

## PRESS RELEASE

### FIRST QUARTER FY2023 REVENUE

#### Strong start to 2023, targets confirmed

**OVHcloud announces a very good start to the year with first quarter revenue of €216 million, up 15.4% versus Q1 2022, and confirms its growth acceleration in 2023**

- **OVHcloud's strategic focuses - data sovereignty, responsible cloud and innovation - contributed to accelerating first quarter growth, continuing the trend observed in previous quarters**
- **With a very good start to 2023, the acceleration trajectory is confirmed for 2023 with an organic revenue growth target of 14-16% and an EBITDA margin in line with FY2022**
- **Confirmed recurring and growth Capex targets of 16-20% and 28-32% of 2023 revenue respectively**
- **Confirmed medium-term targets with organic revenue growth around 25%, an adjusted EBITDA margin close to 42%, and recurring and growth Capex respectively at 14-16% and 28-32% of revenue**
- **Appointment of Stéphanie Besnier as CFO of OVHcloud. Currently Deputy CEO of the Agence des Participations de l'Etat, she is a former student of the Ecole Polytechnique and an engineer of the Corps des Ponts et Chaussées. With more than 20 years of experience in management positions in finance and investment, Stéphanie Besnier will bring significant expertise to OVHcloud to help drive the Group's development and growth acceleration strategy. Stéphanie will be joining the Group and its executive committee during the first quarter of 2023**

**Roubaix, 13 January 2023** – OVHcloud today announces its revenue for the quarter ended 30 November 2022. This press release concerns the consolidated revenue of OVH Groupe.

OVHcloud CEO Michel Paulin said:

*“This very good start to 2023 once again shows OVHcloud's ability to deliver on its strong, sustainable growth acceleration strategy. In a continuously growing cloud market, our positioning as European leader, validated by industrial analysts such as IDC, enables us to continue to successfully expand our offering of sovereign products and services, with an ever stronger environmental responsibility.*

*This very good start to the year, the strong commitment of our employees and the very positive cloud market fundamentals enable us to look forward to 2023 with a reaffirmed ambition, despite the still volatile macro-economic context. This enables us to confidently confirm our 2023 and medium-term targets.”*

## Q1 2023 revenue of €216 million, up 15.4% as reported and up 11.7% like-for-like<sup>1</sup>

During the first quarter of 2023 OVHcloud was notably recognised as one of the “Major Players” by the IDC MarketScape survey: *Worldwide Public Cloud Infrastructure as a Service 2022 Vendor Assessment*. This ranking confirms OVHcloud’s positioning at the forefront of the trusted cloud, and also as a pioneer of the sustainable cloud.

Over the first three months of 2023, in a continuously growing cloud market, the demand for sovereign cloud offerings remained on a constant growth trajectory. OVHcloud was able to meet this demand with, amongst other factors, strong growth in its sovereign solutions such as SecNumCloud certified offering. In this particularly dynamic market, OVHcloud benefits from its position as a pioneer and European leader. In order to continue to accelerate in this segment, the Group intends to expand SecNumCloud certification to its Public Cloud and Bare Metal cloud offerings.

With strong demand for a responsible cloud from customers and users, OVHcloud has positioned itself as the pioneer of the sustainable cloud and is recognised as such by the Group’s partners and customers. This is reflected in its strong eligibility for the European Green Taxonomy with 86% of eligible revenue in 2022 and ambitious medium-term targets.

Throughout this first quarter 2023, OVHcloud continued to enrich its portfolio of PaaS solutions in response to customer needs and to successfully expand the marketing of recently launched offerings. The Group notably developed the “Cold Archive” (storage), “AI Deploy” (artificial intelligence) and “Tanzu Kubernetes” (containerisation) offerings.

These developments have led to new customer gains and workload extensions with existing customers. Over this first quarter 2023, OVHcloud notably recorded successes with Mercedes-Benz innovation subsidiary AMBition, Klee Group, the *Institut de Radioprotection et de Sureté Nucléaire* and Egerie, a company specialising in cyber risks.

