Working smarter, together.

Gamma Communications plc
Annual Report and Accounts 2022

Gamma is a leading provider of Unified Communication as a Service ("UCaaS") into the UK and European business markets.

Contents

Online report

We have continued with our digital first approach reflecting how we operate as a business. The Annual Report continues to be a core part of our reporting suite, with a simplified format and includes links to interactive online content, such as videos.

Please refer to the QR codes throughout the document. This online material brings to life what we do, how we do it, and provides you with an enhanced understanding of our business.

This report contains references to Gamma's website, and other supporting disclosures located thereon such as videos. These references are for readers' convenience only and information included on Gamma's website is not incorporated in, and does not form part of, this Annual Report.

ONLINE REPORT
Scan to go to our online Annual Report and Accounts 2022.
gammacommunicationsplc.com/AR2022

CHAIR'S OVERVIEW
Scan to watch a video on Partnerships and new Board appointments with Richard Last.

CEO'S OVERVIEW
Scan to watch a video summarising our performance and growth over 2022 with Andrew Belshaw.

CFO'S OVERVIEW
Scan to watch a video discussing our 2022 financial performance with Bill Castell.

SOCIAL OVERVIEW
Scan to watch a video about some key People initiatives with our Chief People Officer, Chris Bradford.

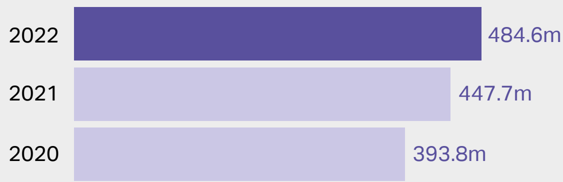
The Group had a strong trading performance with good growth across all key product categories during the year.

Financial highlights

Revenue

£484.6m +8%

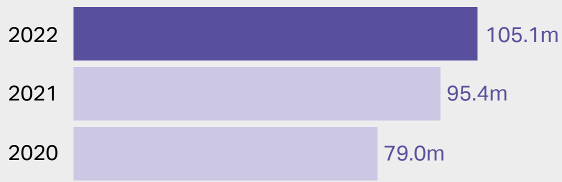
Growth from £447.7m to £484.6m
(these figures include acquisitions made)



Adjusted EBITDA*

£105.1m +10%

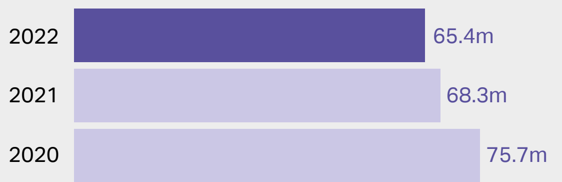
Growth from £95.4m to £105.1m



Profit from operations

£65.4m -4%

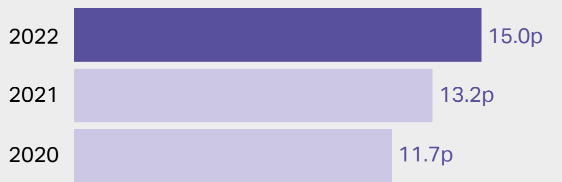
Decrease from £68.3m to £65.4m as a result of exceptional items in the year (see note 8)



Dividend per share

15.0p +14%

Grew from 13.2p to 15.0p



* All adjusted measures set out throughout this document which are described as "adjusted" represent Alternative Performance Measures ("APMs") and are defined and reconciled in the Financial review section and are applied consistently. Where reference is made to adjusted EPS this is stated on a fully diluted basis ("FD's"). Our policy on the use of APMs is included in note 3.

“ I am particularly pleased to be able to report another good year of growth for Gamma.

Richard Last
Chair

Dividend per share

15.0p +14%

Grew from 13.2p to 15.0p

Earnings per share (FD)

50.6p -8%

Decrease from 55.2p to 50.6p

Adjusted earnings per share (FD)

71.8p +12%

Grew from 64.0p to 71.8p

Cash generated by operations

£99.1m +10%

Grew from £89.8m to £99.1m

Having joined the Board as Chair prior to its IPO in 2014, I have seen nearly a decade of uninterrupted growth in adjusted profit before tax and dividends at Gamma. It is hugely inspiring to have seen the business build from 511 employees to 1,760, expand internationally and provide excellent customer service to so many businesses especially during the pandemic.

I am approaching nine years' service. Therefore the Board has engaged a search agency to look for a successor. This process is being led by Henrietta Marsh as Senior Independent Director. It is intended that I will step down, as Chair and Director, from the Board at the later of the conclusion of the AGM, to be held on 17 May 2023, and the date on which my successor's appointment commences. I shall be leaving a healthy and vibrant business with exceptional opportunities for further growth.

Overview of results

Revenue for the year ended 31 December 2022 increased by £36.9m to £484.6m (2021: £447.7m), an increase of 8% on the prior year, and adjusted EBITDA increased by £9.7m (10%) to £105.1m (2021: £95.4m). Statutory Profit Before Tax for the year was £64.9m, a decrease of 3% from the prior year figure of £67.2m, due primarily to the exceptional items in 2022 (2021: nil) relating to an impairment of the goodwill of our Spanish cash generating unit and the disposal of a small subsidiary in Spain, further details of which can be found in note 8. Adjusted items are explained and reconciled in the Financial review and note 3. Adjusted earnings per share (Fully Diluted) for the year increased by 12% to 71.8p (2021: 64.0p). Fully diluted earnings per share for the year decreased by 4.6p to 50.6p (2021: 55.2p).

Gamma operations continued to generate strong levels of cash amounting to £99.1m compared to £89.8m in 2021. The closing net cash balance for the year was £92.5m (2021: £49.5m), after investing £20.7m on capital expenditure (including capitalisation of development costs), £9.8m on acquisitions and paying £13.3m in dividends to shareholders. This is testament to the continuing strong focus on cash generation from management.

