PRELIMINARY EARNINGS FOR H1 2021 GIGAS HOSTING, S.A.

31 August 2021

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 (*texto refundido de la Ley del Mercado de Valores*) approved by Royal Legislative Decree 4/2015, of 23 October, and related provisions, and in accordance also with Circular 3/2020 of the BME Growth Segment of BME MTF Equity (the "BME Growth" segment) on information to be provided by companies admitted to trading in the BME Growth segment of BME MTF Equity, the following relevant information is hereby disclosed to the market in relation to Gigas Hosting, S.A. and its subsidiaries ("GIGAS", the "GIGAS Group" or the "Company") regarding its preliminary earnings for the first half of 2021 and compliance with the 2021 budget released in an Inside Information notice of 8 February 2021:

The information contained in this Inside Information disclosure was prepared by the Company as preliminary consolidated earnings of GIGAS HOSTING S.A. and subsidiaries for the first half of 2021 based the accounting and financial information available to the Company. The results are subject to a limited review by the Company's statutory auditor, Ernst & Young S.L., and will be duly authorised for issue by the Board of Directors of Gigas within the coming weeks.

SUMMARY OF RELEVANT INFORMATION

- The Company delivered strong growth in the period, driven primarily by acquisitions carried out in the year's first quarter. **Net revenue in the first half of 2021 amounted to EUR 22.72 million, a more than 4.3-fold increase year-on-year** (from EUR 5.18 million) **and 16.8% above the EUR 19.46 million budgeted** for the period.
- GIGAS also reported **adjusted EBITDA** (i.e. excluding M&A costs, stock options and multiyear remuneration plans) in H1 2021 of **EUR 5.52 million, an increase of 338% year-on-year from EUR 1.26 million in H1 2020 and 34.7% above the EUR 4.10 million budgeted**.
- The Company focused on completing M&A deals during the first half (i.e. acquisitions of MásMóvil's B2B telecommunications customer portfolio, Portuguese telecommunications operator ONI, and ValoraData's cloud cybersecurity business unit – see Other Relevant Information notices of 3 February and 30 March, and Inside Information of 31 March 2021, respectively), integrating and consolidating the acquisitions and designing its new telco/cloud/cybersecurity solutions, which will be launched on the market this fall. The Company also continued to assess potential acquisitions that can strengthen its services portfolio and accelerate its growth.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

CONSOLIDATED INCOME STATEMENT H1 2021

Figures in EUR	H1 2021
Net revenue	**22,717,625**
Cloud, IT and cybersecurity services	7,689,550
Telecommunication services	15,006,390
Non-recurring income, grants and other	21,684
Cost of sales	**(9,072,333)**
Product direct costs	(8,193,942)
Technical and operating costs	(878,391)
Gross margin	**13,645,292**
Gross margin, %	*60.1%*
Personnel expenses	**(4,446,744)**
Salaries and Social Security	(5,243,941)
Own R&D expenses capitalised	797,197
Other corporate costs	**(3,676,907)**
Customer operations, marketing et al.	(431,509)
Network, operations and IT	(1,798,341)
Other G&A costs	(1,447,058)
Other income/(expenses)	-
Adjusted EBITDA *	**5,521,641**
Adjusted EBITDA %	*24.3%*

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

DETAILED FINANCIAL INFORMATION AND BUDGET VARIANCE

- Net revenue in the first six months of 2021 amounted to EUR 22.72 million, driven by the acquisitions made in recent months and outperforming the budget thanks mainly to two factors: a) the consolidation of ONI's earnings from mid-February, which was earlier than the expected date of 1 April 2021 used in the budget, and b) the inclusion of results from ValoraData's business unit in the second quarter, which were not factored in the budget. This marked a more than 4.3-fold increase on H1 2020 (EUR 2.52 million) and was 16.8% above the EUR 19.46 million budgeted. Telecom revenue (from ONI and the MásMóvil portfolio) accounted for 66.1% of the total, and cloud and cybersecurity 33.8% (mostly from Gigas, but also, to a lesser extent, from ONI, the ValoraData business unit and the MásMóvil portfolio).

