



NOTIFICATION OF Q1 2021 EARNINGS  
GIGAS HOSTING, S.A.

23 May 2021

With a view to increasing transparency and providing regular information on the key financial and business indicators of Gigas Hosting, S.A. (hereinafter, "GIGAS", the Company", or the "GIGAS Group"), although not required to do so according to the current regulations of the BME Growth Segment of BMT MTF Equity ( "BME Growth"), GIGAS hereby presents this notice to the market on the first quarter of 2021, in accordance with the commitment undertaken in section 3.1.6 Financial Information in the Informational Document on Admission to BME Growth (DIIM for its initials in Spanish) published in September 2015.

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 BME Growth, the Company hereby also notifies the deviations in its metrics against the 2021 budget included in the price sensitive information disclosed on 8 February 2021.

**SUMMARY OF RELEVANT INFORMATION**

- The Company delivered strong growth in 1Q 2021 driven by acquisitions. Net revenue in the quarter amounted to EUR 9.32 million, a more than 3.5-fold increase year-on-year (from EUR 2.66 million) and 73% above the budget (EUR 5.40 million).
- GIGAS also reported adjusted EBITDA (excluding M&A costs, stock options and multiyear remuneration plans) of EUR 2.12 million, an increase of 215% year-on-year from EUR 672 thousand in the first quarter last year and 74% above the EUR 1.22 million budgeted.
- The Company focused on completing M&A deals during the quarter (i.e. acquisitions of MasMovil's B2B telecommunications customer portfolio, Portuguese telco ONI, and ValoraData's cloud backup business unit – see Other Relevant Information notices of 3 February and 30 March, and Inside Information of 31 March 2021), integrating and consolidating the acquisitions and designing its new telco/cloud/cybersecurity solutions, which will be launched on the market this fall.

## CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2021

### GIGAS GROUP

#### Consolidated Income Statement Q1 2021

<i>Figures in EUR</i>	<b>Q1 2021</b>
<b>Net Revenues</b>	<b>9,323,108</b>
Cloud, IT and Cybersecurity Services	3,523,012
Telecommunication Services	5,789,479
Non-recurring income, grants and other	10,618
<b>Cost of Sales</b>	<b>(3,721,243)</b>
Product direct costs	(3,301,024)
Technical and operation costs	(420,219)
<b>Gross Margin</b>	<b>5,601,865</b>
<i>Gross Margin %</i>	<i>60.1%</i>
<b>Personnel Expenses</b>	<b>(1,961,782)</b>
Salaries and Social Security	(2,248,699)
Own R&D costs capitalised	286,917
<b>Other Corporate Costs</b>	<b>(1,522,281)</b>
Customer operations, Marketing et al.	(284,425)
Network, Operations and IT	(631,897)
Other G&A Costs	(605,959)
Other Results	-
<b>Adjusted EBITDA</b>	<b>2,117,802</b>
<i>Adjusted EBITDA %</i>	<i>22.7%</i>

**NB\*:** Adjusted EBITDA excludes M&A costs and multiyear remuneration plans (stock options and others)

#### DETAILED FINANCIAL INFORMATION AND BUDGET VARIANCE

- Net revenue in the first three months of 2021 amounted to EUR 9.32 million, driven by the acquisitions made in recent months and outperforming the budget thanks to the consolidation of ONI's earnings from mid-February, earlier than the 1<sup>st</sup> of April expected date which had been used in the budget (and therefore the budget did not factor in ONI in the first quarter). This marked a more than 3.5-fold increase on Q1 2020 (EUR 2.66 million) and was 73% above the EUR 5.40 million budgeted. Telecom revenue (from ONI and the MasMovil portfolio) accounted for 62.0% of the total, and cloud and cybersecurity 38.0% (mostly from Gigas, but also, to some extent, from ONI and the MasMovil portfolio).

