloud native revenue grew by 33.9 per cent. (from £445 million in FY2022 to £596 million in FY2023) and the Group's underlying recurring cloud connected revenue grew by 20.7 per cent. (from £855 million in FY2022 to £1,032 million in FY2023). Consistent with the Group's strategy to transition to subscription revenue and away from licence sales and professional services implementations, underlying recurring revenue from products with potential to migrate to the cloud fell by 26.3 per cent. in FY2023 (from £429 million in FY2022 to £316 million in FY2023), while underlying recurring revenue from non-Sage Business Cloud business increased by 4.1 per cent. (from £146 million in FY2022 to £152 million in FY2023).

The Group has strong customer retention, with a renewal rate by value of 102 per cent. in FY2023. This, when combined with new customer acquisition, resulted in ARR growth during FY2023 of 11 per cent. (increasing from £1,964 million in FY2022 to £2,188 million in FY2023).

Strong sustainability and society strategy

In FY2023, the Group evolved its sustainability and society strategy to reflect the outcomes of a materiality assessment and the transition from commitment to action. The updated strategy has three key pillars, Protect the Planet, Tech for Good and Human by Design, each of which are underpinned by Sustainability by Design, which is the Group's focus on integrating sustainability deep into its businesses and operations. Each of the pillars is supported by clear priorities and a robust action plan. The evolved strategy drives further accountability across the business and reflects a closer alignment with the Group's strategic business. In FY2024, the Group plans to define the Sage Foundation's 2030 ambitions and commitments in relation to knocking down barriers to social and economic inclusion and providing access to skills and opportunities so that everyone has the chance to thrive.

Protect the Planet: This pillar reflects the Group's commitment to take action with its business, with its customers and with its suppliers to tackle climate change. This pillar focuses on (i) achieving net zero emissions by 2040 and reducing absolute Scope 1, 2 and 3 greenhouse gas (**GHG**) emissions by 50 per cent. by 2030 from a 2019 base year, aligned to the Science Based Targets initiative; (ii) helping customers reduce their GHG emissions by 2030 by providing access to carbon management solutions and expertise; and (iii) putting SMBs at the forefront of the transition to net zero by making sure their voice is heard and lobbying for simplified standards.

Tech for Good: This pillar reflects the Group's commitment to help SMBs to thrive by building trusted and inclusive networks and solutions. This pillar focuses on (i) supporting SMBs and advancing the UN's sustainable development goals (SDGs) by using the Group's data to create visualisations (for example, reports, trends and analytics) that can inform better decision making by 2025; (ii) expanding the Group's Trust and Security Hub to support SMBs to digitalise safely by 2025 and embedding data and AI ethics into the fabric of the Group by 2025 and the Group's 2025 accessibility target – for cloud products to meet Web Content Accessibility Guidelines (WCAG) criteria; and (iii) supporting 34,000 under-served entrepreneurs to scale and grow their businesses and equipping 33,000 individuals with skills for greater opportunities through the Sage Foundation by 2024.

Human by Design: This pillar reflects the Group's commitment to scale and grow sustainability, through a diverse, high-performing, and human-centred culture. This pillar focuses on (i) achieving representation of no more than 60 per cent. of men, women or non-binary people in any leadership team by the end of 2026, increasing 'All About Us' participation to 65 per cent. across all active countries by 2024 and

delivering a greater sense of belonging and inclusion through 20 per cent. of colleagues actively participating in a Colleague Success Network by 2024; (ii) connecting 70 per cent. of colleagues to the Group's internal Talent Marketplace, ensuring that 5,000 Future Fit learnings have been completed by colleagues by 2025 and achieving at least a 20 per cent. year-on-year increase in the Group's Pathways hires each year up to 2025 with over 500 people globally receiving work readiness training each financial year; and (iii) rolling out the Colleague Assistance Programme in all countries by 2024 and doubling the number of Healthy Mind Coaches by 2025.