Board and governance

There have been a number of Executive and Non-Executive changes to the composition of the Board in 2022, as summarised below:

Non-Executive Directors

As part of our planned succession changes, Wu Long Peng stepped down as a Director at the 2022 AGM and Martin Lea has announced that he will retire as a Director at the 2023 AGM. I would like to thank both Long Peng and Martin for their significant support, both during our successful IPO in 2014 and in the years that followed. In recent years we have seen a significant increase in the workload of Non-Executive Directors, Long Peng as a member of the Audit Committee, and Martin, as our Senior Independent Director (SID) until December 2022, and the Chair of the Risk and ESG Committees have served the Company and its shareholders well. Their extensive experience, wise counsel and dedication to the Company over the last nine years has been exceptional and much appreciated.

I was delighted to welcome Shaun Gregory and Rachel Addison to the Board as Independent Non-Executive Directors on 1 July 2022 and 3 October 2022 respectively. Shaun has had an extensive career across media and advertising spanning over 30 years and is currently the Chief Executive Officer of EMG Group. It is intended that Shaun will become Chair of the ESG Committee. Rachel is a chartered

CHAIR'S OVERVIEW
Scan to watch a video on Partnerships and new Board appointments with Richard Last.

accountant, bringing nearly 30 years of finance and operational management experience and has most recently been CFO of Future plc. She is currently a Non-Executive Director at Marlowe plc, Hyve Group plc, Mango Publishing Group and Watkin Jones plc. It is intended that Rachel will take over as Chair of the Risk Committee from Martin Lea on his retirement.

On 20 December 2022 Henrietta Marsh took over the role of Senior Independent Director from Martin Lea. Henrietta has been a Non-Executive Director of Gamma since April 2019 and is the Chair of the Remuneration Committee. In her role as Senior Independent Director, Henrietta is leading the search for my replacement as Board Chair.

Executive Directors

Having been promoted from Chief Financial Officer to Deputy Chief Executive Officer on 3 May 2022, as part of a structured plan to strengthen and broaden the scope and capacity of Gamma's management team, Andrew Belshaw was appointed as Interim Chief Executive Officer on 4 July 2022 after Andrew Taylor notified the Board of his intention to retire. I would like to take the opportunity to thank Andrew Taylor formally for his leadership over the past four years. He has played a key role in shaping Gamma's strategy and he leaves the business in an excellent position to further develop and grow. After a formal process to identify a successor, I was pleased to confirm the appointment of Andrew Belshaw as Chief Executive Officer on 30 November 2022.

Bill Castell joined the Company and the Board as Chief Financial Officer on 1 May 2022 having previously been Chief Financial Officer at Ovo Energy and acting CFO at Virgin Media. Bill has already made a valuable contribution to Gamma and is now well established as a key member of the senior team.

Company Secretary

On 25 January 2023 we appointed Rachael Matzopoulos as Company Secretary, taking over from Malcolm Goddard in preparation for his retirement in March this year. Malcolm has acted as Commercial Director and Company Secretary since 2005 and as Company Secretary of Gamma Communications plc since 2014. I offer my best wishes to Rachael and would like to thank Malcolm for his support to me and the rest of the Board since Gamma's IPO in 2014.

Board Evaluation

We completed our first externally facilitated Board evaluation in 2022, the process for and results of which can be found in the Nomination Committee report. I will work with the Board and Company Secretary to agree which of those recommendations we will prioritise for implementation in 2023.

We continue to adhere to the QCA Corporate Governance Code (2018 edition) (the 'QCA Code').

Employees

During the year I was pleased to welcome the staff of NeoTel into the Gamma Group.

In 2022 we have seen higher levels of staff turnover and recruitment became harder than previous years; I am pleased to report that these pressures started to ease at the beginning of 2023. Like many other businesses we have seen inflationary pressure in wages. However, we continue to see the Gamma culture as a differentiator which allows us to recruit the talented individuals that we need to drive the business forwards.

The Board and I would like to express our thanks to all our staff for their dedication, hard work and enthusiasm.

Dividend

Gamma remains committed to a progressive dividend policy which has seen the dividend increase by between 10-15% every year since our IPO in 2014. Gamma has paid one third of the dividend as an interim dividend with the final two thirds as a final dividend once the results for the full year are known. We intend to continue this policy.

The Board is pleased to propose a final dividend, in respect of the year ended 31 December 2022, of 10.0 pence per share (2021: 8.8 pence), an increase of 14%. Subject to shareholder approval at the forthcoming AGM, this dividend will be payable on Thursday 22 June 2023 to shareholders on the register on Friday 2 June 2023. When added to the 5.0 pence interim dividend (2021: 4.4 pence) this makes a total dividend of 15.0 pence for the year (2021: 13.2 pence) an increase of 14%.

Environmental

Gamma remains committed to developing from a Carbon Neutral business to a Carbon Net-Zero business by 2042, and we expect to reduce Scope 1 and 2 emissions (made directly and indirectly) by 90% by 2030. In 2022 we committed to set near and long-term Company-wide emission reductions in line with the Science-Based Target initiative (SBTi). This work is in progress and we will seek validation of our target within the 24-month SBTi timeframe.

Current Trading and Outlook

Gamma continues to deliver against its short and long-term growth strategy. Gamma is investing in developing a product and solution set which facilitates working for businesses of all sizes, building on an already strong reputation for operational excellence and service quality. We are in a strong financial position, enabling it to continue to invest in extending our product portfolio across its European footprint.

The Board is positive about the outlook for the Group in 2023 and beyond. We believe that more and more businesses of all sizes are seeing the advantages of Unified Communication as a Service ("UCaaS") and we expect to see continuing growth.

Richard Last
Chair

Supporting business acceleration

Our differentiators

Gamma is a business-to-business communications provider that empowers business for good for teams across Europe.