## CONSOLIDATED INCOME STATEMENT VS. 2020 AND BUDGET

### GIGAS GROUP

#### Consolidated Income Statement Q1 2021

<i>Figures in EUR</i>	<b>Q1 2021</b>	<b>% Chg.</b>	<b>Q1 2020</b>	<b>% Chg.</b>	<b>BUDGET</b>	<b>Q1 2021</b>
<b>Net Revenues</b>	<b>9,323,108</b>	<b>251%</b>	<b>2,658,707</b>		<b>73%</b>	<b>5,398,224</b>
Cloud, IT and Cybersecurity Services	3,523,012	34%	2,631,089		15%	3,057,823
Telecommunication Services	5,789,479	-	-		148%	2,329,871
Non-recurring income, grants and other	10,618	-62%	27,618		1%	10,530
<b>Cost of Sales</b>	<b>(3,721,243)</b>	<b>380%</b>	<b>(775,053)</b>		<b>68%</b>	<b>(2,210,657)</b>
Product direct costs	(3,301,024)	715%	(405,199)		88%	(1,759,503)
Technical and operation costs	(420,219)	14%	(369,854)		-7%	(451,154)
<b>Gross Margin</b>	<b>5,601,865</b>	<b>197%</b>	<b>1,883,654</b>		<b>176%</b>	<b>3,187,566</b>
<i>Gross Margin %</i>	<i>60.1%</i>	<i>-15%</i>	<i>70.8%</i>		<i>1.8%</i>	<i>59.0%</i>
<b>Personnel Expenses</b>	<b>(1,961,782)</b>	<b>114%</b>	<b>(917,529)</b>		<b>55%</b>	<b>(1,261,995)</b>
Salaries and Social Security	(2,248,699)	119%	(1,028,639)		58%	(1,420,225)
Own R&D costs capitalised	286,917	158%	111,111		81%	158,230
<b>Other Corporate Costs</b>	<b>(1,522,281)</b>	<b>418%</b>	<b>(293,804)</b>		<b>115%</b>	<b>(707,566)</b>
Customer operations, Marketing et al.	(284,425)	-	-		-26%	(383,528)
Network, Operations and IT	(631,897)	-	-		-	-
Other G&A Costs	(605,959)	106%	(293,804)		87%	(324,038)
Other Results	-	-	-		-	-
<b>Adjusted EBITDA</b>	<b>2,117,802</b>	<b>215%</b>	<b>672,321</b>		<b>74%</b>	<b>1,218,006</b>
<i>Adjusted EBITDA %</i>	<i>22.7%</i>	<i>-10%</i>	<i>25.3%</i>		<i>0.7%</i>	<i>22.6%</i>

**NB:** \*Adjusted EBITDA excludes M&A costs and multiyear remuneration (stock options and others)

Gross margin for Q1 2020 was slightly different to last year's reported margin due to the change in reporting format and the reclassification of certain accounting items. Specifically, sales commissions from the sales team have been included as Cost of Sales (before they used to be within the Personnel Expenses, following its accounting treatment), certain external costs have been included as Personnel Expenses, and bad debt has been assumed as a cost linked to doing business and therefore included in the Product Direct Costs, above Gross Margin

- Gross margin totalled EUR 5.60 million in the first three months of 2021, up from EUR 1.88 million in 1Q 2020, with absolute growth of 197%. This amounted to 60.1% of revenue, well below last year's 70.8% due to the lower margins contributed by the acquired companies, especially in telecommunications services. Some erosion was envisaged in the Company's 2021 budget, although the percentage margin was slightly higher than budgeted.
- Personnel expenses rose sharply, to EUR 2.25 million, owing to the addition of staff from the companies acquired, and were above budget due to the consolidation of ONI, as explained previously. Costs of stock options and other multiyear remuneration plans are not included in personnel expenses but they totalled EUR 188 thousand in the quarter.
- Acquisitions drove a 418% year-on-year increase in other corporate costs to EUR 1.52 million, which were also above budget because of ONI's inclusion in the consolidated group.
- Adjusted EBITDA through March totalled EUR 2.12 million, up 215% on the year-earlier figure (EUR 0.67 million) and 74% over budget thanks to ONI's consolidation. Adjusted EBITDA excludes M&A costs of EUR 163 thousand in Q1 and costs of multiyear incentive

