

PRESS RELEASE – Third quarter 2023 revenue

SUSTAINED GROWTH IN Q3 2023

Annual targets confirmed

▪ **Sustained growth in 2023**

- Third quarter revenue of €228 million, up 13.2% like-for-like compared to the same period in 2022
- Nine-month revenue of €667 million, up 13.0% like-for-like compared to the same period in 2022

▪ **Reinforcement of strategic pillars**

- Continued developments of the Public Cloud and Private Cloud offerings, notably about AI-dedicated infrastructure
- Success of initial PaaS offerings confirmed, sustained new customer acquisition in Public and Private Cloud
- Ongoing geographic expansion: after the April 2023 opening of a new data centre in India, additional capacities secured in North America and extension programme continued, primarily in Asia and France
- Commercial successes for the sovereign offerings, quarter after quarter

▪ **Confirmation of annual FY2023 outlook**

- Organic revenue growth target between 13% and 14%, with an acceleration compared to 2022
- Adjusted EBITDA margin target of over 36%
- Recurring and growth Capex in the lower range of their respective annual targets of 16-20% and 28-32% of revenue

Roubaix, 29 June 2023 – OVHcloud today announces its revenue for the quarter ended 31 May 2023. This press release concerns the consolidated revenue of OVH Groupe.

OVHcloud CEO Michel Paulin said:

“Once again, OVHcloud has recorded strong growth during the 3rd quarter 2023, driven by the momentum of our cloud businesses. Our high-performance eco-friendly cloud offering, which guarantees data sovereignty, enables us to meet the needs of our increasingly numerous and loyal customers. This quarter also saw excellent momentum in product innovation coupled with a concerted drive to develop an offering dedicated to artificial intelligence requirements. Developments around AI are both on the hardware, to implement new GPU designed for AI, and around Large Language Models in order to offer generative AI that respects customers’ data privacy, which will allow us to target the exponential rise in customer demand in this area. Lastly, given the uncertain macro-economic environment, we are keeping a close eye on tight cost management while continuing to invest in our development. This way, we will build a more efficient and agile Group able to capitalise on the cloud market outlook, which remains highly promising over the medium term. We are confirming our financial targets for 2023.”

KEY FIGURES

€228M

Q3 FY23 revenue

+13.2%

**Organic
growth in Q3 FY23**

109%

**Revenue retention
rate**

Q3 FY23 revenue of €228 million, up 12.6% as reported and up 13.2% like-for-like¹

OVHcloud’s consolidated revenue for Q3 2023 reached €228 million, up 12.6% as reported compared to Q3 2022 and up 13.2% like-for-like.

In a complex macro-economic context, the third quarter performance illustrates the merits of OVHcloud’s positioning, notably its ability to grow revenue in its customer portfolio thanks to a double-digit growth in ARPAC and a net organic revenue retention rate of 109% in Q3. This performance also highlights OVHcloud’s attractiveness for new customers, notably in Public Cloud and key sectors such as healthcare, defence and finance.

The success of the development strategy with global and local partners was confirmed during this third quarter. OVHcloud continued to record double-digit sales growth with its partners, who now number over 1,350. In total, the *Enterprise* channel (direct and indirect sales) represents 55% of its revenue in the third quarter of the year.

Demand for sovereignty-related offerings remains at a sustained level, testifying to a growing appetite for these issues among major companies and public authorities. This interest can be seen in the revenue generated by the SecNumCloud offering, which has increased tenfold over twelve months. Thus, OVHcloud continues to develop its

¹ Like-for-like (LFL): at constant exchange rates and consolidation scope vs 2022 and excluding the direct effects of the Strasbourg incident.

certified sovereign offerings, notably by working to extend the SecNumCloud certification to its Public Cloud and *Bare Metal Cloud* solutions in France. Initiatives are also underway to extend the product ranges covered by national certification in Germany, Italy, Spain and at European level.

In line with the previous quarters, the PaaS offerings marketed by OVHcloud continued to grow strongly during the third quarter, with the notable success of the *Database-as-a-Service*, *Storage* and *Containers* offerings. This positive momentum around product innovations will continue over the coming quarters, with a greater maturity of existing offerings and also thanks to an infrastructure offering optimised for AI-related workloads.

During third quarter 2023, the Group pursued its policy of adjusting the prices of its commercial offerings in response to rising production costs. This gradual price increase has not affected the churn rate or customer acquisition momentum. OVHcloud expects to reap the full benefits of price increases in 2024.