CONSOLIDATED INCOME STATEMENT VS. 2020 AND BUDGET

CONSOLIDATED INCOME STATEMENT H1 2021							BUDGET 2021
Figures in EUR	Q1 2021	Q2 2021	H1 2021	% Chg.	H1 2020	% Chg.	H1 2021B
Net revenue	**9,323,108**	**13,394,517**	**22,717,625**	**338.4%**	**5,181,445**	**16.8%**	**19,458,277**
Cloud, IT and cybersecurity services	3,523,012	4,166,538	7,689,550	49.7%	5,137,821	19.8%	6,420,998
Telecommunication services	5,789,479	9,216,911	15,006,390	-	-	15.3%	13,016,219
Non-recurring income, grants and other	10,618	11,067	21,684	-50.3%	43,625	3.0%	21,061
Cost of sales	**(3,721,243)**	**(5,351,090)**	**(9,072,333)**	**548.7%**	**(1,398,522)**	**11.6%**	**(8,128,819)**
Product direct costs	(3,301,024)	(4,892,918)	(8,193,942)	1204.9%	(627,930)	13.4%	(7,228,648)
Technical and operating costs	(420,219)	(458,172)	(878,391)	14.0%	(770,593)	-2.4%	(900,172)
Gross margin	**5,601,865**	**8,043,427**	**13,645,292**	**260.7%**	**3,782,923**	**20.4%**	**11,329,458**
Gross margin, %	*60.1%*	*60.1%*	*60.1%*	*-17.7%*	*73.0%*	*3.2%*	*58.2%*
Personnel expenses	**(1,961,782)**	**(2,484,962)**	**(4,446,744)**	**169.4%**	**(1,650,536)**	**18.9%**	**(3,741,291)**
Salaries and Social Security	(2,248,699)	(2,995,242)	(5,243,941)	178.1%	(1,885,880)	18.0%	(4,443,239)
Own R&D expenses capitalised	286,917	510,280	797,197	238.7%	235,344	13.6%	701,948
Other corporate costs	**(1,522,281)**	**(2,154,626)**	**(3,676,907)**	**321.5%**	**(872,419)**	**5.4%**	**(3,488,272)**
Customer operations, marketing et al.	(284,425)	(147,083)	(431,509)	540.2%	(67,401)	-54.5%	(947,371)
Network, operations and IT	(631,897)	(1,166,444)	(1,798,341)	-	-	35.5%	(1,326,996)
Other G&A costs	(605,959)	(841,099)	(1,447,058)	79.8%	(805,018)	19.2%	(1,213,906)
Other income/(expenses)			-			-	-
Adjusted EBITDA *	**2,117,802**	**3,403,839**	**5,521,641**	**338.2%**	**1,259,969**	**34.7%**	**4,099,895**
Adjusted EBITDA %	*22.7%*	*25.4%*	*24.3%*	*0%*	*24.3%*	*15.4%*	*21.1%*

NB: * Adjusted EBITDA excludes M&A costs and multiyear remuneration plans (stock options and others).
Gross margin for H1 2020 and personnel expenses differ slightly from last year's reported figures due to the change in reporting format and the reclassification of certain accounting items to assist users in understanding the business. Specifically, sales commissions from the sales team were included in cost of sales (before they were included in personnel expenses, following its accounting treatment), certain costs of external services were included in personnel expenses, and the provision for impairment of trade receivables was considered an inherent business expense and, therefore, included in product direct costs, above gross margin.

- Gross margin soared 261% in the first six months of 2021 to EUR 13.65 million from EUR 3.78 million in H1 2020. This was 20.4% above the budget of EUR 2.32 million in absolute terms thanks to the earlier-than-expected inclusion of ONI in the consolidated group and the unbudgeted inclusion of the cybersecurity business acquired from ValoraData. Gross margin amounted to 60.1% of revenue, 1.9 percent points above the budget for the period on the back of greater cost efficiency in providing services.
- Personnel expenses rose sharply, to EUR 4.45 million, owing to the addition of staff from the companies acquired, and were above budget due to the consolidation of ONI and the inclusion of the ValoraData business unit, as explained previously. Costs arising from termination benefits, stock options and other multiyear remuneration plans are not included in personnel expenses, but totalled EUR 396 thousand in the six-month period.
- Acquisitions drove a 321% year-on-year increase in other corporate costs in the first six months of 2021, to EUR 3.68 million, which were also above budget because of the inclusion of ONI and ValoraData's business unit in the consolidated group.
- Adjusted EBITDA through June 2021 totalled EUR 5.52 million, up 338% on the year-earlier figure (EUR 1.26 million) and 34.7% over the EUR 4.10 million budgeted thanks mainly to ONI's early-than-budgeted consolidation and the inclusion of the business unit acquired from ValoraData, alongside organic growth and efficient cost management. Adjusted EBITDA excludes M&A costs of EUR 367 thousand in the half and costs of multiyear incentive programmes or shared based payments (stock options) which, as noted,

