



DISCLOSURE OF PRELIMINARY FY21 EARNINGS, LEVEL OF
COMPLIANCE WITH GUIDANCE AND 2022 BUDGET
GIGAS HOSTING, S.A.
9 February 2022

Pursuant to article 17 of EU Market Abuse Regulation (596/2014) and article 228 of the Spanish Securities Market Act (*texto refundido de la Ley del Mercado de Valores*) approved by Royal Decree 4/2015, of 23 October, and related provisions, and in accordance also with Circular 3/2020 of the BME Growth Segment of BME MTF Equity (the “BME Growth” segment) on information to be provided by companies admitted to trading in the BME Growth segment of BME MTF Equity, and with a view to increasing transparency and providing greater disclosures on the key financial highlights and estimates of Gigas Hosting, S.A. (“GIGAS”, or the “Company”), the Company hereby presents its annual budget for 2022 and preliminary results for 2021.

The Company has prepared the information related to preliminary earnings for 2021 in this Inside Information notice as the preliminary close for FY21 based on available accounting and financial information. This preliminary close is being audited for the authorisation for issue of the annual financial statements by the Board of Directors and their subsequent approval by shareholders at the General Meeting. Accordingly, the information contained herein neither replaces nor is equivalent to the Company's annual financial statements, which will be published by the end of April 2022 in accordance with the deadline established in Circular 3/2020.

PRELIMINARY FY21 EARNINGS

The Company obtained net revenue in 2021 of EUR 52.18 million, a nearly fivefold increase from the EUR 10.91 million of 2020. Growth was driven mainly by the four acquisitions carried out in 2021: i) the business customer portfolio acquired from MasMovil (see Other Relevant Information notice of 3 February 2021), ii) ONI, Portugal's leading B2B telecommunications operator (see Other Relevant Information of 30 March 2021), iii) cybersecurity business unit acquired from ValoraData (see Inside Information of 31 March 2021) and iv) ONMOVIL, one of the independent mobile virtual network operators (MVNOs) with the most lines in Spain (see Inside Information of 5 September 2021).

Revenue was 6.7% higher than the EUR 48.90 million budgeted for 2021, mostly because of the inclusion of the business unit acquired from ValoraData and of ONMOVIL, which were not factored into the budget.

Gross margin totalled EUR 30.68 million, 7.8% higher than the EUR 28.46 million budgeted. This amounted to 58.8% of revenue in 2021, slightly above the 58.2% budgeted. Gross margin in 2021 was nearly quadruple the 2020 figure (EUR 7.75 million), but as a percentage of revenue (58.8%)

INSIDE INFORMATION

was lower than in 2020 (71.1%) due to the inclusion of the telecommunication services, which commands thinner margins than cloud services.

GIGAS obtained adjusted EBITDA (i.e. excluding M&A costs, stock options and multiyear remuneration plans) in 2021 of EUR 12.14 million, an increase of 297.1% from the EUR 2.70 million obtained in 2020 and 13.2% above the EUR 10.72 million budgeted. The EBITDA margin was 23.3%, well above the 21.9% budgeted for the year.