Our comprehensive product set and range of routes to market support a robust business model which underpins a strong, recurring financial model

We consider ourselves to be a genuinely distinct and exceptional communications service provider, and the following five aspects distinguish us from other companies:

We are authentic and approachable

We have intuitive technology

Our people and ethics are at the heart of everything that we do

We offer a complete product set

We embrace simplicity

Opportunities

Gamma has some significant opportunities. Advancements in technology and an increasing demand for fast and reliable connectivity create a favourable environment for growth and innovation. Some of these opportunities that we create are

- New UCaaS products
- New channel development
- New routes to market
- Technology acquisitions

How we create value

We are focused on providing the solution to the communication needs of our customers and we are committed to doing business the right way.

Our Purpose is to:

Empower the people at the heart of good business.

Our Mission is to:

Make communication more human.

Our Vision is to:

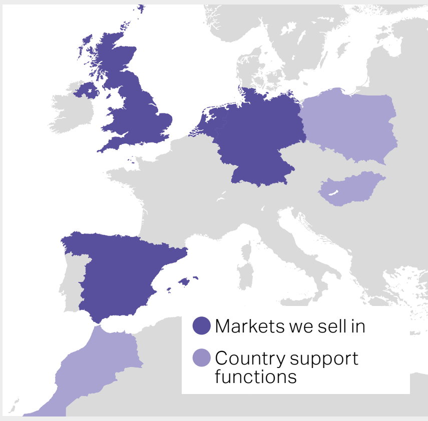
Create a better connected world in which we can work smarter for the benefit of business, people and the planet.

When it comes to business, the combination of what we do and how we do it has developed a robust model that generates dependable, high-quality earnings on a recurring basis.

Strong Business Model – with high visibility and quality of earnings through 2023 and beyond.

Where we create value

Gamma supplies communication solutions into the UK, Dutch, Spanish and German business markets, as well as having employees in seven countries.



Our product categories

A developer and provider of UCaaS, CCaaS, voice, data and mobile communication services for businesses of all sizes.

Unified Communications: Our award-winning range of Unified Communications products enables businesses to raise productivity, boost agility and increase collaboration. From messaging and video calling to instant conference services, we help reduce costs and operational complexity while increasing employee engagement. We also offer Contact Centre solutions for SMEs and Enterprise.

SIP trunking and call management: With the UK's leading SIP trunking service we give businesses a more versatile, resilient phone service at less cost. Gamma SIP trunks come with powerful business continuity features plus exceptional inbound call management functionality.

Mobile: Our business-only mobile service features flexible tariffs and powerful bolt-ons. When combined with Gamma's Unified Communications services, employees can keep working wherever they are, remaining 'always-on' to customers.

Connectivity: Our high-performance connectivity products deliver outstanding speeds combined with robust security and resilience measures; from broadband and Ethernet to advanced WAN services, we provide businesses with the customisable connectivity they need to grow.

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Gamma is a leading provider of technology-based communication services to businesses in Western Europe. We have established a wide network of reliable channel partners, and we also serve the market through our direct sales team. By investing in our network, adopting a digital-first approach, and leveraging our in-house development capabilities, Gamma has built a comprehensive portfolio of communication services that incorporate a significant amount of intellectual property. Our history of disrupting the market through innovative products like SIP trunking, combined with our new IP, enables us to address emerging markets effectively.

How we sell

We supply a broad range of simplified communications and software services to small, medium and large sized business customers, both through our large network of channel partners and directly.

Proportion of sales:

61%
UK Indirect
Our primary route to market, the channel is at the heart of what we do. We provide market-leading products to 1,000+ channel partners, with an exceptional service wrap.

24%
UK Direct
Our Direct business supports the requirements of Enterprises and Public Sector organisations looking to contract directly with the network operator.

15%
European
Our European businesses sell both directly and through the channel consisting of sales in the Netherlands, Spain and Germany.

What we enable

Gamma is the only B2B communications provider that empowers business for good for teams across Europe that want simple, intuitive experiences in an era of increasing complexity.

Scalability: Our technology provides scalability to customers, allowing them to easily expand their business operations as they grow. This could mean a scale-up during busy seasonal periods also. This is crucial for customers who want to accommodate increasing demand without disrupting their existing operations or infrastructure.

Innovation: Our customers have access to innovative tools and solutions that help them stay ahead of the competition. By embracing innovation, businesses can remain relevant and appeal to a wider audience, leading to growth and increased revenue.

Integration: We enable seamless integration with other systems and applications, making it easier for customers to streamline their operations. This could mean keeping existing technology that employees are used to and adding advanced capability.

Efficiency: We provide customers with tools and processes that increase their efficiency and productivity, allowing them to achieve more with less time and resources. This is essential for businesses that want to optimise their operations and reduce costs, while still meeting customer demand and expectations.

Outputs

Addressing multiple indirect, direct and digital channels, driving growth opportunities across all business market segments.

Shareholders

15.0p
Dividend per share

Our people

1,760
employees in seven countries

Customers

Innovative UCaaS solutions

Suppliers

£298m
Spent over £298m per annum

The future of business communications

The evolution of communications presents many opportunities for Gamma and we have the strength to be able to take on each of these opportunities.

The communications market continues to be driven by a set of trends which are sustained and expected to continue as they mirror changes in the wider technology market and in the behaviour of all consumers and businesses. The trends are broadly the same across all Western European markets.

Adoption of cloud-based technologies, and replacement of legacy technologies, continues in all markets. As we become ever more connected, the need for tools and technologies which support this continues to increase.

Consumer and employee demands continue to drive an increasing need for richer communication experiences. Consumers are demanding more flexibility and a more complete interaction with all businesses they deal with. The demand for more flexible and capable tools to support a mix of different working patterns for all employees also continues to increase.

We have outlined the changing market characteristics which we expect to help continue to drive our growth over the coming years.

1 Cloud Communications remains a growing market in UK

and we are well placed to provide our products and services to new and existing customers.

Opportunity

Over 60% of businesses in the UK still have a physical, or on-premise, telephony systems, rather than a cloud-based software solution. Over the course of the next four or five years, the number who have migrated to a cloud solution, is expected to more than double from Q2 2022 40% UCaaS penetration to 88% by 2026.

This change is being driven, in part, by the withdrawal of the analogue telephone network (Public switched telephone network or PSTN), which requires all users of a legacy service to upgrade their connectivity and voice services.

