Gamma Communications plc Capital Markets Day

European Markets

8th November 2021

Gamma Working smarter, together.

Housekeeping for the day

Live **2-hour F2F meeting and webcast**

Q&A at the end of the presentation

- **20 minutes** facilitated by **Andrew Belshaw**
- You can email questions to Andrew.Belshaw@gamma.co.uk

Presentations, video and transcript will be available on Gamma's website:

https://www.gammacommunicationsplc.com/investors/

Agenda

Capital Markets Day

8th November 2021

Objectives for the day

1. Provide a reminder of **Gamma's long-term growth strategy and our execution progress**
2. Reaffirm the importance **of European markets** in achieving our ambitions
3. Provide an update on Gamma's **European strategy** and explain how our **technology strategy and product portfolio fits with the market opportunity**
4. Illustrate the **different channel structures in each market** and explain the opportunity and how we will succeed and drive growth
5. **Meet the Gamma team** and provide an opportunity for **Q&A**

Gamma Senior Leadership Team


✓ CEO
Andrew Taylor


✓ Chief Financial Officer
Andrew Belshaw


Chief Marketing & Product Officer
Chris Wade


Managing Director UK Channel
Daryl Pile


✓ Germany
Achim Hager


✓ Chief Strategy & Operations Officer
Andy Morris


Chief Technical Officer
Phil Stubbs


Managing Director UK Direct
David Macfarlane


✓ Benelux
Gerben Wijbenga


Commercial Director & Company Secretary
Malcolm Goddard


Group Operations Director
John Murphy


✓ Spain
Xavi Casajoana


Chief People Officer
Chris Bradford

✓ Presenting today

A quick snapshot of our business

- A developer and provider of UCaaS, CCaaS, voice, data and mobile communication services
- Focused on the UK and European B2B communications market
- Market leadership in two major growth markets in the UK: SIP and Cloud Telephony
- Addressing multiple indirect, direct and digital channels, driving growth opportunities across all business market segments

H1 2021
£217m Revenue
£46m EBITDA

+89% ARR
no debt
Excellent cash generation

+1,600 employees (230 Engineers) located in mainly the UK, Netherlands, Spain, Germany & Hungary

+0.75m paying cloud communication seats
+1.35m SIP Trunks

60% of sales UK Channel
24% of sales UK Direct
16% of sales Europe

Recently acquired Telsis, Exactive and Mission Labs, opening up multiple new product, channel and business segment opportunities

Market & Customer Drivers – positive growth trends

- UCaaS is a key enabler for flexible and remote working across all business types and sizes
- CCaaS enables and optimises the delivery of remote omni-channel sales and customer service
- A Digital approach is at the heart of driving sales, marketing, and overall customer fulfilment – while enabling speed and efficiency

Rapid increase in awareness and demand of Unified Communications

Increased adoption of remote and flexible working across all business sectors, particularly Enterprise

Companies accelerating their digital transformations across all aspects of their business

Reinforcing the need for secure, reliable, high-speed fixed and wireless broadband access infrastructure

Short-term economic headwinds, compensated by a long-term shift in demand for cloud services

Overall long-term growth prospects are positive across all geographies and business sectors

- COVID-19 has driven structural market changes which will lead to an acceleration in the adoption of cloud communication services.
- These changes have reinforced Gamma's long-term UCaaS strategy across all business segments and geographies.

Core Gamma Foundations – Why we win?

Product

Driving innovation through a strong and complete end-to-end product portfolio, addressing multiple business segments, geographies and channels

Network Quality

Backed up by strong network foundations - carrier grade, high availability and rock-solid end user performance

Digital Platforms

Providing all channels with the digital edge to be successful and grow their businesses:
Sales & Care Automation (Gamma Portal and Hub)
Training (Academy)
Marketing enablement (Accelerate)

Commercial Agility

Providing our partners leverage and flexibility - driving incentives and not causing price erosion - and selling on value and not price

People

Human aspect of our customer engagement through channel and direct - long standing, consistency, built on trust and a balance of strong business ethics - Culture, skills and delivering against our mutual promises

A quick snapshot of our European business (H1 2021)

Revenue	EBITDA	People
£35.4m	**£4.1m**	**c.400 staff**
16% of Group revenue	9% of Group EBITDA	Across all markets

Cloud Seats

121k

17% of total group seats

Other Products

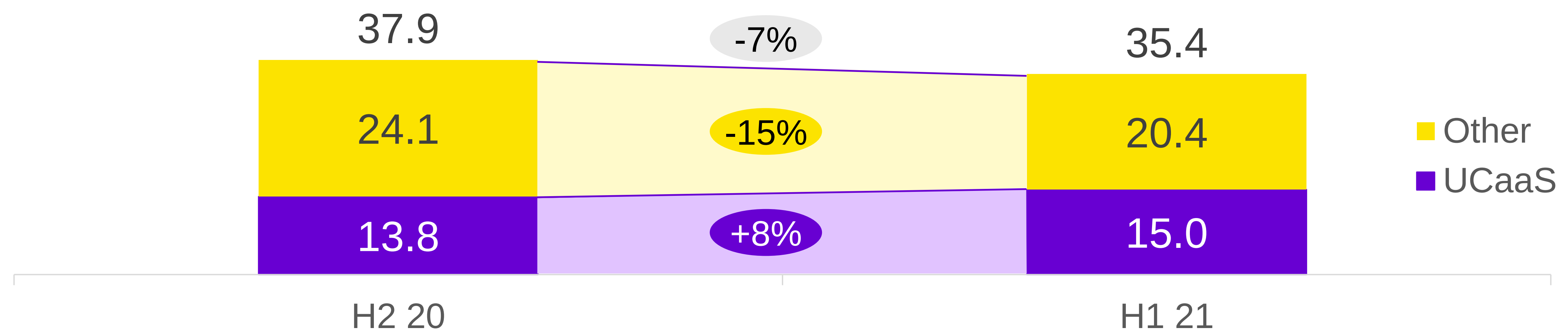
- ✓ SIP
- ✓ MSTDR
- ✓ Fixed Data Access
- ✓ Mobile
- ✓ Collaboration

Consistent across all markets

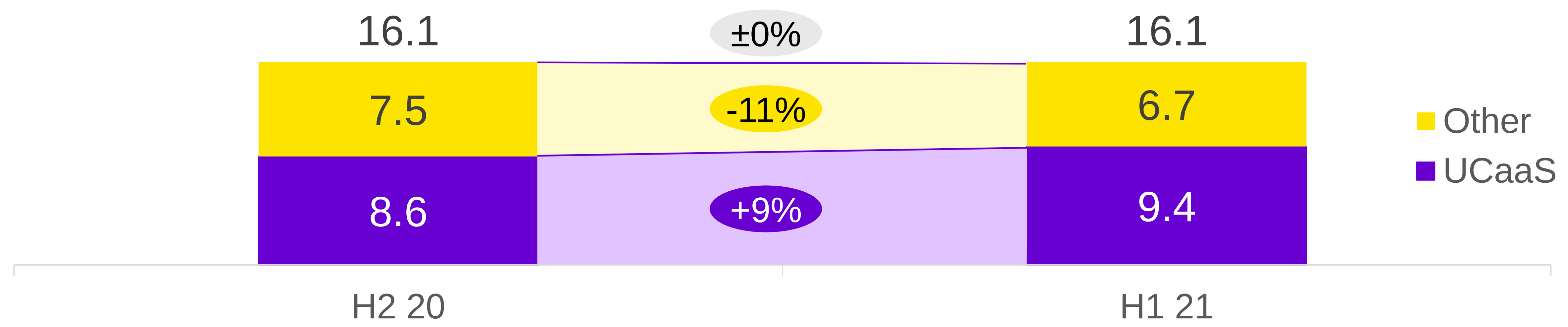
Revenue from European UCaaS business growing in line with expectations

