



NOTIFICATION OF Q3 AND 9M 2021  
EARNINGS  
GIGAS HOSTING, S.A.

23 November 2021

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 third quarter and first nine months of 2021, 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 228 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 deviations in its financial metrics from the 2021 Budget included in the Inside Information notice disclosed on 8 February 2021.

**SUMMARY OF RELEVANT INFORMATION**

- The Company delivered strong growth driven mainly by acquisitions over the year. Net revenue in the first nine months amounted to EUR 37.0 million, a more than 4.7-fold increase from 9M 2020 (from EUR 7.81 million) and 9.2% above the budget (EUR 33.90 million). Net revenue for the third quarter rose by 6.6% or EUR 0.9 million compared to the second quarter.
- GIGAS also reported adjusted EBITDA (i.e. excluding M&A costs, stock options and multiyear remuneration plans) in 9M 2021 of EUR 8.94 million, an increase of 356% year-on-year from EUR 1.96 million in 9M 2020 and 22.5% above the EUR 7.29 million budgeted.
- Capex in the first nine months of the year amounted to EUR 4.59 million, representing 12.4% of Group revenue. This ratio was higher than the 6.1% seen in 2020, but far lower than the 21.8% budgeted for the period.
- Net financial debt stood at EUR 19.18 million after the acquisition of mobile operator ONMOVIL, while gross debt came to EUR 29.30 million and cash was EUR 10.12 million. This financial position translated into leverage of 1.40x annualised EBITDA for the third quarter, an optimal level given all the transactions carried out during the period.
- In the third quarter, the Company focused on closing the acquisition of mobile virtual network operator (MVNO) ONMOVIL (see Inside Information disclosure of 5 September 2021), the integration and consolidation of earlier acquisitions, and the roll-out of new convergent telco/cloud/cybersecurity services.

## CONSOLIDATED INCOME STATEMENT VS. PREVIOUS YEAR

For the nine months ended 30 September 2021

CONSOLIDATED INCOME STATEMENT		2021	2021	2021	2021	2020	
Figures in EUR		Q1	Q2	Q3	9M	% Chg. 9M	
<b>Net revenue</b>		<b>9,323,108</b>	<b>13,394,517</b>	<b>14,282,470</b>	<b>37,000,095</b>	<b>374%</b>	<b>7,810,632</b>
Cloud, IT and cybersecurity services		3,523,012	4,166,538	4,351,124	12,040,674	55%	7,755,909
Telecommunication services		5,789,479	9,216,911	9,920,570	24,926,960	-	-
Non-recurring income, grants and other		10,618	11,067	10,776	32,461	-41%	54,723
<b>Cost of sales</b>		<b>(3,721,243)</b>	<b>(5,351,090)</b>	<b>(6,064,744)</b>	<b>(15,137,076)</b>	<b>596%</b>	<b>(2,176,160)</b>
Product direct costs		(3,301,024)	(4,892,918)	(5,597,327)	(13,791,268)	1330%	(964,669)
Technical and operating costs		(420,219)	(458,172)	(467,417)	(1,345,808)	11%	(1,211,490)
<b>Gross margin</b>		<b>5,601,865</b>	<b>8,043,427</b>	<b>8,217,726</b>	<b>21,863,019</b>	<b>288%</b>	<b>5,634,473</b>
<i>Gross margin, %</i>		<i>60.1%</i>	<i>60.1%</i>	<i>57.5%</i>	<i>59.1%</i>		<i>72.1%</i>
<b>Personnel expenses</b>		<b>(1,961,782)</b>	<b>(2,484,962)</b>	<b>(2,554,063)</b>	<b>(7,000,807)</b>	<b>190%</b>	<b>(2,414,205)</b>
Salaries and Social Security		(2,248,699)	(2,995,242)	(3,065,061)	(8,309,002)	199%	(2,783,177)
Own R&D expenses capitalised		286,917	510,280	510,997	1,308,195	255%	368,972
<b>Other corporate costs</b>		<b>(1,522,282)</b>	<b>(2,154,627)</b>	<b>(2,246,891)</b>	<b>(5,923,800)</b>	<b>370%</b>	<b>(1,261,698)</b>
Customer operations, marketing et al.		(284,425)	(147,083)	(427,860)	(859,368)	846%	(90,809)
Network, operations and IT		(631,897)	(1,166,444)	(974,296)	(2,772,637)	-	-
Other G&A costs		(605,960)	(841,099)	(844,735)	(2,291,794)	96%	(1,170,889)
Other income/(expenses)		-	-	-	-	-	-
<b>Adjusted EBITDA *</b>		<b>2,117,802</b>	<b>3,403,838</b>	<b>3,416,772</b>	<b>8,938,412</b>	<b>356%</b>	<b>1,958,570</b>
<i>Adjusted EBITDA, %</i>		<i>22.7%</i>	<i>25.4%</i>	<i>23.9%</i>	<i>24.2%</i>		<i>25.1%</i>
<b>CAPEX</b>		<b>1,023,813</b>	<b>2,024,219</b>	<b>1,539,540</b>	<b>4,587,572</b>	<b>856%</b>	<b>480,085</b>
<i>% of revenue</i>		<i>11.0%</i>	<i>15.1%</i>	<i>10.8%</i>	<i>12.4%</i>		<i>6.1%</i>
<b>EBITDA - CAPEX</b>		<b>1,093,989</b>	<b>1,379,619</b>	<b>1,877,232</b>	<b>4,350,840</b>	<b>194%</b>	<b>1,478,486</b>
<i>% of revenue</i>		<i>11.7%</i>	<i>10.3%</i>	<i>13.1%</i>	<i>11.8%</i>		<i>18.9%</i>

