

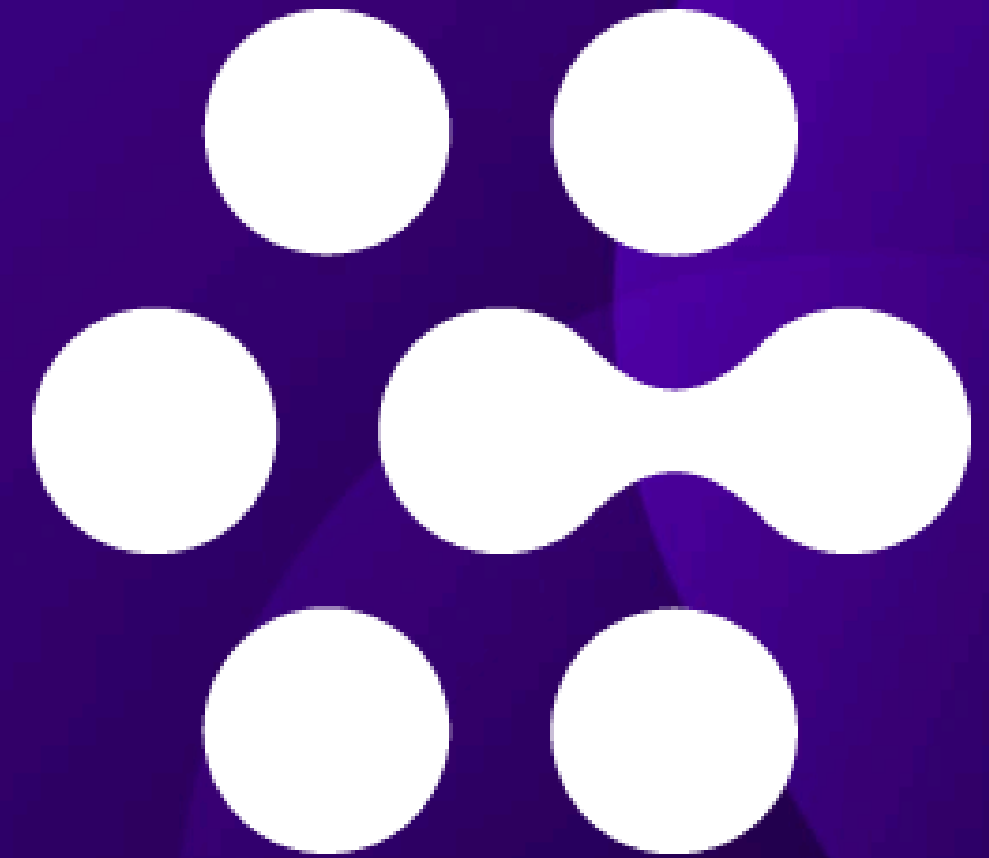
Gamma

Full Year 2024 Results

25 March 2025

Andrew Belshaw, CEO

Bill Castell, CFO





FY 2024 Results

Agenda

-
01. **FY 2024 Business Update**
Andrew Belshaw

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

 03. **Update on Market Trends and Business Units**
Andrew Belshaw

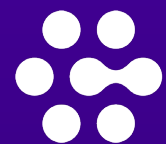
 04. **Business Outlook**
Andrew Belshaw

 05. **Q&A**
Andrew Belshaw and Bill Castell
-



Full Year 2024 Business Update

Andrew Belshaw, CEO



What does Gamma do?

Cloud-Based Communications Solutions



Gamma
PhoneLine+



iPECS
Part of Ericsson



Gamma
Horizon



CISCO™

Voice Enablement



Gamma
SIP Trunking



Gamma
Service Provider

Connectivity



Gamma
Ethernet



Gamma
Business Broadband



Gamma
Mobile

Full Year 2024 Financial Overview

Gamma Group	Business	Enterprise	Europe
£579.4m +11% growth	£368.9m +11% growth	£126.5m +15% growth	£84.0m +6% growth
Gamma Group revenue	64% of Group revenue	22% of Group revenue	14% of Group revenue

- Gross profit and Adjusted EBITDA **growth in all business units**, driven by solid organic growth and supported by immediately accretive acquisitions
- **Cloud seat growth** to 1m in the UK and 0.5m p/f in Germany
- High levels of recurring revenue and margin in **Gamma Business**, with strong growth in **Service Provider**
- Strong 2024 for **Gamma Enterprise**, boosted by acquisitions of Satisnet and BrightCloud
- Continued organic growth in **Germany** – increase in Cloud seats driving GP growth
- Plans for move to the Main Market are progressing well, and we expect to complete the move on 2 May

Full Year 2024 Business Update

Service Provider business doing well

- Service Provider contributes 21% of Gamma Business revenue
- Gamma supports 60% of the Gartner Magic Quadrant for UCaaS, CPaaS and CCaaS
- Coolwave extends Gamma services to around 20 countries
- The same capability enables us to launch a unified Operator Connect solution

Enterprise enhanced by acquisitions

- BrightCloud enhances our CX practice – Specsavers & “City and Council of Swansea”
- Cybersecurity cross-sell realised through Satisnet – Savills and Morrisons

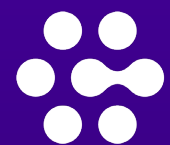
German business now has scale

- Improved product offering – UC offering to any business of any size
- STARFACE provides a proprietary hardware solution with Cloud Conversion optionality
- Nationwide coverage – expanded partner base