Evolution H2 20 – H1 21

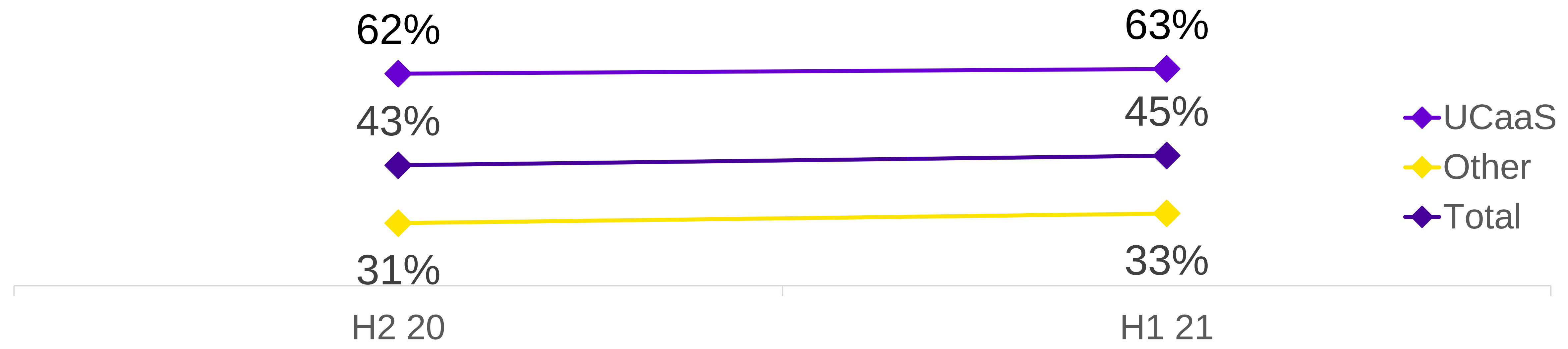
Revenue (m£)



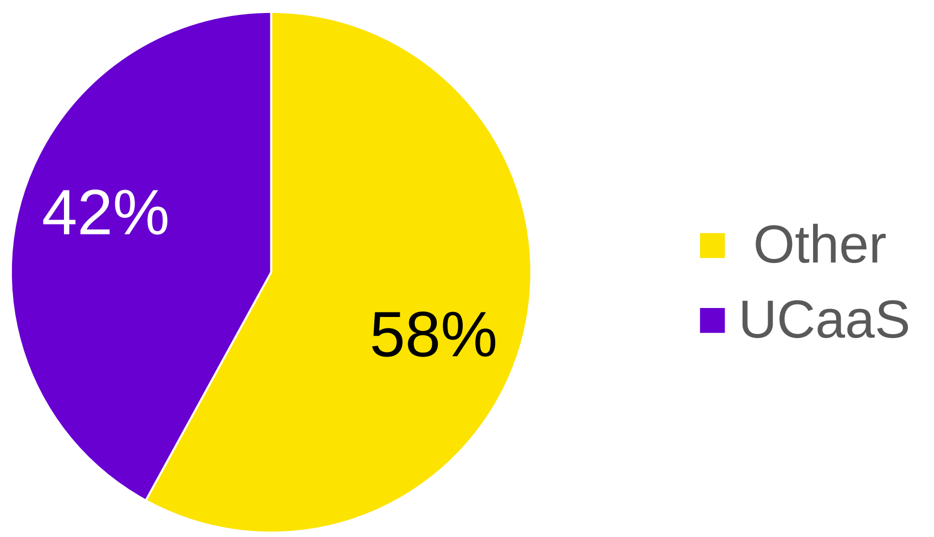
Gross Profit (m£)

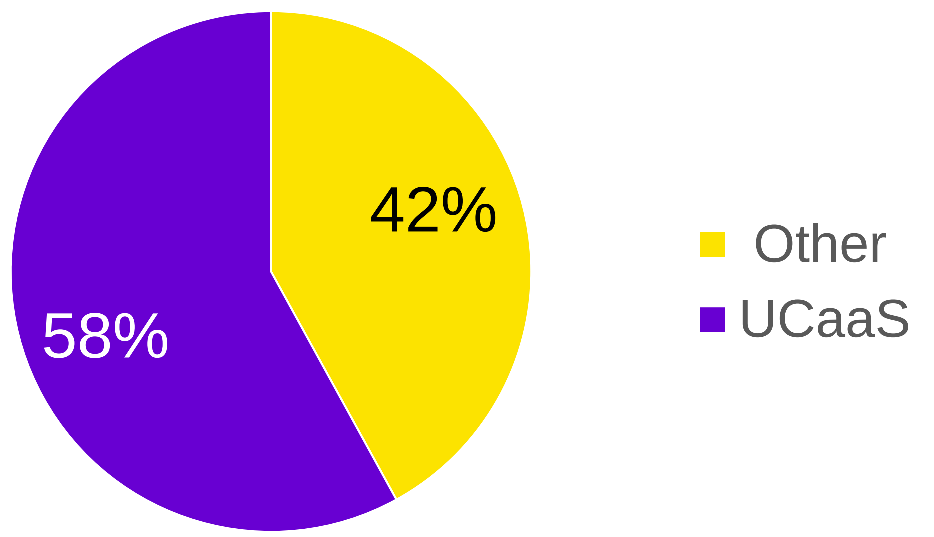


Gross Margin (%)



