

gigas



Diego Cabezudo
CEO

Investors Presentation

Foro MEDCAP

MAY

2020



About Gigas

Gigas is a cloud computing company that started to provide services in 2012, operating in the "Infrastructure as a Service" (IaaS) segment

A sector with **significant growth rates** (over 25% per year in Spain and Latam, in the 2014-2018 period, according to Gartner), and consolidation opportunities.

Gigas has developed a **leading edge technology platform** (recognized by Gartner, MSPmentor, EuroCloud, The Cloud Awards and others) with an extremely intuitive and **easy to use user interface** (Control Panel).

Besides Spain, the company has **local offices throughout Latin America** with commercial and pre-sales staff in each country in which it operates, and a very qualified **technical support** in Spanish (24/7), that has been key to its success.

Gigas at a glance



Employees

+100



Clients

+3,500



Offices

Mexico, USA, Colombia,
Peru, Chile, Panamá,
Spain & Portugal



Sector

“Infrastructure as a Service” (IaaS)

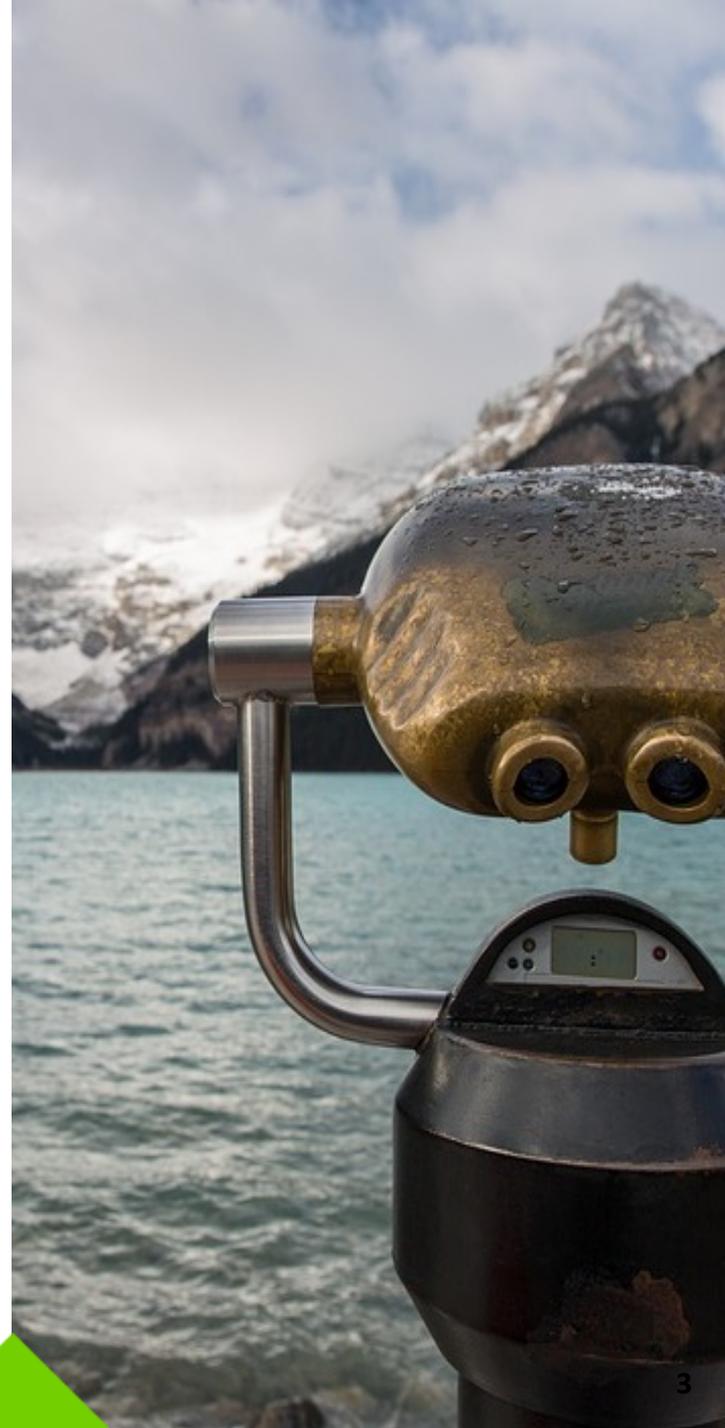


8 Datacenters

Madrid, Barcelona, Lisbon, Port
Miami, Bogota & Santiago de Chile

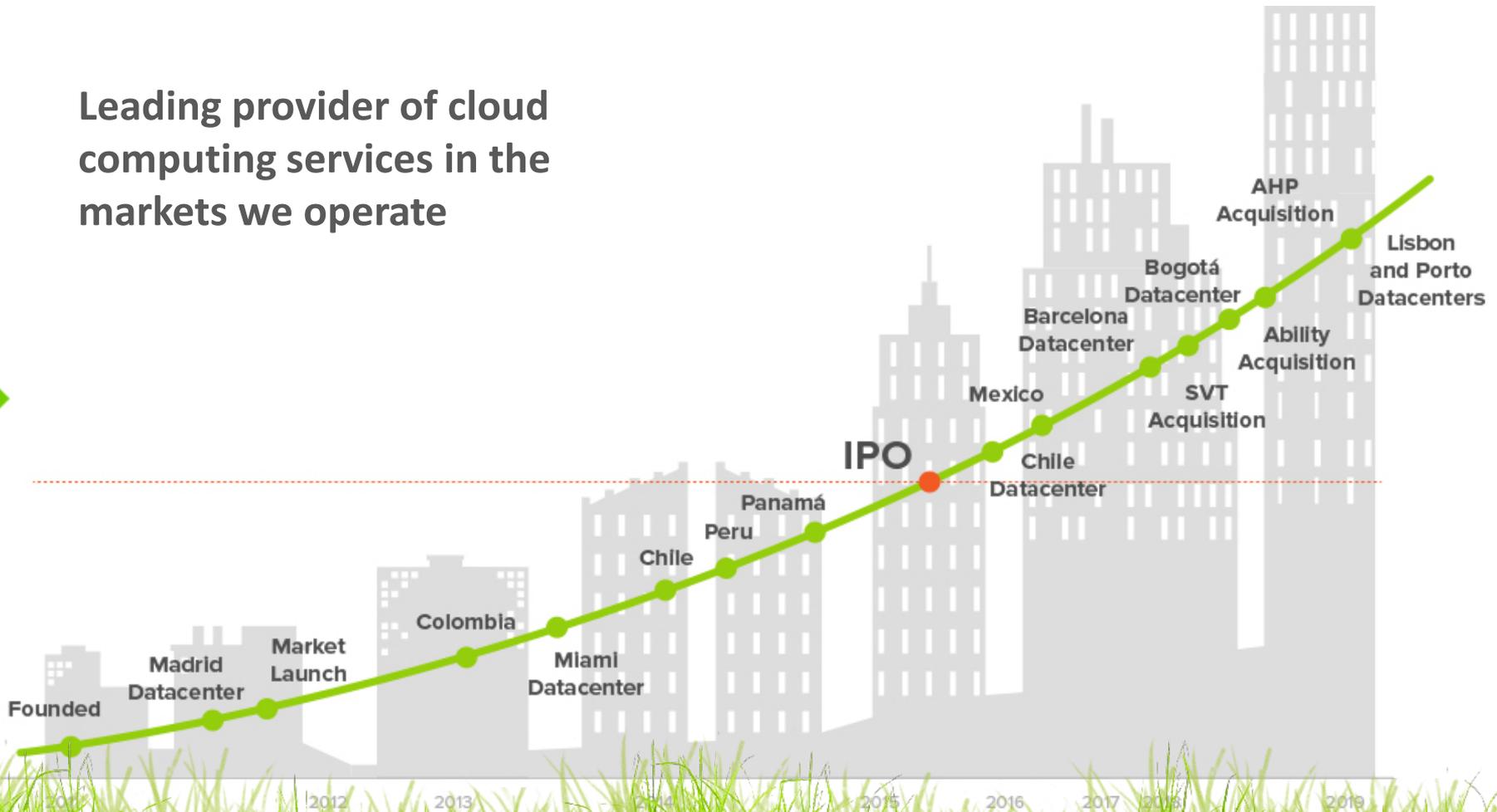


Listed in Madrid Stock Exchange



Gigas' Timeline

Leading provider of cloud computing services in the markets we operate



Experienced Team



Moisés Israel
CHAIRMAN



Diego Cabezudo
CEO



