Investment Research:

Gigas Hosting (MAB:GIGA)

MABIA

TU PUERTA DEL MERCADO ALTERNATIVO BURSÁTIL

Gigas Hosting, S.A. is the parent company of a consolidated group of companies formed in 2011, specialized in the Infraestructure as a Service (IaaS) industry. Gigas operates in a market where the major players such as Amazon, Microsoft, Alibaba or Google open up opportunities for a long list of small and medium companies also of a technologic nature or linked to the telecommunications industry.

Gigas expanded its business with the incorporation of its shares on the Mercado Alternativo Bursátil (MAB). And, in 2018, it was followed by the acquisition of the cloud companies SVT and Ability. The first implemented in Spain, while the second of Colombian origin and concentrated in business-type clients. Gigas made use of the financial resources provided by Inveready, through the issuance of convertible bonds in its favor, to execute both operations.

This strategy had a direct impact on the group's growth, which until now had only occurred through the organic acquisition of users. The ability to integrate acquisitions made and those that may come in the future can accelerate the development of the business plan.

In this way, the sum of the portfolio of the acquired businesses, plus the own accounts, currently totals 3,836 users distributed in two main business lines:

Cloud VPS: 3.083 users

Cloud Datacenter: 753 users

2018: Mission accomplished

Gigas consolidated 2018 with a list of challenges met: the company acquired and integrated Ability and SVT, maintained its commercial activity in different international markets and increased its user base, mainly the Datacenter segment.

Given the way traveled since the company's presentation at the MAB, we can say that Gigas has accomplished its mission.

Company's objectives seized the cloud industry opportunities to grow in user volume, sales figures and consolidate its brand. Given the competitive advantages of its model, it could increase margins and in the medium term it could reach positive net income.

From 2015 to 2018, the company increased its revenue by 108%, from 3.75 million euros to 8.68 million euros in the last year. In this same period, the company achieved a positive EBITDA of 1.62 million euros and is expected to close with net benefits in 2019.

These results deserve recognition of the work done by the entire team of the company. But competitors are also making important advances in a market that is constantly growing.

Gigas has an excellent platform from which to increase the cruising speed it has had so far. For this, it must progressively increase its ambition for the new challenges that arise on the horizon.

Market Data

Ticker	GIGA
ISIN	ES0105093001
Sector	Cloud
Market	MAB
Price (22/07/2019 - 18:00)	7,34 €
Shares Issued	4.322.318
Market Cap.	31.725.814 €
Annual Yield (2019)	10,77%
Target Price	8,25 €
Potential	**12,34%**

Forecasts

(Miles of €)	**'19E**	**'20E**	**'21E**	**'22E**	**'23E**
Revenue	10.721	12.089	14.163	16.578	19,27
% Growth	*23%*	*13%*	*17%*	*17%*	*16%*
EBITDA	2.618	3.345	4.143	5.411	6.785
Margin	*24%*	*28%*	*29%*	*33%*	*35%*
EBIT	1.005	1.565	2.187	3.274	4.461
Margin	*9%*	*13%*	*15%*	*20%*	*23%*
Net Income	505	914	1.366	2.165	3.037
Margin	*5%*	*8%*	*10%*	*13%*	*16%*
EPS	0,12	0,21	0,32	0,50	0,70

Gigas Stock Price Performance

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Production Date: July 22, 2019 - 19:30 CET
Issuing Date: July 22, 2019 - 19:35 CET

Content

IaaS Cloud Industry 2018/2019

The cloud services market keeps growing and is being transformed in line with the new consumption habits and contributions of various competitors. Amazon Web Services, Amazon's business arm, is strengthening its leadership year after year. It is closely followed by Microsoft, Google, IBM and Alibaba. Each of these technology brands has expanded its catalogue of digital tools, aimed particularly at software developers.

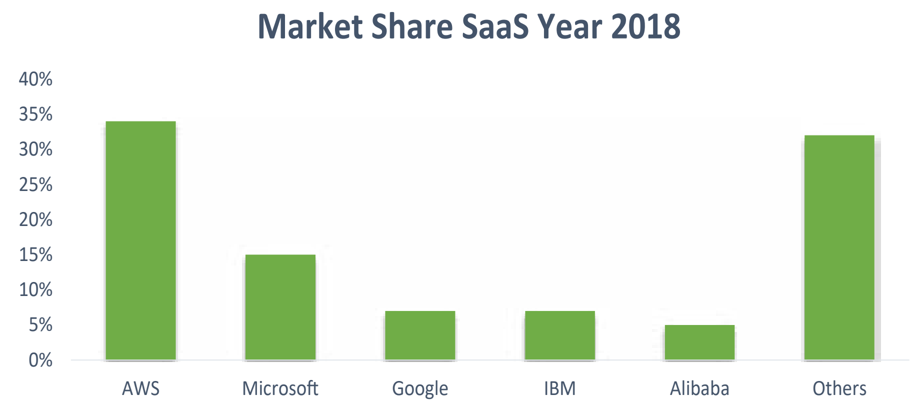
According to Synergy Research Group, sales derived from cloud infrastructures increased 48% in 2018, topping more than 78 billion dollars. Amazon led this market with revenue totalling 25.66 billion dollars. A 47% more than the previous year, with a total market share of 34%. Microsoft follow its path and the sales derived from its IaaS activities reached 15% of aggregate sales in the past year.

Synergy highlights that both companies, as well as the rest of the players with the largest market share, are still gaining weight and outpacing the smaller competitors in the industry. In the 2016 analysis, we highlighted the niche markets covered by smaller businesses, but this group has become smaller over the past couple of years. Total 2018 revenues derived from these cloud brands accounted for 32% of the market. Compared with 52% of market share in 2015. Industry dynamics have triggered the changes in the market shares and also the arrival and departure of major competitors (HP, Alibaba, IBM, Oracle, etc.).

Meanwhile, the industry is also experiencing a qualitative change. Cloud platforms are expanding, tailoring their initial infrastructure to the new needs of consumers. Technological needs have led to the increase of users and revenues through the development of complete platforms featuring tools related to new technological trends (machine learning, blockchain, etc.).

Amazon Web Services has channelled major efforts into research and development to incorporate a catalogue of specific services into its virtual servers. It currently provides spaces where it is possible to develop applications based on blockchain, databases (Amazon Aurora & Amazon DynamoDB), videogames (Amazon Game Tech) or learning models (Amazon SageMaker), to give some examples.

Along the same line, Microsoft has similar tools under the umbrella of the Azure brand. Among its services and products, the Microsoft Office pack is the leading mark, which the company moved to the cloud under the name of Office 365. With this operation, the developer transformed its licensing business into an online services model, replacing individual sales with the guarantee of recurring revenues, which can be boosted through complementary services.



Source: Own calculations

From an operating point of view, Microsoft replaced packaging costs and intermediaries with investment into servers and facilities. The Office package, as a well-established product and brand, was the firm's key advantage when carrying out this strategy and helps it increase market share each year.

Besides these firms, there is a long list of companies that perform exactly the same activity as Gigas, but there are few listed companies. One of them is Iomart, which is listed on the Alternative Investment Market (AIM). GoDaddy was established at United States, founded as a domain seller, but gradually became a hosting services company. There are also other complementary companies in the US, such as Interxion.

Meanwhile, and particularly in 2018 and 2019, there has been a boom in the listing of companies that use cloud technology to provide services. One of them is Fastly, a brand that offers its platform for content distribution, streaming services and security services. It was listed on May 17, 2019 and its market cap is 1.864 billion dollars. Another example is CrowdStrike, a cloud-based cybersecurity firm that started trading on June 12 of this year.

