

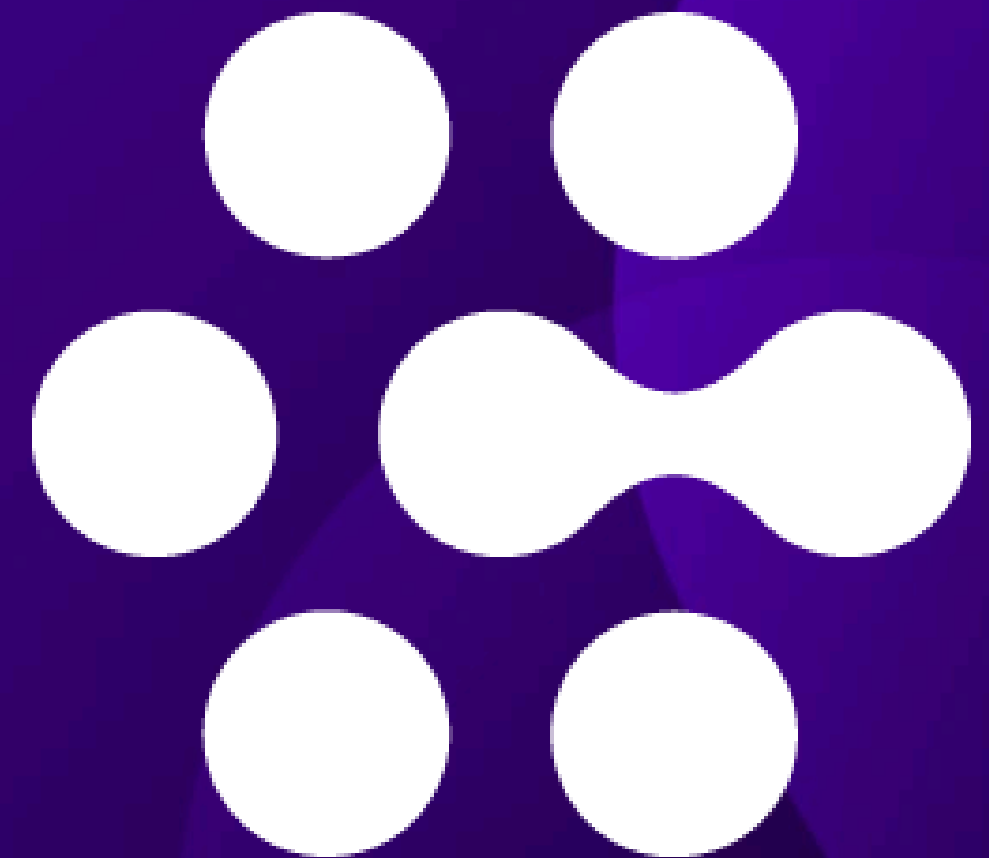
Gamma

Half Year 2024 Results

10 September 2024

Andrew Belshaw, CEO

Bill Castell, CFO





HY 2024 Results

Agenda

01. **HY 2024 Business Update**
Andrew Belshaw

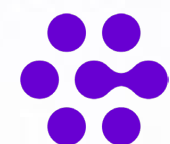
02. **HY 2024 Financial Highlights**
Bill Castell

03. **Update on Strategy and Market Trends**
Andrew Belshaw

04. **ESG Update**
Andrew Belshaw

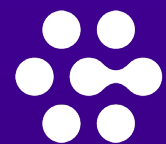
05. **Business Outlook**
Andrew Belshaw

06. **Q&A**
Andrew Belshaw and Bill Castell



Half Year 2024 Business Update

Andrew Belshaw, CEO



Half Year 2024 Business Update

Business Highlights

- **Organic growth in all Business Units**
 - Growing product portfolio and high levels of customer service
 - Continued investment in research and development
 - Rebuilding our existing suite of portals
- **Acquisitions delivering well and supporting Group performance**
 - **Satisnet** – good wins in H1 including cross sell into the Gamma customer base, strong and growing sales pipeline
 - **Coolwave** – extending number of compliant countries; will launch unified Operator Connect solution early in 2025
 - **Pragma** – strong performance in the first half, helping us reach 1m Cloud seats in the UK
- **Strategic bolt-on acquisitions enhance capability and open up new markets**
 - **BrightCloud** is a key Cisco partner for CX and CCaaS – additional cross sell opportunities
 - Deal to acquire **Placetel** would accelerate growth in Germany



H1 2024 Business Update

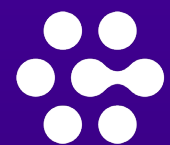
Gamma Group	Business	Enterprise	Europe
£282.5m +10% growth	£184.1m +12% growth	£61.0m +15% growth	£37.4m -3%* growth
Gamma Group revenue	65% of Group revenue	22% of Group revenue	13% of Group revenue

- High levels of recurring revenue and margin in **Gamma Business**
- Strong start to 2024 for **Gamma Enterprise**, boosted by acquisition of Satisnet
- Continued growth in **Germany** – increase in Cloud Seats and SIP Trunks driving GP and EBITDA growth

*Stable in local currency. The adverse impact of movements in exchange rates has resulted in a 3% decline

Half Year 2024 Financial Highlights

Bill Castell, CFO



H1 2024 Financial Highlights

<p>Revenue</p> <p>Up</p> <p>10%</p> <p>to £282.5m</p>	<p>Adjusted EBITDA</p> <p>Up</p> <p>10%</p> <p>to £62.2m</p>	<p>Adjusted EPS</p> <p>Up</p> <p>16%*</p> <p>to 42.5p</p>
<p>Cash generated by operations</p> <p>Up</p> <p>4%</p> <p>to £59.6m</p>	<p>Cash Balance</p> <p>£142.9m</p> <p>As of 31 Dec cash of £136.5m</p>	<p>Dividend</p> <p>Up</p> <p>14%</p> <p>to 6.5p</p>

***13%** adjusted EPS growth at actual tax rates. 16% when adjusting 2024 results to 2023 tax rates
2024 EPS growth was adversely impacted by the change in the UK corporation tax rate from 19% to 25% in April 2023

Income Statement

- Recurring revenue grew to **£252.7m**, **89%** of total revenue (2023: 90%)
- Revenue grew by **10%** (organic growth **5%[†]**) and gross profit by **11%** (organic growth **7%[†]**)
- Gross margin maintained above **51%**
- Adjusted EBITDA growth of **10%** (organic growth **8%[†]**)
- Adjusting items of £(0.6)m in the period relate to the implementation of new cloud-based Finance and HR systems
- Adjusted PBT grew **16%** to **£56.0m**, supported by higher interest income

£m	Six months ended 30 June 2024	30 June 2023	Year ended 31 December 2023	Half on half Growth
Revenue	282.5	256.2	521.7	10%
Cost of sales	(136.7)	(125.0)	(254.5)	
Gross profit	145.8	131.2	267.2	11%
<i>Gross profit margin</i>	<i>51.6%</i>	<i>51.2%</i>	<i>51.2%</i>	
Overheads	(83.6)	(74.7)	(152.9)	12%
Adjusted EBITDA	62.2	56.5	114.3	10%
<i>EBITDA margin</i>	<i>22.0%</i>	<i>22.1%</i>	<i>21.9%</i>	
Exceptional & other adjusting items*	(0.6)	0.0	(16.0)	
Depreciation and amortisation	(9.6)	(9.5)	(21.3)	
Amortisation on business combinations*	(6.3)	(4.8)	(10.0)	
Operating profit	45.7	42.2	67.0	8%
Interest income	3.6	1.7	5.4	
Unwind of deferred consideration*	(0.6)	0.0	(0.4)	
Interest expense	(0.2)	(0.4)	(0.5)	
Profit before tax	48.5	43.5	71.5	11%
Tax expense	(12.7)	(10.4)	(17.8)	
Profit after tax	35.8	33.1	53.7	8%
Adjusted profit before tax	56.0	48.3	97.9	16%
Adjusted EPS (Pence, fully diluted)	42.5	37.5	75.1	13%

