

Gigas achieved net revenue of EUR 67.7 million in 2023, up 9.9%, and adjusted recurring EBITDA of EUR 16.7 million

- **The Group generated EUR 9.5 million of operating cash flow and kept its sound cash position, at EUR 19.30 million at year-end**
- **Gigas says 2024 will be shaped by organic growth in the cloud business, along with gross and EBITDA margin expansion**

Madrid, 10 April 2024.- Gigas, a Spanish multinational provider of convergent telecommunications, cybersecurity and cloud services for enterprises, released its FY 2023 earnings, which featured organic growth by the Group and completion of the consolidation and integration of the companies acquired in 2021, which resulted in a significant change in the Company's size.

The Company reported net revenue in 2023 of EUR 67.68 million, compared to EUR 61.56 million in 2022, i.e. an increase of 9.9%. Growth in the year was driven primarily by the contribution for the full year of TPartner, acquired in September 2022, as well as organic growth. Net revenue amounted to 93.1% of the EUR 72.64 million budgeted for the year, with the difference due mostly to churn in the business customer portfolio from MásMóvil (which also resulted in a lower price paid).

Cloud, IT & Cybersecurity Services achieved considerable growth in net revenues, of 24.7% from 2022, underpinned primarily by strong growth in cloud in Latin America and the consolidation for the full year of TPartner. In October 2023, the Company issued its guidance for the full year (subsequent ratified in December), which called for net revenue in a range of EUR 66-67 million. The final figure of EUR 67.68 million was above the upper end of the guidance range thanks to an excellent 4Q 2023, with year-on-year growth of 14.0% in EUR 17.90 million (or EUR 18.17 million excluding non-recurring income, grants and other).

Gross margin in 2023 totalled EUR 40.83 million, 7.1% higher than the EUR 38.11 million of 2022. This amounted to 60.3% of revenue in 2023, down from 61.9% in 2022 due to non-recurring items related to wholesale contract renegotiations, which resulted in exceptionally low cost of sales in 2022, but still considerably above the 58.6% budgeted. Broken down by services, gross margin for Telecommunication services was 53.6% of revenue from those services in 2023, while gross margin for Cloud, IT & Cybersecurity services was 69.8% of revenue from those services in the year.

Gigas obtained adjusted EBITDA (i.e. excluding costs of multiyear remuneration plans and M&A and other extraordinary items) in 2023 of EUR 16.70 million, an increase of 1.3% from the EUR 16.49 million obtained in 2022, which was an exceptionally good year because of the non-recurring reduction in wholesale expenses explained. EBITDA for the year was slightly short of budget (-3.3%) even though revenue was 6.8% below. The EBITDA margin was 24.7%, above the 23.8% budgeted for the year but lower than 26.8% achieved in 2022, as expected. Compared with the guidance issued to the market in the latest earnings releases, the EBITDA forecast range was EUR to 16.3-16.6 million, so the actual figure was above the upper end of the guidance range thanks to the healthy performance of Q4 2023.

Gigas ended the year with operating cash flow of EUR 9.5 million (2022: EUR 14.26 million), with the decrease due to extraordinary working capital changes caused primarily by acquisitions, which resulted in an outflow of EUR 10.57 million in the year (2022: EUR 2.95 million inflow). The

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Company ended the year with a sound cash position, with EUR 19.30 million of cash and cash equivalents (2022: EUR 13.70 million), enabling it to meet its short- and medium-term financial obligations. The Group's net financial debt stood at EUR 37.83 million; i.e., 2.27x adjusted EBITDA for the year.

The Group reported a net loss for the year of EUR 4.88 million (2022: EUR 3.78 million net loss), mostly due to higher amortisation and depreciation arising from acquisitions carried out in previous years, and the increase in finance costs from the syndicated facility arranged in 2023.

Turning to the customer base, Gigas had 4,954 enterprise customers at year-end 2023 (2022: 6,952), including Onmóvil's slightly more than 200 regional and other partner operators, through which most of that mobile subsidiary's services are marketed, with a total of 91 thousand active mobile lines at the end of 2023. The total customer base contracted considerably following completion of the migration of the B2B telecommunications customer portfolio acquired from MasMóvil, which resulted in considerable churn, but of customers with low ARPU and added value.

2024 GUIDANCE

In keeping with current trends in corporate governance and focusing on the medium and long term, the Company has decided that it will no longer be releasing detailed quarterly earnings, as it has done until now, and only publish earnings twice a year with its interim half-yearly financial statements (subject to a limited review by auditors) and its annual financial statements (together with the auditor's report).

Similarly, the Company will issue annual guidance for its key business metrics rather than a detailed quarterly budget. Gigas' Board of Directors approved the Company's 2024 budget, which calls for net revenue of EUR 70.4 million, up 4% from 2023. For EBITDA, the Company's target is adjusted EBITDA of EUR 17.6 million; i.e. 5.4% higher than in 2023. 2024 will be shaped by organic growth, especially in the cloud business, of nearly 10%, and slightly higher in telecommunications services than in 2023. The Company also expects some improvement in gross margin and EBITDA margin during the year.

After three years featuring major acquisitions (six since 2021) and strong efforts to consolidate and migrate the companies acquired, the Group is now firmly focused on generating organic growth and is very confident that it will achieve its targets for the year. Indeed, in the wake of a Q4 2023 with healthy earnings, the Company has started off the new year with considerable momentum. Its earnings so far are well above budget, making the Company upbeat about its FY targets.

About Gigas

Gigas is a Spanish multinational specialised in converged telecommunications, cybersecurity and cloud services for companies, and is listed on the BME Growth market (GIGA.MAB). Set up in 2011, Gigas is now a group that provides services to over 10,000 customers world-wide, partnering them in their digital transformation and offering "Peace of mind-as-a-Service" underpinned by four values: cutting-edge advanced technology, security, flexibility and proximity. It has offices in eight countries and 9 datacenters in Europe, the USA and Latin America. For more information please contact: **Gigas Communications** Bárbara González Tel: +34 603 578 654 comunicacion@gigas.com