Revenue by product segment

(in € million)	3 rd quarter 2022	3 rd quarter 2023	Change (%)	Change (%) LFL
Private Cloud	125.3	141.9	+13.3%	+14.5%
Public Cloud	32.8	39.4	+20.1%	+20.1%
Web Cloud & Other	44.4	46.6	+4.9%	+4.7%
Total revenue	202.4	227.9	+12.6%	+13.2%

OVHcloud accelerates the process to increase the share of high-growth cloud offerings in its portfolio, which now represent 80% of its revenue

Private Cloud, which includes *Bare Metal Cloud* and *Hosted Private Cloud*, achieved revenue of €142 million in the third quarter, up 13.3% as reported and up 14.5% like-for-like. Over the first nine months of the year, growth reached 16.1% as reported and 14.8% like-for-like. Positive segment growth during the third quarter notably reflects sustained growth in *Bare Metal Cloud* in Europe coupled with price hikes and double-digit growth in *Hosted Private Cloud* in France. These good performances offset slower growth in the USA, with some industries, notably IT, that have continued to optimize their cloud spendings in the recent months.

Public Cloud continued its strong growth during the third quarter and posted revenue of €39 million for the period, reflecting reported and like-for-like growth of 20.1% (19.9% and 22.2% respectively for the first nine months). The Public Cloud business continued to grow strongly in Europe. PaaS services are showing very good momentum, with constantly increasing customer adoption. New services were marketed during the third quarter, such as the new “cold” storage offering. OVHcloud also continues to develop new offerings around artificial intelligence, with new GPU and CPU, security (*KMS* and *IAM*) and data management.

During the third quarter, the **Web Cloud & Others** segment grew 4.9% as reported and 4.7% like-for-like compared to the previous year. Over the first nine months of the year, growth reached 3.5% as reported and 3.2% like-for-like. Within the next few weeks, the Group will bring out a new, more competitive web hosting offer with improved performance.

Revenue by geography

(in € million)	3 rd quarter 2022	3 rd quarter 2023	Change (%)	Change (%) LFL
France	99.6	113.0	+13.4%	+12.9%
Europe (excl. France)	57.3	66.6	+16.2%	+16.7%
Rest of the World	45.5	48.3	+6.2%	+9.5%
Total revenue	202.4	227.9	+12.6%	+13.2%

Revenue in **France** reached €113 million over the third quarter, underpinned by double-digit growth in the Private Cloud and Public Cloud segments. The *Enterprise* channel confirms its positive momentum, posting continued sustained growth over the third quarter.

In the **other European countries**, Private Cloud revenue growth continued to accelerate during Q3 and Public Cloud also saw a marked acceleration. Germany and Eastern Europe continued to accelerate strongly during this quarter.

In the **Rest of the World**, the Group opened its new data centre in India during the quarter. The centre achieved a very encouraging sales performance, underlining the significant demand for competitive, transparent cloud offerings that respect customer data. On the other hand, in North America the macro-economic context weighed heavily on demand for cloud services throughout the quarter. Russia has also weighed on the region in Q3.

OUTLOOK

2023 outlook

For FY 2023, OVHcloud is targeting organic revenue growth of 13-14%, which is an acceleration compared to FY 2022, an adjusted EBITDA margin of over 36% and recurring and growth Capex in the lower range of their respective targets of 16-20% and 28-32% of revenue.

Medium-term prospects

The Group recalls its medium-term financial targets:

- organic revenue growth accelerating to around 25% by FY2025 driven by a shift in business mix, deployment of the “Move to PaaS” strategy, international expansion, the market shift to hybrid- and multi-cloud and the 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 benefiting from productivity improvements and decrease as a percentage of revenue towards a range of between 14% and 16%; likewise, growth Capex as a percentage of revenue within a range of 28% to 32%.

CALENDAR

25 October 2023: FY2023 annual results

ABOUT OVHcloud

OVHcloud is a global player and the leading European cloud provider operating over 450,000 servers within 37 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.

CONTACTS

Media relations

media@ovhcloud.com

Investor relations

Benjamin Mennesson

Head of Financial Communication

investor.relations@ovhcloud.com

+ 33 (0)6 99 72 73 17

DISCLAIMERS

This document contains forward-looking statements that involve risks and uncertainties, including references, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitors' behaviors. Any forward-looking statements made in this document are statements about OVHcloud's beliefs and expectations as of the date of this presentation and should be evaluated as such.

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.

OVHcloud does not undertake, and specifically disclaims, any obligation or responsibility to update or amend any of the information above except as otherwise required by law.

This document is disseminated for information purposes only and does not constitute an offer to purchase or sell, or a solicitation of an offer to sell or to purchase, any securities in any jurisdiction.

