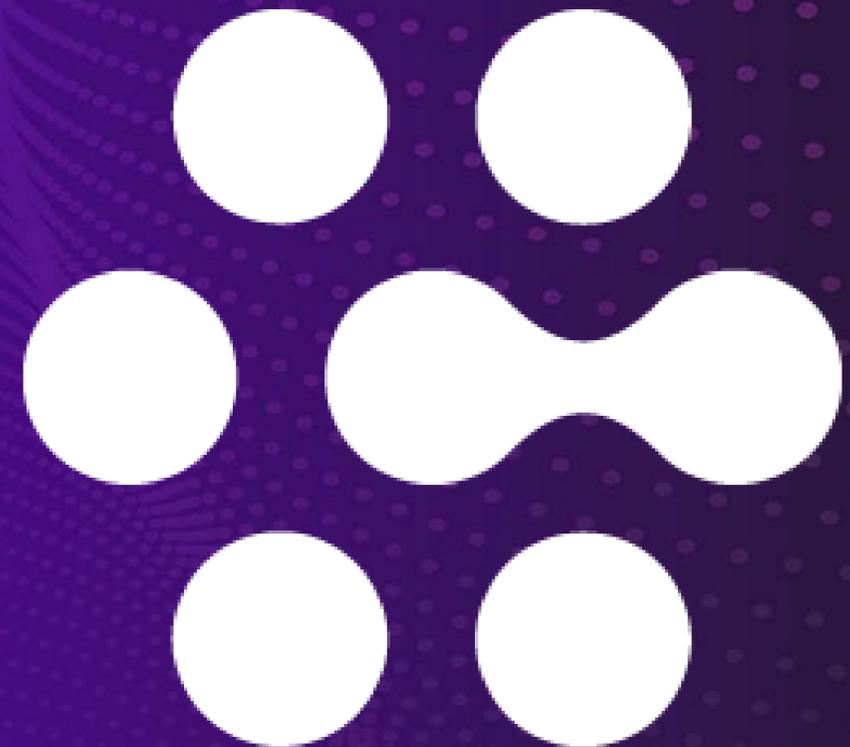


Gamma

2021 Final Results

Andrew Taylor, CEO
Andrew Belshaw, CFO





2021 Final Results

Agenda

-
01. **FY 2021 Business Update**
Andrew Taylor

 02. **FY 2021 Financial Highlights**
Andrew Belshaw

 03. **Strategic Plan Update**
Andrew Taylor

 04. **ESG**
Andrew Belshaw

 05. **Business Outlook**
Andrew Taylor

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



FY 2021 Business Update

Andrew Taylor

CEO



2021 – FY Business Highlights

- **Excellent financial performance** with very high levels of recurring revenue and margin
 - reinforced by a robust business model and focused execution of our operational & strategic objectives
- **Business units performing very well** with excellent levels of partner and end-customer engagement
 - driven by our digital capabilities, which has enabled and delivered significant levels of new sales during the period
- **Very strong net positive growth across all key product categories**
 - cross-selling and up-selling across all channels and product categories continues to be a very positive feature
 - normal low levels of churn and robust AMPU levels across all products, supported by good bolt-on attachment rates
- **Significant progress in the execution of Gamma's own-IP technology and product strategy**
 - new product launches and roadmap received very well and making an important contribution to performance
 - significant focus on our own-IP technology platform and products with key deliverables planned for 2022 and beyond
 - technology acquisitions (Mission Labs; Exactive; and Telsis) making a very important contribution to our plans
- **Continued execution at pace** on all aspects of our long-term strategic and operational plans
 - strengthening our geographic, technology, product and people skills and capabilities across the Group
 - Integration of all acquisitions and formation of a formal Group Operating Model proceeding well
 - building strong foundations and strategic capabilities to deliver long-term sustainable profitable growth



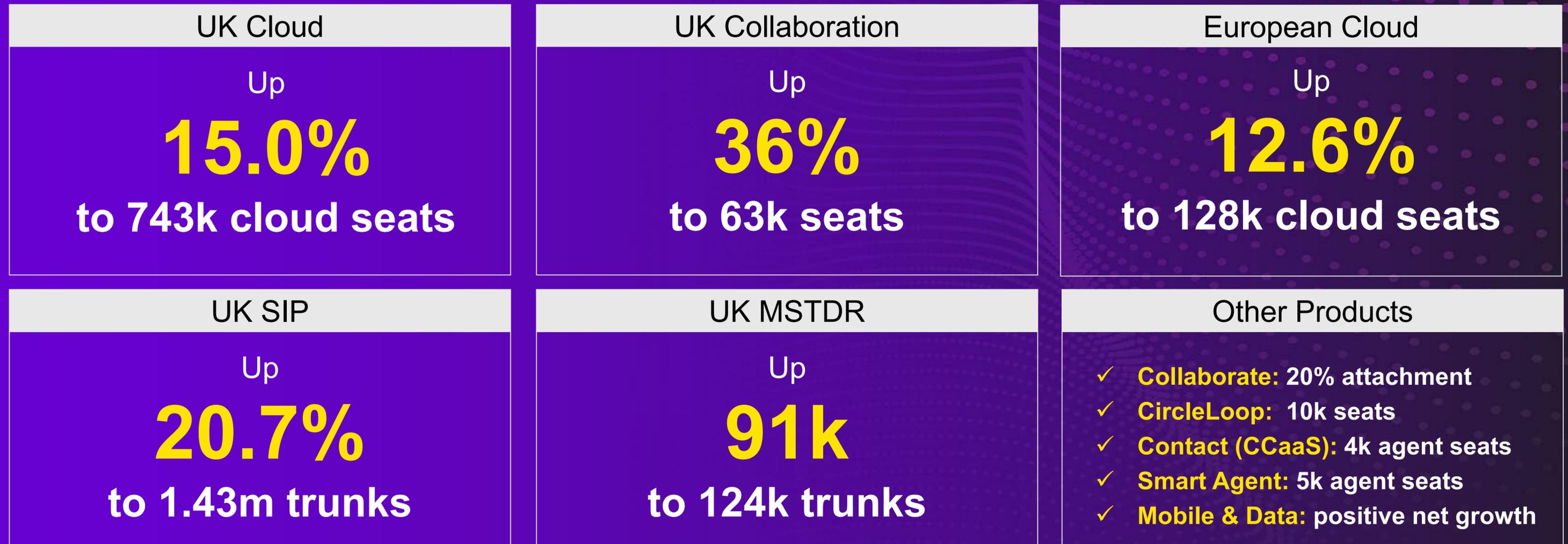
FY 2021 Business Update – Business Units

Gamma Group	UK Indirect	UK Direct	Europe
Up to £447.7m +14% growth	Up to £270.2m +9% growth	Up to £104.8m +7% growth	Up to £72.7m +50% growth
Gamma Group revenue	60% of Group revenue	24% of Group revenue	16% of Group revenue

