



NOTIFICATION OF Q1 2022
EARNINGS
GIGAS HOSTING, S.A.

30 May 2022

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 2022, 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 EU Market Abuse Regulation (596/2014) and article 227 of the Spanish Securities Market Act (*texto refundido de la Ley del Mercado de Valores*) approved by Royal Decree 4/2015, of 23 October, and related provisions, and in accordance also with Circular 3/2020 of the BME Growth Segment, the Company hereby also notifies the variance in its financial metrics from the 2022 Budget included in the Inside Information notice disclosed on 9 February 2022.

SUMMARY OF SIGNIFICANT INFORMATION

- The Company delivered strong growth in earnings, driven by acquisitions made over the past year. Net revenue in the first three months of 2022 amounted to EUR 14.76 million, up 58.3% year-on-year (from EUR 9.32 million) but slightly lower (-3.0%) than the EUR 15.22 million budgeted.
- GIGAS also reported adjusted EBITDA (i.e. excluding costs of M&A, stock options and multiyear remuneration plans) in Q1 2022 of EUR 3.05 million, an increase of 32.8% year-on-year (from EUR 2.12 million in Q1 2021) and also slightly lower (-2.2%) than the EUR 3.11 million budgeted.
- The Company achieved some major accomplishments in the first quarter of 2022. For instance, it was the first operator to offer ultra high 10 Gbps speed fibre (XG-SPON) for companies in Portugal. It also launched new B2B telecoms services in Spain, such as FTTH and business-dedicated circuits (fibre and wireless), mobile services and large scale text messaging services. It also began offering Kit Digital (financed with EU funds) to SME customers in Spain and launched a suite of cybersecurity products for businesses.
- Alongside these services, GIGAS is developing advanced back-up solutions, disaster and recovery systems, a cloud-based switchboard (cloud PBX) solution, flexible fibre connection solutions or private connectivity services, to name a few, which it has on tap to start marketing in Q3. These will give the Company an unrivalled convergent portfolio in the market. These new services were originally slated to be launched early this year, but

unfortunately this had to be pushed back a few months, which will impact revenue generation this year.

- Meanwhile, the Company is in the process of adjusting the customer portfolios acquired in 2021. This could lead to a downward revision in the final price to be paid, but is undermining revenue this year and is the main reason the Company came up slightly short of budget for revenue in 2022.

CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2022.

GIGAS GROUP

CONSOLIDATED INCOME STATEMENT

ACTUAL

Figures in Euros

Q1 22

Net revenue	14,760,883
Cloud, IT and cybersecurity services	4,557,357
Telecommunication services	10,193,473
Non-recurring income, grants and other	10,052
Cost of sales	(6,361,912)
Product direct costs	(5,876,941)
Technical and operating costs	(484,971)
Gross margin	8,398,970
<i>Gross margin, %</i>	<i>56.9%</i>
Personnel expenses	(2,766,854)
Salaries and Social Security	(3,322,545)
Capitalised R&D	555,692
Corporate costs	(2,586,711)
Customer operations and marketing	(788,601)
Network, operations and IT	(920,935)
Other corporate costs	(877,176)
Other income/(expenses)	-
Adjusted EBITDA *	3,045,405
<i>Adjusted EBITDA, %</i>	<i>20.6%</i>

NOTE*: Adjusted EBITDA excludes M&A costs and multiyear remuneration plans (e.g. stock options)

DETAILED FINANCIAL DISCLOSURES AND BUDGET VARIANCE

- Net revenue totalled EUR 14.76 million in the first three months of 2022, underpinned by the solid performance of cloud revenue and the consolidation for the entire period of revenue from the acquisitions made in the last year.
- This figure is 58.3% higher than in Q1 2021 (EUR 9.32 million), but slightly lower (-3.0%) than budgeted (EUR 15.22 million). Telecommunications revenue (from ONI, the B2B customer portfolio acquired from Más Móvil and Onmóvil, the MVNO acquired in September 2021) accounted for 69.1% of the total and cloud revenue (mostly from GIGAS and, to a lesser extent, ONI, the customer portfolio acquired from MasMovil and the customer portfolio acquired from Valoradata) for the remaining 30.9%.

CONSOLIDATED INCOME STATEMENT VS. 2021 AND BUDGET

GIGAS GROUP

CONSOLIDATED INCOME STATEMENT

Figures in euros	ACTUAL	ACTUAL	ACTUAL	BUDGET 2022
	Q1 22	% Var	Q1 21	% Var Q1 22B
Net revenue	14,760,883	58.3%	9,323,108	-3.0% 15,219,384
Cloud, IT & Cybersecurity Services	4,557,357	29.4%	3,523,012	2.6% 4,440,047
Telecommunications Services	10,193,473	76.1%	5,789,479	-5.4% 10,779,337
Non-recurring income, grants and other	10,052	-5.3%	10,618	- -
Cost of sales	(6,361,912)	71.0%	(3,721,243)	-1.3% (6,443,628)
Direct product costs	(5,876,941)	78.0%	(3,301,024)	-0.5% (5,906,253)
Operations and technical costs	(484,971)	15.4%	(420,219)	-9.8% (537,375)
				- -
Gross margin	8,398,970	49.9%	5,601,865	-4.3% 8,775,756
<i>Gross margin, %</i>	<i>56.9%</i>		<i>60.1%</i>	<i>-1.3%</i> <i>57.7%</i>
				- -
Personnel expenses	(2,766,854)	41.0%	(1,961,782)	0.9% (2,742,630)
Salaries and Social Security	(3,322,545)	47.8%	(2,248,699)	0.5% (3,306,910)
Capitalised R&D	555,692	93.7%	286,917	-1.5% 564,280
Corporate Costs	(2,586,711)	69.9%	(1,522,282)	-11.4% (2,919,685)
Customer operations and marketing	(788,601)	177.3%	(284,425)	-27.5% (1,088,249)
Network, operations and IT	(920,935)	45.7%	(631,897)	-19.1% (1,138,301)
Other corporate costs	(877,176)	44.8%	(605,960)	26.6% (693,135)
	-		-	- -
Adjusted EBITDA *	3,045,405	43.8%	2,117,802	-2.2% 3,113,442
<i>Adjusted EBITDA %</i>	<i>20.6%</i>		<i>22.7%</i>	<i>20.5%</i>
				- -
MAINTENANCE CAPEX (**)	1,271,845	148.5%	511,906	-8.6% 1,391,126
<i>% of revenue</i>	<i>8.6%</i>		<i>5.5%</i>	<i>9.1%</i>
				- -
EBITDA - MAINTENANCE CAPEX	1,773,560	10.4%	1,605,895	3.0% 1,722,315
<i>% of revenue</i>	<i>12.0%</i>		<i>17.2%</i>	<i>11.3%</i>