During Q1 2023, the Enterprise and Digital acquisition channel strategy continued to show results. This development is fed by dedicated programmes such as the “Partner Programme” and “Startup Programme”, which continue to be strengthened:

- The “Partner Program” was reinforced with over 1,150 partners, including over 300 *Advanced*, which benefit from dedicated training and certifications;
- The “Start-up Program” continued to develop both geographically, with the internationalisation of the programme, qualitatively, with the implementation of dedicated mentoring sessions, and quantitatively, with over 210 new start-ups integrated into the programme during the first quarter.

### Revenue by product segment

(in € million)	Q1 2022	Q1 2023	Change (%)	Change (%) LFL
Private Cloud	113.3	133.0	+17.4%	+12.8%
Public Cloud	29.0	35.7	+22.9%	+18.0%
Web Cloud & Other	44.9	47.3	+5.4%	+4.6%
<b>Total revenue</b>	<b>187.2</b>	<b>216.0</b>	<b>+15.4%</b>	<b>+11.7%</b>

**Private Cloud**, which includes *Bare Metal Cloud* and *Hosted Private Cloud*, achieved revenue of €133 million in Q1 2023, up 17.4% as reported and up 12.8% like-for-like. The segment’s strong growth is driven by double-digit growth in all regions and across the two distribution segments, Enterprise and Digital, reflecting a high degree of customer loyalty.

<sup>1</sup> Like-for-like (LFL): at constant exchange rates and consolidation scope vs FY2022 and excluding the direct effects of the Strasbourg incident.

**Public Cloud** posted revenue of €35.7 million for the quarter, up 22.9% as reported and up 18.0% like-for-like. Public Cloud was notably driven by double-digit growth across all regions.

During Q1 2023, the **Web Cloud & Other** segment posted revenue up 5.4% as reported and up 4.6% like-for-like compared to the previous financial year. This performance includes good performance in France, notably in the Enterprise segment, which includes partners and resellers and a good Black Friday campaign. Some of the offerings for the Web Cloud & Other sub-segments were recently updated to better meet customer needs.

## Revenue by geography

<i>(in € million)</i>	Q1 2022	Q1 2023	Change (%)	Change (%) LFL
France	93.2	107.1	+14.9%	+13.2%
Europe (excluding France)	53.5	60.1	+12.4%	+10.8%
Rest of the World	40.5	48.8	+20.6%	+9.4%
<b>Total revenue</b>	<b>187.2</b>	<b>216.0</b>	<b>+15.4%</b>	<b>+11.7%</b>

The increase in revenue in **France** includes strong growth in each of the segments with double-digit growth in Public Cloud and Private Cloud, notably driven by the Enterprise channel, which includes sales generated with OVHcloud's partners. Revenue was up 13.2% like-for-like in France.

In **Europe (excluding France)**, revenue for Private and Public Cloud also saw double-digit growth, with the same trends as those observed in France, in line with FY2022.

In the **Rest of the World**, growth continued with the continuous success of the Public Cloud and Private Cloud segments, which recorded double-digit growth over the first three months of the year, despite a strong comparison base in 2022 in the United States. Regional performance was also curtailed by the impact of Russia, which saw a significant slowdown during the period.

### Situation in Ukraine

With regard to the current geopolitical situation between Russia and Ukraine, the Group is constantly monitoring its domestic customers in Russia, Belarus and Ukraine. In this context, the Group is rigorously complying with all regulations in force.

## OUTLOOK

### 2023 outlook

After a very good start to the year, OVHcloud confirms that it is targeting organic revenue growth of 14-16% for FY2023, up compared to FY2022.

The cost of electricity, particularly in Europe, continues to be one of the most significant inflationary factors. Thanks to its active electricity hedging policy and geographical footprint in regions where prices are highly regulated, the Group already knows the cost of more than 90% of its electricity consumption for the 2023 financial year. Thanks to this visibility, OVHcloud expects its electricity costs in 2023 to range between 5% and 10% (*mid to high-single digit*) of revenue, up compared to 2022 (*mid-single digit*).

