

Gamma Communications

Capital Markets Day

8<sup>th</sup> November 2021



## Transcript

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Andrew Taylor: Afternoon, everybody. Isn't it great to be together face-to-face? I think it's been 18 months or two years, and I don't know about you, but I've been... I should apologise for my strong Scottish accent. Always start by saying that. That could be a theme through this afternoon, actually. But I don't know about you, sitting in front of a screen for 10 hours a day staring into the abyss. So, this is much nicer.

Andrew Taylor: So, before I go through the agenda and touch on some housekeeping for today, I just wanted to sort of reflect what we've covered over the last couple of years in terms of capital markets. So, some of you may have attended, certainly in my time at Gamma, it's almost been four years we held our Capital Markets Day at our office in the city, and it was in a meeting room that we normally have board meetings in with about 10 or 15 people. But we managed to squeeze about, I think, 65 people into that room in a hot summer's day. And I think there wasn't that many casualties, but there was a few. And that was an important event because we really outlined the five-year strategy. So, that was 2018.

Andrew Taylor: And since then, we've really just got on and started executing against that. And back in June, I think almost all of you attended online, the Capital Markets Day were held at... We actually did a live broadcast from Birmingham, it was really professional. But again, we were staring into a black space and that was pretty important because that put into context the whole technology and product part of a strategy. And today is a follow on from that a direct follow on because it's all encompassing, I suppose, and all inclusive.

Andrew Taylor: We're going to talk about the European markets part of our growth strategy, and it's fully aligned with what we talked about back in June in terms of the product and the technology and how that fits together in terms of delivering a long term growth strategy for the business. So, focus today is going to be around those European markets, and I'll touch on that in a bit more detail in a second.

Andrew Taylor: In terms of housekeeping. So this a live face-to-face meeting, but in true style in terms of what's required today, we're also doing a live webcast. So, we've got a group of people, either who couldn't make it or who didn't want to make it face-to-face. So, we're doing a live stream. So, that why there was a bit of a pause before we get started. And it's going to last for about two hours.

Andrew Taylor: We'll have about 20, 25 minutes for Q and A, and those of you who are coming in through the live web stream, if you've got any questions, you can email them

to Mr. Belshaw, who everybody knows. I'll do the introductions in a second. And I also think during the live Q and A people will be able to dial in, so we're using the technology, which is fantastic, as you would expect from a company with Gamma's pedigree.

Andrew Taylor: And then at the back end. So, after the event, the presentations and the video and a transcript will be available. It won't be available immediately, but over the next couple of weeks, we'll get that on the web. And thanks for everybody's feedback on that. Thanks, John, in terms of providing that. So, we are on top of that. So, that's the housekeeping. If there's a fire alarm, I suppose, we just follow somebody and run out that door, yeah? I'll probably be leading the pack.

Andrew Taylor: So, in terms of introduction, first sort of 10, 15 minutes, Andrew and I are going to do a setting the scene sort of 10, 15 minutes just in terms... Because many of you in the room know the Gamma story, but there's also many people who are at different stages. So, we thought we'll just sort of set the scene and then I'm going to hand over to Andy, Andy Morris. I think everybody knows Andy's our Chief Strategy, M&A Officer. Do we use officer? I'm not sure.

Andrew Taylor: So, Andy's going to give us an update on the strategy. And more importantly, he's going to reflect on where both the product and the European pieces fit into that overall growth strategy. He's going to talk about what that opportunity looks like in Europe. And he's going to talk about the priorities for us as a business and what we've done so far on the execution side. And from my perspective, I think we're executing really well. I'm then going to hand over to our European colleagues, and really of spending two hours together, it's more the human part of meeting the people in Gamma who are running those businesses in Europe for us, we just haven't been able to do it over the last 18 months. And we actually haven't been able to spend that much time together. I mean, actually I would start off with Gerben who runs our DACH business. Sorry? Oh, sorry, our Benelux business. You do speak German so you could run our DACH business if we really wanted you to.

Andrew Taylor: So, Gerben joined Gamma about 12, 18 months ago. And that was part of a structure plan that we had in our Netherlands business, we acquired a business there, and we knew that the founders were going to retire. So, we started a process where it must have been about two, two and a half years ago now. And that ended in Gerben joining. And we actually didn't manage to meet face-to-face until quite recently, because of the whole COVID thing. We just couldn't go out the country, frankly, safely. So, that's Gerben Wijbenga, who was the founder of the business in Spain that we acquired. So, almost 20 years running that business with the core Spanish team, and it's about 15, 18 months on. So, we did meet a lot pre-acquisition and then we've spent a lot of time up until COVID, but we actually closed the deal with Xavi and the business in Spain, just I think as we went into lockdown in the UK and Spain. Although, I think Spain went into lockdown first.

Andrew Taylor: And then in DACH, we've got a Achim who is the founder of HFO, the business that we acquired in Germany, and I think over 20 years, sort of boy and man in terms of starting that business and building it. So, big part of today is really to meet them, and because the European market isn't homogenous, we thought it was important that they give you their perspective on what the market looks like. A bit history in terms of the businesses that we've acquired, put into perspective, the market opportunity. That's really important. We're not going to be providing a lot of data in forecasts. I mean, the bottom line is that it's the early stage of the growth cycle, and there's a massive opportunity in those markets, but we're just at different stages in each of the markets. So, that's one of the things that we want to cover.

Andrew Taylor: And then at the back end, I'll do a bit of a wrap up, and then Andrew's going to facilitate the Q and A and he's going to facilitate that so that he can protect the innocent, I think, as he does very well. Okay. So, I'm probably running over already. So, in terms of objectives, so I'll go through these because they're important just to provide some context, and again, thanks everybody who provided input into what the demands were, I suppose, around today, but provide a reminder of our long term growth strategy and how we're getting on around execution, reaffirm the importance of Europe as an opportunity in achieving our ambitions, and what we are not doing, remember, we are not like a PE-backed firm who's acquiring businesses to sell at some point. We are building long term foundations to deliver long term sustainable growth. Not over the next three or five years, but over the next 10, 15, 20 years. So, it's important to put that into context.

Andrew Taylor: Andy's going to lead the piece in terms of giving an update on our European strategy and explain how the technology and the product piece fits with the market opportunity. And then we're going to illustrate through our European CEOs, just what the different structures look like in each market, and then explain the opportunity and what we are doing and why we believe we're going to be successful in those markets. And then listen, just a good opportunity to meet the Gamma team. I should have said in the agenda that afterwards there's some nibbles and lots of wine and other forms of alcohol that Andrew's in charge of. So, please don't rush off unless you have to. It'll be an opportunity just to do a bit of mingling and ask some questions to the team. So, very clear objectives for today.

Andrew Taylor: Touched on the team already. There's a few other members of Gamma's team here, Phil, our CTO is just sat at the back. Phil is the brains behind the whole operation in terms of the technology. We've got Chris who, Chris Wade, who you would've met online when we did the last CMD. So, again, two important people from our perspective in terms of how all this fits together with the European piece. And I think that is everybody from the senior team. Oh, the other Chris, sorry. I was looking right at you. And then we've got Chris Bradford, who's our Chief People Officer. So, any questions later over the nibbles and the booze, in terms of how we're going about the integration, the people-side of things, then feel free to just speak to Chris.

Andrew Taylor: Okay. And just to level set, quick reminder, and I've taken this from our H1 results, so, we're not quite ready to talk about a full-year results, but I suppose no news is good news. But in terms of a quick... Was I allowed to say that Andrew? Probably. In terms of quick snapshot of our business, so we are a developer of unified communication and cloud contact centre solutions, focus specifically at the B2B market in the UK and Europe. And you know a bit of the history in terms of what we do around voice and data and mobile, but our focus is very much on cloud and it's very much on that business to business side of things. We do not do business to consumer. We come with a strong pedigree, as many of you know. We're one of the market leaders, well the market leader in SIP in the UK. And also, one of the market leaders in cloud telephony. Certainly in the SME market, the market leader.

Andrew Taylor: So, we come with a really strong pedigree, and we've actually acquired businesses who come with a similar pedigree in different markets at a different stage to where the UK is, and we'll touch on that later in terms of the whole rationale behind the acquisitions and the types of businesses and the types of people that we are now working with in Europe, and there's going to be more of that moving forward.

