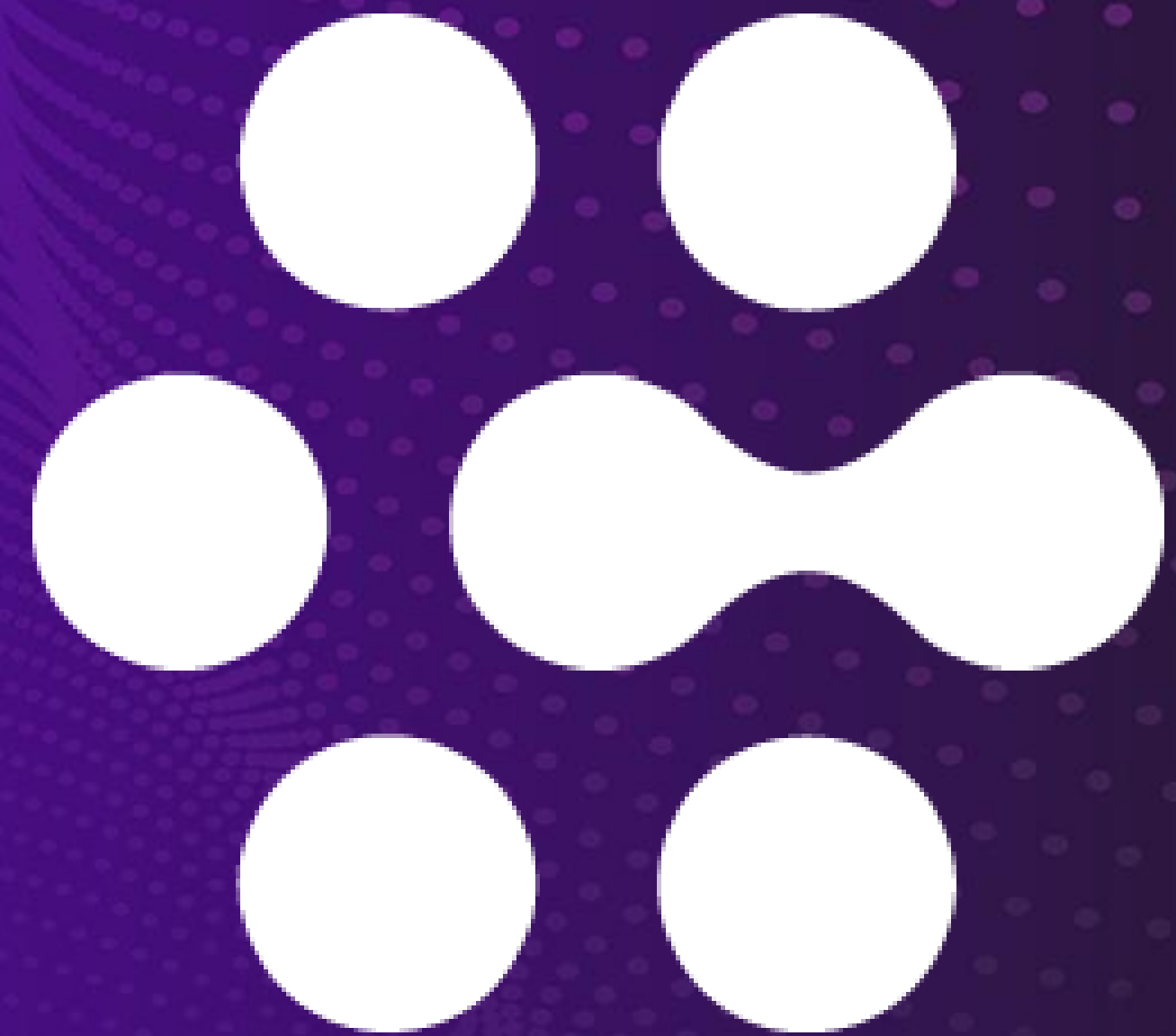


Gamma 2020 Final Results

Andrew Taylor, CEO
Andrew Belshaw, CFO





2020 Final Results

Agenda

-
01. **2020 Business Update**
Andrew Taylor

 02. **2020 Full Year Financial Review**
Andrew Belshaw

 03. **Gamma 2023 Strategic Plan Update**
Andrew Taylor

 04. **Business Outlook**
Andrew Taylor

 05. **Q&A**
Andrew Taylor & Andrew Belshaw
-



Business Update

Andrew Taylor

CEO



FY 2020 Business Highlights

- **Excellent FY performance** reinforced by our robust business model
- **Rapid and decisive response** and leadership of the pandemic crisis
- **All business units performed well** with strong channel and customer engagement
 - driven by our digital capabilities
- **Strong net growth across all key products**, with a focus on cross-selling and up-selling across all channels
- **Integration of all Acquisitions progressing well**, with Europe now making an important contribution to the Group
- **Executing at pace** on all aspects of our 2023 strategic plan
 - Significantly strengthening our geographic, technology and product capabilities



FY 2020 Business Update – Customer Segments



- Excellent revenue and margin growth across all customer segments
- European integration going well and part of an established Group operating model
- Upselling and Cross Selling a key feature throughout the year, with positive new sales performance
- Accelerate (e-Marketing) and Academy (e-Learning) enabling and driving partner growth capabilities
- Gamma Hub - driving efficiency and higher levels of customer engagement



FY 2020 Business Update – UCaaS Product Performance

Cloud

Up

22.5%

to 646k cloud seats

Collaboration

Up

37k

to 46k seats

SIP

Up

17%

to 1.18m trunks

Europe

Up

92k

to 114k cloud seats

UK Market Position

- ✓ No.1 SIP (overall mkt)
- ✓ No.1 Cloud (sub-50)
- ✓ No.2 Cloud (overall mkt)
- ✓ SIP market grew at 9.9%
- ✓ Cloud market grew at 19%
- ✓ Exciting product roadmap



FY 2020 Business Update – Our People

- **Highly talented team** of 1,530 people across 7 countries
- Targeted recruitment, to **support our growth and to accelerate our strategy**
- Acquisitions **strengthening our talent skills and capabilities**
- Integration of our Acquisitions progressing well, with **very positive team engagement**
- Established “**group operating model**” to drive long-term planning across key functional & strategic areas
- Launched Gamma’s “**wellbeing channel**” and “**Gamma Pulse**”, a Group wide employee engagement tool



Market and Customer Drivers - **positive growth trends**

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



Rapid increase in awareness and demand of Unified Communication



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 & wireless broadband access infrastructure



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



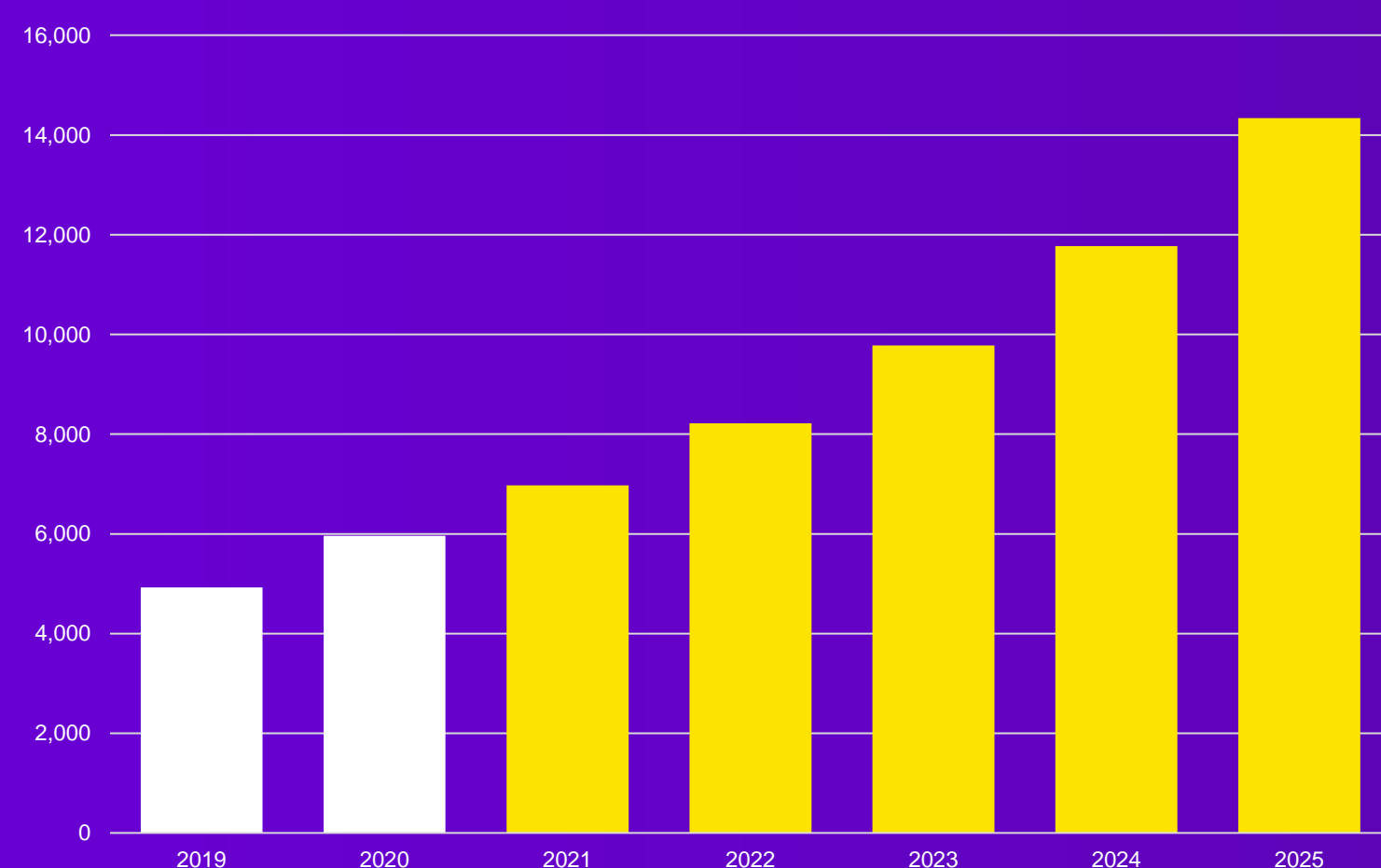
Overall long-term growth prospects are positive across all geographies and business sectors

- 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.



