

gigas



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Half Year 2021 Results Investors' Presentation

OCTOBER

2021



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2021 has been transformational

First Converged
Telco & Cloud
Operator

Leading provider
of cloud
computing
services in Spain,
Portugal and
Latam

2021

February 2021 - Gigas acquires a portfolio of +3k business customers from

MÁSMÓVIL

- Adds fixed telephony, cloud PBX and connectivity services
- Kickstarts Gigas transformation towards converged telecoms, cloud and security provider

March 2021 - Gigas buys ONI, Portugal's leading B2B telecom operator

oni 

- Gigas acquires ONI, for €39.5M in a mix of cash and Gigas' shares
- Adds scale, presence in Portugal and strong technical capabilities in voice and networking

April 2021 - Gigas acquires Valoradata's cybersecurity unit

VALORA
DATA® 

- Adds backup and business continuity services, strengthening portfolio of cybersecurity services
- Contributes with €1.6M revenues and €0.4M EBITDA

June 2021 - Gigas reported more than 4-fold increase in H1 revenue y-o-y



- Gigas reaches €22.72M of revenues and €5.52M of EBITDA in the first half of 2021, outperforming the budget by 16.8% and 34.7%, respectively
- >4-fold increase in y-o-y figures with an EBITDA in Q2 in line with the expected for Q4

Sept. 2021 - Gigas acquires the virtual mobile operator OnMóvil





on móvil 

- MVNO offering mobile services to 85K customers through almost 200 regional operators
- Adds €10M in revenues and positions Gigas as one of the largest independent MVNOs in Spain
- Strengthens the company's strategy of being a one-stop-shop provider for business customers

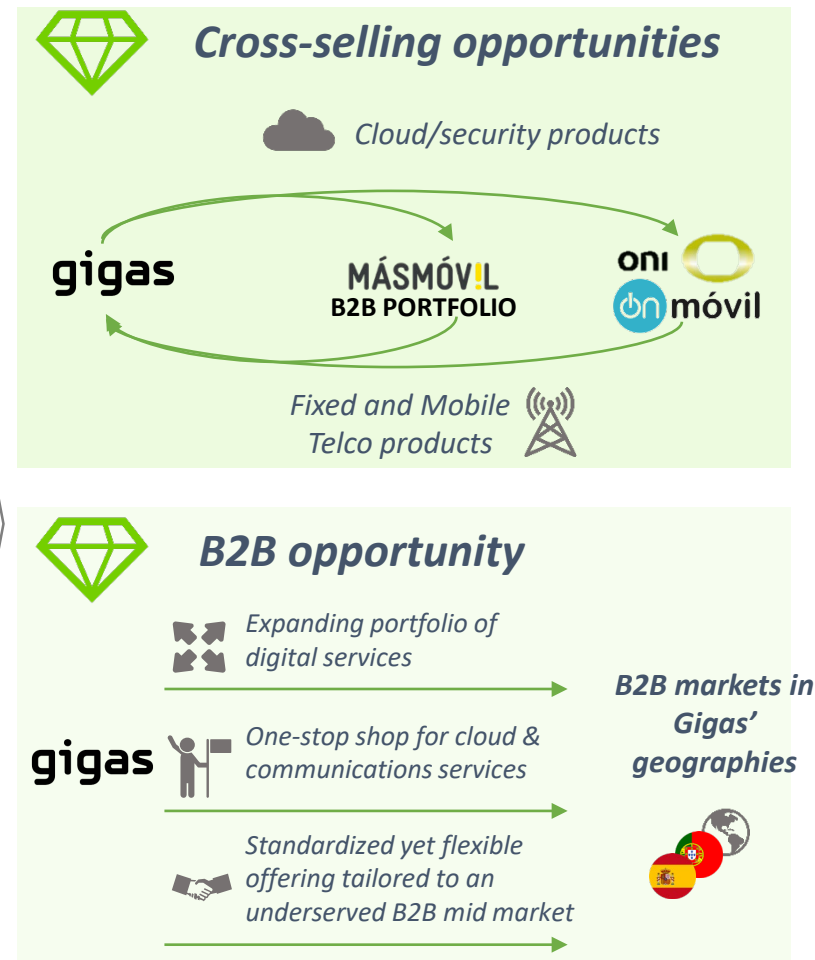
**From €11M revs. and €2.5M EBITDA in 2020
to €64M revs. and €14M+ EBITDA proforma today**