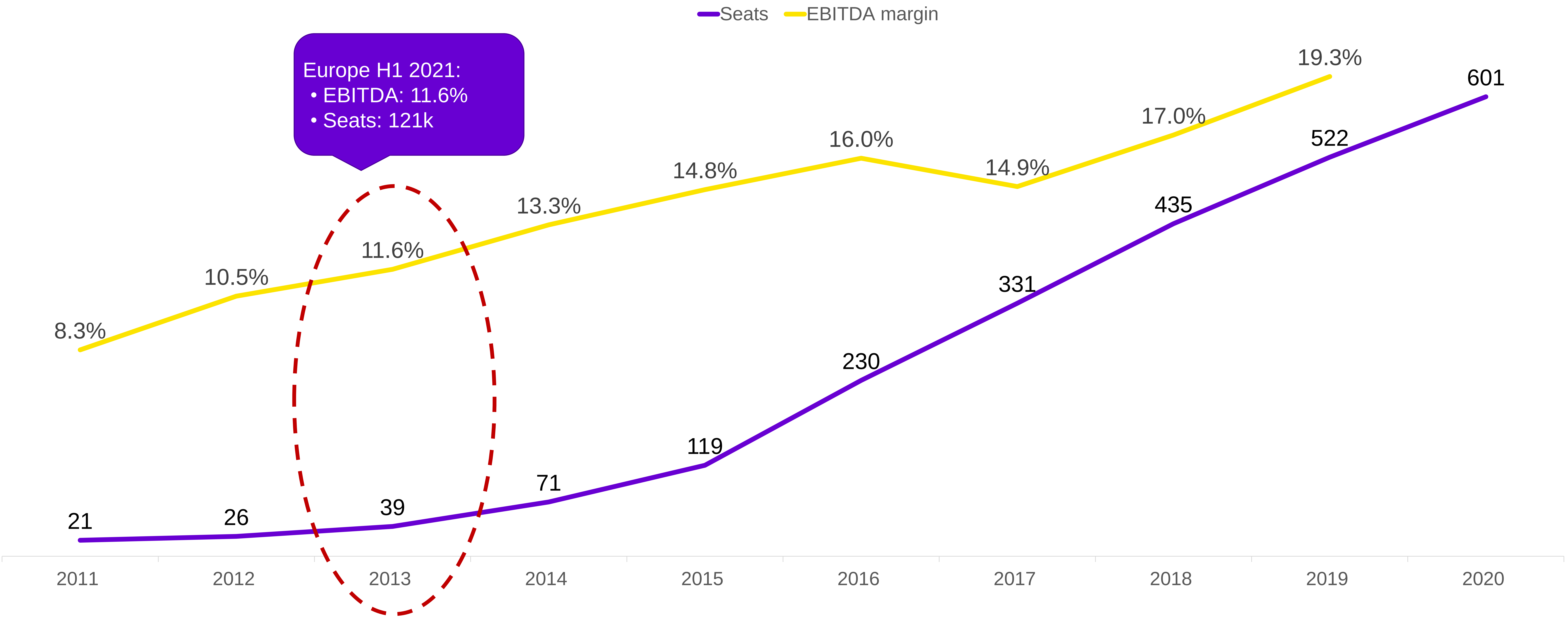
Mix H1 21





Gamma UK evolution of cloud PBX seats and EBITDA margin:
Europe in 2021 looks like UK in 2012-14

Gamma UK cloud PBX seats and EBITDA margin
(#cloud PBX seats (k), %EBITDA margin)



Agenda

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Strategy Update

European Opportunity and Plan

Andy Morris

Our 2019 view of the market evolution

2019

Source: Outvise analysis

2021 Market Situation

Source: Outvise analysis

2019 - we unveiled our 2023 strategy plan which included 4 key priorities

2019

2023 key strategic priorities

- Evolve our strong cloud telephony position into the UCaaS market
- Build on our Fixed and Mobile Telecom strength to differentiate our proposition from pure OTT's
- Expand to Europe to gain continued growth and scale
- Continue to build on our digital capabilities to assure agility and sustain competitiveness

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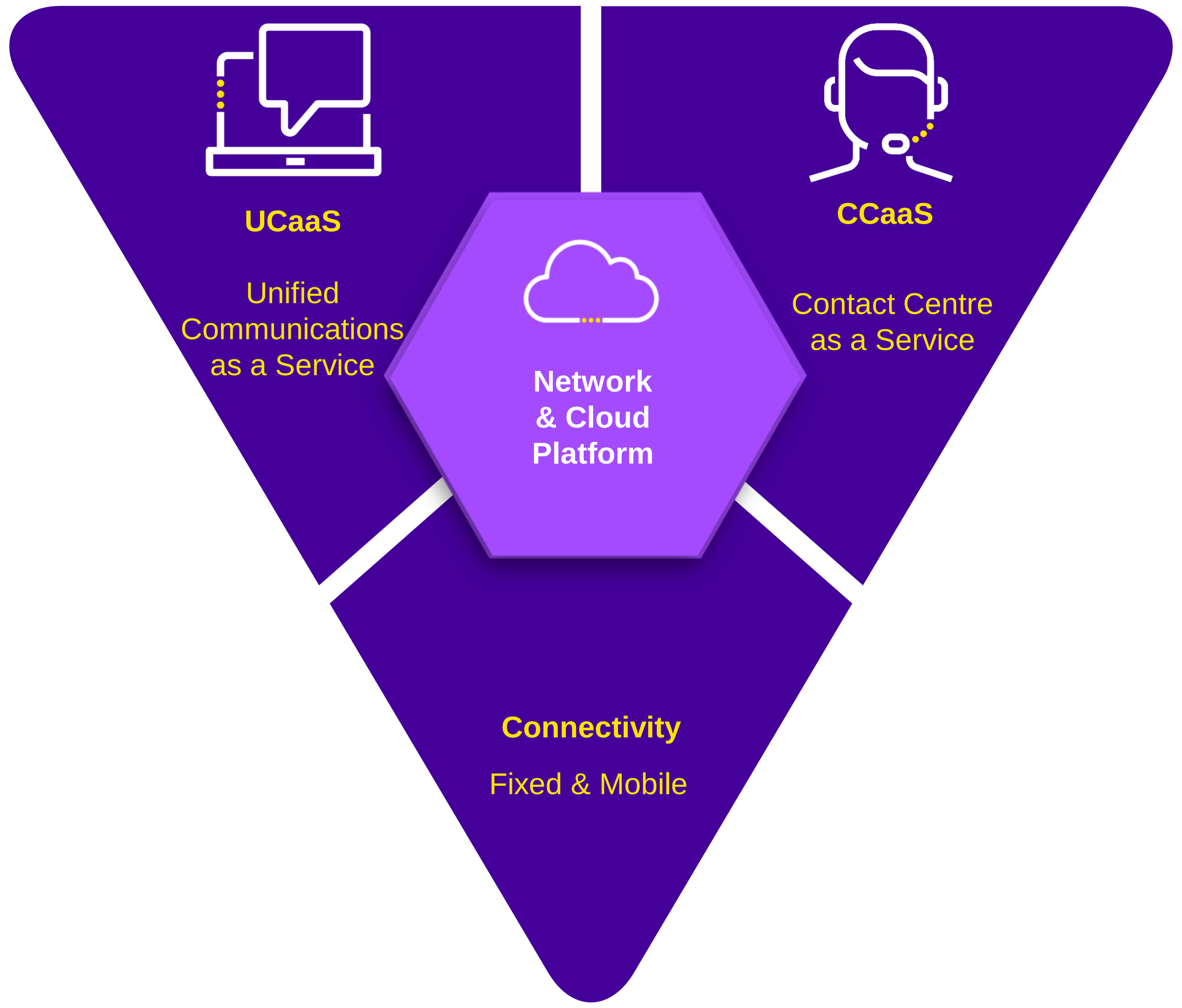
Focus on UCaaS has involved developing both our Product Portfolio and Sales Channels

