



PRESS RELEASE

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Second acquisition in only five months

Gigas acquires Ability (Colombia) and speeds up inorganic growth strategy

The company's first-quarter results showed year-on-year growth of 34.5%, with recurring EBITDA shooting up to EUR 1.5 million (annualised)

Gigas (GIGA.MAB), a Spanish multinational cloud computer services company, has completed the acquisition of the Colombian cloud hosting services provider, Ability, now a member of the Gigas Group.

Ability provides cloud hosting services to businesses and specialises in hosting enterprise resource planning applications. Ability will contribute more than 75 new business clients to the Group, and a data centre in Bogotá, which now joins Gigas' facilities in Madrid, Barcelona, Miami and Santiago (Chile).

For 2018, Ability expects recurring revenue to reach close to EUR 1.63 million, contributing roughly EUR 0.9 million to Gigas' consolidated revenue in 2018. Assuming the 2018 budget is fulfilled, Gigas would achieve revenue of EUR 10.2 million this year (versus the budgeted EUR 9.3 million). Ability's contribution would account for 8.8%.

The deal is Gigas's second acquisition (first in Latin America) in just five months. No rights issue was needed. The acquisition will be funded mostly with available cash on Gigas' balance sheet arising from the convertible bond issue in April this year, which was taken up by the Inveready Group.

The transaction includes payment of a fixed amount (mix of cash, Gigas shares and assumption of financial debt) and a variable amount based on 2018, 2019 and 2020 sales. Gigas will pay EUR 1.36 million in cash, and a further EUR 0.3 million in shares, at a price per share of EUR 6.34. The fixed portion of the acquisition price includes assumption of debt in an amount of EUR 0.32 million. Taking forecast revenue for 2018, Gigas' acquisition of Ability represents an acquisition multiple of 1.2x revenue.

According to the Gigas CEO, Diego Cabezudo, *"achieving a second deal in just five months means we can speed up the growth we had planned for 2018. It also gives the company a new regional base with a structure*





that has the right size to support our Latin American business." Cabezudo added, "we continue to look at fresh opportunities that could bring the group increased volume and enhanced value."

First-quarter results

Gigas also released its 2018 first-quarter results. Revenue is consistent with guidance, and points to a 34.5% year-on-year growth in the company's revenue.

Gross billings rose to EUR 2.13 million in the quarter (EUR 8.5 million on an annualised basis); customers rose to 3,906 (including customers contributed by SVT, a cloud services operator acquired in January).

Finally, the company earned EBITDA of EUR 307 thousand, 6.7% more than guidance for the period (EUR 287 thousand), and a powerful increase compared to the near-zero EBITDA (EUR 3 thousand) shown for the first quarter of 2017. Moreover, EBITDA for the first quarter was undermined by the one-off costs related to the SVT acquisition (of EUR 80 thousand); recurring EBITDA from operations accordingly totalled EUR 387 thousand (EUR 1.5 million annualised).

About Gigas

Gigas is a Spanish company listed on the Mercado Alternativo Bursátil (Spanish Alternative Equity Market or MAB) with ticker symbol GIGA.MAB. The company provides cloud computing services. Incorporated in 2011, it has become one of the world's leading providers in the sector, according to Gartner's "Magic Quadrant for Cloud Infrastructure as a Service" report.

Gigas, which offers cloud computing solutions to both large companies and SMEs, stands out for its cutting-edge technology and exceptional technical support. With data centres in Madrid, Barcelona, Miami, Santiago de Chile and Bogotá, the company has offices in Spain, Colombia, Chile, Peru, Miami, Panama and Mexico.

Gigas is only the only public cloud services provider in Spain for European Commission institutions after winning the public tender held in 2015. Its platform offers a high level of security and is certified in accordance with international standards, such as ISO 27001 and PCI DSS Level 1.

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