



ACQUISITION OF PORTUGUESE
CLOUD HOSTING SERVICES OPERATOR, AHP
GIGAS HOSTING, S.A.

29 October 2019

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 6/2018 of the Mercado Alternativo Bursátil (the Spanish Alternative Equity Market, or "MAB"), Gigas Hosting, S.A. ("Gigas" or the "Company") here by discloses to the market the acquisition of 100% of the share capital of A.H.P. – INFORMÁTICA E SERVIÇOS S.A. ("AHP") of Portugal.

Today, **Gigas completed the acquisition of 100% of the share capital of Portuguese cloud hosting services provider AHP**, now a member of the Gigas Group. **AHP provides cloud hosting services to some 76 business customers, mostly medium-sized enterprises, hosting all kinds of corporate applications** in Portugal. The bulk of AHP's revenue comes from approximately 20 customers, which are similar to Gigas Cloud Datacenter customers.

The acquisition brings Gigas new corporate customers that make a good fit with its target customer profile and provide a springboard into a new geographical market; i.e. Portugal. It strengthens Gigas' foothold in the Iberian Peninsula, enables the company to offer combined services with customers with operations in both Spain and Portugal, and allows it to start up operations in a fast-growing country where there is little competition. The acquisition also adds a new language to Gigas' operations, which it can leverage to penetrate new Portuguese-speaking markets, above all the on-line acquisition of Cloud VPS customers.

AHP (Application & Hosting Provider) was incorporated in 1999 in Carnaxide, Lisbon, in Portugal. It was the first company to offer managed and hosting services to corporate customers, which it then rounded off with cloud services. In 2018, AHP obtained revenue of EUR 1.18 million (approximately 7% more than in 2017) and EBITDA of EUR 233 thousand, giving it an EBITDA ratio of 19.7%. **For 2019, AHP expects a similar level of revenue to 2018, contributing slightly less than EUR 200 million to Gigas' consolidated revenue** this year from the date of inclusion in the Group's consolidation scope.

AHP's current manager, José Ferreira Cruz, will continue to run AHP, leading the Gigas Group's efforts in Portugal. AHP has a staff of six people (including the manager) working in the outskirts of Lisbon, who will stay on at the company. AHP provides services from the **datacenters of Portuguese operator NOS in Lisbon and Porto, which will be added to the datacenters from which Gigas already operates** in Madrid, Barcelona, Miami, Bogotá and Santiago de Chile.

The transaction includes payment of a fixed amount (mix of cash and assumption of financial debt) and a variable amount based on the AHP's sales in Portugal in 2020, 2021 and 2022. **The Company will pay EUR 1.7 million in cash (of which 60% was paid up front on the signing of the agreement, including repayment of a participating loan in the coming days, with the payment of 18% and 22% to be deferred over 12 and 24 months, respectively).**

For the variable amount, Gigas could pay up to another EUR 1 million in 2021, 2022 and 2023, if AHP delivers its specified net recurring revenue targets in Portugal the next three years, **which would mean obtaining EUR 2.25 million in 2022 and a CAGR of more than 20%** over the next three years.

The acquisition will be funded fully with available cash on the Group's balance sheet and bank debt, so the acquisition will not cause any dilution for Gigas shareholders.

The acquisition of AHP expands Gigas geographical footprint, reinforces its position in the Iberian Peninsula, adds new datacenters (Lisbon and Porto) and furthers its strategy of complementing organic growth with M&A. The Company continues to assess opportunities that can add volume and value to the Group and is currently gearing its efforts towards larger deals that can help the Company grow faster.

Gigas engaged Crea Inversión and Kreston Iberaudit as advisers and Portuguese lawyer Edgar Faustino for the acquisition.

Madrid and Lisbon, 29 October 2019.

Diego Cabezudo
Chief Executive Officer
GIGAS HOSTING, S.A