APPENDICES

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

<i>In € million</i>	Q1 FY2022 Reported	Q2 FY2022 Reported	Q3 FY2022 Reported	9M FY2022 Reported	Q1 FY2023 Reported	Q2 FY2023 Reported	Q3 FY2023 Reported	9M FY2023 Reported
Private cloud	113.3	119.3	125.3	357.8	133.0	139.9	141.9	415.2
Public cloud	29.0	30.6	32.8	92.4	35.7	38.3	39.4	113.0
Webcloud & Other	44.9	44.9	44.4	134.2	47.3	45.1	46.6	138.9
Total Revenue	187.2	194.8	202.4	584.5	216.0	223.3	227.9	667.2

<i>Growth in %</i>	Q1 FY2023 LFL	Q2 FY2023 LFL	Q3 FY2023 LFL	9M FY2023 LFL	Q1 FY2023 Reported	Q2 FY2023 Reported	Q3 FY2023 Reported	9M FY2023 Reported
Private cloud	+12.8%	+16.6%	+14.5%	+14.8%	+17.4%	+17.3%	+13.3%	+16.1%
Public cloud	+18.0%	+22.8%	+20.1%	+19.9%	+22.9%	+25.2%	+20.1%	+22.2%
Webcloud & Other	+4.6%	+0.3%	+4.7%	+3.2%	+5.4%	+0.4%	+4.9%	+3.5%
Total Revenue	+11.7%	+13.9%	+13.2%	+13.0%	+15.4%	+14.6%	+12.6%	+14.2%

<i>In € million</i>	Q1 FY2022 Reported	Q2 FY2022 Reported	Q3 FY2022 Reported	9M FY2022 Reported	Q1 FY2023 Reported	Q2 FY2023 Reported	Q3 FY2023 Reported	9M FY2023 Reported
France	93.2	96.6	99.6	289.5	107.1	109.4	113.0	329.4
Europe (excl. France)	53.5	55.9	57.3	166.7	60.1	64.1	66.6	190.9
Rest of the World	40.5	42.3	45.5	128.3	48.8	49.8	48.3	147.0
Total Revenue	187.2	194.8	202.4	584.5	216.0	223.3	227.9	667.2

<i>Growth in %</i>	Q1 FY2023 LFL	Q2 FY2023 LFL	Q3 FY2023 LFL	9M FY2023 LFL	Q1 FY2023 Reported	Q2 FY2023 Reported	Q3 FY2023 Reported	9M FY2023 Reported
France	+13.2%	+12.4%	+12.9%	+12.8%	+14.9%	+13.2%	+13.4%	+13.8%
Europe (excl. France)	+10.8%	+15.3%	+16.7%	+14.3%	+12.4%	+14.8%	+16.2%	+14.5%
Rest of the World	+9.4%	+15.4%	+9.5%	+11.5%	+20.6%	+17.7%	+6.2%	+14.5%
Total Revenue	+11.7%	+13.9%	+13.2%	+13.0%	+15.4%	+14.6%	+12.6%	+14.2%

Reconciliation of like-for-like and reported growth

<i>In € million</i>	Q3 FY22 Reported	FX impacts	Perimeter impacts	Strasbourg impacts	Q3 FY22 LFL
Private cloud	125.2	-1.5	0.0	0.3	124.0
Public cloud	32.8	-0.3	0.1	0.2	32.9
Webcloud & Other	44.4	-0.0	0.0	0.1	44.5
Total Revenue	202.4	-1.8	0.1	0.6	201.3

<i>Growth in %</i>	Q3 FY23 Reported	Perimeter impacts	Strasbourg impacts	Q3 FY23 LFL
Private cloud	142.4	0.0	0.0	142.5
Public cloud	38.9	0.0	0.0	38.9
Webcloud & Other	46.5	0.0	0.0	46.5
Total Revenue	227.9	0.0	0.1	228.0

<i>In € million</i>	Q3 FY22 Reported	FX impacts	Perimeter impacts	Strasbourg impacts	Q3 FY22 LFL
France	99.6	-0.0	0.1	0.4	100.1
Europe (excl. France)	57.3	-0.4	0.0	0.2	57.1
Rest of the World	45.5	-1.4	0.0	0.0	44.2
Total Revenue	202.4	-1.8	0.1	0.6	201.3

<i>Growth in %</i>	Q3 FY23 Reported	Perimeter impacts	Strasbourg impacts	Q3 FY23 LFL
France	113.0	0.0	0.0	113.0
Europe (excl. France)	66.6	0.0	0.0	66.6
Rest of the World	48.3	0.0	0.0	48.3
Total Revenue	227.9	0.0	0.1	228.0