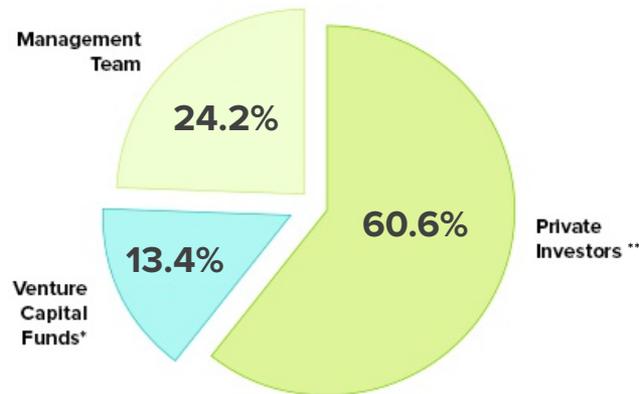
José Antonio Arribas
COO

Lola Molins
MARKETING DIRECTOR

Alberto Fernández
SALES DIRECTOR

Cristian García
FINANCIAL CONTROLLER

Shareholders and Board of Directors



100% of Gigas 4.3 million shares are listed on the Alternative Stock Market (MAB) in the Madrid Stock Exchange

* Bonsai Venture Capital and Caixa Capital Risc

** 5 of those private investors have a seat in the Board (jointly controlling 9.4% of the shares)



Board of Directors Secretary: **Patricia Manca and Javier Mateos, PWC**
Auditor: **Ernst&Young**

Award Winning Technology



Proveedor de Servicios Cloud en España
**MSPmentor Global Edition,
2015 & 2016**



Proveedor Destacado a Nivel Mundial
**Gartner Cloud Infrastructure
as a Service 2013, 14, 15, 17 & 18**



Mejor Servicio IaaS del Mercado
Eurocloud 2013 & 2014



Mejor Cloud Hoster Global
The Cloud Awards 2016, 2017



Mejor Servicio de Cloud Hosting
eAwards 2013 & 2016



Proveedor Oficial Cloud
for the European Commission



1000 Empresas Europeas más Innovadoras
y con Mayor Crecimiento (Puesto 126)
Financial Times 2017, 18



Top 10 Proveedores de Soluciones SAP
Innovadoras
Insight Success 2019



Some Companies Hosted at Gigas

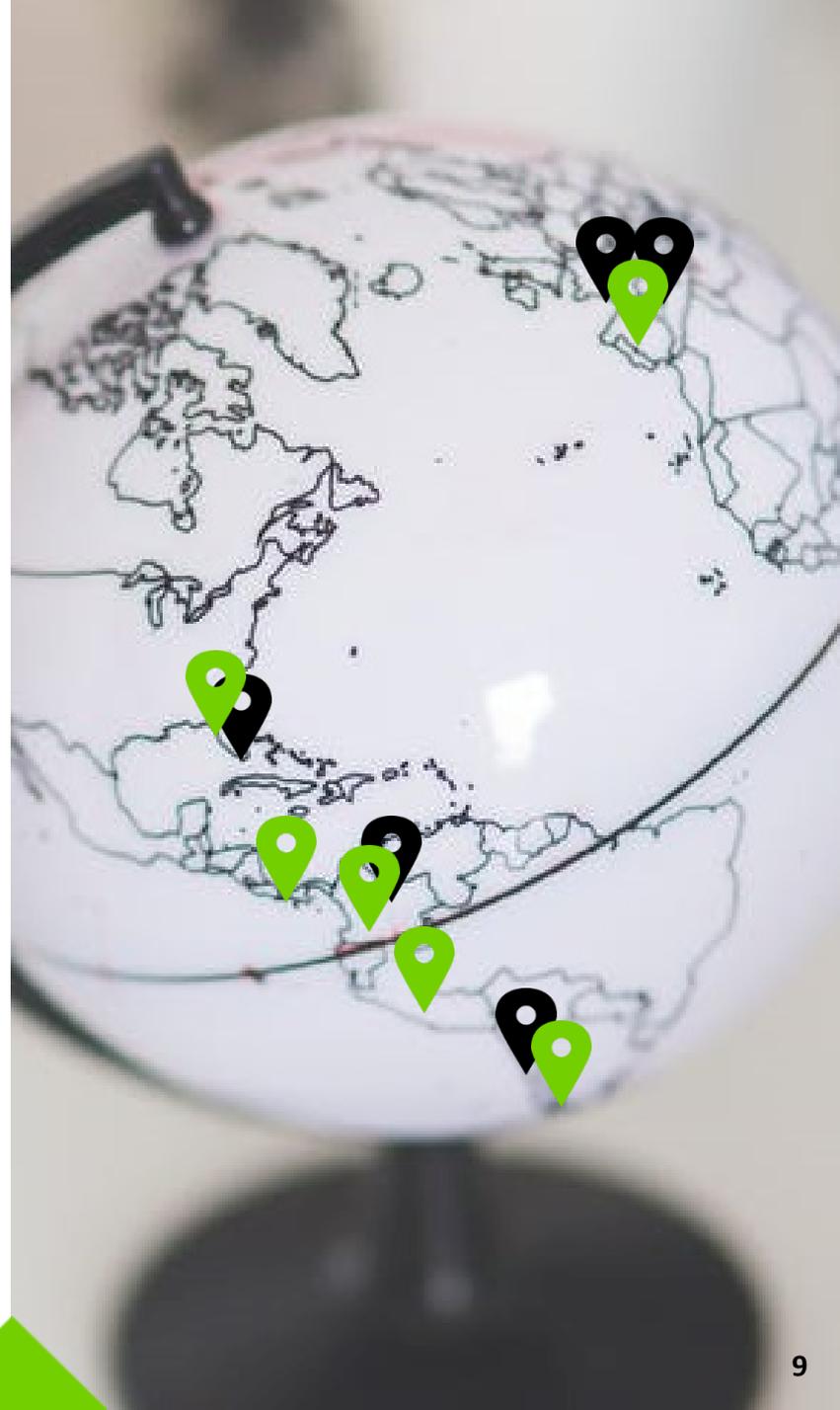


Infrastructure & Technology Partners

Getting the cloud infrastructure as close to the customer as possible is key for user experience, technical and regulatory reasons:

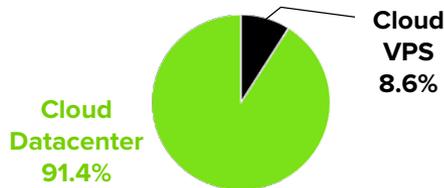
- Own infrastructure in eight external datacenters, with the highest Security and Availability certifications (Tier III and Tier IV): Madrid (two datacenters), Barcelona, Lisbon, Porto, Miami, Santiago de Chile and Bogota
- IT CAPEX Investment: €7.2M in the period 2011-19
- Ratio CAPEX / Sales down from 1.0x in 2012 to 0.12x in 2018 and 0.07x in 2019
- Plan is to continue opening new datacenters, with Mexico City probably being the next location

Main Technological Partners:

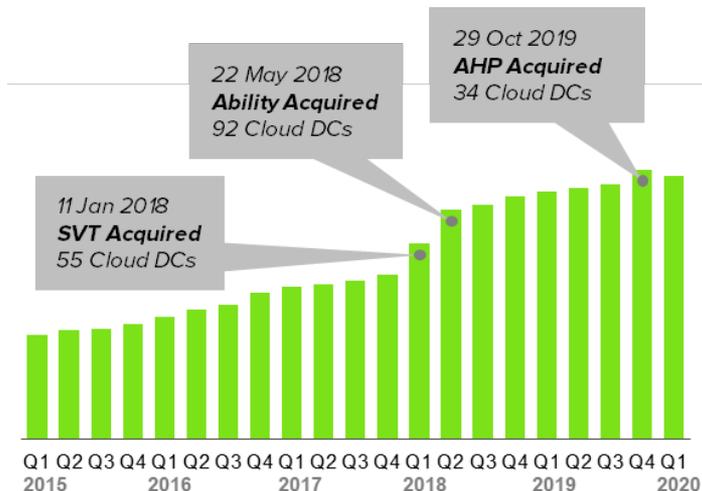


Customer Figures

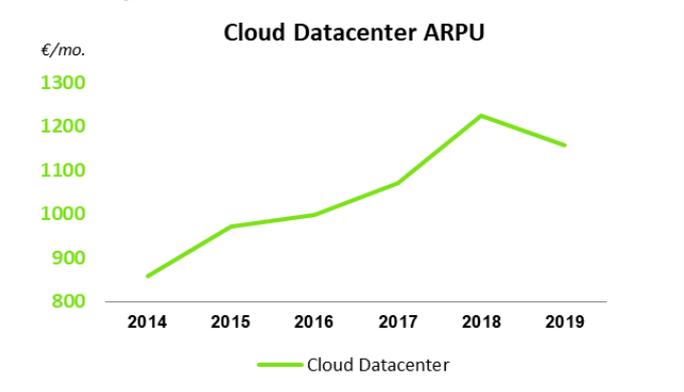
- **Cloud VPS customers reached 2,766 at the end of Q1 2020**, lower than the 3,083 a year earlier, but in line with Gigas' strategy of focusing on greater added value customers
- **Cloud Datacenter**, aimed at medium and large corporates, is Gigas' main product, accounting for 91.4% of gross revenues in Q1 2020



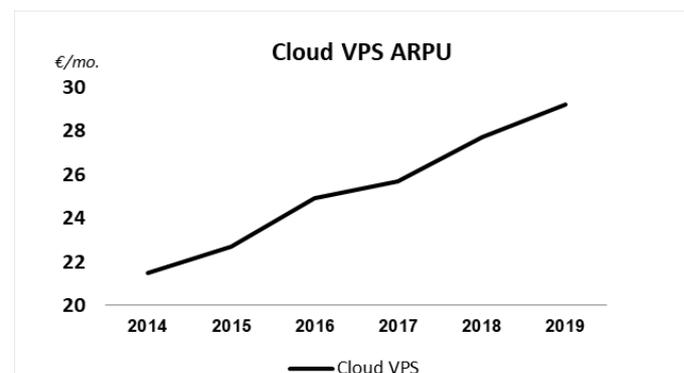
- **Cloud Datacenter customers reached 801 at the end of March 2020 (vs 753 a year earlier)**



- **Cloud Datacenter ARPU decreased in 2019 to €1,157/mo.** (€1,224 in 2018) due mainly to loss of a few large contracts with a partner



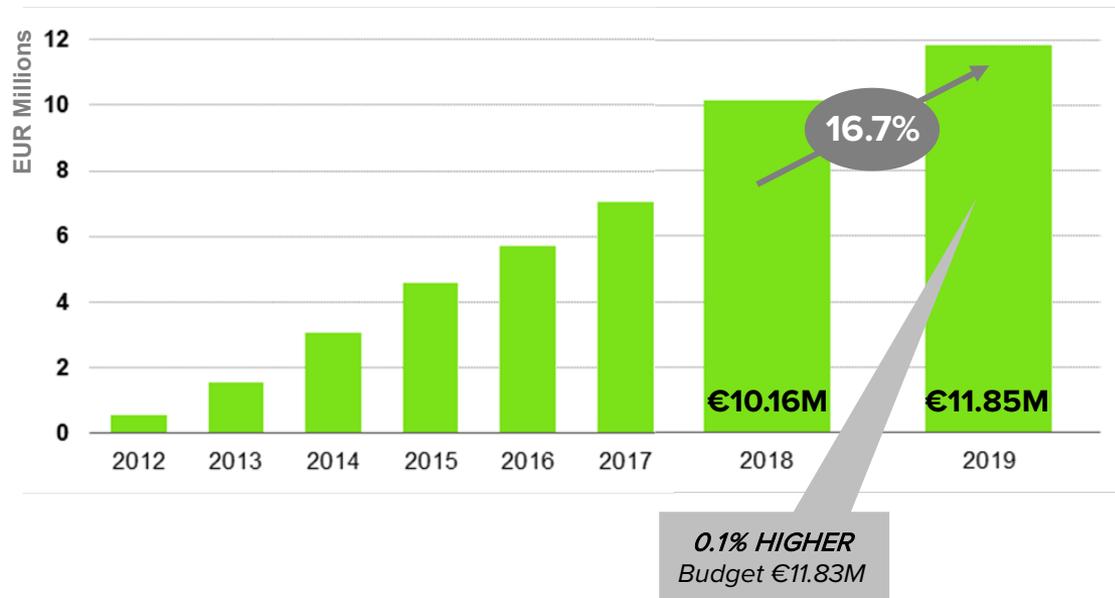
- **Cloud VPS ARPU continues to grow strong, ending 2019 at €29.2/mo.** (€27.7 in 2018), despite price war in that segment, as Gigas attracts higher value add customers