Sustainability by Design: This aspect of the Group's sustainability and society strategy involves hardwiring sustainability into everything the Group does, including how it operates, the products it builds and its working culture. Good progress was made in 2023 and the Group will continue to build on this in 2024 and beyond, including by upskilling and educating colleagues and recognising the importance of empowering colleagues to make more sustainable choices. The Group will also continue to embed the way in which it manages sustainability risks, impacts and opportunities, develop an ESG risk register and continue to ensure that the right policies and controls are in place to manage these risks. Building on the strong foundations established in FY2023, the Group also plans to further assess human rights across its value chain.

Attractive profitability and strong cash flow

The Group's underlying operating profit margin was 20.9 per cent. in FY2023, 19.5 per cent. in FY2022, 19.4 per cent. in Original FY2022 and 19.6 per cent. in FY2021. The change in the Group's underlying operating profit margin in Original FY2022 compared to FY2021 and in FY2023 compared to FY2022 reflected the Group's focus on efficiently scaling its business.

The Group benefits from strong cash flow, with its underlying cash conversion comprising 116 per cent. of its underlying operating profit in FY2023 compared to 107 per cent. in FY2022 and 126 per cent. in FY2021 (using underlying operating profit on an "as reported" basis). The Group's free cash flow was 18 per cent. of its underlying revenue in FY2023 compared to 15 per cent. in FY2022 and 18 per cent. in FY2021.

Low leverage and conservative financial policy

The Group's strong cash generation allows it to maintain a low net debt/EBITDA leverage ratio. In FY2023 the Group's net debt/EBITDA leverage ratio was 1.0 times compared to 1.6 times in FY2022 and 0.6 times in FY2021. The increase in the Group's leverage in FY2022 was principally due to the impact of share buybacks and acquisitions on the Group's net debt. The reduction in the Group's leverage in FY2023 resulted from increasing EBITDA and positive cash flow post dividends, leading to a reduction in net debt. The Group issued a debut 10-year £350 million bond in February 2021 to repay existing indebtedness and for general corporate purposes, a 12-year £400 million bond in February 2022 and a 5-year €500 million bond in February 2023. In March 2023, it also repaid U.S.\$400 million of outstanding US private placement loan notes. The Group's debt matures in FY2028, FY2031 and FY2034 and its currently undrawn £630 million revolving credit facility matures in FY2029. The Group believes that it has ample and flexible funding to support the on-going working capital and liquidity needs of the business.

Cash and liquidity are closely monitored by the Group, and cash resources required to meet business objectives are reviewed monthly with any surplus cash being repatriated to the Group as soon as possible.

Strong management team

The Group's management team is organised through the Executive Leadership Team (ELT) and has a broad range of experience in both FTSE100 operations and technology. The ELT consists of two Board members with other key business leaders. The ELT is led by Steve Hare, Chief Executive Officer. Steve joined the Group in 2014 as Chief Financial Officer and became Chief Executive Officer in 2018. Prior

to joining the Group, Steve served as Operating Partner and Co-Head of the Portfolio Support Group at the private equity firm Apax Partners, which he joined in 2009.

Jonathan Howell, Chief Financial Officer, is also both a Board member and a member of the ELT. Jonathan joined the Group in 2013 as non-executive director and Chair of the Audit and Risk Committee and became Chief Financial Officer in 2018. Jonathan previously served as Group Finance Director of Close Brothers Group plc for ten years.

The members of the Group's ELT are described under "*Management and Employees—Executive Management*".

BUSINESS

The Group's business model is centred around attracting new customers and retaining existing customers. The Group seeks to attract new customers through:

- its reputation as a trusted adviser based on its strong brand of trust and market leading customer services;
- its caring and committed staff invested in driving success for its customers;
- its multi-sales channel approach described under "*—Markets and customers*" below; and

its innovation through investment to ensure its products are ahead of the curve in a changing technology landscape.