Andrew Taylor: And that final point, just in the left hand side, I mean, through the acquisitions in Europe, but also through the technology acquisitions that we've made, this opens up multiple indirect, direct and digital channels for us. So, we've done that both organically, but we've also done it in-organically, and it just drives growth opportunities across our business segments.

Andrew Taylor: So really, over the last two or three years, we've really expanded the opportunity. And it's frankly now around execution. Yeah, we need to do more M&A, there's more organic what that we need to do. We need to build those deep foundations that we have in the UK, even deeper in Europe, but ultimately it's about where we focus and how we execute specifically around the European opportunity. And I just wanted to touch on this briefly, because this is a slide that I think we shared about 18 months ago as a result of the pandemic. There was lots of questions from you about the structural changes in the market and what were the risks and what were the opportunities. And I just wanted to reinforce the point that over the last 18 months, I think what's gone on in the market, that's moved towards flexible working, and we haven't quite seen the end of it. I'm not even quite sure we've seen the start of it in terms of how everybody's going to go back, how businesses are going to go back to work.

Andrew Taylor: And enterprises and public sector are going to do that differently. The small businesses, we've seen that in our numbers, frankly, talked about that at the half-year results, small businesses, they're first out the blocks. It's a survival issue. They need to get back. They need to start trading. So, we've seen that happen, but it's going to take a bit longer for bigger businesses to work out what they're going to do. But that trend around flexible working, that acceleration to the cloud, to be able to enable that flexible working and also the digitalisation that underpins it and the network infrastructure that underpins it

is really, really important, because you need a strong network and you need a digital environment and a company like Investec. If you don't have that infrastructure, you can't deliver the cloud solutions, whether they're in the IT side or whether they're in the communication side; the space that we are involved in. So, fundamentally, positive growth drivers.

Andrew Taylor: And all I'd say since we last spoke at the half-year, they're just reinforced. So, bigger opportunity in the market. And awareness is increasing, particularly in those markets where there've been laggards. I mean, Achim will talk about that in Germany, where the German awareness and move to the cloud has been really slow. So, how is this going to, what we've experienced in the last 18 months, how's that going to increase awareness and increase adoption of cloud, but overall, it's a good market to be in and very much around execution.

Andrew Taylor: And just a reminder in terms of why we when, and again, this is one that we roll out regularly because, for us, it's really important. It's about the core Gamma foundations. And the point I want to make here is the businesses that we've bought in Europe reflect that. So, that was sort of our requirements as we've been looking at businesses. They're all at different stages, but this is about buying businesses that have a strong product capability, that've been successful in the market that they operate in. And we see a synergy in terms of bringing the Gamma portfolio together with those businesses to accelerate. And all the businesses that we have, have a network, they have a national network. And that's important to us because we're not a pure software player. We see the network as being important to businesses, to support and drive the applications.

Andrew Taylor: So, surprise, surprise, we've been doing that in the UK successfully for years. We've bought businesses in Europe that have that network capability, and they're also switched on to how they enable the channel through digital systems and applications. So, you would've heard me talk about what we've done in the UK around digital training of the channel, digital marketing to support growth in the channel, and also digitalisation of how those businesses operate, just so you're more agile and nimble and you can do things more quickly. I'm not saying that every business that we've bought is at the same level as Gamma, but we've bought businesses who understand that. They understand the journey. And that's where we're actually, in terms of integration, we're doing a lot of work to together.

Andrew Taylor: And then on the people side and on the commercial side, this is about having a like-minded approach towards how we disrupt the market. All of the stuff that Gamma's been doing in the last 15, 20 years, we think we've partnered with management teams and we've partnered with businesses who are real pioneers in the market. Just because they're smaller than Gamma doesn't mean that it's not very, very relevant. And Andrew's going to pick up in that in a second, in terms of the stage that these businesses are at. Now, with that, Andrew, I'm going to hand over to you. Thank you very much.

Andrew Belshaw: Thank you very much, indeed, Andrew. It's sort of musical chairs or something over there, isn't it? And we move on. As Andrew said, I'm the other Andrew, Andrew Belshaw, Gamma's CFO, and it's really nice to see you and see you in person. I've only got two or three slides, I'm supposed to do them really quickly, and I'm waffling already.

Andrew Belshaw: So, quick snapshot of our European business and also to contextualise where our European business sits against maybe what our UK business looked like a couple of years ago. So just as a reminder, these are first half numbers, so you've only got half a year, so you can double them to annualise them. It's about 35 million revenue in the first half. So, sort of 70 million annualised, about 8 million EBITDA off back of that. 16% group revenue, 9% group EBITDA, 17% of total group seats. You can read that for yourself. So, let's to try and break that down a little bit more.

Andrew Belshaw: Those of you who remember when Gamma floated back in 2014, and there are some people in the room who I distinctly remember pitching to in 2014. I'll just not look in any direction, some of you bought, some of you didn't and I'll leave that there. But going back to 2014, one of the slides that we showed people was a split of Gammas revenue between what we call traditional telecoms revenue, so calls and lines and that sort of stuff, and this new, exciting stuff that nobody had heard of called SIP, and I don't think we were even calling it UCaaS in those days, Cloud PBX. And we said, look, the traditional stuff's dying, everybody knows that. But actually the new stuff's growing and the new stuff's growing pretty fast, and it's going to be exciting, because Europe is behind the UK in terms of its telecoms evolution, the same is going on.

Andrew Belshaw: So, the businesses that we have bought in Europe are doing what we would call legacy telecoms, as well as the new, exciting stuff. And at the half year, I didn't give you the split. And a number of people said, "Actually, could we have the split because it'd be quite helpful to understand what's going on." So, here is the split. So, just looking at the top there, you can see that the revenue, sorry, I have to look at this because I can't memorise these numbers. But the revenue from what we're calling UCaaS, so that's Cloud PBX, UCaaS, SIP, and the yellow bit on the top is everything else; there's broadband in there, there's mobile in there, there's local equivalents of CPS line rental, that sort of thing. That grew second half of last year, because we owned all the businesses for the second half of 20 into the first half of 21, grew 15% [NB This figure was quoted in error and should have been 8%], and the margin actually grew a little bit more.

Andrew Belshaw: The traditional business, as you can see, A, it's a lot lower margin. No new news. Exactly the same as in the UK, and that came off, and it came off for two reasons. Firstly, it's coming off. And secondly, a lot of it's billed by the minute, and because people weren't in the office in the first half of last year compared to the second half of last year, and that was maybe more of a European phenomenon than a UK phenomenon, actually a lot of the minute traffic came down. So, that's perhaps a little bit exaggerated. And I think we talked that through when we did the half year results, but we probably didn't... Well, I say

probably didn't give you the numbers, we didn't give you the numbers. These are the numbers.

Andrew Belshaw: So, that's really the sort of first point to make in terms of how the European market, sort of looks like the UK market looked some years ago. And we could put a number of stats up here. Now, what are you looking at? You're looking at a graph that is the UK business and the bottom line, the purple line, is the number of seats that the UK business had. So, you go back to 2011, 2012, just in the UK, we were doing 20,000, 25,000 Cloud PBX seats. If you can believe that and remember that far back.

Andrew Belshaw: EBITDA margins, when we floated this business all those years ago, nine, 10%. And the point of this, because again, I've said to people a number of times, Europe always looks to me a bit like the UK looked seven or eight years ago, and you look at things like market share in the UK at this time, it's not on the graph, I think we had about five, 6% market share, market penetration was probably somewhere between five and 10%. Exactly the sort of numbers that the guys are going to come and talk to you about in a moment.

Andrew Belshaw: And really just two things. Firstly, the seat growth took a little while to get going, but once it got going, it got going. And I think in Europe, again, massive market, it might take a little while. We say a little while; year, 18 months. Perhaps longer than you might otherwise think.

Andrew Belshaw: The other point that people ask us about is the EBITDA evolution. As the European business gets bigger, the EBITDA percentage will grow. The kink in the line, in case any of you are wondering, is when we introduced IFRS 15 and 16, so it's a slight account, it wasn't... We suddenly put a lot of overhead in, there's a bit of an accounting issue going on. So, you can just sort of see that as Europe evolves and grows over the next six, seven years, hopefully the seats begin to grow, sowed it first, then begin to accelerate EBITDA margin also begins to grow.

Andrew Belshaw: So, that's really the context of, hopefully, just reminding you that the opportunity that I think we are looking at in Europe now, to my mind is not dissimilar to the opportunity in the UK as it was sort of four, five, six years ago, only it's bigger, because Europe's bigger. With that, I'm going to hand you over to Andy Morris, our Chief Strategy Officer, to walk you through the next section.