Full Year 2024 Financial Highlights

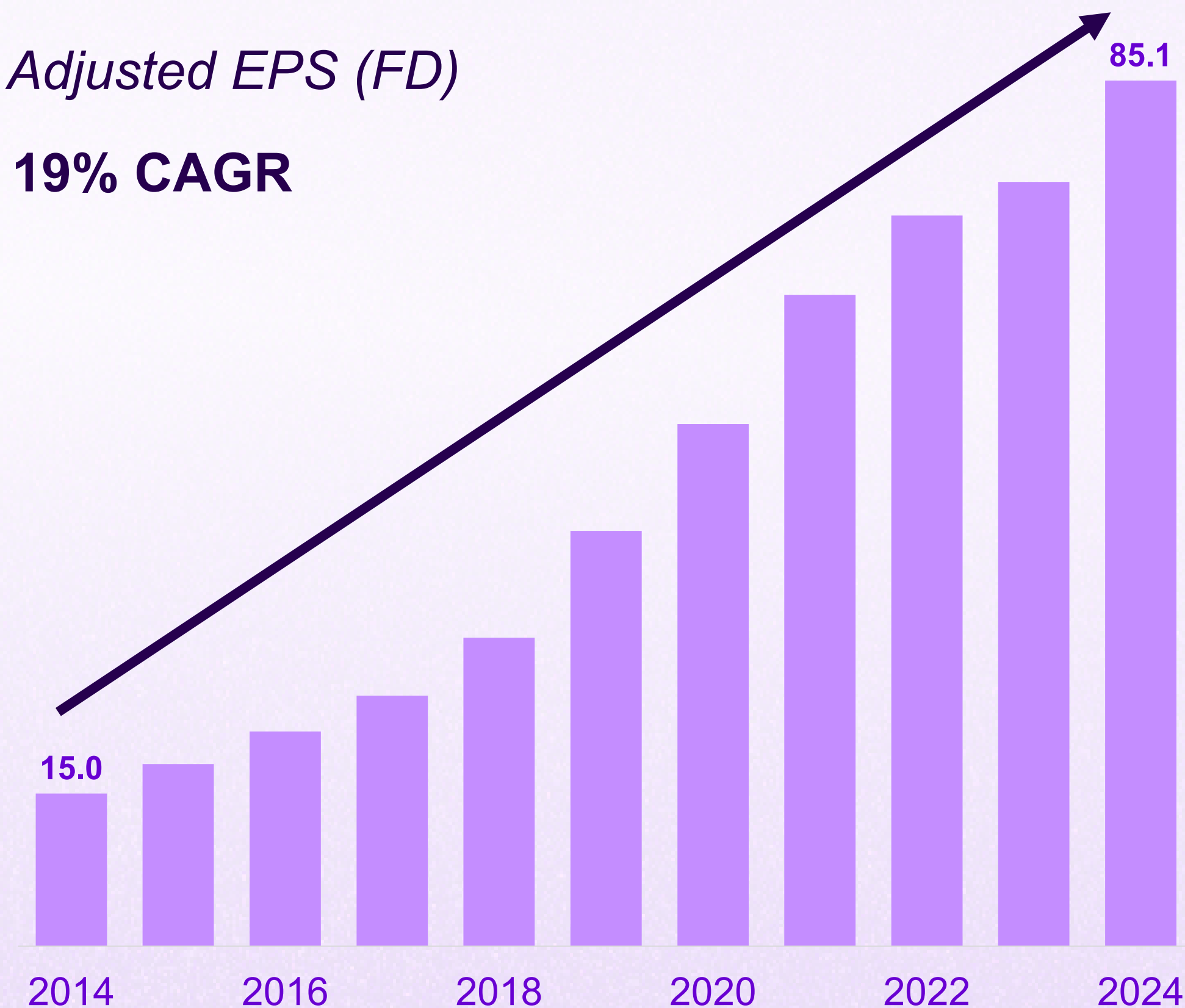
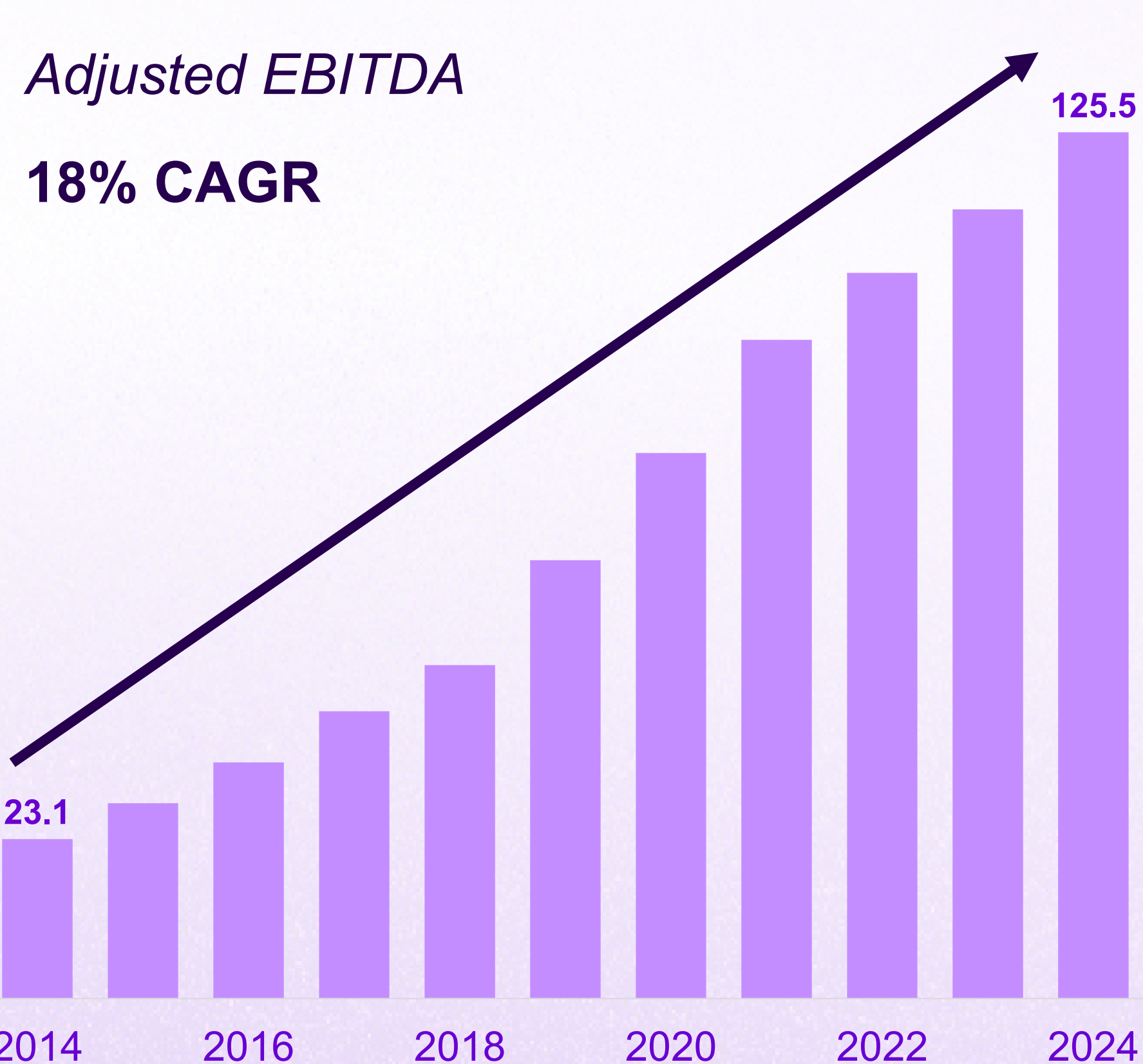
Bill Castell, CFO



2024 Financial Highlights

<div>Revenue</div> <div>Up</div> <div>11%</div> <div>to £579.4m</div>	<div>Adjusted EBITDA</div> <div>Up</div> <div>10%</div> <div>to £125.5m</div>	<div>Adjusted EPS (FD)</div> <div>Up</div> <div>13%</div> <div>to 85.1p</div>
<div>Adjusted cash generated by operations</div> <div>£120.4m</div> <div>96%</div> <div>Adjusted cash conversion</div>	<div>Cash Balance</div> <div>£153.7m</div> <div>As of 31 Dec</div> <div>(net cash of £153.7m)</div>	<div>Dividend</div> <div>Up</div> <div>14%</div> <div>to 19.5p</div>

Consistent high growth performance over 10 years



After 10 years on AIM, Gamma intends to move to the Main Market, with admission expected on 2 May 2025.

Income Statement

- Recurring revenue grew to **£516.6m**, **89%** of total revenue (2023: 89%)
- Gross margin and Adjusted EBITDA margin stable at **52%** and **22%** respectively
- Adjusted EBITDA growth of **10%**
 - Supported by acquisitions, with organic growth of **6%***
 - Active cost control kept organic operating expense growth at **6%***
- Adjusting / Exceptional items
 - Adjusting item of £(1.4)m for the ongoing one-off implementation costs of new finance & HR systems
 - No exceptional costs in the year
- Depreciation and amortisation
 - £20.4m, with the £0.9m reduction compared to 2023 partly due to lower capex spend
- Adjusted PBT was **£111.9m** (2023: £97.9m) up **14%**

£m	Year ended			Growth 24 vs 23	Organic Growth
	31 Dec 2022	31 Dec 2023	31 Dec 2024		
Revenue	484.6	521.7	579.4	11%	5%*
Cost of sales	(236.9)	(254.5)	(279.1)		
Gross profit	247.7	267.2	300.3	12%	6%*
<i>Gross profit margin</i>	<i>51.1%</i>	<i>51.2%</i>	<i>51.8%</i>		
Adjusted operating expenses	(142.6)	(152.9)	(174.8)	14%	6%*
Adjusted EBITDA	105.1	114.3	125.5	10%	6%*
<i>Adjusted EBITDA margin</i>	<i>21.7%</i>	<i>21.9%</i>	<i>21.6%</i>		
Adjusting/Exceptional items**	(12.5)	(16.0)	(1.4)		
Depreciation and amortisation	(17.7)	(21.3)	(20.4)		
Amortisation on business combinations**	(9.5)	(10.0)	(13.4)		
Operating profit	65.4	67.0	90.3	35%	
Interest income	0.8	5.4	7.1		
Unwind of deferred consideration**	(0.9)	(0.4)	(1.5)		
Interest expense	(0.4)	(0.5)	(0.3)		
Profit before tax	64.9	71.5	95.6	34%	
Tax expense	(15.4)	(17.8)	(25.8)		
Profit after tax	49.5	53.7	69.8	30%	
Adjusted profit before tax	87.8	97.9	111.9	14%	
Adjusted EPS (Pence, fully diluted)	71.8	75.1	85.1	13%	