The table below shows the key figures of comparable listed companies:

	Market Cap.	Sales	EBITDA	Net Income	EV/ Sales	EV/ EBITDA	PER
Iomart (IOM)	381M£	102M£	38M£	12M£	4,20	11,27	31,74
GoDaddy (GDDY)	12.708M$	2.260M$	406M$	77M$	6,27	34,90	165,04
Interxion (INXN)	5.524M$	562M$	232M$	31M$	11,79	28,57	178,19
Fastly (FSLY)	1.914M$	145M$	-16M$	-31M$	14,50	-131,44	-61,74

Source: Annual Results. Market Data July 5, 2019

Business Model:

The Subscriptions Economy

Gigas' business model is based on providing its cloud infrastructure services to users. Since its first investment research report, Mabia valued the sum of these clients using Users Potential Value. This is the most similar indicator to the price of acquisitions in the industry, as well as being a system for evaluating long-term competitive advantages.

Subscription-based payment systems are a kind of model traditionally used in a variety of industries. Are well-established in the sale of magazines and newspapers, as well as at gyms. Pay television, such as cable or satellite, is another area where this model is widely used. Even the payment of an insurance premium resembles an annual subscription, with discounts (or lower premiums) for recurring users.

For each of these companies, securing a new customer leads to the possibility of renewal in subsequent periods and guarantees a recurrent cash flow. These payments are independent of how each customer uses the product or the service. There might be a group that uses one hundred percent of the services and another that never uses them. This entails considering that users behave in a heterogeneous way and the value of each of them is also different.

In recent years, with the implementation of new technologies, 'subscription services' have been rising. Different services and even the sale of discretionary products have been transformed through the acquisition of a user base. In figures, these changes in consumption habits resulted in an industry formed by more than eleven million users in 2017. This accounted for a growth of over 200% with respect to data from 2011.

Netflix is the flagship of this new model: the company is the result of replacing video and DVD rentals with a virtual catalogue. In this model, the customer signs up and pays a monthly fee, instead of making one-off purchases when they want to watch a film at home. The music market has also undergone the same transformation with brands like Spotify.

Another leading brand in the 'subscription economy' is Dollar's Shave Club. This company converted the sale of razors, an expensive product and the most stolen item in supermarkets, into a service with direct distribution to each household. For a price lower than traditional razors, subscribers receive a grooming kit on a regular basis. In 2016, Unilever acquired the company for 1 billion dollars, which had three million registered customers.

Cloud services, whether infrastructure-related or software services, have a place in this category. Companies in this niche market get value from their investments in IT capacity. However, it is also a way to take profit from their developments in an efficient way, as is the case with Microsoft's Office 365 or Adobe's catalogue of designing software.

Through a regular subscription, users (both companies and individuals) save money avoiding an initial investment, usually higher, from the price of a software license or the purchase of physical equipment.

Technical Issues of Users Valuation

Users are the first 'economic unit' of these models and each company's revenue relies on the cash flows from this group. It depends on the acquisition of new clients and the loss of old ones along the way, which results in sales fluctuations in the following years. However, the initial number of users at any given time serves as a starting point for a financial valuation.

To get a quantitative and qualitative view, a list of specific variables is used, which are also essential for the formal calculation of the value of companies that have a user base:

ARPU: Acronym of *Average Revenue per User*. This is a measure used for financial analysis and is translated as the annual revenue received from each customer. It is also an analytical measure for companies like Gigas. It is calculated monthly and, depending on its evolution, may involve changes in the company's strategy.

Churn Rate: Annual percentage rate of cancelled subscriptions. It is an indicator that shows the quality of user revenue and their level of loyalty to the company. The lower the rate, the better.

Life Span: Average lifetime per user. Along with the churn rate, it shows the quality of revenue and the level of users loyalty.

CAC: Acronym of *Customer Acquisition Cost*. This is the initial effort that the company makes to acquire each new customer. The longer the customer-company commitment and the greater the loyalty in monetary terms, the higher the CAC. The expected return is also greater, as in the specific case of Gigas Cloud Datacenter.

Lifetime Value: Subscription value estimate per user throughout his lifetime. This result depends on the average income of users and the average expected life of customers. It is a dynamic variable and depends on the evolution of the business and users behaviour.

Key Assets of Gigas

In order to obtain its customers and provide its services, Gigas uses a combination of investments into its own assets and payment for services to third parties. The company invests in technical equipment, consisting of servers, routers and data storage equipment. For this, it purchases from the technology providers HP Enterprise, Cisco, AMD and Intel, as well as NetApp disks and SolidFire all-flash storage systems (trademark acquired by NetApp in 2015). Meanwhile, Gigas also acquires software licences for use on its servers. The most important licences are from Microsoft (Windows, SQL, Microsoft Server) and Oracle.

The physical equipment, and its technology, is deployed and maintained at various data centres. Gigas currently has its equipment at the facilities of Interxion Madrid 1 and Madrid 2, and at Terremark in Miami. They are neutral data centres, adapted for the storage, management and maintenance of servers, with double connectivity to the electricity supply and the networks of all telecommunications companies. With the acquisition of SVT and Ability Data Services, the company expanded its physical space in Spain (in Barcelona), as well as opening a new data centre in Bogotá (Colombia).

On a cost level, every time Gigas invests into new IT equipment (a rack installation at a data centre), there is an excess of capacity with respect to actual demand. The company covers the investment as capex, and also the maintenance expenses formed by cost per rack space, power and minimum connectivity consumption.

Excess server capacity allows the company to deal with demand peaks, from an operational point of view. However, as the number of service requests goes up, the company's business model implements economies of scale and records higher revenues per user. The variable expenses of Gigas include the acquisition of specific licences for each user, the consumption of each rack and the cost of connectivity. These are not scalable and are transferred to the customer through the final sale price.

There are other key activities in Gigas' business model which are not directly linked to the IaaS service, but which have an impact on the group's cost structure. Expenses related to product advertising, mainly on the Internet, and sales acquisition are the highest variable costs of Gigas that are not directly charged.

The company has an expert support team to answer questions and requests twenty-four hours a day, a technical team for the development and maintenance of the IT management platform, an administrative department, and an advertising and sales department. Office rental is another of the company's expenses. Expenses derived from these assets form the fixed costs on Gigas' profit and loss account.

Acquisition of SVT Hosting

Gigas acquired the company SVT Hosting in January 2018, making it the first corporate purchase transaction in its history. The goal of acquiring 100% of the company's share capital was to bolster its presence in the Spanish cloud market aimed at SMEs.

SVT was established in 2007 in Lleida as a subsidiary of SEMIC Group, until the date of purchase. The company had more than two hundred and fifty corporate customers who were using cloud services, especially ERP (Enterprise Resource Planning). Fifty-five of those customers belonged to the Cloud Datacenter segment, at the time of purchase.

With this acquisition, Gigas integrated the company's technology and its user base, excluding the security services business of SVT. Meanwhile, the purchase agreement included a partnership agreement with the SEMIC Group to provide those security services to its customer base. In terms of results, the revenue corresponding to SVT was 858,000 euros.

The cost of the acquisition was 342,000 euros (capital plus debt liabilities plus positive working capital) and the source of the funds that Gigas used to cover the operation was from a combination of equity and financial debt. Part of the amount was initially paid out, while another variable payment will be made in April 2019, once the SVT accounts has been closed.

Acquisition of Ability and agreement with Inveready

Gigas executed a second acquisition with the purchase of 100% of shares of Ability, on May 22, 2018. With that deal, Gigas acquired the business of the Colombian company that provided cloud hosting services to business customers. For this, Gigas paid out a fixed amount of 1.66 million euros, to be effective in two tranches between 2018 and 2019, drawing on its own resources along with a financing operation from the Inveready group.

Ability was founded in Bogotá in 2006. Initially, the company's main business was the implementation of ERP (Enterprise Resource Planning), although this evolved towards the provision of cloud hosting services. In 2017, the company's revenue reached 1.59 million euros, from seventy customers formed by SMEs. It is a user model similar to the Gigas Datacenter segment. These amounts were equivalent to an EBITDA of 400,000 euros.