Andy Morris: Thank you, Andrew and good afternoon, everybody. It's fantastic to be here in-person. As Andrew said, the last one we did in the TV studio in Birmingham was incredibly hot and it's one of the hardest things I've ever done is present straight to camera, live. That's really, really hard work. So, it's really good that you're all here. And I hope the online webcast is working for everyone remotely as well.

Andy Morris: There's a couple of other things I'm really, really pleased about. One is, having presented with Andrew and Andrew over the years, quite often in Andrew's



introduction, he'll drop another thing in that you meant to be presenting on that you didn't know about. I'm pleased to say that he didn't do that to me today. So, my presentation is in line with the expectations set by Andrew at the outset.

Andy Morris: The other is that I'm actually going to be using some of the slides that we've been using over the last three years. And I guess, in terms of when we're thinking about our strategy and the development of our strategy and the execution of our strategy, I think it's a bit of a sign of success if we can still use the same slides we were using three years ago to explain what we're doing today and why we're doing it and the context we're doing it within.

Andy Morris: So, I'm just going to give you a little bit of a reminder of the things that we talked about back in 2019 and really just to help set the scene for giving the update on the execution of our strategy and in particular, as Andrew said, how the various strands of that strategy are coming together now as we go forward over the next few years and our plan, particularly in and around Europe.

Andy Morris: So, for those that you have been to these sessions before, the Gamma Capital Markets Day wouldn't be complete without this slide, our infamous waves slide. This was something we put together back in 2018, 2019, and really set up the foundation, if you'd like, for the market evolution and the market changes that we are anticipating and that was, if you like, the bedrock for the strategy that we were forming. And that was really around, we'd seen the take up of SIP in the market as a replacement for ISDN, and we'd enjoyed that for a number of years.

Andy Morris: At that point in time, we were enjoying, if you'd like, the advent of telephony and Cloud PBX services. And what we were saying is actually the next wave of adoption would come through the adoption of UCaaS services, so, unified communications as a service. So, really, the final way, bringing, if you like, putting voice, fixed-voice services and cloud-voice services in the context of business applications and other media like video. And the size of these waves was important to us because obviously the value that's in each of these is different. And as we get to UCaaS, the value we can deliver to our customers is much greater.

Andy Morris: Then the pandemic happened and we saw an acceleration, and we saw really a discontinuity of the evolution of the market as we might have expected it, but it was in line with what we had been planning for and looking at. But what we're seeing is user and buyer behaviour changing, people accepting technologies they didn't want to use before. We all know how many video conference calls we had before the pandemic, it was probably you could count on one hand, and you'd probably have the same number every day now. But also there was an expectation that the movement between, if you like, your fixed coms environment, your communications environment into business process and business applications on your desktop. That's the place we've all started to go now to start a communication, start a conversation in whatever form we decide

to do. So, user and buyer change, that's, if you'd like, brought together the telecoms market and the ICT market at a much faster pace than we might anticipate.

Andy Morris: But one thing I would say, and we're doing quite a lot of research in this area. We've done some primary research over the summer. Right now, a lot of people, we talk about UCaaS, but actually trying to get a single definition of that market is very hard because there are so many moving parts at the moment. But what we do know is what are the main trends, if you like, and the main drivers and the main associations that we started to see. And those are the things that we're tracking. So, through this presentation, we will use the term UCaaS, we'll use the term Cloud PBX, but really it's about the evolution, the movement towards unified communications that we're talking about.

Andy Morris: If you recall, this was the strategy that we set out in 2019, and these are the four focus areas that we talked about back then. Today, I'm going to touch on the first area, which is really a reminder really on where we're at in our product evolution and capabilities in terms of our go-to-market capabilities. I'm also going to talk about our European strand to that strategy as well. And ultimately, how those two are going to come together over the next few years.

Andy Morris: Now, my colleague, Chris did a fantastic job at the last couple of Markets Day of explaining where we were with our product portfolio and where we were with the evolution of our sales channels and also how that aligned with the needs of the market, if you'd like, the needs of users and how we made sure that we were aligning and synchronising with that, and also how people wanted to buy those service. That video of that presentation is still on our website on the investor page. If you want to go back and have a look at that, it's there for you to see. But I was just going to do one slide on each today just to help, if you'd like, set the scene. But let's say that the resource is there if you wanted to go back for a reminder.

Andy Morris: So, starting with our product portfolio. So, over the last few years, we've been building both in terms of the recruiting our own skills and capabilities, but also through acquisition, ensuring that we've got a much broader capability, if you'd like, to drive our product roadmap across these three main areas over the coming years.

Andy Morris: So, top left there, UCaaS, unified communications as a service. Obviously, we have a very significant presence in the UK and hosted PBX with our Horizon product. We've been adding to that with things like our Horizon Collaborate product, which provides collaboration, functionality and services. But also through acquisition and the acquisition of Mission Labs, that's given us a digital first, if you'd like, proposition with CircleLoop, aimed at lower end of the market. But actually, that CircleLoop proposition is much more of an application, if you like, than necessary traditional com service and people are integrating that with, let's say, their CRM.

Andy Morris: Top right, we've got contacts. And, again, we acquired Telsis two years ago now and we used their technology, which was a fully comprehensive cloud contact, customer contact solution. And we've integrated that with our Cloud PBX solution, Horizon, and we launched Horizon Contact this year. And that gives us the ability to provide what we'd say a sort of informal contact centre capability and functionality into the SME. And we will start to add more and more media channels into that product.

Andy Morris: We also have at the enterprise space, and Chris talked about this last time, with smart agent, through the acquisition of Mission Labs. So, that's really binding together much more comprehensive and complete set of contact centre solutions used by much larger, more formal contact centres. Underpinned by our connectivity solutions, both on fixed and mobile. And obviously, earlier the year we launched our new mobile offering, which includes 5G. So, we've got the product portfolio and we've been building those capabilities up and that roadmap is the one that we laid out at the last couple of Market's Day. But I think when you've been to Gamma presentations over the years, we emphasise it's not just about the product, it's also about the proposition for your channel. How is it that you make your channel, if you sell more of what you've got.

Andy Morris: And back in 2019, we talked about how we've thought the channel might start to come under some pressures to change and evolve, and really we're seeing, to a degree, with the acceleration with the pandemic, that's starting to come to light. Customers are starting to ask different types of questions and therefore they may be going to different sorts of people to answer them. So, where Gamma has been strongest, if you like, in the past, in the purple areas on wholesale channel partners, this is very much a UK picture and direct manage. We've started to see, if you like, the advent of more direct digital requirements, but also through a reseller path into those people that are providing business applications to end businesses, they want to be able to take the coms and integrate the com service into that. So, this is broadening.

Andy Morris: What we've been doing is making sure that we have all those bases covered. I talked earlier on about the acceleration and discontinuity of the market towards UCaaS. Now, one of the things that people can't really work through is exactly the speed and pace and the proportion of that change and how things will play out. So, what we're making sure is that we're relevant in all of those channels and that we've got the right product set and the right proposition for those channels. And again, this is just a repeat really of the slide that we used back in June.

Andy Morris: So, turning now really to Europe and our plan here. At the time, we talked about needing to expand into Europe. We hadn't made any of those acquisitions. And I guess why, and this is, I guess, more up to date data taken from the last quarter or so, just comparing some of the UK numbers to the markets we serve in Europe. So, the two columns on the right are the combination of the markets that we're in. So, what we're anticipating, if you like, and looking at some of these sources of data, marking my point earlier on about not really

understanding how UCaaS as a market will be defined, we're using Cloud PBX here is the proxy.

Andy Morris: In the UK we're seeing from today, about 6.4 million cloud seats going to about 13.6 million cloud seats. Now in those European markets, we're seeing a slimmer number in terms of quantity of seats over the same period. But I think the point to note really is the penetration in that. So by 2025, we're talking here if those seat numbers are correct, we'd be at about 68% penetration of that market. But in the markets we're serving in Europe, we'd only still be at 36% penetration. Which is why for us building a sustainable growth story for Europe is so important to the long term, continued growth of the business.

Andy Morris: Sit trunks stay fairly flat over the period in all markets, but really changes here and around from sit trunks being those things, if you will, the connectivity between an IPPBX, if you like on-prem PBX for a customer, to one which is enabling one of their cloud services, maybe Microsoft Teams, for example. So a shift, although the numbers are still similar, we're seeing a shift in how people are using sit trunks over this period.