A B2B portfolio built for the digital era

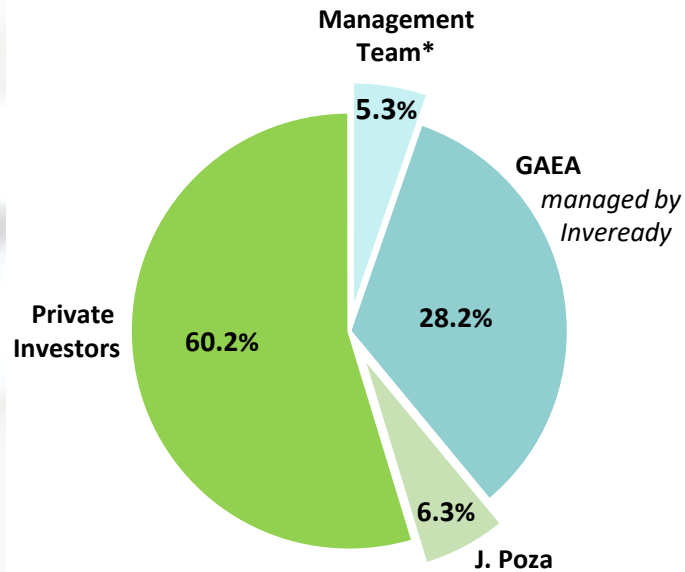
Building a forward-looking portfolio...

	<i>Current</i>	<i>New services</i>
 Cloud	IaaS PaaS SAP™ Cloud	Hybrid and multi Cloud
 Cyber-security	Disaster recovery Cloud Backup Firewall as a service Disaster Recovery	SD-WAN Managed services Clean traffic Secure access service edge
 Connectivity	Internet connectivity Site interconnection	Global load balancing Secure remote access & VPN
 Unified comms.	SIP Trunk VoIP Collaborative services Fixed Voice	Mobile communications Cloud PBX Fixed Mobile Convergence

...unlocking significant value for Gigas and its clients

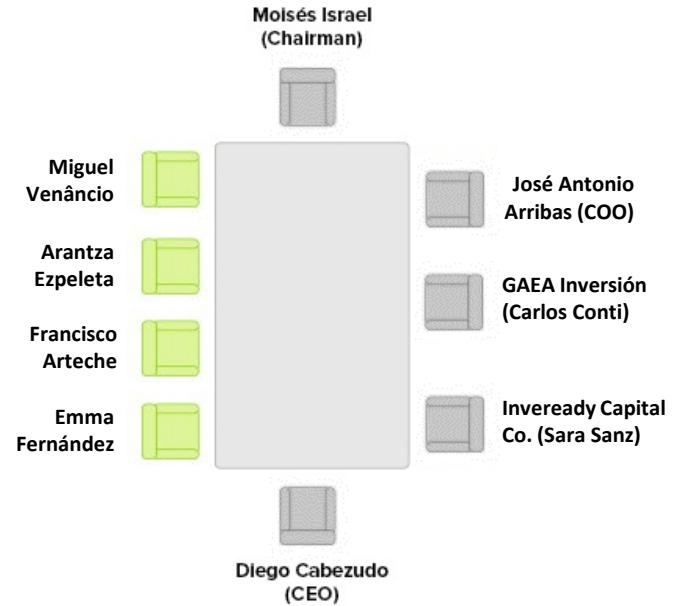


Shareholders and Board of Directors



100% of Gigas 11.6 million shares are listed on the Alternative Stock Market (BME Growth) in the Madrid Stock Exchange

*There is also a stock option plan for the two executive founders which represents approx. 3.5% of the issued shares.



Board of Directors Secretary: **Javier Mateos, PwC**

Auditor: **Ernst & Young**



Independent Board Members

H1 2021 Key Highlights



H1'21 net revenues reached **€22.7M**, **4.4x growth YoY** and **17% higher than budgeted**, due mainly to acquisitions and earlier consolidation of ONI



Adj. **EBITDA for the semester reached €5.5M**, twice as much as the entire 2020, **up 338% YoY** and 35% higher than €4.1M in the budget for H1'21



Adj. **EBITDA for Q2 amounted €3.4M**, reaching the figure budgeted for **Q4** and representing **25.4% of sales** versus 20.5% budgeted



Low leverage, H1 NFD at 1.0x EBITDA budget for 2021 and **strong cash position (€10M+)**. After OnMovil acquisition in SEP (fully debt funded), **NFD reaches 1.5x EBITDA runrate (Q2x4)**