[†]Excluding the impact of acquisitions and movements in foreign exchange rates

*Adjusting item when calculating the alternate profit measures

Gamma Business

- Healthy **12%** growth in revenue, supported by our recent M&A
 - Pragma Group (EnableX), acquired in December 2023, has been successfully integrated and contributed £7.5m of revenue and £2.9m gross profit in H1
 - Coolwave acquisition contributed £2.2m revenue and £0.8m gross profit in H1
- Organic growth is driven by our Cloud PBX solutions
 - Growth has also been supported through targeted price rises (mainly on traditional products including connectivity and traffic)
- Gross margin has remained consistent at **53%**

YoY growth:

+10%

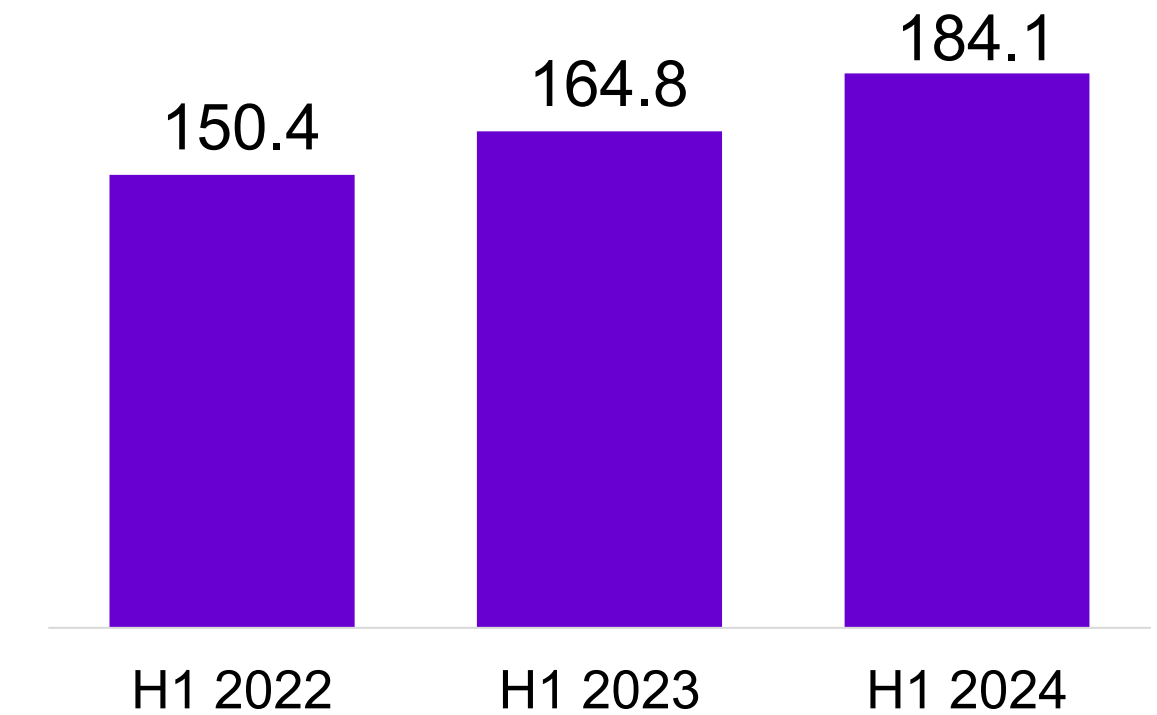
+12%

Organic growth:

+10%

+6%

Revenue (£m)



YoY growth:

+8%

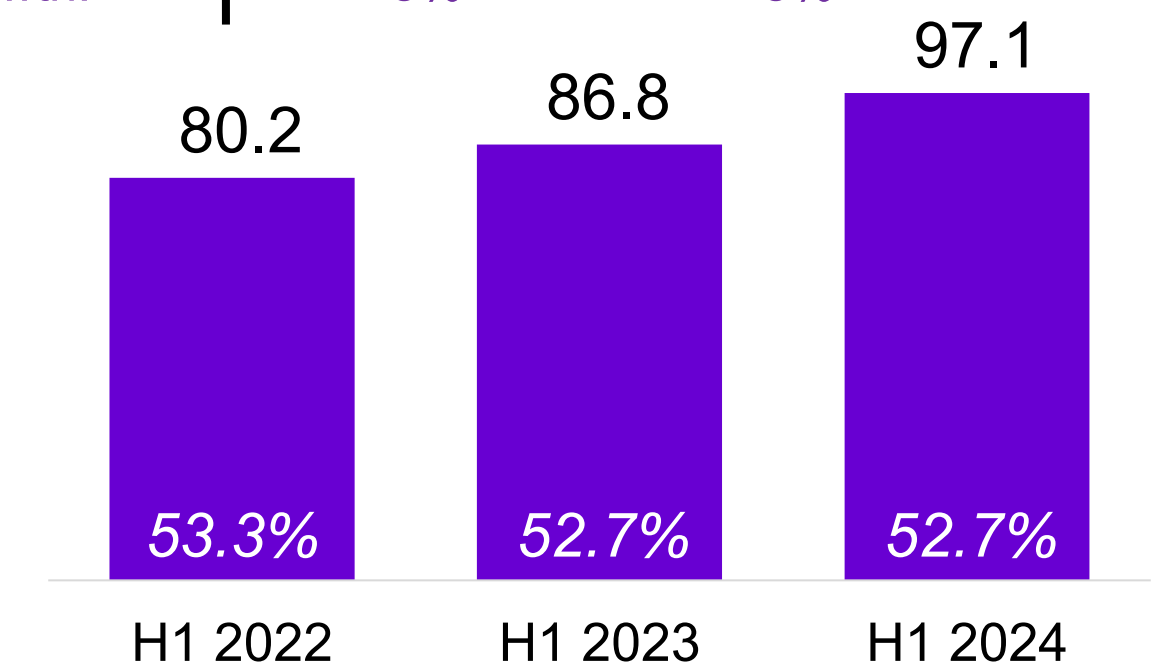
+12%

Organic growth:

+8%

+8%

Gross Profit (£m)



