Gamma
2021 Final Results
Andrew Taylor, CEO
Andrew Belshaw, CFO
2021 Final Results

Agenda

01. FY 2021 Business Update
    Andrew Taylor

02. FY 2021 Financial Highlights
    Andrew Belshaw

03. Strategic Plan Update
    Andrew Taylor

04. ESG
    Andrew Belshaw

05. Business Outlook
    Andrew Taylor

06. Q&A
    Andrew Taylor & Andrew Belshaw
FY 2021 Business Update

Andrew Taylor
CEO
2021 – FY Business Highlights

• **Excellent financial performance** with very high levels of recurring revenue and margin
  - reinforced by a robust business model and focused execution of our operational & strategic objectives

• **Business units performing very well** with excellent levels of partner and end-customer engagement
  - driven by our digital capabilities, which has enabled and delivered significant levels of new sales during the period

• **Very strong net positive growth across all key product categories**
  - cross-selling and up-selling across all channels and product categories continues to be a very positive feature
  - normal low levels of churn and robust AMPU levels across all products, supported by good bolt-on attachment rates

• **Significant progress in the execution of Gamma’s own-IP technology and product strategy**
  - new product launches and roadmap received very well and making an important contribution to performance
  - significant focus on our own-IP technology platform and products with key deliverables planned for 2022 and beyond
  - technology acquisitions (Mission Labs; Exactive; and Telsis) making a very important contribution to our plans

• **Continued execution at pace** on all aspects of our long-term strategic and operational plans
  - strengthening our geographic, technology, product and people skills and capabilities across the Group
  - Integration of all acquisitions and formation of a formal Group Operating Model proceeding well
  - building strong foundations and strategic capabilities to deliver long-term sustainable profitable growth
FY 2021 Business Update – Business Units

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

<table>
<thead>
<tr>
<th></th>
<th>UK Cloud</th>
<th>UK Collaboration</th>
<th>European Cloud</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Up</strong></td>
<td><strong>15.0%</strong></td>
<td><strong>36%</strong></td>
<td><strong>12.6%</strong></td>
</tr>
<tr>
<td></td>
<td><strong>to 743k cloud seats</strong></td>
<td><strong>to 63k seats</strong></td>
<td><strong>to 128k cloud seats</strong></td>
</tr>
<tr>
<td><strong>UK SIP</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Up</strong></td>
<td><strong>20.7%</strong></td>
<td><strong>91k</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>to 1.43m trunks</strong></td>
<td><strong>to 124k trunks</strong></td>
<td></td>
</tr>
</tbody>
</table>

- Collaborate: 20% attachment
- CircleLoop: 10k seats
- Contact (CCaaS): 4k agent seats
- Smart Agent: 5k agent seats
- Mobile & Data: positive net growth

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

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

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

User and Customer Experience

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

Hybrid working is here to stay

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

Connectivity powering the economy
Core Gamma Foundations – Why we win?

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

**Network Quality**
Supported by strong Carrier grade network foundations

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

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

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

Notable Wins 2021

Awards 2021
FY 2021 Financial Highlights

Andrew Belshaw
CFO
## 2021 Financial Highlights – Strong growth

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Adjusted EBITDA</th>
<th>Adjusted EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up</td>
<td>14%</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td>Up to £447.7m</td>
<td>to £95.4m</td>
<td>to 64.0p</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Cash generated by operations</th>
<th>Dividend</th>
<th>Cash balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up</td>
<td>28%</td>
<td>13%</td>
<td>£52.8m</td>
</tr>
<tr>
<td>Up to £89.8m</td>
<td>to 13.2p</td>
<td></td>
<td>As at 31 December (net funds of £49.5m)</td>
</tr>
</tbody>
</table>
Income Statement

• Recurring revenue at 89% - effect of acquisitions

• The COVID effect:
  – Direct slower in H2 – knock on effect from 2020 sales activity
  – Overhead growth suppressed – will come back in 2022

• Operating expenses driven by Share Based Payments and Development Spend – rest static

• Depreciation driven by success and investment

• Effective tax rate at 19.6%:
  – International rates beginning to take effect
  – UK tax increases affecting deferred tax

Gamma 2021 Final Results

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

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

---

**Revenue (£m)**

- 2019: 240
- 2020: 250
- 2021: 270

**Gross Profit (£m)**

- 2019: 130
- 2020: 140
- 2021: 150
Direct

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

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

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

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

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

- Cash conversion increased to **94%**
- Guiding cash conversion to 85-90% (was 80-85%)
- Taxation has decreased as guided - cashflow higher in 2020 due to changes in QIPs regime
- Capex increased due to acquisitions within guided run rate of **£16-18m**

- M&A activity:
  - Mission Labs **£40.8m**
  - Deferred consideration paid in year of **£6.5m** (HFO and Exactive)
  - Deferred consideration to be paid in future estimated to be **£13.0m** (undiscounted and including options on HFO); of which **£6.1m** is payable in 2022