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

## DETAILED FINANCIAL DISCLOSURES AND BUDGET VARIANCE

- Net revenue totalled EUR 37.0 million in the first nine months of 2021, driven by acquisitions in recent months and, in September, the inclusion of ONMOVIL, the acquired MVNO, within the scope of consolidation. This marked a more than 4.7-fold increase on the first nine months of 2020 (EUR 7.81 million) and was 9.2% above the EUR 33.90 million budgeted. Revenue in Q3 2021 amounted to EUR 14.28 million, more than 5.4 times the Q3 2020 figure (EUR 2.63 million). Telecom revenue in the nine months ended 30 September 2021 accounted for 67.4% of the total (from ONI, the MásMóvil portfolio and ONMOVIL), while cloud and cybersecurity revenue accounted for 32.6%.

## CONSOLIDATED INCOME STATEMENT VS. BUDGET

CONSOLIDATED INCOME STATEMENT		2021	2021	2021	2021	2021 BUDGET		2021 BUDGET	
Figures in EUR		Q1	Q2	Q3	9M	% Chg.	Q3	% Chg.	9M
<b>Net revenue</b>		<b>9,323,108</b>	<b>13,394,517</b>	<b>14,282,470</b>	<b>37,000,095</b>	<b>-1.1%</b>	<b>14,439,283</b>	<b>9.2%</b>	<b>33,897,560</b>
Cloud, IT and cybersecurity services		3,523,012	4,166,538	4,351,124	12,040,674	16.4%	3,737,616	18.5%	10,158,613
Telecommunication services		5,789,479	9,216,911	9,920,570	24,926,960	-7.2%	10,691,137	5.1%	23,707,356
Non-recurring income, grants and other		10,618	11,067	10,776	32,461	2.3%	10,530	2.8%	31,591
						-		-	
<b>Cost of sales</b>		<b>(3,721,243)</b>	<b>(5,351,090)</b>	<b>(6,064,744)</b>	<b>(15,137,076)</b>	<b>0.1%</b>	<b>(6,056,940)</b>	<b>6.7%</b>	<b>(14,185,759)</b>
Product direct costs		(3,301,024)	(4,892,918)	(5,597,327)	(13,791,268)	0.0%	(5,597,721)	7.5%	(12,826,369)
Technical and operating costs		(420,219)	(458,172)	(467,417)	(1,345,808)	1.8%	(459,219)	-1.0%	(1,359,390)
						-		-	
<b>Gross margin</b>		<b>5,601,865</b>	<b>8,043,427</b>	<b>8,217,726</b>	<b>21,863,019</b>	<b>-2.0%</b>	<b>8,382,343</b>	<b>10.9%</b>	<b>19,711,801</b>
<i>Gross margin, %</i>		<i>60.1%</i>	<i>60.1%</i>	<i>57.5%</i>	<i>59.1%</i>	<i>-0.9%</i>	<i>58.1%</i>	<i>1.6%</i>	<i>58.2%</i>
						-		-	
<b>Personnel expenses</b>		<b>(1,961,782)</b>	<b>(2,484,962)</b>	<b>(2,554,063)</b>	<b>(7,000,807)</b>	<b>2.6%</b>	<b>(2,488,605)</b>	<b>12.4%</b>	<b>(6,229,896)</b>
Salaries and Social Security		(2,248,699)	(2,995,242)	(3,065,061)	(8,309,002)	1.1%	(3,031,336)	11.2%	(7,474,575)
Own R&D expenses capitalised		286,917	510,280	510,997	1,308,195	-5.8%	542,731	5.1%	1,244,679
<b>Other corporate costs</b>		<b>(1,522,282)</b>	<b>(2,154,627)</b>	<b>(2,246,891)</b>	<b>(5,923,800)</b>	<b>-16.8%</b>	<b>(2,699,297)</b>	<b>-4.3%</b>	<b>(6,187,569)</b>
Customer operations, marketing et al.		(284,425)	(147,083)	(427,860)	(859,368)	-13.7%	(495,514)	-40.4%	(1,442,885)
Network, operations and IT		(631,897)	(1,166,444)	(974,296)	(2,772,637)	-25.8%	(1,313,400)	5.0%	(2,640,396)
Other G&A costs		(605,960)	(841,099)	(844,735)	(2,291,794)	-5.1%	(890,383)	8.9%	(2,104,289)
Other income/(expenses)		-	-	-	-	-	-	-	-
<b>Adjusted EBITDA *</b>		<b>2,117,802</b>	<b>3,403,838</b>	<b>3,416,772</b>	<b>8,938,412</b>	<b>7.0%</b>	<b>3,194,441</b>	<b>22.5%</b>	<b>7,294,335</b>
<i>Adjusted EBITDA, %</i>		<i>22.7%</i>	<i>25.4%</i>	<i>23.9%</i>	<i>24.2%</i>	<i>8.1%</i>	<i>22.1%</i>	<i>12.3%</i>	<i>21.5%</i>
						-		-	
<b>CAPEX</b>		<b>1,023,813</b>	<b>2,024,219</b>	<b>1,539,540</b>	<b>4,587,572</b>	<b>-49.9%</b>	<b>3,075,089</b>	<b>-37.9%</b>	<b>7,388,947</b>
<i>% of revenue</i>		<i>11.0%</i>	<i>15.1%</i>	<i>10.8%</i>	<i>12.4%</i>	<i>-49.4%</i>	<i>21.3%</i>	<i>-43.1%</i>	<i>21.8%</i>
						-		-	
<b>EBITDA - CAPEX</b>		<b>1,093,989</b>	<b>1,379,619</b>	<b>1,877,232</b>	<b>4,350,840</b>	<b>1472.9%</b>	<b>119,351</b>	<b>4498.6%</b>	<b>(94,612)</b>
<i>% of revenue</i>		<i>11.7%</i>	<i>10.3%</i>	<i>13.1%</i>	<i>11.8%</i>	<i>1490.1%</i>	<i>0.8%</i>	<i>-</i>	<i>-0.3%</i>