With the accounts already integrated with Gigas, the revenue derived from Ability in 2018 was 1.64 million euros and the company closed the year with a total of ninety-two Datacenter customers.

The acquisition included a fixed payment and a variable amount subject to the financial figures recorded in Latin America up to 2020. Gigas agreed to pay 1.36 million in cash, one million was already paid in 2018 and the rest will be paid during 2019, and 0.3 million euros would be in company shares. These accounted for a total of 47,318 shares at 6.34 euros.

To fund both purchases, in 2017 Gigas had already announced the entry of the investment firm Inveready as the company's future lender. According to the filing published on December 6, 2017, the company would contribute up to 2.5 million euros through its fund known as Inveready Convertible Finance, issuing convertible bonds.

The transaction was approved at the Extraordinary Shareholders' Meeting on April 23, 2018, and recorded in a public deed on April 26. According to the information, the issue was structured in two tranches:

Tranches	Amount	Exchange Price
First Tranche	1.200.000 euros	3 euros per share
Second Tranche	1.300.000 euros	6,22 euros per share

Source: Filing issued by Gigas April 26th 2018

The sum of both tranches, plus 347,681.52 ueros of capitalised interests, would give Inveready the possibility of converting its loan into approximately 700,726 shares. Within three years, if Gigas doesn't change the structure of its assets in any way, the investment group would reach a share of 13.83% of the capital through its funds. In addition, it would become the main shareholder of the company.

Founded by Josep Maria Echarri and Roger Piqué, Inveready is a spanish investment group focused on innovative early-stage projects, with a growth potential and financing needs of between 0.5 and 4 million euros. It currently has seven investment vehicles that participate in a portfolio of more than eighty companies, concentrated in the technology and biotechnology industries.

For the selection of these projects, Inveready takes into account the strategy of the protection of industrial property, with exclusivity of product development. There is a preference for technologies that are a platform and that can cover various products. This is to the detriment of developers and manufacturers based solely on one product.

Comment. Gigas 2019 Report Update

Fiscal year 2018 was a period of consolidation for the Gigas business model. Corporate acquisitions were at the list of new goals met by the company, but also the integration of Ability and SVT, without leaving aside the company's activity in international markets. As a result, the incorporation of new users into its main products was equally important, specifically in the Datacenter segment.

If we look at the evolution of Gigas since its presentation, when the company was listed on the Mercado Alternativo Bursátil (MAB), we could say that it has been successful.

When it started trading on the stock exchange, the company's goal was clear: to take advantage of all the opportunities offered by the cloud infrastructure sector in order to grow in user volume, sales figures and brand consolidation. Given the competitive advantages of its model, this would end up with the company boosting its margins and, in the medium term, recording profits.

Since then, Gigas has stuck perfectly to this script. Over the last four years, it has focused on the growth and consolidation of its business segments in various geographical areas. It complemented this focus with the first corporate transactions, with financial support and advice from Inveready.

As a result, not only did the company successfully come out of the startup stage, but in a matter of four years it doubled sales and, in 2017, managed to record its first positive EBITDA. This gave the profitability required by investors. In 2019, the forecast is to record the first net income in the history of this company since it was listed. This is another success which reflects the work done by the entire team of the company.

However, despite the achievement of these milestones, its competitors are also making important inroads in an ever-growing market. What's more, the market is changing according to the new needs of users. The company needs to pay attention to both these changes, as well as the initiatives taken by the industry as a whole.

Having achieved its first goal, Gigas has an excellent platform from which it can increase its cruising speed. Staying firm in the face of the industry's evolution, while progressively taking on potential new challenges, are two of the headlights that will guide the new stage of Gigas.

Success is a good sign, which gives confidence to MAB investors in the company and consolidates its value. However, the road is long and there are still many obstacles to overcome.

Financial Analysis

Analysis of Income Statement

Sales

Gigas sales from *cloud hosting* services were 10,16 milions euros in 2018. Revenue, after discounts, promotions and sales accruals, was 8,68 millions euros. A 46% more than in the fiscal year before. During the first quarter of 2019 Gigas registered 3,04 millions euros from sales and 2,47 millions euros of revenue.

Sales growth during the last year was the result of addition of new users accounts at the consolidated markets, the acquisition of the SVT and Ability business, and its expansion in the recently introduced countries.

Cloud VPS and Cloud Datacenter services are both the two main sources of revenues. The first had 3.083 users registered at March 31, 2019. On the other hand, the Cloud Datacenter customers were 753 and represented more than a 90% of the revenues of the company.

By Average Revenue per User (ARPU), Cloud Datacenter was 1.388,40 euros, at December 31, 2018. A 30% more than in 2017. Cloud VPS ARPU reached 27,86 euros, 3,67 euros more per account.

Sales forecasted growth for the fiscal year 2019E is 19,29% and 23,45% revenue estimated growth. The difference between both magnitudes is the reduction in sales provisions and the sum of discounts. On the other hand, the estimated growth compared with 2018 has been the result from the impact in several variables. First, the historical path of the company. Second, the integration of the accounts from the acquired companies. Third, the evolution of Datacenter accounts, both in Spain and in the other parts of the world.

As has been commented in the "Sector" chapter, Gigas business model is growing in a favorable environment. Overall, every year the aggregated sales are increasing and the opportunities are higher to create value in this stage.

SVT and Ability acquisitions has served to compensate the organic growth of Gigas. This has been the result of investing in sales force in different regions. In the specific case of Ability, this corporate action has allowed to increase its presence in the colombian market, after adding new users and servers located in a *datacenter* at the same country.

According with the company financial statements and the forecasts, the compound annual growth rate (CAGR) of Gigas sales until 2023E would be a 16,62%. With Cloud Datacenter customers as the origin of the main revenue, it would contribute a 95% of the total sales.

In terms of ARPU by business segment, we estimate the following evolution:

Monthly ARPU in Euros	2018	2019E	2020E	2021E	2022E	2023E
Cloud VPS	27,86	28,60	29,22	29,73	30,15	30,82
Cloud Datacenter	1.388,4	1.299,49	1.327,66	1.355,70	1.380,77	1.403,13

Source: Own calculation

We forecast the improvement of ARPU for the next years in both segments of Gigas. Growth in the Cloud Datacenter service would be higher, with a significant progress in 2023E in absolut terms until 1.403.13,87 euros of revenue per user, as a result of the regional expansion. The average yearly growth would be a 0,21%, while the avearage yearly growth of the Cloud VPS would be a 2,04%.

Those ARPUs have been estimated considering the company capabilities and its growth compared with their industry peers. Given that until today, the track record of Gigas showed growht above market ratios, so it is not ruled out that if this trend continues, the final ARPUs could even exceed the amount reflected, there being an upside with respect to the projected accounts.

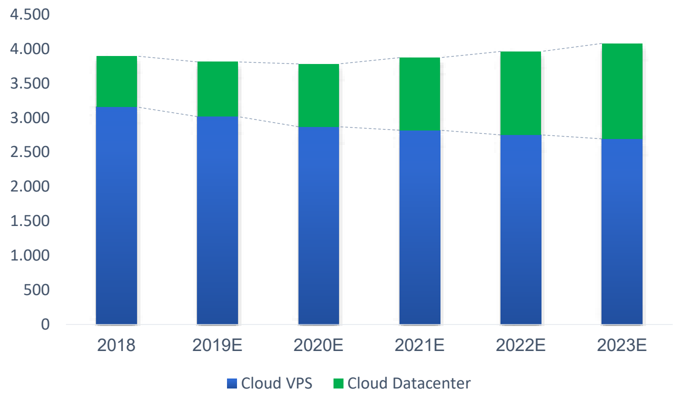
In customer terms, the projections made are based on the Gigas focus on the Cloud Datacenter segment subscriptions. This implies the successful integration of SVT in Spain and Ability in Colombia, keep going with the international expansion plan, especially in the LATAM area, and preserve the recurrence of current customers. The accounts of Cloud VPS will continue to be significant from the point of view of marketing and the continuous development of the platform itself, but decreasing its relative weight in the group's total sales.