Andy Morris: And then in terms of contact, again, 30 straight inputs were flat in terms of the number of Asian seats, but the big change here is the move to cloud, and we're seeing, anticipating again, a similar quantum if you like in those European markets, as we're seeing and anticipating in the UK. So that's where we see the opportunity in around contact. Connectivity, again, the numbers, again, fairly flat in terms of growth, but lots of change within those markets, new technologies, new products. So there's plenty of activity, if you like, within those numbers and plenty of opportunity for us. Again, similar kind of numbers and similar profile at UK and those European markets. I can see people furiously writing things down.

Andy Morris: Yeah. The clicker was on your side, then. It didn't want to move on. Someone was overriding it. So coming back to the European strategy and really how we went about executing to where we are today and then I'll talk a little bit about where we're going next. We talked last back in 2019 about our land and expand approach, so we're looking to find businesses in each of the markets we wanted to operate in and then acquire those businesses, use that as a platform, if you like, to then expand in that market. And this is an internal slide we had at the time, and it sort of indicates the kind of profile, the kind of businesses that we were looking for. And in effect, they were kind of mini gammas, and industrial put up a slide on about how gamma looked, if you like, sort of six, seven years ago.

Andy Morris: But businesses were from a product point of view, they were already starting to be pushing IP and relevant from a cloud point of view, that understood network quality as being a differentiator and a particular sort of PSD and interconnect and the ability to port numbers smoothly and all of that good stuff, was an important aspect of what we were trying to find. Companies that already were pretty focused, straightforward, easy to understand, aligned to what they want

to do and therefore easy for us to sort of scale over time. Companies that had the relationship with their partners and the relationship with their channel that would allow them, if you like, through the right commercial models to help those partners make the move from traditional services to cloud services and that's something I think we've talked about, Gamma's experience in the UK, some of the things that we've done to help our partners change their fundamental business model.

Andy Morris: And finally, people. What was really important to us is that we found organisation that we could work with so easily and in such a straightforward fashion. It was a real test for us, actually, when we started to meet businesses, was that if in the first 15 minutes we were talking as if we were one company to thinking about, asking the same market questions and asking questions about what is it like in your market with this, that, and the other, and not still trying to understand the business or still trying to understand the people, that was a real test for us. And we found that with all the businesses that we acquired. That actually, after 15 minutes, it felt like we were sort of old colleagues already. And that was really important to us, because what we were trying to do was focus on growth and focus on moving businesses forward, as opposed to trying to understand what we might have just acquired.

Andy Morris: So that was the ideal profile. We went through quite a structured process in terms of going about that M and A approach, classic kind of long list, short list process, refining that and reiterating around as we got to talk to people and understand the markets more. And then ultimately came out with the selected targets, which we approach and then fortunately we've been able to secure. And that leaves us with the position, I guess at the turn of this year, having completed those acquisitions now about 12, 18 months ago, we're on that sort of left hand side, the acquisitions that supported the European strand of the strategy, and then across the top, the acquisitions that we've secured, if you like, to support the Ucast and as a product and technology enablement.

Andy Morris: So we are now at a point where we need to think about how do we bring all those together, those two axes? How do we bring that together and how do we form a single plan, if you like, as we go forward over the next few years? And then parallel to all of this, we've been putting together the right group operating model, if you like, the right structures by which we can do that and achieve that. And that group operating model is really centred around those primary business objectives. First of all, we have a very strong position in the UK. We have to defend that position and we have to grow that position. We've talked already and we'll talk a little bit more in a moment, we want to expand Europe and we want to grow in Europe. And we want to move that forward in a way which is scalable and that we can really disrupt those markets and not be too consumed about the internals of our business. We want to have an operating model which allows us to focus on the future.

Andy Morris: And finally, it'll allow us to bring in, if you like, our strategic technology and product platforms over time. So that that model's being put in place. And we're

using that, if you like, as a sort of the underpinning, if you like, for European growth platform moving forward. And I've tried to articulate the sort of ingredients, if you like, that we're trying to put together for that platform. Really around market presence, of gaining the relevant market presence in the market, having the right products and roadmap and having the right channel propositions available to us. And we're now in a position where we have all of those things and try to articulate, I guess, where we got to and also on the previous couple of markets, how we sort of fulfilled some of these.

Andy Morris: So when we're thinking about where we go next and how we move forward and how we bring all of this together over the next sort of four or five years, from a market presence point of view, these businesses as you'll hear in a minute, already have a really good, strong, relevant market presence. But as we know, the world is changing around. We need to help work with those businesses to make sure they're relevant as that wave, Ucast, if you like, comes across and make sure they're well positioned to take advantage of that. And that means adding various components. It might be that we want to add more of a presence in the IT and business application space, because that's going to be much more important to us going forward. And we will continue to assess inorganic options. So we will continue to look at the land and expand, if you like, as a strategy. We're still looking at how we might complement those businesses through further acquisition.

Andy Morris: From a product point of view, as I said, what we want to make sure is that we've got the right complete product portfolio available in those markets and that will take a little bit of time. But that will cover the triangle, if you like, that we talked about earlier on and utilise group platforms over time. And that allows us to get to a place where we can really scale efficiently, through using those common technologies.

Andy Morris: And then really from a channel perspective, we want to make sure that experiences that we've got in the UK, the experience of the channels we've got Benelux and in DACH and in Spain, that we all sort of combine to share that and we come with the best propositions for those markets. As Andrew said, each market is different and you'll hear from the CEOs in a second and therefore the right mixture and the right proposition will probably be different to each of those markets. But what's important is that we learn from each other and we emphasise the need, if you like, for the channel proposition to be as strong as the product proposition.

Andy Morris: And with that, I'm going to hand over to Gerben.

Gerben Wijbenga: Thank you, Andrew.

Andy Morris: The first of our European CEOs, to talk about his market and his company.

Gerben Wijbenga: Thanks. Thank you. My name is Gerben Wijbenga . I'm really excited to be here together with you to tell you a bit more about the Dutch or the Benelux market. It's the Benelux market. I will predominantly talk about the Dutch market because that's where the biggest part of our business is today. I will say a couple of words on Belgium and Luxembourg as well, but predominantly on the Dutch market. I will talk about that market, then later on, my colleague Achim will talk about DACH. And Xavi, you will talk about Spain. We've used say all three more or less the same structure.

Gerben Wijbenga: So what we intend to do is we talk a bit about the situation in the market, so how has the market developed over time and where are we today in that market, in that specific market? And then zoom in as well on Gamma today in that market. How has Gamma developed over time with the specific position that Gamma has today in that market? Then zoom in on some specific activities or focus areas that are slightly different per country. And then last but not least, based on the ingredients or the foundations for the European platform, we will zoom in on that say per country to basically explain to you what the focus areas are on the developments that we need to make on these ingredients, these foundations, to make sure that we grow further in the markets where we are today.

Gerben Wijbenga: So let's zoom in then, on the Benelux market, an exciting market, a really exciting market. Specifically the Dutch market, I have to say, really exciting. A market with actually a high penetration already. We're already talking about over 40% cloud penetration in the Dutch business market. And with that, the Dutch market has one of the highest penetrations in terms of clouds business in Europe. When you look at the different businesses in the Dutch market, and you look at the adoption of cloud services, I think you can say easily say that the Dutch market actually is in line with the Nordic star. So we really like in the Dutch market, we are on the forefront of the developments that you see in the cloud business.

Gerben Wijbenga: What makes it really exciting, actually, is that with the high penetration that we have already, we continue to see growth in that market as well. So with a penetration of 40% today, it is expected that in the coming years, that will grow to over 60%. today, we're looking at a market with like 2.4 million users. In a couple of years, we will be at 3.6 minimum, so that market will continue to grow. And besides that, so besides the growth of the market, we also see that there are a couple of different other developments that are really relevant to us, in order to strengthen our position in that market.

Gerben Wijbenga: What is also important to realise is that when talking about the penetration, there are big differences between the different segments. So when I talk about on average 40% penetration in the Dutch market, it's important to realise that for example in the small and medium sized segment, penetration is already higher. So there, we're talking already about 60%. And also there, when you talk to analysts, when we talk to our partners, when we talk to our end customers, we expect that that penetration will grow further. In the SME segment, at least

until 80% in the coming years. What we see as well is that in the other segments, so the very small companies, their penetration rates are fairly low still. There we expect an important uptake as well as on the corporate side. So there also we expect that the penetrations level will go up drastically. So that is important to realise.