- Positive revenue and margin growth across all customer and market segments
- Continued excellent channel partner and end-customer focus with very strong engagement levels
- Strong sales performance with upselling and cross selling a positive feature, delivering a substantial contracted backlog
- Low levels of price attrition, low levels of churn, with very positive product bolt-on attachment rates
- New products are now very much contributing to revenue and margin performance – positive and very pleasing trend
- Implementation of UK & European cloud growth strategies progressing well and delivering positive results



FY Business Update – UCaaS Product Performance



- Very positive product performance across all key product categories and business market segments
- Performing either in line or ahead of the market with new products beginning to make a positive contribution
- Significant market position in the UK with Microsoft (MST) solutions, delivering excellent results



Market Drivers – reinforcing growth trends

COVID drivers which accelerated growth have solidified into long-term sustainable trends



User and Customer Experience

- Consumers increasingly valuing the experience they receive as well as the product and service
- Changing the nature of all interactions
- Our customers demanding more capable products to allow them to support their place in this
- Gamma is ahead of this market and has invested heavily in our capability in this space



Hybrid working is here to stay

- The new normal working environment must allow people in all locations to connect, collaborate and contribute
- Gamma solutions allow businesses of all sizes to accommodate this
- Supports the flexibility that workers are now demanding of their employers



Connectivity powering the economy

- Businesses looking for assurance on availability, bandwidth and quality of service
- Fundamental market shift with withdrawal of legacy WLR services
- Balance of fixed and mobile assets allows Gamma to satisfy the need for connectivity anywhere
- Ownership of own network confers commercial and operational benefits



Core Gamma Foundations – **Why we win?**



Product

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



Network Quality

Supported by strong Carrier grade network foundations



Digital Platforms

Ensuring all partners and customers can interact and be supported with a digital experience
- providing them with a competitive edge



Commercial Agility

Highly flexible and easy to do business with but retain focus on selling on value



People

Gamma People and Culture are key to all aspects of our success – longstanding and built on trust and strong business ethics



Our Customers and Industry Recognition

Direct

Indirect

Europe

Notable Wins 2021

Awards 2021



FY 2021 Financial Highlights

Andrew Belshaw

CFO



2021 Financial Highlights – **Strong growth**

Revenue

Up

14%

to **£447.7m**

Adjusted EBITDA

Up

21%

to **£95.4m**

Adjusted EPS

Up

25%

to **64.0p**

Cash generated by operations

Up

28%

to **£89.8m**

Dividend

Up

13%

to **13.2p**

Cash balance

£52.8m

As at 31 December
(net funds of £49.5m)



Income Statement

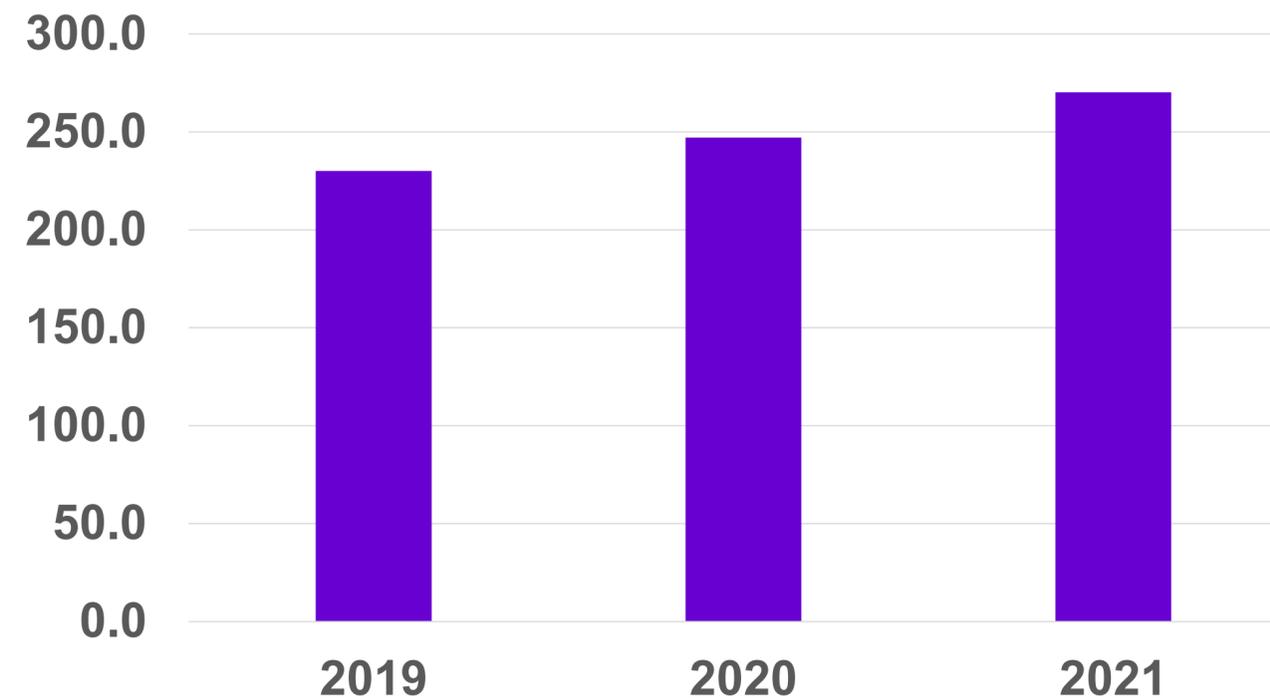
- Recurring revenue at **89%** - effect of acquisitions
- The COVID effect:
 - Direct slower in H2 – knock on effect from 2020 sales activity
 - Overhead growth suppressed – will come back in 2022
- Operating expenses driven by Share Based Payments and Development Spend – rest static
- Depreciation driven by success and investment
- Effective tax rate at 19.6%:
 - International rates beginning to take effect
 - UK tax increases affecting deferred tax

Years ended 31 December (£m)	2019	2020	2021	Growth 21 vs 20
Revenue	328.9	393.8	447.7	13.7%
Cost of sales	-162.4	-193.0	-219.2	
Gross profit	166.5	200.8	228.5	13.8%
<i>Gross profit margin</i>	<i>50.6%</i>	<i>51.0%</i>	<i>51.0%</i>	
Operating expenses	-103.0	-121.8	-133.1	
Adjusted EBITDA	63.5	79.0	95.4	20.8%
<i>EBITDA margin</i>	<i>19.3%</i>	<i>20.1%</i>	<i>21.3%</i>	
Exceptional items	-0.9	19.6	0.0	
Depreciation and amortisation	-15.1	-16.9	-17.6	
Amortisation on business combinations	-2.0	-6.0	-9.5	
Operating profit	45.5	75.7	68.3	-9.8%
Net finance income / expense	-0.3	-0.7	-1.1	
Profit before tax	45.2	75.0	67.2	-10.4%
Tax expense	-10.7	-10.6	-13.2	
Profit after tax	34.5	64.4	54.0	-16.1%
Adjusted EPS, Fully Diluted (Pence)	40.8	51.3	64.0	24.8%