In this context, the Group has made gradual price increases of its products and services since December 2022, in line with global cloud industry-wide rises, which will enable OVHcloud to maintain its 2023 adjusted EBITDA margin in line with 2022. As the full impact of these price hikes kicks in from the second half onwards, the first quarter 2023

not benefiting from price increases, the Group expects to see a seasonal pattern in its adjusted EBITDA margin with a higher margin in the second half.

As of today, OVHcloud has not observed any changes in customer sales momentum as a result of the gradual price increases started since early December 2022. Regarding its existing customers, OVHcloud has not experienced any increase in the number of requests to its customer support related to the price increases.

Lastly, the Group confirms that it is targeting recurring Capex between 16% and 20% of revenue and growth Capex between 28% and 32% of revenue.

### **Medium-term outlook confirmed**

The Group reiterates its medium-term financial objectives and aims to achieve the following by 2025:

- organic revenue growth accelerating toward mid-twenties by FY2025 driven by a shift in business mix, deployment of the “Move to PaaS” strategy, international expansion, the benefit from the market shift to hybrid- and multi-cloud and the growing focus on data sovereignty;
- adjusted EBITDA margin close to 42%, by partly reinvesting economies of scale mainly achieved through better absorption of fixed costs over the period;
- recurring Capex down as a percentage of revenue, at between 14% and 16%, thanks to improved productivity, and similarly, growth Capex of between 28% and 32% of revenue.

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The 2022 Universal Registration Document filed with the French Financial Markets Authority (Autorité des marchés financiers – AMF) on 20 December 2022 under the number R.22-040 was approved by the Board of Directors on 15 December 2022. The audit procedures concerning the OVH Groupe SA parent company and consolidated financial statements for the financial year ended 31 August 2022 have been finalised and the related audit reports were issued on the same day.

## CALENDAR

16 February 2023: Annual Shareholders' Meeting

19 April 2023: FY2023 half-year results

## About OVHcloud

OVHcloud is a global player and the leading European cloud provider operating over 450,000 servers within 33 data centers across 4 continents to reach 1,6 million customers in over 140 countries. Spearheading a trusted cloud and pioneering a sustainable cloud with the best price-performance ratio, the Group has been leveraging for over 20 years an integrated model that guarantees total control of its value chain: from the design of its servers to the construction and management of its data centers, including the orchestration of its fiber-optic network. This unique approach enables OVHcloud to independently cover all the uses of its customers so they can seize the benefits of an environmentally conscious model with a frugal use of resources and a carbon footprint reaching the best ratios in the industry. OVHcloud now offers customers the latest-generation solutions combining performance, predictable pricing, and complete data sovereignty to support their unfettered growth.

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## Disclaimers

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Forward-looking statements include statements that may relate to OVHcloud's plans, objectives, strategies, goals, future events, future revenues or performance, and other information that is not historical information. Actual events or results may differ from those presented in this document due to a number of risks and uncertainties, including those described in the 2022 Universal Registration Document, filed with the French Financial Markets Authority (Autorité des marchés financiers - AMF) on December 20, 2022 under the number R.22-040 and/or in any future updates, amendments thereof or future Universal Registration Document.

All amounts are presented in € million. This may in certain circumstances lead to non-material differences between the sum of the figures and the subtotals that appear in the tables.

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## APPENDIX

### Glossary

**Like-for-like** is calculated at constant exchange rates, constant perimeter and excluding Strasbourg direct impacts. Perimeter adjustments correspond to M&A.

The net **revenue retention rate** for any period is equal to the percentage calculated by dividing (i) the revenue generated in such period from customers that were present during the same period of the previous year, by (ii) the revenue generated from all customers in that previous year period. When the revenue retention rate exceeds 100%, it means that revenues from the relevant customers increased from the relevant period in the previous year to the same period in the current year, in excess of the revenue lost due to churn.

