



PRESS RELEASE

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The company releases its 1Q 2020 earnings

Gigas reported gross sales of €3.20 million, up 5.4% year-on-year

- *Figures reflect the impact of strong Latin American currency depreciation in recent months*

Gigas (GIGA.MAB), its earnings for the first quarter of 2020, showing year-on-year growth in gross sales (+5.4%), net revenue (+6.3%) and adjusted EBITDA (+2.4%, i.e. excluding extraordinary costs for M&A and stock options). Growth was affected heavily by the sharp depreciation of Latin American currencies caused by the global health crisis.

Customer revenue (gross sales) in the first quarter of 2020 amounted to EUR 3.20 million, up 5.4% year-on-year (from EUR 3.04 million in 1Q 2019), but slightly below (-1.6%) budget (EUR 3.25 million). Net revenue amounted to EUR 2.63 million, up 6.3% year-on-year (from EUR 2.47 million in 1Q 2019) and 5.1% below budget (EUR 2.77 million).

The deviations from the budget disclosed by the company in the price sensitive information of 20 January 2020 were due mainly to the impact of the sharp depreciation by Latin American currencies. This affected mostly revenue in Colombian pesos (which represented 20.2% of the total in 2019) and the Company's commercial position with Latin American customers billed in US dollars (which represented 32.3% of total net revenue in 2019). The health crisis also drove a certain increase in customer churn.

Gross margin for the quarter was 73.9%, a touch above the 73.7% budgeted. EBITDA through March totalled EUR 0.60 million, which was slightly lower than the year-ago figure (EUR 0.64 million), with foreign currency having an impact of EUR 64 thousand in the period, or 10.6% of the total. EBITDA before costs of M&A (EUR 0 in the quarter) and equity instrument-based payment plans (stock options) amounted to EUR 0.67 million. Adjusted EBITDA excluding the impact of Latin American currencies was EUR 0.74 million, up 12.1% from the EUR 0.74 million of 1Q 2019.

The Company expects both sales and EBITDA to deteriorate in the year's second quarter as it is making efforts to help customers by offering massive discounts and delaying invoices so it can keep as many customers as possible. It sees scope for some improvement in the third quarter, before returning to normal in the fourth. Although the Company may lose some customers, this should be offset to some extent by new customers or growth in revenue from new services (upgrades) to existing customers.

In any event, analysts still see upside potential in the stock. GVC Gaesco has a BUY recommendation on GIGAS with a target price of EUR 9.86 per share in its report of 31 March 2020. Investment Strategies has a POSITIVE recommendation in its report of 9 April 2020. Udekta Corporate gives GIGAS a PLATINUM rating in its report of 15 April 2020, with a reference price of EUR 8.9 per share. Meanwhile, Renta4 issued an OVERWEIGHT recommendation for the Company in its 8 October 2019 report, with a target price range of EUR 8.6-9.2 per share. MABIA has a target price of EUR 8.25 per share in its report of 22 July 2019. GIGAS closed at EUR 5.25 per share on 15



May 2020, implying upside from the analyst consensus target price.

As for organic growth, GIGAS continues to assess potential acquisitions that speed up its growth and contribute value to its shareholders.

About Gigas.com

Gigas is a Spanish cloud computing company listed on the Mercado Alternativo Bursátil (Spanish Alternative Equity Market or MAB) since 2015 (GIGA.MAB). Founded in 2011, it has become one of the world's leader providers in the sector, according to Gartner's "Magic Quadrant for Cloud Infrastructure as a Service" report. Gigas, which offers cloud computing solutions to large corporations and SMEs alike, is widely known for its cutting-edge technology and unrivalled technical support. The company has data centres in Madrid, Miami and Santiago de Chile and offices in Spain, Colombia, Chile, Peru, Miami, Panama and Mexico.