UK Market Characteristics – Cloud communications

UCaaS - UK market evolution



Cavell (2019-25, UCaaS growth in millions)

- Acceleration in the shift to cloud-PBX @ **19% CAGR (2021-25)**
- **2025 PSTN shutdown** prompting businesses to plan their move to cloud
- Microsoft Teams driving **awareness and adoption** of UCaaS and SIP
- **Faster & cheaper high speed broadband** helping to fuel cloud growth
- **Exciting CCaaS growth opportunity** for SME and Enterprise business customers
 - Enterprise: 6k contact centres and 780k agents target market
 - SME's (>50 agents): technology previously not accessible to them
 - Adoption expected to grow from 25% to >50% over the next 5-years
 - Opportunity to bundle CCaaS offers in conjunction with UCaaS
- **SIP adoption accelerated** (to 3.5m trunks) to support home and flexible working
- **+9.9% SIP market growth in 2020**, forecast to flatten off during 2023-25
- **45%** of SIP trunks sold in the market were with Gamma

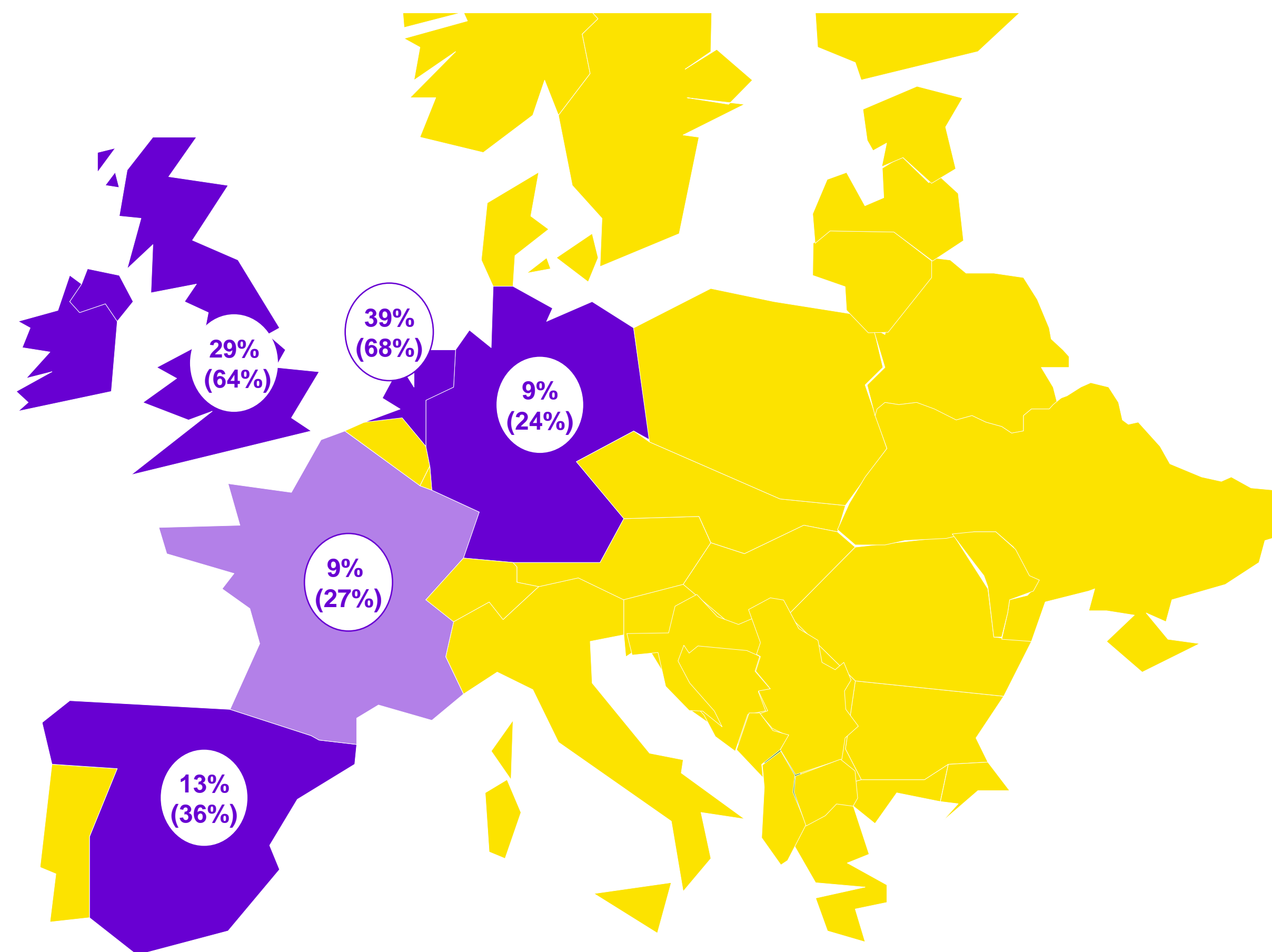


Major UCaaS growth opportunity in Western Europe

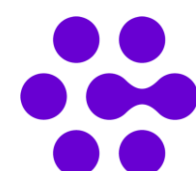
Country	Number of UCaaS seats (m)			Total seats available
	Q2 2020	Q2 2025	CAGR (%)	
UK	5.4	13	19.2	20.3
Netherlands	2.2	3.8	11.6	5.6
Spain	1.5	3.9	21.1	10.8
Germany	2.3	6.2	21.9	25.8
France	1.6	4.6	23.5	17.7

- UK and Netherlands remain the most advanced European markets
- Strong forecast growth levels across each target market
- Accelerating adoption of UCaaS when compared to historical forecast growth levels, with c.19% growth in number of seats forecast for 2020-2025 versus 2019 forecast of c.11% growth for 2019-2023
- Gamma maintains a leading UK market position (+10% market share of the total market and +21% of our target market)
- Market penetration in Gamma target markets expected to increase from 25% to 51% between 2020-2025, highlighting the market opportunity

Cloud Communications Market Penetration 2020-2025



Source: Cavell (2019 and Q4 2020)



Financial Highlights

Andrew Belshaw

CFO



2020 Financial Highlights – Strong growth

Revenue

Up

20%

to **£393.8m**

Adjusted EBITDA

Up

24%

to **£79.0m**

Adjusted EPS

Up

26%

to **51.3p**

Cash generated by operations

Up

30%

to **£70.3m**

Dividend

Up

11%

to **11.7p**

Cash balance

£53.9m

As at 31 December
(net funds of £48.0m)



Income Statement

- Recurring revenue at **91%** - effect of acquisitions
- The COVID effect –
 - Reduced low margin installs in H1 (therefore mix pushes margin up)
 - Operating expenses lower than expected
- Exceptional item is sale of ‘The Loop’ (£19.5m)
- Depreciation driven by success and investment – increase driven by overseas
- Effective tax rate at 14% - underlying rate is still **19%+**; no tax on the sale of The Loop; international rates beginning to take effect

Years ended 31 December (£m)	2018	2019	2020	Growth 19 vs 20
Revenue	284.9	328.9	393.8	19.7%
Cost of sales	-152.7	-162.4	-193.0	
Gross profit	132.2	166.5	200.8	20.6%
<i>Gross profit margin</i>	<i>46.4%</i>	<i>50.6%</i>	<i>51.0%</i>	
Operating expenses	-83.9	-103.0	-121.8	
adjusted EBITDA	48.3	63.5	79.0	24.4%
<i>EBITDA margin</i>	<i>17.0%</i>	<i>19.3%</i>	<i>20.1%</i>	
Exceptional Items	-	-0.9	19.6	
Depreciation and amortisation	-13.5	-15.1	-16.9	
Amortisation on business combination	-0.4	-2.0	-6.0	
Operating profit	34.4	45.5	75.7	66.4%
Finance income / expense	0.1	-0.3	-0.7	
Profit before tax	34.5	45.2	75.0	65.9%
Tax expense	-6.1	-10.7	-10.6	
Profit after tax	28.4	34.5	64.4	86.7%
Adjusted EPS, Fully Diluted (Pence)	30.3	40.8	51.3	25.7%

