



**NOTIFICATION OF Q3 AND 9M 2023
EARNINGS
GIGAS HOSTING, S.A.
19 December 2023**

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 BME MTF Equity ("BME Growth"), GIGAS hereby presents this notice to the market on the third quarter and first nine months of 2023, 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 Law 6/2023 of 17 March on Securities Markets and Investment Services (*Ley 6/2023, de 17 de marzo*) and related provisions, and Circular 3/2020 of the BME Growth Segment of BME MTF Equity (the "BME Growth" segment), the Company hereby also notifies the variance in its financial metrics from the 2023 Budget included in the Inside Information disclosure dated 7 February 2023.

SUMMARY OF SIGNIFICANT INFORMATION

- The Company delivered healthy year-on-year growth in earnings due primarily to the consolidation of TPartner, a unified communications solutions provider acquired in September 2022 (see Inside Information disclosure of 29 September 2022), as well as to organic business growth, especially in cloud and cybersecurity services. Net revenue in the first nine months of 2023 amounted to EUR 49.50 million, up 8.2% year-on-year (from EUR 45.77 million last year), but slightly lower (-6.4%) than the EUR 52.89 million budgeted.
- Gross margin through September 2023 was 60.9% of revenue, well above the 58.8% estimated but lower than the year-earlier figure, as expected, due to the exceptional savings on wholesale telecommunications contracts registered in 2022. As a result, GIGAS reported adjusted 9M 2023 EBITDA (i.e. excluding costs of multiyear remuneration plans and M&A and other extraordinary items) of EUR 12.17 million, an increase of 2.3% year-on-year from EUR 11.90 million in 9M 2022 and slightly below (-1.2%) the EUR 12.32 million budgeted.
- The Group's net financial debt at the end of the third quarter stood at 2.54x annual EBITDA as planned in the budget, with EUR 10.14 million of cash.

CONSOLIDATED P&L

For the nine months ended 30 September 2023.

GIGAS	
Consolidated P&L	
<i>Figures in euros</i>	ACTUAL
	9M 23
Net Revenues	49,503,375
Cloud, IT & Cybersecurity Services	18,623,816
Telecommunications Services	30,193,602
ExtraoRdinary Income, Subsidies & O.	685,957
Cost of Sales	(19,378,778)
Direct Product Costs	(16,962,217)
Operations and Technical costs	(2,416,561)
Gross Margin	30,124,597
<i>Gross Margin %</i>	<i>60.9%</i>
Personnel Costs	(9,282,171)
Salaries and Social Security	(11,884,306)
Capitalised R&D	2,602,135
Corporate Costs	(8,672,252)
Customer Operations and Marketing	(2,488,844)
Network, Operations and IT	(3,243,591)
Other Corporate Costs	(2,939,817)
Adjusted EBITDA **	12,170,174
<i>Adjusted EBITDA %</i>	<i>24.6%</i>

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

DETAILED BUSINESS AND FINANCIAL DISCLOSURES

- After launching its core telecommunications products (e.g. data services, fixed voice, mobile voice, cloud PBX), in line with its strategy of being a one-stop shop for customers, as well as some convergent products (Digital Kit, Flexible Fibre, Private Cloud Connect, g-backup), the Company worked on replicating the success of its platform-as-a-service for SAP with other ERPs (business management or Enterprise Resource Planning software) available in the market. The Company is also investing resources and efforts to strengthen its indirect business model in a bid to provide greater tools and benefits to its partners and help them to market telecommunications, cloud and cybersecurity solutions that are heavily demanded by small and medium-sized enterprises (SMEs). By bolstering its indirect

sales channel, GIGAS ensures that its commercial strategy is scalable and can reach customers who trust in regional and local integrators for their technology services.