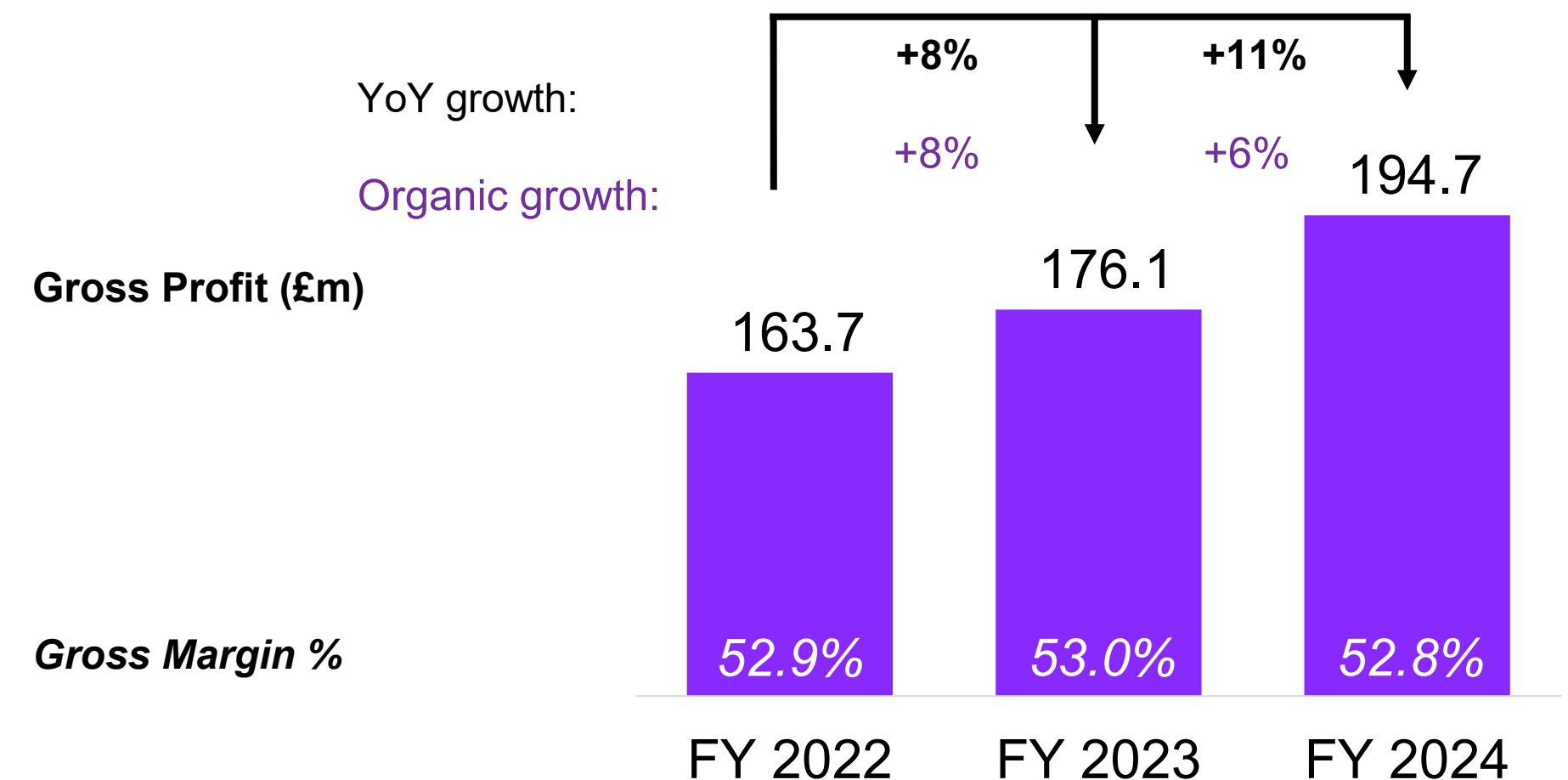
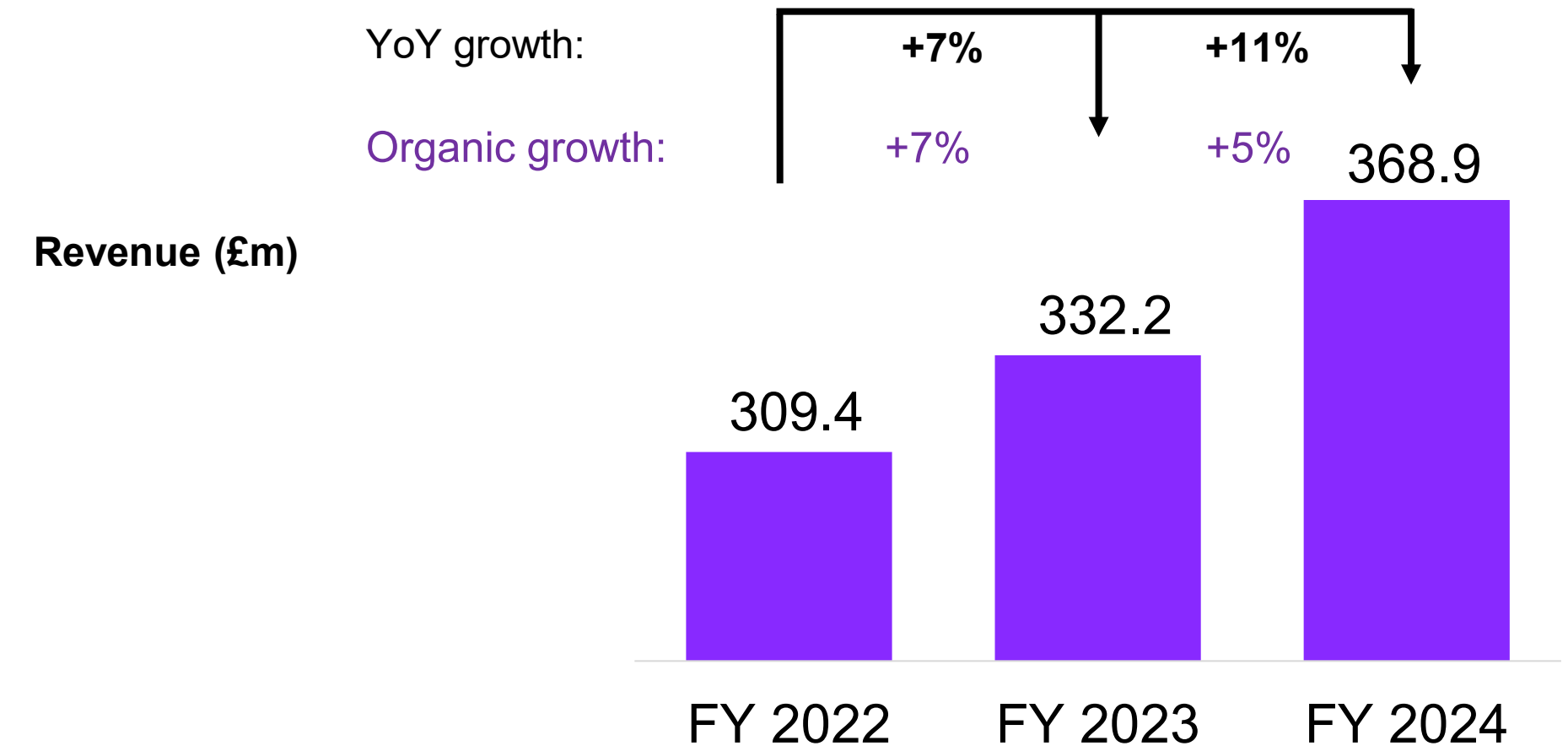
*Organic growth rates, as defined in the Alternative Performance Measures ("APMs") section of the RNS