programmes or shared based payments (stock options) of EUR 118 thousand, although the latter do not imply any cash outflow. Therefore, accounting EBITDA was EUR 1.84 million in Q1 2021, more than triple the year-earlier figure (EUR 0.60 million).

- The adjusted EBITDA/revenue ratio was 22.7%, below the 25.3% of 1Q 2020 due to the inclusion of acquirees with lower EBITDA margins, but slightly above budget (22.6%).
- Capex and acquisitions of intangible assets in the first three months of 2021 amounted to a higher-than-expected EUR 1.01 million due to ONI's inclusion. The capex budget for full year 2021 is EUR 10.30 million, as the telecommunications business is more capital intensive and due to the non-recurring investments required this year to integrate the companies acquired and to launch new services.
- Gross debt, excluding the EUR 2.5 million of convertible bonds subscribed by Inveready (see Price Sensitive Information disclosed on 26 April 2018), which are expected to be converted at maturity, ended March 2021 at EUR 19.22 million (excluding the debt related to the payment for ONI, which was settled recently with GIGAS shares). This was far higher than the EUR 5.18 million at 31 March 2020, due to debt related to M&A. Even so, the Company carried out two monetary capital increases at the end of 2020, for combined EUR 20.72 million, to fund acquisitions. It also paid a considerable part of ONI's acquisition price with GIGAS shares. Net financial debt stood at EUR 11.55 million, leaving an estimated net financial debt/adjusted EBITDA ratio for the year of 1.1x. With a net financial debt/EBITDA ratio at this level plus EUR 7.70 of cash the Company is in a comfortable position and has plenty of room to increase leverage for future acquisitions.

Overall, figures for the first quarter of 2021 underscore the marked change in the consolidated group and the Company's considerable growth with the acquisitions made, which should continue in the year's second quarter by consolidating ONI for a full quarter and including the acquisition of the business unit from ValoraData. Following these acquisitions, Gigas has become a group with revenue of approximately EUR 60 million and EBITDA of EUR 12 million, providing converged telco/cloud/cybersecurity services to more than 10 thousand business customers.

Although 2021 looks set to be a year of transition, with the focus on integrating and consolidating the acquisitions made, the Company is very positive about its new strategy to become the leading converged operator in the Iberian Peninsula's enterprise market. It sees both considerable cross-selling opportunities in existing customer portfolios as well as organic growth in business customers, which are increasingly demanding a personalised one-stop shop that meets their IT and telecommunication needs.

Entering the telco market has expanded Giga's potential target market considerably; the telecommunication services market for mid-size enterprises in Giga's footprint is estimated at nearly EUR 20 billion, compared to around EUR 700 million for the cloud infrastructure market.

Beyond organic growth-led value creation, the Company continues to analyse potential acquisitions to bolster its services portfolio and boost volumes.

The Company has scheduled a webinar on its earnings, during which the CEO will discuss the Company's new strategy and provide more details on the numbers presented. Eligible to attend are all investors, analysts and anyone else interested, who can follow the presentation on-line and ask questions (although presentation will be in Spanish, questions can be asked and answered in English):

**Q1 2021 EARNINGS PRESENTATION WEBINAR**

**DATE AND TIME:** Wednesday, 26 May, 10:30am

**LINK TO REGISTER:** <http://gigas.com/ResultadosGigas/2021Q1>

Alcobendas, Madrid, 23 May 2021,

Diego Cabezudo Fernández de la Vega  
Chief Executive Officer  
GIGAS HOSTING, S.A.