Income Statement – Organic growth

Years ended 31 December (£m)	2019	Organic	2020 Acqns	Total	Organic Growth 19 vs 20	Growth 19 vs 20
Revenue	328.9	357.6	36.2	393.8	8.7%	19.7%
Cost of sales	-162.4	-171.2	-21.8	-193.0		
Gross profit	166.5	186.4	14.4	200.8	12.0%	20.6%
<i>Gross profit margin</i>	<i>50.6%</i>	<i>52.1%</i>	<i>39.8%</i>	<i>51.0%</i>		
Operating expenses	-103.0	-111.3	-10.5	-121.8	8.1%	18.3%
adjusted EBITDA	63.5	75.1	3.9	79.0	18.3%	24.4%
<i>EBITDA margin</i>	<i>19.3%</i>	<i>21.0%</i>	<i>10.8%</i>	<i>20.1%</i>		
Depreciation and amortisation	-15.1	-14.9	-2.0	-16.9	-1.3%	11.9%
adjusted Operating profit	48.4	60.2	1.9	62.1	24.4%	28.3%

- Acquisitions are Exactive (UK), Voz (ES), HFO (DE), gnTel (NL)
- Organic growth: **9% Revenue; 12% Gross Profit**

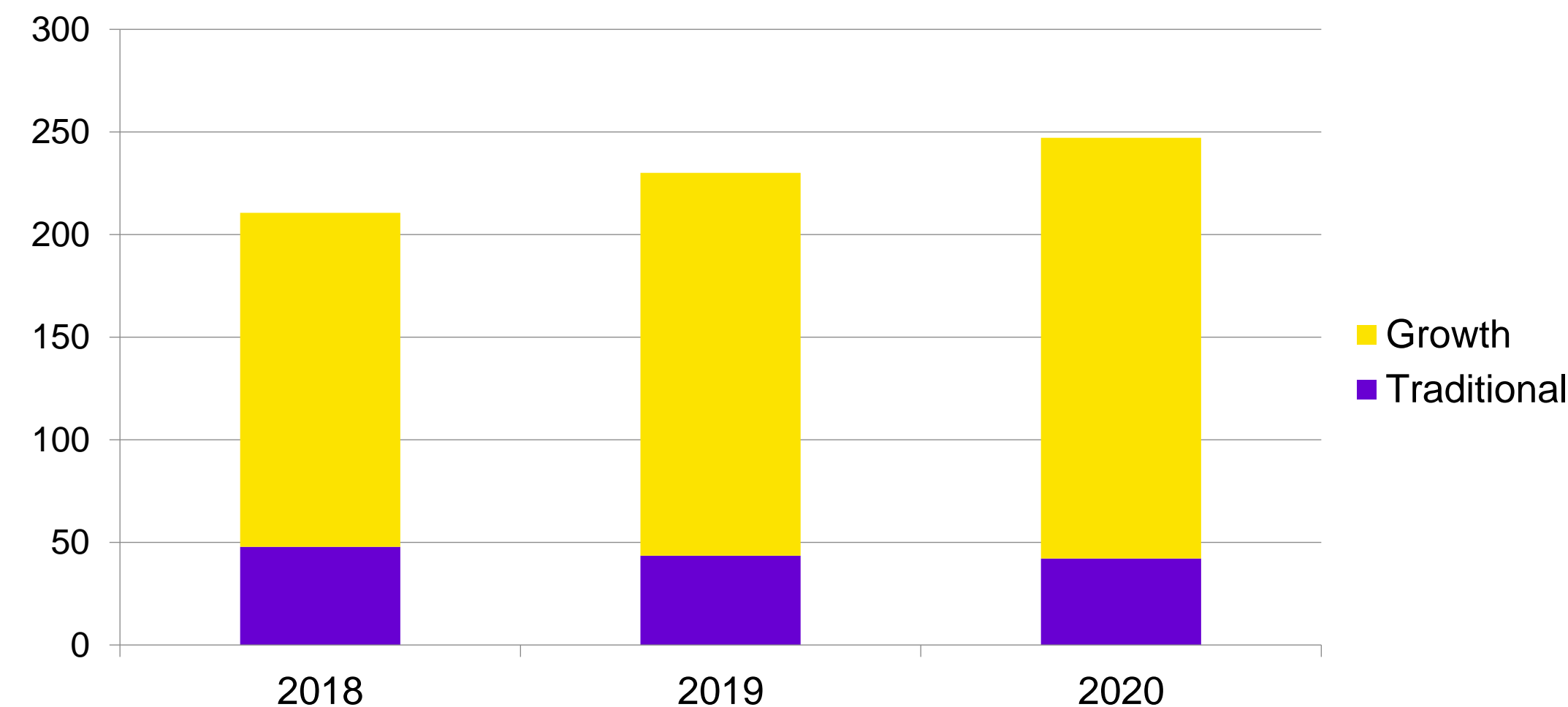
- Gross margins are generally consistent BUT Epsilon (German mobile business) has much lower margins
- EBITDA margins consistent with Gamma UK at a similar level of growth



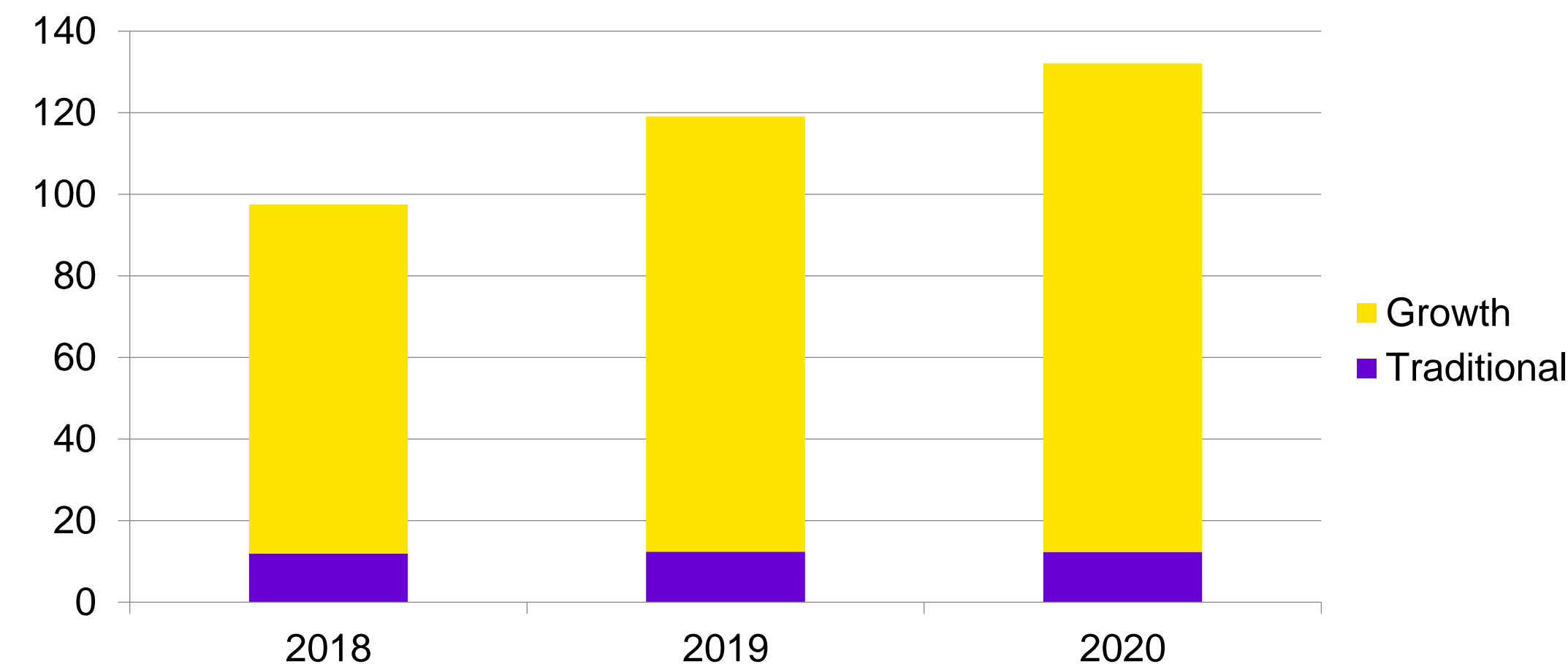
Indirect

- Underlying recurring growth business increasing led by SIP and Cloud PBX – installs down in Q2 due to COVID
- Traditional business static
- COVID effect:
 - Net additions: Q1 Strong; Q2 Stalled; Q3/4 Picked up
 - Q2 Net adds stalling led to lower H2 run rate
 - £1.2m reduction in GP due to support package in Q2 for customers not using the service
- Gross margins beginning to flatten as mix stabilises