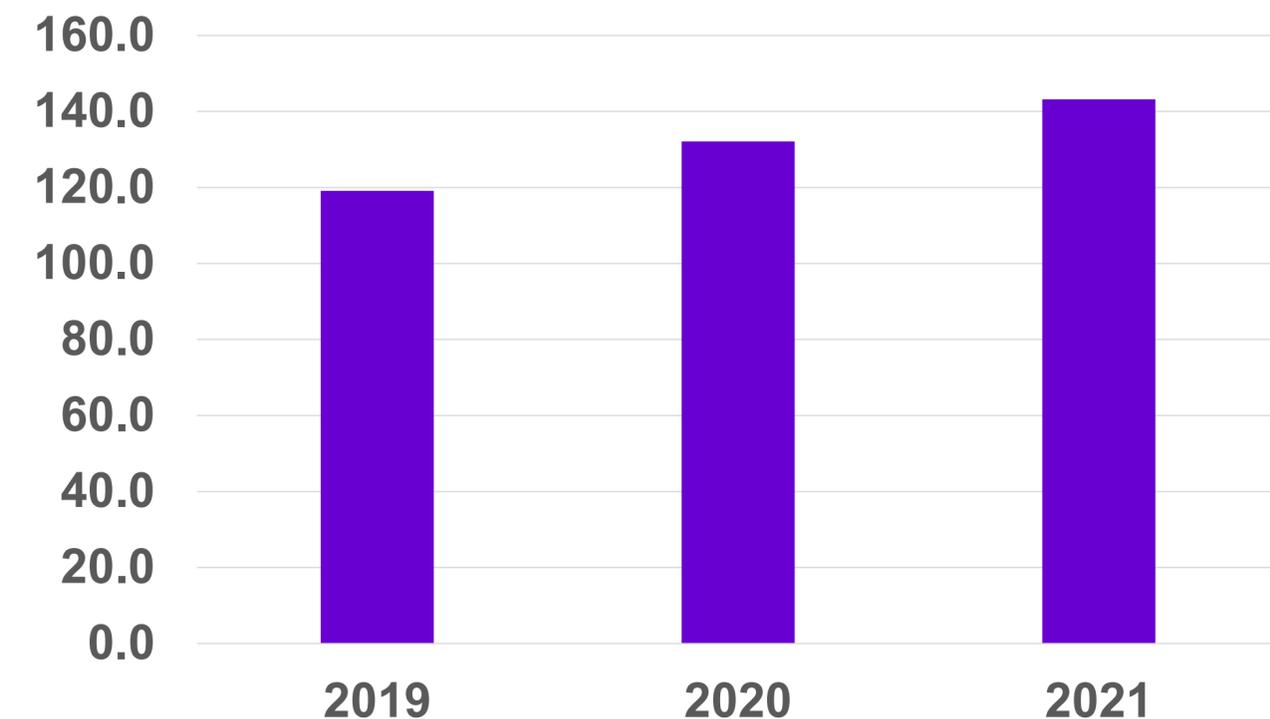
Indirect

- Growth entirely organic – revenue grew by **9%**
- Strong H2
- Underlying recurring growth business increasing led by SIP and Cloud PBX
- “Revenues taken over time” at **93.5%**
- Traditional business static
- Gross margin flattening at **c.53%** as mix stabilises

Revenue (£m)



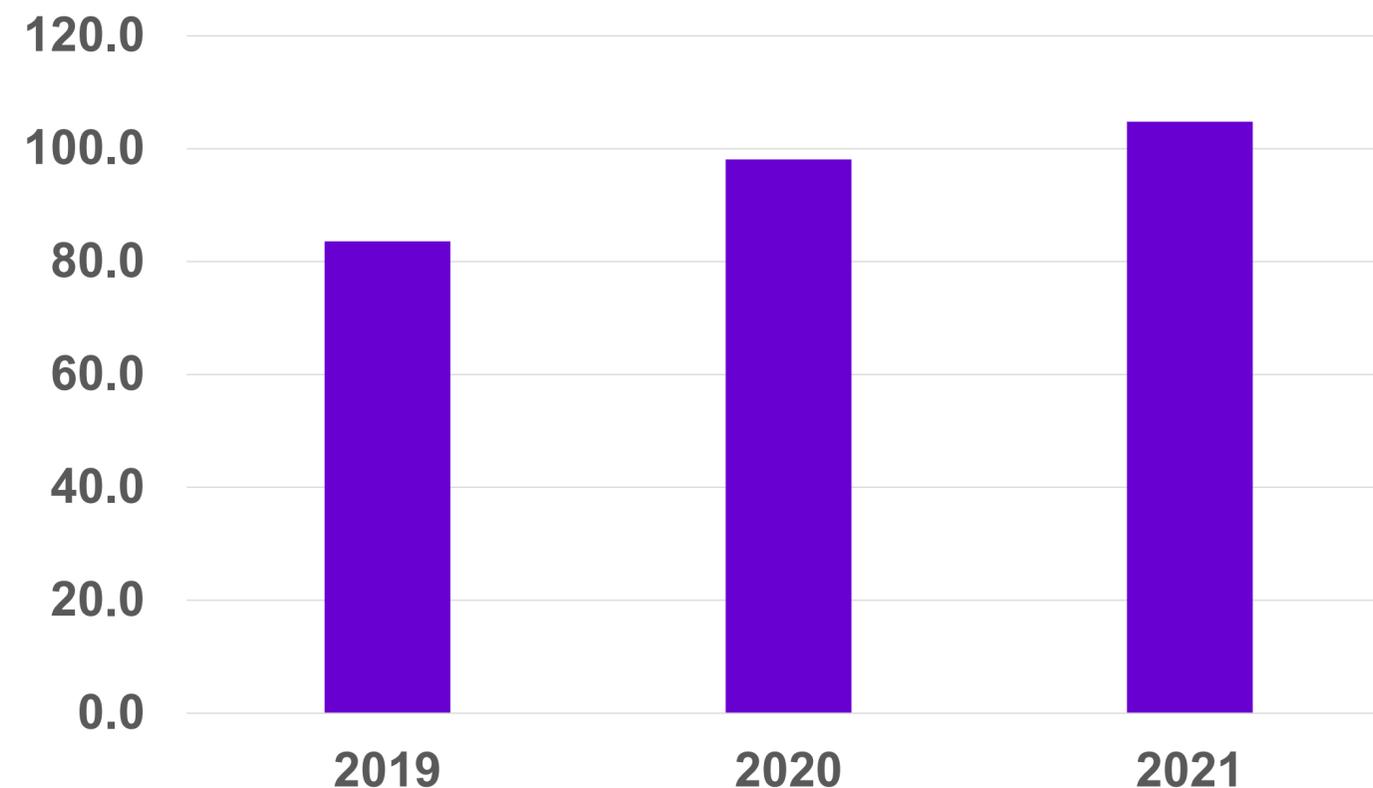
Gross Profit (£m)