### Cash Flow Statement

<table>
<thead>
<tr>
<th>Year to 31 December</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adj EBITDA</strong></td>
<td>63.5</td>
<td>79.0</td>
<td>95.4</td>
</tr>
<tr>
<td><strong>Net Cash inflow from Operations (pre-tax)</strong></td>
<td>54.0</td>
<td>70.3</td>
<td>89.8</td>
</tr>
<tr>
<td><strong>Cash conversion</strong></td>
<td>85.0%</td>
<td>89.0%</td>
<td>94.1%</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td>-7.5</td>
<td>-14.1</td>
<td>-13.3</td>
</tr>
<tr>
<td><strong>Capital Expenditure</strong></td>
<td>-12.4</td>
<td>-15.4</td>
<td>-16.8</td>
</tr>
<tr>
<td><strong>Cash inflow before Acquisitions and Financing</strong></td>
<td>34.1</td>
<td>40.8</td>
<td>59.7</td>
</tr>
</tbody>
</table>
Gamma 2023
Strategic Plan update

Andrew Taylor
CEO
2023 strategic priorities continue to drive execution…

- Evolve our strong cloud telephony position into the UCaaS market
- Expand to Europe to gain continued growth and scale
- Continue to build on our digital capabilities to assure agility and sustain competitiveness
- Build on our Fixed and Mobile Telecom strength to differentiate our proposition from pure OTT’s
…And are evolving to wider 2026 strategic priorities

- Build a strong and sustainable position in the UCaaS & CCaaS SME market
- Focus on the customer and strengthen / broaden our routes to market
- Transition our existing customers to our full UCaaS & CCaaS proposition
- Create an organisation that engages all our people with a common set of goals
Gamma 2021 Final Results

Gamma strategic strengths

Adding software platform capability to existing network strengths

“Empower people to communicate and work smarter, together”

“To provide straightforward cloud communication and collaboration services for business, underpinned by a robust, secure network”
Addressing all key business market segments
Gamma 2021 Final Results

Multi-market Product Launches – excellent progress

- **Telsis**
  - **Horizon Contact**
  - February 2021
  - Provides SMEs Contact Centre features tightly integrated with Cloud-PBX
  - Helps SMEs grow through enhancing their customer interactions

- **mission labs.**
  - **PhoneLine+**
  - May 2021
  - Modern cloud replacement of the traditional PSTN line
  - Provides CPs with replacement ahead of 2025 PSTN shutdown

- **3**
  - **Gamma Mobile**
  - May 2021
  - Upgrade and Launch of new Gamma MVNO platform
  - Immediate access to VoWiFi, VoLTE and 5G, network parity, strong commercial position & lower cost base

- **Exactive**
  - **Horizon MS Teams Integration**
  - July 2021
  - Integrates Horizon PBX with Microsoft Teams
  - Horizon PBX features can be leveraged while using MS Teams to make and receive calls

- **Exactive**
  - **Microsoft Operator Connect - UK**
  - October 2021
  - Provides best in class PSTN for Microsoft Teams users in the UK
  - Fully integrated with Gamma’s SIP, providing enhanced quality of service and resilience

- **mission labs.**
  - **Collaboration 2.0 Evolution**
  - March 2022
  - In-house developed Customer collaboration software
  - Provides users with an improved UX and enhanced roadmap

Delivering an exciting set of new and enhanced products, and network and own-IP technology capabilities
2022 roadmap - extending current and future capabilities

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

**Q2 2022**
Microsoft Operator Connect - NL
Launch of Operator Connect into the Dutch marketplace
Enabling Gamma to be the first to market and build a strong Microsoft capability

**Summer 2022**
PhoneLine+
Upgrade and expansion of PL+ capabilities
Address additional market segments and maximise opportunities for WLR replacement

**H1 / H2 2022**
Gamma Mobile
Migration to new Gamma MVNO platform
Providing access to VoWiFi, VoLTE and 5G, network parity, strong commercial position & lower cost base

**Q3 2022**
Telsis CCaaS in Spain
Launch of the Telsis cloud contact centre solution into the Spanish market
Integrated into our UCaaS solution and providing up-sell and cross-sell opportunities

**Q4 2022**
Circle Loop in DE and NL
Launch our Digital UCaaS product into two additional European markets
Opening up a new market segment to enable additional growth opportunities

**Continuous**
Horizon Contact
Horizon Contact delivers functional increments every six weeks
Driven by market and partner input and demand
ESG – commitment to supporting our world

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

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

Governance
- Apply QCA Code
- Business has always sought to achieve levels of governance expected on the Main Market
- Launched new risk management framework
- Launched new group governance framework
- Maintain external certifications (ISOs)
- Use of Internal Audit
Business Outlook
Andrew Taylor
CEO
Gamma 2021 Final Results

Business Outlook

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

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

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

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

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

Potential economic and business market headwinds as a result of wider inflationary pressure and availability of talent
Thank you.
Appendix
Gamma Investment Highlights

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

**Multiple compelling growth drivers**
Multiple channels, business segments, geographies and product areas, with structural changes in flexible working

**Go to Market Model**
Multiple indirect, direct and digital channels driving growth opportunities across all business segments

**Strong Business Model**
Recurring subscription revenue and margin, with high visibility and quality of earnings

**Increasing availability of own-IP solutions**
Creates revenue and margin efficiencies; allows more rapid and targeted response to customer and market trends

**Experienced Management Team**
Pioneers in the cloud market with a demonstrable track record of delivering long-term profitable growth
Enabling all existing and emerging voice delivery models

Gamma can “win” multiple different ways

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

Gamma UC → Gamma Enable UC

Multi Tenant Cloud
- UCAS enablement
- CCAS enablement
- CPAS enablement

Multi Instance Cloud

Single Instance Cloud

Premises
Gamma MST - voice enablement of Teams via multiple routes

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

Supported by Gamma Voice

API Driven / Strategic Partnership