



NOTIFICATION OF Q1 2023 EARNINGS
GIGAS HOSTING, S.A.

29 May 2023

With a view to increasing transparency and providing regular information on the key financial and business indicators of Gigas Hosting, S.A. ("GIGAS", the Company", or the "GIGAS Group"), although not required to do so according to the current regulations of the BME Growth Segment of BME MTF Equity ("BME Growth"), GIGAS hereby presents this notice to the market on the first quarter of 2023, in accordance with the commitment undertaken in section 3.1.6 Financial Information in the Informational Document on Admission to BME Growth (DIIM for its initials in Spanish) published in September 2015.

Pursuant to article 17 of EU Market Abuse Regulation (596/2014) and article 227 of Law 6/2023 of 17 March on Securities Markets and Investment Services (*Ley 6/2023, de 17 de marzo*) and related provisions, and Circular 3/2020 of the BME Growth Segment of BME MTF Equity (the "BME Growth" segment), the Company hereby also notifies the variance in its financial metrics from the 2023 Budget included in the Inside Information disclosure dated 7 February 2023.

SUMMARY OF SIGNIFICANT INFORMATION

- The Company continued to deliver healthy organic growth in the period, especially in Cloud & Cybersecurity services. Net revenue in the first three months of 2023 amounted to EUR 16.58 million, up 12.3% year-on-year (from EUR 14.76 million) and 5.0% from the previous quarter (EUR 15.79 million).
- GIGAS reported adjusted EBITDA (i.e., before M&A costs, long-term remuneration plans and other extraordinary items) in Q1 2023 of EUR 3.84 million, 15.5% higher than the EUR 3.33 million of the same quarter last year and 2.7% higher than the EUR 3.74 million budgeted.
- In the wake of the September 2022 acquisition of TPartner, a unified communications (UcaaS) and cloud PBX provider (see Inside Information notice of 29 September 2022), the Group's leverage or EBITDA/net financial debt ratio at 31 March 2022 stood at 1.92x EBITDA budgeted, with cash at hand of EUR 9.90 million.
- The Company spent the first three months of 2023 on boosting sales in all its geographies and businesses. Cloud & Cybersecurity revenue soared 41.0% (EUR 6.43 million in Q1 2023 vs EUR 4.56 million in Q1 2022) driven in part by the addition of TPartner to the Company's scope of consolidation. Stripping out the TPartner acquisition, the area showed revenue growth of 10.3% from Q4 2022 (EUR 5.82 million), showing an acceleration in its organic revenue growth.
- During the period, the Group completed the migration and adjustment of the B2B telecommunications customer portfolio in Spain acquired in 2021. This resulted in a

downward revision to the final price paid for the portfolio, but also had an adverse impact on revenue, with a slight year-on-year decrease in telecoms revenue (-2.7%), which was easily offset by the strong growth in Cloud & Cybersecurity revenue (+41.0%). However, GIGAS has achieved greater synergies and renegotiated wholesale contracts, enabling it to raise gross margin and deliver higher-than-budgeted EBITDA.

CONSOLIDATED INCOME STATEMENT

For the nine months ended 31 March 2023.

GIGAS	
CONSOLIDATED RESULTS	
<i>Figures in euros</i>	ACTUAL
	Q1 23
Net Revenues	16,575,987
Cloud, IT & Cybersecurity Services	6,425,401
Telecommunications Services	9,915,597
Extraordinary Income, Subsidies & O.	234,990
Cost of Sales	(6,699,844)
Direct Product Costs	(5,920,454)
Operations and Technical costs	(779,390)
Gross Margin	9,876,142
<i>Gross Margin %</i>	<i>59.6%</i>
Personnel Costs	(3,153,978)
Salaries and Social Security	(3,965,039)
Capitalised R&D	811,060
Corporate Costs	(2,877,623)
Customer Operations and Marketing	(816,916)
Network, Operations and IT	(1,069,007)
Other Corporate Costs	(991,700)
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Adjusted EBITDA *	3,844,542
<i>Adjusted EBITDA %</i>	<i>23.2%</i>
Maintenance CAPEX (**)	451,085
<i>% of revenues</i>	<i>2.7%</i>
EBITDA - Maintenance CAPEX	3,393,456
<i>% of revenues</i>	<i>20.5%</i>

NOTE*: EBITDA excludes costs of M&A, multiyear remuneration plans and other extraordinary.