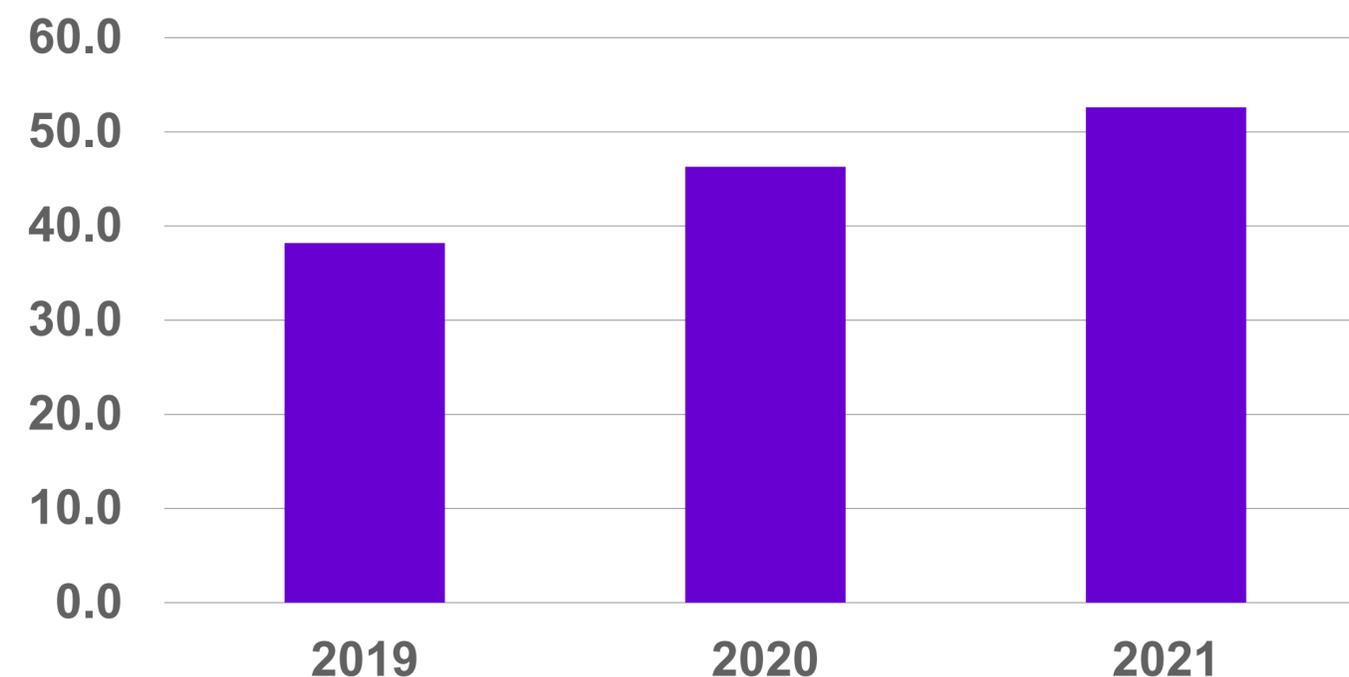
Direct

- Direct business driven by strong Enterprise and Public Sector performance
- Mission Labs included herein but not material
- Loop included in 2019 and 2020; not 2021
- COVID effect:
 - Lack of sales activity in mid 2020 (due to lockdown) meant less new business came on in 2021, therefore revenue growth slowed in H2
 - Margin increased to **50%** because of fewer installs and hardware sales (which are associated with newer business coming on)

Revenue (£m)

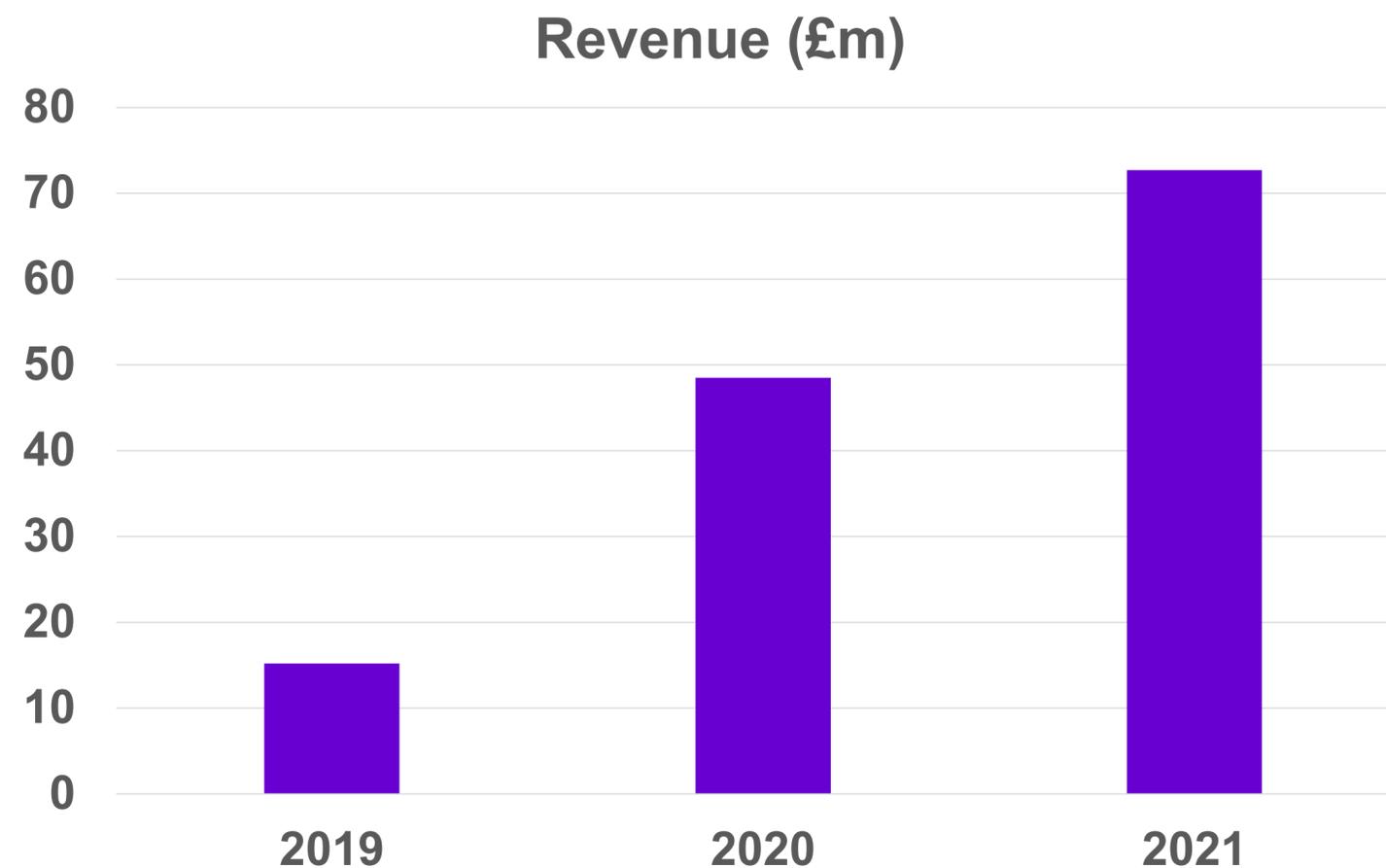


Gross Profit (£m)