The UK market for our products will continue to expand and we are well positioned to capture this significant opportunity.

How we capitalise

We have an existing strong and complete product set and a range of wrap-around services to address this market. We continue to develop and acquire new capabilities to complement these services and make our portfolio and offering more attractive and valuable.

751,000 +11%

Horizon (Cloud PBX) users

2 European market is under-penetrated

which presents us with an opportunity to grow European revenues as the market evolves.

Opportunity

The individual markets in Europe are at different stages of maturity and adoption but are less mature than the UK market.

Each market is evolving along its own path, depending on its current position, the state of technology in each country and the relative behaviour of businesses and consumers within the market.

The differing paths of evolution for the markets and the diversity this creates allows some protection from any specific fluctuations in any particular market.

The business and communication need which Gamma addresses in each market are broadly similar, which allows an efficiency in how we approach these opportunities.

The projected growth rates are lower than previously forecast but the overall market size remains significant even if it will take longer to achieve sizeable revenues. Germany is the largest single European market and yet by 2026 it will still be less penetrated than UK is today.

Growth in Europe will continue for more than 10 years.

How we capitalise

Gamma is building and developing a set of common products to address customer needs on a pan-European basis; leveraging our growing in-house development capability and historical expertise in offering telecoms services. This blends the best of our historical strength supplemented by the new capabilities that we have brought into the business through our acquisitions.

We have already begun to assemble cross-border teams who are working together to successfully launch products developed in the UK overseas (for example Microsoft Operator Connect in the Netherlands and CircleLoop in the Netherlands and Germany).

We continue to evaluate opportunities to grow by acquisition either into new geographies or to augment the sales channels and scale what we have in the countries in which we already operate. Gamma's acquisition of NeoTel, in Spain, during 2022 will help increase density in country.

164,000 +28%

Cloud PBX users

UNDERSTAND OUR STRATEGY p.16

LEARN ABOUT OUR KPIs p.20

3 A desire for increased functionality from our customer

present us with an opportunity to both upsell and improve ARPU over our cloud telephony customer base.

Opportunity

Our behaviours as consumers and as employees are changing the demands that we are placing on the companies we do business with and the companies we work for. Communication needs are evolving and driving a need for a broader range of services across all businesses.

Whilst the telephone is still the most important form, we use many more forms of communication than ever to communicate with businesses we interact with. In increasingly competitive times, all businesses are having to embrace more communication forms to ensure they are "open for business" to their customers.

Gamma provides these multi-channel services to SMEs through our own applications and combines more complex contact centre solutions into our customer solutions for larger companies.

The pandemic and the move to working from anywhere has left lasting changes on our expectations as employees. We demand more tools that allow us to work effectively wherever we and our colleagues are. That may be by video conferencing, messaging or file sharing.

How we capitalise

Since 2006, Gamma has sold a core Cloud PBX solution called Horizon – a product which now has 751,000 users in the UK. Over the course of the last three years our in-house team has developed a number of additional modules that are fully integrated with that core Cloud PBX; these are call recording, Horizon Collaborate, Microsoft Teams Integration and Multi-Channel Communications (contact centre functionality).

Each of the above modules were built by our in-house development team; each is sold on a "per month/per seat" basis and provides us with a recurring revenue stream. When we sell these additional modules alongside the core Horizon product, it increases the ARPU of a Horizon seat.

73,000 +16%
Collaborate users

96,000 +44%
Call recording users

4 Technology changes are a growth opportunity

e.g. evolution of SIP is an opportunity to increase ARPU as customers move to higher value solutions.

Opportunity

The telecommunications market is evolving the core technologies that support and underpin it. It is mirroring the changes in the wider technology market and moving away from physical infrastructure and analogue services, like an on-premise PBX, to internet-based applications.

This is accelerated by specific drivers like the removal of the analogue telephone network in the UK and the continued evolution and roll out of services like 5G in the mobile market.

This is driving the need for evolution in all businesses as they react to both the economic and performance benefits that these services bring. This is also allowing them to assess how to better meet the needs of their business.

A specific example of this is the evolution of the SIP market, where the increasing adoption of cloud-based services is changing the nature of the service a business needs and is driving adoption of new types of services.

How we capitalise

Gamma is a market leader in the provision of SIP services in the UK and Germany. SIP is a product which itself is replacing an alternative underlying technology (ISDN).

As the market evolves we see customers converting from ISDN to SIP or to cloud services. This will drive growth in both those "destinations" and Gamma will continue to win a share of that business. As we have not been a provider of ISDN historically this migration generates new revenue for Gamma. The SIP market has evolved and we now sell different variants of SIP.

If customers move directly to a cloud service they will consider Gamma's own Horizon Cloud PBX product or a service based around Microsoft Teams (Direct Routing or Operator Connect). All of these have a higher ARPU than the originating product.

Even if a customer chooses to migrate to a competing cloud service, Gamma provides underlying interconnects to a number of our application competitors and so we will still retain some benefit.

Collectively, this range of offers means that Gamma continues to have a revenue opportunity on whatever route businesses take on their forced migration from ISDN.

1,794,000 +20%
SIP trunks

5 Microsoft Teams adoption is growing in Enterprise

– as more organisations "voice enable" their solution, we have the opportunity to gain revenue.

Opportunity

Microsoft Teams is a software tool which facilitates collaborative working. It allows users to contact others in their own network and to schedule video calls, share messages and presence. Without support from a carrier such as Gamma it does not allow users to make and receive external calls from the PSTN and nor does it have normal PBX functionality (for example, voicemail, hunt groups, call forwarding etc). The growth in the number of users of Microsoft Teams provides Gamma with a number of opportunities to grow revenue.

Microsoft Teams is most prevalent at the higher end of the SME space and in large enterprises and public sector bodies.