**Adjusting item when calculating the alternate profit measures

Gamma Business

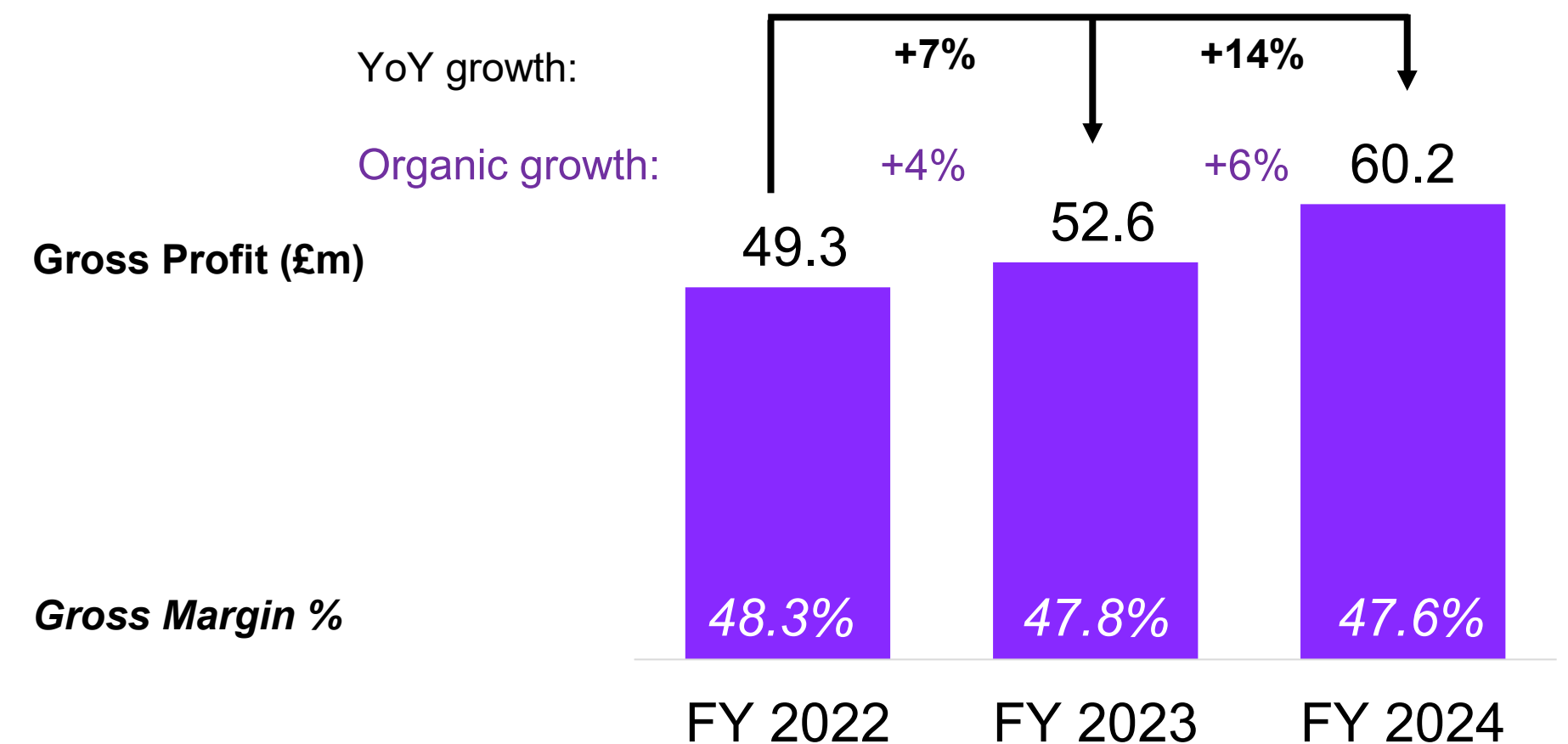
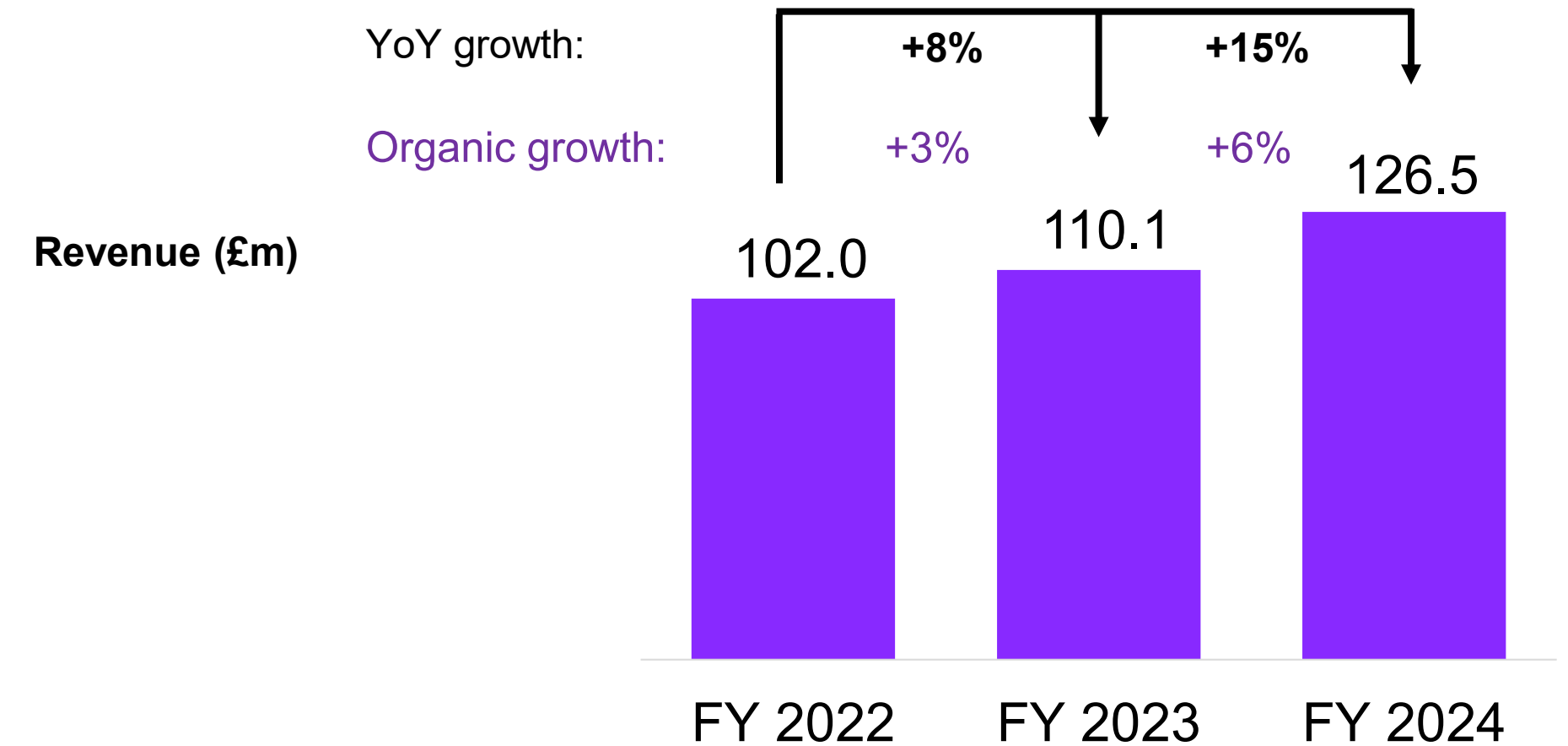
- Delivered **11%** growth in revenue, assisted by our recent M&A
 - The acquisitions of Pragma (EnableX) and Coolwave, have contributed £19.1m of revenue and £7.9m of gross profit in the period
- Organic growth (Gross profit: **6%**) is driven by our Cloud PBX solutions, supported by targeted price rises
 - Price rises were focussed on traditional products, including connectivity, and traffic
 - Increased penetration rate of bolt-ons have helped maintain overall UCaaS ARPUs*
 - Service Provider saw healthy volume growth, carrying in excess of 12 billion minutes of traffic in 2024, despite the market trend of reducing calls per user