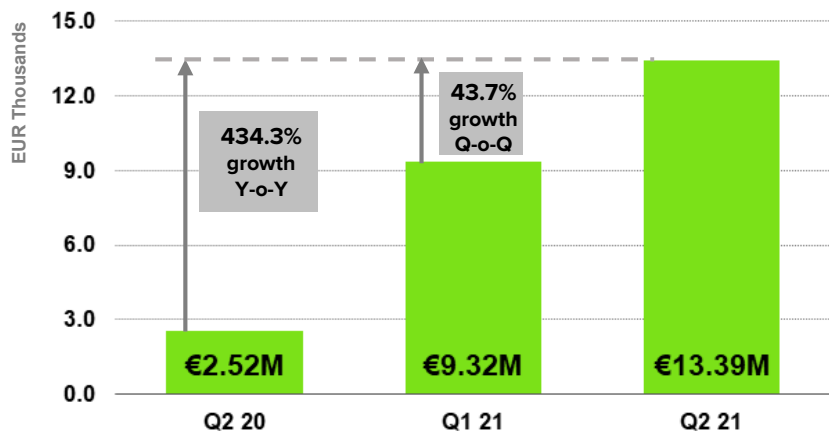
Five acquisitions in last 12 months **shaping a group with circa €64M annual revenues and over €14M EBITDA**. **OnMovil**, recently acquired, contributes with €10M revs and **85K mobile lines**, positioning **Gigas as one of the largest MVNOs in Spain**



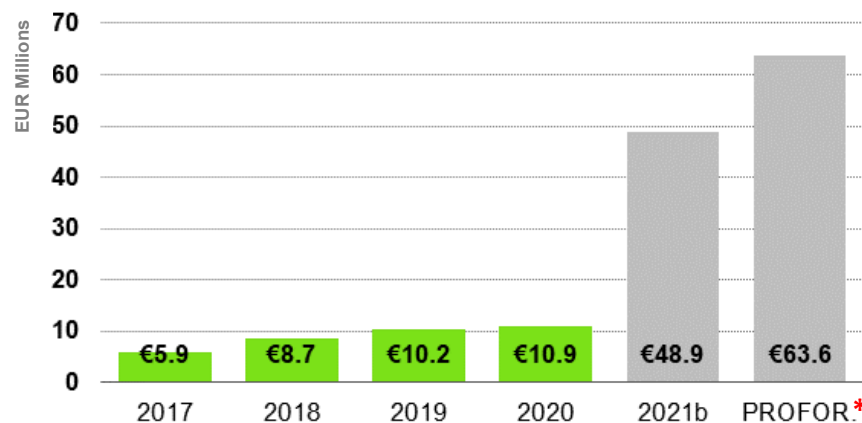
Revenues H1 and Q2 2021

- **Net revenues grew to €22.7M in the first half of 2021, 4.4x higher than the €5.2M of same period last year**, thanks mainly to the consolidation of ONI, customers acquired from MasMovil, and cybersecurity business unit acquired from ValoraData
- **Revenues in H1 were 16.8% higher than budgeted**, partly due to earlier consolidation of ONI's business in Portugal. Revenues in Q2 lower than budgeted due to the spin-off of certain assets in ONI prior to its acquisition, but with little effect on profitability
- Telecommunications services represented 66.2% of total revenues, while cloud and cybersecurity represented 33.8%. **OnMovil acquired on the 1st of September** and therefore not consolidated in these figures, but **will add €10M in annual revenues**
- **Proforma* annual revenues amount €63.6M**, when multiplying Q2 revenues by four (almost 100% of revenues are recurring) and adding OnMovil revenue contribution (€10M)