GIGAS GROUP CONSOLIDATED INCOME STATEMENT		ACTUAL				ACTUAL	ACTUAL		BUDGET 2021			
<i>Figures in Euros</i>		Q1 21	Q2 21	Q3 21	Q4 21	2021	% Chg.	2020	% Chg.	Budget 2021		
Net revenue		9.323.108	13.394.517	14.282.470	15.178.625	52.178.720		378,5%	10.905.727	6,7%	48.902.652	
Cloud, IT and cybersecurity services		3.523.012	4.166.538	4.351.124	4.429.707	16.470.381		51,9%	10.840.081		14.200.400	
Telecommunication services		5.789.479	9.216.911	9.920.570	10.738.271	35.665.231					34.660.131	
Non-recurring income, grants and other		10.618	11.067	10.776	10.648	43.108		-34,3%	65.646		42.121	
Cost of sales		(3.721.243)	(5.351.090)	(6.064.744)	(6.362.534)	(21.499.611)		581,7%	(3.153.986)		(20.446.608)	
Product direct costs		(3.301.024)	(4.892.918)	(5.597.327)	(5.906.739)	(19.698.007)		1412,5%	(1.302.332)		(18.617.181)	
Technical and operating costs		(420.219)	(458.172)	(467.417)	(455.795)	(1.801.603)		-2,7%	(1.851.654)		(1.829.427)	
								#jREFI				
Gross margin		5.601.865	8.043.427	8.217.726	8.816.091	30.679.110		295,8%	7.751.741		7,8%	28.456.044
Gross margin, %		60,1%	60,1%	57,5%	58,1%	58,8%		-17,3%	7,1%		58,2%	
								#jREFI				
Personnel expenses		(1.961.782)	(2.484.962)	(2.554.063)	(2.573.886)	(9.574.693)		163,2%	(3.638.272)		9,7%	(8.731.994)
Salaries, wages and social security		(2.248.699)	(2.995.242)	(3.065.061)	(3.113.696)	(11.422.698)		176,2%	(4.136.083)		8,6%	(10.520.391)
Own R&D expenses capitalised		286.917	510.280	510.997	539.810	1.848.005		271,2%	497.811		3,3%	1.788.397
Other corporate costs		(1.522.282)	(2.154.627)	(2.246.891)	(3.044.387)	(8.968.187)		531,2%	(1.420.921)		-0,4%	(9.003.898)
Customer operations and marketing		(284.425)	(47.083)	(427.860)	(865.797)	(1.725.165)		1240,7%	(128.675)		-13,6%	(1.997.568)
Network, operations and IT expenses		(631.897)	(1.166.444)	(974.296)	(1.238.016)	(4.010.653)					1,3%	(3.957.314)
Other G&A costs		(605.960)	(841.099)	(844.735)	(940.574)	(3.232.368)		150,1%	(1.292.245)		6,0%	(3.049.016)
Other results		-	-	-	-	-			7.185		-	
Adjusted EBITDA		2.117.802	3.403.838	3.416.772	3.197.813	12.136.229		349,5%	2.699.733		13,2%	10.720.152
Adjusted EBITDA %		22,7%	25,4%	23,9%	21,1%	23,3%		-6,0%	24,8%		6,1%	21,9%
CAPEX		1.023.813	2.024.219	1.539.540	2.525.802	7.113.374		994,2%	650.082		-18,2%	8.700.000
% of revenues		11,0%	15,1%	10,8%	16,6%	13,6%		128,7%	6,0%		-23,4%	17,8%
EBITDA - CAPEX		1.093.989	1.379.619	1.877.232	672.016	5.022.856		145,1%	2.049.651		148,6%	2.020.152
% of revenues		11,7%	10,3%	13,1%	4,4%	9,6%		-48,8%	18,8%		133,0%	4,1%

(*) NOTE: Adjusted EBITDA excludes costs of M&A (acquisitions), stock options and long-term remuneration plans.

Net revenue in Q421 amounted to EUR 15.18 million, representing a run rate, or annualised recurring revenue, of approximately EUR 60.7 million. This is below the EUR 64.0 million run rate included in the latest earnings presentations, mostly because of adjustments made in Q421 to the scope of the customer portfolio acquired from MasMovil in Spain and the adjustment of rates and legacy services of that portfolio and of ONI in Portugal. This adjustment was also reflected in Q421 EBITDA, which totalled EUR 3.2 million, representing recurring annualised EBITDA, or run rate EBITDA, of approximately EUR 12.8 million.

CAPEX for the Group amounted to EUR 7.07 million in 2021, considerably lower than the EUR 8.70 million budgeted for the year. This represented 13.5% of Group revenue, which was also well short of the level budgeted for the year of 17.8%. As a result, the Company ended 2021 with significantly higher-than-expected cash generation, with EBITDA - CAPEX of EUR 5.07 million, compared to the EUR 2.02 million budgeted.

Net financial debt ended 2021 at EUR 17.45 million after the acquisition of mobile operator ONMOVIL, while gross debt came to EUR 29.69 million and cash was EUR 12.24 million. With leverage of 1.44x EBITDA in 2021, the Company enjoys a comfortable financial position, with room to fund further acquisitions. Net financial debt at year-end was EUR 1.73 million lower than the latest reported figure, of EUR 19.18 million at 30 September 2021.

2022 BUDGET

The Company is estimating a 27.5% increase in net revenue in 2022 to EUR 66.53, excluding any potential additional acquisitions. The budgeted revenue mix is 30% cloud and cybersecurity services and 70% telecommunications services. The 2022 budgeted net revenue figure compared to the 2021 year-end run rate indicates organic growth of 9.6%, one percentage point higher than

INSIDE INFORMATION

the 8.6% increase in the guidance issued with the presentation of the capital increase carried out towards the end of 2020 and which set the tone for the Company's strategy for the 2021-2023 period (see Inside Information of 9 November 2020).