Carriers like Gamma are working with Microsoft to provide voice enablement services within Teams to allow customers that want to work within Teams to make and receive telephone calls. There are a number of ways it is possible to provide this, including Direct Routing and Operator Connect

How we capitalise

Voice enablement of Microsoft Teams is provided by variants of SIP products. Gamma is a market leader in the SIP market and has been able to develop the full range of services to enable Teams users to make and receive telephone calls. Gamma are a Microsoft Solutions Partner for Modern Work and Specialist in calling for Microsoft Teams.

We provide both Direct Routing and Operator Connect services. We are an Operator Connect provider in the UK and the Netherlands. Notably, in the UK we are one of only two providers that can sell Operator Connect for Microsoft Teams through the indirect channel.

Through our acquisition of Exactive we are able to perform complex integrations of Microsoft Teams with other platforms.

Where customers want Microsoft Teams with a fully integrated PBX capability we are also able to integrate our Horizon Cloud PBX product with Teams.

356,000
SIP trunks support Microsoft Teams

" 2022 was strong and Gamma is in a good position to maximise the opportunities which exist in the markets in which we operate.

Andrew Belshaw
CEO

Revenue

£484.6m +8%

Grew from £447.7m to £484.6m

Gross profit

£247.7m +8%

Grew from £228.5m to £247.7m

This is my first full year report since I was appointed as Gamma's CEO. I would like to start by thanking Andrew Taylor for the platform he has established and also extending my thanks to Richard Last and Martin Lea for their support as Chair and SID respectively since our listing in 2014.

As the Chair has already explained, our results for 2022 were strong and Gamma is in a good position to capitalise on the opportunities which exist in the markets where we operate. Bill Castell will explain the drivers for the growth we have seen in 2022 in the Financial review.

Markets

In our half year results, we signposted the continued growth in markets for UCaaS products and services in the UK and particularly in Europe as being a strong driver for future growth.

UK Market Growth

The majority of businesses in the UK still have a physical hardware PBX rather than a cloud-based software PBX solution. Cloud based solutions offer many advantages to businesses and we expect that the UK market for our products will continue to expand as physical PBX estates are replaced by Cloud-based software PBX solutions. We are well positioned to capture this significant opportunity both through sales of our own Cloud PBX product and sales of SIP trunks which will support third party Cloud PBXs. During the year we added 75,000 Cloud PBX seats in the UK on our Horizon product.

This increase in seats is consistent with our growth in previous years which is pleasing given the economic uncertainty which prevailed in the second half of 2022. As we enter 2023, the rate of new seat acquisition remains steady.

Seats are typically sold on a multi-year contract bringing in recurring monthly revenues. This makes our business model robust and provides a good level of certainty over our income.

As the PSTN switch off, scheduled for 2025, approaches there is a tail of businesses that will have to migrate their ISDN lines. We are well placed to increase our share of this voice business. The PSTN switch off will also accelerate the migration of data services to products (such as ADSL) to newer products which are not centred on the existence of the PSTN (such as SoGEA). This will continue to provide an opportunity for volume growth but with lower margin business internet products.

European Market growth

Through our targeted European acquisition strategy, we have developed a network capability and channel relationships in Spain, the Netherlands and Germany. Between them, these countries have more than twice as many UCaaS business users as the UK. Moreover, the average penetration rate across those three countries is much lower than the UK, which means there is scope for long-term future growth.

CEO's OVERVIEW
Scan to watch a video summarising our performance and growth over 2022 with Andrew Belshaw.

In the short term, the European business has shown moderate growth with mixed financial performance across our European footprint not helped by the macroeconomic uncertainty which was a feature of the second half of 2022. The rate of Cloud PBX adoption in our European markets has been slower than had been forecast but we are pleased to report that we continue to grow our UCaaS product penetration in line with those markets. Our European Cloud PBX seats grew by 28% over the last year as we added 36,000 seats in mainland Europe. In Germany we had our first two customers taking over 1,000 seats each. We sold a 7,400 seat install via our partner Bisping and Bisping (a German ISP) and a further 1,700 seats to Diakonie HochFranken (retirement homes).

We continue to evaluate opportunities to grow by acquisition either into new geographies or to augment our existing sales channels and increase scale in countries where we already operate. In October 2022 we completed the acquisition of NeoTel, a Spanish UCaaS/CCaaS business. This acquisition gives us greater scale in Spain and opens up the market in the south of the country; it is already improving the sales performance of the Spanish business.

Strategy

In early 2022, we began a five-year strategic review mapping the competitive and market landscape out to the end of 2026. This was undertaken in the context of the COVID pandemic and the resulting changes in the market.

As a result of this review we have identified four strategic priorities. We will:

- Develop a common pan-European product set for UCaaS and CCaaS for SMEs.
- Develop multiple routes to market in each country in which we operate.
- Become a trusted partner to Enterprises across Europe, transforming their communications estates.
- Create an organisation that engages all our people with a common set of values and goals.

This is an evolution of our previous strategy, rather than a change in direction, and we expect it to take us to being a leading provider of UCaaS in Western Europe.

We will develop a common pan-European product set for UCaaS and CCaaS for SMEs.

Due to our European acquisition history, we are – as of today – running multiple product platforms in different countries. This has been unavoidable as we have acquired to expand our market presence. However, it is inefficient in the longer term.

While we have a product set which satisfies the needs of customers in each market in which we operate today, we expect the customers' requirements to become more sophisticated. To address this, we will target our technology development capabilities and resources on a focused set of products which will incorporate our own software and third -party software in combinations which will meet customer needs in the future.

Over time, we will evolve to a common product set and will ultimately retire a number of our existing products. This will mean that we have a single product set to develop and support clients across all the territories in which we operate.