Gerben Wijbenga: So what we also see in that market is that with the high penetration, a couple of other developments also take place, and that has to do with the way the market developed. So let's zoom in on that. So liberalisation started in '93. I have to say that KPN, being the incumbent, fought hard to maintain their position. And I have to admit as well, that in the first couple of years, they were pretty successful in maintaining their position. But at a certain moment, the market started to develop, to move. Dynamics really developed. And that had to do with a couple of smaller companies that actually started to develop new services, started to develop new models, started to develop the partner channel to address the market. So back in 2004, a couple of companies actually started developing, hosted voice services. And One Axis, and I'll come back to that later when we talk about the Gamma position in that market, One Axis was one of those companies, one of those many companies that actually started developing services and started to become very successful in that domain. And together with the colleague companies in that area, actually started to develop market and bring the market to another level and to high penetration levels that we see today.

Gerben Wijbenga: So that is basically what happened. And so there are a lot of company providers still today, a lot of providers are active in that market. We're talking about more than 65 providers that are still active in the market with all sorts of different propositions. And they're at least 30% of the propositions. 30% of the seeds that are out there now in the market are developed by smaller provider with smaller platform solutions, if you like, but not really ready for the future. When we talk to our partners, when we talk to our end customers, basically what we see is that the market is shifting towards another phase, a more mature phase, if you like, where end customers, where partners are looking for solid solutions, basically that solid solutions that work today, but that also work tomorrow, next week and next month. Solutions that allow our customers to integrate with ERP software packages, solutions that allow our customer to start working in a different way. The hybrid way of working that you just mentioned, Andrew, end customers are actually looking for solutions that allow them to do that not only today, but also in the future.

Gerben Wijbenga: So we see a shift there in demand. So partners, as well as end customers, look for solid partners that are out there for the long term, and that are able to deliver a package of solutions which solves their issues and which meets their needs. This means that, and this is also, talking to analysts and this is what we're seeing in the market, that we expect that the consolidation that is taking place will actually accelerate in the Dutch market. And that is not only because of the demand that is shifting, but that's also because in the end of the day, these



smaller players don't have a future in that market. So that's one important trend that we see.

Gerben Wijnbenga: What we also in the market is that yes the product is important, but our partners and our end customers, they demand more and more in terms of service, in terms of service quality, and in terms of digital interfacing. And also there, I believe that these smaller partners don't have the means, don't have the expertise, don't have the capabilities to make that next step into the cloud business. Another important development in the Dutch market as well is that it used to be a retail market, so through resellers selling the services. What we've seen there as well over the last couple of is that the importance of the IT channel has become bigger and bigger. Actually what we've seen is a shift from retail to wholesale, allowing IT partners to add additional services to develop a billing relation with their end customer, and that's definitely a trend we expect to continue and to further push certain players out of the market and strengthen other players in the market.

Gerben Wijnbenga: So that's basically what we see happening in the market. And that's the online channel, as I said, service is becoming important. Self-service is becoming really important. So the importance of the online channel, that's not so much necessarily to sell direct, but it also provides your services and your self-services to our end customers or your partners, that's becoming really relevant in the market to be successful there.

Gerben Wijnbenga: So that's basically the opportunity, so a market that is growing, but also a market where bases will be shifted because of changing demands in the market. So where are we then as Gamma in that market? I already mentioned One Axis. So One Axis is one of the early starters in that the pioneers, in that cloud business. One Axis merged with Dean Connect back in 2009. And Dean One was created. Dean One grew rapidly in that market, became one of the leading providers in that market. And back in 2018 then was acquired by Gamma together with Hipple Connect. Hipple Connect, an ICT provider, delivering services on to customers that are based at Hipple, the national airport that we have in Amsterdam. These ICT services obviously also contain the cloud businesses that are delivered by Dean One at that time.

Gerben Wijnbenga: So that was like the first step into mainland Europe by Gamma, acquiring Dean One. That has been followed up by the acquisition of Nymis, also a strong ICT player in the multi-tenant area, like Hipple Connect, actually. So delivering ICT services in big multitenant, which is a growing business in the Netherlands to customers in multitenant buildings, including cloud services, obviously. And then back in 2020, so last year, summer last year, we acquired GenTel. And GenTel really strengthened our position in the Dutch market, not only because of the fact that we added some seats to our portfolio, but we also added a different type of channel. Where Dean One was predominantly active in the retail PBX channel, GenTel had a stronger position in the wholesale IT channel. So basically there, we were able to expand our position in a relevant channel,

becoming more and more relevant also in the future when we talk about the growth that we foresee in that market.

Gerben Wijbenga: So until September, we had four different companies in the Dutch market. On the 1st of September, we decided to rebrand GenTel and Dean One into Gamma. And that's actually what we did. So right now, the brands Dean One and GenTel no longer exist, and we have positioned ourselves as Gamma in the Dutch market. Actually also to, and is well received by our partners and by our end customers, because it's basically a story where we show that there is a long term future in terms of presence in the Dutch market for us. So partnering with Gamma is not just partnering with a player that might disappear in a couple of years or being bought in a couple of years. No, it's a player like you said, Andrew, we're there for the long term. And that's actually what we positioned very clearly to our partners and to our end customers when launching the Gamma brand, very well received back in September.

Gerben Wijbenga: So actually it was not only about the brand. This is what you see, right? So GenTel and Dean One, we have migrated, that rebranded that into Gamma. Very well received in terms of positioning, in terms of branding. They all liked the Gamma logo. That's all fine. But it's also about products. So what we've done, obviously with GenTel and then Dean One, with the whole range of products overlapping, non overlapping, platform A, platform B, what we've done actually there as well is we've brought that together to four distinct product categories. Which means actually that we no longer talk about GenTel mobile or Dean internet or Go complaint. So we've restructured and we've brought that back to four product categories, which makes it very transparent and very easy to understand for our partners basically to sell that to their end customers.

Gerben Wijbenga: And it's not only about products, it's also about the interfacing. So we're also talking about the portals. With GenTel and Dean One, and as you remember, as I said Dean One is a combination of One Axis and Dean Connect. We have four or five different portals to interface with customers. There we're really restructuring and phasing out different portals and bringing that back to one in the end of the day. We're not there yet, but reducing the number of portals in order to make sure that the interfacing with our partners becomes as smooth as possible. And smooth means, very, very quick order processing, very quick handling of tickets. And it's also about self-service. It's also making sure that customers can easily log in and change the setting in their products or in the products that they buy from us.

Gerben Wijbenga: And then last but not least, it's not about only the brand. It's not about products only. It's not about the interface. It's also about the organisation. So what we've done there is we've really combined the different organisations that we have. We've created one organisation with a focus on good products, service, and quality. And that's really like paying out. People accept that our partners are happy that they have a partner to talk to, Gamma, which is there for the long term and focusing on the right issues.

Gerben Wijbenga: And this is then like summarising, the ingredients that you mentioned, Andy, the ingredients for our European platform. Like I say, in terms of market presence, where are we today? Well, we've migrated to one brand, but clearly, we still need to make some steps there. In September, we started doing that and step by step, we're bringing that to one platform, actually, one organisation that starts with a proper positioning in the market as well, which starts to sell the Gamma proposition in that market. Obviously we use that to strengthen our position in IT channel and the business application markets.

Gerben Wijbenga: And there is Belgium, obviously we're assessing the opportunities in the Belgium market as well. We do have some customers already in the Belgium market. So we serve end customers in the Belgium market, but obviously we're also looking into further growth opportunities in that market.

Gerben Wijbenga: On the product and the roadmap for that specifically, and this is where the benefits come from being part of a bigger group, being part of the Gamma family, that allows us not only to have a long term proposition in the market, but also allows us to add additional services, additional applications that are relevant for our customers. And obviously we want to be the best in class in terms of our portals, in terms of our self service.

Gerben Wijbenga: And then last but not least, and that's also where the benefits come from being part of a bigger group with distinct successes in the UK market with regards to the relationship. With partners and the partner propositions, we want to learn from that. We want to use the experience and the best practices from that and apply that to strengthen our position in the IT and the business application channel. And obviously, use also the expertise that Gamma has developed with regards to the digital channels, or is about to develop in that area. That all in all makes it really exciting. It is a market that is growing. It is a market that is in change. And I think being part of that Gamma family, we are very well positioned to be an important player and the leading player in that market, in the Benelux market. And that brings me to Achim. You can talk about DACH.