European

- Growth is largely inorganic:
 - Acquisitions in 2020 were Voz (ES) in April, HFO (DE) and gnTel (NL) in July; Full Year in 2021
- Revenue in H1 - £35.4m; **H2 - £37.3m**
- Trading EBITDA of **£9.4m** - £5.3m in H2 (6% of total)
- Underlying EBITDA growth but additional Half-on-Half growth driven by Epsilon



European Revenue

- Europe bills traffic separately to seat revenue; UK bundles – more fluctuation in revenues
- Traffic volumes high in H1 but lower in H2 due to Covid – seats grew in all territories
- Netherlands suffered most from lower traffic but strong in other areas – mobile, multi-tenant business
- Growth in Spain and Germany – least developed and largest markets
- Revenue from Epsilon (mobile commissions) is less predictable – with lower margin at <20%

	H2 2020 €m	H1 2021 €m	H2 2021 €m	H2 20 vs H2 21
UCaaS				
NL	4.3	4.5	4.0	-7%
ES	5.0	5.5	5.4	8%
DE	6.0	7.0	7.2	20%
Sub-total	15.3	17.0	16.6	9%
Traditional				
Epsilon	14.7	12.1	15.2	3%
Other	11.8	11.5	11.7	-1%
Sub-total	26.5	23.6	26.9	2%
Total	41.8	40.6	43.5	4%
GBP	37.9	35.4	37.3	
Rate	1.10	1.15	1.17	

Balance sheet

- Strong cash reserves - **£52.8m**
- Net cash of **£49.5m**
- Notional IFRS 16 liability (i.e. future lease payments – largely on buildings) of £11.9m (2020: £13.1m)

Balance Sheet as at 31 December (£m)	2019	2020	2021
Non-current assets (incl. PPE)	98.9	163.6	197.6
Receivables and inventories	85.6	104.4	111.4
Cash	53.9	53.9	52.8
Current assets	139.5	158.3	164.2
Total assets	238.4	321.9	361.8

Non-current liabilities	26.4	42.9	41.4
Current liabilities	59.5	74.6	66.2
Total liabilities	85.9	117.5	107.6

Share capital and premium	6.8	9.2	15.1
Other reserves	4.8	-5.3	-2.2
Retained earnings	140.9	197.5	239.1
Non-controlling interest	-	3.0	2.2
Total Equity	152.5	204.4	254.2

Cash and debt (£m)	31 December		
	2019	2020	2021
Cash	53.9	53.9	52.8
Debt acquired with subsidiaries	-	-5.9	-3.3
Net Cash	53.9	48.0	49.5
Contingent Consideration	-2.6	-14.2	-12.0
	51.3	33.8	37.5



Cashflow

- Cash conversion increased to **94%**
- Guiding cash conversion to 85-90% (was 80-85%)
- Taxation has decreased as guided - cashflow higher in 2020 due to changes in QIPs regime
- Capex increased due to acquisitions within guided run rate of **£16-18m**
- M&A activity:
 - Mission Labs **£40.8m**
 - Deferred consideration paid in year of **£6.5m** (HFO and Exactive)
 - Deferred consideration to be paid in future estimated to be **£13.0m** (undiscounted and including options on HFO); of which £6.1m is payable in 2022

Cash Flow Statement (£m)	Year to 31 December		
	2019	2020	2021
Adj EBITDA	63.5	79.0	95.4
Net Cash inflow from Operations (pre-tax)	54.0	70.3	89.8
<i>Cash conversion</i>	85.0%	89.0%	94.1%
Taxation	-7.5	-14.1	-13.3
Capital Expenditure	-12.4	-15.4	-16.8
Cash inflow before Acquisitions and Financing	34.1	40.8	59.7

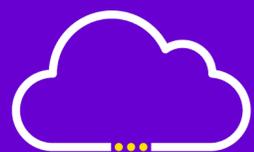


Gamma 2023 Strategic Plan update

Andrew Taylor
CEO



2023 strategic priorities continue to drive execution...



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



...And are evolving to wider 2026 strategic priorities



Build a strong and sustainable position in the **UCaaS & CCaaS SME market**



Focus on the **customer** and strengthen / broaden our **routes to market**



Transition our existing customers to our full UCaaS & CCaaS proposition



Create an organisation that **engages all** our people with a **common set of goals**