The business model of Gigas evolves towards high-end services that entail a significant increase in ARPU and a strategy based on customer loyalty and the deployment of the sales force.

2018-2023E	**2018**
VPS Accounts Growth Forecast	0,84x
Marketing Online Growth Forecast	1,06x
Cloud Datacenter Accounts Growth Forecast	1,83
Sales Force Growth Forecast	2,14

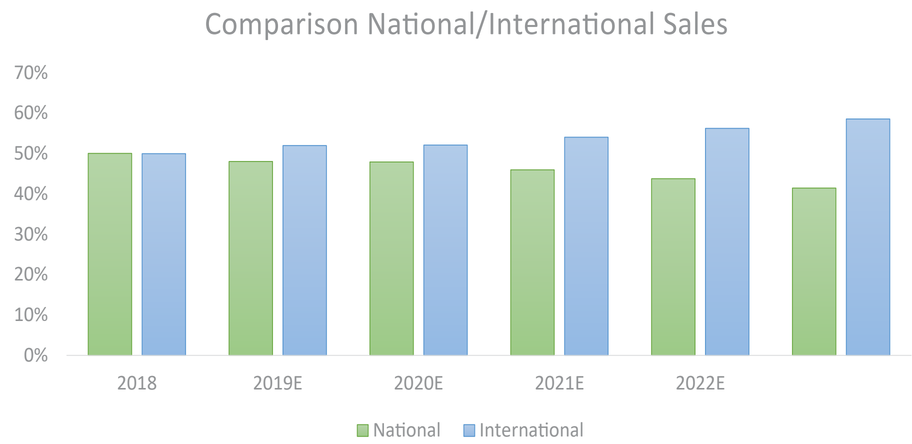
Source: Own calculations

The chart below corresponds to an estimate of the evolution of the Cloud VPS and Cloud Datacenter accounts of the company:



Source: Own calculations

By countries, international expansion continues to be a decisive element for the growth of revenues in the coming years and increase market share in the cloud sector. In the period 2019E it is estimated that international sales would be higher, mainly due to the impact of the acquisition of Ability in Colombia. In this way, the Latin American area continues to be the main bet for the company's services offer.



Source: Own calculations

Over the next few years, international sales will take on more weight. Colombia, Chile or Peru would be the territories that would take over, in terms of growth, until reaching a level above 58% of the total billing. Although Spain will continue to be where most of the sales will originate.

Income Statement Forecasts

Based on the Gigas financial statements and the cloud market trends, below there are the sales and net income forecasts for the period 2019E-2023E:

Income Statement - In Euros	2018	2019E	2020E	2021E	2022E	2023E
Sales	8.993.016	10.964.555	12.329.713	14.416.408	16.842.549	19.552.397
Revenues	8.683.880	10.720.556	12.088.931	14.163.167	16.576.730	19.273.882
Δ Revenues	46,03%	23,45%	12,76%	17,16%	17,04%	16,27%
Capitalized R&D	250.881	234.012	240.782	253.241	265.819	278.516
Cost of Sales	-1.882.547	-2.386.502	-2.628.114	-2.975.738	-3.289.541	-3.772.511
Gross Margin	6.801.333	8.334.054	9.460.817	11.187.429	13.287.189	15.501.371
Gross Margin / Revenues	78,32%	77,74%	78,26%	78,99%	80,16%	80,43%
EBITDA	1.616.352	2.617.690	3.344.977	4.142.780	5.411.215	6.784.764
EBITDA / Revenues	18,61%	24,42%	27,67%	29,25%	32,64%	35,20%
EBIT	92.345	1.004.990	1.565.032	2.186.922	3.273.809	4.460.593
EBIT / Revenues	1,06%	9,37%	12,95%	15,44%	19,75%	23,14%
EBT	-260.803	673.913	1.219.232	1.820.785	2.886.662	4.049.258
EBT / Revenue	-3,00%	6,29%	10,09%	12,86%	17,41%	21,01%
NET INCOME	-147.880	505.435	914.424	1.365.589	2.164.997	3.036.943
Net Income / Revenues	-1,70%	4,71%	7,56%	9,64%	13,06%	15,76%

Operative Costs And Margins

Operating expenses are shared between datacenter and connectivity costs, maintenance, licenses and third-party products and online marketing and sales force. In 2018 these expenses reached 1,88 million euros. The gross margin was 6.8 million euros, equivalent to 78.3% on sales, 5.8% more than the previous year.

In fiscal year 2019E, the estimated increase in sales would be driven mainly by organic growth, with the accounts of Ability and SVT already integrated. In the long term, a full incorporation of these companies is estimated, so that for the next fiscal years the margin over sales would settle to the upside.

The fixed costs of the company are formed by personnel expenses (salaries of employees and their corresponding social charges), in addition to administrative costs, and payment to external services. In 2018 these costs exceeded 5.5 million euros, giving as a result 1.62 million euros of EBITDA.

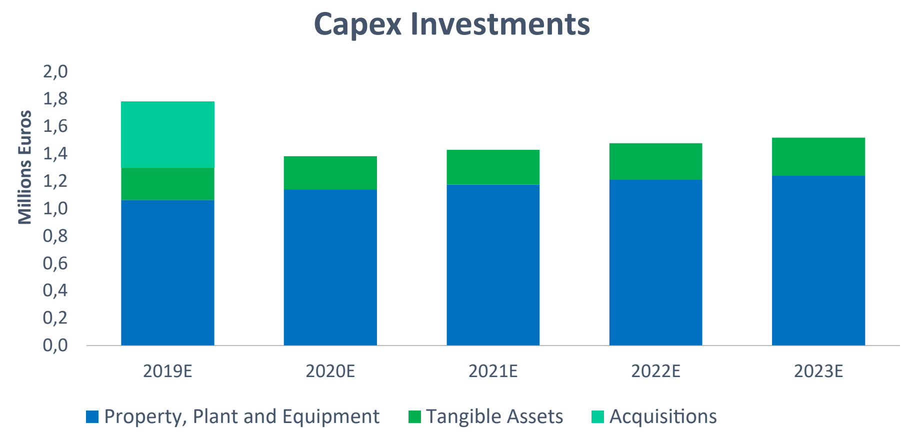
For 2019E an EBITDA profit of 2.62 million euros is estimated, substantially increasing the positive result obtained for the first time in 2017. These figures would progressively progress until closing with an EBITDA of 6.78 million euros in 2023. Equivalent to a rate of annual growth composed of 33.23%, with a margin over revenue of 35.20%.

Capex Investments

The investment in tangible assets and intangibles of Gigas is composed of the purchase of servers, processors, routers and additional space to sustain its growth, in addition to software licenses to expand the catalog of services of the company. It also allocates a proportion of its cash flows to maintain current systems, which support more than 3,800 user accounts.

In 2019E, 2020E and 2021E still a proportion of the capex will be formed by the items destined to the acquisition of the SVT and Ability companies. In addition to the disbursements already executed in 2018. The cash outflows to execute these operations will represent an important part of the company's cash flows. Within the structure of the company, Gigas will remain with assets to execute operations in different geographical regions.