In the UK we have used our development expertise to produce additional software based products which have enabled us to stabilise ARPUs (which had started to decline). Since 2006, Gamma has sold a Cloud PBX solution in the UK – a product which now has 751,000 seats (31 December 2021: 676,00). Over the course of the last three years our in-house team has developed a number of additional modules that are fully integrated with that core Cloud PBX solution. These are:

- Call recording – launched in 2019 using our own technology – 96,000 seats.
- Horizon Collaborate – was originally launched in 2020 but has now been re-architected using software we have built ourselves – 73,000 seats. Collaborate enables video calling and is especially designed for the needs of small businesses. It is not designed to challenge Microsoft Teams, which is typically adopted by larger SMEs through to Enterprise.
- Microsoft Teams integration – some larger companies prefer to use Microsoft Teams as a Collaboration product (as opposed to Horizon Collaborate) and hence we launched an option to integrate our Cloud PBX (Horizon) with Microsoft Teams (for an additional charge) in July 2021 – 7,000 seats.
- Multi-Channel Communications (Contact Centre functionality) – was launched in April 2021 (using technology obtained through our Telsis acquisition) – over 11,000 seats.

Each of the above modules were built by Gamma's development team; each is sold on a "per month/per seat" basis and provides us with a recurring revenue stream.

These are not standalone products; they augment our core Horizon Cloud PBX product. When a customer chooses to take these additional modules alongside the core Horizon product, it increases the ARPU of a Horizon seat. I am pleased to report that the percentage growth of the additional modules is higher than the growth of the core product and, as a result, this is helping to maintain our ARPU.

At the moment, the European market is less mature than the UK which means that not all of the above features are required by our customers. In the future we plan to launch the entire suite of products across our European footprint. We have already launched our Contact Centre capability in Spain for example.

Aside from Cloud PBX, our cross-border teams have worked together to successfully build, deploy and launch Operator Connect, the Microsoft Teams voice enablement product, in the Netherlands. This has been well received and has brought new channel partners to us. We will launch Operator Connect in Germany, Spain and Belgium in 2023.

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

In the UK we have focused on the indirect route to market through our valued channel partners for SME customers and have sold to Enterprise and Public Sector customers directly. In Europe there are a variety of sales models including wholesale, resale, dealer and direct.

We plan to develop our products and solutions such that we can reach end users through whichever route to market is most appropriate.

We see the digital channel as important and we have recently launched CircleLoop (our digital proposition) into Germany and the Netherlands.

In addition, we continue to invest in the Gamma Hub (a user portal) which is used by our Enterprise customers in the UK to interact with us. The portal allows our customers to place orders which both gives them a better experience and reduces our overhead due to the high level of automation. We continue to invest in this to consistently give our customers excellent service.

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

Our Enterprise business has been a consistent driver of our UK business performance and we expect it to drive growth across both the UK and Europe in the future.

The Enterprise business sells the full range of Gamma products (sometimes augmented by third party products which provide a niche solution) and these are often sold as part of a managed service. Increasingly we provide additional capability to customers who wish to voice enable their Microsoft Teams installation or install Amazon Connect as a contact centre solution. The capabilities which we have developed while supporting these "digital giants" are transferable outside of the UK.

The growth in deployment of Microsoft Teams provides Gamma with a number of opportunities to further grow recurring revenue.

Currently we believe that fewer than 5% of Microsoft Teams users have "voice enabled" their installations but that percentage is expected to increase, and Teams voice usage is predicted to rise by more than 3.5m users in the UK by 2026. Gamma can provide a range of services to support and benefit from this opportunity to sell a number of complementary services:

- We are able to provide a SIP service to Teams users to enable them to make and receive calls to and from the PSTN. We call this service Microsoft Teams Direct Routing or "Operator Connect" when it is sold through Microsoft's accredited portal. Today we offer this in the UK and the Netherlands and we will shortly also make it available in Germany, Spain and Belgium. Where we have launched the service in the Netherlands, we have built relationships with new channel partners which has opened up parts of the market which we had not previously served.
- If customers want Teams with a fully integrated PBX capability we are able to integrate our Horizon Cloud PBX product.
- Through our acquisition of Exactive we can perform complex integrations of Teams with other platforms. In order to do this customers buy our Cloud UCX product which generates more value for us than a basic SIP trunk. This capability has enabled us to win a number of contracts for complex Microsoft Teams installations in central government.

The increasing usage of Microsoft Teams is now the main driver of our SIP growth.

Our SIP base which supports hardware PBX grew slightly in the year in the UK (31 December 2022 – 1,053,000 versus 1,010,000 in the prior year). In addition, we have seen growth from SIP users who are using the service to voice enable Microsoft Teams. At the end of 2022 we had 356,000 trunks deployed in this way (up from 124,000 at the start of the year). Additionally, 208,000 of the 356,000 trunks were taking our Cloud UCX product (a software based product sold on a recurring revenue basis).

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

Gamma has undergone significant transformation over the past three years. We have added businesses in the UK, the Netherlands, Germany and Spain to the Group. We have bought businesses which are culturally aligned to Gamma and we have now codified a common vision of our brand, culture and values.

Our marketing and people teams have worked together to define the things which are important for us as employees of Gamma.

We now describe our Purpose to be "To empower the people at the heart of good business". Gamma supports businesses of all sizes, charities and the public sector across Europe. Business is based on people, people need to communicate and Gamma facilitates this communication for our customers.

We want to be at the heart of good business not only because we support good businesses but also because we believe that business should be done well – we are honest and transparent in our dealings with our customers, suppliers and employees.

We also identified four key values which are at the core of Gamma:

- "We're there and we care" – caring for our employees, our customers, our environment and other stakeholders;
- "We love to grow" – not only growing as a business but also reflecting that we are made up of individuals who strive for personal growth;
- "We do the right thing" – we act openly in our relationships both within and outside of Gamma;
- "We step up and own it" – everyone within our organisation takes hold of problems and helps one another to solve them.

These values describe what it means to be a part of Gamma and we believe that exhibiting these values will enable us to empower the people at the heart of good business.

Our employees regularly go above and beyond to help one another and to help our customers and I thank each one of them for the hard work that underpins this set of results.