The Company continues to make considerable efforts to consolidate and integrate all the acquisitions made in recent months and is extremely upbeat about the growth prospects for 2022, from both existing customers through cross-selling of services and the new services being launched, and from new customer adds. GIGAS has plans to launch several new services in 2022, including: a new FTTP (fibre to the premises) service in Portugal leveraging its own fibre infrastructure, with an announcement due to be made shortly; a new cloud-based PBX service with fixed-mobile convergence; private 5G services targeting large enterprises and Industry 4.0; and new cybersecurity services. The Company is also working on joining Kit Digital, a programme spearheaded by the Spanish government and financed by the European Union (Next Generation EU), as Digitalising Agent with a broad cloud, cybersecurity and IT services portfolio (see kitdigital.gigas.com). This would help drive GIGAS' growth.

Gross margin is budgeted to reach 56.7% of the Group's net revenue in 2022. This is slightly lower than the margin obtained in 2021 due to higher product direct costs related primarily to the costs of the mobile network supported by ONMOVIL, the Group's MVNO (Mobile Virtual Network Operator) business unit. Variable costs are broken down into two line items: product direct costs, and technical and operating costs. Product direct costs entail costs incurred for third-party services, mostly to provide telecommunications services; e.g. mobile network lease costs, wholesale fibre access costs, voice interconnection costs, etc. Technical and operating costs include mainly direct costs related to cloud and other services; e.g. data center rental costs, and costs for energy, connectivity, licences for products offered to customers, etc.

The addition of telecommunications services, notably those entailing the lease of third-party networks, causes the Company's gross margin to narrow, but bolsters its competitive position in a market trending toward convergence of cloud and telecommunications services while adding a major differentiating factor for upselling with existing customers and attracting new customers. The Company also has its own fibre network in Portugal, which it is expanding to offer a competitive, high-margin solution for business customers; the Portuguese market makes up nearly half of the Group's entire business.

The table below provides the 2022 budget, with a breakdown by quarter for better monitoring during the year. The budget was drawn up without factoring in any new acquisitions and represents the Company's best estimates for 2022.

INSIDE INFORMATION

GIGAS GROUP

CONSOLIDATED INCOME STATEMENT

Figures in Euros	BUDGET				BUDGET	ACTUAL	
	Q1 22b	Q2 22b	Q3 22b	Q4 22b	Budget 2022	% Chg.	2021
Net revenue	15.219.384	16.066.147	17.023.448	18.224.811	66.533.790	27,5%	52.178.720
Cloud, IT and cybersecurity services	4.440.047	4.625.454	5.091.732	5.534.996	19.692.229	19,6%	16.470.381
Telecommunication services	10.779.337	11.440.693	11.931.717	12.689.814	46.841.561		35.665.231
Non-recurring income, grants and other	-	-	-	-	-	-100,0%	43.108
Cost of sales	(6.443.628)	(6.932.985)	(7.421.827)	(8.041.446)	(28.839.886)	34,1%	(21.499.611)
Product direct costs	(5.906.253)	(6.368.694)	(6.842.765)	(7.420.008)	(26.537.720)	34,7%	(19.698.007)
Technical and operating costs	(537.375)	(564.292)	(579.062)	(621.438)	(2.302.166)	27,8%	(1.801.603)
Gross margin	8.775.756	9.133.161	9.601.621	10.183.365	37.693.904	22,9%	30.679.110
Gross margin, %	57,7%	56,8%	56,4%	55,9%	56,7%	-3,6%	58,8%
Personnel expenses	(2.742.630)	(2.814.098)	(2.829.655)	(2.850.523)	(11.236.906)	17,4%	(9.574.693)
Salaries, wages and social security	(3.306.910)	(3.387.075)	(3.390.302)	(3.431.804)	(13.516.091)	18,3%	(11.422.698)
Own R&D expenses capitalised	564.280	572.977	560.647	581.281	2.279.186	23,3%	1.848.005
Other corporate costs	(2.919.685)	(2.915.516)	(2.990.473)	(3.067.086)	(11.892.760)	32,6%	(8.968.187)
Customer operations and marketing	(1.088.249)	(1.124.744)	(1.097.708)	(1.152.860)	(4.463.562)	158,7%	(1.725.165)
Network, operations and IT expenses	(1.138.301)	(1.141.493)	(1.115.594)	(1.151.797)	(4.547.184)		(4.010.653)
Other G&A costs	(693.135)	(649.279)	(777.171)	(762.429)	(2.882.014)	-10,8%	(3.232.368)
Other results	-	-	-	-	-	-	-
Adjusted EBITDA	3.113.442	3.403.547	3.781.494	4.265.756	14.564.238	20,0%	12.136.229
Adjusted EBITDA %	20,5%	21,2%	22,2%	23,4%	21,9%	-5,9%	23,3%
CAPEX	2.782.252	3.045.242	2.554.403	2.564.767	10.946.664	53,9%	7.113.374
% of revenues	18,3%	19,0%	15,0%	14,1%	16,5%	20,7%	13,6%
EBITDA - CAPEX	331.189	358.305	1.227.090	1.700.989	3.617.574	-28,0%	5.022.856
% of revenues	2,2%	2,2%	7,2%	9,3%	5,4%	-43,5%	9,6%

