



The Sage Group plc
Trading update for the three months ended 31 December 2023

The Sage Group plc (FTSE: SGE), a leader in accounting, financial, HR and payroll technology for small and mid-sized businesses, today issues a trading update for the three months ended 31 December 2023¹.

Jonathan Howell, Chief Financial Officer, commented:

“Sage has delivered a strong first quarter, sustaining good momentum and growing in line with our plan for the year. Small and mid-sized businesses are continuing to digitalise despite the ongoing macroeconomic uncertainty, and through our trusted cloud solutions and innovative, AI-powered services we are well positioned to support them. We reiterate our guidance for the full year, as set out in our FY23 results announcement, as we continue to focus on delivering efficient growth.”

Underlying Revenue Performance²	Q1 24	Q1 23	% Growth	Organic % Growth
Total Revenue <i>of which Sage Business Cloud</i>	£573m <i>£454m</i>	£522m <i>£384m</i>	+10% <i>+18%</i>	+10% <i>+18%</i>
Total Revenue by Region				
North America	£259m	£229m	+13%	+13%
UKIA ³	£162m	£151m	+8%	+8%
Europe	£152m	£142m	+7%	+7%

Sage grew total revenue by 10% to £573m. Regionally, revenue in North America increased by 13% to £259m, with a good performance from Sage Intacct together with continuing growth in Sage 50 cloud and Sage 200 cloud. In the UKIA region, revenue grew by 8% to £162m, driven by further success in cloud native solutions (including Sage Intacct, Sage Accounting and Sage Payroll), alongside growth in Sage 50 cloud. In Europe, revenue increased by 7% to £152m, with a strong performance particularly in cloud connected solutions.

Sage Business Cloud revenue increased by 18% to £454m, driven by growth in cloud native revenue of 25% to £174m (Q1 23: £140m) primarily through new customer acquisition, and by growth in cloud connected revenue from both existing and new customers.

Recurring revenue increased by 11% to £554m (Q1 23: £500m), with software subscription revenue growth of 14% to £466m (Q1 23: £409m) resulting in subscription penetration of 81% (Q1 23: 78%).

Foreign exchange

Sterling has strengthened against the US Dollar and other international currencies compared with the prior period, leading to an exchange rate headwind.

Analyst and investor conference call

Jonathan Howell will host a webcast and conference call today at 8.30am UK time. The webcast can be accessed via the following link: <https://edge.media-server.com/mmc/p/zfks4vf3>. To join the conference call, please register via: <https://register.vevent.com/register/B1c9e9e7ddb14484d84aaa0b9fae07ae6>.

¹ In line with Sage's reporting changes announced on 7 December 2023, revenue by region, as well as Sage Business Cloud and cloud native revenue, is now reported as total rather than recurring revenue. All figures are reported on an underlying basis unless otherwise stated.

² Underlying and organic results are presented on a constant currency basis, while organic growth also excludes the impact of M&A. Underlying and organic measures are defined on pages 269-270 of Sage's FY23 Annual Report.

³ United Kingdom, Ireland, Africa and APAC.

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About Sage

Sage exists to knock down barriers so everyone can thrive, starting with the millions of small and mid-sized businesses (SMBs) served by us, our partners and accountants. Customers trust our finance, HR and payroll software to make work and money flow. By digitising business processes and relationships with customers, suppliers, employees, banks and governments, our digital network connects SMBs, removing friction and delivering insights. Knocking down barriers also means we use our time, technology and experience to tackle digital inequality, economic inequality and the climate crisis.