The Group aims to attract new customers and retain existing customers:

- through brand awareness, targeted campaigns, the sage.com website, and recommendations from partners and advocates, as well as by offering guides and trials to prospective customers;
- by signing new customers up to Sage Business Cloud on subscription and, for some solutions, providing training and onboarding to get customers started;
- by providing digital and human customer support to enhance the customer experience, offering regular check-ins and conducting feedback surveys;
- by enabling Sage Business Cloud customers to benefit from the Group's expanding portfolio of cloud-based solutions and services, which increases the value of Sage Business Cloud and enables the Group to deepen customer relationships; and
- by creating a seamless experience for customers that drives higher satisfaction, helps retain customers and increases adoption of the Group's solutions.

Markets and customers

The Group helps businesses face the day-to-day challenges of running a business by simplifying complexity, providing greater control and assisting with legislative compliance.

The Group provides accounting, financial management, ERP, people and payroll software to businesses of all sizes. These products are offered on a subscription basis for both its cloud native and cloud connected solutions.

The Group has a global presence with North America; UK, Ireland, Africa and APAC; and Europe segments accounting for 44 per cent., 29 per cent. and 27 per cent., respectively, of its underlying revenue in FY2023.

The Group's customer base comprises four categories:

- subscription customers with a cloud native or cloud connected subscription;
- subscription customers with an on-premise product who the Group believes present an opportunity for revenue growth if they migrate to cloud-based subscription contracts which would provide them with superior functionality and access to Sage Business Cloud;
- on-plan customers with both a perpetual licence and a support contract. Again, the Group sees an opportunity to migrate these customers to a subscription contract which would generate additional revenue compared to the revenue derived from a maintenance contract; and
- off-plan customers with a perpetual licence but no support contract. The Group believes that many of these customers, who currently generate no revenue to the Group, will still be using an older version of the Group's product, which presents the Group with an opportunity to migrate them to the latest versions of its subscription-based cloud connected products.

The Group has three main routes to market: inbound digital sales, inbound and outbound direct sales and partners. Direct sales include both desk-based inside sales teams and field sales teams for the Group's solutions targeting larger customer segments such as those using Sage Intacct, Sage People and Sage X3. The Group's partners operate in four channels: strategic alliances, accountants, value added resellers (VARs) and ISVs. These partners are incentivised to drive new customers to the Group both financially and through their access to the other benefits offered by the Group's partner programme.

The Group believes that its partners are at the heart of everything it does and are core to its strategy. As such, the Group is committed to continuous investment in its partners to drive their success and growth and has a partner code of conduct which defines the minimum standards of behaviour expected from its partners.

The Group has a network of accountants who buy and use its software while simultaneously recommending the Group's products to other customer segments. The Group believes that accountants are a critical partner category as they continue to be a top trusted adviser to businesses, the technology recommendations that they make to their clients drive business decisions, and their consulting services are in high demand. The Group has invested in the growth of this channel through the acquisition of GoProposal (a client management solution) which is core to the Group's Sage for Accountants platform which was launched in November 2021 and the acquisition of Futrli (a cash flow forecasting software solution) in May 2022.

In addition, the Group works with VARs who promote and sell the Group's products to new customers, often bundling the products with their own software modules built on Sage technology (which are typically highly vertical specific), as well as value added services, such as integration, customisation, consulting, training and implementation, to meet customer needs.

The Group also has relationships with ISVs who develop solutions that integrate with the Group's Sage Business Cloud solutions, enhancing their functionality and often allowing the Group to target a new vertical in the market because of the specialisation the ISVs bring.

The Group's strategic alliance partners, which include Microsoft, Salesforce and Amazon, enable the Group to differentiate its own Sage Business Cloud offering by supporting new product innovation and joint go-to-market opportunities. They are central to empowering and growing the Sage Business Cloud and other leading business solutions and innovative technologies.

Products

The Sage Business Cloud is at the heart of the Group's overall product strategy. The Group believes that it has enabled an alignment of purpose and execution and a prioritisation of investment. As the importance of the digital economy has grown, the Sage Business Cloud has enabled the Group to respond appropriately. It involves a portfolio of attractive products and a set of cloud capabilities and services, equipping customers to thrive in this era of digital transformation. The Group believes that innovation is, and will continue to be, a clear driver of success and it continuously enriches its solutions by adding better features and providing a network of applications and services that make it easier for customers to connect, collaborate and do business.

