

REPORT PREPARED BY THE BOARD OF DIRECTORS OF GIGAS HOSTING, S.A. REGARDING THE PROPOSED CAPITAL INCREASE TO OFFSET CLAIMS INCLUDED IN AGENDA ITEM 1 OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS CALLED FOR 18 AND 19 MAY 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

1. PURPOSE OF THE REPORT

This report is prepared by the Board of Directors of Gigas Hosting, S.A. ("**Gigas**" or the "**Company**") regarding the proposed resolution to be submitted to shareholders for approval at the Company's forthcoming Extraordinary General Meeting to increase the Company's share capital to offset a claim identified in this report in the appropriate manner, if applicable, by seventy-eight thousand five hundred euros (€78,500) paid by the offset of that claim.

Specifically, this report is issued in accordance with articles 286 and 296 of Royal Legislative Decree 1/2010, of 2 July, approving the restated text of the Spanish Companies Act (the "**Spanish Companies Act**") to explain and justify the proposed capital increase to offset claims included on the agenda to the Extraordinary General Meeting of Shareholders to be held on 18 and 19 May 2021 and first and second call, respectively.

In accordance with article 301(2) of the Spanish Companies Act, this report is issued on the nature and characteristics of the claims to be offset, the identity of the contributors, the number of shares to be issued and the amount of the increase.

Also, in accordance with article 301(3) of the Spanish Companies Act, shareholders will have access to a certificate issued by the auditor confirming that its verification of the Company's accounts found the information provided on the claim to be offset to be accurate. Both the report and the certificate shall be made available to Gigas shareholders with the call of the Extraordinary General Meeting of Shareholders to be held on 18 and 19 May 2021 at first and second call, respectively.

Should this resolution to increase capital be adopted at the Company's General Meeting, the corresponding shares shall be allocated to the holder of the claim to be offset.

2. JUSTIFICATION OF THE PROPOSED CAPITAL INCREASE TO OFFSET CLAIMS AND THE RELATED AMENDMENT TO THE COMPANY'S BY-LAWS

The Company's Board of Directors proposes increasing share capital to offset the claim identified in this report as part of the Company's inorganic growth process and, in particular, of the inorganic growth of the group of companies comprising the Company and its subsidiaries (the "**Group**").

Under the framework of the corporate transaction entailing the acquisition by the Company of all the shares of Winreason, S.A., which belongs to the Cabonitel group, and its subsidiaries ("**Oni**"), Portugal's leading telecommunications company in the B2B (business-to-business) segment (the "**Corporate Transaction**"), the Company must pay GAEA Inversión, S.C.R., S.A., former holder of the shares (the "**Holder of the Claim**"), as part of the acquisition price, an amount in cash of twenty-four million five hundred and thirty-one thousand two hundred and fifty euros (€24,531.250). However, the Company reserved the right to pay that amount through the delivery of Company shares to the Holder of the Claim for their subscription and payment through the offset of the claim it holds against the Company.

In the opinion of the Company's Board of Directors, the Corporate Transaction and, in particular, the capital increase covered by this report, are suitable for the achievement of the Company's and its Group's inorganic growth objective. Moreover, the capital increase is in the Company's interest as it allows the Company to pay part of the price of the Corporate Transaction, which is of high strategic value for the Company and its Group.

3. CURRENT SITUATION

All the Company's shares are admitted for trading on the BME Growth Segment of BME MTF Equity (formerly the growth companies segment of the Mercado Alternativo Bursátil or Spanish Alternative Market).

The Company's shares are represented by book entries, in the book-entry register kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. ("**Iberclear**").

4. CAPITAL INCREASE TO OFFSET CLAIMS

A proposal will be laid before the Company's shareholders in General Meeting to increase capital through the offset of the claim that the Holder of the Claim has with the Company amounting to twenty-four million five hundred and thirty-one thousand two hundred and fifty euros (€24,531,250), described below, through the issue of three million nine hundred and twenty-five thousand (3,925,000) shares with an aggregate par value of seventy-eight thousand five hundred euros (€78,500.-) and a share premium of twenty-four million four hundred and fifty-two thousand seven hundred and fifty euros (€24,452,750.-) (the "**Capital Increase**").