DETAILED FINANCIAL DISCLOSURES AND BUDGET VARIANCE

- Q1 2023 net revenues reached EUR 16.58 million, underpinned primarily by the solid performance of cloud revenue and the consolidation of TPartner acquired in September last year.

- This marked a 12.3% increase on Q1 2022 (EUR 14.76 million) but was slightly lower (-1.0%) than budgeted (EUR 16.75 million). Telecommunications services represented 60.7% of total revenues, while Cloud & Cybersecurity represented 39.3%.

CONSOLIDATED INCOME STATEMENT VS. 2022 AND BUDGET

GIGAS

CONSOLIDATED RESULTS

Figures in euros

	ACTUAL	ACTUAL	ACTUAL	BUDGET 2023	
	Q1 23	% Var	Q1 22	% Var	Q1 23
Net Revenues	16,575,987	12.3%	14,760,883	-1.0%	16,751,303
Cloud, IT & Cybersecurity Services	6,425,401	41.0%	4,557,357	-2.6%	6,596,652
Telecommunications Services	9,915,597	-2.7%	10,193,473	-0.1%	9,929,652
Extraordinary Income, Subsidies & O.	234,990	2237.8%	10,052	4.4%	225,000
Cost of Sales	(6,699,844)	5.3%	(6,361,911)	-2.3%	(6,855,476)
Direct Product Costs	(5,920,454)	0.7%	(5,876,940)	-6.8%	(6,351,359)
Operations and Technical costs	(779,390)	60.7%	(484,971)	54.6%	(504,117)
		-		-	
Gross Margin	9,876,142	17.6%	8,398,971	-0.2%	9,895,827
<i>Gross Margin %</i>	<i>59.6%</i>		<i>56.9%</i>		<i>59.1%</i>
Personnel Costs	(3,153,978)	14.0%	(2,766,854)	-6.8%	(3,382,468)
Salaries and Social Security	(3,965,039)	19.3%	(3,322,545)	-0.4%	(3,980,249)
Capitalised R&D	811,060	46.0%	555,692	35.7%	597,780
Corporate Costs	(2,877,623)	24.9%	(2,304,594)	3.9%	(2,770,639)
Customer Operations and Marketing	(816,916)	3.6%	(788,601)	-20.3%	(1,024,583)
Network, Operations and IT	(1,069,007)	41.7%	(754,212)	24.8%	(856,749)
Other Corporate Costs	(991,700)	30.2%	(761,782)	11.5%	(889,307)
	-	-	-	-	-
Adjusted EBITDA *	3,844,542	15.5%	3,327,524	2.7%	3,742,720
<i>Adjusted EBITDA %</i>	<i>23.2%</i>		<i>20.6%</i>		<i>22.3%</i>
Maintenance CAPEX (**)	451,085	-64.5%	1,271,845	-45.0%	820,283
<i>% of revenues</i>	<i>2.7%</i>		<i>8.6%</i>		<i>4.9%</i>
EBITDA - Maintenance CAPEX	3,393,456	91.3%	1,773,560	16.1%	2,922,437
<i>% of revenues</i>	<i>20.5%</i>		<i>12.0%</i>		<i>17.4%</i>

NB:

* Adjusted EBITDA excludes M&A costs, multiyear remuneration plans and other extraordinary.