The Sage Business Cloud portfolio is a suite of unified cloud native and cloud connected solutions for SMBs and accountants, enabling customers to be more productive, resilient and flexible. This is supported by a marketplace of ISVs and emerging technology across AI, machine learning and automation. Products in Sage Business Cloud include:

Sage Intacct

Sage Intacct is an award-winning cloud native financial management solution enabling organisations from start-ups to public companies to improve performance and make finance more productive. The Sage Intacct accounting software offers solutions across accounting, planning, analytics and payroll with broad functionality that automates, accelerates and streamlines complex processes and delivers financial and operational insights through its multi-dimensional general ledger. The software handles basic needs (for example, inventory, accounts payable, accounts receivable, general ledger, and purchasing) as well as sophisticated challenges such as contract and subscription billing, revenue management and project billing. Sage Intacct allows the customer to configure a solution to its requirements, integrate with other solutions, and build its own applications on the Sage Intacct platform.

Sage People

Sage People is a cloud HR and people management solution designed for mid-sized customers. It uses powerful automation, comprehensive analytics and flexible workflows to ensure global workforces can adapt and thrive. The solution streamlines core human resource processes by automating key tasks and workflows, all in a single system across a customer's entire organisation. It enables instant and complete visibility of a customer's global workforce, with smart analytics and actionable insights. Sage People has a wide range of features covering talent acquisition, attendance and leave management, payroll, compensation and benefit management and performance and talent management.

Sage People is targeted at medium and large businesses and is a cloud native solution.

Sage Accounting

Sage Accounting is an award-winning proposition that ensures small businesses operating in any industry, as well as accountants and bookkeepers, can manage their customer data, accounts, and people all in one cloud native destination. This includes online invoicing and expense and stock management as well as compliance and tax. The invoicing software facilitates the creation and sending of an invoice online and tracks which invoices have been sent, paid and are overdue, resulting in reduced time between sending an invoice and getting paid. Using the expense management tool, customers can log expenses simply by taking a smartphone photo of the invoice. The software also enables stock notifications and can be linked to the business bank account to allow bank transactions to be automatically matched to invoices.

Sage Payroll

Sage Payroll is a payroll and HR software that provides small businesses with the ability to pay their employees accurately and on time, while ensuring they remain compliant with the latest legislation. It

delivers a simple and guided payroll process from start to finish, removing the need to outsource payroll or hire a dedicated payroll expert. The solution automates and streamlines payroll tasks, including data collection, payments and deductions, pension contributions, and submissions such as real time information and auto enrolment. Integration with Sage Accounting means that salary journals are automatically posted into accounts, to provide a complete view of the business. Each time a pay run is completed, the information is posted directly into Sage Accounting, thus removing duplication of effort. Sage Payroll is targeted at small businesses and is a cloud native solution.

Sage 50cloud

The Group's Sage 50cloud solution provides small businesses with an advanced, cloud connected accounting solution, enabling their businesses to benefit from the power of desktop software while giving the freedom of smart, secure cloud through connected apps.

Sage 50cloud offers advanced features to enable businesses to streamline tasks including customer and supplier management, invoicing, banking with the ability to connect directly to bank accounts and securely import transactions, income and expense management, stock control, sales and purchase order processing, project management and VAT automation and submission.

Sage 50cloud is designed to support businesses in reducing unnecessary administration, improving cashflow and enabling access to insight to support better decision making and business growth.

Sage 200cloud

Sage 200cloud is a cloud connected business management solution, which helps small to medium-sized businesses grow revenue, reduce costs and increase profitability. It helps them manage their sales funnel, cash flow, compliance, inventory, manufacturing and payments processes. It also reveals insight into how their business is performing, and areas where it can be further improved to reduce risk and increase profitability. Sage 200cloud combines the power and productivity of desktop software, with the freedom and control of smart, secure cloud and mobile access.