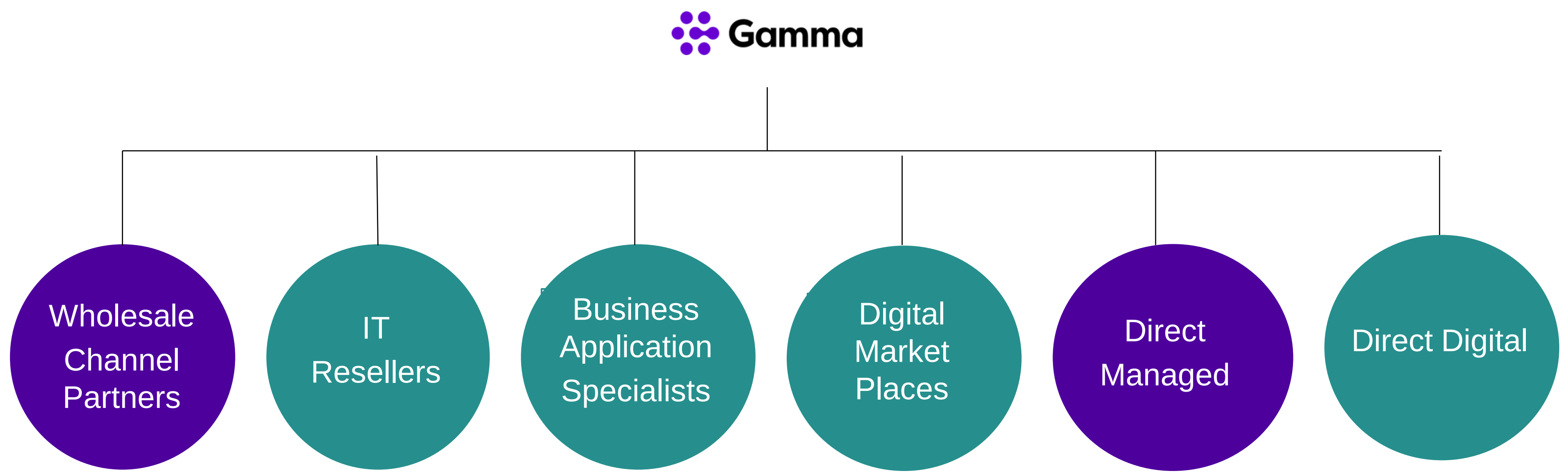
2023 key strategic priorities

Evolve our strong cloud telephony position into the UCaaS market

Product Portfolio



Evolution of Sales Channels



We have built the capability to deliver our long term product roadmap

Gamma's product portfolio

Gamma Horizon Collaborate

Gamma Horizon

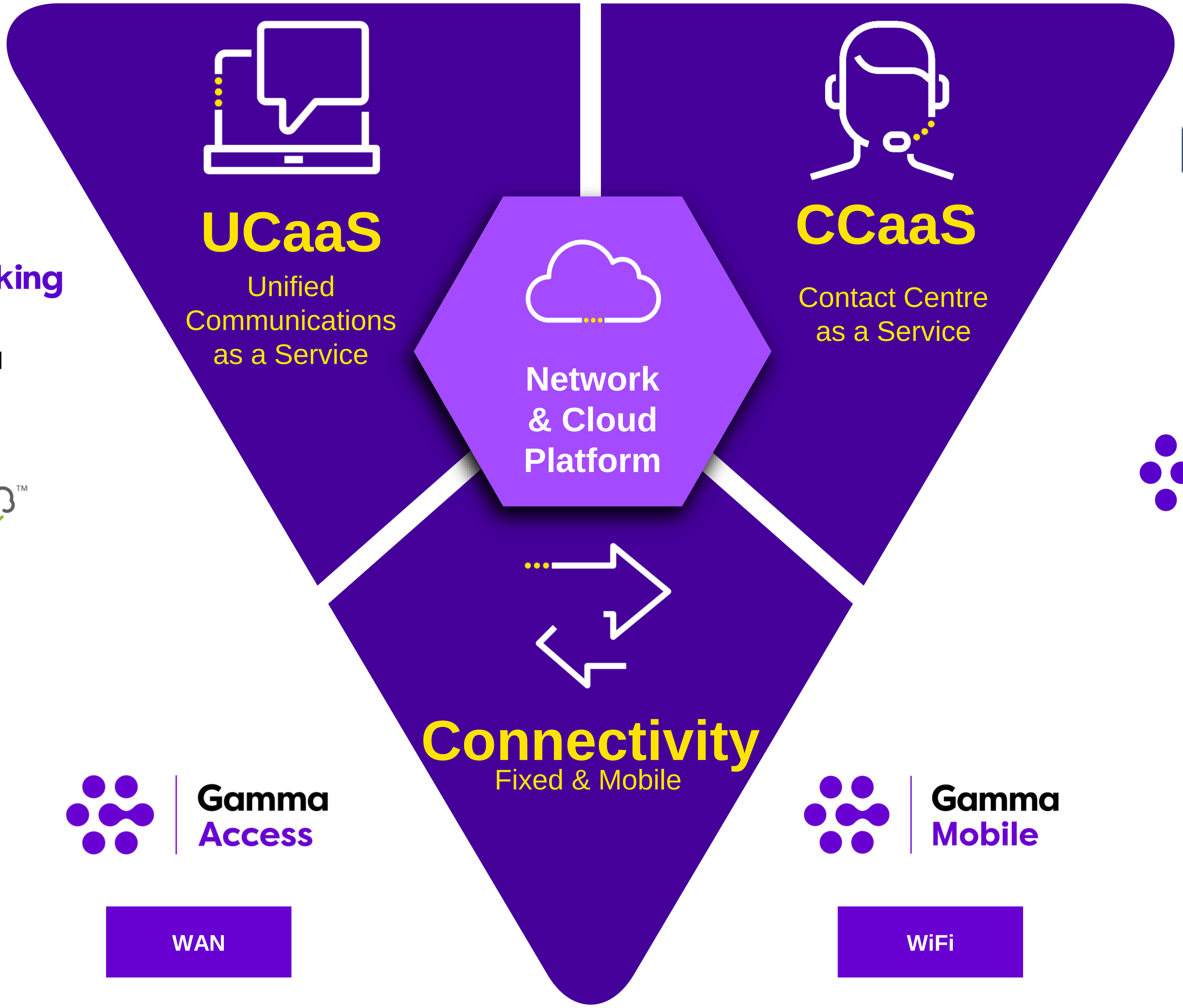
Gamma SIP Trunking

circleloop

Gamma Voice

Gamma PhoneLine+

CloudUCX™



SmartAgent

telsis

Gamma Horizon Contact

Gamma Access

Gamma Mobile

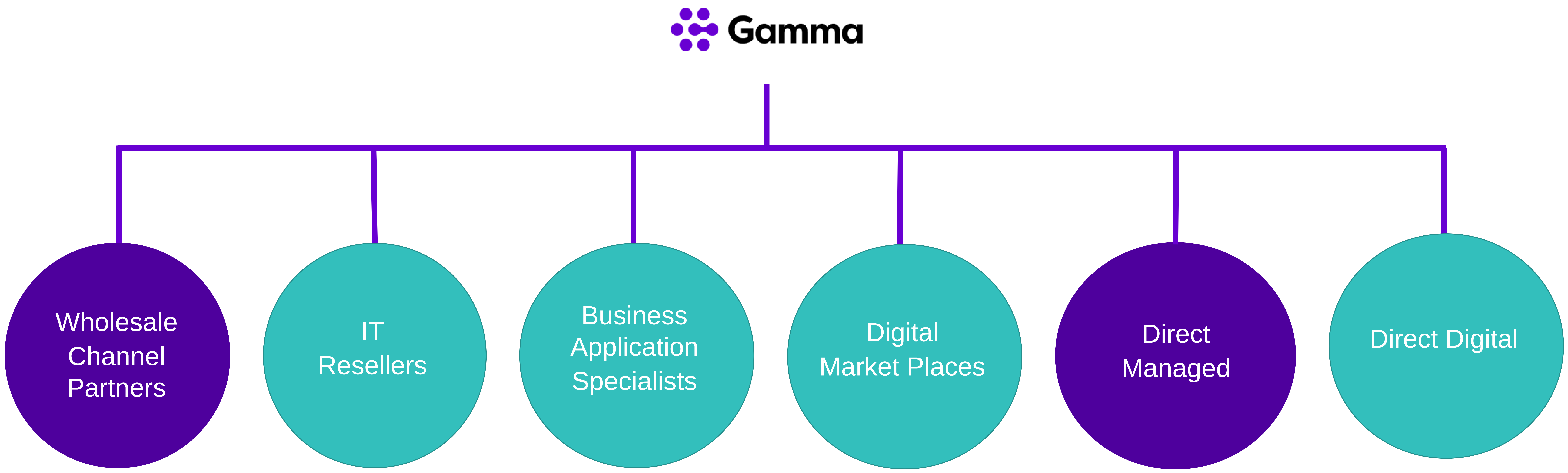
WAN

WiFi

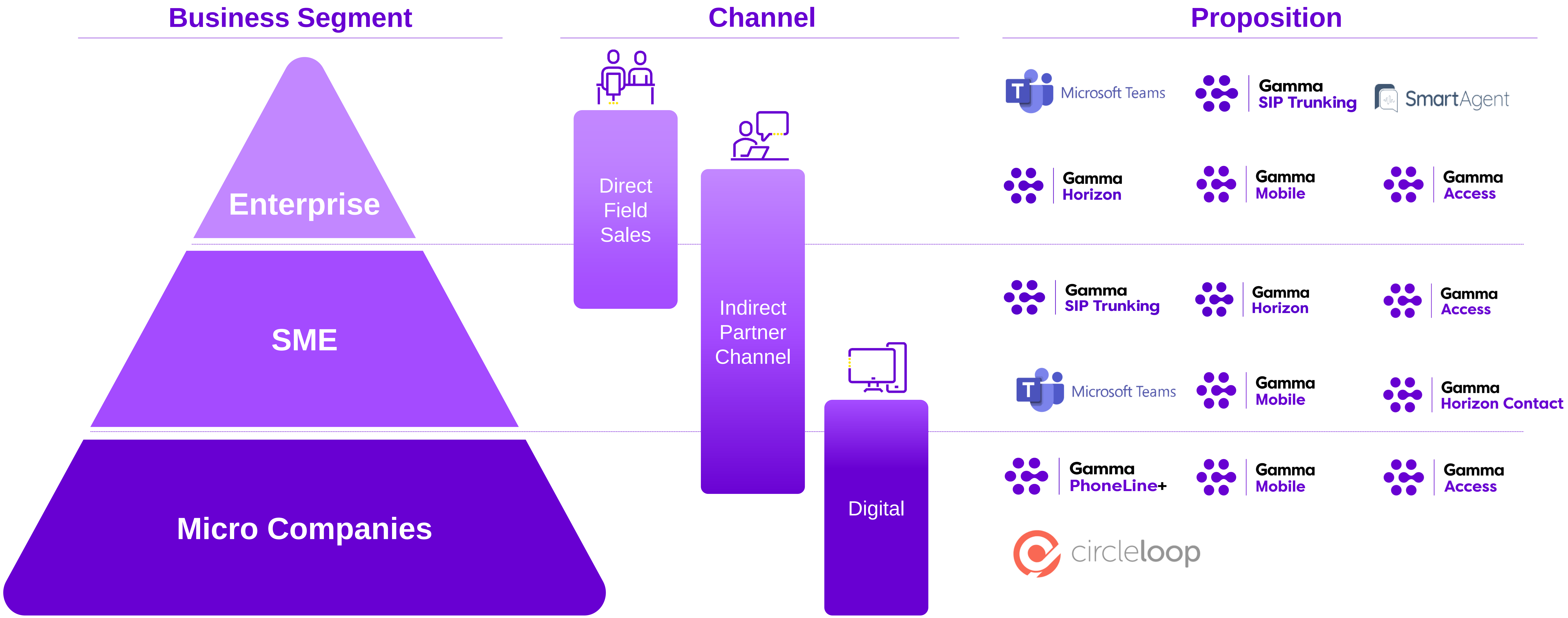
Other Gamma Voice Products
Inbound, NTS, CPS and WLR

We are anticipating structural change in the market.
The pandemic has accelerated the convergence of IT and Communications

Developing Landscape



We have made significant progress in building the Product and Channel capabilities for the anticipated evolution of the market



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We expect significant growth in our key products UCaaS and CCaaS across all geographies, underpinned by a stable demand for connectivity

		UK Today	UK 2025	DE/NL/ES Today	DE/NL/ES 2025