All the new shares to be issued will be the same as existing shares, with a par value of two euro cents (€0.02) per share and a share premium of six euros and twenty-three euro cents (€6.23) per share; i.e. total paid in for each share of six euros and twenty-five euro cents (€6.25) (the "**Conversion Price**").

The Conversion Price is the price at which the Company issued shares in the capital increases through monetary contributions approved at the Extraordinary General Meeting of Shareholders held on 17 November 2020, i.e. nine days after the binding offer to acquire all of the Oni shares was entered into between the Holder of the Claim and the Company.

5. IDENTIFICATION OF THE LOAN TO BE OFFSET

Set out below are the identification details of the Holder of the Claim and, if applicable, the claim to be offset through the Capital Increase (the "**Claim**"):

Identity of contributor:	GAEA Inversión, S.C.R., S.A., a Spanish private equity firm with registered address at San Sebastián, Polígono Zuatzu 7, Edificio Urola, Local Nº1, planta baja (20018), on file at the Guipúzcoa companies register under tome 2,906, sheet SS-41.895, page 103 and taxpayer identification number (NIF) A75223396.
Origin of the claim	Contract of purchase and sale of shares of Winreason, S.A. entered into by the Company and the Holder of the Claim, dated 30 March 2021.
Amount of principal due as at the date of this report	€24,531,250
Amount of interest due as at the date of this report	Not applicable
Amount to be offset	€24,531,250

Debtor	Gigas Hosting, S.A.
Shares to be subscribed for and paid in	3,925,000 shares
Aggregate par value of shares to be subscribed for and paid in	€78,500
Aggregate share premium of shares to be subscribed for and paid in	€24,452,750
Cash consideration	Not applicable

6. COMPLIANCE WITH THE REQUIREMENTS OF ARTICLE 301 OF THE SPANISH COMPANIES ACT

It is hereby expressly noted that all of the requirements of article 301 of the Spanish Companies Act are met since 100% of Claim is liquid, due and receivable by the Holder of the Claim. All the particulars relating to the Claim are consistent with the particulars on record in the Company's books of account.

It is also hereby noted that at the time the General Meeting of Shareholders is convened, shareholders shall be given access, both at the Company's registered office and on its website, to (i) this report and (ii) a certificate issued by the Company's auditor confirming that its verification of the Company accounts found the information provided on the Claim and Capital Increase to be accurate.

7. ABSENCE OF PRE-EMPTIVE SUBSCRIPTION RIGHTS

For the record, it is also expressly stated that since this is not a capital increase involving monetary contributions, the Company's shareholders do not have the pre-emptive subscription rights provided for in article 304 of the Spanish Companies Act.

8. CAPITAL INCREASE AND SUBSCRIPTION OF SHARES

If approval for the Capital Increase is given at the General Meeting of Shareholders, the Company, to offset the Claim, shall increase capital and the Holder of the Claim shall subscribe and pay for the newly issued shares, as detailed below:

Holder of the Claim	Claim to be offset	Shares to be subscribed for	Amount of share capital	Amount of share premium	Payment in cash
GAEA Inversión, S.C.R., S.A.	€24,531,250	3,925,000	€78,500	€24,452,750	Not applicable

The new shares issued for the Capital Increase shall confer holders the same voting and dividend rights as the rest of the Company's shares as from the date on which the Capital Increase is declared subscribed and paid up and the related entry is made in favour of the holder in the Company's book-entry register (which is kept by Iberclear).

9. ADMISSION TO TRADING OF THE NEW SHARES

Should the Capital increase be approved by the Company's Shareholders at the General Meeting, the Company would then apply for the listing of the new ordinary shares issued in the Capital Increase on the BME Growth Segment of BME MTF Equity.

It is expressly stated that if an application is later made to delist Company shares, such application must result from a resolution adopted in accordance with all applicable formalities, and, in that event, the interests must be safeguarded of shareholders who oppose the delisting resolution or abstain.

10. PROPOSED RESOLUTION TO BE SUBMITTED FOR APPROVAL AT THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

The full text of the proposed resolution relating to the Capital Increase submitted for approval at the Company's General Meeting of Shareholders is as follows:

"To increase capital through the offset of the claim held by GAEA Inversión, S.C.R., S.A. with the Company, through the issuance of three million nine hundred and twenty-five thousand (3,925,000) shares with an aggregate par value of seventy-eight thousand five hundred euros (€78,500.-) and an aggregate share premium of twenty-four million four hundred and fifty-two thousand seven hundred and fifty euros (€24,452,750), and apply for the admission for trading of the newly issued shares in the BME Growth Segment of BMT MTF Equity, and with a delegation of powers.