NB:

*Adjusted EBITDA excludes costs of multiyear remuneration plans and M&A, and other extraordinary.

**CAPEX: Reported CAPEX relates to maintenance CAPEX, which includes investments for maintenance of the platforms' current capacity, maintenance of the fibre network, software updates, the replacement of equipment, etc. This CAPEX does not include investment related to growth and, therefore, the CAPEX required to maintain the current business.

- Gross margin for Q1 2022 totalled EUR 8.40 million, well above the EUR 5.60 million of the same period of 2021, with relative growth of 49.9%. This amounted to 56.9% of revenue, a touch below last year's 60.1% due to the consolidation of Onmóvil, which commands a thinner gross margin. This effect was nevertheless envisaged in the Company's budget for this year, which calls for a gross margin of 57.7%, just above the level achieved in Q1.
- Personnel and related expenses rose sharply, to EUR 3.32 million, owing to the addition of staff from the newly acquired companies, the reinforcement of the management teams and new hires to run the business. This was virtually in line with the budget. Costs of multiyear remuneration plans, which amounted to EUR 157 thousand in the period, are not included in that figure.
- Corporate costs totalled EUR 2.59 million in the first three months of 2022, up 69.9% from the year-earlier figure. This was mostly the result of acquisitions, especially of Onmóvil in the last four months of 2021, which accounted for a large share of customer operations and marketing costs because of sales through regional operators. However, other corporate costs were less than budgeted (-11.4%) because of the lower costs incurred during the period.
- Adjusted EBITDA through March totalled EUR 3.05 million, up 43.8% on the year-earlier figure (EUR 2.12 million) but slightly under the budget (-2.2%) of EUR 3.11 million. Adjusted EBITDA excludes M&A and other extraordinary costs (EUR 95 thousand in Q1) and costs of multiyear incentive programmes of EUR 157 thousand in the quarter, although they do not imply any cash outflow.
- The Q1 2022 adjusted EBITDA/revenue ratio was 20.6%, below the 22.7% of Q1 2021 due to the inclusion of acquirees with lower EBITDA margins, but slightly above the budgeted EBITDA margin (20.5%).
- CAPEX related to the Company's growth through March totalled EUR 1.37 million, in line with the budget for the year, representing 9.3% of revenue compared to the 9.1% budgeted. Investment was earmarked primarily to acquire equipment for customer installations, the deployment of the ultra high speed GPON fibre network in Portugal, and investments in voice and data platforms in Spain. Total CAPEX incurred in the period (growth + maintenance) was EUR 2.64 million.
- 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 2022 at EUR 30.04 million, excluding the long-term telecom infrastructure leases (IRUs), broadly in line with the gross debt figure at 31 December 2021. Stripping out the Company's cash at 31 March 2022, net financial debt stood at EUR 18.71 million; i.e. 1.4x EBITDA of the last 12 months. With a net financial debt/EBITDA ratio at this level plus EUR 11.33 million of cash and nearly EUR 10 million of available undrawn credit facilities, the Company enjoys a comfortable financial position and has plenty of room to increase leverage in future acquisitions.

The Q1 2022 figures presented showcase the enormous change in consolidation scope and the Company's growth in size from the acquisitions carried out over the past year, which have made GIGAS into a group providing converged telco/cloud/cybersecurity services to more than 6,000 business customers.

The Company is putting the final touches on the integration and consolidation of the four companies acquired last year, while at the same time it is gearing efforts towards launching new, cutting-edge services to make GIGAS a one-of-a-kind convergent operator and a benchmark

provider of services to businesses in the Iberian Peninsula. Delays in launches of new services, coupled with the adjustment of the portfolios acquired as explained previously, have undermined the Company's revenue this year. Even so, GIGAS is upbeat regarding its new strategy and sees considerable cross-selling opportunities in existing customer portfolios and organic growth in business customers, which are increasingly demanding a personalised one-stop shop that meets all their IT needs.

Beyond organic growth-led value creation, the Company continues to size up potential acquisitions to bolster its services portfolio and boost volumes. As part of the inorganic growth strategy, GIGAS is looking at both companies that can provide customers, products and know-how in geographies where the Group already operates, and at larger companies that will enable it to penetrate new geographies in Europe.

The Company has scheduled a webinar on its earnings, during which the CEO will provide more details on the numbers presented in this document. Eligible to attend are all investors, analysts and anyone else interested, who can follow the presentation on-line and ask questions:

Q1 2022 EARNINGS PRESENTATION WEBINAR

DATE AND TIME: Thursday, 2 June, 3:30pm

LINK TO REGISTER: <http://gigas.com/ResultadosGigas/2022Q1>

Alcobendas, Madrid, 30 May 2022,

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