UCaaS	Significant growth in UCaaS SIP trunks: growth flattening	• 6.4m cloud seats • 32% penetration • 3.9m SIP trunks	• 13.6m cloud seats • 68% penetration • 4.2m SIP trunks	• 7.0m cloud seats • 17% penetration • 8.4m SIP trunks	• 15.2m cloud seats • 36% penetration • 9.5m SIP trunks
CCaaS	Overall number of agent seats stable Cloud penetration growing significantly	• 790k agent seats, of which 270k cloud	• 770k agent seats, of which 550k cloud	• 720k agent seats, of which 170k cloud	• 700k agent seats, of which 310k cloud
Connectivity	Fixed data connections and mobile SIMs stable	• 2.9m fixed connections • 12.3m SIMs	• 3.0m fixed connections • 12.9m SIMs	• 7.3m fixed connections • 37.3m SIMs	• 7.6m fixed connections • 37.1m SIMs

Sources: Cavell, Omdia, Analysys Mason

European M&A - Ideal target profile

SME focussed provider of IP based communications services

Product

Hosted PBX

SIP

Fixed and Mobile Access services

Network Quality

Supporting platforms with their own Fixed Voice and Data networks (and mobile if relevant)

Digital Platforms

Focused, straightforward operating models

Commercial Agility

Strong brand recognition and a serious challenger.

Robust channel relationships with an ability to influence a partners commercial model.