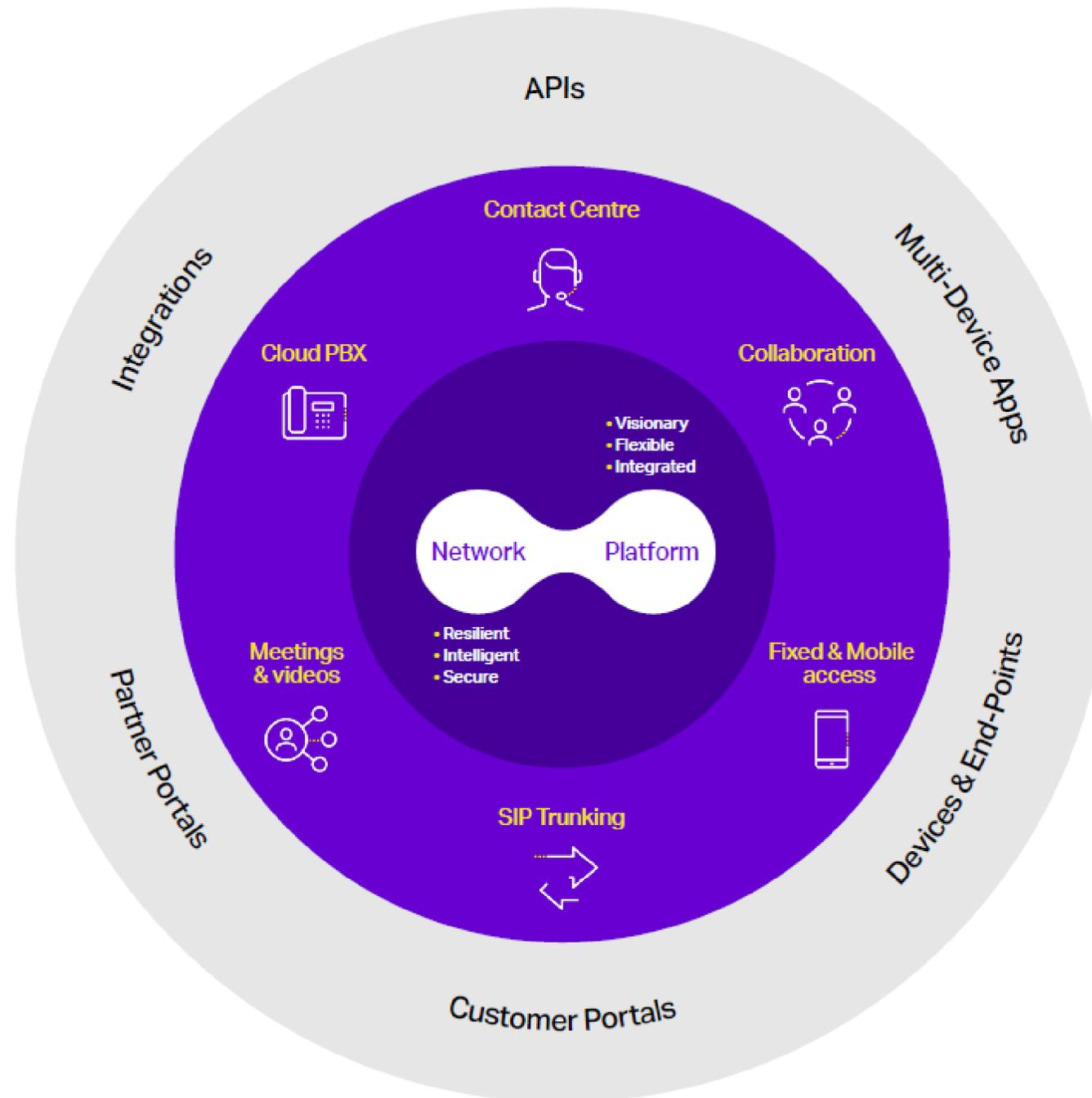


Gamma strategic strengths

Adding software platform capability to existing network strengths



“Empower people to communicate and work smarter, together”

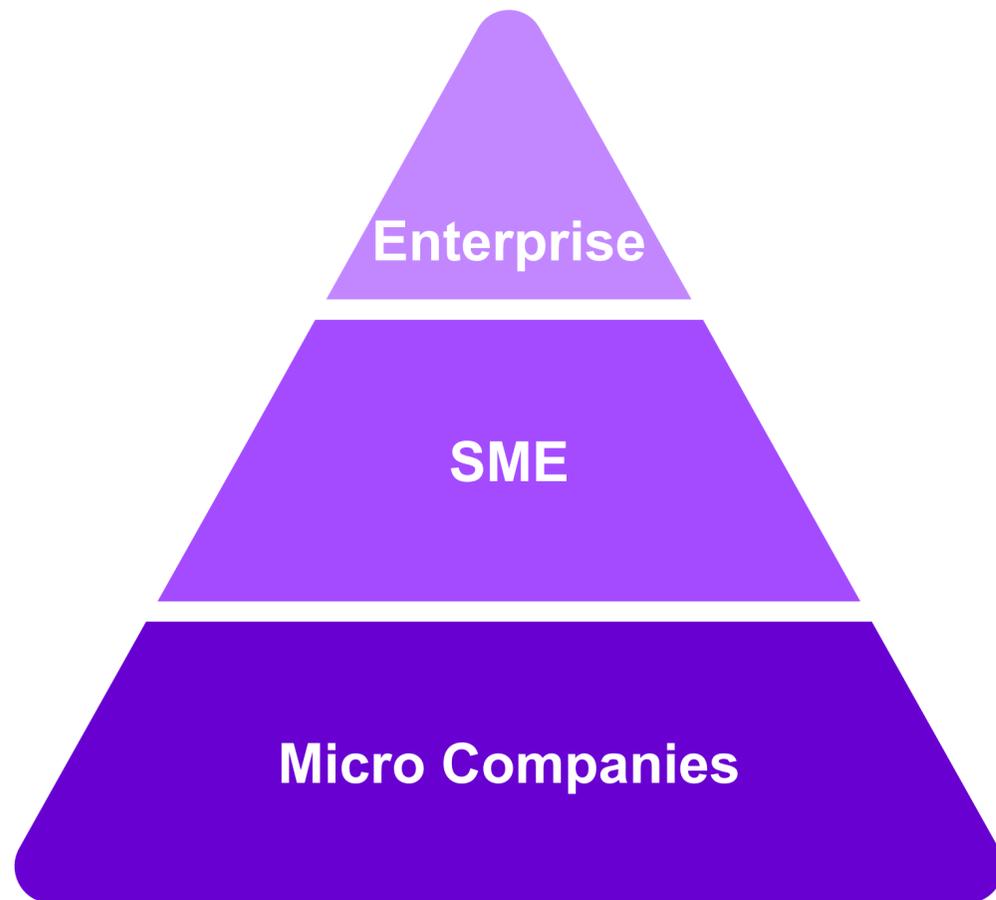


“To provide straightforward **cloud communication** and **collaboration services** for business, underpinned by a robust, secure network”