*ARPU = Average revenue per user



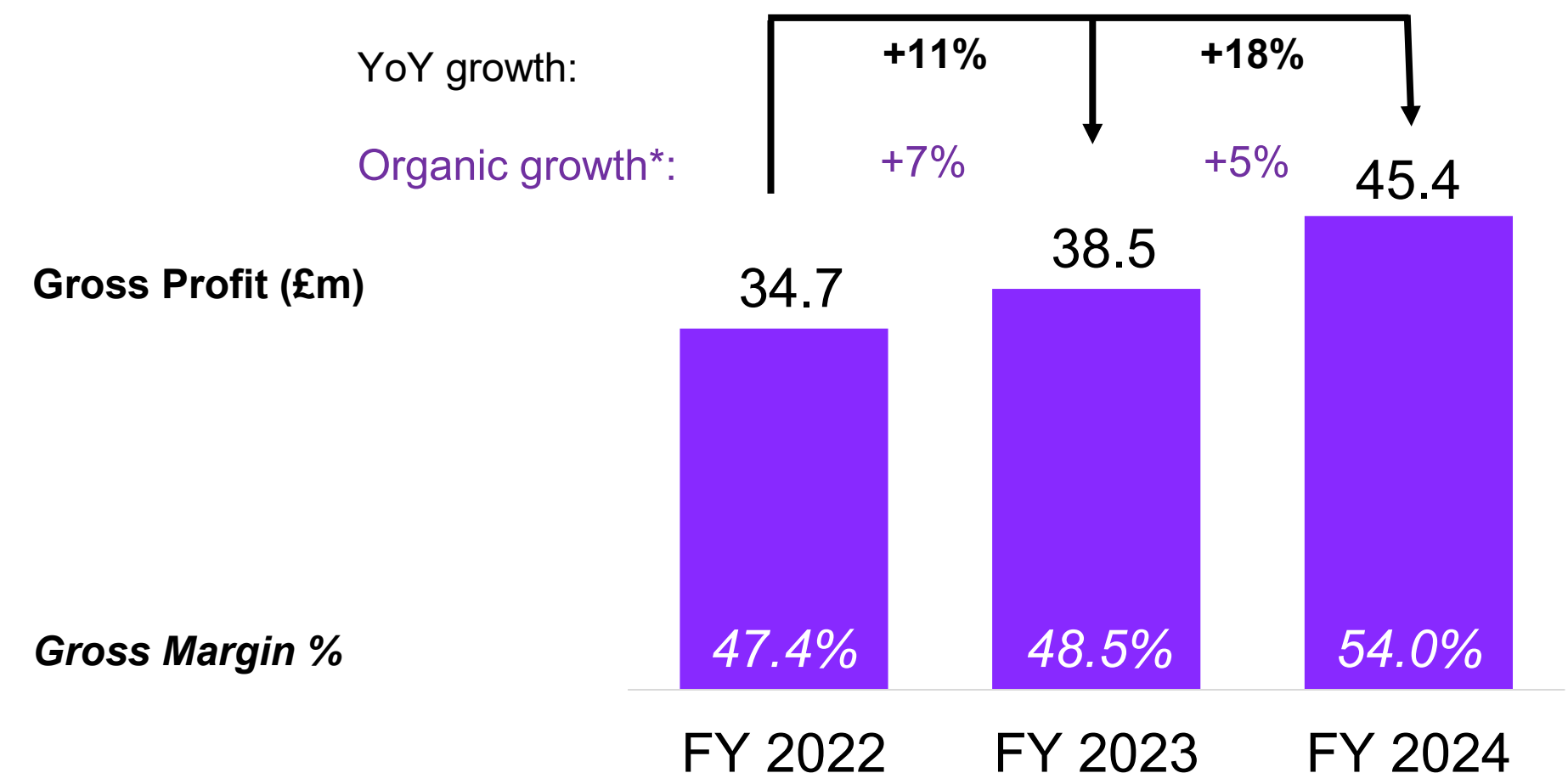
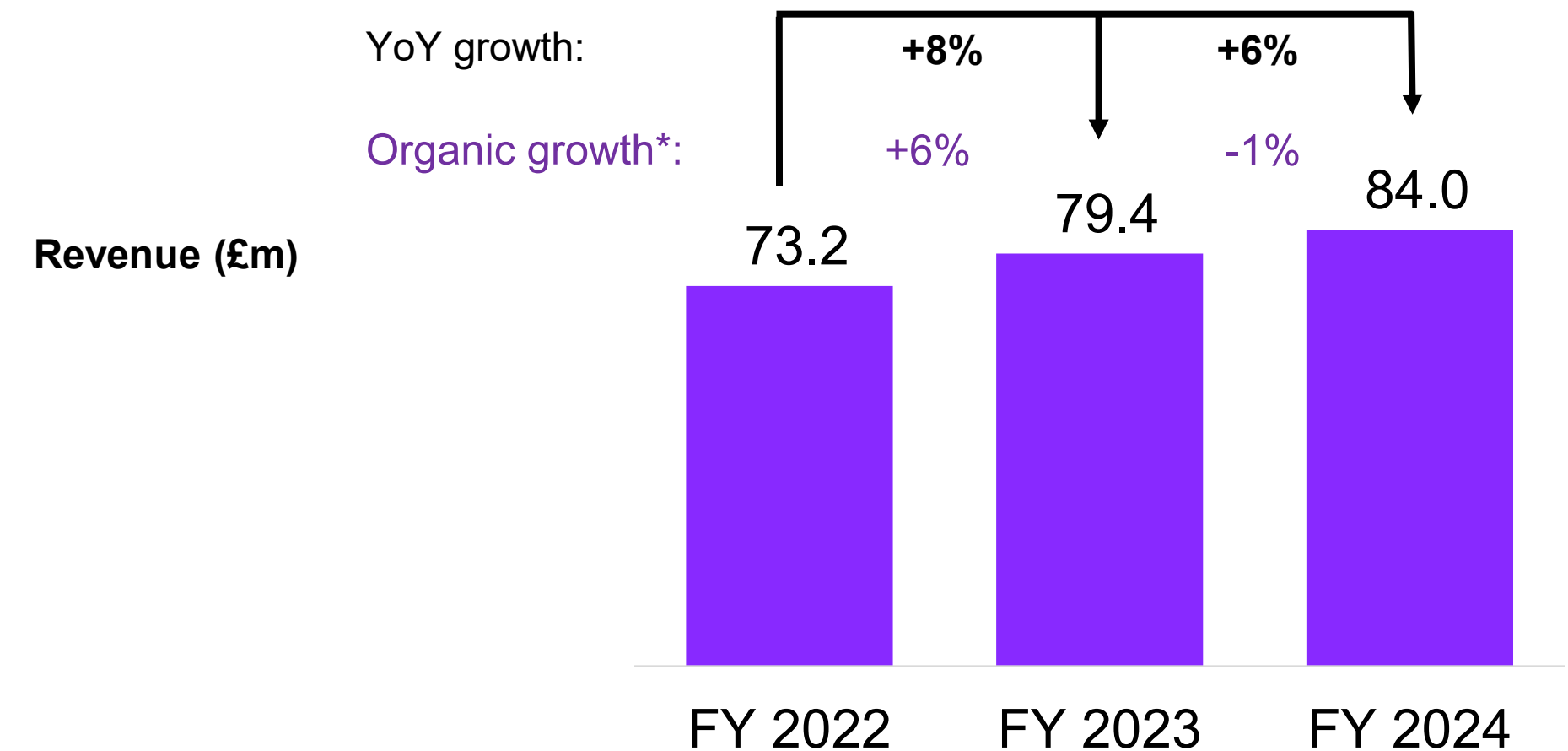
Gamma Enterprise

- Delivered **15%** revenue growth, driven by key contract performance and M&A
 - Satisnet, acquired in August 2023, and BrightCloud, a Cisco CX provider acquired in July 2024, contributed £9.7m revenue and £4.4m gross profit on an inorganic basis in 2024
- Organic growth of **6%**, an improved performance compared to 2023
- Key organic wins include:
 - WM Morrisons (network infrastructure)
 - Edmundson Electrical (UCaaS solution)
 - Equiniti (CX contract)



Europe

- Revenue growth of **6%** driven by the Placetel acquisition in September 2024
 - Placetel contributed £7.4m of revenue and £6.0m gross profit in Germany in 2024
- Organic revenue decline of **1%** driven by sales mix
 - Improves to 2% growth when excluding low margin traditional products (5% growth in Germany)
- Organic gross profit growth of **5%**
 - Continuing growth in Germany (8%) and Spain across our product portfolio
 - Netherlands (a mature market) continuing to be challenging



*Organic growth is stated at constant currency

Investments

Development costs

- An overall **£0.5m** increase in development spend
- The decision in 2023 to stop ongoing development of some of our own collaboration software has temporarily lowered the capitalisation rate
- We have moved resources onto new projects, such as the ongoing development of our new portal

£m	2023	2024	Variance
Capitalised	14.4	12.5	(1.9)
Expensed	17.3	19.7	2.4
Total Development Spend	31.7	32.2	0.5
<i>Capitalisation rate (%)</i>	45%	39%	

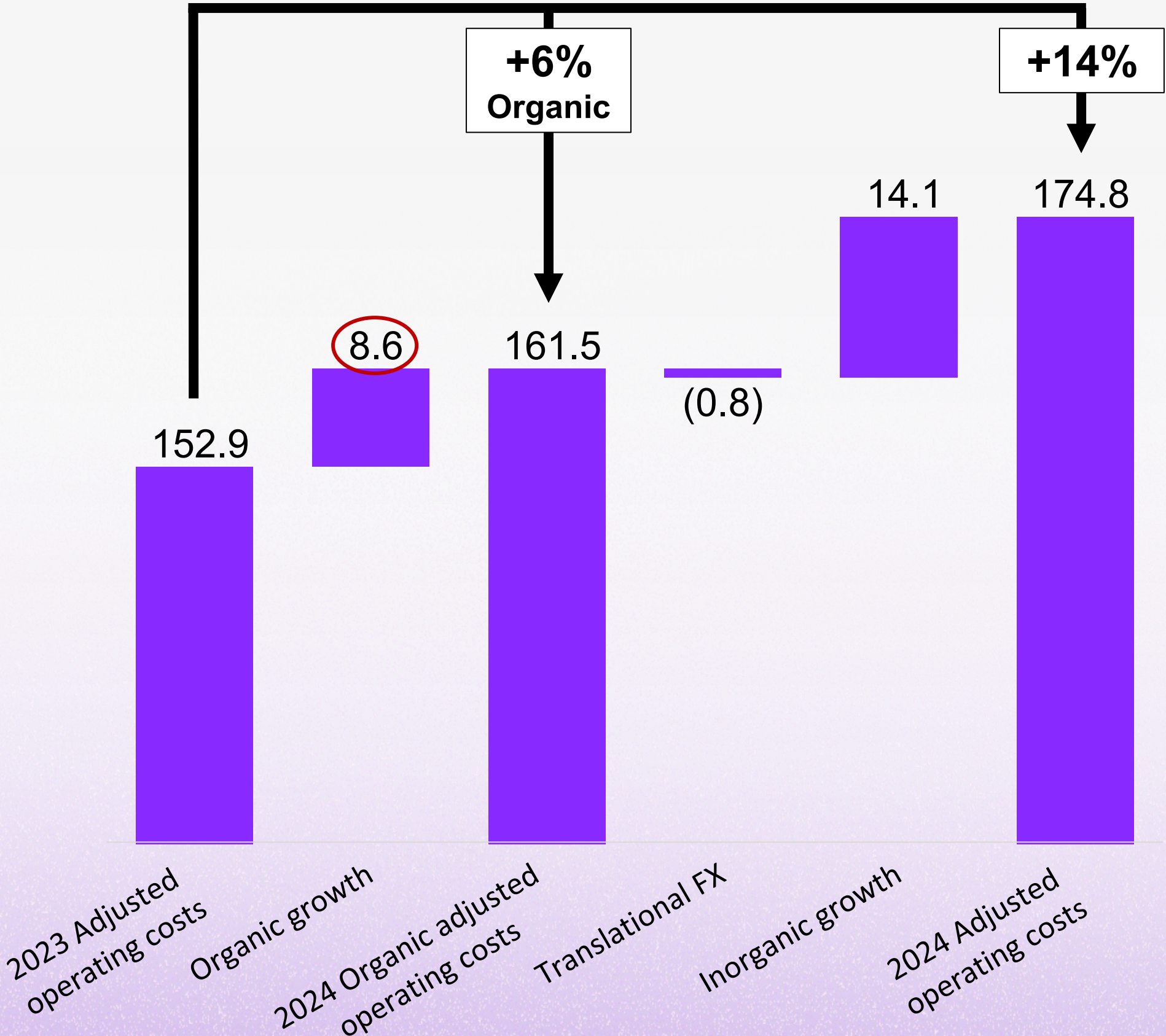


Capital expenditure

- Capital spend decreased by **£3.8m** to **£19.2m**
- If the 2023 capitalisation rate of 45% had been maintained, **£2.0m** of operating costs would have been recorded as capex
- Decreases in software licenses is driven by timing of purchases