The following chart shows an estimate of the investments in assets distributed according to their nature, adding the investments corresponding to SVT and Ability:



Source: Own calculations

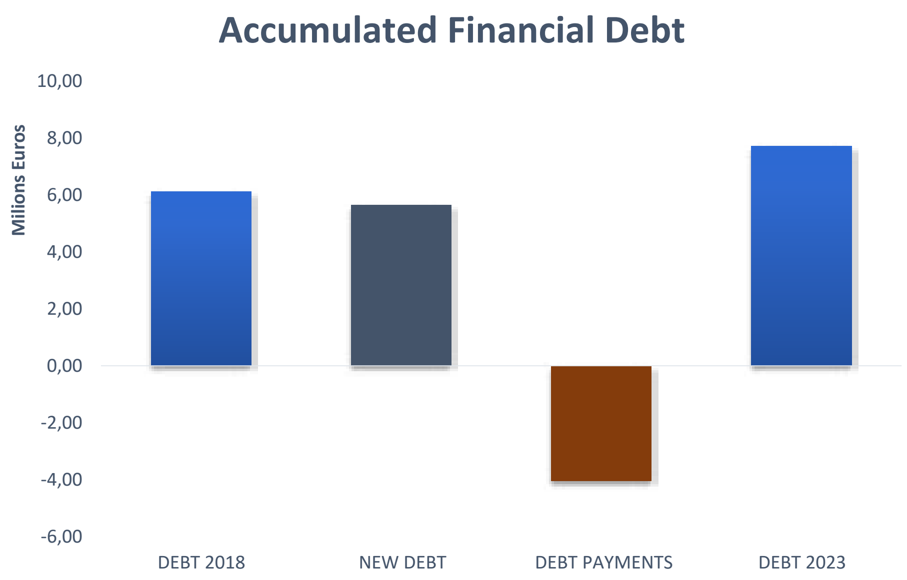
According to the estimates made in the present analysis, the company should invest around 8.21 million euros in capital investment. Equivalent to an expense of 1.64 million euros per year. Of these expenses, 483 thousand euros are pending cash payment of the various acquisitions.

Debt Evolution

The incorporation of Gigas on MAB in 2015 allowed it to reduce its financial leverage through a subscription offer. Since then, financial liabilities have increased to 6.12 million euros in 2018, as a result of the company's indebtedness with banks and the injection of Inveready, through convertible bonds.

The debt to equity ratio at the end of the last financial year was 1,21 million euros. The issue of convertible bonds in favor of the Inveready group affected the composition of the balance sheet, both in relation to the increase in its debt, but also in its own resources, given the convertibility characteristics of these financial instruments.

The forecast for 2023E is the accumulation of liabilities up to 8.22 million euros, as a result of new indebtedness, with the objective of covering its operational needs. For this, throughout the period 2019E - 2023E, we estimate that Gigas will return a total of 4.04 million euros of debt. As a result of cash generation, in 2023E we estimate a a financial leverage of 60% and a negative Net Financial Debt.



Source: Own calculations

In Millions Euros	**2018**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**
Financial Debt	6,12	6,07	6,42	6,98	7,58	8,22
Net Financial Debt	3,48	3,82	2,49	0,48	-2,67	-6,37
EBITDA	1,62	2,62	3,34	4,14	5,41	6,78
Equity	5,05	5,72	6,81	8,37	10,76	13,80
NFD / EBITDA	2,16	1,46	0,75	0,11	-0,49	-0,94
Debt / Equity	1,21	1,06	0,94	0,83	0,70	0,60

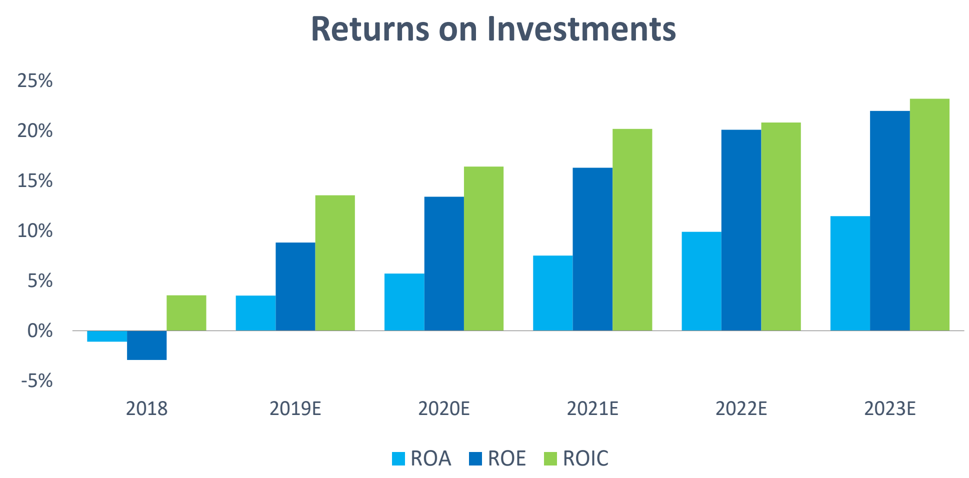
** The evolution of the debt forecasted doesn't consider the possible capital increases the company will take for strategic or corporate reasons. The convertibility options of the bonds issued in favor of Inveready are neither assumed in the valuation.*

As discussed in the chapter on financing with Inveready, Gigas issued bonds in tranches of 1.2 and 1.3 million euros, with convertibility options at 3 euros and 6.22 euros per share, respectively. Both options are in the money and the convertibility probabilities of both tranches are high according to the market price as of today. In spite of this, this convertibility hasn't been implemented in the model given two fundamental reasons: first, because the holder of the obligations doesn't have the option to convert until three years after the issue, in 2021. Second, because the execution of the option has effects on a long list of variables, in addition to the reduction of the debt, equity, the increase in the number of shares (and therefore, the dilution effect) and the calculation of the WACC, thus conditioning all the model.

Returns On Investments

The analysis estimates the increase of net income in the 2019E period. In this exercise the return on assets would be positive, and also the return on equity and the return on the capital invested.

The return on the company’s equity (ROE) would add up to 8.83% in the 2019E period, following a positive evolution to 22.01% in 2023E. The profitability of group assets (ROA) would be lower. In 2019E, the return on assets would be around 3.53%, but there would be a significant increase due to the efficiency and scalability of the cloud business. Gigas would close the year 2023E with a return on assets of 11.32%.



Source: Own calculations

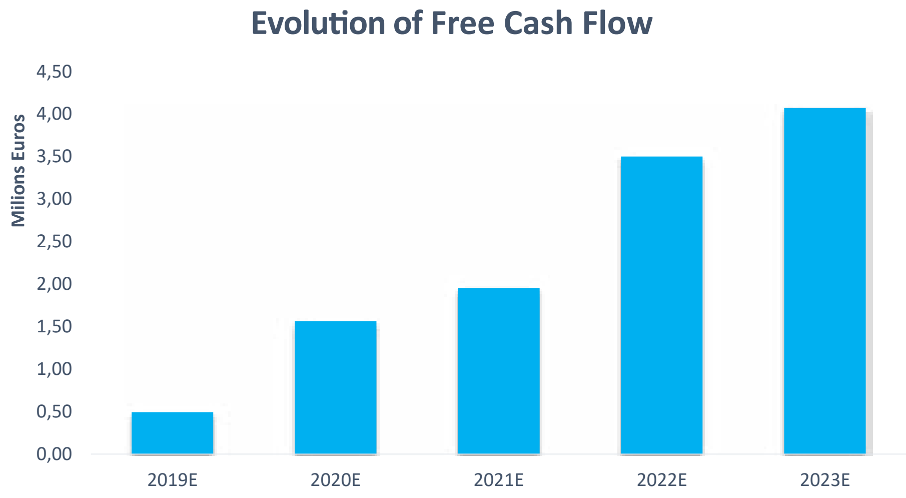
	2018	2019E	2020E	2021E	2022E	2023E
ROA	-1,10%	3,68%	5,85%	7,40%	9,74%	11,32%
ROE	-2,93%	8,83%	13,43%	16,31%	20,12%	22,01%
ROIC	3,46%	13,16%	16,31%	19,06%	20,37%	22,48%

As a result of the analysis, the return on investments (ROIC) would be 13.94% in 2019E. The payments in terms of cash, corresponding with the acquisitions amounts - the remaining parts to be made in 2019, 2020 and 2021E -, would affect the evolution of the ratio in different years. In 2023E, its improvement would be significant, thanks also to the increase in revenue and profits, closing at 22.48%.

