



SIGNING OF BINDING AGREEMENT TO ACQUIRE ONI,
A TELECOMMUNICATIONS OPERATOR IN PORTUGAL
GIGAS HOSTING, S.A.

8 November 2020

Pursuant to article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and article 228 of the Consolidated Text of the Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October, and related provisions, and Circular 3/2020 of the BME Growth Segment of BMT MTF Equity ("BME Growth") on disclosures required of BME Growth companies, Gigas Hosting, S.A. ("GIGAS" or the "Company") hereby discloses to the market the signing of a binding agreement to acquire the entire share capital of Portuguese company WINREASON S.A. and all its subsidiaries, which operates under the ONI ("ONI" or the "Operator") trademark.

GIGAS signed a binding agreement yesterday to acquire ONI, the leading telecommunications operator in the B2B (business-to-business) market in Portugal and member of Cabonitel group.

The binding agreement was formalised with private equity firm GAEA Inversión, itself run by asset manager Inveready, which specialises in technology companies. Following a shareholder and corporate restructuring at Cabonitel, GAEA Inversión will become owner of 100% of ONI's share capital.

The transaction is subject to authorisation by Portugal's antitrust authorities and would be carried out after carving out certain network assets to Cabonitel group. The acquisition is expected to be completed in early 2021. The parties have agreed a locked box period before the closing of the acquisition, during which GIGAS will already be the beneficiary of the economic rights of ONI.

ONI provides telecommunications (connection, Internet access, voice, mobile communications) and IT/security (cloud, IT services, security) services to approximately 1,100 customers. The Operator provides advanced telecommunications services to large corporates and medium-sized companies (mid-market) and wholesale voice and data services to both Portuguese and international telecommunications operators.

ONI was created in 1998 by four of Portugal's largest enterprises (EDP, Brisa, Millenium BCP and Galp Energía) as the country's first alternative operator in the wake of the deregulation of Portugal's telecoms industry. It has since become the leading Portuguese business telecommunications operator, renowned for focusing on quality, launching pioneering services and owning one of the country's most extensive fibre networks for the corporate market.

Forecasts for FY2020 for the group of companies included under the scope of the transaction point to revenue of EUR 37.3 million and normalised EBITDA of EUR 7.0 million, with an EBITDA margin of 18.8%. ONI has metropolitan and access networks through its own and leased fibre

PRICE SENSITIVE INFORMATION

infrastructure. Following the corporate restructuring, it will be able to use the Cabonitel Group's backbone network under a long-term IRU (indefeasible right of use). **The Operator also has a fibre ring connecting Madrid to Lisbon and Porto, which will enable a smooth integration of services and operations with GIGAS in the Iberian Peninsula.**

The Operator has **approximately 165 highly skilled employees with vast industry experience. ONI's CEO, Nuno Saraiva, and CTO, Carlos Pereira, will continue to oversee operations in Portugal** and will play a key role in the development of GIGAS' new telecoms services.

ONI also has two datacenters in Lisbon and Porto, which will be added to GIGAS' existing datacenter footprint and help the Group operate more efficiently. GIGAS already has operations in Portugal after acquiring the cloud services provider AHP in October last year (see price sensitive information disclosed on 29 October 2019) and this acquisition strengthens its presence in the enterprise telecommunications and telecom managed services segments.

The transaction price has been set at EUR 40 million (equity value), of which approximately 38% will be paid in cash using proceeds from the two monetary capital increases pending approval by shareholders at the Extraordinary General Meeting to be held on 17 November 2020 (at first call) and the remainder in newly issued shares of GIGAS. GIGAS will also assume ONI's existing debt, of around EUR 3 million. The new GIGAS shares will be issued at an Extraordinary General Meeting to be called once the transaction has been closed and at a price of EUR 6.25 per share, which is the same as in the two monetary capital increases. **The payment in shares will require around four million of newly issued GIGAS shares, enabling GAEA to become GIGAS' largest shareholder, with slightly over a third of the total shares issued** after the two monetary capital increases are carried out. **GIGAS will have a well-known financial shareholder that will provide stability and brings a strong track record and expertise in telecommunications and M&A deals** and will become GAEA/Inveready's key telecoms investee. The deal structure, with 62% of the payment in new GIGAS shares, reflects GAEA/Inveready's interest and alignment with the new stage in ONI's trajectory as a GIGAS Group member.

As explained, the transaction will be funded without increasing debt. This leaves the Group with a healthy financial position and ample capacity to fund new acquisitions with debt. **The Group will have around EUR 7 million of cash and approximately EUR 5 million of net financial debt (representing 0.5x the combined EBITDA) post-acquisition and capital increases.** The acquisition of ONI and the recent acquisition of Ignitar in Ireland (see price sensitive information of 16 September 2020) **will give Gigas pro-forma revenue for FY 2020 of approximately EUR 50.0 million and pro-forma adjusted consolidated EBITDA (excluding M&A costs) of EUR 10.2 million.**

In the price sensitive information notice disclosed on 16 October 2020, the Company said it was in advanced talks for the acquisition of two targets in the telecommunications sector. The binding acquisition agreement of ONI announced today involves the largest of the two transactions and Gigas will provide more information regarding ONI and the acquisition at the Extraordinary General Meeting of Shareholders convened for November 17, 2020 (first call). The second entails the acquisition of a portfolio of business telecommunications services customers in Spain, which is still in the due diligence stage.

By acquiring ONI, GIGAS is embarking on a new stage aimed at becoming a leading operator in the enterprise telecommunications, cloud and security convergent services market in the Iberian Peninsula. GIGAS also strengthens its product offering in order to become a one stop shop for businesses and brings in human resources and telecommunications capabilities in Portugal, to establish its base of operations for launching OTT services (over the top, using

PRICE SENSITIVE INFORMATION

third-party networks) in other countries. The acquisition will also increase the current Company's revenue by four-fold and EBITDA by over three-fold, giving it the size and financial wherewithal to become a pioneering and relevant player in innovative convergent services.

GIGAS engaged Ernst&Young Servicios Corporativos and RRP Advogados as advisors for the transaction. Q Advisors, a global TMT investment banking boutique, acted as financial advisor to the sellers in connection with this transaction.

In Lisbon and Madrid, 8 November 2020,

Diego Cabezudo
Chief Executive Officer
GIGAS HOSTING, S.A