Outlook

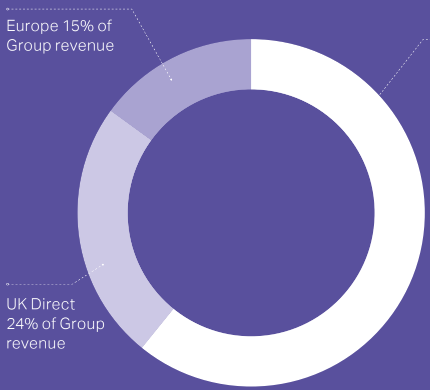
I look forward to working with our customers, partners and colleagues as we continue to grow the business over the coming years. We have identified growth opportunities in the UK and Europe, in SME and Enterprise (using both our own products and those of third parties). We believe our products and services will meet the communications challenges which businesses are facing today and in the future.

Despite the gloomy macro-economic commentary which pervaded in the second half of 2022, we continued to grow. We expect growth to continue in 2023 as we add more users both in the UK and Europe. We have a robust business model based on recurring revenue from products and solutions that are critical to the businesses which use them. Our continued profitability, strength in cash generation and healthy net cash balance leave us well placed to maximise the opportunity even in challenging macro-economic times.

Mindful of these short-term challenges, but looking to capitalise on our markets and our positioning, we continue to invest in organic growth, new product development and acquisitions to further build scale and capability. I believe that the business is in a good position to continue to grow, and I am delighted to have been given the opportunity to lead Gamma in the next phase of its development.

Andrew Belshaw
Chief Executive Officer

UK Indirect



Proportion of the Group's revenue

61%

UK Indirect revenue

£295.9m +10%

The UK Indirect Business accounted for 61% of our Group revenue in 2022, with gross profit up 9% to £155.6m and revenue up by 10% to £295.9m.

The Indirect channel continues to provide strong organic growth, in our core UCaaS and evolving voice enablement markets. These positive results also reflect our channel partners' ability to safely navigate challenging macroeconomic conditions by continuing to deliver robust growth and maintain low levels of bad debt, despite the lingering impacts of business disruption from the COVID pandemic, and the significant jump in interest and inflation rates. Our partners have also accelerated into evolving markets such as Microsoft Team Voice enablement and Contact Centre for small business, driving our sales forward in these areas. They have also delivered growth in our core UCaaS markets by continuing to focus on quality and availability of customer support, flexible commercials and an agility to embrace new services wrapped into easily consumable packages for their customers.

Channel partners continue to attract significant levels of private equity and debt financing their financial solidity, "no-to-low" debt leverage, high gross margins and recurring revenue models making this a highly attractive marketplace for funding. This has driven more consolidation during the period which shows little sign of abating in 2023, despite rising interest rates and improved terms on alternative investments. This has enabled us to make efficiencies in our partner sales and support teams, allowing greater resource and focus on all partners, of all sizes, evolving our account management and relationship model accordingly.

Our periodic price rises passed a fair and reasonable proportion of the inflationary cost increases we have experienced, to our channel partners at the end of 2022. Our own efficiency gains, procurement activities and growth enabled us to maintain our competitiveness in core markets. It also allowed us to grow the number of people who support the channel, in a steady and sustainable manner.

Our steadfast support and investment in the channel has once again been recognised by various industry awards, reflecting the efforts of everyone that contributes to the UK Indirect Business Unit, for example:

- Best CCaaS Vendor – Comms National Awards 2022
- Best Partner Programme – Comms National Awards 2022
- Best Infrastructure SIP – Comms Council 2022
- Vendor/Distributor Sales & Account Management Team – Channel Champion 2022.

The UK Indirect partner base has benefited from a plethora of service releases and enhancements, concentrated on our CCaaS and UCaaS services. We have also moved 50% of our Horizon base to our own Collaboration client with improvements rolled out throughout the year to strengthen the product. This was achieved alongside the completion of our mobile base migration to more agile infrastructure, including the benefits of 5G services.

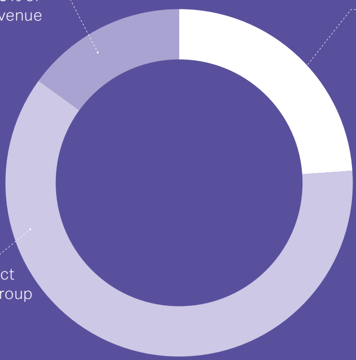
Additionally, we were particularly pleased to evolve our Microsoft Team integration client, which facilitates our native Microsoft Teams Voice Enablement and integration to our Horizon UCaaS service. The usability and automation improvements made were further complimented by our certification to resell "Microsoft Operator Connect" to the UK resale channel (one of only two major operators in the UK with this status) providing a competitive advantage for the mid-term.

As we reflect on 2022, and also look to the future, these rapidly expanding markets and technology shifts have and will provide substantial opportunities to drive forward:

- Acceleration of UCaaS adoption across all customer segments - 5 million seats to migrate in the next four years.
- Emergence of a new market delivering next generation CCaaS services to both new SME customers and our existing base of 700,000 seats.
- Growth of voice enabled Microsoft Teams users will accelerate- 3 million seats by 2025* (Cavell UK Cloud Comms Report 2022).
- A stop-sell on analogue and ISDN services (including ADSL and FTTC) in 2023 (majority of which is expected to occur in that year), with a cessation of services planned by the end of 2025.

The strength of the Gamma indirect partner community (our relationships, our people, and our products), mean we look forward with confidence to 2023.

UK Direct business



Proportion of the Group's revenue

24%

UK Direct revenue

£115.5m +10%

The UK Direct Business accounted for 24% of our Group revenue in 2022, with gross profit up 9% to £57.4m and revenue up by 10% to £115.5m.

It has been another year of solid performance across the direct business . As predicted, our sales order book has bounced back from the slow start we experienced in 2021 as organisations started to assess their post-pandemic infrastructure to understand if it was fit for purpose in the new hybrid working era. To this end, at the start of 2022, both Public Sector and Enterprise customers focused on adopting business-grade UCaaS solutions that would support their new operating models. We also experienced rapid growth of our Microsoft Teams solutions across both Enterprise and Public Sector Market Segments.