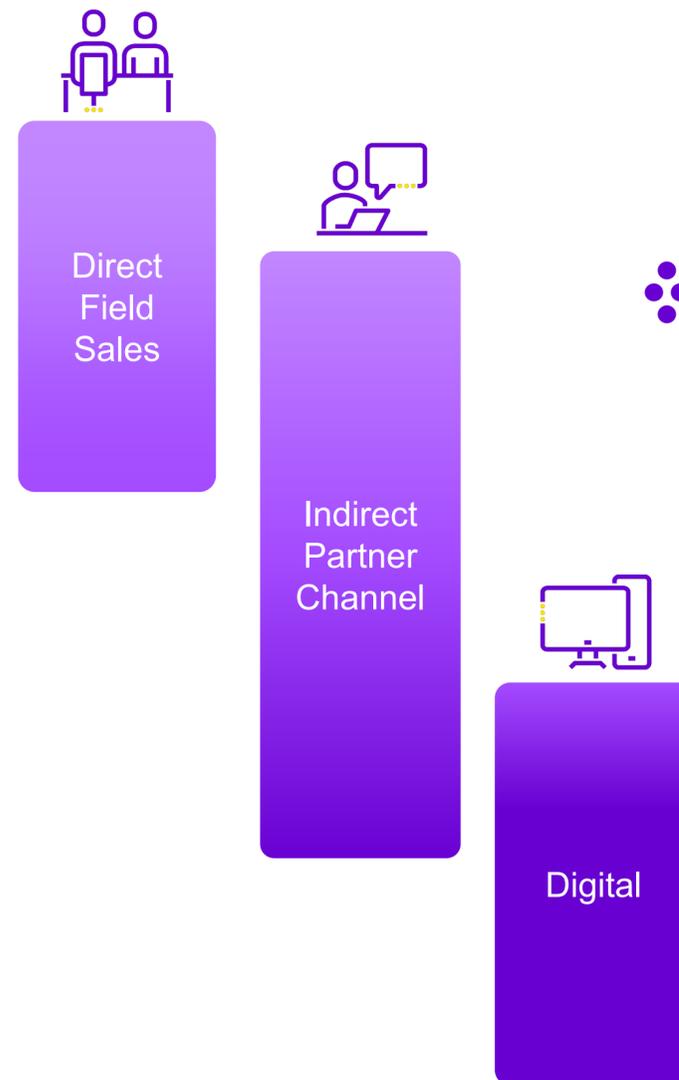


Addressing all key business market segments

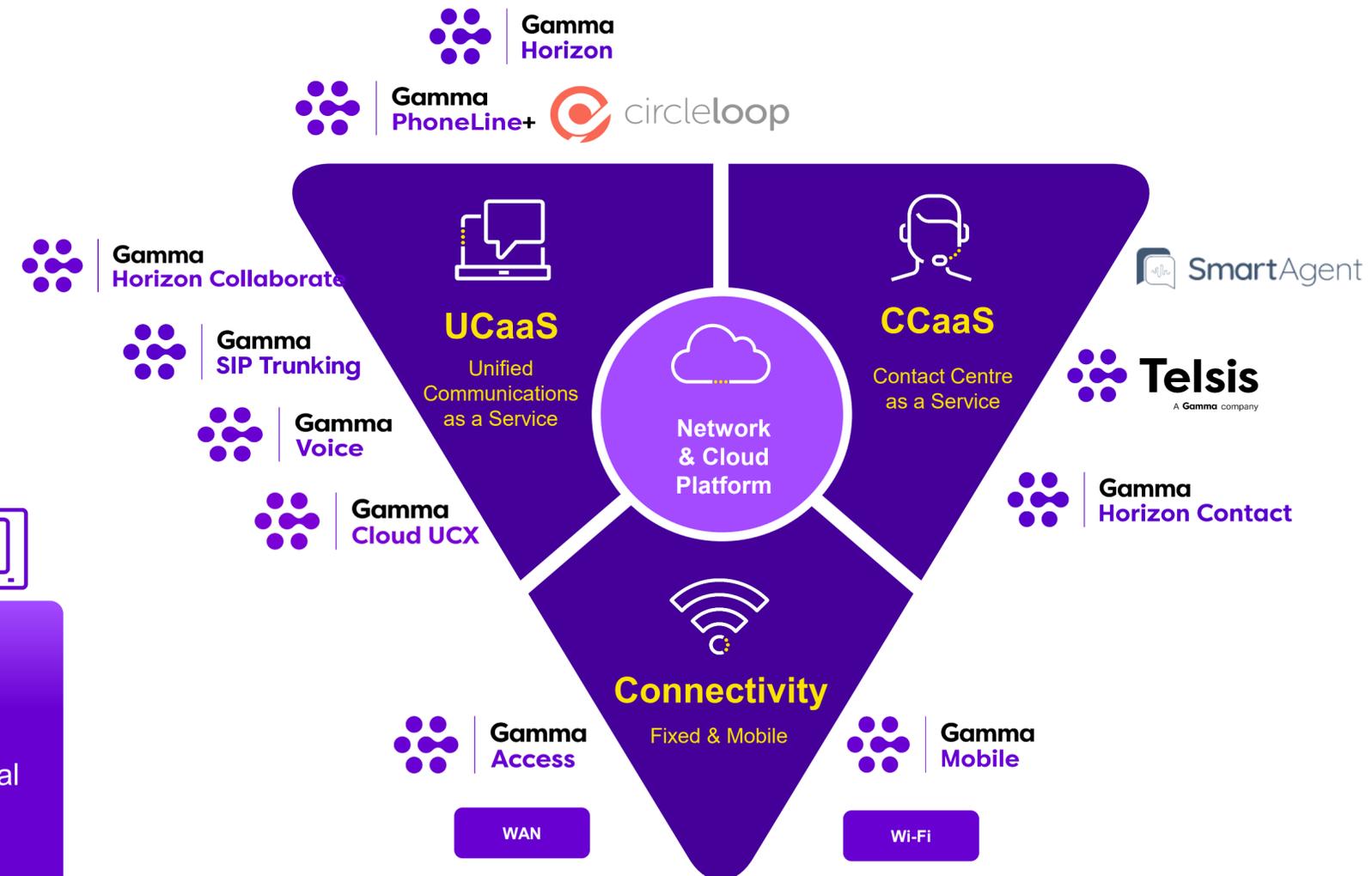
Business Segment



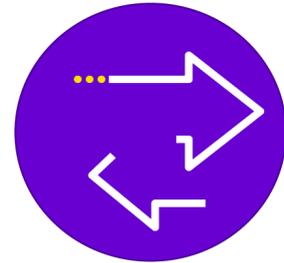
Channel



Propositions



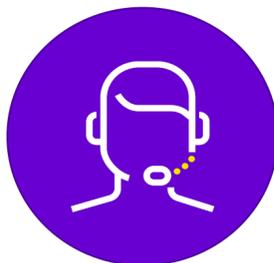
Multi-market Product Launches – excellent progress

  Horizon Contact	  PhoneLine+	  Gamma Mobile	  Horizon MS Teams Integration	  Microsoft Operator Connect - UK	  Collaboration 2.0 Evolution
 February 2021 Provides SMEs Contact Centre features tightly integrated with Cloud-PBX Helps SMEs grow through enhancing their customer interactions	 May 2021 Modern cloud replacement of the traditional PSTN line Provides CPs with replacement ahead of 2025 PSTN shutdown	 May 2021 Upgrade and Launch of new Gamma MVNO platform Immediate access to VoWiFi, VoLTE and 5G, network parity, strong commercial position & lower cost base	 July 2021 Integrates Horizon PBX with Microsoft Teams Horizon PBX features can be leveraged while using MS Teams to make and receive calls	 October 2021 Provides best in class PSTN for Microsoft Teams users in the UK Fully integrated with Gamma's SIP, providing enhanced quality of service and resilience	 March 2022 In-house developed Customer collaboration software Provides users with an improved UX and enhanced roadmap

Delivering an exciting set of new and enhanced products, and network and own-IP technology capabilities