NOTE: Adjusted EBITDA excludes costs of M&A (acquisitions), stock options and long-term remuneration plans.

Personnel expenses are set to increase in 2022 from the full consolidation of the companies acquired, the growth in the management team to help the Company tackle new challenges, and salary inflation in the Company's operating markets.

Other corporate costs are broken down into three line items: Customer operations and marketing; Network, operations and IT; and Other G&A costs. Customer operations and marketing includes marketing and communication campaign-related expenses, and external costs related to customer service and operation; e.g. customer service platforms and external BPO (business process outsourcing) teams inherited from the acquisitions of ONI and MasMovil's business customer portfolio. Customer operations and marketing costs at ONMOVIL are borne largely by ONMOVIL's partners (mainly regional telecoms operators), which explains the sharp increase in this item in 2022.

Network, operation and IT includes general technical platform support, operation and maintenance expenses, which are included as relatively fixed costs because of the high operating leverage they afford since they barely increase with growth in the customer base. Although the budget calls for a 13.4% increase, if we compare this item in the 2022 budget and the run rate at year-end 2021 (i.e. the fourth quarter multiplied by four), the amount decreases by approximately EUR 400 thousand through network optimisation and expected synergies between the operations in Spain and Portugal.

Lastly, Other G&A costs includes all fixed corporate expenses; e.g. office rents, professional services, audit fees, utilities, etc.

Overall, GIGAS expects to achieve EBITDA of EUR 14.56 million in 2022, up 20.0% from 2021, leaving an EBITDA margin of 21.9%, which is slightly lower than the margin obtained in 2021 because of the lower EBITDA margin contributed by ONMOVIL's MVNO business unit.

Turning to CAPEX (property, plant and equipment), the Company has plans to invest heavily in 2022 on the back of growth in customers and capacity, the launch of new services, the completion of the implementation of new operating and billing systems, upgrades to certain elements of ONI's

INSIDE INFORMATION

network in Portugal (which will boost capacities and significantly reduce operating costs) and, finally, the FTTP (fibre to the premises) project, which involves deploying the Company's own fibre in Portugal. Indeed, the budget for CAPEX in 2022 is EUR 10.95 million and includes purchases of equipment, investments in networks and equipment, and investments in the deployment and migration of systems and platforms for managing and operating the new convergent services.

Figures for the start of the year are somewhat lower than the run rate disclosed, due to scope and customer adjustments made in the fourth quarter of 2021, but the Company is upbeat and ambitious in its 2022 growth forecasts. Indeed, the budget calls for significant organic growth (higher than the guidance presented with the capital increase in November 2020) in a year of consolidation and commercial efforts, not to mention hefty investments, leaving GIGAS in a strong position to lead converged telco/cloud/cybersecurity services for medium-sized enterprises, a segment that the large incumbents in both Spain and Portugal have neglected. Investments to launch new services and deploy its own fibre in Portugal, coupled with the focus on a market segment with less competition and lower price sensitivity than other segments, should enable GIGAS to continue growing organically, at rates of around 10% in the coming years.

In 2022, GIGAS' management team will be focused on integrating the companies acquired and launching new services, but the Company will still assess opportunities to round off GIGAS Group's portfolio of services and scale up the Group. Should any arise, the forecasts included in this budget would be modified.

Madrid, 9 February 2022.

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