Achim Hager: Thank you, Gerben. Thanks a lot.

Gerben Wijbenga: Sorry. Thanks.

Achim Hager: So welcome on behalf of the rest of overseas, of Germany, of the DACH region and from your perspective of the UK. And I'll talk a little bit about our history in Germany, where are we from and what is HFO all about, upcoming also rebranded to Gamma Communications on the 1st of March next year. So we are about to do this too, of course. Our history started in 1998 when we were the first British telecom resell in the German market. So our deepest roots were always British because we started the business with a British company 22 years ago. And we were the first to do pre-selection in the German market. And then they started with us doing it with others too. And we did the billing for the complete British telecom group in Germany for a long, long time. So this is

where we have our roots. And also in 2005, when we acquired, we made around 12 acquisitions in the last 20 years in Germany.

Achim Hager: The biggest acquisition was Epsilon telecom in 2005, and Epsilon telecom did the other part. And that's the other part that we have not done. They take care for the mobile business. They are a broker in the mobile business for the M and Os in the German market. And so we addressed through this acquisition, another 600 partners together with our 1100 partners. It was a huge variety of partnerships that we then addressed after this acquisition. The difference was always that Epsilon always dealt on behalf of others, and we always deal on behalf of ourselves. So we have always gathered contracts towards HFO and not towards others.

Achim Hager: Then in 2006 when we launched our SIP product, we started the development of the SIP product. And then in 2009, the product was really ready. It was one of the first products in the German market to address via IP solutions, the market. In these times, they called it VoIP and VoIP was really a pure expression for voiceover IP. It was a little bit coming from One Plus One in a German market, a well known provider with a very normally poor quality and we did with a good quality. But the problem was in these times, you did not really receive broadband everywhere and all over the German regions. And this was also most of the major problems around which NFON struggled in these times. NFON started also in 2007 with a launch of NFON, with a lot of PowerPoints and lot of things that would address to come in the next months, but they needed longer because they could not prove it because of the lack of broadband. And it needed, I think, three years, four years in the German market until 2010 until the broadband was really available throughout the market.

Achim Hager: In 2016, then the German telecom announced that ISDN is to be migrated to the SIP platform 2018. They started it finally and it needed three years, so it was an interesting time. So together with all the other competitors in the market to empty out the complete ISDN base. So there are only some old analog lines for emergency calls and for elevators in the German market. Everything else is transferred or was transferred to the SIP. Interesting about this is that not the PBXs were transferred to SIP. There are still enough media gateways in between the old PBX installations in the sale of the customers. Around 65% rested there and were never changed until now, and so this is an interesting part that will happen now. They have to exchange all the old installations against new ones, and we have to be there with the cloud solutions. They're not replaced by ...

Achim Hager: With the cloud solutions, then they're not replaced by on-prem, still on-prem only based on SIP. So we are the largest market in Europe with around 35 million seats approximately, but the penetration is quite low. We have only around 10% and I don't believe these figures really on my own. It's between 6% and 9%, is the real penetration rate in the German market. So everyone who does, for example, private cloud in his public data warehouse, he calls it cloud, but it's no cloud, it's in one-to-one installation to be honest. And really multi-tenant clouds like Gamma does are not so common in the German market.

Achim Hager: So what is this then, this 10%? And why is this 10%? The bottleneck is not so much the customer himself. The bottleneck is the dealer. Because the dealer was always used to sell on behalf of people like us, the connections. But on the other hand, he was always used to sell on behalf of himself, the PBX, and he normally does a rental model in Germany where he is responsible for the next 10 years for this PBX.

Achim Hager: And everything that he sells is a rental model with a fixed amount per month. And he owns this, he's the owner of this contract. And I think the most interesting thing is that you have a good offer and it's the same in the market in the Netherlands and in Benelux. In a more major market, you need wholesale models that meet the needs of these partners. And if you address it like others, maybe from the US, we won't mention any name here in this room other than ours, who only address the market with resale models with low commissions and high prices and the loss of the customer ownership will never have a success in the market. So this is I think the way we have to go for with Gamma, offer these things to the market.

Achim Hager: And yes, we are targeted right by the Gamma M&A Group. The team ... we had hosted PBX already, we had SIP, we had fixed, we had mobile. And I think from the very first time, the feeling around the culture between the both companies was really a good fit from the very first beginning. And also the brand was well-known like in the slide mentioned. In the German market, we're a well-known brand for SIP at the moment. And we started with own cloud solutions in 2020 in the middle of the pandemic. And then in 2020, it was the 1st of July, we were acquired by the Gamma Group.

Achim Hager: So let's go to the next one. And this was the reason why we decided to go for the Gamma Group. We had around five who wanted to take the shares of HFO and we had to decide what to go for.

Achim Hager: And the first thing was ... the last thing that I spoke about one minute ago, it was all about culture. When we started working in this industry, we started working with a British company. It was British Telecom, also called Telecom. And so the British Telecom and also the MMO2 were our very ... deepest partnerships in the last 20 years in Germany.

Achim Hager: And when I heard about Andrew Taylor, who was in the same company working ... which we did the most of our business, namely Fiag Intercom O2, and we found the same roots, the same relationships in these former times and the same thinking. After one hour, we were all together in the same opinion, in the same world, and we felt like a family. And Gamma is family for us and this is what's the ... the main driver also for me is, as the founder, to stay with Gamma. And I think I can ... this also stayed for the others, for the other guys of overseas, that we feel comfortable to be with Gamma. And we're not paid to say this, it's really ... it's honest.

Achim Hager: And the next point was that we decided for a strategic partner because we hoped and we have much more support than maybe with a venture capitalist. Venture capitalist gives you money and gives you independence. That's nice if you want to stay independent, but if you want some sort of background, using background, using the personal, using the knowledge of the market, the knowledge that Great Britain is much further than the German market is ... The German market is very conservative at the moment and has the bottleneck of these dealers, so it's interesting to see this experience in the UK and the almost ongoing experience in the Benelux market and totally other things in the Spanish market, other approaches, because there is no channel like in the other states. That's really interesting, to work in such a family and to drive collectively developments together.

Achim Hager: So this was the second reason. The third was that we want to ensure fair and ongoing employment for the people who grew up ... 160 people in my destination, in my location in Hof and we have always had a strong relationship to our employees because our former shareholders were local banks and local newspapers and we were all regionally connected with each other, like maybe here in London as well. You are all connected with each other. And so we have responsibility for these people. And we have always worked together with the other companies and with universities in our region to attract these people. And I think it's interesting for a group like Gamma to be in all these destinations, to have all these talents all around Europe and to have them together.

Achim Hager: I'm not a fan of home working. I'm not a fan of mobile working. I know in Gamma there are some who love this. I say I think it's always better to smell and to taste the feeling of a joint room where you're together, other than only smelling your own kitchen. In your own kitchen, there is no culture. So you always smell your own culture, but you never smell the culture of a company if you stay at home.

Achim Hager: So this was the third reason. And what will happen in the next years, hopefully today we have a strong presence with our brand in SIP and mobile services with a base of around 1,100 listed partners. And it's around 400 that are really, really active. So 35%, this is a good ratio. Normally if you 20%, this is really good. And we trained 2,000 of the employees during the last 12 months in selling cloud solutions.

Achim Hager: That's an interesting number, but it would never have happened without the pandemic because all the people had time and they wanted to do something new. And we used this time and made follow ups with one-to-ones after this. And hopefully we get exactly in the same pipeline like Gamma did in 2013. So the evolution will be to build also like in the Benelux, a presence in IT and business, application channels. So we have to leverage our reputation from SIP, we are known as a SIP provider. Normally independent with not an old solution for the telephoner itself, for the PBX, to a UcaaS provider. We use this by rebranding on the 1st of March. And of course we have to assess regarding the

market also, Austria and Switzerland with M&A, what we are about to do at the moment.

Achim Hager: Product and roadmap of course, and this is repeating itself. We have established a product. We have launched a cloud PBX product, especially we have launched two products, one with the basic functionality and one with UCaaS functionalities. And we have to add some more functionalities with all around UCaaS and especially CCaaS to the portfolio. And although this integration into different applications like Salesforce and what we all know out of the digital world, this is our program for the next months. And we are looking forward to having a group platform soon to have a joint thing that we can deliver together, that we can develop together.

