NOTIFICATION OF 9 MONTH ENDEND SEPTEMBER 30TH 2017 EARNINGS AND BUSINESS INDICATORS GIGAS HOSTING, S.A.

30 October 2017

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 Mercado Alternativo Bursátil (the Spanish Alternative Equity Market, or "MAB"), GIGAS hereby presents this notice to the market on the third quarter of 2017, in accordance with the commitment undertaken in section 3.1.6 Financial Information in the Informational Document on Admission to the MAB (DIIM for its initials in Spanish) published in September 2015.

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 15/2016 of the Mercado Alternativo Bursátil (the Spanish Alternative Equity Market, or "MAB") on disclosures required by growth companies, the Company hereby also notifies the deviations in its metrics against the 2017 budget and the forecasts included in the price sensitive information disclosed on 1 March 2017:

SUMMARY OF SIGNIFICANT INFORMATION

- Gross sales through 30 September 2017 amounted to EUR 5.09 million, up 23.0% from EUR 4.13 million in the same period of 2016. Revenue rose by 24.4% year-on-year, to EUR 4.38 million from EUR 3.52 million in 9M 2016. Income in the nine-month period, and especially in the third quarter, was undermined by US dollar depreciation. The dollar fell by nearly 8% in Q3, causing turnover and revenue, which were slightly ahead of published forecasts, to fall below the 9M 2017 budget (-3.3% and -1.1%, respectively).
- EBITDA rose sharply again in the third quarter, totalling EUR 211 thousand, in line with the amount forecast for the full year. GIGAS reported EBITDA of EUR 329 thousand in 9M 2017 (compared to an expected loss of EUR 14 thousand). Several months of solid increases reinforce the trend of growth in the Company's profitability. In Q3 2017, the Company achieved an annual run rate for EBITDA (the result of multiplying EBITDA for the third quarter by four) of EUR 844 thousand.
- The Company had a total of 3,601 customers at 30 September 2017, surpassing the 3,600 mark for the first time. Cloud Datacenter customers totalled 482 in September, 73 more than a year ago, while Cloud VPS customers stood at 3,119, up slightly from 3,110 at the end of Q2.
- The Company continued to post healthy growth in Spain and Latin America, utilising its direct sales force and growing number of partners (mostly systems integrators and software developers), even though sales growth eased due to the typical seasonality affecting Q3.

CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2017.

CONSOLIDATED INCOME STATEMENT *EUR*	**2017** **JAN - SEPT**
Customer billing	**5,087,107**
Accrued sales	62,269
Sales discounts and promotions	(766,941)
Revenue	**4,382,435**
Own R&D costs capitalised	**107,936**
Non-recurring income, grants and other	**20,314**
Cost of sales	**(792,523)**
Online and third-party customer acquisition costs	(46,882)
Datacenters and connectivity	(427,778)
Other supplies	(317,863)
Personnel expenses	**(2,145,715)**
Salaries and wages	(1,690,510)
Customer acquisition fees, sales team	(78,158)
Social security costs	(377,047)
Other operating expenses	**(1,240,235)**
External services	(1,174,560)
Professional services and other	(849,471)
Marketing and publicity	(107,408)
International expenses, except marketing	(217,681)
Losses, impairment and changes in trade provisions	(65,675)
Other income and expenses	**(3,461)**
EBITDA	**328,751**
EBITDA margin, %	*7.5%*
Amortisation and depreciation	**(750,532)**
EBITDA	**(421,781)**
Finance income	**1,980**
Finance costs	**(64,189)**
Exchange gains/(losses)	**(91,048)**
Net finance income/(expense)	**(153,257)**
Profit/(loss) before tax	**(575,038)**
Income tax expense	**162,280**
Profit/(loss) for the period for continuing operations	**(412,758)**
Profit/(loss) for the period	**(412,758)**

INANCIAL INFORMATION

- Gross sales rose by 23.0% year-on-year in the first nine months of the year to EUR 5.09 million, underperforming the estimate in the published budget slightly, by 3.3%. Revenue, after discounting the accrual of services billed but not provided, and discounts and promotions, rose 24.4% year-on-year to EUR 4.38 million, but was 1.1% short of the budget for the period, due mainly to the impact of dollar depreciation.