Sage X3

Sage X3 provides fast, intuitive and tailored business management solutions for product-centric organisations. It transforms how organisations manage people, processes and operations. With multi-language, multi-legislation and multi-currency capabilities, Sage X3 delivers comprehensive business management capabilities, from procurement to production, warehousing, sales, customer service and financial management, and delivers insight into costs and performance at every step. It also adapts to users' unique roles, preferences and workflow and delivers secure cloud and mobile access to the data they need, while simplifying the management of their business software infrastructure with one cohesive suite of applications. The Group's enterprise management software offers flexible configuration options and applications to support industry-specific processes.

Sage X3 is targeted at medium and large businesses and has a number of deployment options including on-premise, privately hosted and cloud native.

RISK MANAGEMENT

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management activities. These activities reflect strategic, financial, operational and compliance considerations, and are designed to support the business to successfully achieve its operational and strategic objectives. The Group's risk management strategy provides parameters for the successful management of risk and provides the ELT with the scope to successfully deliver the business strategy in the most efficient way possible.

The Group's risk identification process follows both a top-down approach which seeks to identify strategic and emerging risks and a bottom-up approach which seeks to identify operational risks. The Group's risk appetite reflects its ability or desire to accept a certain level of risk in order to achieve its strategy. Principal risks impacting the Group are measured and monitored against the risk appetite statements and supporting metrics which are defined by the Groups' Enterprise Risk Management (ERM) framework. Risks are owned and managed within the business, and formally reviewed on a quarterly basis through appropriate risk committees. In FY2023, the Group monitored 12 principal risks.

Global conflicts (for example, between Russia and Ukraine and between Israel and Hamas), a trade war between the US and China, energy shortages, rising interest rates and inflation are some of the events which may have a material impact on the Group and its customers. In order to maintain resilience in this continuously changing external landscape, the Group has developed an ongoing horizon scanning process. This process enables the Group to monitor external events and trends and the resultant effect they may have on colleagues, customers and partners.

Part of the Group's horizon scanning involves looking beyond the present by considering emerging risks which are defined in a set of scenarios which may have an impact on the Group as well as the potential time horizon of each scenario. The Group then evaluates the extent of planning and mitigation that need to be put in place to ensure that it is adequately prepared and protected for its key emerging risks.

RESEARCH AND DEVELOPMENT

The Group develops most of its product offerings internally. In addition, it has extended its product offerings and intellectual property through acquisitions of businesses and technologies. The Group also purchases or licenses intellectual property rights in certain circumstances. The Group believes that internal development allows it to maintain technical control over the design and development of its products.

The Group has numerous patents and pending applications that relate to various aspects of its products and technology. While the Group believes that its patents have value, no single patent is essential to the Group or its business.

The Group's statutory R&D expenditure was £342 million, £302 million and £281 million in FY2023, FY2022 and FY2021, respectively, or 15.7 per cent. of its statutory revenue in FY2023, 15.5 per cent in FY2022 and 15.2 per cent. in FY2021. Rapid technological advances in software development, evolving standards in software technology, changing customer needs and frequent new product introductions, offerings and enhancements characterise the markets in which the Group operates. The Group intends to continue to dedicate significant resources to R&D efforts to drive new product and service innovation and maintain and improve its current product and services offerings.

FINANCIAL POLICY

The Group's leverage policy is to operate in a broad range of 1-2 times net debt to EBITDA over the medium term, with flexibility to move outside this range as the business needs require.

Within the confines of that policy, the Group operates a disciplined approach to capital allocation. The Group's focus is to accelerate strategic execution through organic and inorganic investment, including through acquisitions of complementary technology and partnerships to enhance Sage Business Cloud and further develop the Sage Network. In line with management's focus on core geographies, the Group's businesses in Poland, Australia and Asia were sold during FY2021, and its Swiss business and South African payroll business were sold in FY2022, which completed the Group's disposal programme.

The Group's policy is to grow the dividend over time while considering the future capital requirements of the Group. In line with the Group's policy and reflecting its strong business performance and cash

generation during FY2023, the total dividend for the year was increased by 5 per cent. to 19.3 pence per share.

