



ACQUISITION OF CLOUD HOSTING
SERVICES PROVIDER SVT
GIGAS HOSTING, S.A.

11 January 2018

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 approved by Royal Legislative Decree 4/2015, of 23 October, and related provisions, and Circular 15/2016 of the Mercado Alternativo Bursátil (the Spanish Alternative Equity Market, or "MAB"), Gigas Hosting, S.A. (hereinafter, ("Gigas" or the "Company") here by discloses to the market the acquisition of 100% of the share capital of SVY Proveedor de Servicios Internet, S.L.U. (hereinafter, (SVT")):

Today, **Gigas completed the acquisition of 100% of the share capital of cloud hosting services provider SVT**, now a member of the Gigas Group. **SVT provides cloud hosting services to over 250 corporate customers, mainly medium-sized enterprises, specialising in hosting of ERP** (Enterprise Resource Planning) **software**, namely AGE, Microsoft Navision and SAP. Until now, SVT was a subsidiary of the SEMIC Group, a global IT solutions and services provider with more than 30 years' experience in the Spanish market and annual revenue over EUR 40 million.

The acquisition brings Gigas new corporate customers that match its target customer profile and extend its footprint in the market for hosting mission-critical applications in the cloud. In 2014, Gigas was the first cloud services operator in Spain to be SAP-certified in Infrastructure Operations Services, hosting the renowned software maker's applications in the cloud.

In addition to cloud hosting services, SVT has a security services unit, which was not included in the transaction. At the same time as the purchase-sale agreement, Gigas signed a Partnership Agreement with the SEMIC Group to provide these security services to its customer base, where it sees considerable scope for leverage.

SVT was incorporated in 2007 in Lérida. Excluding the security arm, which no longer belongs to the company, it reported EUR 772 thousand in cloud hosting service revenues in 2016 (unaudited). In the first nine months of 2017, SVT reported EUR 611 thousand of sales and an 18% EBITDA margin, leaving it on pace **to deliver EUR 830 thousand of sales for full-year 2017**, up 7.5% from the year earlier.

The transaction involved a fixed amount, a combination of cash and financial debt, which was paid today, and a variable amount linked to 2018 sales and payable in April 2019, once SVT's 2018 financial statements have been authorised for issue. **Assuming similar sales in 2018 to 2017, the acquisition puts a total value on SVT's hosting business of EUR 665 thousand** (excluding working capital), of which the fixed amount would represent approximately 75% and the variable amount the remainder. The fixed component entails the assumption of EUR 222 thousand of financial debt. Valuation-wise, with this 2018 sales assumption, **Gigas' acquisition of SVT's hosting business represents an acquisition multiple of 0.8x sales.**

The acquisition did not require any capital increase and will be funded mostly with available cash on Gigas' balance sheet.

By acquiring SVT, Gigas is embarking on its strategy of complementing organic growth with inorganic transactions. It continues to evaluate opportunities that can bring volume and value to the Group, through higher valuation multiples or synergies.

Gigas engaged Crea Inversión and ILV Silver as advisors on the acquisition.

Madrid, 11 January 2018.

Diego Cabezudo Chief
Executive Officer GIGAS
HOSTING, S.A