

The company releases its H1 2024 earnings

Gigas exceeds expectations and reaches €37.4M driven by growth in the cloud market

- **The Group obtained adjusted EBITDA of EUR 8.6 million in the first half of 2024, up 6.4% from the same period last year**

Madrid, October 1, 2024.- Gigas, a Spanish multinational provider of convergent telecommunications, cybersecurity and cloud services for enterprises, has released its earnings for the first half of 2024, achieving significant increases thanks to organic growth, especially in cloud and across its core markets.

Net revenue in the first six months of 2024 amounted to EUR 37.4 million, up 12.2% year-on-year (from EUR 33.3 million in H1 2023). Cloud services remained the Company's primary growth driver and top priority, with revenue surging 22.6% year-on-year. This segment accounted for 41.2% of total revenue, significantly surpassing the 37.7% of 2023. Telecommunications revenue rose by 6.1% year-on-year, which is remarkable given that the overall sector showed almost no growth.

The Company is prioritising the expansion of its higher-margin cloud services business through two clear strategic focuses: Enterprise Resource Planning (ERP) cloud hosting and growth in Public Cloud and managed services. For ERP hosting, Gigas has gone to great lengths to replicate the success of its platform-as-a-service for SAP with other leading ERP systems available in the market. This strategy is starting to pay off, with approximately 500 new clients (non-SAP) in the period. Regarding growth in Public Cloud, the Company has entered into strategic partnership agreements with Google and Microsoft, which are already helping to grow the cloud business. However, this expansion requires investment in both skilled personnel and commercial initiatives. This will affect EBITDA in the short term, but pave the way for higher growth in the future.

Gross margin totalled EUR 22.0 million, up 8.9% from EUR 20.2 million in H1 2023. For cloud services, the gross margin improved to 68.8% of cloud revenue during the period, despite rising direct product costs largely driven by data center and electricity cost inflation. The gross margin for telecommunications services contracted to 50.7%, primarily due to changes in the product mix, competitive pressure, and price erosion within the sector. Overall, gross margin came to 58.7% of revenue in H1 2024, slightly below 60.5% in the first half of 2023.

The Group reported adjusted EBITDA (i.e., excluding costs of M&A, multiyear remuneration plans and other extraordinary items) of EUR 8.6 million in the first half of 2024, up 6.4% year-on-year (from EUR 8.09 million). The adjusted EBITDA/revenue ratio for H1 2024 was 23.0%, slightly down from last year's 24.3%. This decline was primarily due to increased personnel costs associated with the commitment to growth in strategic areas, as noted, as well as the contraction in the gross margin of telecommunications services.

Gigas reported a net loss for the first half of EUR 2.8 million compared to EUR 1.97 million last year, with the increase primarily caused by higher amortisation and depreciation charges (which did not imply cash outflows in the period) and growth in the Group's finance costs due to higher interest rates on its loans and borrowings.

After the solid set of earnings in the first half of the year, which easily outperformed its original expectations, Gigas is now estimating approximately EUR 74-75 million of net revenue for full year 2024, much higher than the EUR 70 million in the previous budget. The Company expects

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adjusted EBITDA to either be in line with or slightly above budget despite the required investment in new capabilities to cater to the growth in Public Cloud services and ERP hosting.

About Gigas

Gigas is a Spanish multinational specialised in converged telecommunications, cybersecurity and cloud services for companies, and is listed on the BME Growth market (GIGA.MAB). Set up in 2011, Gigas is now a group that provides services to over 10,000 customers world-wide, partnering them in their digital transformation and offering "Peace of mind-as-aService" underpinned by four values: cutting-edge advanced technology, security, flexibility and proximity. It has offices in eight countries and 9 datacenters in Europe, the USA and Latin America. For more information please contact: **Gigas Communications** Bárbara González Tel: +34 603 578 654 comunicacion@gigas.com