CONSOLIDATED INCOME STATEMENT	**2017**		**2016**		**2017e**
EUR	**JAN - SEPT**	**% Chg.**	**JAN - SEPT**	**% Chg.**	**JAN - SEPT**
Customer billing	**5,087,107**	**23.0%**	**4,134,824**	**(3.3%)**	**5,260,882**
Accrued sales	62,269	-	(2,910)	-	(96,462)
Sales discounts and promotions	(766,941)	26.0%	(608,677)	59.6%	(480,392)
Revenue	**4,382,435**	**24.4%**	**3,523,237**	**(1.1%)**	**4,431,868**
Own R&D costs capitalised	**107,936**	**(60.8%)**	**275,218**	**(14.3%)**	**126,000**
Non-recurring income, grants and other	**20,314**	**156.8%**	**7,909**	**82.3%**	**11,144**
Cost of sales	**(792,523)**	**3.2%**	**(768,080)**	**(15.8%)**	**(940,896)**
Online and third-party customer acquisition costs	(46,882)	(65.3%)	(135,183)	(34.1%)	(71,100)
Datacenters and connectivity	(427,778)	12.2%	(381,369)	(10.9%)	(480,080)
Other supplies	(317,863)	26.4%	(251,528)	(18.4%)	(389,715)
Personnel expenses	**(2,145,715)**	**11.5%**	**(1,923,903)**	**(5.1%)**	**(2,261,519)**
Salaries and wages	(1,690,510)	12.4%	(1,504,602)	(5.0%)	(1,778,872)
Customer acquisition fees, sales team	(78,158)	(21.8%)	(99,956)	(34.6%)	(119,449)
Social security costs	(377,047)	18.1%	(319,345)	3.8%	(363,198)
Other operating expenses	**(1,240,235)**	**12.3%**	**(1,104,755)**	**(10.2%)**	**(1,381,054)**
External services	(1,174,560)	10.1%	(1,066,381)	(12.2%)	(1,337,854)
Professional services and other	(849,471)	21.4%	(700,016)	(5.6%)	(899,546)
Marketing and publicity	(107,408)	(44.0%)	(191,762)	(34.7%)	(164,380)
International expenses, except marketing	(217,681)	24.7%	(174,603)	(20.5%)	(273,926)
Losses, impairment and changes in trade provisions	(65,675)	71.1%	(38,374)	52.0%	(43,200)
Other income and expenses	**(3,461)**	**(16.3%)**	**(4,137)**	-	-
EBITDA	**328,751**	**5,889.3%**	**5,489**		**(14,456)**
EBITDA margin, %	*7.5%*		*0.2%*		*-0.3%*
Gross income *	*3,446,080*	*31.7%*	*2,616,827*	*3.5%*	*3,328,323*
Gross margin, %	*78.6%*		*74.3%*		*75.1%*
Administrative expenses **	*(3,245,578)*	*12.1%*	*(2,894,465)*	*(6.7%)*	*(3,479,924)*
Fixed charge coverage ratio	*135.0%*		*121.7%*		*127.4%*

NB *: Gross income is calculated 'Revenue' less 'Cost of sales', 'Customer acquisition fees' under 'Personnel expenses' and 'Losses, impairment and changes in trade provisions' included under 'Other operating expenses'.

- Monthly ARPU (average revenue per user) for Cloud VPS customers was steady at EUR 24.3 in the first nine months of the year. Cloud Datacenter customer ARPU fell slightly, to EUR 1,051 from the EUR 1,057 reported in the first half of the year, but was above the EUR 999 of 2016.
- Cost of sales rose by 3.2% year-on-year in 9M 2017, driving an increase in gross margin from 74.3% to 78.6%. Gross income in the period reached EUR 3.45 million, up EUR 829 thousand or 31.7% year-on-year, and 3.5% above budget.
- Personnel expenses amounted to EUR 2.15 million at 30 September 2017, up 11.5% year-on-year and slightly under budget. Social security costs rose higher, due mostly to training costs included under this line item.
- Other operating expenses rose by 12.3% year-on-year in 9M 2017 to EUR 1.24 million, driven mostly by increases in international expenses and professional services.
- The Company generated positive EBITDA of EUR 329 thousand in the first nine months of the year, considerably outperforming the negative EBITDA of EUR 14 thousand forecast for the period and well above the EUR 5 thousand registered in the same period last year.

EBITDA in the third quarter alone amounted to EUR 211 thousand, up EUR 96 thousand or 83.7% from the second quarter.

- Capex through September totalled EUR 0.54 million, coming up short of expectations. However, the Company is currently placing large orders for servers and storage, so it expects capex for the full year to be in line with the EUR 965 thousand budgeted for 2017.
- The amortisation and depreciation charge for the first nine months of 2017 was EUR 0.75 million. This, coupled with a net finance cost of EUR 153 million and an income tax expense of EUR 162 thousand, resulted in a net loss of EUR 413 for the period. The amortisation and depreciation charge has risen sharply over the past few months, due especially to the start of amortisation of the R&D projects now being marketed, but is expected to remain relatively stable in the short term. The net finance cost rose sharply in the period due to exchange losses arising from fluctuations of the US dollar, as noted previously.

FULL YEAR GUIDANCE AND BUDGET VARIANCE

Earnings for the first nine months of the year leave the Company's sales slightly below forecast for the period, mostly due to the dollar's depreciation vis-à-vis the euro, but well above at EBITDA level thanks to cost optimisation and, above all, the improvement in gross margin achieved during the year.

Based on the 9M performance and trends so far in the fourth quarter, GIGAS expects customer billing and revenue to end the year around or slightly below EUR 7 million and EUR 6 million, respectively, marking a difference of 4-6% with the budget for the year.

The Company expects EBITDA to reach EUR 260 thousand in the fourth quarter (16% higher than the estimate included in the price sensitive information disclosed on 1 March 2017), excluding potential costs related to corporate transactions and inorganic growth. This would leave EBITDA for the full year of EUR 0.60 million, well above the EUR 0.21 million forecast and approximately 180% over budget. With these figures, the Company's annual run rate for EBITDA at year-end would reach around EUR 1 million (with a run rate of approximately 15% for revenue), leaving it close to posting a net profit.

In summary, reported figures show the Company is clearly delivering its objective for the year of prioritising profitability over growth, underscoring the success of Gigas' business model. The business model is predicated on recurring revenue, low customer churn, wide gross margins (of nearly 80% at present) and high operational leverage, boding well for strong growth in profitability once the Company reaches critical mass. The growth in profitability was clearly illustrated in the first nine months of the year, with EBITDA rising by an average of EUR 134 thousand per quarter. Overall, the Company showed robust earnings, leaving it well placed ahead of 2018, in which it expects to continue delivering healthy growth in turnover of around 25%, increasing EBITDA, posting a net profit and becoming cash positive.

The Company will be holding its traditional Board of Directors meeting at the end of the year, at which it will approve the forecasts for 2018, disclosing the related price sensitive information thereafter.

Madrid, 30 October 2017.

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