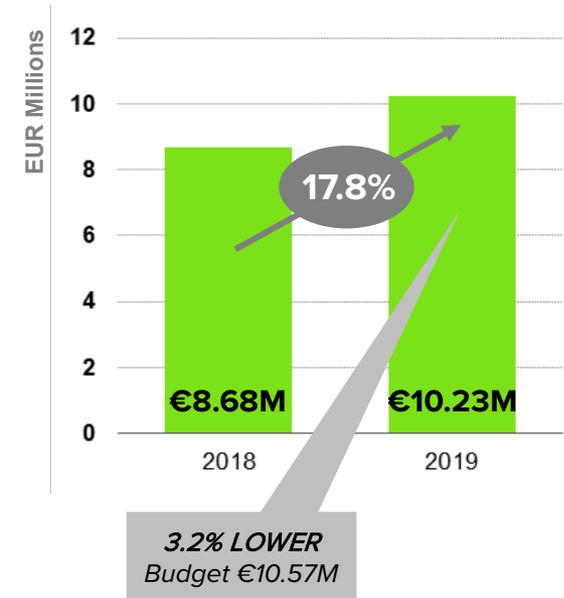
Revenues FY 2019

- **Gross revenues reached €11.85 million in 2019, 16.7% higher than in 2018**, due mostly to organic growth and the AHP acquisition at the end of the year. Revenues in line with budget (0.1% higher)
- Net revenues grew 17.8% to €10.23M, but ended the year slightly below budget (3.2% lower), due mostly to loss of a significant partner at the beginning of the year

Gross Revenues



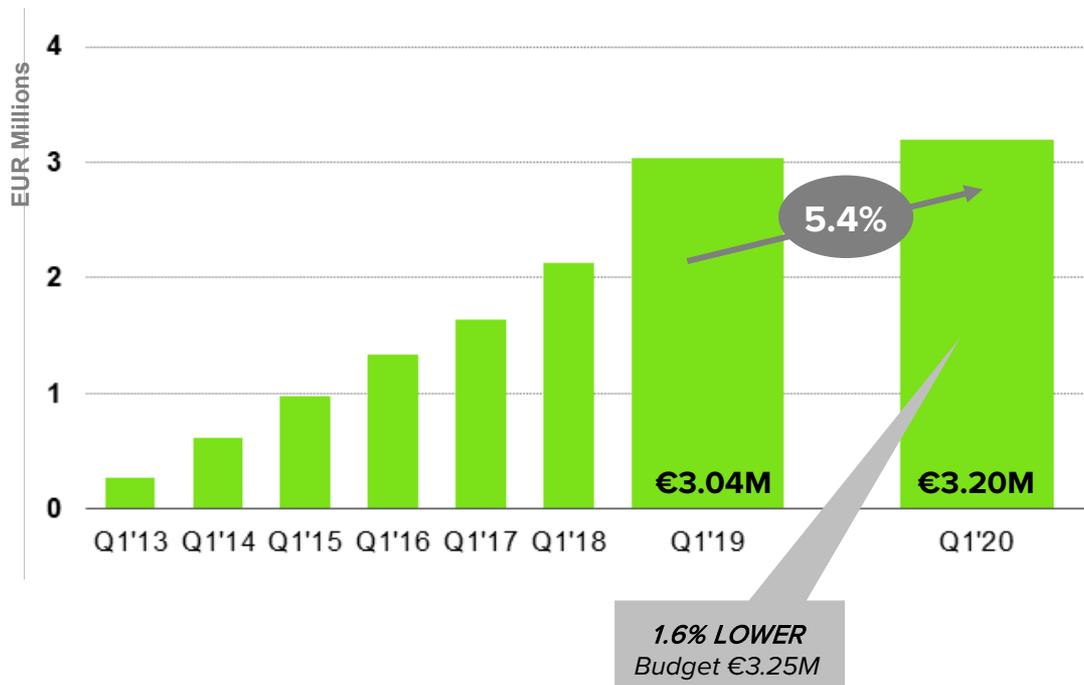
Net Revenues



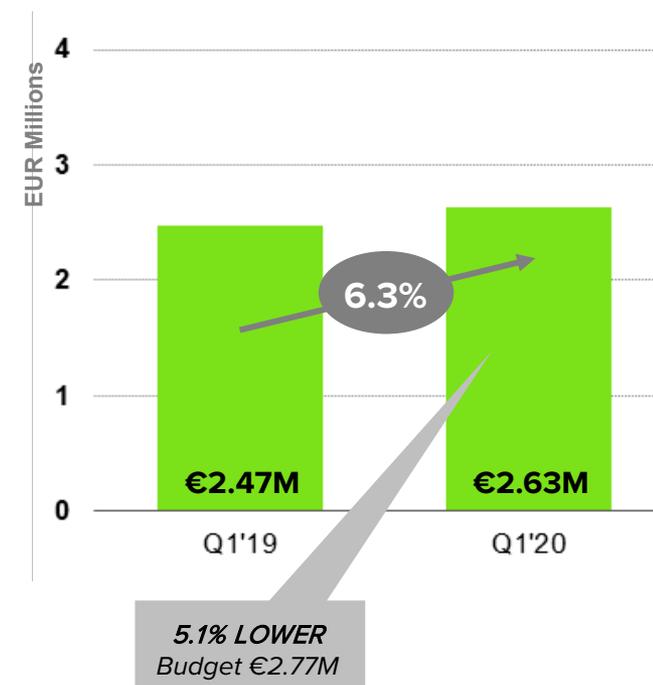
Revenues Q1 2020

- **Gross revenues reached €3.20 million in Q1 2020, 5.4% higher than in Q1 2019.** Net revenues reached €2.63M in Q1 2020, 6.3% higher than the €2.47M from Q1 2019
- **Revenues lower than budgeted**, significantly impacted by severe depreciation of currencies in LATAM (down 25-30% in some countries). Revenues at currency constant rates would be €93K higher, representing a growth of 10.1%, y-o-y