Gross Margin %

53.3%

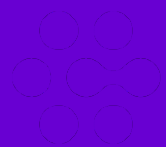
52.7%

52.7%

H1 2022

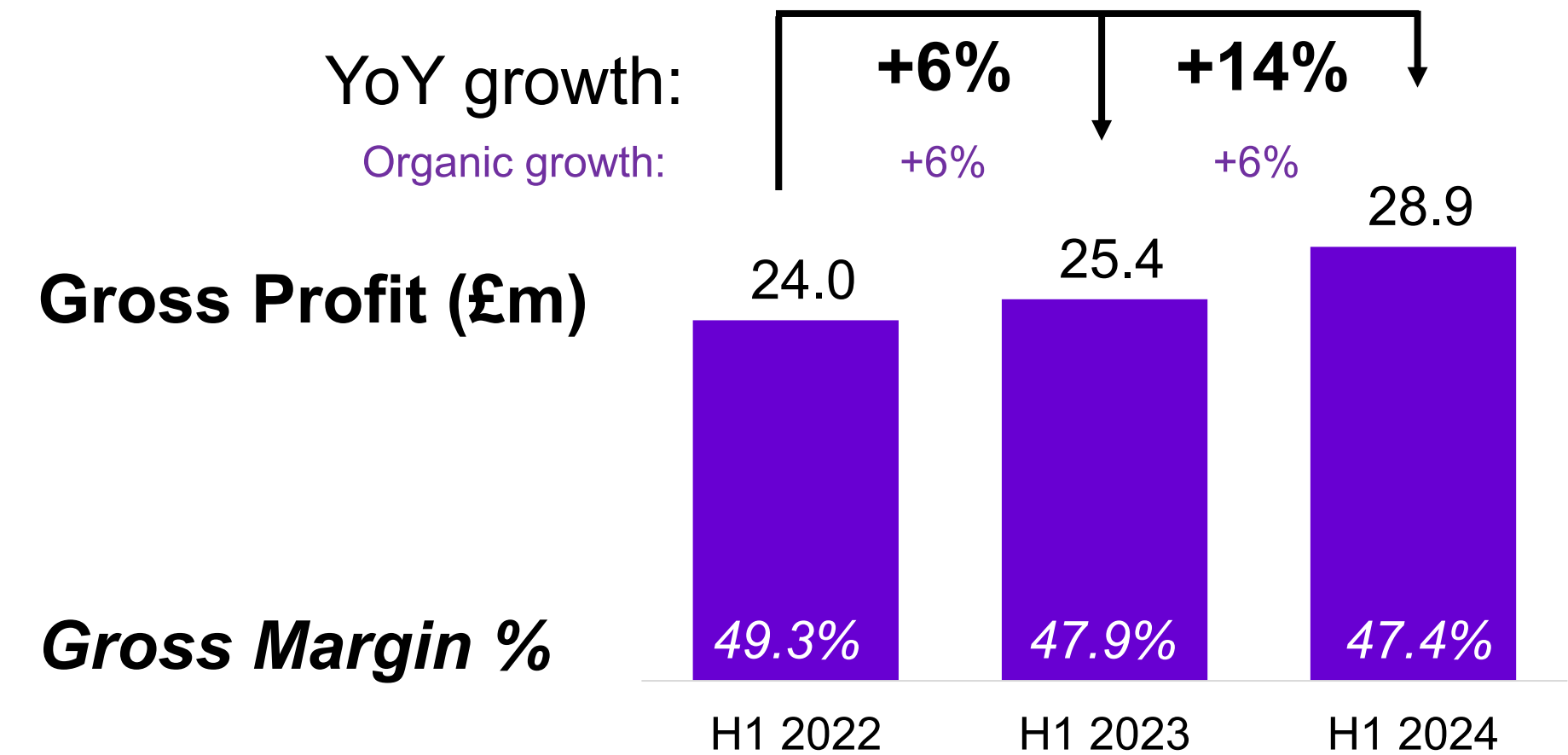
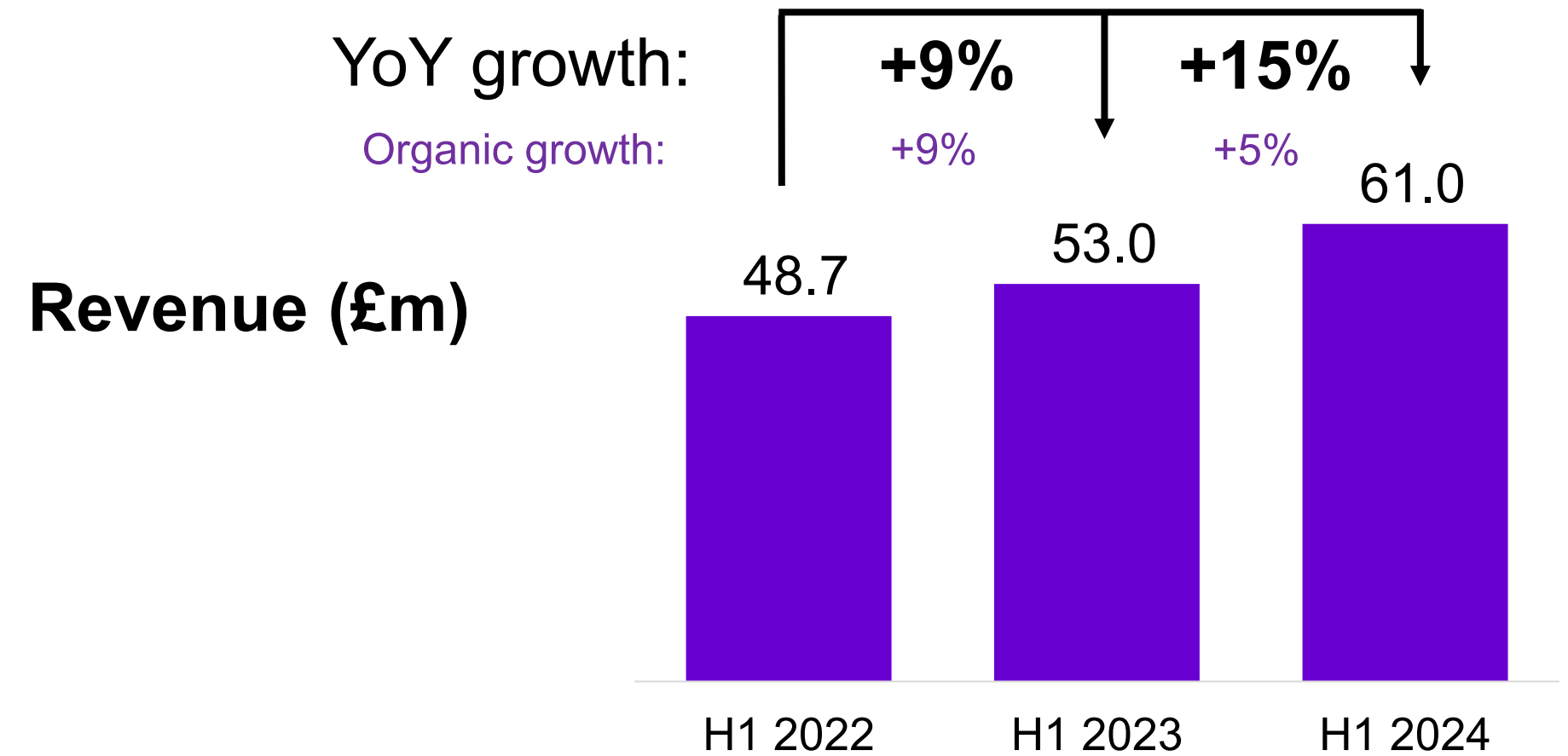
H1 2023