- Aware of the increasing threat of ransomware or similar cyberattacks, the Company continued its work on developing new backup copy services, including a new type of immutable backup service for protecting backup copies from potential encryption. It is also completing development of a backup solution for microenterprises and self-employed professionals under the framework of a project considered eligible by Red.es for subsidies and for which the Company received a non-repayable grant of EUR 1.5 million. It hopes to have this product ready for marketing sometime during the summer of 2024.
- Mobile phone additions are in a stage of rapid growth and positive net growth after a few months of stagnation and slight declines, caused by market consolidation and stiff competition.
- In addition, the Company won several contracts to provide services to the public administration spanning several years. These contracts are scheduled to start up over the coming months, so they should contribute positively to the growth of the business in 2024.
- Net revenue in the first nine months of 2023 totalled EUR 49.50 million, up 8.2% year-on-year thanks to the excellent performance by cloud services revenue and the consolidation for the entire period of the acquisition made in 2022.
- Telecommunications services revenues accounted for 61.9% of the total in 9M 2023, while cloud and cybersecurity services revenue accounted for 38.1%, up from 32% in the same period last year. Growth in cloud and cybersecurity services revenue has outstripped that of telecommunications since last year, driving margin growth and boosting the profitability of the business. Indeed, cloud services revenue's share of the total in 3Q 2023 reached 39%, helping to raise gross margin for the quarter.
- Gross margin for 9M 2023 totalled EUR 30.12 million, up from EUR 28.26 million in the same period last year, with relative growth of 6.6%. Gross margin in the period came to 60.9% of revenue, down from 61.7% last year because of the extraordinary savings achieved in 2022 as explained, but well above the 58.8% budgeted.

CONSOLIDATED INCOME STATEMENT 9M 2023 VS. 9M 2022 AND BUDGET

GIGAS								
Consolidated P&L								
<i>Figures in euros</i>								
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET 2023	
	Q1 23	Q2 23	Q3 23	9M 23	% Var	9M 22	% Var	9M 23B
Net Revenues	16,575,987	16,756,741	16,170,647	49,503,375	8.2%	45,770,569	-6.4%	52,888,248
Cloud, IT & Cybersecurity Services	6,425,401	5,978,382	6,220,033	18,623,816	27.1%	14,650,473	-10.6%	20,830,239
Telecommunications Services	9,915,597	10,560,617	9,717,389	30,193,602	-2.8%	31,076,347	-3.8%	31,383,009
ExtraoRdinary Income, Subsidies & O.	234,990	217,742	233,225	685,957	1468.0%	43,749	1.6%	675,000
Cost of Sales	(6,699,844)	(6,459,943)	(6,218,991)	(19,378,778)	10.7%	(17,512,568)	-11.1%	(21,806,691)
Direct Product Costs	(5,920,454)	(5,668,503)	(5,373,260)	(16,962,217)	5.5%	(16,084,573)	-16.2%	(20,252,899)
Operations and Technical costs	(779,390)	(791,440)	(845,731)	(2,416,561)	69.2%	(1,427,994)	55.5%	(1,553,792)
Gross Margin	9,876,142	10,296,799	9,951,656	30,124,597	6.6%	28,258,001	-3.1%	31,081,557
<i>Gross Margin %</i>	<i>59.6%</i>	<i>61.4%</i>	<i>61.5%</i>	<i>60.9%</i>		<i>61.7%</i>		<i>58.8%</i>
Personnel Costs	(3,153,978)	(2,960,017)	(3,168,176)	(9,282,171)	10.5%	(8,397,170)	-8.3%	(10,122,658)
Salaries and Social Security	(3,965,039)	(3,939,358)	(3,979,909)	(11,884,306)	16.3%	(10,222,522)	-0.3%	(11,915,999)
Capitalised R&D	811,060	979,341	811,733	2,602,135	42.6%	1,825,352	45.1%	1,793,341
Corporate Costs	(2,877,623)	(3,090,070)	(2,704,560)	(8,672,252)	9.0%	(7,959,712)	0.4%	(8,639,664)
Customer Operations and Marketing	(816,916)	(847,680)	(824,248)	(2,488,844)	-9.2%	(2,740,344)	-23.4%	(3,247,564)
Network, Operations and IT	(1,069,007)	(1,049,342)	(1,125,242)	(3,243,591)	34.7%	(2,407,993)	26.2%	(2,570,248)
Other Corporate Costs	(991,700)	(1,193,047)	(755,069)	(2,939,817)	4.6%	(2,811,376)	4.2%	(2,821,851)
	-	-	-	-		-		-
Adjusted EBITDA **	3,844,542	4,246,712	4,078,920	12,170,174	2.3%	11,901,118	-1.2%	12,319,235
<i>Adjusted EBITDA %</i>	<i>23.2%</i>	<i>25.3%</i>	<i>25.2%</i>	<i>24.6%</i>		<i>26.0%</i>		<i>23.3%</i>
Maintenance CAPEX (**)	451,085	703,204	656,151	1,810,440		2,725,517		2,483,771
<i>% over Revenues</i>	<i>2.7%</i>	<i>4.2%</i>	<i>4.1%</i>	<i>3.7%</i>		<i>6.0%</i>		<i>4.7%</i>
EBITDA - Maintenance CAPEX	3,393,456	3,543,508	3,422,770	10,359,734		8,292,803		9,835,465
<i>% over Revenues</i>	<i>20.5%</i>	<i>21.1%</i>	<i>21.2%</i>	<i>20.9%</i>		<i>18.1%</i>		<i>18.6%</i>

