



ACQUISITION OF IGNITAR,
CLOUD SERVICES PROVIDER IN IRELAND
GIGAS HOSTING, S.A.

16th September 2020

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 6/2018 of the Mercado Alternativo Bursátil (the Spanish Alternative Equity Market, or "MAB"), Gigas Hosting, S.A. (hereinafter, "Gigas" or the "Company") hereby discloses to the market the acquisition of 75% of the share capital of Irish company GEMINI TECHNOLOGY LTD, which operates the IGNITAR brand (hereinafter, "IGNITAR").

Gigas has completed the acquisition of a majority ownership interest in Irish cloud services provider IGNITAR, now a member of the Gigas Group. **IGNITAR provides cloud hosting services to some 136 corporate customers, focused mostly on the SAP Business One ERP (enterprise resource planning) software.** Ignitar customers are medium-sized enterprises and SAP partners in Ireland, the UK, Netherlands and Scandinavia.

IGNITAR's customers are similar to the profile of Gigas' Cloud Datacenter customers, with a similar ARPU (average revenue per user) to that of Gigas' current customers. The acquisition brings Gigas new corporate customers that match its target customer profile and opens up new geographic markets in Europe in countries where the market for ERP hosting in general, and SAP Business One in particular, is much greater than in Spain. Gigas will also be adding a new team of English speakers, leaving it better placed to penetrate new markets.

IGNITAR was incorporated in 2010 in Dublin, Ireland. It was the first to offer cloud-managed SAP Business One services for corporate customers. IGNITAR reported EUR 1.81 million of revenue in 2019 (up by around 10% from 2018) and EBITDA of EUR 582 thousand, with an EBITDA margin of 32.1%. **The outlook for IGNITAR in 2020 is for similar revenue growth to the year before, contributing more than EUR 600 thousand to Gigas'** consolidated revenue for the year, from its inclusion in the Group's consolidation scope.

Jonathan Browne, founder and CEO of IGNITAR, will stay on and oversee the Gigas Group's operations in Ireland. IGNITAR has a staff of seven (including the CEO) working in the outskirts of Dublin who will remain at the company. IGNITAR provides services from **BT's datacenter in Dublin, which will be added to the datacenters Gigas operates** in Madrid, Barcelona, Miami, Bogota, Santiago de Chile, Lisbon and Oporto.

The transaction price includes payment of a fixed amount of EUR 2.2 million, consisting of cash (EUR 1.7 million) and newly issued Gigas shares (EUR 0.5 million), in exchange for 75% of the shares of IGNITAR, on a cash-free, debt-free basis. The new Gigas shares required for payment

will be issued at an Extraordinary General Shareholders' Meeting to be called shortly at a price of EUR 6.04 which is the weighted average share price of the 40 trading sessions prior to the date the agreement to acquire IGNITAR was signed. Therefore, the transaction will include a total of 82,781 newly issued Gigas shares, representing 1.92% of the total shares issued. Moreover, **the Company has entered into a call option (and granted a put option to the seller) on the remaining 25% of IGNITAR shares which, depending on how the acquiree performs, could imply an additional payment of EUR 1 million** over the next 24 months.

By acquiring IGNITAR, Gigas is extending its geographic footprint, expanding its presence in Europe, adding a new datacenter (Dublin) and continuing to complement its organic growth with M&A. The Company continues to assess opportunities that can add volume to the Group and value to its Shareholders.

Gigas was supported by Adams Law, KSi Faulkner Orr and ILV Silver as its advisors on the acquisition. IGNITAR engaged Cheval M&A and Benville Robinson Solicitors as advisors for the transaction.

In Madrid and Dublin, 16th of September 2020.

Diego Cabezudo
Chief Executive Officer
GIGAS HOSTING, S.A