H1 2024



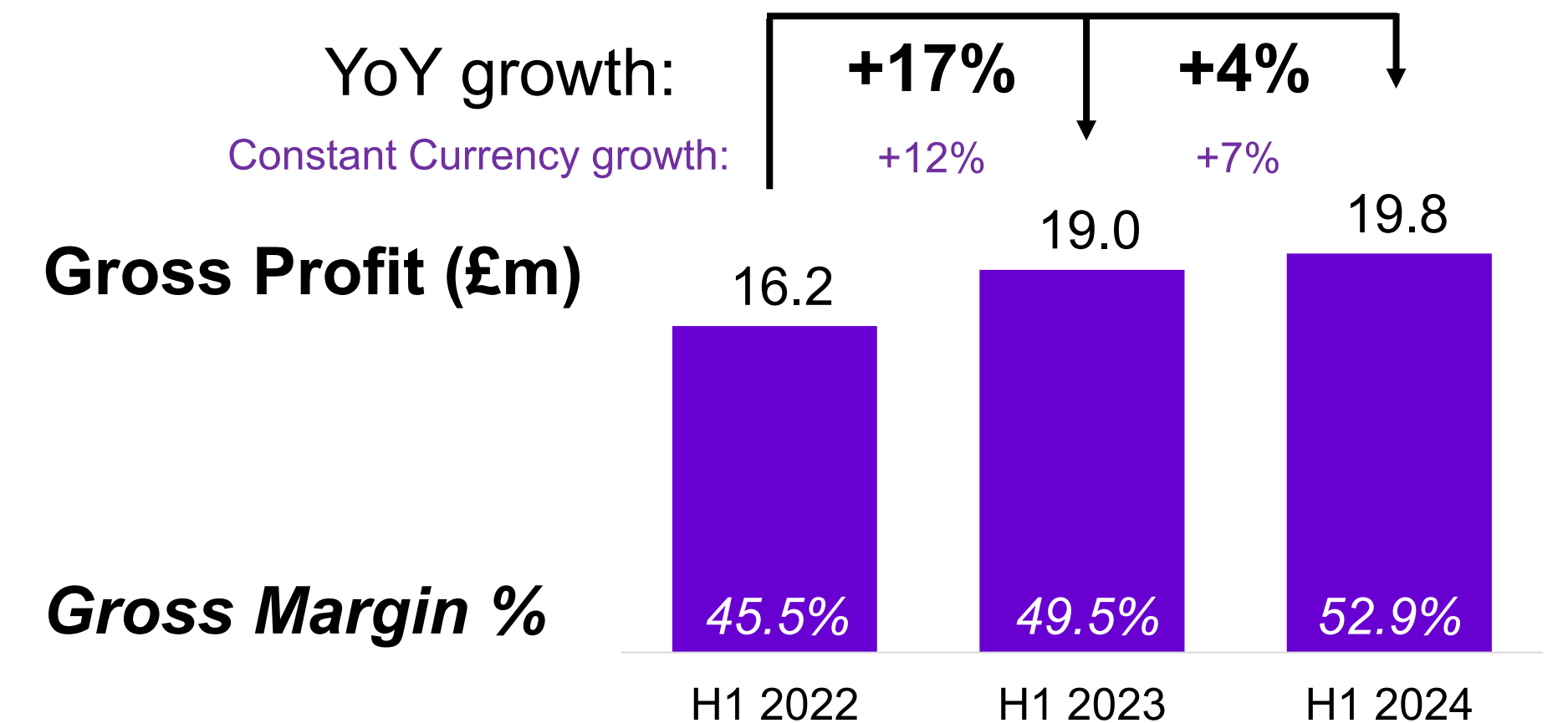
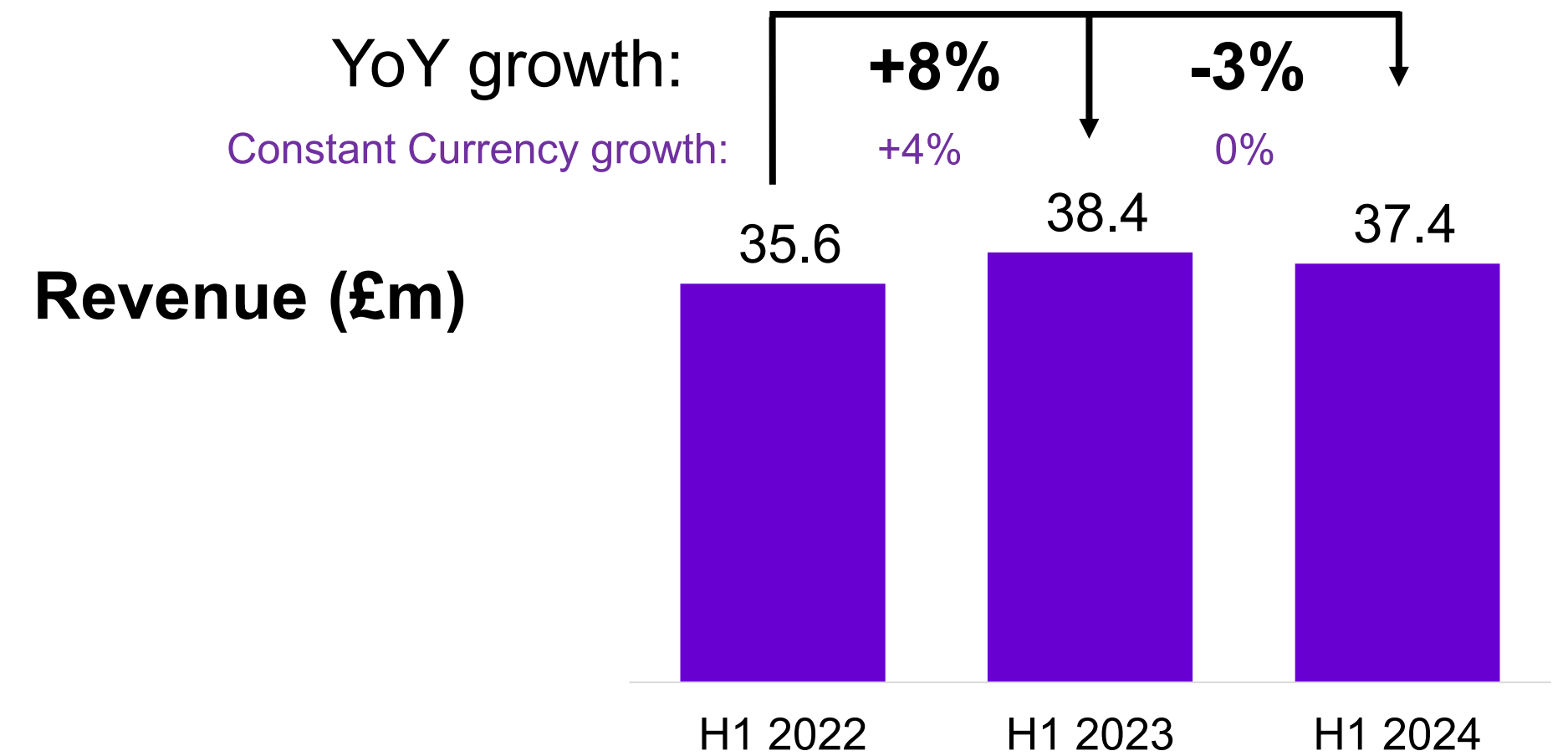
Gamma Enterprise

- Delivered **15%** revenue growth, driven by key contract wins and M&A
 - Satisnet Ltd, acquired in August 2023, has been successfully integrated and contributed £5.5m of revenue and £2.1m gross profit in H1
- Gross profit increased by **14%**
- Gross margin has reduced slightly due to the impact of the Satisnet acquisition
- Significant wins including:
 - SD-WAN, LAN, WiFi, and security infrastructure for Morrisons Supermarkets
 - Fusion IOT solution for The AA
 - Several wins for our omni-channel contact center management solution, Smart Agent, with Equiniti and additional sales to JD Sports Fashion in the US



Europe

- Revenue growth of **-3%** (**0%** at constant currency)
 - Good progress in higher margin products (UCaaS & SIP), offset by a reduction in low margin Germany Mobile SIM revenue (Epsilon) as well as low margin hardware sales in the Netherlands
- MS Teams voice users grew by **33%**
- Cloud PBX seats grew by **12%** in Germany
 - We have seen more challenging conditions in Spain and the Netherlands, with a decline of **3%**
- Gross profit grew **4%** (**7%** at constant currency)
 - Continuing gross profit growth in Germany and Spain
 - Netherlands (a mature market) performed in line with the prior year
 - Gross margin improving largely due to the impact of product mix



Investment

Overheads

- Increased by **12%** to **£83.6m** (2023 **£74.7m**), compared to a gross profit growth of **11%**
- Like for like overheads growth of **7%***, compared to gross profit growth of **7%***, largely driven by a higher proportion of development spend being expensed in the P&L
- If development costs were capitalised at the same rate as 2023, £2.7m of expensed cost would move to capex and the like for like overheads growth would fall to **3%**