**Maintenance CAPEX: the CAPEX reported in the table represents investments for maintenance of the platforms' current capacity, maintenance of the fibre network, software updates, the replacement of obsolete equipment, etc. This CAPEX does not include investment related to growth and, therefore, the CAPEX required to maintain the current business.

- Gross margin for Q1 2023 totalled EUR 9.88 million, well above the EUR 8.40 million of the same period last year, with relative growth of 17.6%. For the period, gross margin came to 59.6% of revenue, well above last year's 56.9% and slightly higher than the 59.1% budgeted, thanks above all to the renegotiation of certain direct telecommunication services costs.
- Personnel costs increased to EUR 3.15 million, owing to the addition of TPartner staff, reinforcement of the management teams and new hires to run the business which, nevertheless, left costs lower than budgeted.

- Other corporate costs totalled EUR 2.88 million, up 24.9% year-on-year, also due to the acquisition in the last four months of 2022.
- Adjusted EBITDA through 31 March 2023 totalled EUR 3.84 million, up 15.5% on the year-earlier figure (EUR 3.33 million) and also above the budget (+2.7%) of EUR 3.74 million. Adjusted EBITDA excludes M&A and other extraordinaries (EUR 30 thousand) and costs of multiyear incentive programmes of EUR 183 thousand in the period, although they do not imply any cash outflow.
- The adjusted EBITDA ratio for Q1 2023 was 23.2%, significantly higher than both the 20.6% of the first quarter last year and the 22.3% budgeted.
- Maintenance capex in Q1 2023 totalled EUR 0.45 million, representing 2.7% of revenue compared to the 4.9% budgeted, partly due to savings and partly to short-term changes. Total CAPEX incurred in the period (growth + maintenance) was EUR 1.60 million, representing 19.5% of the total CAPEX budgeted for the year (EUR 8.2 million). Growth CAPEX targeted primarily acquisitions of equipment for customer installations and investments in cloud and data storage platforms.
- Gross debt, excluding the EUR 2.5 million of convertible bonds subscribed by Inveready (see Inside Information disclosure dated 26 April 2018), which are expected to be converted at maturity, and long-term telecom infrastructure leases (indefeasible rights of use or IRUs), ended March 2023 at EUR 43.02 million, below the gross debt figure at 31 December 2022 (EUR 45.64 million). Stripping out the Company's cash at 31 March 2023 (EUR 9.90 million), net financial debt stood at EUR 33.14 million; i.e., 1.92x budgeted EBITDA for the year. The Company has arranged a syndicated facility with six banks led by Banco Santander for EUR 60 million, with the possibility of increasing this by an additional EUR 30 million (see Inside Information disclosure of 20 April 2023). This will provide the Group with the funding needed to speed up both its organic and inorganic growth.

The Q1 2023 figures underline the strong growth in cloud and cybersecurity services revenue (of double digits compared to the previous quarter) and underline the Company's commitment to becoming a leading convergent (cloud, telecommunications, cybersecurity) operator in the Iberian Peninsula. They also show clear improvement in margins and profitability thanks to the deft performance by the management teams in integrating the companies acquired, optimising direct costs and unlocking synergies.

Beyond the organic growth delivered, the Company continues to assess potential M&A deals to scale up the business, consolidated its leadership in the Iberian Peninsula and expand in Europe.

The Company has scheduled a webinar on its earnings, during which the CEO will provide more details on the numbers presented in this document. Eligible to attend are all investors, analysts and anyone else interested, who can follow the presentation on-line and ask questions:

Q1 2023 EARNINGS PRESENTATION WEBINAR

DATE AND TIME: Thursday, 1 June, 4:30p.m.

LINK TO REGISTER: <http://gigas.com/ResultadosGigas/2023Q1>

Pursuant to Circular 3/2020 of the BME Growth Segment, for the record the information provided herein has been prepared under the exclusive responsibility of the Company and its administrators.

Alcobendas, Madrid, 29 May 2023,

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