The Group also considers returning surplus capital to shareholders. On 4 March 2021, the Group launched a £300 million share buyback programme that completed on 3 September 2021. A total of 45.4 million shares were purchased under this programme for a total consideration of £302 million inclusive of stamp duty and fees. A further £300 million share buyback programme commenced on 6 September 2021 and ended on 24 January 2022. A total of 39.8 million shares were purchased under this programme for a total consideration of £300 million. On 22 November 2023, the Group announced a share buyback programme of up to £350 million, reflecting the Board's confidence in the future prospects of the Group, together with the Group's strong cash generation and robust financial position.

The Group is committed to maintaining good financial discipline whilst continuing to invest in the business and delivering strong shareholder returns.

MANAGEMENT AND EMPLOYEES

OVERVIEW

The Group's governance framework comprises the Board of Directors (the **Board**), three Board committees⁵, the Chief Executive Officer (the **CEO**), the Chief Financial Officer (the **CFO**) and the ELT, which is chaired by the CEO who in turn reports to the Board.

Beneath the ELT there exists a clearly defined organisational management structure and a governance framework consisting of sub-committees, each of which reports directly or indirectly into one of the Committees referred to above. These sub-committees operate within defined terms of reference and in accordance with the Group's suite of global governance policies, which include Finance, IT, Procurement, Legal and HR policies as well as the Group's Code of Conduct.

BOARD OF DIRECTORS

The Board is collectively responsible for the long-term sustainable success of the Issuer and the Group, for the benefit of all stakeholders and the wider society. The Board provides entrepreneurial leadership and sets the Group's purpose, strategy and values. It also provides support and constructive challenge to senior management and ensures that the Group maintains an effective risk management and internal control environment.

During FY2023, the Board held five scheduled meetings.

The table below shows the Group Board members as at the date of this Base Prospectus⁶, the date of their appointment and the principal activities performed by them outside the Group.

Name and title	Date of Appointment to the Board	Principal activities performed outside of the Group
Andrew Duff Chair	Appointed to the Board 1 May 2021 as Non-executive Director and as Chair on 1 October 2021	UK Government Investments Limited (UKGI) - Non-executive Director
Steve Hare CEO	Appointed to the Board 3 January 2014 and as CEO on 2 November 2018	None
Jonathan Howell CFO	Appointed to the Board 15 May 2013 and as CFO on 10 December 2018	Experian plc – Non-executive Director
Sangeeta Anand Independent non-executive director	1 May 2020	Direktiv.IO – Independent board member
Dr John Bates Independent non-executive director	31 May 2019	SER Group Holding GmbH – Chief Executive Officer SER Group Inc – Director and president

⁵ In addition to the three main board committees, the Group also has a Disclosure Committee.

⁶ Drummond Hall resigned as senior non-executive director in December 2023.

Jonathan Bewes	1 April 2019	Next plc – Senior Independent Director and chair of the audit committee
Independent non-executive director		Court of the Bank of England – Non-executive director and chair of the audit and risk committee
Maggie Chan Jones	1 December 2022	Tenshey, Inc – Chief Executive
Independent non-executive director		Ontinue – Non-executive board advisor
		BT Group plc – Non-executive director and member of the nomination and responsible business committees
		US Tennis Association – Director at large and member of the audit and strategic investment committees
Annette Court⁽¹⁾	1 April 2019	Admiral Europe Compañía de Seguros – Director
Senior independent non-executive director		WH Smith PLC – Chair
Roisin Donnelly	3 February 2023	NatWest Group plc – Non-executive director
Independent non-executive director		Premier Foods plc – Non-executive director
Derek Harding	2 March 2021	Spectris plc – Chief Financial Officer
Independent non-executive director		

Note:

- (1) Annette Court was appointed as senior independent non-executive director following the resignation of Drummond Hall, the previous senior non-executive director, in December 2023.

The address of each member of the Board is C23 – 5 & 6 Cobalt Park Way, Cobalt Business Park, Newcastle upon Tyne, NE28 9EJ. The Group's governance procedures include provisions requiring directors to declare their interests at each Board meeting and not to vote on any matter in which they have an interest. On that basis, there are no potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Group.