Development costs

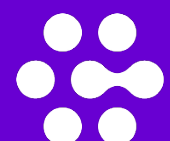
- Overall development spend decreased by **£0.8m** due to cost savings from the restructuring announced in 2023

£m	2024	2023	Variance
Expensed	10.7	8.4	2.3
Capitalised	4.7	7.8	(3.1)
Total Development Spend	15.4	16.2	(0.8)
<i>Capitalisation Rate</i>	31%	48%	

Capital expenditure

- Capital spend decreased by **£2.7m** to **£7.8m** following the restructure of our technology team and a lower capitalisation rate. We expect levels of capex to increase in H2 as we increase resource on new development projects, including the refresh of our portal

£m	2024	2023	Variance
Development costs	4.7	7.8	(3.1)
Tangible assets	1.4	1.8	(0.4)
Software licences	1.7	0.9	0.8
Total Capital Spend	7.8	10.5	(2.7)



*Excluding the impact of acquisitions and movements in foreign exchange rates

Balance Sheet

- Strong cash reserves – **£142.9m**
- No debt on the balance sheet other than IFRS 16 liability and contingent consideration
- Receivables and payables increased as a result of M&A
- Contingent consideration* has increased to **£9.4m**
 - Acquisition of Satisnet (£4.3m) and Pragma (£5.1m)
 - Offset by payments made on historic acquisitions

*Discounted value, including put option liabilities

Balance Sheet as at (£m)	Six months ended		Year ended
	30 June 2024	30 June 2023	31 December 2023
Non-current assets (incl. PPE)	218.7	180.0	214.3
Receivables and inventories	134.9	122.0	124.0
Cash	142.9	123.5	136.5
Current assets	277.8	245.5	260.5
Total assets	496.5	425.5	474.8
Non-current liabilities	41.5	30.1	41.5
Current liabilities	100.1	72.1	89.1
Total liabilities	141.6	102.2	130.6
Share capital and share premium	23.5	18.3	23.1
Other reserves	(7.2)	9.1	6.9
Retained earnings	339.5	297.2	315.1
Non-controlling interest	0.2	0.9	0.2
Written put options over NCIs	(1.1)	(2.2)	(1.1)
Total Equity	354.9	323.3	344.2
Cash and Debt (£m)			
Cash	142.9	123.5	136.5
Debt acquired with subsidiaries	0.0	(1.8)	(1.7)
Net Cash	142.9	121.7	134.8
<i>Excludes:</i>			
IFRS 16 lease liability	(7.4)	(10.5)	(10.0)
Contingent Consideration*	(9.4)	(4.5)	(10.5)

Cashflow

- Adjusted cash conversion of **100%**
- Taxes paid increase due to growth in PBT, impact of the increase in UK tax rate and tax refunds received in the prior year
- 2024 M&A activity
 - Acquisition of Coolwave **£6.8m**
 - Contingent consideration of **£1.7m** for Mission Labs
 - £0.5m** for final payment of the NeoTel acquisition
 - Future consideration to be paid is estimated to be **£12.3m[†]** (undiscounted, including options on Pragma); of which £1.1m is payable within 12 months
- Since 30 June 2024 we have acquired BrightCloud for **£9.0m** with an additional payment of up to £4m if revenue targets are met
- Share buy back cost of **£12.6m** as at 30 June (**£27.3m** on programme expiry)

[†]£9.4m discounted value, as disclosed on the balance sheet

Cash Flow Statement (£m)	H1 2024	H1 2023	Growth
Adjusted EBITDA	62.2	56.5	10%
Cash generated by operations	59.6	57.1	4%
<i>Add back: Cash impact of exceptional items</i>	2.2	-	
<i>Add back: Cash impact of other adjusting items</i>	0.4	-	
Adjusted cash generated by operations	62.2	57.1	9%
<i>Adjusted cash conversion*</i>	100%	101%	
Taxes paid	(13.2)	(5.3)	
Capital expenditure	(7.8)	(10.5)	
Adjusted free cash flow (Adjusted FCF)	41.2	41.3	0%
Exceptional and other adjusting items	(2.6)	-	
Acquisitions**	(9.0)	(2.4)	
Dividends	(11.1)	(9.7)	
Purchase of treasury shares	(12.6)	-	
Other investing & financing cash flows	0.7	(0.1)	
Net increase in cash	6.6	29.1	

*Adjusted for cash outflows related to exceptional items (restructuring costs) and other adjusting items (system implementation costs)

**Includes deferred consideration and put option liability payments

Analyst Modelling Guidance

Overall expectations for the full year 2024:

- Adjusted EBITDA within the top half of the company compiled consensus range* (**range £120.9m – £127.4m; mid-point £124.2m**)
- Adjusted EPS at the top end of the company compiled consensus range* (**range 78.4p – 84.0p**)
- Capex expected range reduced to **£18m - £21m**
- Operating cash conversion guidance maintained at over **90%**
- The share buy back programme expired on 6 September 2024 and the Board has decided not to extend this buyback beyond its original term

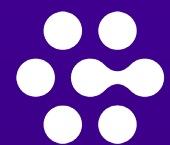
* Consensus range as at 6 September 2024

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Update on Strategy and Market Trends

Andrew Belshaw, CEO



Gamma's Growth Drivers

1

Customers are requiring more complex communications solutions which we are now able to address due to our broad suite of solutions. Additional capabilities have been acquired through Satisnet and BrightCloud. New portal will make adding new solutions easier

2

German cloud market is still underpenetrated and the strength of our German organisation will be enhanced by our agreement to buy Placetel

3

Evolution of our SIP base is an opportunity to increase ARPU as customers move to higher value solutions; strong partnerships with E-LG and Cisco will help us

4

PSTN Switch-off in the UK will drive millions of consumers and microbusinesses to seek other solutions such as our own PhoneLine+ capability