Achim Hager: And the third thing is ... one of the most interesting things is a channel proposition. We have to not only focus on our existing PBX channel as resellers for the market, as resellers for the SIP service. And we have to differentiate now more attaining wholesale partners and address therefore then 90% of the market, that once the customer ownership ... what I told you at the very beginning of my session.

Achim Hager: And we have to build a proposition for the IT channels as well. For example also through a digital product, you have to know in Germany around 70% of the employees work in companies that have less than 10 people. So if you address enough of them, you can attain a lot of seats with a digital channel, with a digital proposition.

Achim Hager: So all in all especially Germany is a huge market with a low penetration with a tremendous opportunity. And we have to overcome this conservatism and we have to offer the right customer ownership proposition for the partners. We will use our presence, our own presence coming from SIP, enrich and leverage it with the Gamma brand and with the Gamma products, and we will add of course also M&A. Thanks a lot.

Achim Hager: I now pass on to the Spanish market, Xavi.

Xavi Casajoana: Thank you.

Achim Hager: It's your turn.

Xavi Casajoana: Thank you.

Xavi Casajoana: Okay, good afternoon. It works. Hello? Okay, good afternoon. My name is Xavi, short for Xavier. So as you can see ... apologise first for my accent, it's not Scottish. This is Spanish Catalan, so if you are familiar with being in Mallorca or something like this, maybe it would be helpful to understand my accent. So I'll do my best. So let's take a fresh air because it's one hour quarter in the meeting, so I promise I will be only 15 minutes and maybe the closing remarks will be

followed by Andrew. So let's talk about the Spanish market, let's talk about ... a little bit about VozTelecom, who we are, where we are today, and where our opportunities for the next 3, 4, 5 years time and the future. So I'm co-founder of the company, VozTelecom, that means voice telecom.

Xavi Casajoana: So I co-founded the company together with another four guys, we are still three there. So I think it's a good scenario after close to 20 years being into the market. And the company has been growing in a similar way that Gamma has done in a much more immature market. So the company started in early 2003 providing white label platform for ISPs and smaller voice-over IP providers. So we started the market at that time, very much your market at that time. And just in 2008, we convert and we change our business model and we became the first cloud PBX provider into the Spanish market, and probably one of the first in Europe, providing a real product to replace the old PBXs, to put a new service completely based into the cloud, bundled with ADSL access to provide reliability and to provide a real substitution product. Not as a second line product like other companies were providing, but really providing for the businesses a completely replacement of their existing PBX solution.

Xavi Casajoana: We focused first into the smaller segment, companies below 10 seats, and we started to address that market through the pre-scriptors, through the IT integrators, through PBX resellers, and all of the companies who were taking care about the IT and communications of the businesses. So later on in 2013, we saw the opportunity to address larger companies and we adopt other technologies developed outside of our company. And in 2014 and '15, we saw that the market was more mature and it was starting to become ... starting a new wave into the market. Why? Because Telefonica at that time was starting to offer the first cloud PBX service provided by the large carriers in the Spanish market. So Telefonica for many years has been the leading operator in Spain. Indeed, today into the business market, corporate market has a huge penetration, over 75%, 80%. So when we started to launch their first cloud communication product, they put a lot of pressure to all of the PBX resellers into the market.

Xavi Casajoana: Telefonica has been too for many years, the largest PBX reseller into the Spanish market. And for that reason, most of the rest of the PBX channel are not really huge. So they have been addressing vertical markets, some local markets, but Telefonica had all the control of most of the existing seats, the physical seats at this moment. And as soon as they started to develop the market with their cloud PBX solution, the market started into a new phase and we saw the opportunity to create a specialised channel to address the market more aggressively rather than the traditional PBX reseller was doing at that time.

Xavi Casajoana: The traditional PBX reseller, they had no interest at that time to rebuild their business model. They were still comfortable because they still were selling PBXs. So they need to sell 3, 4, 5 PBXs per month to pay the payroll, so it was enough for them.



Xavi Casajoana: But as soon as the market was being more mature, driven by Telefonica, the market demand is starting to grow. And we created some specific model, the franchise model, to specialise specific partners in some areas to help them to generate leads, to address their local markets and to be fully focused under our brand to bring in new customers adopting the UCaaS product, but adopting UCaaS products as a full replacement of the existing communication solutions, as an alternative to the product provided by Telefonica.

Xavi Casajoana: Telefonica defined the standard in terms of product and capabilities. Telefonica was offering cloud PBX, fixed telephony, mobile telephony, and FTTH access. So if you want to compete into the market ... it started in 2016 and '18. And today, if you want to grow into the market, you need at least the same kind of facilities and the product features that Telefonica is offering.

Xavi Casajoana: And of course, then you need to provide a much better service, much better customer support, and to deploy a much better channel rather than the channel that Telefonica has. So for this reason in 2016, when we saw the opportunity to scale up this type of channel, the franchise channel, we became a public company. Till that time, we had been backed by venture capital firms that supported our journey. But in 2016, we were public into the Spanish alternative market at the time after a fundraising process that helped us to extend our capillarity in the channel and into the franchises network. And we had the funding to acquire two companies at the time to address the north of the country, which is the Basque Country ... acquiring this company there and addressing the Andalusian area and acquiring a company in Seville.

Xavi Casajoana: So at that time what we saw was the opportunity to be part of European UCaaS projects. So once we saw that the market now in Spain in 2020 was more and more mature and Telefonica was pushing, pressing a lot into the market to replace their existing and huge on-premise customers moving into the cloud, the market started to grow and to mature more rapidly.

Xavi Casajoana: So in terms of competition at that time and still today, out of the Telefonica market share and the network operator share, we are around 12 alternative players into the Spanish market, 12 UCaaS focus providers. Into that segment, we are one of the leading ones into that segment. So two-thirds of the market today is in the hands of the network operators. 50%, little bit more than half of that market is in the hands of Telefonica. We're talking about, today, around 2 million seats into the market.

Xavi Casajoana: So the alternative operators where we are into this tier two segment, we have already one-third of that market. But in the future, this is expected a significant growth into the Spanish adoption because today, penetration is still under 20%. So if we look to other countries in Europe, we can see that penetration will grow. And as Telefonica is pushing so hard into this migration from the existing base into the cloud today ... UCaaS is a market standard, so any company in Spain today, if it's looking for an alternative, a better solution for their business communications, they are not aware to buy another IP PBX because the market

standard is what is Telefonica offering. So then companies are looking for other alternatives to feed their requirements or to support their businesses with a much better value rather than the Telefonica has.

Xavi Casajoana: So for this reason, when we saw the opportunity to be part of a Gamma project ... so we found that Gamma has a lot of similarities about our business. So it's like our peer company, so not in terms of size, but in terms of strategy. We had the same business model, fully focused in UCaaS. We share the same ambition, which is the UCaaS growth. And Gamma has the ambition to grow in Europe and in Spain. So of course we found a very solid and stable financial background in the Gamma Group. And all the team in Gamma has, I think, all the experience to develop a market that ... you have seen into the UK market, so ... And it was a very good fit.

Xavi Casajoana: So for this reason, we find a very good agreement to being part of the Gamma Group and to continue this journey, close to 20 years of the journey, for the next wave. We have seen the waves in Andy's slides. Now we are in the much mature wave in the Spanish market to continue to lead the Spanish market, the alternative segment, being VozTelecom, the championship into this segment.

Xavi Casajoana: So at this moment, when we see the market and how the maturity of the market is changing, what we can see is that the type of the channel that we have seen in the past, which was not mature ... to convert their business model, now they are in a hurry. All the PBX resellers, they don't have any opportunity alone in the future selling IP PBXs anymore. So they are in a hurry to change their business model. But it's not easy. PBX business model is cashing in the first day. UCaaS model, so it's not easy for these types of organisation to make this shift and to pay the payroll at the end of the month.

Xavi Casajoana: So it's crucial for them to have the right partner, the right UCaaS partner, the right UCaaS providers supporting them into this journey, providing the right product, of course, but providing the funding to make this happen, and providing all the marketing tools and all the experience that we have through our franchise and networks to help them to make their business profitable into the UCaaS business. So this is now what we are seeing in the market, that we are one, probably ... we have the best channel program in Spain at this moment to support the PBX channel, to really change their business model and to be part of this market growth. But now we have to consider another players that are entering into the market.