Cash Flow Evolution

The estimate for 2019 is to close the year with a positive cash flow, once the investments made in previous years have been exceeded. Outstanding payments related to the acquisition of SVT and Ability will be covered by the cash flow derived from operating activities.

The forecast for the valuation of the company is the gradual increase of free cash flow. In 2020 it is estimated that the year will be closed with a net cash inflow of 1.4 million euros and, for 2023, a positive close of 4.1 million euros is estimated.



Source: Own calculations

5 Years Cash Flows in Euros	2019E	2020E	2021E	2022E	2023E
EBIT	1.004.990	1.565.032	2.186.922	3.273.809	4.460.593
- Taxes/EBIT	0	0	0	0	-782.395
Net Operating Profit After Taxes	1.004.990	1.565.032	2.186.922	3.273.809	3.678.198
+ Depreciations & Amortizations	-1.612.700	-1.779.945	-1.955.858	-2.137.406	-2.324.171
Gross Cash Flow	2.617.690	3.344.977	4.142.780	5.411.215	6.002.369
- Capital Expenditures	-1.780.628	-1.381.717	-1.428.038	-1.476.754	-1.517.053
- Change in Working Capital	-379.550	-234.114	-281.323	-358.160	-357.908
Free Cash Flow	457.511	1.729.146	2.433.418	3.576.301	4.127.408

MABIA
TU PUERTA DEL MERCADO ALTERNATIVO BURSÁTIL

Gigas Valuation

The target price of Gigas Hosting is the result of the average of two methods of valuation: **Discounted Cash Flows Valuation (DCF)** y **Users Potential Value (UPV)**.

DCF Method. It allows determining the current value of the cash flows that the company will generate by discounting them at a rate that reflects the cost of capital contributed. In companies that have not yet reached a maturity stage, it is essential to comply with the Business Plan to corroborate this value, since a large part of the target price is generated with the residual value of the company.

Gigas equity value is 40 millions euros, according to the DCF method. The equivalent objective price is 9.25 euros per share; a potential of 26.08% with respect to the company's quotation at the issuing date of the report.

UPV Method. As a basis for calculation, it takes into account the potential revenue margin of current Gigas users, in the Cloud VPS and Cloud Datacenter segments, based on their useful life. Through this method, its client portfolio is valued and is more conservative, compared to the DCF. Since it doesn't consider the growth estimate of the company. In addition to the group's assets, it offers a value that could be used as the cost of a hypothetical corporate acquisition.

The Gigas equity value is 31.29 million euros, according to the VPU method. Equivalent to a target price of 7.24 euros, which gives a discount of 1.39%, according to the company's price at the issuing date of the report.

The average result of the two methods is an equity value of 35.64 millions euros, a target price of 8.25 euros per share, and an excess of 12.34% over company's market price at the report issuing date.

Gigas Average Value	
Shares Issued	4.322.318
Equity Value	35.641.084€
Target Price	8,25€ / Acción
Market Price (22/07/2019)	7,34€ / Acción
Potential	12,34%

Issuing Date	10/06/2016	01/09/2017	16/03/2018	28/09/2018	22/07/2019
DCF Method	4,43€	3,83€	4,21€	5,74€	9,25€
UPV Method	4,02€	3,73€	5,14€	6,91€	7,24€
Average Value	4,26€	3,78€	4,67€	6,33€	8,25€
Market Price	3,10€	2,50€	4,14€	6,10€	7,34€
Potential	36,38%	51,20%	12,89%	3,69%	12,34%

The market capitalization of Gigas has increased progressively, since its incorporation in the Mercado Alternativo Bursátil (MAB).

The table shows the target prices set by Mabia since 2016 and its evolution in the following years, up to today's date.

Discounted Cash Flows (DCF) Valuation

Based on the hypotheses detailed in the previous sections, the cash flow discount method has been applied for the valuation of the company. According to this calculation, the value of Gigas reaches 40 millions euros. Taking into account a total of 4,322,318 shares issued, the share's target price stands at 9.25 euros, equivalent to a potential of 26.08% compared to the company's market price at July 22, 2019.

Target Price	9,25€
Market Price	7,30€
Potential	26,88%
Enterprise Value	43.518.329,04€
Equity Value	40.034.434,27€
Shares Issued	4.322.318

5 Years Cash Flows in Euros	2019E	2020E	2021E	2022E	2023E	Valor Residual
EBIT	1.004.990	1.565.032	2.186.922	3.273.809	4.460.593	
- Taxes/EBIT	0	0	0	0	-782.395	
Net Operating Profit After Taxes	1.004.990	1.565.032	2.186.922	3.273.809	3.678.198	
+ Depreciations & Amortizations	-1.612.700	-1.779.945	-1.955.858	-2.137.406	-2.324.171	
Gross Cash Flow	2.617.690	3.344.977	4.142.780	5.411.215	6.002.369	
- Capital Expenditures	-1.780.628	-1.381.717	-1.428.038	-1.476.754	-1.517.053	
- Change in Working Capital	-379.550	-234.114	-281.323	-358.160	-357.908	
Free Cash Flow	457.511	1.729.146	2.433.418	3.576.301	4.127.408	
Discounted FCF	419.827	1.456.026	1.880.281	2.535.763	2.685.472	34.505.145

Calculation Variables

To calculate the sum of the discounted cash flows (DCF) are considered the following market variables, the costs and the proportion of equity and debt, the growth rate and rate discount.

Valuation Variables	
Beta	1.00
Cost of Funds (Ke)	10,18%
Weighted Average Cost of Capital (WACC)	8,98%
Growth Rate (g%)	1,5%
Net Financial Debt	3.483.894,77€

Growth rate to infinity (g)

		0,00%	0,50%	1,00%	1,50%	2,00%	2,50%	3,00%
WACC	11,98%	23.183.256	24.087.130	25.073.353	26.153.716	27.342.374	28.656.469	30.116.963
	10,98%	26.065.129	27.184.962	28.417.046	29.779.150	31.293.002	32.985.455	34.890.099
	9,98%	29.540.288	30.952.614	32.522.282	34.277.138	36.252.007	38.491.033	41.051.014
	8,98%	33.807.749	35.627.909	37.676.270	39.998.618	42.653.865	45.719.119	49.297.289
	7,98%	39.166.372	41.575.954	44.330.941	47.511.334	51.223.911	55.614.445	60.887.299
	6,98%	46.086.431	49.387.422	53.240.776	57.797.795	63.270.591	69.966.051	78.345.428
	5,98%	55.353.032	60.084.503	65.766.808	72.718.584	81.418.740	92.621.728	107.589.005

Growth rate to infinity (g)

		0,00%	0,50%	1,00%	1,50%	2,00%	2,50%	3,00%
WACC	11,98%	5,36	5,57	5,80	6,05	6,33	6,63	6,97
	10,98%	6,03	6,29	6,57	6,89	7,24	7,63	8,07
	9,98%	6,83	7,16	7,52	7,93	8,39	8,91	9,50
	8,98%	7,82	8,24	8,72	9,25	9,87	10,58	11,41
	7,98%	9,06	9,62	10,26	10,99	11,85	12,87	14,09
	6,98%	10,66	11,43	12,32	13,37	14,64	16,19	18,13
	5,98%	12,81	13,90	15,22	16,82	18,84	21,43	24,89

Users Potential Value

Gigas business model is based on the sum of income derived from different user accounts. Customer subscriptions, divided into two service segments - Cloud VPS and Cloud DataCenter - evolve according to different needs: the disk capacity, memory, software licenses ...