Gross Revenues

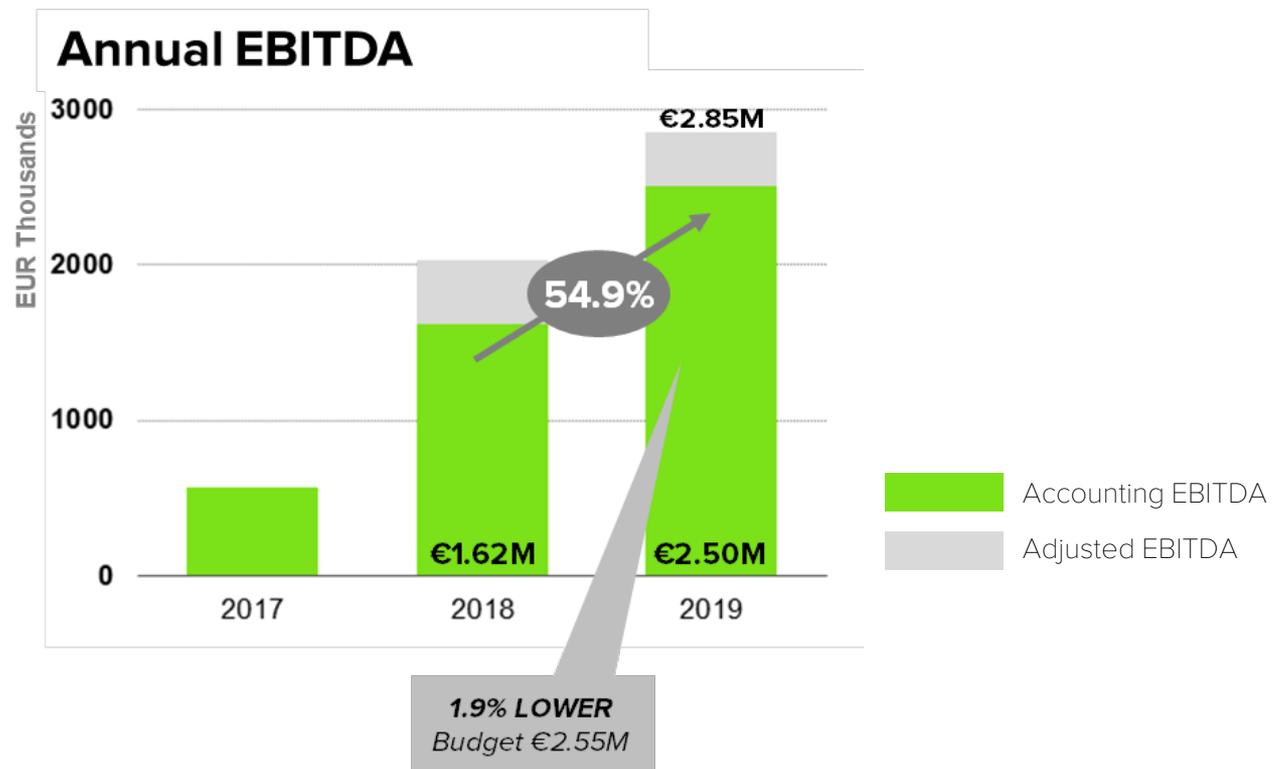


Net Revenues



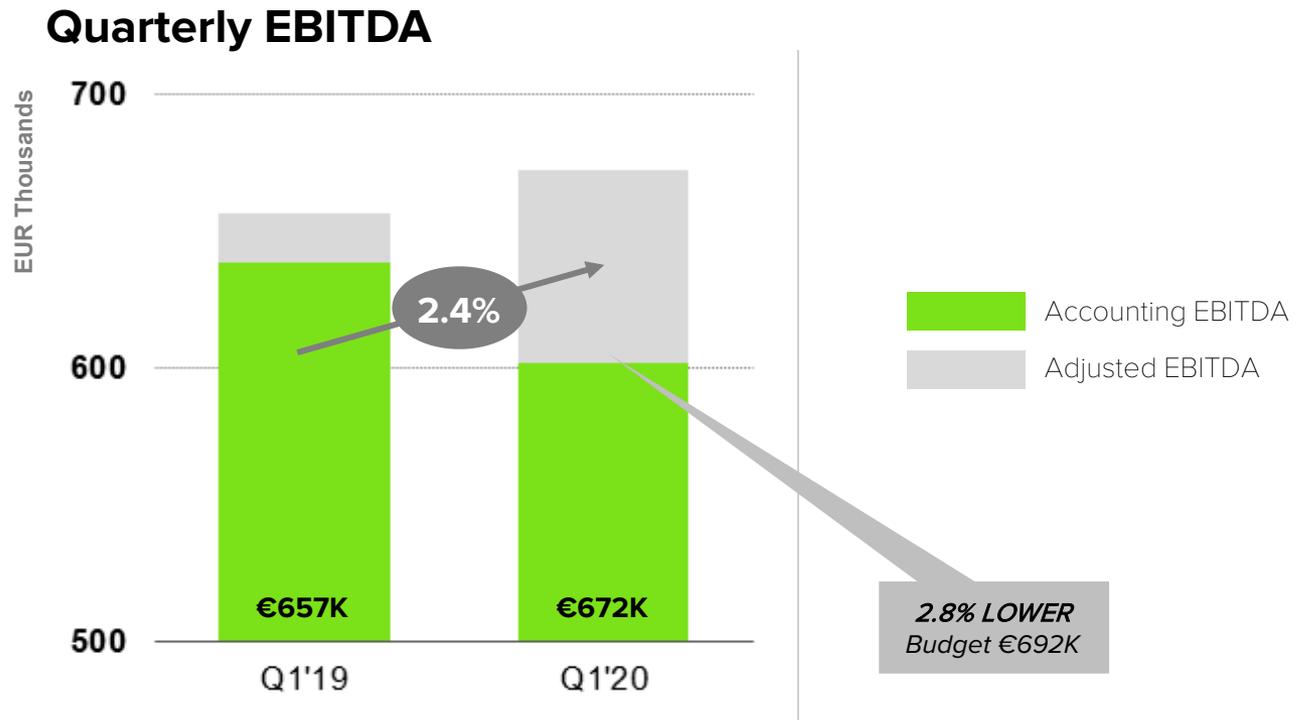
EBITDA FY 2019

- **FY 2019 EBITDA grew 54.9% in the last year, reaching €2.50M**, due to organic growth, AHP contribution and cost efficiencies.
- Final EBITDA for the year slightly higher than guidance provided (€2.4M) but still a bit below budget (1.9% lower than €2.55M budgeted)
- A total of €348K of non-recurring costs (and not budgeted), related to M&A and stock options plans in the year. Excluding those, **recurring EBITDA in 2019 was €2.85M**



EBITDA Q1 2020

- **Q1 2020 EBITDA (before M&A and stock options) reached €0.67M in the quarter, 2.4% higher than the EBITDA from Q1 2019**
- **EBITDA in the quarter was slightly below budget**, due mostly to the impact from currencies in LATAM. At constant currency rates, EBITDA would have been €0.74M, 12.1% higher than a year ago
- EBITDA also lower than the previous quarter due to annual cost increases from software licenses, personnel and datacenters and the aforementioned FX impact