People

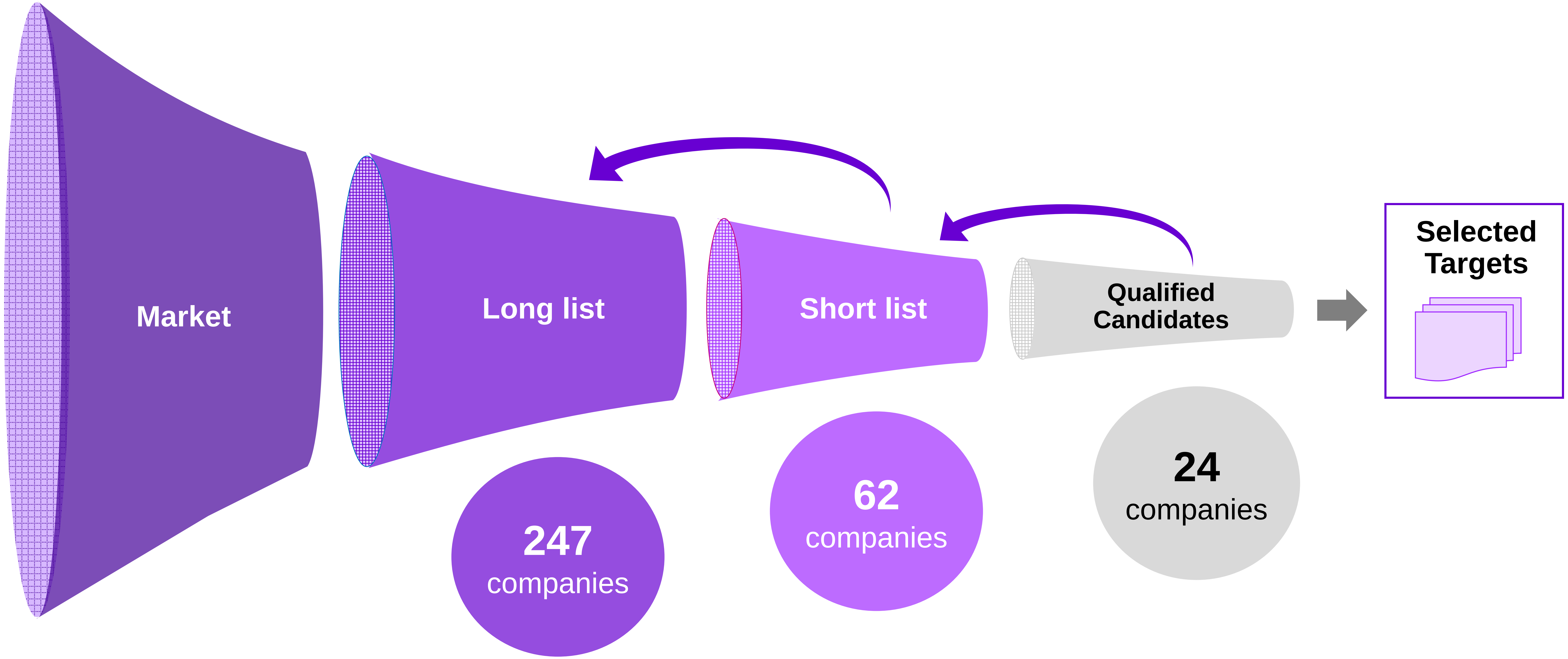
Management and culture aligned with Gamma

Inherent ability to disrupt the market

Capability and appetite for further M&A

Target Identification - Outline

Filtering/Qualification Process



Our M&A execution was driven by the 2023 strategic priorities, adding new reach and capabilities to Gamma

M&A execution in line with 2023 Strategy

UCaaS | **Digital capabilities**

Europe

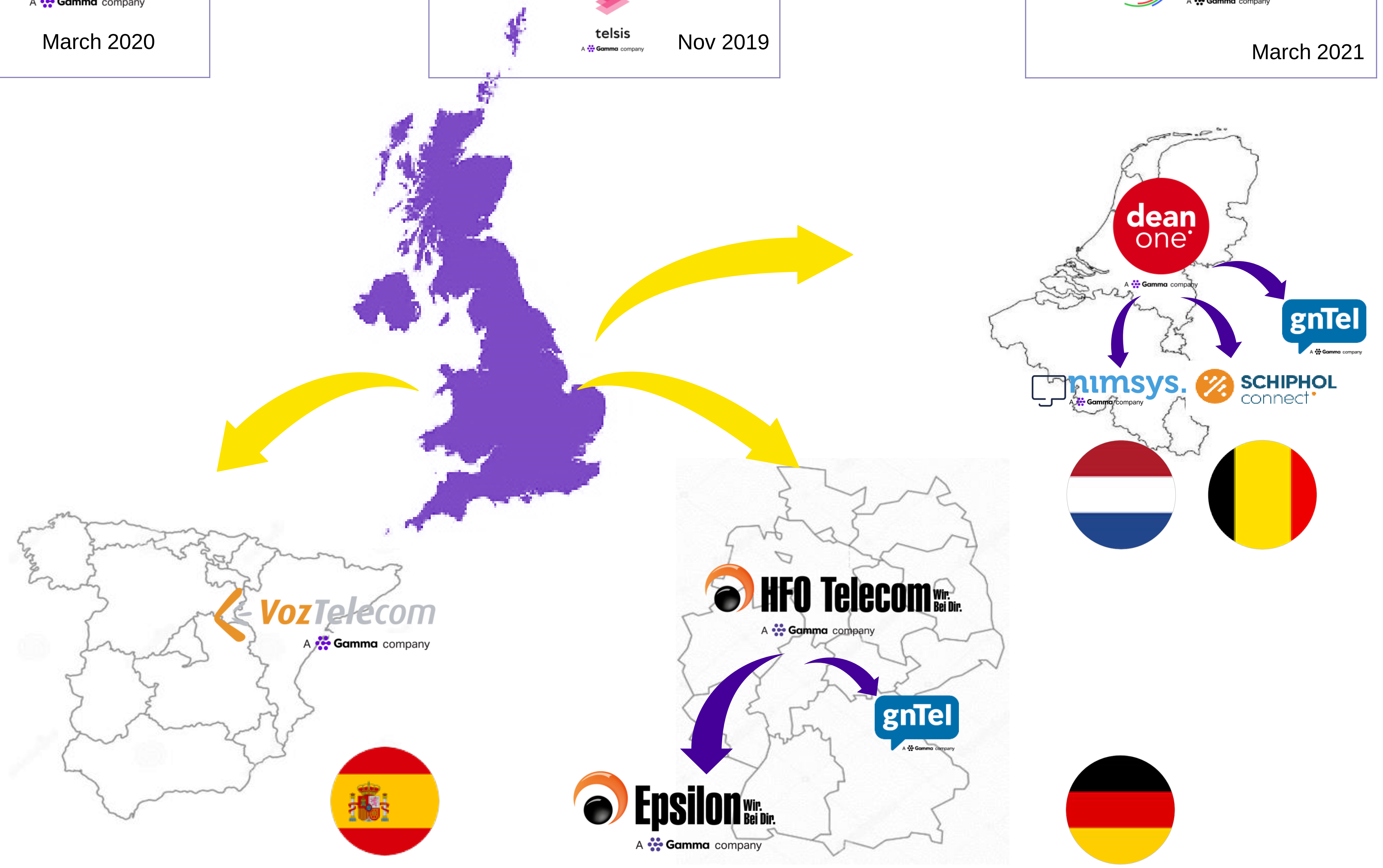
Netherlands	gnTel	July 2020
Netherlands	nimsys	March 2019
Netherlands	dean one	October 2018
Germany	HFO Gruppe	July 2020
Spain	VozTelecom	April 2020