This entails the recording of revenue per user, expressed in terms of ARPU (Average Revenues Per User). The sum of the variable costs associated with the maintenance of these revenues, together with the estimation of the average life span of each subscription, makes it possible to value the portfolio of Gigas customers at the current date.

The Potential Value of Users is the result of the sum of discounted cash flows, with a limited duration. The result, added to the net equity of the group, leads to an estimate focused on establishing the market price of the company. This result can be used as the cost of a hypothetical corporate acquisition. But, in addition, it also serves as a tool for comparison with other brands in the same sector or other business models based on the accumulation of subscriptions.

While the advantage of this assessment is the use of a limited number of variables, leaving little margin for error in this regard, as a counterpart discards future progressive growth. Neither does it take into account the international expansion of Gigas technological services where it starts to develop its business.

The calculation of the value of Gigas users requires the division of income, according to its origin. If it comes from the Cloud VPS service or the Cloud Datacenter. This differentiation is due to the nature of the two types of subscriptions, which leads to different variable expenses, as well as different acquisition costs. The behavior in time between both users is also different, as expressed by the churn rate metrics.

Gigas closed the first quarter of 2019 with 3,836 active accounts. Of these, 3,083 corresponded to the Cloud VPS segment and 753 to the Cloud Datacenter segment, adding up the clients that it incorporated from SVT at the beginning of the year.

Taking into account also the users of Ability and SVT, the distribution of the users is of the following form:

Users Potential Value	Users	Lifetime Value	UPV
Cloud VPS	3.083	2,86	566
Cloud Datacenter	753	6,61	32.499

Source: Own calculations

Acquiring Cloud Datacenter accounts requires a higher expense than VPS accounts. On the other hand, this effort is compensated by higher income and a prolongation of these clients over time, since the average duration is between 6 and 7 years. Greater than the approximately 3 years of average life of the subscriptions of the Cloud VPS segment.

Discounting the net income flows, according to the useful life and the same discount rate used in the discount of flows (WACC = 8.98%), we obtain the potential value of all users at the current date. Gigas would have a client portfolio valued at 26.22 million euros, supported by 93% by DataCenter users.

Added the value of users to the company's assets, the valuation of the company to date would be as follows:

Users Potential Value	
- Cloud VPS	1.745.254€
- Cloud Datacenter	24.471.631€
Value of Equity	5.066.664€
Total Value	31.283.549€
Value per Share	7,24€
Potential	-1,39%

Business Model Risk Factors

Ability to Maintain the Growth Rate

Gigas is a small and young company that, like most of their industry peers, is in a growth phase. This process has been reflected in the revenues of the company, which have experienced exponential growth, through adding new users accounts since its foundation.

The company estimated value takes the Gigas historical evolution as its starting point and lowers some ratios over the coming years. For that reason, it is essential that Gigas sustain the growth rythm, surpass the critical mass of users and introduce successfully into the new markets, to reach its full potential.

The company has slowed down its international expansion plan in the last fiscal year, a situation that leads to better short-term margins without bearing the costs of contracting more commercial personnel, but in turn may imply the loss of positions respect other competitors.

Execution and Integration of the Corporate Acquisitions

The valuation method of this document relies on the organic growth and the acquisitions executed by the company and their successfully integration. To acomplish with success those corporate operations, the company forecasts for the next years to spend the most of financial resources of its balance.

The increase of estimated revenues for the next years, as its impact in the net income, depends on the success of Gigas acquisitions. In an hipotetical situation where the company would delayed their integrations, or the figures would were far from those expected, the cash flows and their residual value would suffer a deviation from the published valuations in this document.

Dilutive Effect of Issuing New Shares

To execute its expansion plan, Gigas received 2.5 million euros after issuing convertible bonds in favor of the investment group Inveready. This operation grants to the borrower a stock purchasing options divided in two tranches: the first tranche at 3 euros per share and the second tranche at 6.22 euros per share.

It depends on which tranche would execute Inveready, older shareholders will suffer a major dilution effect on their investment value. Although, taking into account the behaviour of market shares in the Mercado Alternativo Bursátil, the self-correction period could be superior compared with other stock markets. On the other hand, Inveready would be a major shareholder of the company.

New Capital Needs and Costs

Gigas business requires big amounts of funds to finance the technologic equipment and the infraestructure to develop its main activities. Also, the company must sustain other auxiliar tasks, but necessary, like the support, sales force and administrative.

In an hipotetical case that the company wouldn't accomplish with the consolidation of the forecasted plan, would be necessary new funds, and would result in an increase of financial leverage or an issuing of new shares.

If the management would ponder new options in the strategic plan of the company, as the expansion in other strategic regions, new investments in infraestructure or, also, the execution of new acquisitions, the company would require a bigger injection of resources.

There are also the financial expenses, whose possible changes in the next years are linked with the conditions of the sum of debts, the regulators decisions and evolution of the national and foreign economy.

Market and Currency Risks

A significant proportion of Gigas business is developed in international markets, outside of Spain. Approximately half of the company's gross revenues originate in different geographic regions, with direct exposure to the fluctuation of the U.S. dollar versus the euro. Also the use of physical datacenters in the United States means that their cost structure depends on the change of this currency.

The geographical diversification of the business allows reducing the country risk, in terms of the legislative framework, economic risk or political situation. But the fluctuation of the currency, if Gigas does not take any measure of coverage, will continue to be an exogenous parameter that will affect, positively or negatively, the future financial results of the company.

Management Team and Key Personnel

Gigas is managed by a small number of senior managers because its size and the short historical path. Sustained long-term growth depends to a large extent on the ability of the key executives in the company and their ability to attract, train, retain and incentivize highly qualified management, sales, marketing, administrative, operational and technical personnel.

The loss of key personnel, or the inability to find qualified personnel, could directly affect the Gigas business and the figures estimated in the present analysis.

Third Party Dependence

The Gigas group depends on different suppliers to obtain the technological equipment and licenses necessary to develop its core activity or to offer their products directly to its customers, as part of its catalog. It also relies to the companies Interxion, Terremark and Intesis, for the accommodation and maintenance of its technological infrastructures.

Although the products and services that the company depends on are common in the industry where operates, Gigas business could be significantly affected if its main suppliers stopped providing services. Especially in the case of the data center offer, whose replacement would require a significant switching cost.

Cloud Sector Competition

The potential offered by the cloud market, directly linked to innovation in terms of software and hardware for the deployment of its infrastructures, can lead to the agglomeration of supply, in the long term. This contemplates the possible entry of companies with greater resources and better access to the final customer.

This could weaken the expected financial model from the point of view of demand, with lower revenues or lower margins, and lower return on capital.

Gigas Hosting Profile

History

Gigas started its activity in 2011 with the design of Infrastructure as Service (IAAS). Funding allowed the company to acquire the technological infrastructure, recruit the initial human team and rent out the most appropriate space. As a result, Gigas selected the Madrid-based Interxion data centre, where it deployed its first servers.

In November 2011, Gigas started its commercial activities, after receiving a total of 0.94 million euros from two capital raising rounds. The company closed the year with a total of 126 customers.

The following year, Gigas improved the commercial and operational procedures of its two main IaaS segments: the Cloud VPS and the Cloud Datacenter. With regard to the latter, this was a relatively more sophisticated service. The company also broadened horizons with the incorporation of its technology into the Miami-based NAP data centre of Terremark (a subsidiary of the US telecommunications operator Verizon). To consolidate this operation, Gigas received an injection of 1.8 million euros by means of a capital increase.

Colombia was the first country in Latin America where Gigas began its international expansion. After this market, the company set up in Chile and Peru. To meet the increased demand from these new countries, the company reinforced the volume of servers at the Miami data centre and created a second Interxion data centre in Madrid.

In 2013, it executed successfully a capital raising of 1.7 million euros to cover the financial needs of this strategy. To streamline operations in these countries, Gigas created the companies GIGAS Hosting Colombia, S.A.S. and GIGAS Hosting Chile, SpA. in 2014, which are subsidiaries wholly owned by Gigas Hosting.