2019 Results Compared to 2018 and Budget

CONSOLIDATED INCOME STATEMENT

Figures in EUR

	2019		2018		Budget 2019
	JAN-DEC	%	JAN-DEC	%	JAN-DEC
Gross sales	11,846,249	16.7%	10,155,158	0.1%	11,832,270
Accrued sales	73,291	-184.1%	(87,111)	387.0%	15,050
Sales discounts and promotions	(1,691,622)	22.2%	(1,384,168)	32.4%	(1,277,354)
Revenue	10,227,918	17.8%	8,683,880	-3.2%	10,569,966
Own R&D costs capitalised	328,655	31.0%	250,881	38.1%	237,944
Non-recurring income, grants and other	84,087	44.3%	58,255	189.4%	29,052
Cost of sales	(2,406,276)	27.8%	(1,882,547)	0.0%	(2,407,276)
Online and third-party customer acquisition costs	(58,973)	-8.2%	(64,221)	-59.1%	(144,035)
Datacenters and connectivity	(1,072,622)	31.9%	(813,510)	-0.2%	(1,074,957)
Other supplies	(1,274,681)	26.9%	(1,004,816)	7.3%	(1,188,284)
Gross profit	7,821,643	15.0%	6,801,332	-4.2%	8,162,690
<i>Gross profit margin %</i>	<i>76.5%</i>	<i>-2.4%</i>	<i>78.3%</i>	<i>1.4%</i>	<i>77.2%</i>
Personnel expenses	(3,737,552)	16.0%	(3,220,911)	-3.5%	(3,874,531)
Salaries and wages	(3,102,409)	16.4%	(2,665,992)	-3.6%	(3,219,302)
Social security costs	(635,143)	14.5%	(554,920)	-3.1%	(655,229)
Other operating expenses	(1,971,043)	-13.3%	(2,274,573)	-1.6%	(2,002,611)
External services	(1,847,758)	1.6%	(1,819,352)	0.1%	(1,846,527)
Professional services and other	(1,664,349)	1.6%	(1,637,806)	7.8%	(1,543,225)
Marketing and advertising	(183,409)	1.0%	(181,546)	-39.5%	(303,301)
Losses, impairment and changes in trade provisions	(123,285)	-72.9%	(455,222)	-21.0%	(156,084)
Other income and expenses	(21,287)		1,369		-
EBITDA	2,504,501	54.9%	1,616,352	-1.9%	2,552,544
<i>EBITDA margin, %</i>	<i>24.5%</i>	<i>31.6%</i>	<i>18.6%</i>	<i>1.4%</i>	<i>24.1%</i>

Q1 2020 Results vs. Q1 2019 and vs. Budget

CONSOLIDATED INCOME STATEMENT

Figures in EUR

	2020 JAN-MAR		2019 JAN-MAR	% Chg.	2020 budget JAN-MAR
Gross sales	3.200.613	5,4%	3.036.615	(1,6%)	3.252.899
Accrued sales	(125.410)	(15,8%)	(148.969)	51,2%	(82.970)
Sales discounts and promotions	(444.114)	7,4%	(413.529)	11,6%	(398.023)
Revenue	2.631.089	6,3%	2.474.118	(5,1%)	2.771.906
Own R&D costs capitalised	111.110	77,2%	62.714	5,1%	105.705
Non-recurring income, grants and other	27.618	176,5%	9.987	204,7%	9.063
Cost of sales	(686.199)	21,8%	(563.174)	(6,0%)	(730.238)
Online and third-party customer acquisition costs	(6.968)	(57,3%)	(16.301)	25,1%	(5.572)
Datacenters and connectivity	(302.578)	17,5%	(257.580)	(3,0%)	(312.016)
Other supplies	(376.653)	30,2%	(289.292)	(8,7%)	(412.650)
Gross margin *	1.944.890	1,8%	1.910.944	(4,7%)	2.041.668
	<i>Gross margin, %</i>		<i>73,9%</i>		<i>77,2%</i>
					<i>73,7%</i>
Personnel expenses	(1.037.935)	18,7%	(874.737)	(1,4%)	(1.052.329)
Salaries and wages	(863.694)	17,8%	(733.340)	(1,9%)	(880.594)
Social security costs	(174.241)	23,2%	(141.397)	1,5%	(171.735)
Other operating expenses	(444.030)	(5,1%)	(467.774)	(8,0%)	(482.797)
External services	(418.836)	(1,7%)	(426.111)	(6,2%)	(446.302)
Professional services and other	(390.429)	0,5%	(388.547)	(4,6%)	(409.377)
Marketing and publicity	(28.407)	(24,4%)	(37.564)	(23,1%)	(36.925)
Losses, impairment and changes in trade provisions	(25.194)	(39,5%)	(41.663)	(31,0%)	(36.494)
Other income and expenses	(6)	(99,8%)	(2.502)	-	-
EBITDA	601.647	(5,8%)	638.633	(3,2%)	621.310
	<i>EBITDA margin, %</i>		<i>22,9%</i>		<i>25,8%</i>
					<i>22,4%</i>
EBITDA before M&A and stock options	672.321	2,4%	656.755	(2,8%)	691.987
	<i>Adjusted EBITDA margin, %</i>		<i>25,6%</i>		<i>26,5%</i>
					<i>25,0%</i>

NB *: Gross income calculated as "Revenue" less "Cost of sales".

2020 Budget and Potential COVID-19 Impact

- Due to COVID-19 crisis and currencies, we expect Q2 to be impacted negatively from discounts and subsidies offered to help customers, loss of some customers, bad debt and the already mentioned currency impact
- We expect to see an improvement in Q3, and Q4 going back to normal levels

2020 CONSOLIDATED BUDGET

<i>EUR</i>	Q1	Q2	Q3	Q4	2020b	%	2019
Gross sales	3,252,899	3,263,105	3,431,583	3,843,509	13,791,095	16.4%	11,846,249
Accrued sales	(82,970)	92,818	131,134	(118,283)	22,699	-69.0%	73,291
Sales discounts and promotions	(398,023)	(396,336)	(421,410)	(485,780)	(1,701,548)	0.6%	(1,691,622)
Revenue	2,771,906	2,959,588	3,141,307	3,239,445	12,112,246	18.4%	10,227,918
Own R&D costs capitalised	105,705	107,705	96,205	87,205	396,820	20.7%	328,655
Non-recurring income, grants and other	9,063	9,063	9,063	9,063	36,252	-56.9%	84,087
Cost of sales	(730,238)	(750,260)	(768,054)	(783,019)	(3,031,571)	26.0%	(2,406,276)
Online and third-party customer acquisition costs	(5,572)	(10,235)	(13,267)	(13,669)	(42,744)	-27.5%	(58,973)
Datacenters and connectivity	(312,016)	(312,246)	(316,246)	(316,246)	(1,256,753)	17.2%	(1,072,622)
Other supplies	(412,650)	(427,779)	(438,541)	(453,104)	(1,732,074)	35.9%	(1,274,681)
Gross profit	2,041,668	2,209,328	2,373,253	2,456,426	9,080,675	16.1%	7,821,643
<i>Gross profit margin %</i>	<i>73.7%</i>	<i>74.6%</i>	<i>75.5%</i>	<i>75.8%</i>	<i>75.0%</i>	<i>-2.0%</i>	<i>76.5%</i>
Personnel expenses	(1,052,329)	(1,085,240)	(1,071,269)	(1,044,645)	(4,253,483)	13.8%	(3,737,552)
Salaries and wages	(880,594)	(908,215)	(896,730)	(867,112)	(3,552,651)	14.5%	(3,102,409)
Social security costs	(171,735)	(177,025)	(174,539)	(177,533)	(700,832)	10.3%	(635,143)
Other operating expenses	(482,797)	(524,996)	(504,230)	(542,288)	(2,054,311)	4.2%	(1,971,043)
External services	(446,302)	(484,811)	(463,210)	(499,058)	(1,893,381)	2.5%	(1,847,758)
Professional services and other	(409,377)	(421,960)	(418,435)	(427,783)	(1,677,555)	0.8%	(1,664,349)
Marketing and publicity	(36,925)	(62,851)	(44,775)	(71,275)	(215,826)	17.7%	(183,409)
Losses, impairment and changes in trade provisions	(36,494)	(40,185)	(41,020)	(43,230)	(160,930)	30.5%	(123,285)
Other income and expenses	-	-	-	-	-		(21,287)
EBITDA	621,310	715,860	903,022	965,761	3,205,953	28.0%	2,504,501
<i>EBITDA margin, %</i>	<i>22.4%</i>	<i>24.2%</i>	<i>28.7%</i>	<i>29.8%</i>	<i>26.5%</i>	<i>8.1%</i>	<i>24.5%</i>