QUARTERLY NET REVENUES

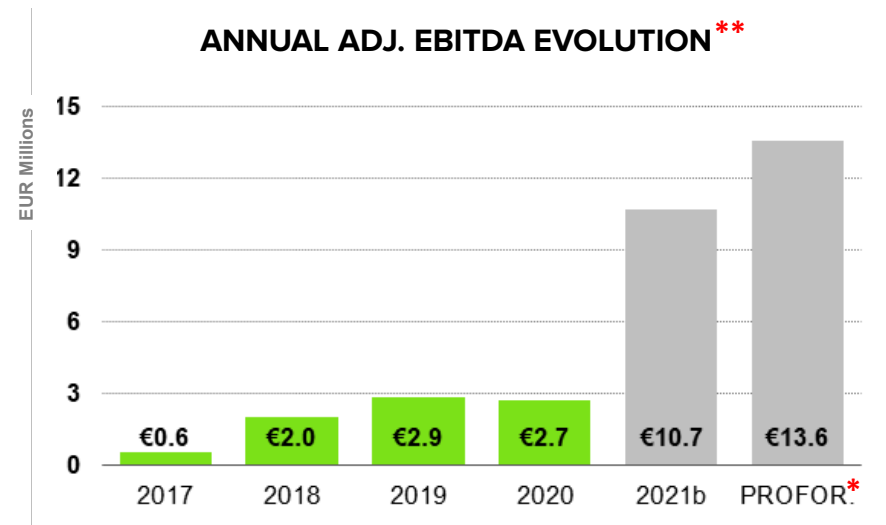
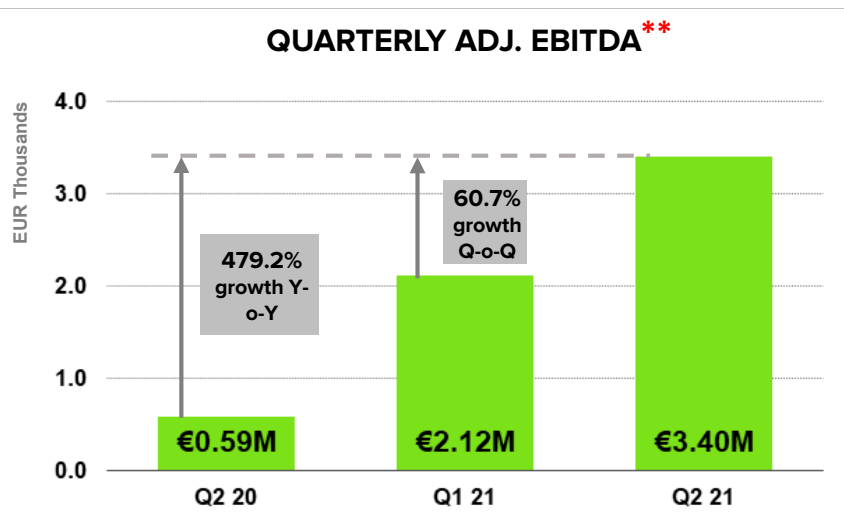


ANNUAL NET REVENUES EVOLUTION



EBITDA H1 and Q2 2021

- Adjusted (recurring) EBITDA reached **€5.52M** in the first half of the year, **338% higher** than the **€1.26M** in the same period a year ago and **34.7% higher** than the **€4.10M budgeted** due to earlier consolidation of ONI, acquisition of ValoraData business unit and synergies
 - M&A, €367K, stock options and long term plans costs €396K, and others €66K, in the semester
- Moreover, profitability grew significantly in Q2 with **EBITDA amounting €3.40M in Q2, 18.1% higher than budgeted (€2.88M), and reaching the figure budgeted for Q4**
 - Acquisition from ValoraData, not included in budget, adds €120K in EBITDA
- EBITDA margin reached 25.4% in Q2**, much better than 20.5% budgeted or 22.7% of Q1
- Proforma* annual adj. EBITDA reaches €13.6M**, before including OnMovil contribution



** Adjusted EBITDA represents recurring EBITDA, excluding M&A related costs and multiyear remuneration plans (stock options, etc.)

H1 2021 Results Compared to H1 2020 and Budget

GIGAS GROUP

CONSOLIDATED INCOME STATEMENT

Figures in EUR

	2021	2021	2021		2020	2021 Budget
	Q1	Q2	H1	% Chg.	JAN-JUNE	% Chg. H1
Net revenue	9,323,108	13,394,517	22,717,625	338%	5,181,445	16.8% 19,458,277
Cloud, IT and cybersecurity services	3,523,012	4,166,538	7,689,550	50%	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%	43,625	3.0% 21,061
Cost of sales	(3,721,243)	(5,351,090)	(9,072,332)	549%	(1,398,522)	11.6% (8,128,819)
Product direct costs	(3,301,024)	(4,892,918)	(8,193,941)	1205%	(627,930)	13.4% (7,228,648)
Technical and operating costs	(420,219)	(458,172)	(878,391)	14%	(770,593)	-2.4% (900,172)
Gross margin	5,601,865	8,043,427	13,645,292	261%	3,782,923	20.4% 11,329,458
<i>Gross margin, %</i>	<i>60.1%</i>	<i>60.1%</i>	<i>60.1%</i>	<i>-17.7%</i>	<i>73.0%</i>	<i>3.2%</i> <i>58.2%</i>
Personnel expenses	(1,961,782)	(2,484,962)	(4,446,744)	169%	(1,650,536)	18.9% (3,741,291)
Salaries and Social Security	(2,248,699)	(2,995,242)	(5,243,941)	178%	(1,885,880)	18.0% (4,443,239)
Own R&D expenses capitalised	286,917	510,280	797,197	239%	235,344	13.6% 701,948
Other corporate costs	(1,522,281)	(2,154,626)	(3,676,907)	321%	(872,419)	5.4% (3,488,272)
Customer operations, marketing et al.	(284,425)	(147,083)	(431,509)	540%	(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)	80%	(805,018)	19.2% (1,213,906)
Other income/(expenses)			-			-
Adjusted EBITDA *	2,117,803	3,403,839	5,521,641	338%	1,259,969	34.7% 4,099,895
<i>Adjusted EBITDA *</i>	<i>22.7%</i>	<i>25.4%</i>	<i>24.3%</i>	<i>0%</i>	<i>24.3%</i>	<i>15.4%</i> <i>21.1%</i>
CAPEX	1,023,813	2,024,219	3,048,032	793%	341,272	-29.3% 4,313,858
<i>% of revenue</i>	<i>11.0%</i>	<i>15.1%</i>	<i>13.4%</i>	<i>104%</i>	<i>6.6%</i>	<i>-39.5%</i> <i>22.2%</i>
EBITDA - CAPEX	1,093,990	1,379,620	2,473,610	169%	918,697	1056.1% (213,963)
<i>% of revenue</i>	<i>11.7%</i>	<i>10.3%</i>	<i>10.9%</i>	<i>-39%</i>	<i>17.7%</i>	<i>-1.1%</i>