Revenue (£m)



Gross Profit (£m)

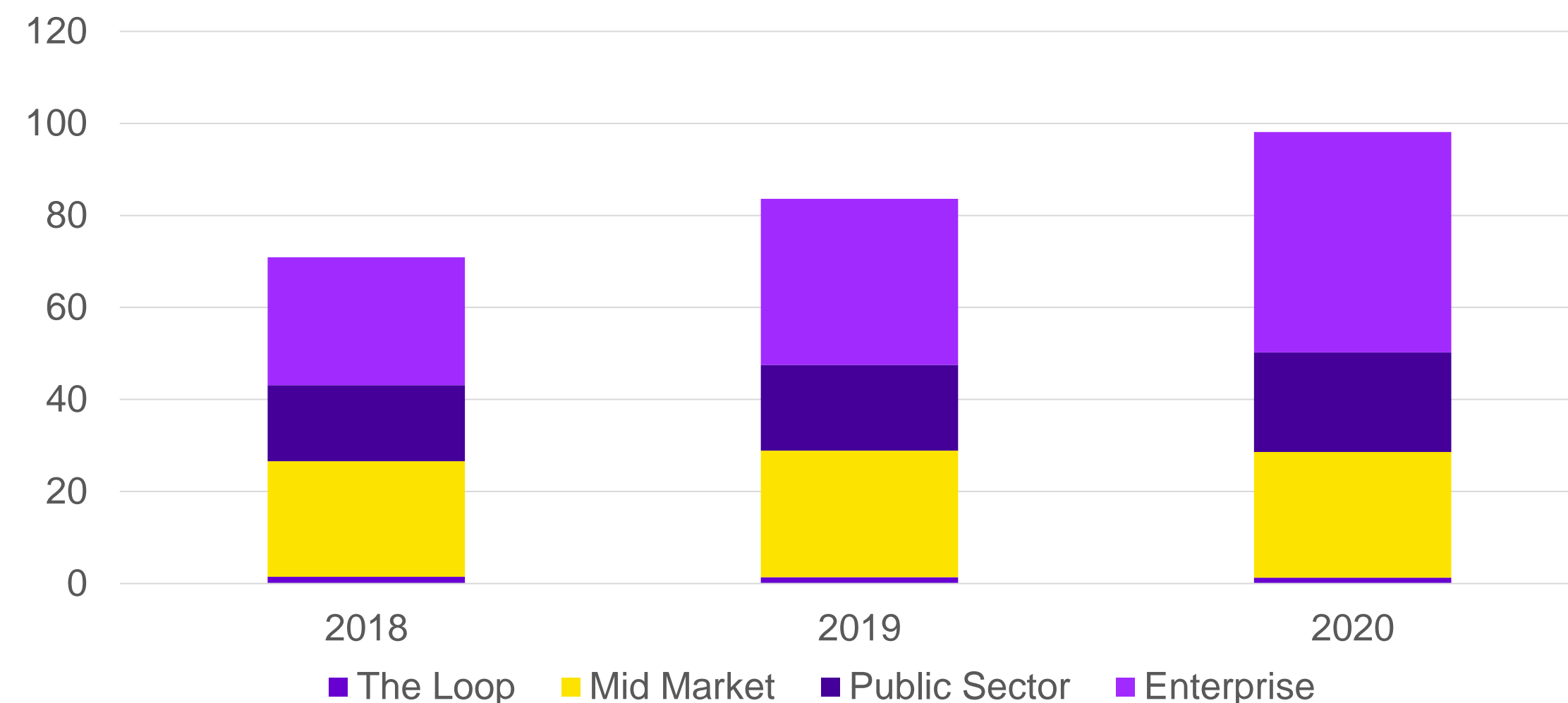


NB Won't show the split going forward – traditional is now immaterial

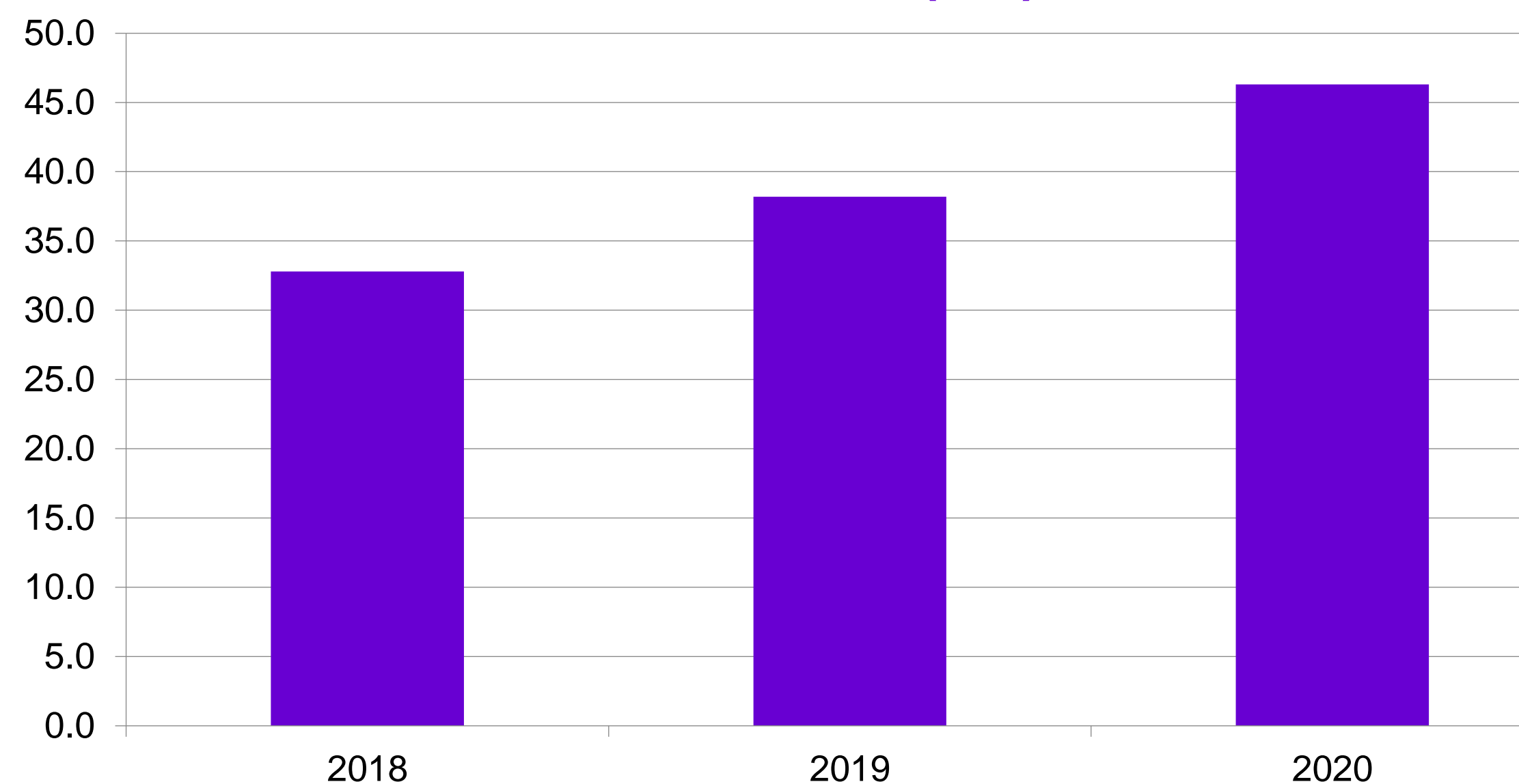
Direct

- Direct business driven by Enterprise and Public Sector solutions
- Mid-market static
- COVID effect:
 - Less marked in direct as longer sales cycles than indirect BUT lack of sales activity in Q2 2020 will cause a slow start to 2021
 - Fewer installs during Q2 offset by significantly higher call volumes in a few customers
 - Negligible support packages taken by customers

Revenue by Sector (£m)



Gross Profit (£m)