Gamma's Unique Position

Carrier Capability
Key for voice enablement

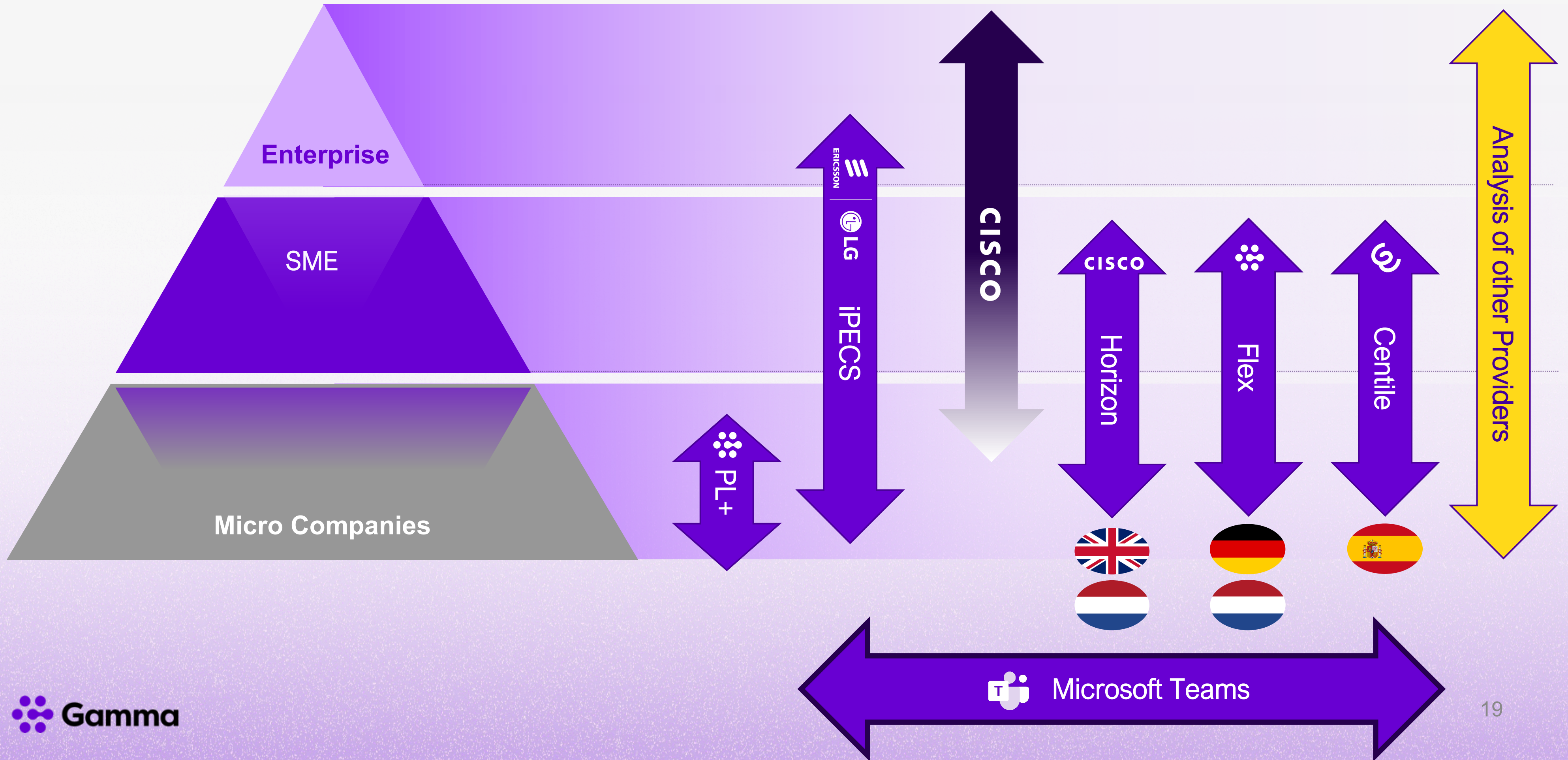
Global tech giants and large partners



Local distribution reach

Quality of service
Portal Evolution

Gamma's UCaaS Portfolio: Gamma Connect



Gamma's 2026 strategic priorities are being realised through our acquisitions



We will **develop** a **common European product set** for **UCaaS** and **CCaaS** for SMEs

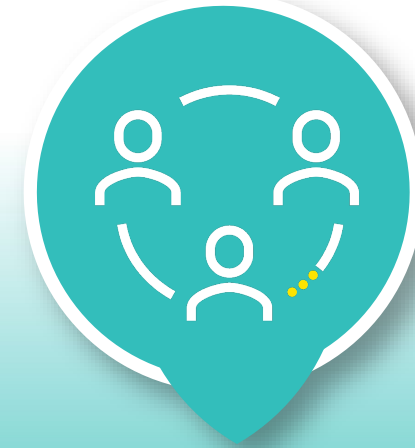
pragma
A Gamma company



We will develop **multiple routes** to the **market** in each country in which we operate

coolwave
communications
A Gamma company

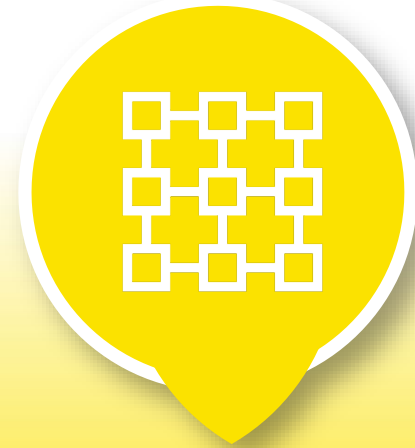
PLACETEL



We will become a **trusted partner** to Enterprises across Europe, transforming their communications estates

BrightCloud Group

Satisnet
A Gamma company



We will create an organisation that **engages all** our people with a **common set of values and goals**

Previously reported acquisitions



- August 2023
- Leading provider of cyber security services and solutions to businesses across the UK and Europe
- Cross-sale opportunities to existing companies



- December 2023
- Relationship with Ericsson-LG
- Access to Ericsson-LG's UCaaS solution, iPECS
- Enable resellers to access new opportunities

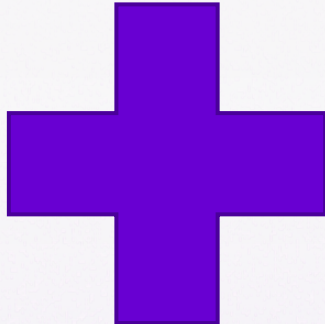


- February 2024
- International SMS and voice services provider
- Allow us to provide Operator Connect and other carrier services into 14 countries
- Enhance our Service Provider business (reported within Gamma Business)

Acquisition of BrightCloud – CX Capability



- Experts in Cisco Customer Experience ("CX") and CCaaS
- Direct and Indirect customers
- Increasing Managed Services and therefore recurring revenues
- Subject Matter Experts



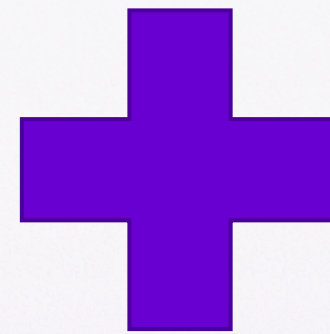
- Next Gen Communications MSP
- Leading brand in Enterprise
- Leader in MS Teams and OC
- Direct and Indirect Customers

A leading provider of CX solutions to the Enterprise

Acquisition of Placetel – German reach



- Large UCaaS base – over 260,000 seats
- Digital platform selling Cisco Collaboration Suite
- Strong German brand
- Large dealer base – complementary to Gamma

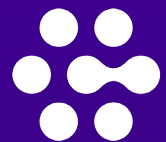


- Strong relationship with Cisco
- Cisco Collaboration identified as a strategic UCaaS product
- Large dealer base – complementary to Placetel
- UCaaS base – 38,000 seats

**A leading provider in Germany
Enhanced partnership – Gamma and Cisco**

ESG Update

Andrew Belshaw, CEO



Communications with a Conscience



Environmental

- Targeting Carbon net-zero in **2042** for Scope 1, 2 & 3. Targets approved by SBTi
- Validation for ESOS Phase 3 demonstrating commitment to energy efficiency and regulatory compliance

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Social

- Launched **Gamma Scholarship Programme**, supporting STEM students at University of Salford and Glasgow Caledonian University
- Our **Charity Forum** ran Gamma Games, Gamma Golf Day, and contributed to the Street Soccer Academy

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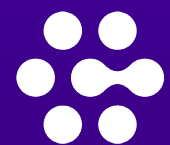
Governance

- Board is considering a move to the Main Market
- Re-certified against our existing ISO certifications and actively working towards ISO 27001:2022 certification before October 2025
- We've worked successfully with both customers and suppliers for external audits, retaining our various certifications

G

Business Outlook

Andrew Belshaw, CEO



Business Outlook



Robust business model with strong **recurring revenue and margin, high cash conversion** and with **strong balance sheet**



Cloud PBX penetration in UK around 50%; Europe significantly lower

Market growth will continue in UK and ARPU holding due to increasing penetration of bolt-ons; acquisition will strengthen position in Germany

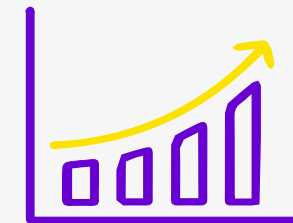


Migrations in UK market present significant opportunities

PSTN Switch off slowly starting to drive PhoneLine+ adoption
"SIP + Hardware" will increasingly move to a Cloud Product with higher ARPU



Investment in portal will improve customer experience and allow us to add additional capabilities more easily in future



Recent acquisitions have been immediately accretive and enhanced growth across the group