*Adjusted EBITDA represents recurring EBITDA excluding M&A related costs and multiyear remuneration plans (stock options, etc.)

2021 Budget

- New strategy to offer converged telco/cloud/cybersecurity services, fueled by acquisitions, have changed the scale of the Company
- Actual EBITDA achieved in Q2 reaches the EBITDA expected for Q4
- **Proforma figures, including all companies acquired, would reach approx. €64M in net revenues and over €14M in EBITDA**

2021 CONSOLIDATED BUDGET

EUR	Q1b	Q2b	Q3b	Q4b	2021b	% Chg.	2020real
Gross Sales	6,008,274	14,511,659	14,955,975	15,709,415	51,185,322	298.0%	12,862,085
Accrued sales	(122,834)	113,818	54,134	(121,395)	(76,277)	264.5%	(20,928)
Sales, discounts and promotions	(497,746)	(575,954)	(581,357)	(593,459)	(2,248,515)	12.4%	(2,001,077)
Non-recurring income, grants and other	10,530	10,530	10,530	10,530	42,121	-35.8%	65,646
Net revenue	5,398,224	14,060,054	14,439,283	15,005,091	48,902,652	348.4%	10,905,727
Cost of sales	(2,210,656)	(5,918,162)	(6,056,941)	(6,260,849)	(20,446,608)	493.7%	(3,444,085)
Direct product costs	(1,759,503)	(5,469,145)	(5,597,722)	(5,790,811)	(18,617,181)	919.2%	(1,826,656)
Technical and operating expenses	(451,154)	(449,016)	(459,219)	(470,038)	(1,829,427)	13.1%	(1,617,429)
Gross Margin	3,187,568	8,141,892	8,382,342	8,744,242	28,456,044	284.7%	7,395,995
Gross Margin, %	59.0%	57.9%	58.1%	58.3%	58.2%	-14.7%	68.2%
Personnel Costs	(1,261,995)	(2,479,296)	(2,488,605)	(2,502,098)	(8,731,994)	137.0%	(3,684,198)
Salaries, wages and social security	(1,420,225)	(3,023,014)	(3,031,336)	(3,045,816)	(10,520,391)	151.6%	(4,182,010)
Own work capitalised	158,230	543,718	542,731	543,718	1,788,397	259.3%	497,811
Other overhead costs	(707,566)	(2,780,707)	(2,699,297)	(2,816,328)	(9,003,898)	735.5%	(1,077,710)
Adjusted EBITDA*	1,218,007	2,881,889	3,194,440	3,425,816	10,720,152	297.1%	2,699,733
Adjusted EBITDA %	22.6%	20.5%	22.1%	22.8%	21.9%	-12.0%	24.9%

* Excludes M&A costs and multiyear remuneration plan (stock options and others)

H1 2021 P&L

- Loss of €1.87M in the period mostly due to amortisation of customer relations and goodwill linked to the acquisitions executed (€2.2M) and, to a lesser extent, to financial expenses linked to long term rentals accounted as debt (€0.3M)
- Without the amortisations from the business combinations, Gigas would have made a profit in the period
- The figures on the right represent an analytical view of the accounts and therefore there are certain differences in how costs are distributed as compared to the annual accounts (i.e. certain personnel costs included as direct costs)

CONSOLIDATED INCOME STATEMENT

Figures in EUR

2021
JAN-JUNE

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
	<i>Gross margin, %</i> 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
	<i>Adjusted EBITDA %</i> 24.3%
M&A costs, stock options, long-term incentives and other	(829,128)
EBITDA	4,692,514
	<i>EBITDA %</i> 20.7%
Depreciation/amortisation of assets	(5,828,875)
EBIT	(1,136,361)
Finance income	1,881
Finance costs	(688,182)
Exchange differences and other	16,397
Net finance income/(expense)	(669,904)
EBT	(1,806,266)
Income tax expense	(61,928)
Profit/(loss) for the period from continuing operations	(1,868,194)
Profit/(loss) for the period	(1,868,194)
Profit/(loss) attributable to the Parent Company	(1,864,296)
Profit/(loss) attributable to non-controlling interests	(3,898)