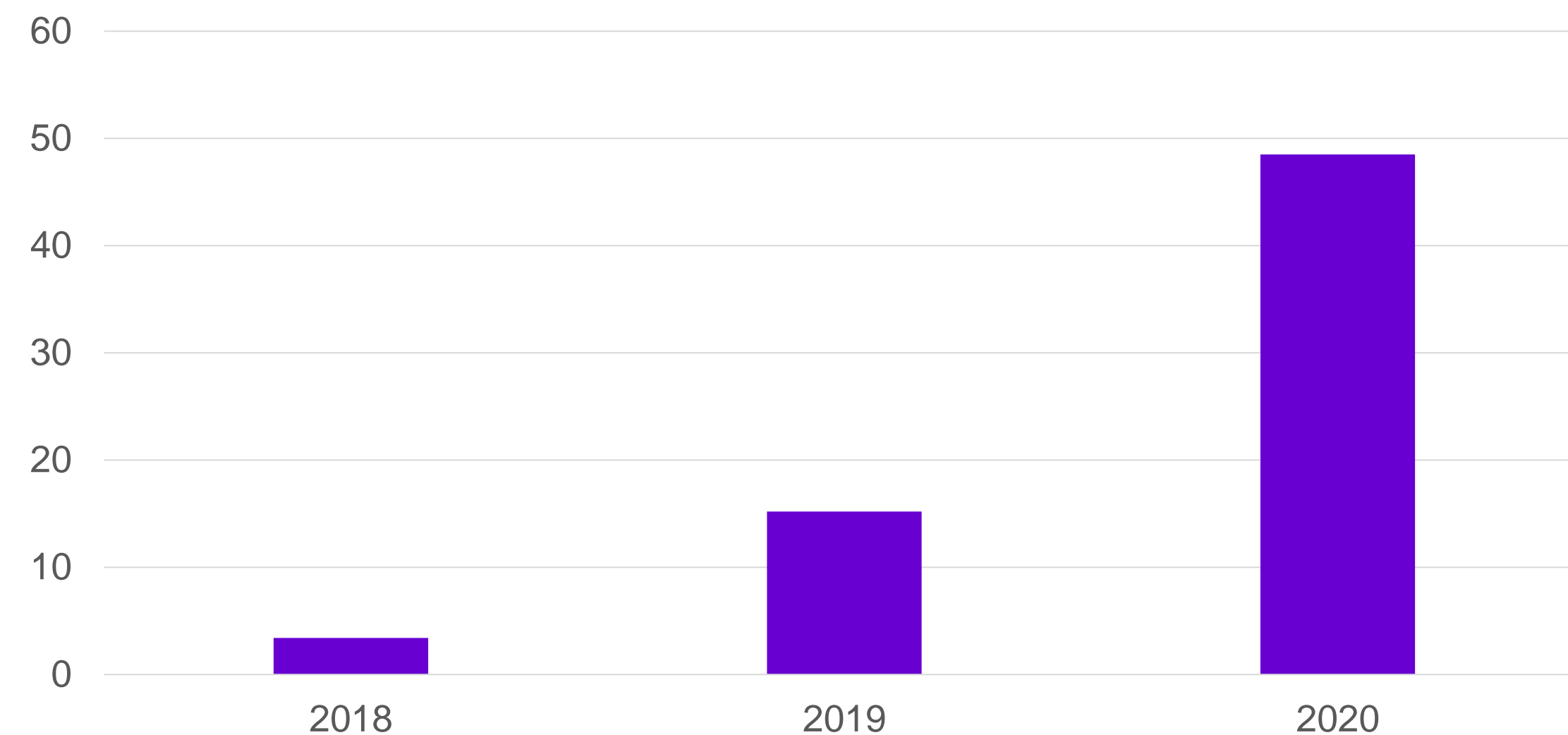


NB Won't show the split going forward – growth is from Enterprise / Public Sector

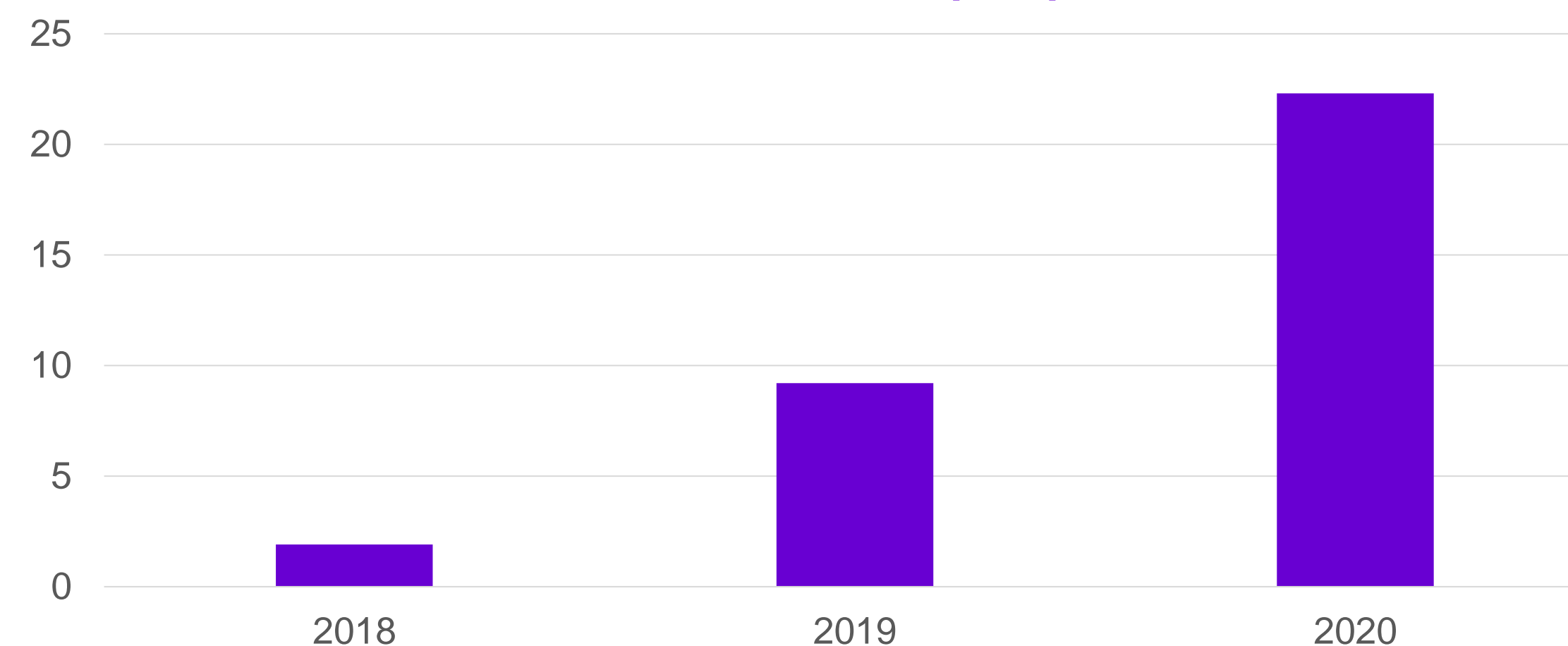
European

- Growth is largely inorganic – Voz (ES) in April, HFO (DE) and gnTel (NL) in July
- Overseas contributed **12%** of revenue and **11%** of gross profit in 2020 – run rate will be higher
- Trading EBITDA of **£5.0m** (6% of total)
- In addition, £1.0m of costs spent on M&A / evaluating other European opportunities (overall disclosed ‘overseas EBITDA’ was £4.0m for the year)
- COVID effect on European trading was similar to UK – Spanish economy suffering the most

Revenue (£m)



Gross Profit (£m)



Balance sheet

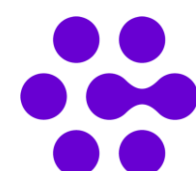
- Strong cash reserves - **£53.9m**
- Net cash of **£48.0m**
- Notional IFRS 16 liability (i.e. future lease payments – largely on buildings) of £13.1m

Balance Sheet as at 31 December (£m)	2018	2019	2020
Non-current assets (incl. PPE)	90.3	98.9	163.6
Receivables and inventories	69.0	85.6	104.4
Cash	35.5	53.9	53.9
Current assets	104.5	139.5	158.3
Total assets	194.8	238.4	321.9

Non-current liabilities	24.9	26.4	42.9
Current liabilities	48.2	59.5	74.6
Total liabilities	73.1	85.9	117.5

Share capital	7.1	9.1	11.5
Other reserves	2.2	2.5	-7.6
Retained earnings	112.4	140.9	197.5
Non-controlling interest			3.0
Total Equity	121.7	152.5	204.4

Cash and debt (£m)	31 December		
	2018	2019	2020
Cash	35.5	53.9	53.9
Debt acquired with subsidiaries			-5.9
Net Cash	35.5	53.9	48.0
Contingent Consideration	-8.1	-2.6	-14.2
	27.4	51.3	33.8