£m	2023	2024	Variance
Development costs	14.4	12.5	(1.9)
Tangible assets	5.6	4.9	(0.7)
Software licences	3.0	1.8	(1.2)
Total Capital Spend	23.0	19.2	(3.8)

Continued active cost management in 2024



- Organic growth in adjusted operating costs of 6%
- A large driver of this was the lower capitalisation rate and increased deal costs
- Underlying growth of ~3%

Organic yoy growth drivers	£m	
Lower capitalisation of development spend	2.0	
Increased deal costs	1.9	
Lower R&D tax credit	1.1	
Net contingent consideration release	(1.3)	
Underlying operational movements	4.9	+3%
Total organic growth	8.6	

Balance Sheet

- Strong cash reserves of **£153.7m** as at 31st Dec 2024 (pre-STARFACE transaction)
- 2024 M&A has been a large driver of balance sheet movements, including:
 - Increased goodwill and intangible assets
 - Increased deferred consideration by **£16.4m**, driven by the Placetel acquisition
 - Increased trade receivables and trade payables
- Contingent consideration* has decreased to **£9.1m**
 - Payments of £(1.7)m for Mission Labs
 - Net release of £(1.3)m across Satisnet and Pragma
 - Offset by £1.3m unwind of discount and £0.3m added relating to the BrightCloud acquisition

*Discounted value. Contingent consideration includes put option liabilities

Balance Sheet as at 31st Dec (£m)	2022	2023	2024
Non-current assets (incl. PPE)	185.7	214.3	246.9
Receivables and inventories	126.5	124.0	127.4
Cash	94.6	136.5	153.7
Current assets	221.1	260.5	281.1
Total assets	406.8	474.8	528.0
Non-current liabilities	34.5	41.5	60.3
Current liabilities	72.6	89.1	95.0
Total liabilities	107.1	130.6	155.3
Share capital and share premium	18.2	23.1	23.5
Other reserves	9.0	6.9	(18.2)
Retained earnings	273.9	315.1	368.3
Non-controlling interest	0.8	0.2	0.2
Written put options over NCIs	(2.2)	(1.1)	(1.1)
Total Equity	299.7	344.2	372.7
Cash and Debt as at 31st Dec (£m)			
Cash	94.6	136.5	153.7
Debt acquired with subsidiaries	(2.1)	(1.7)	0.0
Net Cash	92.5	134.8	153.7
<i>Excludes:</i>			
<i>IFRS 16 lease liability</i>	<i>(11.1)</i>	<i>(10.0)</i>	<i>(7.9)</i>
<i>Contingent consideration*</i>	<i>(6.8)</i>	<i>(10.5)</i>	<i>(9.1)</i>
<i>Deferred consideration*</i>	<i>(0.5)</i>	<i>(1.0)</i>	<i>(17.4)</i>

Cashflow

- Adjusted cash conversion of **96%**
- Taxes paid increase due to growth in statutory PBT
- 2024 M&A activity
 - Coolwave (**£6.8m** net of cash acquired)
 - BrightCloud (**£8.7m** net of cash acquired)
 - Placetel (deferred consideration, undiscounted, of **£18.7m** (being \$24.9m of the \$51.5m commitment) to be paid over the next 5 years)
- Share buyback programme of **£27.3m** completed in September 2024

Post balance sheet events (not in table):

- £164m** acquisition of STARFACE†
- H1 2025 share buyback of up to **£50m**
- New **£130m** multicurrency Revolving Credit Facility, with £30m drawn down for the STARFACE transaction

† Acquisition cost on a cash-free, debt-free basis

Cash Flow Statement (£m)	2022	2023	2024	Growth
Adjusted EBITDA	105.1	114.3	125.5	10%
Adjusted cash generated by operations*	99.1	123.7	120.4	(3%)
Adjusted cash conversion*	94%	108%	96%	
Cash impact of exceptional items 2023 restructuring	-	(0.2)	(2.7)	
Cash impact of other adjusting items 2024 systems implementation	-	-	(0.9)	
Cash generated by operations	99.1	123.5	116.8	(5%)
Taxes paid	(14.4)	(15.3)	(23.9)	
Capital expenditure	(20.7)	(23.0)	(19.2)	
Cash inflow before acquisitions and financing	64.0	85.2	73.7	(13%)
Acquisitions**	(9.8)	(31.8)	(15.4)	
Dividends	(13.3)	(15.2)	(17.3)	
Other investing & financing cash flows	0.4	3.9	(23.2)	
Net increase in cash and cash equivalents	41.3	42.1	17.8	
Effects of movements in exchange rates	0.5	(0.2)	(0.6)	
Cash balance as at 31 st December	94.6	136.5	153.7	

*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

Modelling consideration

- We expect strong Group growth in FY25 following the recent German acquisitions, supported by satisfactory Group organic growth
- We are encouraged by our performance in Germany and are making progress with the integration of the recent acquisitions of Placetel and STARFACE
- After applying the Board's capital allocation framework we have announced a share buyback programme of **£50m** commencing today until the end of June 2025, subject to reapproval of the relevant share purchase authorities at the 2025 AGM
- The impact of changes to UK employer's national insurance contributions and thresholds will increase the UK cost base by **~£2m** going forwards
- Various material one-off costs are anticipated to be adjusted for in 2025:
 - Deal costs associated with the acquisition of STARFACE (**£4-5m** expected cost)
 - One-off costs associated with the move to the Main Market (**~£2m** expected cost)
 - Ongoing ERP implementation costs (**~£1.5m** in 2025) will continue to be adjusted, as previously communicated



For the avoidance of doubt, this document does not contain any guidance that would construe a profit forecast.

Update on Market Trends and Business Units

Andrew Belshaw, CEO



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 Growth Drivers

1

Customers are requiring more complex communications solutions which we are able to address due to our broad suite of solutions. New portal will make it easier for Gamma to add new solutions and easier for channel partners to consume them for end users.

2

German cloud market is still underpenetrated and is the largest in Europe. The strength of our German organisation has been significantly enhanced by acquisition of Placetel and STARFACE. We now have scale; we are the “leading challenger” in Germany; we are in a good position to exploit the market growth.

3

Evolution of our SIP base is an opportunity to increase ARPU as customers move to solutions which are higher value for Gamma. This trend is now beginning to accelerate.

4

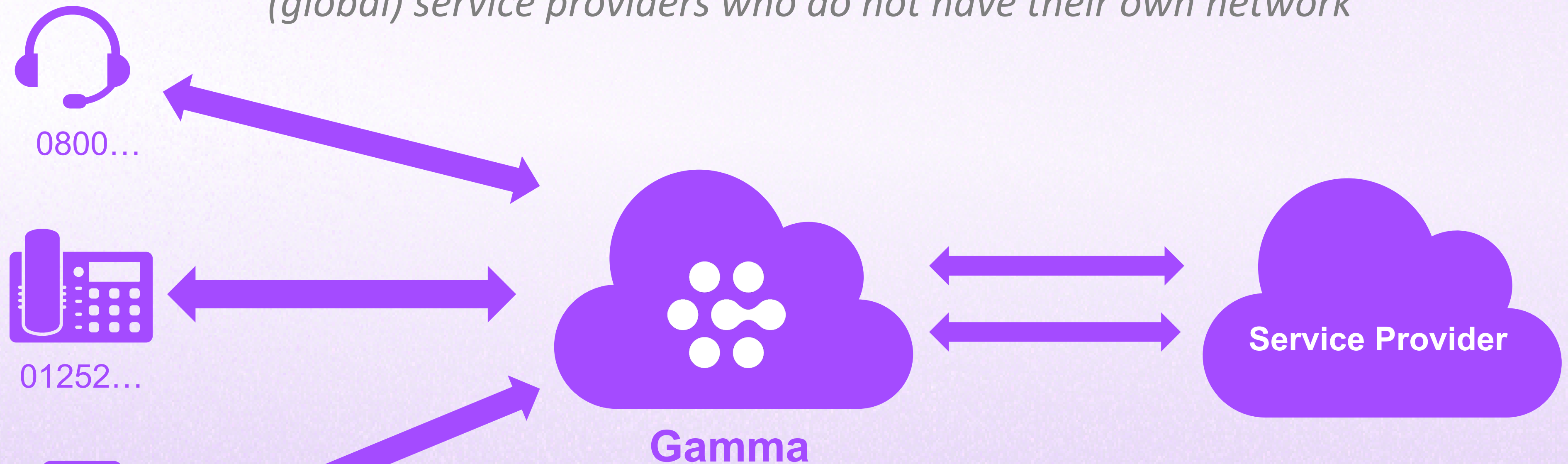
PSTN Switch-off in the UK will drive millions of consumers and microbusinesses to seek other solutions such as our own PhoneLine+ capability. Increased situations where our IoT offering is a solution.