H1 2021 Balance Sheet

	Limited review	Audited
Figures in EUR	30.06.2021	31.12.2020
NON-CURRENT ASSETS	96,516,307	15,261,788
Intangible assets	71,714,465	9,380,374
Research and development	179,994	472,739
Patents, licences, trademarks and similar rights	21,715	24,132
Software	1,255,454	959,282
Other intangible assets	21,040,707	-
Customer relations	5,894,957	6,266,039
Goodwill	43,321,638	1,658,182
Property, plant and equipment	21,426,346	2,724,600
Land and buildings	4,152,667	-
Technical installations and other items	15,631,202	2,724,600
Property, plant and equipment under construction and advances	1,642,477	-
Non-current investments	36,152	36,207
Deferred tax assets	3,339,344	3,120,608
CURRENT ASSETS	31,036,277	25,654,365
Inventories	151,815	-
Trade and other receivables	18,356,408	2,524,575
Trade receivables	16,128,714	2,157,196
Other receivables	1,446,731	18,030
Personnel	16,333	16,445
Current tax assets	521,902	255,882
Other payables to public authorities	242,728	77,023
Current investments	142,740	142,692
Current accruals	2,639,063	173,883
Cash and cash equivalents	9,746,250	22,813,215
TOTAL ASSETS	127,552,584	40,916,153

- Other intangible assets (€21.0M) represent the rights of use of long term network contracts from ONI
- Goodwill has grown significantly due to the acquisitions of ONI, the MasMovil portfolio and the business unit from ValoraData. Figures are temporarily and will be distributed among other accounts when PPA is finalised at the end of year
- Land and Buildings and Technical Fixed Assets come mostly from ONI (Lisbon datacenter and urban fiber networks)
- Accounts Receivable is significantly higher than it should be due to temporary cross payments linked to the acquisitions, which also increased the Accounts Payable, and which were cleared during July
- Cash position lowered, due to the cash allocated to acquisitions