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

- Gross margin for 9M 2021 totalled EUR 21.86 million, up from EUR 5.63 million in the same period of 2020, with relative growth of 288%. This amounted to 59.1% of revenue, well below last year's 72.1% due to the lower margins contributed by the acquired companies, especially in telecommunications services. Some erosion was envisaged in the Company's 2021 budget, although the margin was a full percentage point higher than budgeted (58.1%).
- Personnel and related expenses rose sharply, to EUR 8.31 million, owing to the addition of staff from newly acquired companies. Costs arising from stock options (all of which have vested) and other multiyear remuneration plans are not included in personnel expenses, but totalled EUR 0.47 thousand in 9M 2021.
- Other overhead costs totalled EUR 5.92 million, up 370% year-on-year but still below budget (EUR 6.19 million) thanks to the Company's operational leverage and synergies.
- Adjusted EBITDA in 9M 2021 totalled EUR 8.94 million, up 356% on the year-earlier figure (EUR 1.96 million) and 22.5% over the EUR 7.29 million budgeted thanks mainly to ONI's early-than-budgeted consolidation and to operating synergies. Adjusted EBITDA excludes M&A costs of EUR 438 thousand in the period and costs of multiyear incentive programmes or share-based payments (stock options) of EUR 470 thousand, although the latter do not imply any cash outflow. Therefore, accounting EBITDA was EUR 8.03 million in the first nine months of 2021, more than 4.9 times the year-earlier figure (EUR 1.63 million).
- The adjusted EBITDA/revenue ratio for 9M 2021 was 24.2%, which is below the 25.1% of 9M 2020 due to the inclusion of acquirees with lower EBITDA margins but considerably above budget (21.5%).
- Capex and acquisitions of intangible assets in the first nine months of 2021 amounted to EUR 4.59 million, well below budget (EUR 7.39 million) due to newly achieved operational

efficiencies throughout the Group and to some delay in the roll-out of new convergent services. The capex budget for full year 2021 was originally estimated at EUR 10.30 million, as the telecommunications business is more capital-intensive and non-recurring investments are required to integrate the companies acquired and launch new services. However, the Company now expects the actual year-end figure to be significantly lower.

- 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, and long-term telecom infrastructure leases, ended September 2021 at EUR 29.30 million. Net financial debt/annualised EBITDA for the third quarter was 1.40x, while cash stood at EUR 10.12 million. The Company enjoys a comfortable financial position and has plenty of room to increase leverage for future acquisitions.

Overall, figures for the third quarter of 2021 underscore the marked change in the consolidated group and the Company's considerable growth with the acquisitions made, which should continue in the year's closing quarter by consolidating ONMOVIL for a full quarter. Following the acquisitions in 2021, Gigas has become a group with revenue of approximately EUR 64 million and EBITDA of over EUR 14 million, providing converged telco/cloud/cybersecurity services to more than 10 thousand business customers.

The Company is focused on integrating and consolidating its latest acquisitions and is upbeat about its new strategy to become the leading convergent operator in the Iberian Peninsula's enterprise market. This strategy will trigger cross-selling opportunities in existing customer portfolios and organic growth in business customers, which are increasingly demanding a personalised one-stop shop that meets their IT (cloud/communications/cybersecurity) needs.

Beyond organic growth-led value creation, GIGAS continues to size up inorganic growth opportunities to bolster its services portfolio and boost volume.

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 2021 EARNINGS PRESENTATION WEBINAR**

**DATE AND TIME:** Monday, 29 November, 11:30am

**LINK TO REGISTER:** <http://gigas.com/ResultadosGigas/2021Q3>

Alcobendas, Madrid, 23 November 2021,

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