On November 3, 2015, the company shares started trading on the Mercado Alternativo Bursátil (MAB), having executed a share offering. This operation gave it an injection of 4.1 million euros, after having issued 1.27 million new shares. The initial market cap was 13.89 million euros at a price of 3.25 euros per share.

In 2016, Gigas deployed its technology at a fourth data centre, at the INTESIS facilities in Santiago (Chile). In addition, it signed a three-year partnership agreement with this company to provide its own cloud services to the Chilean market under the brand name ‘INTESIS Cloud by Gigas’.

At the end of the year 2017 Gigas announced a financing proposal from Inveready up to 2.5 million euros. Through a convertible bonds issuance, the investment group would encourage the corporate acquisitions of Gigas, granting to itself an option to became a future stockholder.

At the beginning of 2018, Gigas announced its first acquisition with the purchase of SVT Hosting. On January 11, Gigas announced the purchase of 100% of the company for 665,000 euros. This will allow it to boost its presence in the cloud market aimed at SMEs.

On May 22, after executing the bond issue agreed with Inveready, Gigas announced the purchase of Ability, a Colombian company that also provides cloud hosting services, mainly to other companies. For this, Gigas would paid out a fixed amount of 1.66 million euros between 2018 and 2019, as well as profit-based earnouts.

After this operation, Gigas closed the first quarter of 2019 with a total of 753 customers in the cloud Datacenter segment and 3,083 in the cloud VPS segment. 2018 revenue reached 8.68 million euros, with operating profits of 92,350 euros and a net loss of 147,880 euros.

Principal Stockholders

Gigas principal stockholders are private investors, the management team and a group of venture capital firms. These parties provided funds prior to the initial public offering on the Mercado Alternativo Bursátil (MAB).

The company's management team accumulates a 24.49% ownership. Moisés Israel Abecasis, Chairman of the Board of Directors, accumulates 9,85%, while Diego Cabezudo Fernandez de la Vega, Chief Executive Officer, and José Antonio Arribas Sancho, Chief Operating Officer, both hold a stake of 7.32%.

Among the venture capital firms which raised capital during the first steps of Gigas, only Bonsai Venture Capital still owns a 7.44% of equity. Bonsai is an investment group focused on Internet companies in the spanish market, with a portfolio invested in enterprises like idealista.com, Softonic, Tuenti, Infojobs, Wallapop...

On June 25th 2018, Gigas issued 47,318 new shares through a capital increase for a compensation of a credit right. The final beneficiary of these shares, once the process was completed, was Joaquín Miranda, manager of Ability and new Gigas director in LATAM. Joaquín Miranda's ownership represents 1.09% of the company.

Regarding the distribution of capital, in the long term exist a possibility of a new distribution of company's ownership, conditioned to the issuance of new shares in favor of Inveready. According to the company filing of April 23rd 2018 and the resolutions adopted in an extraordinary general meeting, the company could issue a total of 700,726 new shares, amounting 2,874,681.52 euros. Inveready will hold the right of exercising their options in a term of 3 years, after the convertible bonds issuance.

Management

Moisés Israel Abecasis – President of the Board

Former partner in Atlas Capital, since 2004. Throughout his career he held several management roles in financial institutions such as Citibank, Santander Investments and Merrill Lynch. He also served as Chief Executive Officer in the telecommunications group Ya.com.

Diego Cabezudo- CEO

Former Executive Director of AGS, a managed services company. Previously, he held different roles in the telecommunications sector, including as General Director of Operations of the FON Wireless group.

José Antonio Arribas Sancho- CTO & COO

He served as director of several IT and telecommunications companies during the last 12 years. He was director of technology at AGS, CTO of FON Wireless and CTO of Ya.com, along 6 years.

Alberto Fernández Díaz - Comercial Director

Former Regional Manager Southern Europe for Samsung B2B. He held various management roles in companies such as Cisco, Director Collaboration Business Unit Spain, in Tandberg, as General Director for Spain and Portugal for 8 years. The last 2 yeas he served as Commercial Director in Gunnebo.

Lola Molins – Marketing Director

Former Marketing Director of the English multinational Compass-Group (Eurest). Previously, she was Marketing Director of Hertz-on-Demand.

Annex. 1

ASSETS	2018	2019E	2020E	2021E	2022E	2023E
A) LONG TERM ASSETS	9.458.720	9.664.725	9.615.631	9.455.010	9.179.795	8.776.525
I. Intangible Assets	4.025.739	3.973.625	3.744.252	3.526.118	3.318.970	3.121.634
II. Property, Plant and Equipment	2.986.213	2.893.313	2.724.458	2.414.772	1.961.268	1.351.485
V. Long Term Investments	171.762	171.762	171.762	171.762	171.762	171.762
VI. Deferred Tax Assets	2.275.007	2.626.025	2.975.159	3.342.358	3.727.795	4.131.643
B) CURRENT ASSETS	4.011.734	4.055.037	6.018.901	8.991.410	13.042.940	18.043.222
II. Receivables	1.550.469	1.978.171	2.265.530	2.659.635	2.968.212	3.630.671
IV. Short Term Investments	15.934	15.934	15.934	15.934	15.934	15.934
V. Short Term Accruals	269.221	369.908	407.358	446.361	493.431	584.739
VI. Cash and Cash Equivalents	2.176.111	1.691.024	3.330.080	5.869.481	9.565.363	13.811.878
TOTAL ASSETS	13.470.455	13.719.761	15.634.532	18.446.420	22.222.735	26.819.746

LIABILITIES AND EQUITY	2018	2019E	2020E	2021E	2022E	2023E
A) EQUITY	5.054.411	5.723.901	6.811.181	8.373.604	10.762.745	13.799.688
B) LONG TERM LIABILITIES	4.502.451	5.696.920	6.417.294	7.191.471	8.018.982	8.470.029
II. Long Term Debt	3.760.116	5.103.052	5.645.432	6.224.023	6.837.793	7.056.423
IV. Deferred Tax Liabilities	742.335	593.868	771.862	967.448	1.181.189	1.413.606
C) SHORT TERM LIABILITIES	3.913.592	2.298.941	2.406.057	2.881.346	3.441.010	4.550.030
I. Short Term Provisions	188.930	198.377	208.296	229.125	252.038	277.241
II. Short Term Debt	2.356.805	963.864	773.127	754.915	742.720	1.158.846
IV. Accounts Payable	721.856	652.119	815.379	1.013.364	1.248.687	1.690.236
V. Short Term Accruals	646.000	484.582	609.255	883.941	1.197.566	1.423.707
TOTAL LIABILITIES AND EQUITY	13.470.453	13.719.762	15.634.532	18.446.420	22.222.736	26.819.747

Annex. 2

	2019E	2020E	2021E	2022E	2023E
ROA	3,68%	5,85%	7,40%	9,74%	11,32%
ROE	8,83%	13,43%	16,31%	20,12%	22,01%
ROIC	13,16%	16,31%	19,06%	20,37%	22,48%
BPA	0,12	0,21	0,32	0,50	0,70
Sales (millions euros)	10,96	12,33	14,42	16,84	19,55
DFN / EBITDA	1,46	0,75	0,11	-0,49	-0,94
EV / EBITDA	16,74	12,70	9,77	6,90	4,96
EBITDA / Sales	0,24	0,27	0,29	0,32	0,35
Net Income / Sales	0,05	0,07	0,09	0,13	0,16
Debt / Equity	1,06	0,94	0,83	0,70	0,60
Capex / Sales (R&D Excluded)	0,16	0,11	0,10	0,09	-
Mothnly ARPU of VPS	28,60 €	29,22 €	29,73 €	30,15 €	30,82 €
Monthly ARPU of DC	1.299,49 €	1.327,66 €	1.355,70 €	1.380,77 €	1.403,13 €

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