

14 January 2025

Gamma Communications plc

Expectations for full year Adj. EBITDA and Adj. EPS (fully diluted) growth reconfirmed*

Gamma Communications plc ("Gamma" or the "Company"), a leading provider of technology-based communication services across Europe, issues its scheduled trading update for the year ended 31 December 2024.

Group overview

The Board anticipates reporting a group financial performance in line with market consensus*, with Adjusted EBITDA within the consensus range and Adjusted EPS (fully diluted) in the upper half. This demonstrates healthy year-on-year growth for the year ended 31 December 2024, driven by organic growth and supported by acquisitions.

Key trading highlights include:

- In the UK, there have been continued strong performances across both the Gamma Business and Enterprise business units.
- Both business units delivered gross margins consistent with those in the first half of the year.
- Gamma Business demonstrated positive net seat additions across our cloud and connectivity suite of products. Gamma has now passed the significant milestone of achieving a base of over one million cloud seats in the UK.
- In a competitive market, our Enterprise business continues to perform well. We are pleased to have won contracts with notable clients such as Morrisons Supermarkets, Equiniti and Quilter, and Dorset NHS and Westminster City Council in the public sector.
- Europe continued to perform in line with expectations on a constant currency basis, driven by healthy organic growth in Germany, further enhanced by the acquisition of Placetel.
- The Company has also announced today that it has reached an agreement to acquire the entire issued share capital of SF Technologies Holding GmbH (trading as STARFACE), excluding transaction costs, for a cash payment of €196m (c.£165m) on a debt-free / cash-free basis, subject to customary regulatory clearance. STARFACE is a leading provider of IP telephony solutions for SMEs in Germany.

Balance sheet

The closing net cash balance at 31 December 2024 increased to £153.7m (2023: net cash £134.8m) driven by Gamma's continued high operating profit cash conversion. This increase was after the acquisitions of Coolwave and BrightCloud, as well as the successful completion of the share buyback programme. The acquisition of STARFACE is expected to be funded through approximately £125m from Gamma's existing cash resources, with the remaining £40m funded through a new £130m multicurrency Revolving Credit Facility. The undrawn portion of the facility will be available for further uses, in line with Gamma's balanced approach to capital allocation. The debt facility will have a three-year term, with an option to extend for an additional 12 months.

Main Market Listing

As highlighted in September and confirmed in our recent update in December, Gamma intends to move to the Main Market. In line with previous guidance, we expect to complete the move in Q2 2025 with relevant workstreams progressing as planned.

The Board expects to announce results for the year ended 31 December 2024 and also give an update on the proposed move to the Main Market, on Tuesday 25 March 2025.

Andrew Belshaw, Chief Executive, commented:

"I am pleased with the results we have achieved in 2024. We have strengthened key relationships with our technology partners by helping them bring their products into our market, and with our channel partners, by providing them with an expanded range of products to sell to their SME customers."

I would like to thank our team for all of their hard work and commitment throughout the year and look forward to updating shareholders in more detail on all of the progress we've made in our full-year report in March."

** Company compiled range is based on known sell side analyst estimates. The current consensus ranges for the full year ended 31 December 2024 are Adjusted EBITDA £124.0m - £127.4m and Adjusted EPS (fully diluted) 80.3p - 88.4p, as at 13 January.*

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Notes for editors:

Gamma Communications plc is a leading provider of technology-based communication services across Europe. Gamma is admitted to trading on AIM and employs approximately 2,000 people. Offering a range of Unified Communications, mobile, security and connectivity services, Gamma provides robust and secure end-to-end business communication solutions, enabling organisations to communicate, collaborate and offer a better customer experience.

Gamma's vision is for a better-connected world in which it can work smarter for the benefit of business, people, and the planet. Its primary market is the UK, where it delivers network-based services to SME, Public Sector, and Enterprise markets through its extensive network of trusted channel partners and direct sales and support capabilities. Expanding its presence in Europe, Gamma is continuing to grow its group of businesses focused on digital transformation by delivering services to customers via a network of channel partners in Germany, Spain, and the Benelux region.

For more information about Gamma and its comprehensive range of products and services, please visit www.gammagroup.co

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