UCaaS

Group Technology	Exactive	March 2020
Group Technology	telsis	Nov 2019

Digital capabilities

Group Technology	mission labs.	March 2021



Dates reflect the Date of Acquisition

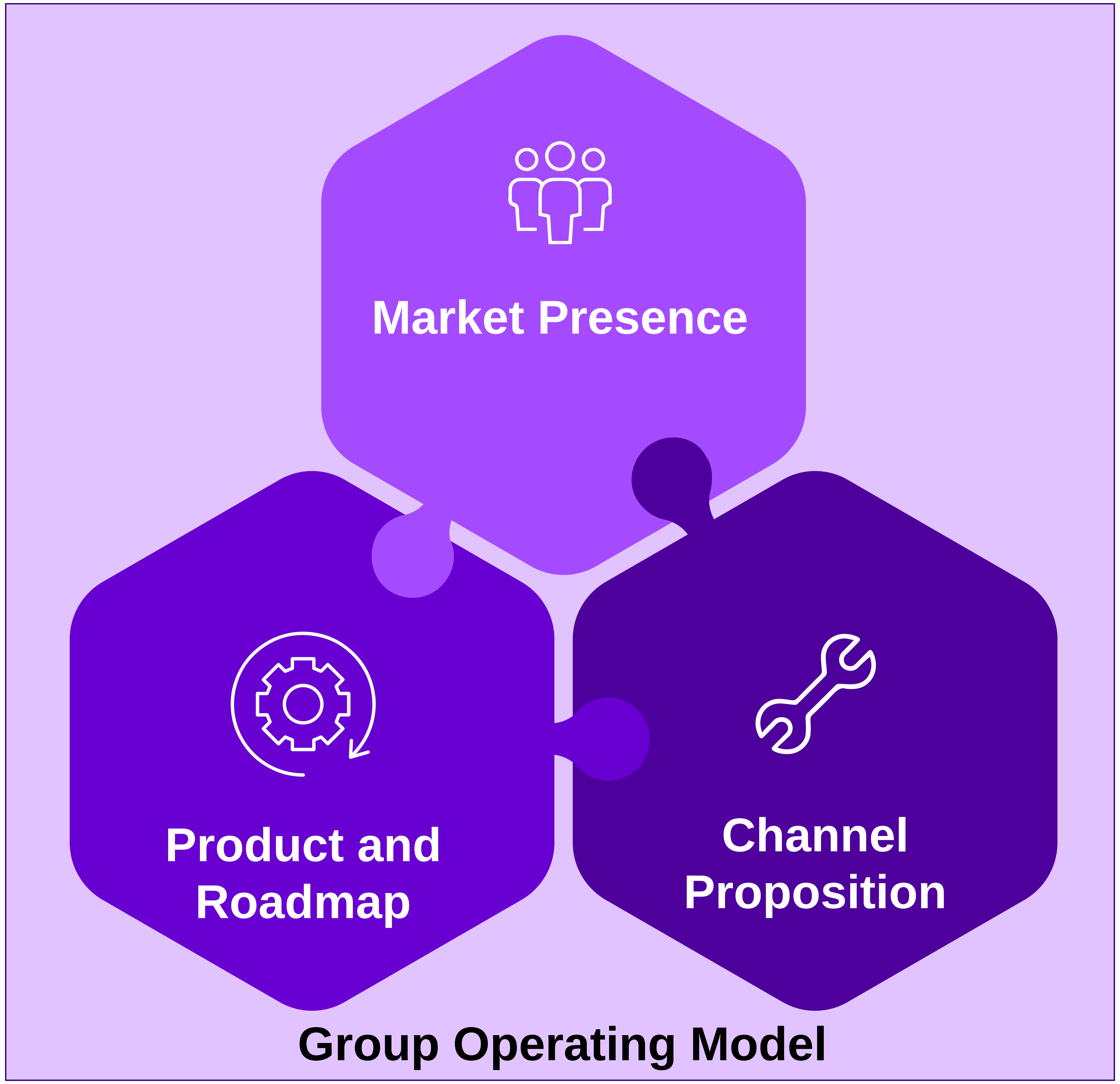
We are evolving our Group Operating Model to reflect our primary business objectives

Defend and grow our market position in the UK

Geographically expand into Europe

Strategic Product Platform & Operating Model

European Growth ‘Platform’



Growth Plan 2021 - 2025

Market Presence

- Leverage current positioning ready for adoption of cloud
- Build a presence in the IT and Business Application Channels
- Continue to assess Inorganic growth options

Product

- Broaden the product portfolio to support UCaaS, CCaaS utilising Group platforms
- Scale operating capabilities through a Group organisation to gain efficiencies

Channel

- Invest to increase sales capacity in existing and new channels to market
- Drive growth through new sales channels, leveraging Group product platforms
- Launch a Digital channel in each market

Agenda

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Benelux

Gerben Wijbenga

Context: company history and market evolution

Gamma Benelux history

- Leading VoIP provider in 2005
- Challenger in Unified Communications market with Gamma brand in 2021

2004 – OneXS founded (VoIP company)

2009 – Dean Connect founded (B2B fixed telephony provider)

2015 – Dean Connect and OneXS merge into Dean One

2018 – Gamma acquires Dean One and Schiphol Connect

2019 – Gamma acquires Nimsys

2020 – Gamma acquisition of GnTel (Dutch cloud PBX provider)

2021 – GnTel and Dean One rebranded into Gamma.

Market evolution

NL:
- Mature market
- Highest Cloud PBX penetration in Europe
- Dominated by KPN
- IT and online channels key to success

ISDN and on prem PBX era

- Liberalisation of the fixed telecoms market in 1997. KPN keeps dominant position first 3 years.
- Avaya, Mitel and Unify leading the on premise business market
- 2005: first generation hosted voice, One XS one of the pioneering providers of hosted voice in the Dutch market

Cloud PBX introduction and ISDN migration

- In 2015 NL is one of the most developed hosted voice markets within the Benelux
- 2017: KPN announcing to phase out ISDN
- 2019: start of ISDN migrations

Cloud PBX / UCaaS opportunity

- High penetration rate in cloud comms (>40%), ~ 2.4m seats
- Positive long-term forecast with over 1.2m additional users moving to cloud comms solutions by end of 2025
- Microsoft driving adoption but still small overlay of Cloud PBX
- IT channels growing importance
- Many small providers, and significant consolidation through acquisitions
- Online channels gaining importance

Build Gamma brand and propositions

	Before	New
Brands	gnTel (A Gamma company); dean one (A Gamma company)	Gamma
Products	gnTel: Flex Telephony, Flex, Internet, Flex PBX, Mobile, SIP Trunk dean one: Dean Mobile, SIP Trunk, Dean SIP Unlimited, Horizon, Dean Internet, Business Pro, Dean Onepro, GO! Compleet	Gamma Unified communications Gamma SIP Trunking Gamma Mobile Gamma Internet

Gamma Benelux evolution

	Market Presence	Product and Roadmap	Channel Proposition
Today	• Mixture of brands in Cloud, Mobile and IT Services • Different positioning per brand	• Well established Cloud PBX, SIP and Mobile products • IT Services proposition for multi-tenant buildings	• Focussed on PBX Channel • Mixture of brands and propositions • Primarily a product led sale
Evolution 2021-2025	• Integrate and build Gamma brand • Build Presence in IT and Business Application Markets • Assess options for Belgium	• Add UCaaS and CCaaS to the product portfolio plus Application integrations • Move to Group product platform • Best-in-class portals and self-service	• Enhanced proposition for traditional channels • Build proposition for IT and Business Applications • Launch Digital Channel

Gamma

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DACH

Achim Hager

Context: company history and market evolution

HFO history

- Leading SIP provider
- Cloud PBX recently launched
- Focus on reseller model, complemen-ted with wholesale

1997 – Founded as regional ISP

2005 – Acquisition of Epsilon (B2B mobile telephony reseller)

2009 – HFO SIP product launch

2019 – Gamma acquisition of Telsis (contact centre solutions)

2020 – Gamma acquisition of GnTel (Dutch cloud PBX provider with German subsidiary); HFO cloud PBX launch (Crown Centrex and HFO 360°); Gamma acquisition of HFO

Market evolution

- Immature
- On-prem dominance
- Incumbents not dominant in cloud
- Channel key bottleneck for UCaaS adoption

ISDN and on prem PBX era

- Liberalisation of the fixed telecoms market in 1998 resulted in a significant number of competitors
- Deutsche Telekom remained B2B market leader including on prem PBX solutions

Cloud PBX introduction and ISDN migration

- 2007: launch of NFON, introducing a cloud PBX solution
- Cloud PBX struggling to take off, lack of channel interest, so they started direct at first
- ISDN migration announced in 2016, with migration happening 2018-20 (completed)

Cloud PBX / UCaaS opportunity

- Largest PBX market in Europe (~ 35m seats) but **cloud penetration still low** (<10%)
- Cloud PBX growth has been accelerating though, driven by alternative players (not the incumbent network operators) in a highly **fragmented market** (no player with more than 15% market share)
- **Channel** (mostly PBX resellers) is main **bottleneck** but changing its mindset. IT channel/system houses are key for the move to cloud PBX or directly to UCaaS

Why Gamma?