I. Capital increase

*To approve, under the scope of a corporate transaction entailing the acquisition by the Company of all the shares of Winreason, S.A., which belongs to the Cabonitel group, and its subsidiaries ("Oni"), a Portuguese telecommunications operator that offers telecommunications solutions to other sector companies, from GAEA Inversión, S.C.R., S.A. (the "**Corporate Transaction**"), an increase in the Company's share capital through the through the issuance of three million nine hundred and twenty-five thousand (3,925,000) shares with an aggregate par value of seventy-eight thousand five hundred euros (€78,500) and an aggregate share premium of twenty-four million four hundred and fifty-two thousand seven hundred and fifty euros (€24,452,750) (the "**Capital Increase**"). All the new shares to be issued will be the same as the existing shares, with a par value of two euro cents (€0.02) per share and a share premium of six euros and twenty-three euro cents (€6.23) per share; i.e. total paid in for each share of six euros and twenty-five euro cents (€6.25) (the "**New Shares**").*

*Payment of the par value and the respective share premium of the New Shares shall be made by offsetting the claim held by GAEA Inversión S.C.R. S.A. (the "**Holder of the Claim**") against the Company for twenty-four million five hundred and thirty-one thousand two hundred and fifty euros (€24,531,250) (the "**Claim**"). The claim has not accrued any interest to date.*

The particulars of the Claim that is to be offset as consideration for the Capital Increase are set out below:

<i>Identity of contributor:</i>	<i>GAEA Inversión, S.C.R., S.A., a Spanish private equity firm with registered address at San Sebastián, Polígono Zuatzu 7, Edificio Urola, Local Nº1, planta baja (20018), on file at the Guipúzcoa companies register under tome 2,906, sheet SS-41.895, page 103 and taxpayer identification number (NIF) A75223396.</i>
<i>Origin of the claim</i>	<i>Contract of purchase and sale of shares of Winreason, S.A. entered into by the Company and the Holder of the Claim, dated 30 March 2021.</i>
<i>Amount of principal due as at the date of this report</i>	<i>€24,531,250</i>
<i>Amount of interest due as at the date of this report</i>	<i>Not applicable</i>
<i>Amount to be offset</i>	<i>€24,531,250</i>
<i>Debtor</i>	<i>Gigas Hosting, S.A.</i>
<i>Shares to be subscribed for and paid in</i>	<i>3,925,000 shares</i>
<i>Aggregate par value of shares to be subscribed for and paid in</i>	<i>€78,500</i>
<i>Aggregate share premium of shares to be subscribed for and paid in</i>	<i>€24,452,750</i>
<i>Cash consideration</i>	<i>Not applicable</i>

It is expressly stated that:

- *Since the Capital Increase does not involve monetary contributions, the shareholders of the Company do not have a right of pre-emption under article 304 of the restated Ley de Sociedades de Capital enacted under Royal Legislative Decree 1/2010 of 2 July (the "**Spanish Companies Act**").*
- *100% of the Claim is liquid, due and receivable by the Holder of the Claim. All the particulars relating to the Claim are consistent with the particulars on record in the Company's books of account.*
- *The rationale for the proposed Capital Increase is set out in the directors' report of 14 April 2021;*
- *The statutory auditor of the Company, Ernst & Young, has issued the mandatory special report required under article 301(3) of the Spanish Companies Act. The report has been made available to the shareholders of the Company alongside the directors' report on the occasion of the call of this General Meeting at the registered office and on the corporate website.*

GAEA Inversión, S.C.R., S.A., the Holder of the Claim, agrees to subscribe for and fully pay in this Capital Increase, and therefore: (i) expressly agrees to the set-off the Claim; and (ii) subscribes for the New Shares and fully pays in the par value and share premium for the New Shares by means of setting off the Claim under the terms set out above.