Gamma Business



What is Gamma Service Provider?

“We provide numbering, Voice & SMS termination for large (global) service providers who do not have their own network”



Gamma Enterprise



Gamma Enterprise – Trusted Partner to our Customers



Gamma Europe



FY 2024 Proforma Gamma Germany

<div>Revenue</div> <div>c€125m</div> <div>c17% of Group Revenue</div>	<div>Adjusted EBITDA</div> <div>c€24m</div> <div>c15% of Group Adj. EBITDA</div>	<div>Employees</div> <div>c450</div> <div>At end of 2024</div>	<div>Cloud PBX seats</div> <div>Over 500k</div> <div>At end of 2024</div>
<div>Hardware PBX seats</div> <div>Over 380k</div> <div>At end of 2024</div>	<div>Estos Collaboration seats</div> <div>Over 200k (SaaS)</div> <div>At end of 2024</div>	<div>IoT Users (Epsilon)</div> <div>Over 44k (Fusion IoT)</div> <div>At end of 2024</div>	

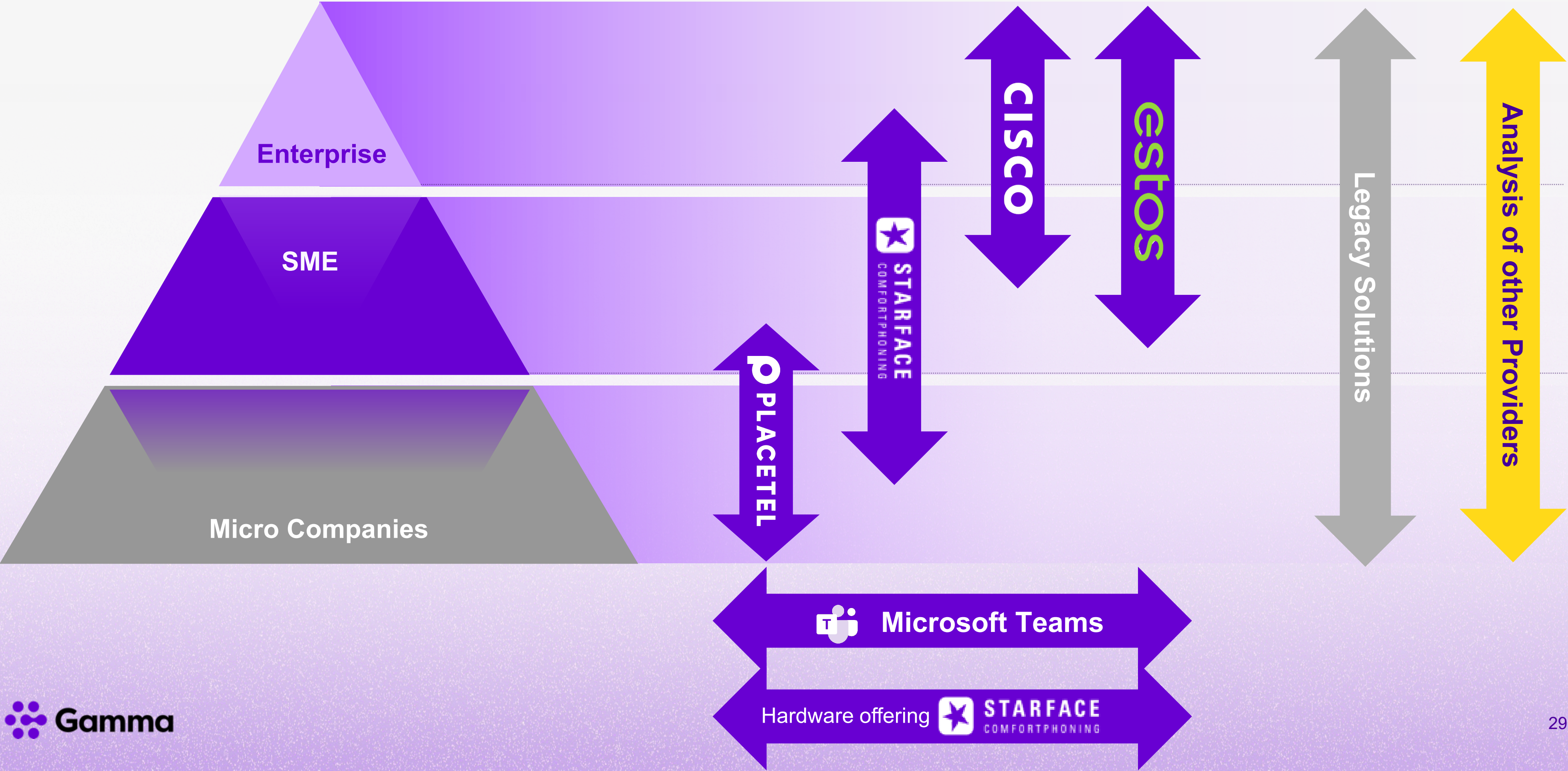


The German Cloud PBX market is underpenetrated and growing*



* Q2 2024 cloud communications forecast by Cavell

German UCaaS solution set



Our portfolio in Germany at start of 2024

Cloud-Based Communications Solutions



Voice Enablement

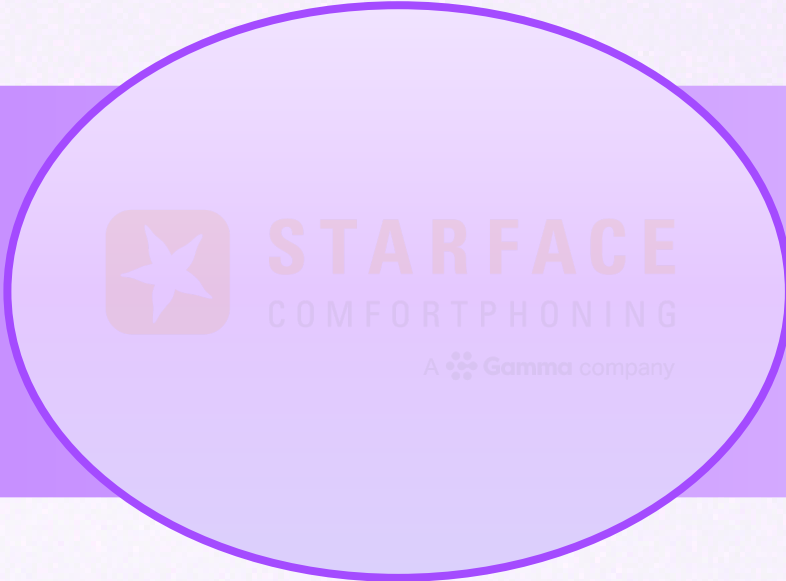
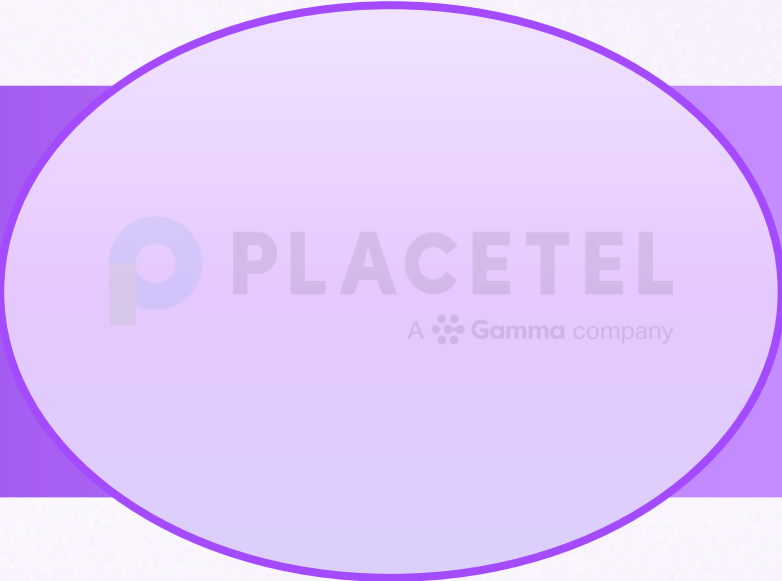