NOTES:

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

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

- Personnel expenses rose sharply, to EUR 11.88 million (before capitalisation of labour costs related to R&D projects), owing to the addition of staff from newly acquired companies, reinforcement of the management teams and new hires to run the business, but this was slightly under budget (-0.3%). Costs arising from multiyear remuneration plans not included in personnel expenses totalled EUR 794 thousand in 9M 2023 but did imply any cash outflows during the period.
- Other corporate costs amounted to EUR 8.67 million, broadly in line with the budget (+0.4%) and up 9.0% year-on-year due to the acquisition of TPartner in the last four months of 2022.
- Adjusted EBITDA through September 2023 totalled EUR 12.17 million, up 2.3% on the year-earlier figure (EUR 11.90 million) and a touch below budget (-1.2%) Adjusted EBITDA excludes M&A and other extraordinary costs (EUR 674 thousand in the period) and costs of the multiyear incentive programmes (EUR 794 thousand in the period)
- The adjusted EBITDA/revenue ratio for 9M 2023 was 24.6%, below last year's 26.0%, which was exceptionally high for the reasons explained, but considerably above the budgeted EBITDA margin (23.3%), thanks primarily to the business' better gross margin.
- Maintenance capex in 9M 2023 totalled EUR 1.81 million, representing 3.7% of revenue compared to the 4.7% budgeted. Total capex incurred in the period (growth + maintenance) was EUR 8.66 million. including EUR 2.60 million of capitalised R&D costs.

Growth capex went primarily to acquisitions of equipment for customer installations, to the Lisbon data centre, and to cloud platforms, in addition to the backup project for microenterprises and self-employed professionals, which received a Red.es grant, as explained above.

- Gross debt, excluding the EUR 2.5 million of convertible bonds subscribed by Inveready (see Inside Information disclosure dated 26 April 2018), which are expected to be converted at maturity, and long-term telecom infrastructure leases (IRUs), ended September 2023 at EUR 53.93 million, above the gross debt figure at 31 December 2022 due mainly to funding for the TPartner acquisition and the deferred payments to its owners. Stripping out the Company's cash at 30 September 2023 (EUR 10.14 million), net financial debt stood at EUR 43.79 million; i.e. 2.54x adjusted EBITDA budgeted for the year.

The 9M 2023 figures show considerable increases thanks to the mix of acquisitions and organic growth. Moreover, GIGAS continues to increase the share of cloud and cybersecurity services revenue in the Group's total revenue and extract synergies with the companies it acquires, resulting in margin expansion and higher profitability than envisaged in the budget. The Company is reiterating its guidance for 2023 included in the release of 1H 2023 earnings (see Other Relevant Information of 11 October 2023), estimating net revenue for the full year of around EUR 66-67 million and adjusted EBITDA of EUR 16.3-16.8 million.

Beyond organic growth-led value creation opportunities, the Company continues to assess potential M&A deals to scale up the business, consolidated its leadership in the Iberian Peninsula and expand 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:

9M 2023 EARNINGS PRESENTATION WEBINAR

DATE AND TIME: Thursday, 21 December, 1:00pm

LINK TO REGISTER: <http://gigas.com/ResultadosGigas/2023Q3>

Pursuant to Circular 3/2020 of the BME Growth Segment, for the record the information provided herein has been prepared under the exclusive responsibility of the Company and its administrators.

Alcobendas, Madrid, 19 December 2023,

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