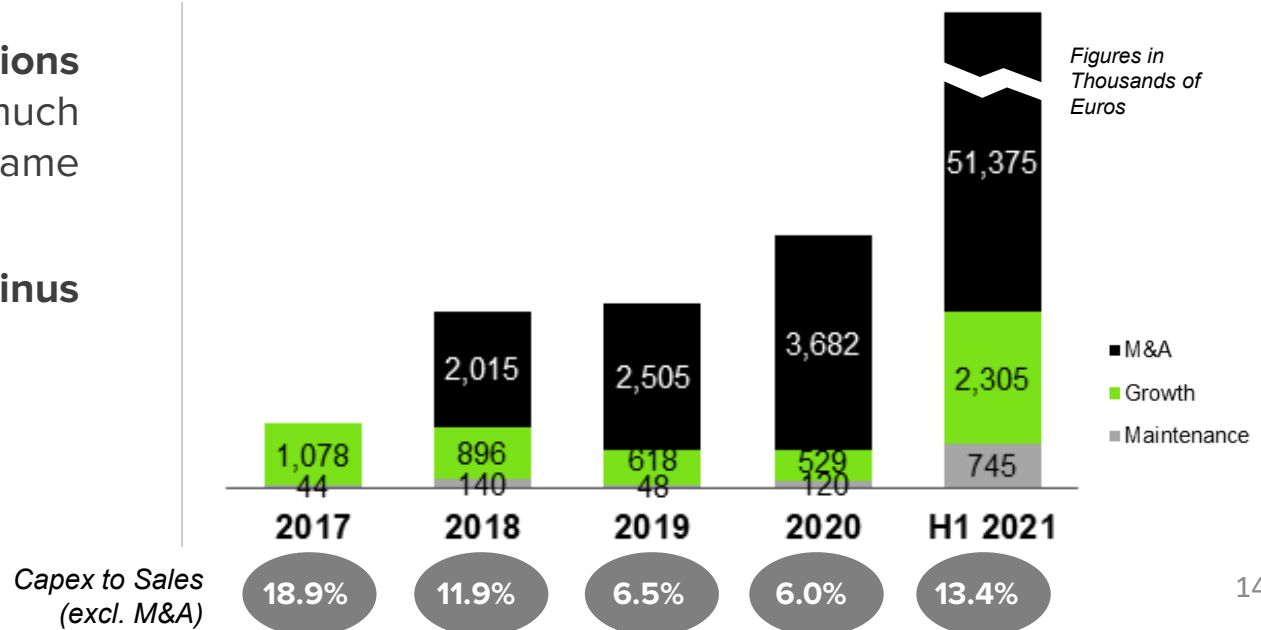
H1 2021 Balance Sheet

	Limited review	Audited
Figures in EUR	30.06.2021	31.12.2020
EQUITY	47,720,486	25,378,536
CAPITAL AND RESERVES	47,954,181	25,565,275
Capital	232,887	154,387
Share premium	54,325,581	29,872,831
Reserves	-969,039	-951,435
Treasury shares	-223,770	-198,134
Prior years' losses	-4,616,093	-4,154,704
Profit/(loss) for the year attributable to the Parent	-1,864,296	-461,390
Profit/(loss) attributable to non-controlling interest	-3,898	-
Other equity instruments	1,072,808	1,303,718
EXCHANGE DIFFERENCES	-241,967	-197,734
GRANTS, DONATIONS AND BEQUESTS RECEIVED	8,273	10,995
NON-CURRENT LIABILITIES	43,712,168	9,900,717
Non-current provisions	715,492	-
Non-current payables	36,488,732	8,300,872
Convertible bonds and debentures	2,191,660	2,102,747
Bank borrowings	12,779,723	3,829,249
Finance lease payables	14,515,823	241,913
Suppliers of non-current assets	5,973,013	-
Other liabilities	1,028,514	2,126,964
Deferred tax liabilities	1,502,908	1,599,844
Non-current accruals	5,005,036	-
CURRENT LIABILITIES	36,119,930	5,636,900
Current provisions	1,868,774	180,685
Current payables	11,337,148	2,390,822
Trade and other payables	21,011,004	2,031,809
Current accruals	1,903,004	1,033,585
TOTAL EQUITY AND LIABILITIES	127,552,584	40,916,153

- Shareholders' equity increased significantly due to capital increase executed as part of the payment linked to the acquisition of ONI (3.925 new shares issued)
- Bank debt increased due to funding of acquisitions during the year
- Long term rentals debt and long term fixed asset payables refer mostly to the long term rental of network assets and Lisbon datacenter, respectively
- Accounts Payable is significantly higher than it should be due to temporary cross payments linked to the acquisitions, which also increased the Accounts Receivable, and which were cleared during July

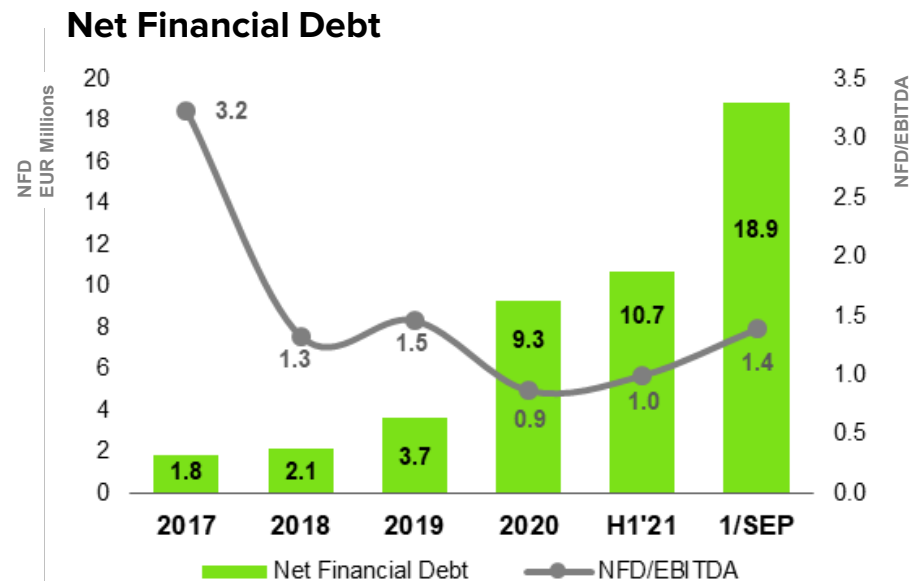
CAPEX Evolution 2017-2021

- CAPEX (excl. M&A and R&D) growing significantly this year, due to the new telco profile of Gigas and one-off integration and new product investments
- **Budget for the year is €10.30M** (€0.65M in 2020), but **€3.05M invested in H1** (€2.04M in Q2), 29.3% lower than budgeted and representing a Capex to sales ratio of 13.4%
 - Lower Capex due to delays of certain projects, but mostly due to greater efficiency in investments and achievement of **significant synergies between Spain and Portugal lowering Capex needs**. Capex for the year will be lower than expected
 - R&D personnel works capitalized not included as CAPEX
- Large M&A Capex (€60.5M) invested this year so far (ONI, MásMóvil portfolio, ValoraData and OnMovil). €29.4M paid in cash, €24.5M paid in Gigas' shares and €6.1M deferred
- **Cash flow from operations reached €6.7M** in H1, much higher than €0.7M same period in 2020
- **Operating Cashflow minus CAPEX totalled €3.67M**