Connectivity



We have added Cisco and MS Teams through organic investment

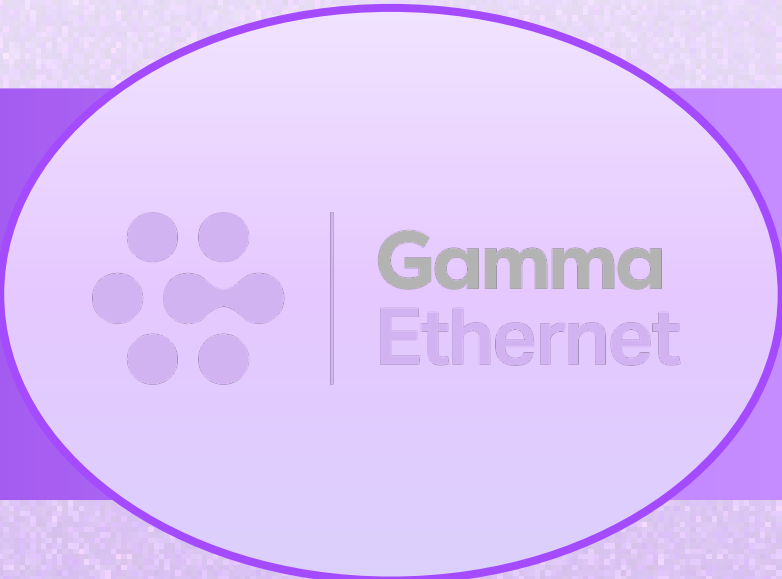
Cloud-Based Communications Solutions



Voice Enablement



Connectivity



We have added Placetel and Starface by Acquisition

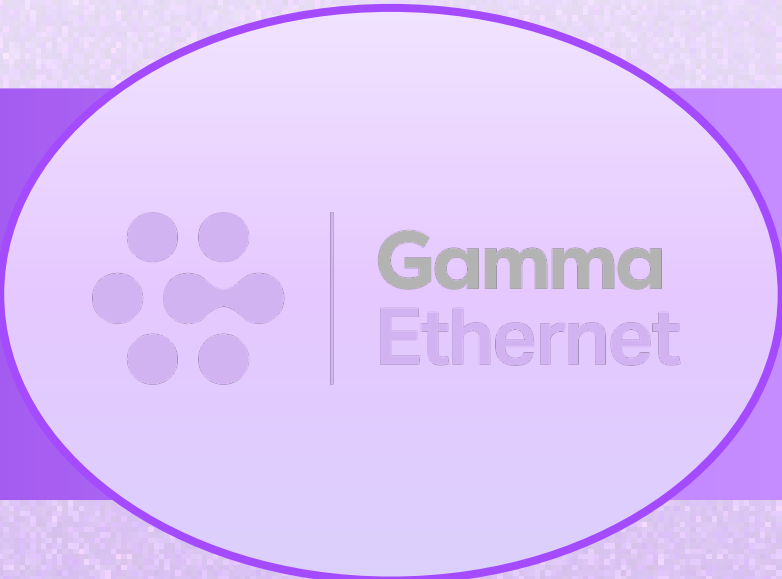
Cloud-Based Communications Solutions



Voice Enablement



Connectivity

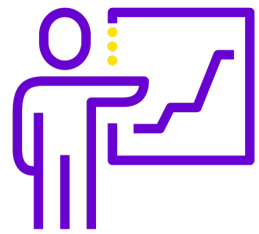


Business Outlook

Andrew Belshaw, CEO

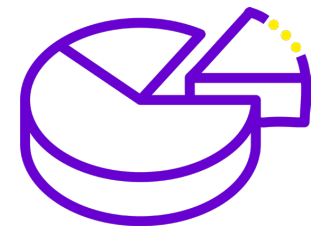


Business Outlook



Within **Gamma Business**, our Service Provider business is growing, with potential for even higher growth. We are extending geographic range and capability.

In the SME space, SIP to Cloud conversion is accelerating - increasing opportunity for higher ARPUs



Gamma Enterprise can cross-sell and enter new markets.

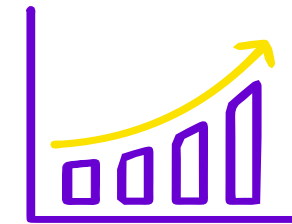
We will enable additional cross-sell through our acquisitions of Satisnet and BrightCloud.

We aspire to take the business further into Europe.



In **Europe** we see significant opportunity in Germany.

We now have scale, a strong solution set and an expanded partner base covering the whole country.



Fundamentals of business are strong

(1) High Recurring Revenue; (2) Strong Margins; (3) High Cash Conversion; and (4) What we sell is critical to the businesses who buy from us.



M&A opportunities

We are seeing organic growth augmented by accretive acquisitions.

Recent acquisitions have been immediately accretive and enhanced growth across the Group. We continue to look for additional accretive M&A opportunities.

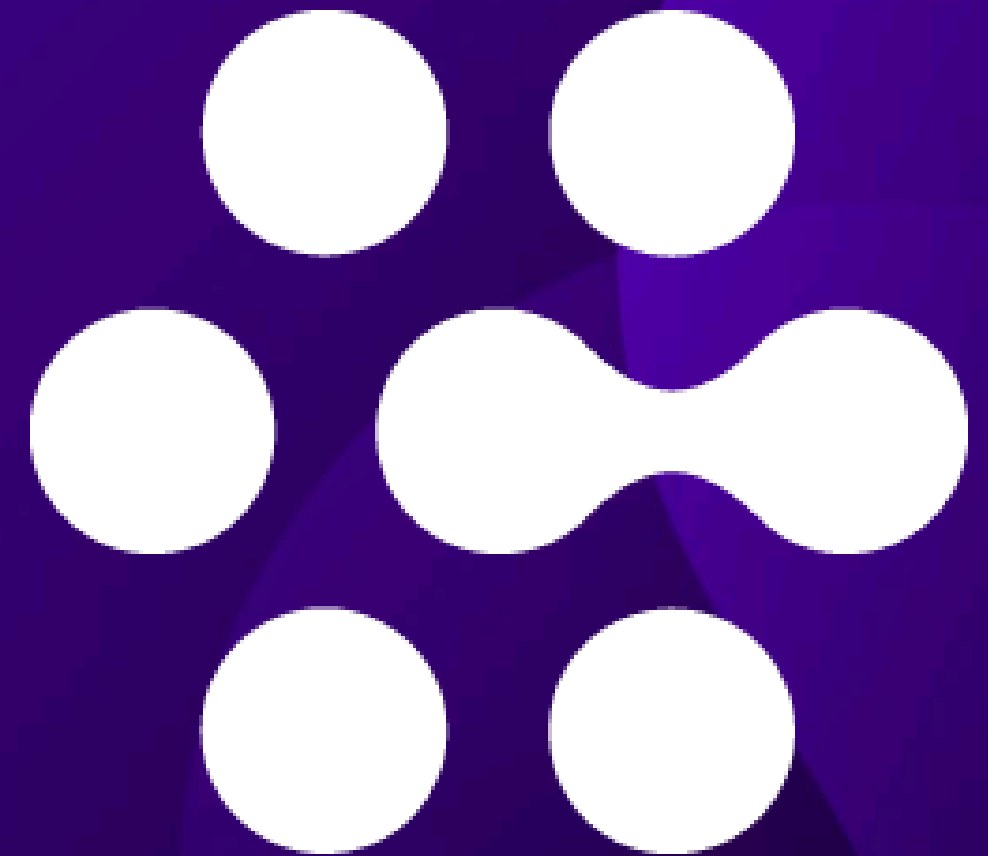
Q&A

Andrew Belshaw, CEO

Bill Castell, CFO



Thank you.



Voice Enablement – Performance (Growth vs Dec 2023)

UK

SIP Trunks Enabling
Traditional Hardware PBX

Down

9%

to 932k SIP Trunks

SIP Trunks Enabling
non-Gamma Cloud PBX

Up

21%

to 481k SIP Trunks

MS Teams Enablement

Up

9%

to 467k users

Europe

SIP Trunks Enabling
Traditional Hardware PBX

Up

4%

to 206k SIP Trunks

SIP Trunks Enabling
non-Gamma Cloud PBX

*Growth
Opportunity*

MS Teams Enablement

Up

56%

to 14k users

- Market continues to perform as expected – growth is now from enablement of Cloud services not traditional “SIP + Hardware”

Cloud Communications – Performance (Growth vs Dec 23)

UK

Cloud PBX seats

Up
9%

to 1,040k cloud seats

CCaaS seats

Up
50%

to 45k CCaaS seats

Europe

Cloud PBX seats

Up
170%

to 434k cloud seats

CCaaS seats

Up
25%

to 5k CCaaS seats