By virtue of the foregoing, it is resolved to redraft item 5 of the Company's by-laws, which will henceforth read as follows (for the avoidance of doubt, both the former text and the new text are presented below):

<i>Former text</i>	<i>New text to be approved</i>
<p>ARTICLE 5. SHARE CAPITAL</p> <p><i>Share capital is set at ONE HUNDRED AND FIFTY-FOUR THOUSAND THREE HUNDRED AND EIGHTY-SEVEN EUROS AND THIRTY CENTS (€154,387.30), fully subscribed and paid up.</i></p> <p><i>Share capital is divided into SEVEN MILLION SEVEN HUNDRED AND NINETEEN THOUSAND THREE HUNDRED AND SIXTY-FIVE (7,719,365) shares of TWO EURO CENTS (€0.02) par value each, all of the same class and series, numbered consecutively from 1 to 7,719,365, inclusive.</i></p> <p><i>The shares are fully subscribed and paid in.</i></p> <p><i>The shares are represented by book entries and governed by the (Ley del Mercado de Valores) and other complementary provisions. Until shares are paid in full, such circumstance shall be noted in the accounting entry.</i></p>	<p>ARTICLE 5. SHARE CAPITAL</p> <p><i>Share capital is set at TWO HUNDRED AND THIRTY-TWO THOUSAND EIGHT HUNDRED AND EIGHTY-SEVEN EUROS AND THIRTY CENTS (€232,887.30), fully subscribed and paid up.</i></p> <p><i>Share capital is divided into ELEVEN MILLION SIX HUNDRED AND FORTY-FOUR THOUSAND THREE HUNDRED AND SIXTY-FIVE (11,644,365) shares of TWO EURO CENTS (EUR 0.02) par value each, of the same class and series, numbered consecutively from 1 to 11,644,365, both inclusive.</i></p> <p><i>The shares are fully subscribed and paid in.</i></p> <p><i>The shares are represented by book entries and governed by the Spanish Securities Market Act (Ley del Mercado de Valores) and other complementary provisions. Until shares are paid in full, such circumstance shall be noted in the accounting entry</i></p>
<p><i>The Company's book-entry register shall be carried by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) and its participating entities.</i></p>	<p><i>The Company's book-entry register shall be carried by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) and its participating entities.</i></p>

II. Listing of the new shares

It is resolved to apply for the admission for trading of the ordinary shares issued by the Company on the BME Growth Segment of BME MTF Equity (formerly the growth companies segment of the Mercado Alternativo Bursátil or Spanish Alternative Market).

It is expressly stated that if an application is later made to delist Company shares, such application must result from a resolution adopted in accordance with all applicable formalities, and, in that event, the interests must be safeguarded of shareholders who oppose the delisting resolution or abstain.

III. Delegation of powers to the Company Board of Directors

It is resolved to authorise the Board of Directors, with the full breadth of scope that may be required under the law and with express powers to further delegate to the Chairman, the Chief Executive Officer, one or more Directors or the Secretary or Deputy Secretary, to carry out this resolution. Specifically, these powers include, by way of illustration and without limitation:

- (i) To execute on behalf of the Company all such notarial acts or documents under hand as may be required to notarise and achieve full registration with the companies registry [Registro Mercantil] of the Capital Increase and the amendment of item 5 of the Company's by-laws, and, in general, to complete all formalities required for the successful fulfilment of the resolutions adopted at this General Meeting in connection with the Capital Increase.*
- (ii) To complete all formalities required for the new shares that are to be issued in the context of the Capital Increase to be entered in the register kept by Iberclear and listed on the BME Growth Segment of BME MTF Equity (and, therefore, including any applicable formalities and procedures in accordance with Circular 1/2020 on the requirements and procedures applicable to listing and delisting on the BME Growth Segment of BME MTF Equity, including, but not limited to, the approval of the related complete or abridged capital increase document, as appropriate)*
- (iii) To cure, clarify, construe, further specify or supplement the resolutions adopted adopted at this General Meeting, or any provisions arising in any notarial acts or documents executed to fulfil the resolutions, and, specifically, to cure any defect, omission or error of substance or form that might prevent entry of the resolutions and their consequences in the companies register or any other register."*

This report was authorised for issue and approved by the Board of Directors at its meeting held on 14 April 2021.

Moisés Israel Abecasis

José María Torroja Cifuentes

León Bartolomé Velilla

Rosalía Lloret Merino

**Alfonso Cabezudo Fernández
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**Bonsai Venture Capital, S.A. SCR de
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