Cashflow

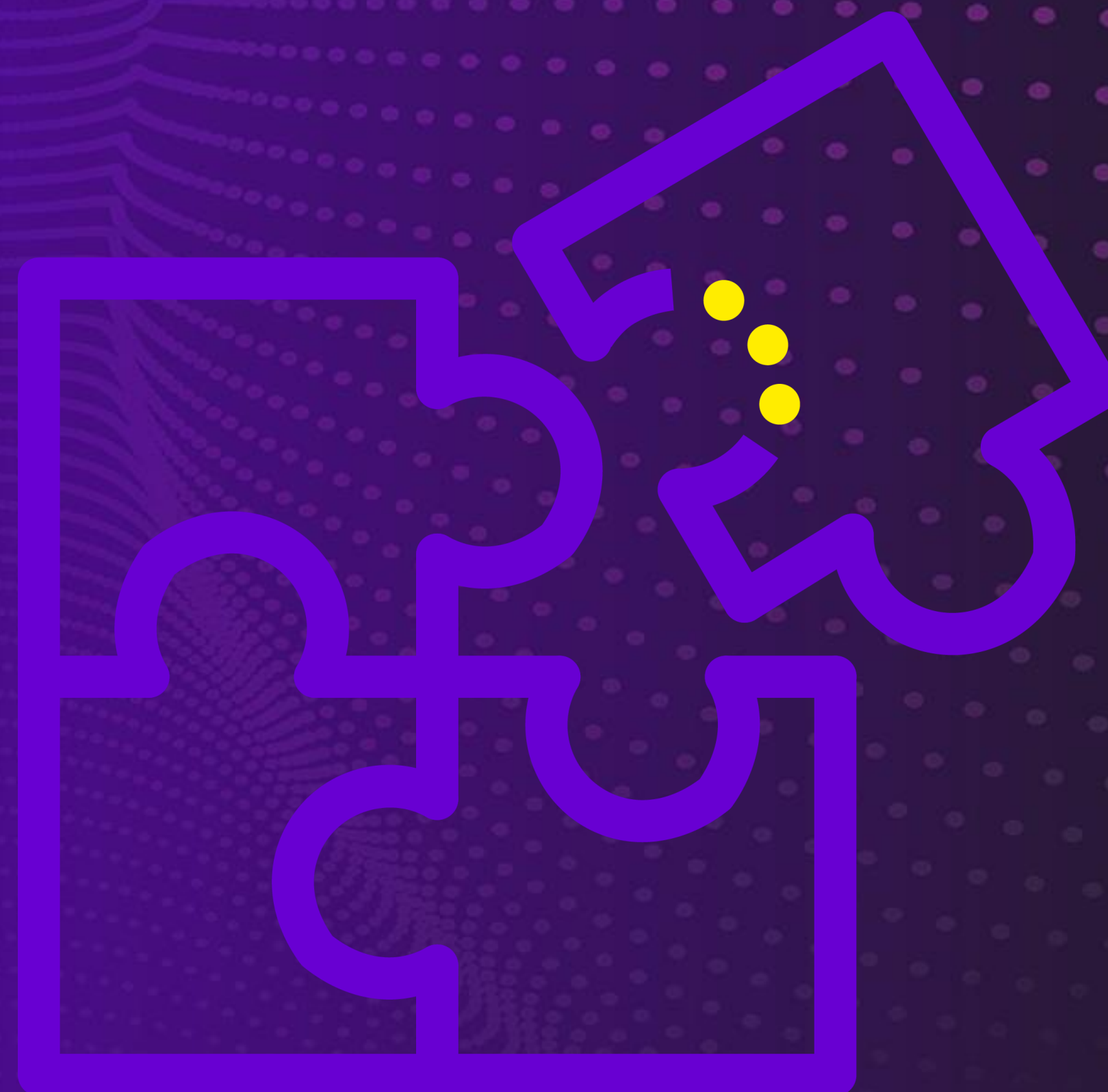
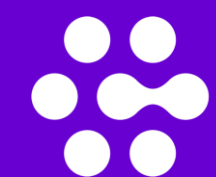
- Cash conversion consistent with prior period at **89%**
- Taxation cashflow higher in 2020 due to changes in QIPs regime – will decrease in 2021
- Capex consistent increases due to acquisitions – **new run rate of £16-18m**
- M&A activity:
 - Voz **£21.7m**; Exactive **£3.2m**; HFO **£18.5m**; gnTel **£6.8m**
 - Deferred consideration paid in year of **£2.6m**
 - Deferred consideration estimated to be **£16.0m** (undiscounted and including options on HFO)
 - Loop sale generated **£19.4m** in cash

Cash Flow Statement (£m)	Year to 31 December		
	2018	2019	2020
Adj EBITDA	48.3	63.5	79.0
Net Cash inflow from Operations (pre-tax)	40.6	54.0	70.3
<i>Cash conversion</i>	84.1%	85.0%	89.0%
Taxation	-4.3	-7.5	-14.1
Capital Expenditure	-12.7	-12.4	-15.4
Cash inflow before Acquisitions and Financing	23.6	34.1	40.8



Gamma 2023 Strategic Plan update

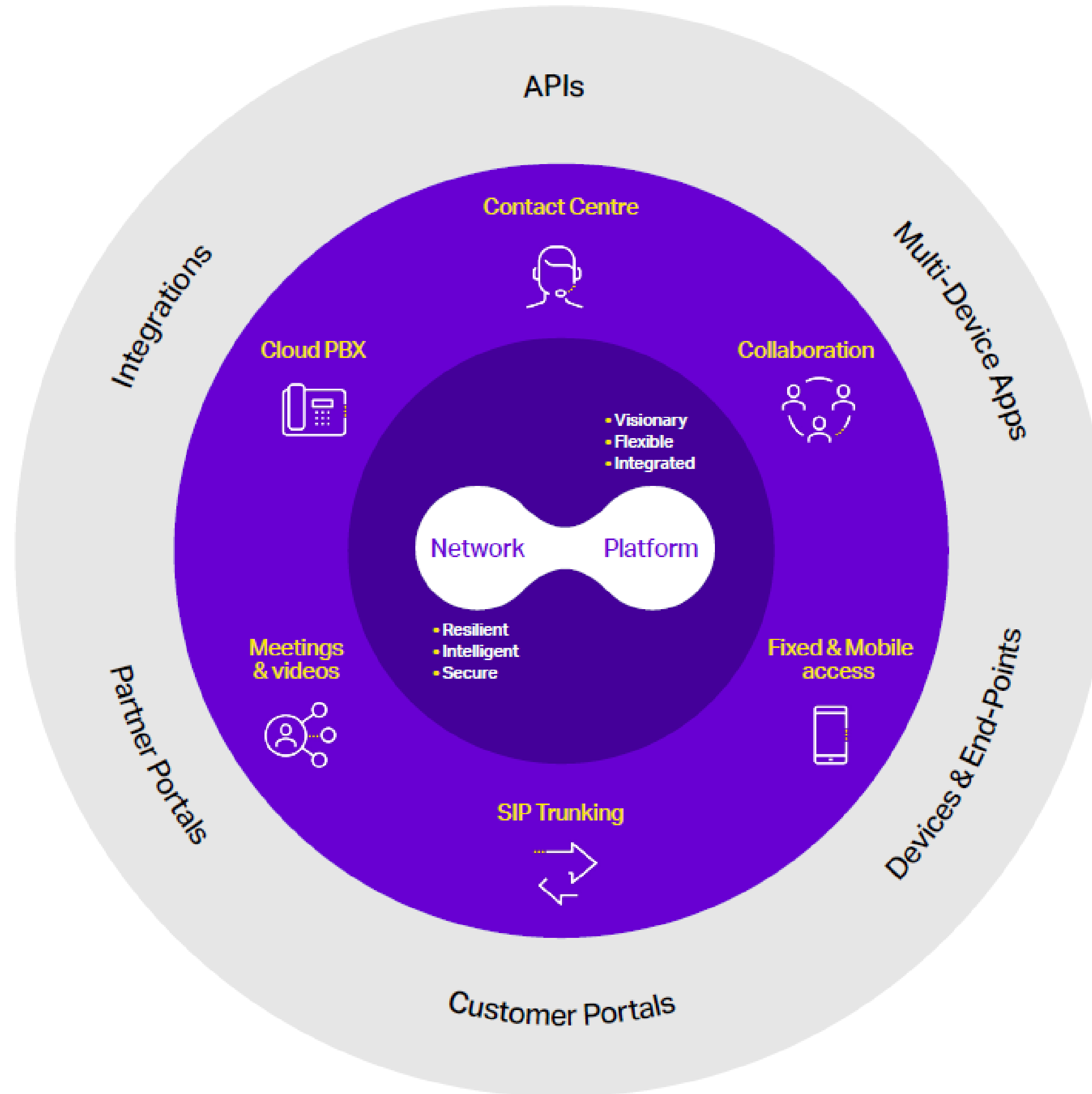
Andrew Taylor
CEO



Gamma strategic vision



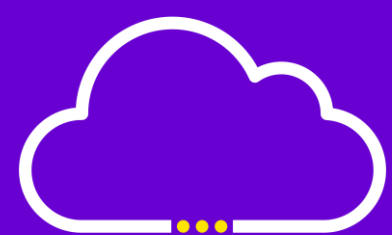
“Empower people to communicate and work smarter, together.”