We continue to look for additional **M&A opportunities** to add to **routes to market and product / technical capability** - opportunities exist to add more capabilities through larger acquisitions

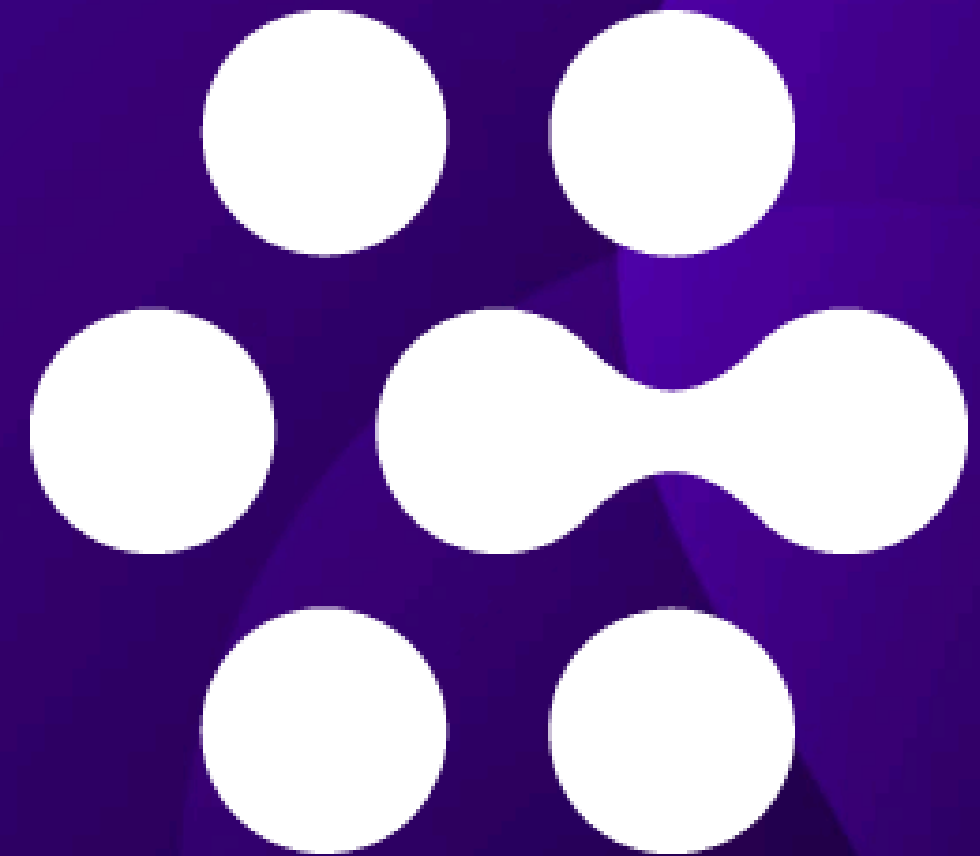
Q&A

Andrew Belshaw, CEO

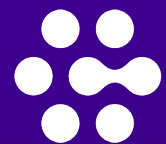
