



PRESS RELEASE

Gigas widens its strategic focus and enters the telecommunications sector

Gigas acquires ONI, Portugal's leading enterprise telecommunications operator, for EUR 40 million

- **With this transaction, the Group expects to quadruple consolidated revenue to EUR 50 million and triple adjusted EBITDA to EUR 10.2 million**
- **Gigas is embarking on a new stage aimed at becoming a relevant operator in the converging enterprise telecommunications, cloud and security market in the Iberian Peninsula**

Gigas (GIGA.MAB), has signed a binding agreement with private equity firm GAEA Inversión to acquire ONI a leading telecommunications operator in Portugal's B2B market and member of Cabonitel group. GAEA, which is managed by Inveready, now a Gigas bondholder following a shareholder and corporate restructuring at Cabonitel, will become owner of 100% ONI's share capital. The transaction price is EUR 40 million (equity value).

ONI forecasts revenue of EUR 37.3 million and normalised EBITDA of EUR 7 million. This acquisition and the one announced in September of Irish operator Ignitar (EUR 2 million of revenue and EUR 0.7 million EBITDA) will give the Group total pro-forma revenue this year of approximately EUR 50 million and pro-forma adjusted consolidated EBITDA (excluding M&A costs) of around EUR 10.2 million.

ONI provides telecommunications, cloud and IT/security solutions to approximately 1,100 large and medium-sized enterprises, along with wholesale voice and data services to other telecommunications operators. It owns two datacenters (Lisbon and Porto), metropolitan fibre networks in Portugal and a fibre ring Madrid to Lisbon and Porto, which will enable a smooth integration of services and operations with Gigas in the Iberian Peninsula. ONI has a staff of 165 highly skilled employees.

The sale was made at a price of EUR 40 million (enterprise value of EUR 43 million), implying an EBITDA multiple of 6.1x, which is below Gigas's current multiple. Of this amount, 62% will be paid in newly issued Gigas shares, so post-acquisition, the private equity firm GAEA/Inveready will become Gigas's largest shareholder, providing stability and a proven track record and expertise in telecommunications and M&A. The remaining 38% will be paid in cash with proceeds from two capital increases subject to approval by shareholders at the Extraordinary General Meeting to be held on 17 November, and the remainder in newly issued Gigas shares. This structure bears out GAEA/Inveready's close alignment with new strategy announced by Gigas of expanding its activities into the telecommunications market.

Once the acquisition and capital increases are completed, Gigas will have around EUR 7 million of cash and approximately EUR 5 million of net financial debt, representing just 0.5x combined

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EBITDA, enabling the Company to use its leverage capacity to undertake new acquisitions. Gigas is currently in the due diligence stage to acquire a portfolio of enterprise telecommunications customers in Spain.

Of the two capital increases, the first, for up to EUR 17 million, excludes pre-emptive subscription rights. It targets strategic investors who will lend long-term stability. The second, for EUR 4 million, includes pre-emptive subscription rights and targets existing retail and institutional shareholders. Both capital increases will be carried out at a price of EUR 6.25 per share.

By acquiring ONI, Gigas is embarking on a new stage aimed at becoming a relevant operator in the converging enterprise telecommunications, cloud and security market in the Iberian Peninsula. ONI reinforces the product offering to become a one stop shop for businesses and brings in more human resources and telecommunications capabilities in Portugal which, coupled with Gigas know-how in virtualisation and network of global datacenters, will establish the base of operations for launching OTT (over the top or use of third-party networks) in other countries.

The new services will add functionalities and offer greater flexibility and agility than traditional telecommunications services (e.g. dedicated lines, MPLS), at a lower cost, helping drive companies' digital transformation and migration to the cloud. The acquisition will also increase the Company's revenue by four-fold and EBITDA by over three-fold, giving it the size and financial wherewithal to become a pioneering and relevant player in innovative convergent services.

According to Diego Cabezudo, CEO and co-founder of Gigas, *"the purchase of ONI is the cornerstone to deploy our strategy as a Telecommunications services provider. After this acquisition, Gigas becomes one of the largest Telecommunications companies in the business sector within the Iberian Peninsula, working as a platform for both organic and inorganic future growth of our company"*.

For his part, Carlos Conti, GAEA's partner in charge points out about the transaction: *"We are fully aligned with the new Gigas strategy in a market that we know well. Contributing from ONI to that strategy will accelerate its implementation, so it seems to us as a catalyst operation for all. The business Telecommunications services market is starting a new disruption of OTT capabilities boosted by the current context of distributed work. In this regard, both the Gigas and the ONI team, which we know for several years, own the capabilities to build a leading European company"*.

ONI's CEO, Nuno Saraiva, and CTO, Carlos Pereira, will continue to oversee operations in Portugal and will play a key role in the development of Gigas's new telecoms services.

Gigas engaged Ernst&Young Servicios Corporativos and RRP Advogados as advisors for the transaction. Q Advisors, as a global TMT investment banking boutique, acted as financial advisor to the sellers in connection with this transaction.

About Gigas.com

Gigas is a Spanish cloud computing company listed on the BME Growth 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

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technology and unrivalled technical support. The company has data centres in Madrid, Miami, Lisbon, Port and Santiago de Chile and offices in Spain, Portugal, Colombia, Chile, Peru, Miami, Panama and Mexico.