Inorganic Growth

- The cloud and hosting market is dominated by 3-4 large players (c.50% of the market) whereas the other half is extremely fragmented.
- Gigas is exploiting the opportunity to acquire companies with good business customer bases which bring volume and significant synergies.
- **Two companies acquired during 2018, SVT (€0.8M revs, Spain) and Ability (€1.6M revs, Colombia)**
- **AHP acquired at the end of 2019**
 - Based in Portugal and focused on mid market customers that search quality cloud services
 - €1.2M revs and aprox. €0.3M EBITDA
 - Lean organization with seven employees
 - Two datacenters, Lisbon and Porto
- The Company is evaluating new acquisition opportunities, now focused on Spain and Europe

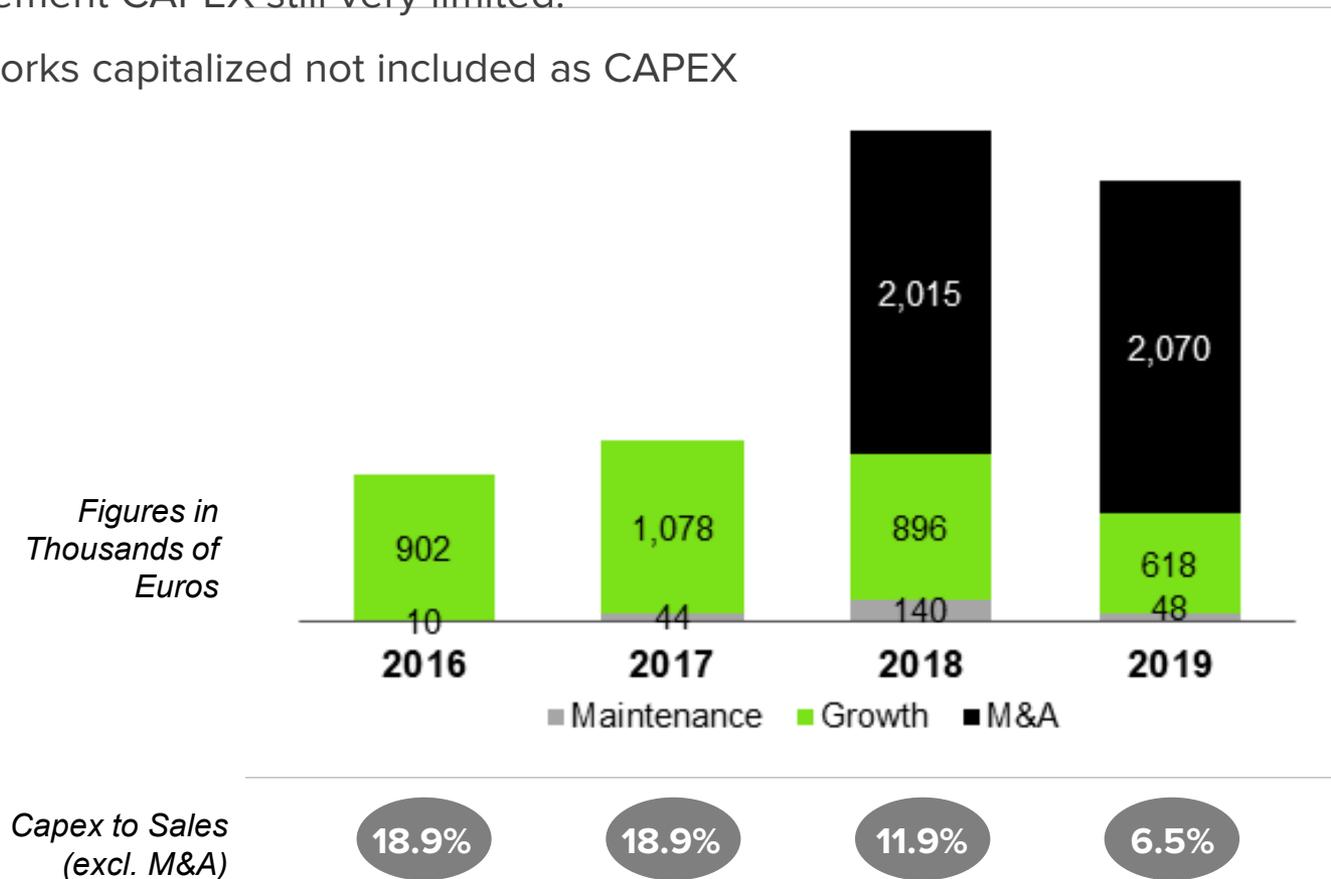
2019 Balance Sheet

- Intangible assets, Deferred tax liabilities and Receivables grew substantially linked to the AHP acquisition (and the other two acquisitions from 2018)
- Investment in property, plant and equipment **was €0.67M**, €0.33M less than the previous year and also €0.35M short of the €1.02M budgeted (6.5% capex-to-sales ratio)
- **Convertible Bonds totaling €2.5M were issued in April 2018**; €0.7M are classified as Other Equity Instruments and €1.94M as long-term debt under Non-Current Liabilities. If converted, shares to be issued would be approximately 700k (c. 13.9%)

ASSETS			LIABILITIES		
<i>Figures in EUR</i>	2019	2018	<i>Figures in EUR</i>	2019	2018
NON-CURRENT ASSETS	11,429,337	9,458,721	EQUITY	5,132,862	5,054,414
Intangible assets	5,912,771	4,025,740	Shareholders' equity	5,205,520	5,066,665
Software, R&D and others	1,308,108	1,295,213	Capital and Share premium	8,813,059	8,813,059
Customer relations	4,604,663	2,730,526	Reserves and Treasury Shares	(538,808)	(525,400)
Property, plant and equipment NET	3,056,929	2,986,213	Prior year's losses and current year	(4,137,414)	(4,353,258)
+ Gross Tangible Assets	7,725,455	6,528,019	Other equity instruments	1,068,684	1,132,264
- Accumulated Depreciation	(4,668,526)	(3,541,806)	Conversion differences	(94,318)	(48,706)
Non-current investments	36,461	171,762	Grants and Subsidies	21,660	36,455
Deferred tax assets	2,423,176	2,275,007	NON-CURRENT LIABILITIES	6,431,382	4,502,451
CURRENT ASSETS	4,429,453	4,011,734	Non-current payables	5,225,922	3,760,116
Trade and Other Receivables	2,445,067	1,550,469	Convertible bonds	1,940,362	1,794,192
Customer Receivables	2,072,620	1,286,468	Bank borrowings and Finance leases	3,285,560	1,965,924
Tax, Personnel and Other Receivables	372,447	264,001	Deferred tax liabilities	1,205,460	742,335
Investments	144,443	15,933	CURRENT LIABILITIES	4,294,546	3,913,591
Prepayments for current assets	275,499	269,221	Current provisions	1,520,868	910,786
Cash and cash equivalents	1,564,444	2,176,111	Provisions	283,622	188,930
			Trade and other payables	1,237,246	721,856
			Current payables	2,200,969	2,356,805
			Current accruals	572,709	646,000
TOTAL ASSETS	15,858,790	13,470,455	TOTAL LIABILITIES	15,858,790	13,470,456