“To provide straightforward **cloud communication** and **collaboration** services for business, underpinned by a robust, secure network”



Gamma 2023 Key Strategic Priorities



Evolve our strong cloud telephony position into the UCaaS market



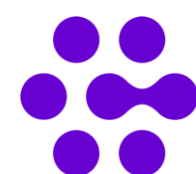
Expand to Europe to gain continued growth and scale



Continue to build on our digital capabilities to assure agility and sustain competitiveness





Build on our Fixed and Mobile Telecom strength to differentiate our proposition from pure OTT's

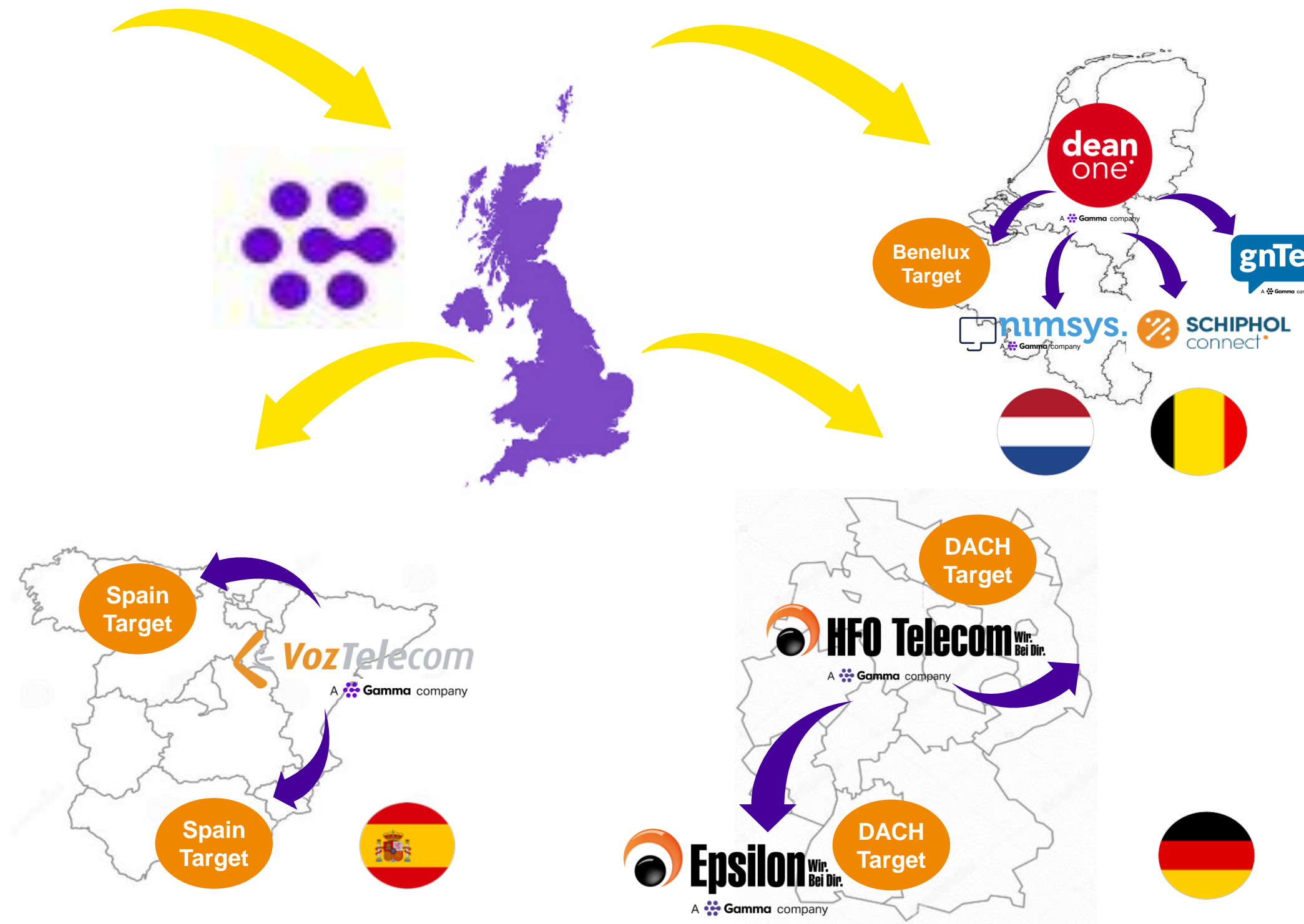


Organic growth supplemented by cash flow funded M&A

European Geographic Expansion

Netherlands	 A Gamma company	Date of Acquisition: July 2020
Netherlands	 A Gamma company	Date of Acquisition: March 2019
Netherlands	 A Gamma company	Date of Acquisition: October 2018
Germany	 A Gamma company	Date of Acquisition: July 2020
Spain	 A Gamma company	Year of Acquisition: April 2020

Accelerating Technology and Product Capabilities		
Group Technology	Group Technology	Group Technology
 A Gamma company	 A Gamma company	 A Gamma company
Date of Acquisition: March 2020	Date of Acquisition: Nov 2019	Date of Acquisition: March 2021



M&A Priorities

Geographic Expansion





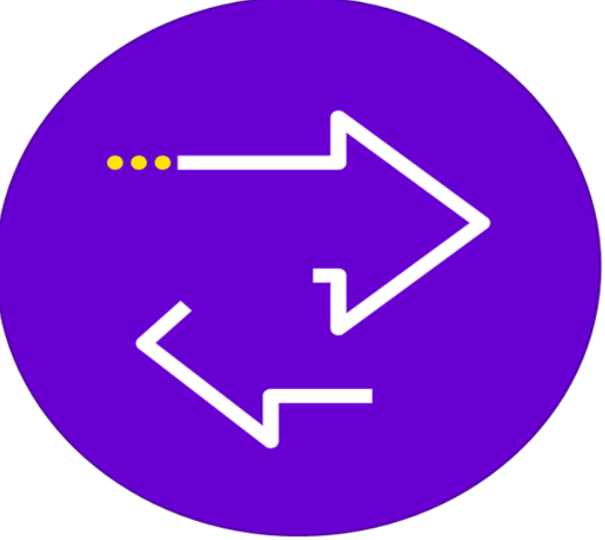
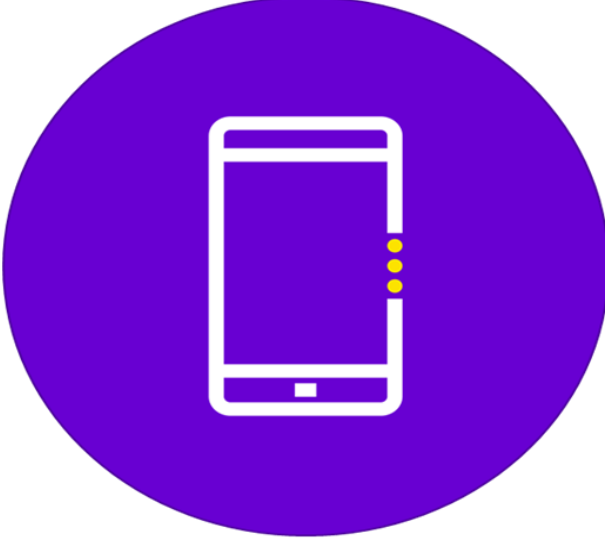
- Significant market opportunity with low cloud penetration levels, following similar growth paths to that in the UK
- Leveraging Gamma's UK market and UCaaS product experience and capabilities
- Focused initially on key Western European markets
- Targeting businesses with strong product and service capabilities, and well established indirect channels

Building Technology & Product Capabilities

- Reinforcing and accelerating the delivery of our UCaaS technology and product strategy across the Group
- Establishing CCaaS as a important technology component within our overall multi-sector growth strategy
- Reinforcing our digital technology and go-to-market digital channel capabilities
- Building and strengthening our software development skills and capabilities across the Group



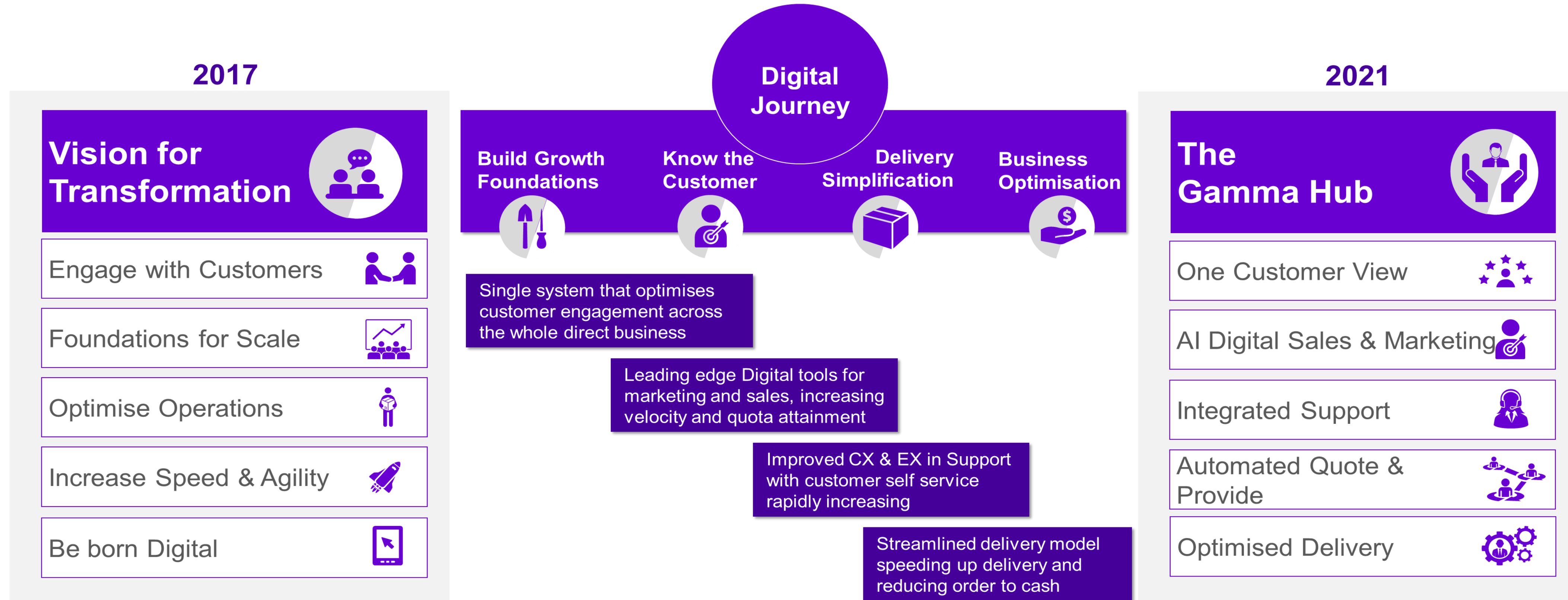
2021 Multi-market Product Roadmap

 telsis A Gamma company	 mission labs. A Gamma company	 Exactive A Gamma company		 mission labs. A Gamma company
				