amounted to EUR 396 thousand, although the latter did not imply any cash outflow in the period. Therefore, accounting EBITDA was EUR 4.76 million in H1 2021, more than 3.7 times the year-earlier figure (EUR 1.10 million) and also above budget.

- The adjusted EBITDA/revenue ratio in H1 2021 was 24.3%, in line with the figure for last year but above budget (21.1%) thanks to containment of corporate costs.
- Revenue in Q2 2021 was lower than budgeted, mostly because of lost revenue from the spin-off of certain network assets in Portugal as part of the transaction carried out. Nevertheless, this did not keep the profitability of the business from increasing.
- Adjusted EBITDA in the second quarter of the year was EUR 3.40 million, 18.1% higher than the EUR 2.88 million budgeted for the period and in line with the budget for Q4 2021 (EUR 3.43 million); i.e. the budget targets were achieved two quarters earlier than expected. All of the companies acquired were fully consolidated in Q2. Accordingly, the EBITDA of EUR 3.40 million reported for the quarter is the best indication of the Company's recurring EBITDA at present. The business unit acquired from ValoraData was not included in the budget, but contributed EUR 120 thousand of EBITDA in the quarter, resulting in strong outperformance of the budget like-for-like.
- CAPEX and acquisitions of intangible assets in the first six months of 2021 amounted to EUR 3.05 million. This was 29.3% below budget as execution of certain integration projects was delayed, but it was also due to greater efficiency in investments. This bodes well for a figure below the CAPEX budget for full year 2021, of EUR 10.30 million, shaped by the more capital-intensive telecommunications business and the non-recurring investments being undertaken this year to integrate the companies acquired and to launch new services.
- EBITDA less CAPEX amounted to EUR 2.47 million in the first half of the year, up 169% from EUR 0.92 million for the same period last year and well above the budget target for the period (i.e. negative EUR 214 thousand). The budget target for the full year is for EBITDA less CAPEX of EUR 0.42 million; i.e. the Group generated EUR 2 million more in the first half than the amount budgeted for the entire year.
- 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, ended June 2021 at EUR 20.51 million. This was far high than the EUR 7.83 million at 30 June 2020, due to debt related to M&A. Even so, the Company carried out two monetary capital increases at the end of 2020, for a combined EUR 20.72 million, to fund acquisitions. It also paid a considerable part of ONI's acquisition price with GIGAS shares. Net financial debt at the end of H1 2021 stood at EUR 10.67 million, in line with the budgeted net financial debt/adjusted EBITDA ratio for the year of 1.0x. With a net financial debt/EBITDA ratio at this level plus EUR 9.83 million of cash, the Company enjoys a comfortable financial position and has plenty of room to increase leverage in future acquisitions.

Overall, figures for the first half 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 second half with the consolidation of ONI and the integration of the cybersecurity business unit acquired from ValoraData. Following these acquisitions, Gigas has become a group with revenue of approximately EUR 54 million and EBITDA of EUR 13 million, providing converged telco/cloud/cybersecurity services to more than 10 thousand business customers. Although revenue was slightly lower than announced, due primarily to the acquisition scope, as noted, the Group not only managed to sustain, but was able to improve EBITDA.

In summary, the Company fared extremely well in the first half of the year, not merely because of the acquisitions made, but also for the synergies and advantages starting to feed through from the integrations, with considerably higher-than-expected EBITDA. Beyond organic growth-led value creation, the Company continues to size up potential acquisitions to bolster its services portfolio and accelerate its growth.

Alcobendas, Madrid, 31 August 2021,

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