2022 roadmap - extending current and future capabilities

 	 	 	 	 	 
Microsoft Operator Connect - NL	PhoneLine+	Gamma Mobile	Telsis CCaaS in Spain	Circle Loop in DE and NL	Horizon Contact
Q2 2022	Summer 2022	H1 / H2 2022	Q3 2022	Q4 2022	Continuous
Launch of Operator Connect into the Dutch marketplace Enabling Gamma to be the first to market and build a strong Microsoft capability	Upgrade and expansion of PL+ capabilities Address additional market segments and maximise opportunities for WLR replacement	Migration to new Gamma MVNO platform Providing access to VoWiFi, VoLTE and 5G, network parity, strong commercial position & lower cost base	Launch of the Telsis cloud contact centre solution into the Spanish market Integrated into our UCaaS solution and providing up-sell and cross-sell opportunities	Launch our Digital UCaaS product into two additional European markets Opening up a new market segment to enable additional growth opportunities	Horizon Contact delivers functional increments every six weeks Driven by market and partner input and demand

Maximising the roll-out of Gamma own-IP capabilities and demonstrating the efficient geographic scaling of key Group products



ESG

Andrew Belshaw

CFO



ESG – commitment to supporting our world



Environmental

- Our products enable our customers to reduce their own emissions
- Gamma is committed to becoming a carbon net-zero company by 2042
- Rebased our Carbon Emissions to include Europe and better definition of Scope 3
- Will be TCFD compliant by 2023
- Certified Carbon Neutral Company since 2006



Social

- Gamma is pleased to report a 68% CSAT rating in 2021 (2020: 69%)
- Implemented Ethical Procurement Policy
- Employee engagement surveys now cover all Business Units
- Employee Forum established
- Good subscription to share schemes
- Whistleblowing scheme in place



Governance

- Apply QCA Code
- Business has always sought to achieve levels of governance expected on the Main Market
- Launched new risk management framework
- Launched new group governance framework
- Maintain external certifications (ISOs)
- Use of Internal Audit



Business Outlook

Andrew Taylor

CEO



Business Outlook



Robust business model with **strong recurring revenue & margin**, and very good visibility of our numbers through FY 2022 and beyond



Positive long-term market outlook, with the future adoption of cloud services forecast to continue across all markets and business segments



Continued execution of our **own-IP technology and product strategy** with an **exciting roadmap of new product launches** targeted across **all markets**



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



Addressing **all segments of the business market** (Micro, SME, Enterprise and Public Sector) with their **cloud communication and connectivity needs**



Potential economic and business market headwinds as a result of wider inflationary pressure and availability of talent



Q&A





Thank you.

Appendix

Gamma 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

Increasing availability of own-IP solutions

Creates revenue and margin efficiencies; allows more rapid and targeted response to customer and market trends

Go to Market Model

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

Experienced Management Team

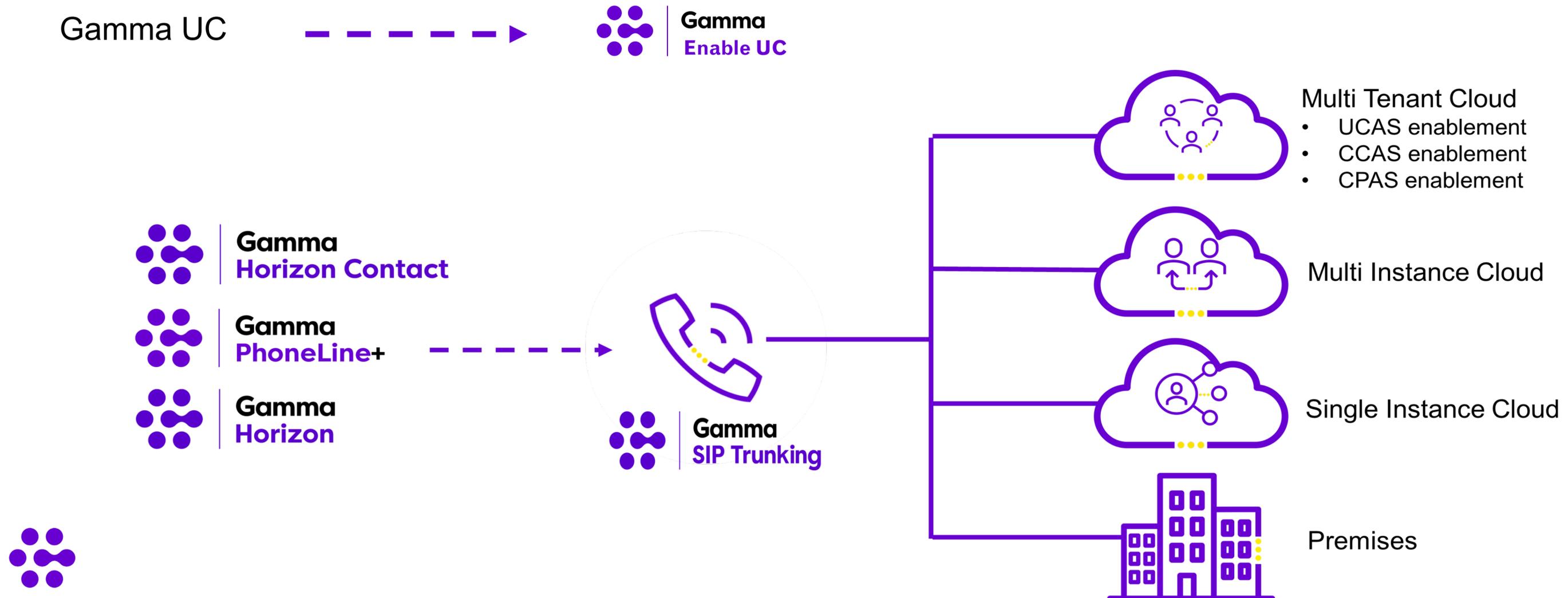
Pioneers in the cloud market with a demonstrable track record of delivering long-term profitable growth



Enabling all existing and emerging voice delivery models

Gamma can “win” multiple different ways

“If we can’t get the application, we will provide the associated infrastructure”

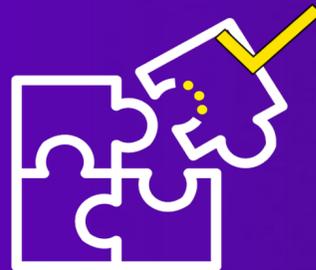


Gamma MST - voice enablement of Teams via multiple routes

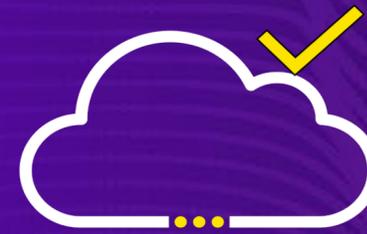
Only 10% of Teams users have voice enabled which represents a significant opportunity



Horizon Integration



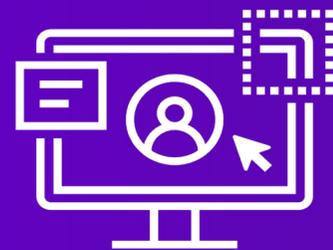
Direct Routing



Operator
Connect



Direct Routing DIY



Supported by
Gamma Voice



API Driven /
Strategic Partnership