BOARD COMMITTEES

Audit and Risk Committee

This committee oversees and assesses the integrity of the Group's financial reporting, risk management and internal control procedures. It also oversees the integrity of the Group's ESG reporting and measurement and the work of Sage Assurance (internal audit) and the external auditor. The members of the Audit and Risk Committee as at the date of this Base Prospectus are Jonathan Bewes (Chair), Annette Court, Sangeeta Anand and Derek Harding. The committee held four scheduled meetings in FY2023.

Nomination Committee

This committee reviews the structure, size and composition of the Board and its committees; plans for progressive refreshing of their membership; and considers succession plans for the Board and senior management, to ensure they have the correct balance of diversity, skills, knowledge and experience. The members of the Nomination Committee as at the date of this Base Prospectus are Andrew Duff (Chair), Dr John Bates and Annette Court. The committee held three scheduled meetings in FY2023.

Remuneration Committee

This committee sets the remuneration policy for the Executive Directors and determines the remuneration framework, including bonus and incentive plans and levels of remuneration for the Executive Directors, the Chair, the Company Secretary, and senior management in line with the long-term interests of the Issuer. The members of the Remuneration Committee as at the date of this Base Prospectus are Annette Court (Chair), Dr John Bates and Roisin Donnelly. The committee held six scheduled meetings in FY2023.

Disclosure Committee

This committee advises the Board to ensure that the Group complies with all obligations under the UK Market Abuse Regulation. It supports the Board in assessing when the Group may have inside information and ensures the accurate and timely disclosure of any such information. As at the date of this Base Prospectus, the Disclosure Committee members include the Chair, the CEO, the CFO, the Chair of the Audit and Risk Committee, the General Counsel and Company Secretary.

EXECUTIVE MANAGEMENT

The Group's CEO is responsible for management of the Group as a whole and the delivery of strategic objectives within the Board's stated risk appetite. The ELT assists the CEO in implementing the Group's strategy, meeting its commercial objectives and improving its operational and financial performance.

The members of the ELT are:

Name	Title
Stephen Hare	CEO
Jonathan Howell	CFO
Walid Abu-Hadba	Chief Product Officer
Aziz Benmalek	President – North America
Derk Bleeker	President – EMEA

Vicki Bradin	General Counsel and Company Secretary
Amanda Cusdin	Chief People Officer
Aaron Harris	Chief Technology Officer
Cath Keers	Chief Marketing Officer
Amy Lawson	Chief Corporate Affairs Officer

The address of each member of the ELT is C23 – 5 & 6 Cobalt Park Way, Cobalt Business Park, Newcastle upon Tyne, NE28 9EJ. There are no potential conflicts of interest between the private interests or other duties of the executive managers listed above and their duties to the Group.

EMPLOYEES

During FY2023, the Group employed on an average monthly basis, 11,565 employees (including Directors), including 3,998 in UK and Ireland, 3,490 in Europe, 2,823 in North America and 1,254 in Africa and APAC.

BOARD OF DIRECTORS OF THE GUARANTOR

The table below sets out the names of the directors of the Guarantor, the date of their appointment and their other principal activities.

Name and title	Date of Appointment	Principal activities performed outside of the Group
Victoria Bradin	16 September 2016	None
Director		
Jacqui Cartin	6 August 2020	None
Director		
James Thomas	12 March 2020	None
Director		
Alexander Hall	1 September 2023	None
Director		

The address of each director of the Guarantor is C23 – 5 & 6 Cobalt Park Way, Cobalt Business Park, Newcastle upon Tyne, NE28 9EJ. There are no potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Group.