Xavi Casajoana: So we have seen in the past ... probably in UK, it's the best example ... that most of the channel partners have been coming from selling PBXs, but now what we see is there are new types of partners coming from the IT and coming from the business software industry.

Xavi Casajoana: So we have developed in Spain a lot of integrations in the business software industry. We have developed since two years ago a close relationship with software vendors in vertical markets to support them creating an additional

value on top of their software, integrating their software with the communication services. So it's only a technical model. It's not only a technical integration between, let's say, the CRM and the PBX. It's more than this. Because once you have this technical integration done, you have the opportunity to provide a better value to your customer, to increase the retention to the end customer as soon as the software is integrated with the communications.

Xavi Casajoana: And the software developer or the software integrators has an additional tool to promote their application and to generate additional stickiness with their customer, providing better value with their software. And if they are part of our channel program, generating an additional revenue and generating an additional income into their business, additional margins. But as I said, it's not a matter of technical issues, but if you develop these agreements with these partners, then you have to propose to them a marketing plan and the sales support tools to help them to address their existing customer base to generate interest, to generate leads, and to convert all of their software customer base adopting the UCaaS product.

Xavi Casajoana: So we have an example with Inmovilla. This is the leading real estate software. So we started with this company probably two years ago. And as we have done with other companies into the real estate, like Mobilia who is a competitor, has been coming to us to do the same. We have developed into the brokerage, insurance ... so we have done many experiences that it's showing us that today in the communications industry, there is not only the PBX reseller, the type of partners that we need.

Xavi Casajoana: So this is a new opportunity that we can develop. In the same way, one of the opportunities we have at this moment and in the future to grow into the channel is to integrate part of the Microsoft channel into this business. So Microsoft channel has been during the last two years into a conversion journey moving from selling Office 365 licensing into the cloud model. So now they already understand the cloud model and now they have the opportunity to provide on top of the Teams applications, communication services. So this is one of our competitive advantages that we have into the Spanish market, because we have a product for this channel to helping them to selling communications product, UCaaS product, into their existing customer base.

Xavi Casajoana: But again, we need to support them with the right channel program, with the right marketing tools, with the right sales procedures, and with the right commissioning models to really make the business profitable for them, offering communications on top of the Microsoft tools.

Xavi Casajoana: So to take away, let's think about three main issues that I think we can explain as a conclusion. One is the market presence that we have today in Spain. As I said before, Telefonica is the leading into the market, but this is good news. In the same way, this is a good news because they deployed a large FTTH network, so the footprint is already there. Any company has today a very good broadband

quality, a very good pricing to adopt cloud services, so I think this is one of the best countries in Europe with FTTH penetration. So this give us a good opportunity to provide this type of services. And Telefonica is putting a lot of pressure to all of the market to move into the cloud. So of course Telefonica will not have never 100% of the customers. So in the Spanish telecommunication industry, many operators has been growing for many years out of Telefonica.

Xavi Casajoana: They will be leading, but if we consider that the market will add, as the analyst predicts in the next four years time, roughly three million additional seats on top of the two millions that there are today, then there is a tremendous opportunity there. And VozTelecom has today the assets and the market presence to really be one of the leading companies to sustain the position we have, but to increase the market position that we have at this moment, developing and increasing our channel.

Xavi Casajoana: It's not only a matter of channel, but it's a matter of product and technology. So many of the weaknesses that we had being a private company or public company as a small organisation into the Spanish market has been solved once we became part of the Gamma Group. So into this mature market, into this new wave, then there are three key assets that you really need ... to lead this market.

Xavi Casajoana: One is product and technology. So now it's really, really difficult for the smaller companies, for the smaller players to compete against the large players. And the large Telecoms are already there. So if you don't have the right technology and the right products, you will have difficulties to address the market. So now being part of Gamma, we have these assets which are part of the group.

Xavi Casajoana: The second one is this channel experience. So as we said, the channel explosion hasn't happened, has not happened yet in the Spanish market and it happened in others. But it could happen right now due to market maturity. So all of the experience that Gamma has in the UK is now one of our competitive advantages that we have in the Spanish market.

Xavi Casajoana: And the third is the financial capacity that Gamma has in order to support for an additional consolidation into the local market. So we are around, as I said, around 12 alternative players into the market, many of them are smaller ones, will disappear in the future probably, but a couple of them are part of European groups, four or five ... and we have the ambition to consolidate the market and to grow in terms of number of customers and channel consolidating other companies as we did in 2019 with the company acquired in the Basque Country and in Andalusia.

Xavi Casajoana: So we have the experience to do it to the Spanish market and we have all the capacity, financial capacity of Gamma to support in this journey.

Xavi Casajoana: So I think this is one of the great future that we have into the Spanish market and I would like to share with you this big opportunity and to invite you to be involved into the Gamma growth plan across Europe. Thanks a lot for your time.

Xavi Casajoana: Andy? Andrew, sorry, that's your time.

Xavi Casajoana: Thank you.

Andrew Taylor: So thanks a lot, everybody. I have to say, that was even for me quite refreshing because it acts as a reminder even to me and probably to Andrew and Andy as well, the reasons why we acquired these businesses. The markets ... I said right at the beginning, it's not a homogenous situation, they're all quite different. They're at different stages in terms of awareness of cloud, different stages in terms of penetration, and I'm sure what you've noted is different in terms of the role of the incumbents in those markets, quite different to what we've experienced in the UK over the last sort of 15, 20 years. Probably the closest would be in the Dutch market with KPN and that's what you see in terms of the penetration levels.

Andrew Taylor: But the opportunity is pretty significant. And what we really liked about the Spanish market is an enormous market and it's a great opportunity, but what we really liked about Voz was this ... it's this Latin, creative ... I don't have the Latin moves yet. I've more got the German moves.

Andrew Taylor: I've been married to a German for 30 years, but this Latin creativity around how you build a successful business in a tough market with as very little awareness of cloud ... so we really liked about how Xave built his product ... So they bring great technical skills to the group, to sales team, great technical skills. And also innovation around the channel with not just your traditional partners, but what you need to do creatively to build a business, to build awareness.

Andrew Taylor: So we really like that. And then in Germany, the Germans really ... The Spanish followed a similar path to them in terms of pioneering cloud. And in Germany Achim and the team followed a similar path in terms of classical, traditional PBX resellers who they partnered with, getting a leadership position in SIP, trying to disrupt that incumbent position in SIP and also this sort of German ...

Andrew Taylor: I can say this because I've been married to a German, the German sort of pragmatism around the market and how you crack that market in terms of raising awareness, but being realistic because there's some sort of deep-rooted cultural challenges there. But again, a big market opportunity. Then in the Netherlands, for me it was more about the, not a mature market, but a market similar to the UK, how the team just rolled up their sleeves and are getting on. And this is proven in terms of the task around integration and working with the Gamma organisation on some of the core foundations that we're building, because the Dutch market is sort of leading-

Andrew Taylor: Foundations that we're building, because the Dutch market is leading some of the integration planning that we have in terms of building those core foundations around product, around network, around go to market in terms of having a consistent approach as part of our overall group operating model. I mean, a great reminder as to why we acquired those businesses. But just briefly, significant long term growth opportunity, and we're really just at the early stages of that growth opportunity, I think.

Andrew Taylor: I think we've laid some strong foundations in each market, there's more to do organically, there's more to do in terms of what we might do around M&A, and I think that was reflected in the afternoon sessions. We're really focused on that. But we're just not going to buy businesses for the sake of buying businesses. If we see a big opportunity there, we'd like to think that our current investors would support doing a much transaction. So we just have to bare that in mind. But there will be other opportunities over the next months and years, so we're just going to continue on that sort of bolt on approach until we perhaps see something that's maybe much more strategic.

Andrew Taylor: I think the European piece is part of our overall growth strategy, hopefully it's clear how that fits with what we're doing in terms of the technology and the product side. It's all part of that group operating model. So it doesn't happen immediately, but there's a clear path as part of that strategy. Already touched on the M&A side and how that's going to fit with our group operating model. And every day, every week, every month that goes by, our ability to integrate businesses. The soft side of this is really important, because again we're not just buying businesses for the sake of buying them here, we're buying them based on a strong cultural alignment and then we're not forcing the integration but doing the integration collectively as a team and we're prioritising about what we do, where we do, and then we support it as an overall team. So it's very aligned.

Andrew Taylor: Our group are not venture backed, fly-by-night's who are just growing for the sake of growing. This is about building a platform for the next sort of 10, 15 years.