Decision criteria	Assessment
Are there common and positive, related roots in the past?	• In Gamma we found a loyal and trustworthy partner who started the business at the same time, in the same environment as we did • When HFO was founded we started working with Viag Interkom / British Telecom / O2, where Gamma's CEO was also working at the time
Is it a strategic partner who supports our business in the long-term and where we feel that we can bring in our skills and product capabilities to ensure sustainable growth?	• We sought a partnership with a company from a similar background, which would allow us to leverage each other's strengths and support network sustainability and further developments during the next growth phase • A financial investor would not have brought us any know-how to fuel future growth
Can we ensure fair and ongoing employment locally where we have grown the business for 23 years?	• We have a strong relationship to our employees and the former shareholders with local banks and newspapers were locally connected to a range of people and companies • Therefore, preserving the advantages of our location (close to a technical university, affordable wages, …) was critically important to us

Gamma DACH evolution

	Market Presence	Product and Roadmap	Channel Proposition
Today	• Strong presence and Brand in SIP and mobile services • Base of 1100 listed SIP partners, 400 active in 2021	• Well established SIP product • Cloud PBX Product launched 2020	• Focussed on PBX Channel as resellers for SIP • Primarily a product led sale
Evolution 2021-2025	• Build Presence in IT and Business Application Channels • Leverage reputation in SIP to build market share in UCaaS • Assess options for Austria and Switzerland	• Add UCaaS and CCaaS to the product portfolio plus Application integrations • Move to Group product platform	• Use Wholesale to differentiate AND to address 90% of the market that wants customer ownership • Build proposition for IT Channels • Launch Digital Channel

Agenda

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Spain

Xavi Casajoana

Context: company history and market evolution

Voz Telecom history

- Leading cloud PBX provider in the second tier after the network operators
- Full service provider (cloud PBX, SIP, mobile, FTTH)

2003 – Founded as a white label IP telephony provider

2008 – Launch of OIGAA (proprietary cloud PBX, SIP and ADSL) <10 seats

2013 – Launch of OIGAA Centrex (Centile based cloud PBX) for the business market

2014 – Launch of franchise sales model and MVNO

2016 – BME Growth listing

2019 – VozTelecom acquisition of ComyMedia (IT & communications provider) and Nethits (IT & coworking services) to expand sales presence in North and South of Spain

2020 – Gamma acquisition of VozTelecom

Market evolution

- Relatively immature
- On-prem dominance
- Dominated by Telefónica
- Channel key bottleneck for UCaaS adoption

ISDN and on prem PBX era

- The telecoms market liberalisation got off to a slower start in Spain compared with Northern Europe (originally, only one additional fixed line operator)
- Telefónica remained the dominant force in the business market (both in fixed line and in mobile)
- This dominance was even more pronounced in the B2B market, where Telefónica was also the largest on prem PBX reseller

Cloud PBX introduction and ISDN migration

- Although cloud PBX penetration grew faster than in markets like Germany, it was still low by UK standards
- The cloud PBX market is highly concentrated, with the top 4 players controlling almost three quarters of the market and Telefónica alone more than 50% (all of Telefónica's competitors have single digit market shares)
- ISDN migration is under way but switch-off only planned for 2025

Cloud PBX / UCaaS opportunity

- The cloud PBX/UCaaS market is expected to grow rapidly over the coming years
- VozTelecom is well positioned to compete in the 'second tier' (below the NOs):
  - MVNO (mobile offer is key in Spain)
  - Unique franchise model
  - PBX reseller & IT/MSFT channel is being developed (not addressed by Telefónica)
  - Business applications/CRM providers are gaining importance, especially for UCaaS services

Case study

inmovilla
Software Inmobiliario

Company overview

Descrip-tion

- Spanish CRM SaaS solution provider for real estate agents with >15 years of experience
- 11-50 Employees and more than 3,000 customers
- 300K properties under management
- Headquarters in Elche, Spain
- https://inmovilla.com/

Product offering

- An end-to-end CRM system designed for real estate agencies, from customer relations to property management
- Integrated into VozTelecom cloud PBX since 2019

Market position-ing

- Facebook Customer Rating: 4.6/ 5
- Google Rating: 4.4 / 5
- €70 / month up to 7 users
- <30% of Spanish SMEs have a CRM-type application, 79% are not present in social networks, and online sales are only present in 16% of SMEs

Current momentum and synergies

- Successful relationship with vertical software developers and CRM/ERPs integrators developing new customers from their existing base, by integrating VozTelecom cloud PBX into their software, extending the application value for the end customer
- Attractive channel proposition for the vertical software developers to add revenues on top of their product fee while increasing retention
- VozTelecom/Gamma presence in standard CRM marketplaces for new lead generation

Hubspot
Inmotek
Zendesk
Inmovilla
Mobilia
Teamleader
Zoho
IAGestión
Marketplace Zapier
API de VozTelecom

Gamma Spain evolution

Market Presence

Today

- Strong B2B challenger brand in Cloud Communications & SIP
- Credible alternative to the dominant incumbent players
- Entering the wholesale channel

Evolution 2021-2025

- Gain share by being the PBX channel ‘champion’ for UCaaS
- Build on existing presence in IT/Microsoft channels

Product and Roadmap

Today

- UCaaS cloud proposition with integrations to Business applications & API
- UCaaS bundled with mobile & FTTH

Evolution 2021-2025

- Add CCaaS
- Move to Group product platform
- Business Application integration

Channel Proposition

Today

- Established Sales process that owns the end customer.
- New proposition for PBX channel.
- Business application channel proposition.

Evolution 2021-2025

- Add capacity to existing franchise model in undeveloped areas
- Increase presence in PBX and IT/MSFT channels through dealer and resellers program
- Introduce Digital Channel

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Wrap up

- Europe represents a **significant long-term growth opportunity** for Gamma
- We have a **very clear growth strategy** – all encompassing & **execution going very well**
- Our “land & expand” **European M&A strategy is progressing very well**
  - Acquired strong businesses (mini-Gamma’s) in key growth markets
  - Focused on developing and executing organic cloud growth plans
  - Benefiting from Gamma’s experience while ensuring a consistent approach across each market
  - Integration going very well and driven by our “Group Operating Model” - enabling an entrepreneurial culture
- **Continued focus on M&A** in both current and potential new European markets

Q&A

Andrew Belshaw

Thank you.