Debt Evolution as of 30/JUN and 1/SEP 2021

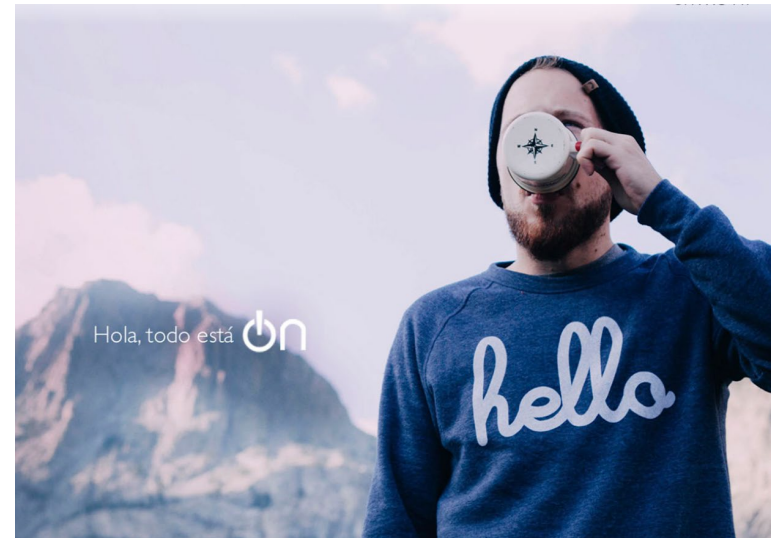
- **€60.5M invested in four acquisitions this year so far** (€51.4M in H1'21):
 - ONI: €39.5M (€15.0M paid in cash, rest in Gigas' shares)
 - MasMovil Customer Portfolio: €9M (€7.2M paid, rest in 12m)
 - ValoraData Business Unit: €2.38M (€1.7M paid, rest in 12m)
 - OnMovil: €9.1M (€5.46M paid, rest in 15 and 24m)
- New debt raised for OnMovil acquisition, increasing gross debt at 1/SEP to €30.8M. Post OnMovil acq., cash at hand reached €12.0M at 1/SEP (€9.8M at 30/JUN), resulting in a **net financial debt position of €18.9M, or 1.4x recurring EBITDA** (Q2'21 EBITDA x 4)
- Gross debt does not include convertible bonds (€2.5M, expected to be converted since they are *deep in the money*) or rental agreements liabilities (IFRS 16 related)
- Long term financial leases related to the Lisbon Datacenter and several long term network rights of use contracts (IRUs) are accounted as fixed asset suppliers and finance leases, and represent a total of €24.6M



OnMovil Acquisition

on móvil

- Acquisition of Mobile Virtual Operator (MVNO)
OnMovil closed on the 1st of September
- OnMovil distributes mobile services through almost 200 small regional telco operators
- Through those partners, OnMovil has achieved 85,000 mobile lines and positions Gigas as one of the largest Spanish MVNOs
- OnMovil had €9.58M revenues in 2020 and is expected to reach revenues of €10M this year
- The transaction has been agreed at an EqV of €9.1M (60% paid at closing, 20% to be paid within 15 months and 20% remaining to be paid 24 months after closing)
- The acquisition fills a gap in Gigas' portfolio for mobile services and fits perfectly with Gigas' one-stop-shop strategy for a convergent (telco/cloud/cybersecurity) offering
- OnMovil also provides enough volume to drive economies of scale which will improve the mobile services that Gigas plans to offer to businesses both from a price and from a feature perspective
- This acquisition also opens up a new sales channel of circa 200 regional telcos, which could be used to cross-sell other Gigas' services





In Summary

- The Company has gone through a significant transformation this year, both from a scale (€11M to €64M in revenues) and scope (cloud to cloud/telco/cybersec.) perspective and the management team has been focused on the corporate transactions, integrating the targets acquired and preparing the new services
- Total issued shares have increased to 11.64 million shares, due to transactions. At current prices (~€11.0 per share), **market cap has a value of €128M and EV €148M, representing just over 10x EBITDA proforma**
- **End of Year Guidance.** With OnMovil acquisition, net revenues for 2021 are now estimated to be over €52M (€48.9M budgeted) almost 5x 2020 revenues and EBITDA expected to reach €12M (13% higher than the €10.7M budgeted) and representing approx. 23% of sales

Q&A



H1 2021 Results Investors Presentation



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**Thank
you**