CAPEX Evolution 2016-2019

- CAPEX to Sales ratio continues to improve, **reaching 6.5% in 2019**. CAPEX in Q1 2020 was 0.21M, representing about 8.0% of net revenues
- Most CAPEX related to growing capacity for new customers, while maintenance or replacement CAPEX still very limited.
- R&D works capitalized not included as CAPEX



2019 Cashflow Statement

Figures in Euros

2019

EARNINGS BEFORE TAXES		271,125
Result Adjustments		2,155,445
Changes in accruals and bad debt		73,724
D&A		1,825,413
Other non-cash (R&D capit., ESOP, Subsidies...)		(151,655)
Net financial result		407,963
Changes in Working Capital		(25,926)
Interest and Taxes Outflows		(501,249)
Interests		(215,405)
Taxes		(285,844)
CASHFLOW FROM OPERATIONS		1,899,394
Investment Outflows		(2,314,507)
Intangible assets payments		(67,587)
PP&E payments		(786,191)
Payments related to acquisitions		(1,460,730)
Investment Inflows		15,000
CASHFLOW FROM INVESTMENT ACTIVITIES		(2,299,507)
Financing Outflows		(211,554)
Equity instruments acquisitions		(302,010)
New debt raised		1,657,669
Debt amortisation		(1,567,213)
CASHFLOW FROM FINANCING ACTIVITIES		(211,554)
NET INCREASE (DECREASE) IN CASH		(611,667)
<i>Cash at beginning of period</i>		<i>2,176,111</i>
<i>Cash at end of period</i>		<i>1,564,444</i>

- The Company used €0.50M of cash for financial costs and taxes and €1.57M for repaying financial debt during 2019
- New debt was raised for a total of €1.66M, to fund CAPEX payments and the AHP acquisition
- Gigas spent €0.79M for IT equipment and €68K for intangible assets
- A total of €1.46M were allocated to acquisitions, mostly AHP, but also €0.45M deferred payments related to the SVT and Ability acquisition from 2018
- Net €301K used buying Gigas' shares, incl. shares purchased by the Liquidity Provider. The Company used €315K for buying shares to fulfill ESOP obligations without diluting its shareholders
- Gigas generated €1.9M in cash flow from operations, **resulting in over one million free cash flow, after subtracting CAPEX**

Debt Evolution

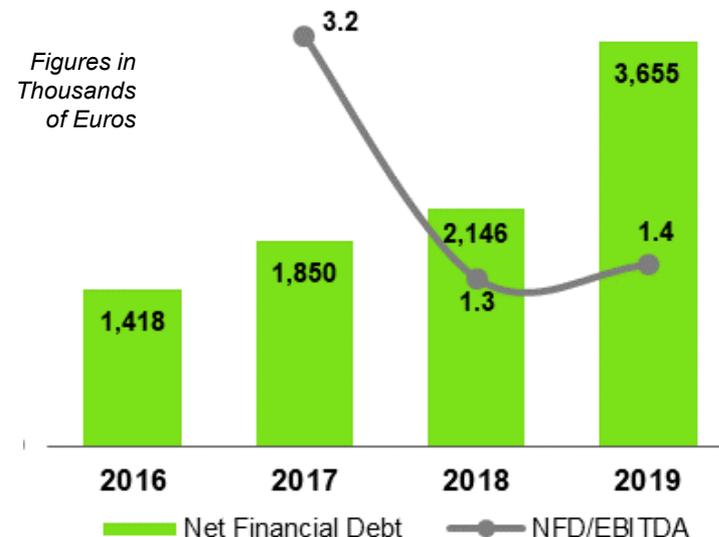
- Net Financial Debt / EBITDA increased slightly to 1.46x, 1.28x if adjusted EBITDA used
- Gross debt increased substantially at the end of the year, due to the acquisition of AHP (adds a total of aprox. €2M)

Figures in Euros

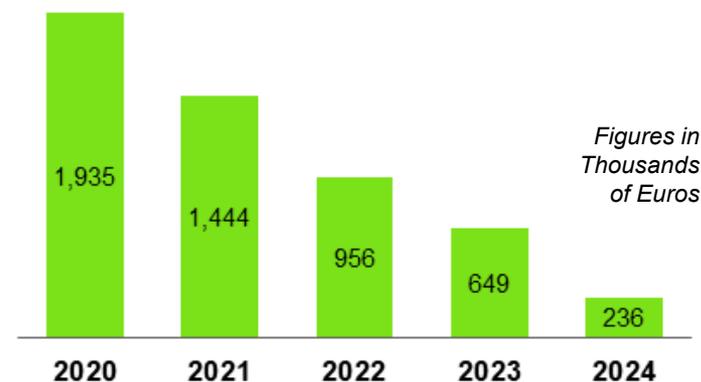
	2019	2018	Diff %
R&D and Banks Debt LT	2,535,889	1,965,924	29.0%
M&A Related Debt LT	749,671	0	-
R&D and Banks Debt ST	1,624,544	1,872,930	-13.3%
M&A Related Debt ST	310,000	483,436	-35.9%
GROSS FINANCIAL DEBT	5,220,104	4,322,291	20.8%
Cash at hand	1,564,444	2,176,111	-28.1%
Net Financial Debt	3,655,661	2,146,180	70.3%
EBITDA	2,504,501	1,616,352	54.9%
NFD/EBITDA	1.46*	1.33	9.9%

- * NFD/EBITDA 2019 calculated over accounting EBITDA
- Convertible bonds or trade payables not included as financial debt
- Current Investments not included in Cash at hand (€144K)

Net Financial Debt



Financial Debt Maturities





Share Evolution and Analysts' Reports

- Share remained fairly flat during 2019, ending at €6.82 at year end, a 4.9% increase during the year
- Share Price hit by the COVID-19 impact on markets reaching a low of €4.15 in March, but recovering since then
- Management believes share price will continue recovering when the markets stabilize and will reflect the value of GIGAS and its growing cash generation
- **Analysts also very positive about the Company, with a consensus target price of €8.97**
 - GVC Gaesco, **BUY**, €9.86. MAR'20
 - Estrategias de Inversión, **BUY**. APR'20
 - Renta4, **BUY**, €8.6-€9.2. OCT'19
 - UDEKTA, **BUY**, €8.9. APR'20
 - MABIA, **BUY**, €8.25. JUL'19

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gigas

**Thank
you**