TAXATION

UNITED KINGDOM TAXATION

The following is a summary of the Issuer's understanding of current UK law as applied in England and Wales and HM Revenue & Customs' practice (which may not be binding on HM Revenue & Customs), in each case as at the latest practicable date before the date of this Base Prospectus. The summary relates only to the UK withholding tax treatment of payments of interest (as that term is understood for UK tax purposes) in respect of Notes. It does not deal with any other UK taxation implications of acquiring, holding or disposing of Notes. It assumes that there will be no substitution of the Issuer and does not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). It relates only to the position of persons who are the absolute beneficial owners of their Notes and all payments made thereon. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future (possibly with retrospective effect). Prospective Noteholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes may be made without deduction of or withholding on account of UK income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List of the Financial Conduct Authority (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) and admitted to trading on the London Stock Exchange. HM Revenue & Customs guidance provides that securities admitted to trading on the Main Market (excluding the High Growth Segment) of the London Stock Exchange satisfy this test. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of UK income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a UK source on account of UK income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue & Customs can, provided that any necessary conditions are satisfied, issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

The UK withholding tax treatment of payments by the Guarantor under the terms of the Guarantee in respect of interest on the Notes which have a UK source (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, such payments by the Guarantor may not be eligible for the exemptions described above in relation to payments of interest by the Issuer. Accordingly, if the Guarantor makes any such payments, these may be subject to UK withholding tax at the basic rate.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial

institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under Condition 18 (*Further Issues*)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement dated 31 January 2024 (such programme agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer, failing which, the Guarantor has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, (the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph and the preceding paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the

offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK.

For the purposes of this provision, the expression **retail investor** means a person who is one (or more) of the following:

- (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK; and
- (c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA.

For the purposes of this provision, the expression **retail investor** means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Singapore

Unless the Final Terms in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the **MAS**). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Final Terms in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that all Notes issued or to be issued under the Programme shall be "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Belgium

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Switzerland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus, nor any other offering or marketing material relating to the Notes, constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Canada

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are "accredited investors", as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), as applicable, and "permitted clients", as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief and in all cases at its own expense) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantor, the Trustee or any of the Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor, the Trustee or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme by the Issuer has been duly authorised by a resolution of the Board of the Issuer passed on 14 November 2022 and a resolution of a Sub-Committee of the Board of the Issuer passed on 27 January 2023. The giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor passed on 27 January 2023.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the FCA for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market. The listing of the Programme in respect of the Notes is expected to be granted on or around 5 February 2024.

Clearing Systems

The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Clearstream, Luxembourg and Euroclear will be specified in the applicable Final Terms. If the Notes are to be cleared through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Change

There has been no significant change in the financial performance or financial position of the Issuer, the Guarantor or the Group, in each case since 30 September 2023 and there has been no material adverse change in the prospects of the Issuer, the Guarantor or the Group, in each case since 30 September 2023.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) in the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer, the Group or the Guarantor.

Auditors

The auditors of the Issuer and the Guarantor are Ernst & Young LLP, who are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. Ernst & Young LLP have audited the consolidated financial statements of the Issuer and the unconsolidated financial statements of the Guarantor for the financial years ended 30 September 2023 and 30 September 2022, as stated in their respective reports (which are incorporated by reference into this Base Prospectus).

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will be available for inspection at <https://www.sage.com/investors/investor-centre/debt-investors/>:

- (a) this Base Prospectus (together with any supplements to this Base Prospectus);
- (b) the constitutional documents of the Issuer and the Guarantor;
- (c) the Trust Deed (which includes the form of the Global Notes, the definitive Notes and the Coupons) and the Agency Agreement; and
- (d) any Final Terms.

Dealers transacting with the Issuer and the Guarantor

Certain of the Dealers and/or their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealers or their respective affiliates may have performed investment banking and advisory services for the Issuer, the Guarantor and their respective affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Dealers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Issuer, the Guarantor and their respective affiliates in the ordinary course of their business. Certain of the Dealers and/or their respective affiliates have acted and expect in the future to act as a lender to the Issuer, the Guarantor and/or other members of the Group and/or otherwise participate in transactions with the Group.

In the ordinary course of their various business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their respective affiliates. In addition, certain of the Dealers and/or their respective affiliates hedge their credit exposure to the Issuer and/or the Guarantor pursuant to their customary risk management policies. These hedging activities could have an adverse effect on the future trading prices of the Notes issued under the Programme. The Dealers and/or their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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