Horizon Contact	PhoneLine+	Horizon Teams Integration	New MVNO	Collaborate Evolution
Q1 Delivery --- Provides SMEs Contact Centre features tightly integrated with Cloud-PBX --- Helps SMEs grow through enhancing their customer interactions	Q2 Delivery --- Modern All-IP replacement of the traditional PSTN line --- Provides CPs with replacement ahead of 2025 PSTN shutdown	Q2 Delivery --- Integrates Horizon PBX with Microsoft Teams --- Horizon PBX features can be leveraged while using MS Teams to make and received calls	Q2 Delivery --- Upgrade of Gamma Mobile platform --- Delivers immediate access to Native VoWiFi, VoLTE and 5G, ongoing network parity, a strengthened commercial position and lower cost base	Q4 Delivery --- Customer Collaboration software developed in-house --- Provides users with an improved UX and enhanced roadmap

Delivering an exciting roadmap of new and enhanced products and network and technology capabilities



The Gamma Hub – Direct Digital Platform



Business Outlook

Andrew Taylor

CEO



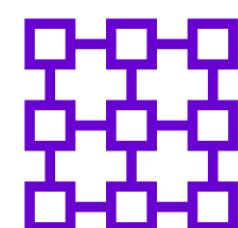
Business Outlook



Robust business model with **>91% recurring revenue & margin**, and good visibility of our numbers through 2021



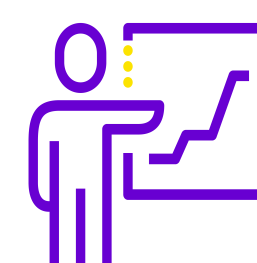
Positive long-term market outlook, with the future adoption of cloud services forecast to increase across all markets



Tempered by the **potential economic impact of COVID-19**, which we are monitoring closely and will respond to appropriately



Continued **focus** on the execution of our short-term business commitments and our longer-term strategic priorities



We will hold two **Capital Markets presentations** during 2021. One focussed on our Product capabilities (**10th June**) and one on progress in our European businesses (**14th October**)



Q&A





Thank you.

Appendix

Investment Highlights

Attractive Target Market

At the early stage of the growth cycle with increasing levels of cloud adoption across all markets and business segments

Strong Business Model

Recurring subscription revenue and margin, with high visibility and quality of earnings

Multiple compelling growth drivers

Multiple channels, business segments, geographies and product areas, with structural changes in flexible working

Attractive Economics

Compelling land & expand, product and multi-channel long-term growth opportunities

Go to Market Model

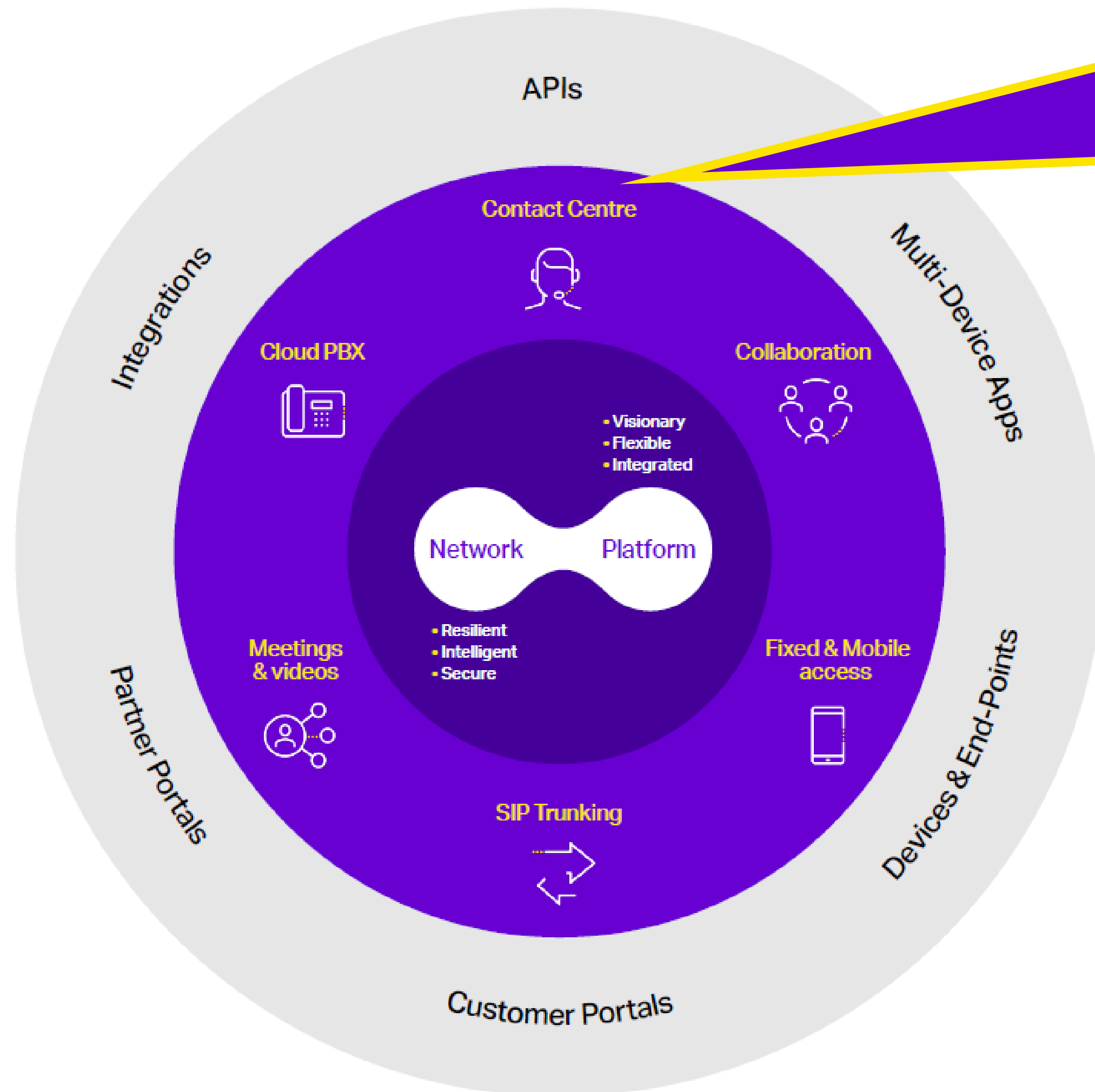
Multiple indirect, direct and digital channels driving growth opportunities across all business segments

Experienced Management Team

Pioneers in the cloud market with a demonstrable track record of delivering long-term profitable growth



Horizon Contact



- **UK market Launch** - 2nd March 2021
- A CCaaS solution “**productised**” for small businesses
- Helps businesses to build and sustain **better relationships** with their customers
- Provides continuity of conversation across multiple channels with **tight integration to Horizon**
- **>700,000 agents** in UK market in formal contact centres
- CCaaS penetration into these seats expected to increase from 25% to >50% in next 5-years
- Further **opportunity** in enabling all SMEs to manage multi-channel communications more effectively
- **European opportunity** ~3m agent seats



Mission Labs



- Highly strategic acquisition for Gamma
- Supports our 2023 UCaaS and Digital Strategic Priorities
- Existing strong relationship between Gamma & Mission Labs
- Brings additional technology and product capabilities
- Augments and strengthens our talent, skills and capabilities
- Creates new digital, affiliate and partner channels with new market opportunities in the UK and Europe
- Highly complementary for both businesses, enabling us to accelerate our strategic plans and growth opportunities



A platform supporting innovative solutions



Notable Customers



- Founded in 2016, Manchester
- Strong SaaS business model
- Founders: Damian Hanson & David Hague
- > 94 employees
- > 60 Highly skilled Software Engineers with CX development & support expertise
- AWS Technology & Consulting partner

3,000 customers 7,000 users / seats	5,000 Agents / seats



Thank you.