Bill Castell, CFO



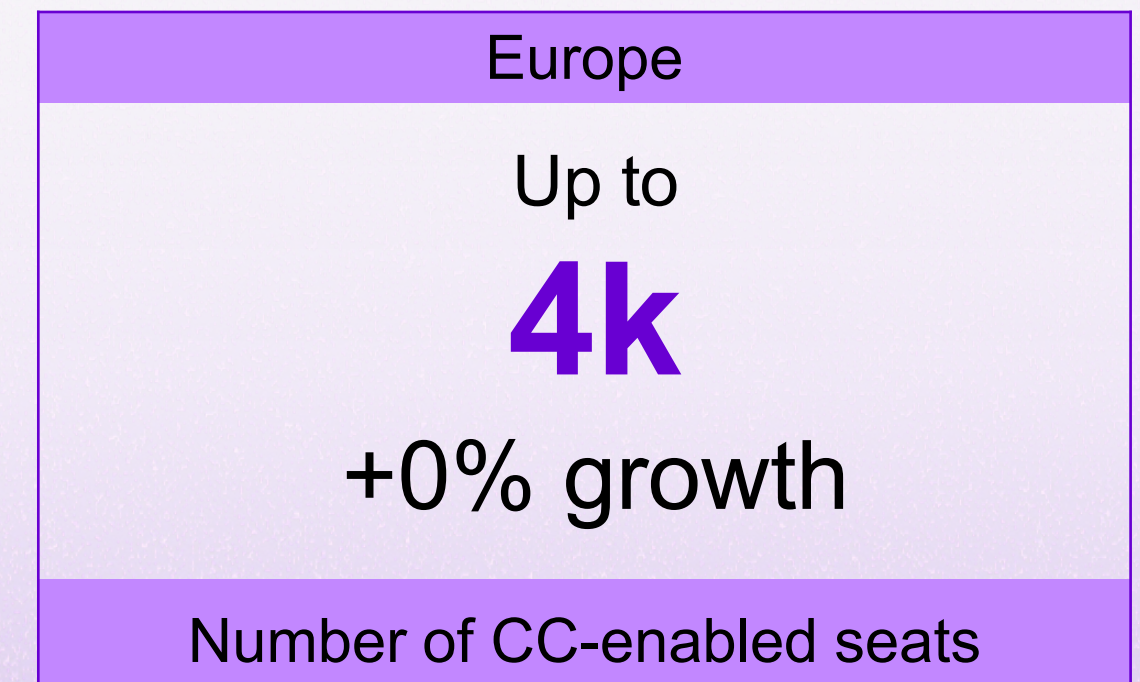
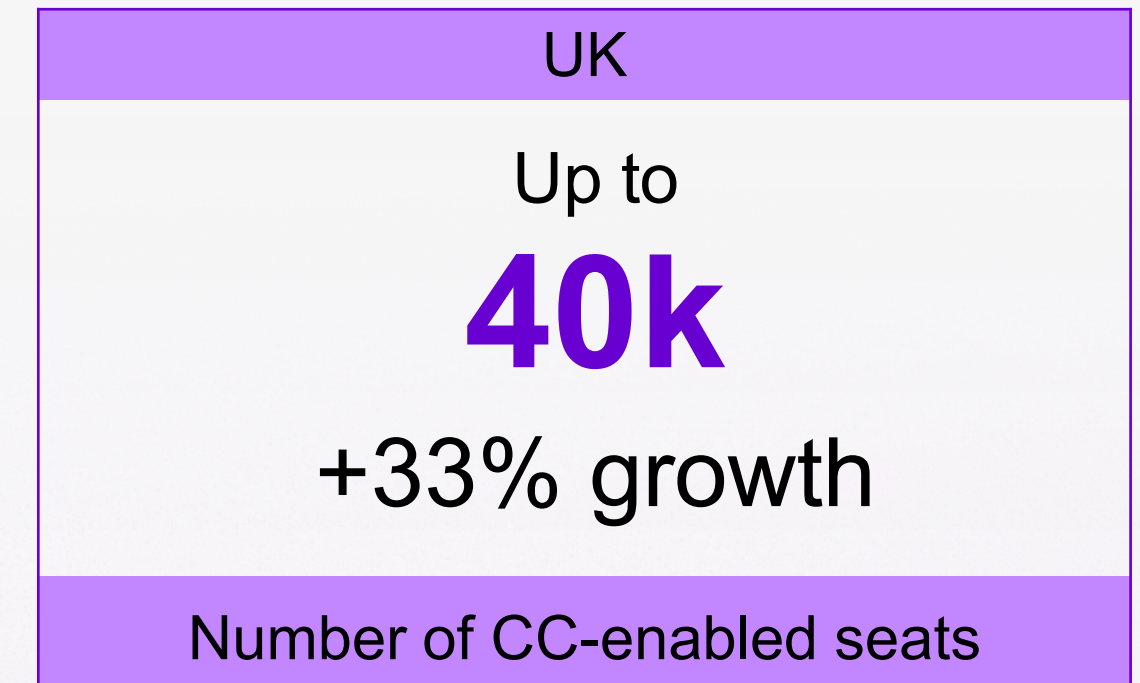
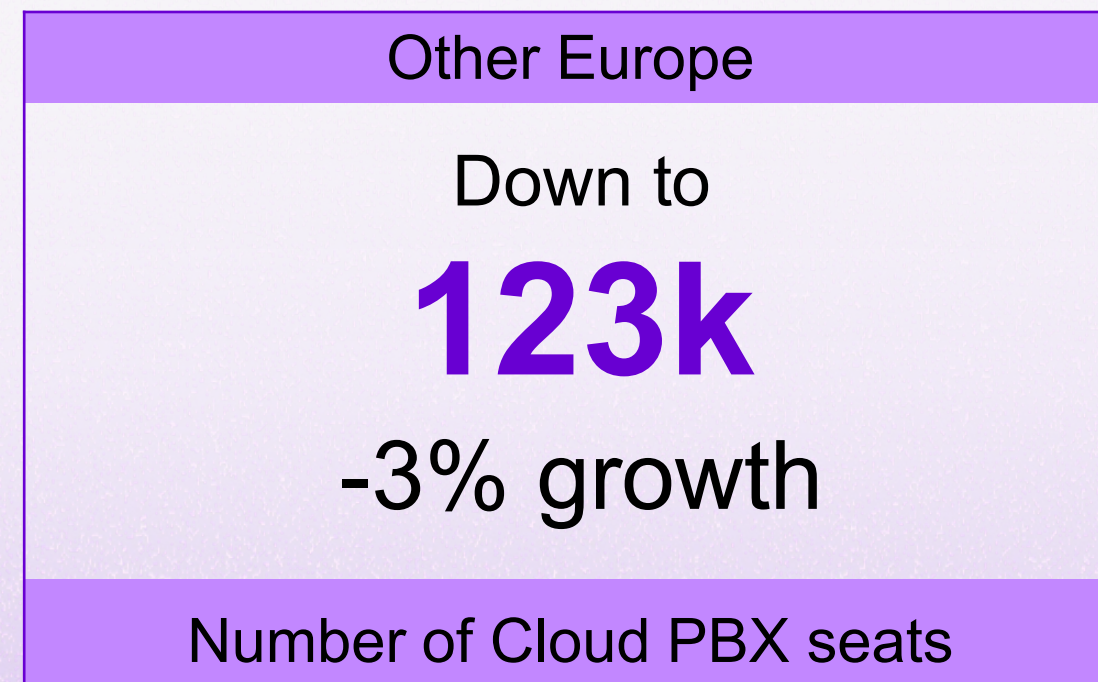
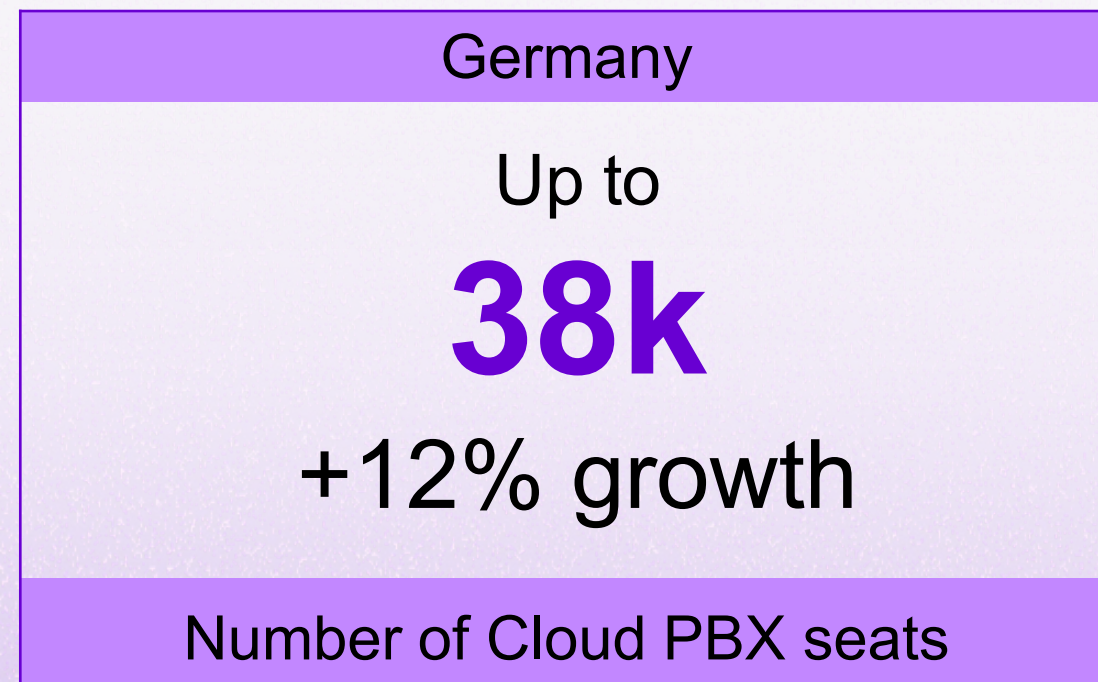
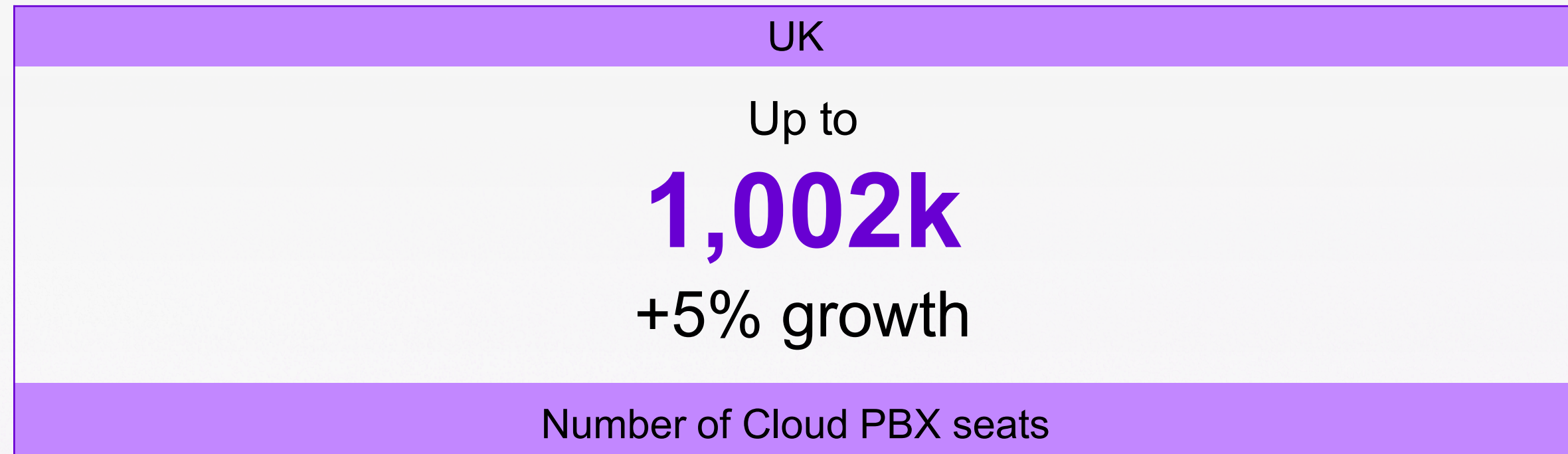
Thank you.



Appendix



Cloud PBX & Contact



SIP