**ARPAC (Average revenues per active customer)** represents the revenues recorded in a given period from a given customer group, divided by the average number of customers from that group in that period (the average number of customers is determined on the same basis as in determining net customer acquisitions). ARPAC increases as customers in a given group spend more on OVHcloud services. It can also increase due to a change in mix, as an increase (or decrease) in the proportion of high-spending customers would increase (or decrease) ARPAC, irrespective of whether total revenues from the relevant customer group increase.

**Current EBITDA** is equal to revenues less the sum of personnel costs and other operating expenses (and excluding depreciation and amortisation charges, as well as items that are classified as “other non-current operating income and expenses”).

**Adjusted EBITDA** is equal to current EBITDA excluding share-based compensation and expenses resulting from the payment of earn-outs from its adjusted EBITDA.

**Recurring Capital Expenditures (Capex)** reflects the capital expenditures needed to maintain the revenues generated during a given period for the following period.

**Growth Capital Expenditures (Capex)** represents all capital expenditures other than recurring capital expenditures.

## Revenue by segment and geography

In € million – by segment	Q1 FY22	Q1 FY23
Private cloud	113.3	133.0
Public cloud	29.0	35.7
Webcloud & Other	44.9	47.3
<b>Total Revenue</b>	<b>187.2</b>	<b>216.0</b>

Growth in % – by segment	Q1 FY23 LFL	Q1 FY23 reported
Private cloud	+12.8%	+17.4%
Public cloud	+18.0%	+22.9%
Webcloud & Other	+4.6%	+5.4%
<b>Total Revenue</b>	<b>+11.7%</b>	<b>+15.4%</b>

In € million – by geography	Q1 FY22	Q1 FY23
France	93.2	107.1
Europe (excl. France)	53.5	60.1
Rest of the World	40.5	48.8
<b>Total Revenue</b>	<b>187.2</b>	<b>216.0</b>

Growth in % – by geography	Q1 FY23 LFL	Q1 FY23 reported
France	+13.2%	+14.9%
Europe (excl. France)	+10.8%	+12.4%
Rest of the World	+9.4%	+20.6%
<b>Total Revenue</b>	<b>+11.7%</b>	<b>+15.4%</b>



## Reconciliation of like-for-like and reported growth

In € million – by segment	Q1 FY22 reported	FX impacts	Perimeter impacts	Strasbourg impacts	Q1 FY22 LFL
Private cloud	113.3	3.3	0.0	1.4	118.0
Public cloud	29.0	0.5	0.2	0.6	30.3
Webcloud & Other	44.9	0.2	0.0	0.2	45.3
<b>Total Revenue</b>	<b>187.2</b>	<b>4.0</b>	<b>0.2</b>	<b>2.1</b>	<b>193.5</b>

In € million – by segment	Q1 FY23 reported		Perimeter impacts	Strasbourg impacts	Q1 FY23 LFL
Private cloud	133.0		0.0	0.0	133.0
Public cloud	35.7		0.0	0.0	35.7
Webcloud & Other	47.3		0.0	0.0	47.3
<b>Total Revenue</b>	<b>216.0</b>		<b>0.0</b>	<b>0.1</b>	<b>216.1</b>

In € million – by geography	Q1 FY22 reported	FX impacts	Perimeter impacts	Strasbourg impacts	Q1 FY22 LFL
France	93.2	0.0	0.2	1.1	94.6
Europe (excl. France)	53.5	-0.0	0.0	0.8	54.3
Rest of the World	40.5	3.9	0.0	0.2	44.6
<b>Total Revenue</b>	<b>187.2</b>	<b>4.0</b>	<b>0.2</b>	<b>2.1</b>	<b>193.5</b>

In € million – by geography	Q1 FY23 reported		Perimeter impacts	Strasbourg impacts	Q1 FY23 LFL
France	107.1		0.0	0.0	107.1
Europe (excl. France)	60.1		0.0	0.0	60.1
Rest of the World	48.8		0.0	0.0	48.8
<b>Total Revenue</b>	<b>216.0</b>		<b>0.0</b>	<b>0.1</b>	<b>216.1</b>