Additionally, the latter period of 2022 has seen a rise in organisations restructuring their intra-office and remote connectivity models to support changes in working locations, which has driven an increase in SD-WAN solutions deployed by us to new and existing customers.

Our Direct business is now recognised as a leading provider of managed communication solutions to large Enterprise and Public Sector organisations, and a pleasing outcome of this is a strong contracted order book.

Gamma Direct is a managed communications services provider. Therefore, customer satisfaction is vital to our success, measured utilising Net Promoter Score methodologies. This year we achieved an NPS of 41 (2021: 38) in our customer surveys – this continued customer focus continues to differentiate us from our competitors.

All our market segments performed well in 2022, with particular success across the Central Government and Large Enterprises spaces. In Public Sector, we secured several significant UCaaS wins across a wide range of customers, including Microsoft Teams seats across two very large Central Government agencies, seats for City Councils and for two Universities. In addition, we also secured a large CCaaS solution for a Blue Light service. Other notable contract awards include six County Councils that contracted for a mix of SIP and CCaaS, and five NHS trusts awarded us an array of contracts for UCaaS, SIP and connectivity.

Our mobile and mobility solutions continue to resonate with our customers in Public Sector (our commercial model combined with Three's new 5G network has been particularly well received).

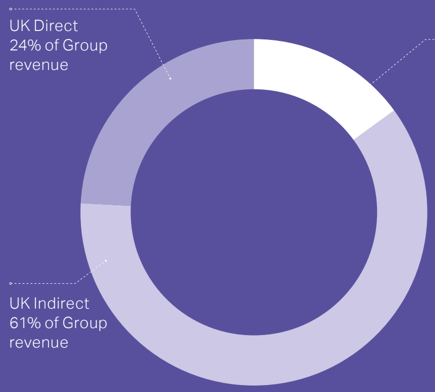
Towards the end of 2022, we successfully gained access to the Crown Commercial Services RM6261 Mobile Services Framework LOT1, which has led to us becoming only one of four providers who can be directly awarded contracts without the need for further rounds of competition.

Our Enterprise team achieved notable wins with Card Factory and URBN for managed SD-WAN services, Venator plc and Hastings Direct for pan-European Microsoft Teams, The AA for a large mobility solution and Wilmot Dixon, Lovewell Blake LLP and Bibby Financial for a combination of UCaaS and CCaaS services. I am pleased to report several key new contracts, including EON and Admiral Financial who have both implemented our SmartAgent CX client into their contact centres.

CircleLoop, the digital UCaaS service and channel which we acquired with Mission Labs, now have more than 11,000 customers who are using this service via our digital platform.

Our investment in our direct digital programme (The Gamma Hub) is ongoing as we focus on providing our customers with a self-service capability, and fully automated provisioning to reduce our delivery lead times and increase our operational efficiencies.

European business



Proportion of the Group's revenue

15%

Europe revenue

£73.2m +1%

The European Business accounted for 15% of our Group revenue in 2022, with gross profit up 6% to £34.7m and revenue up by 1% to £73.2m.

Gamma Germany

The transformation of the business from a pure SIP and connectivity provider to a full-blown service provider with cloud solutions has made excellent progress. In 2022 the GnTel German sales operations were fully integrated into Gamma Germany and a salesforce was built for resale and wholesale business. The SIP-base in Germany is still growing. The January 2023 Kick-Off event in Germany brought lots of contacts and will push our success in 2023.

We now serve over 2m SIP-number-extensions in the market. However, not all of these will be transferable into cloud in the future as a proportion of B2C customers do not fit into current products. This is particularly true in Germany, with a rate of over 90% of B2C customer being served with special high-end Gateways for internet, voice and smart home that are used by almost all network operators.

Regarding products, we have been very successful with the start of FibreMax, our broadband fibre product for Germany. As a result of ever increasing network interconnects, we are very competitive in the market. The goal is to gain a greater share of customer budget on the one hand and a better retention rate by delivering a wide range of effective products and therefore achieving top level service delivery.

In Q1, 2023, we will enrich our portfolio with the next group product, Microsoft Operator Connect. Although some other market players made announcements regarding this product, currently we are the only company, aside from Deutsche Telekom, who can deliver this product in Germany. Operator Connect will open up a new partner base, mainly in the IT sector. Partners that only wish to enable the voice feature within Microsoft Teams will then have a proper and stable solution. Furthermore, we will be evolving a go-to-market-strategy for Enterprise Customers in Germany.

Our Epsilon mobile distribution business again delivered a very strong performance throughout 2022. One key aspect of this is our continued investment focus on our IOT (Internet of Things) business (Fusion IOT) which provides IOT solutions to the SME business segment. The result is the current increase in new customer business, and in addition, large Enterprises like Austrian Federal Railways now rely on our solutions (to provide WLAN in the Austrian trains).

In line with our previously announced plan we have transitioned to the full Gamma Brand (with the exception of Epsilon) in the German market.

Gamma Spain

The Spanish economy has been impacted by higher inflation along with higher interest rates delaying business decisions in adopting new technology and services in the telecom market. Challenging local market economic conditions mean achievement of future business performance targets will take longer than originally forecast resulting in an impairment of the Spanish cash generating unit in 2022. We also completed the sale of our subsidiary "ComyMedia" in July 2022. ComyMedia specialised in IT solutions and had little fit with the rest of our European business. ComyMedia generated a negligible EBITDA contribution in 2022 prior to disposal.

The UCaaS business has increased the number of active seats by both organic and inorganic growth, following the acquisition of NeoTel, in October 2022, a cloud communications company based in Málaga specialising in cloud PBX and call centre product for the SME market. The mobile business has performed well and the reseller contract we have with one of the leading mobile network operators has strengthened our UCaaS offering. We also signed a wholesale white label contract with one of the largest mobile virtual network operator in Spain, mainly focused on the residential market but aiming to penetrate the business micro segment with a cloud PBX solution, with market launch expected early Q2 2023.

SIP trunk product revenues decreased in year. Traditional PBX resellers who developed this product line are being affected by increasing cloud communications penetration trend, reducing the total number of traditional PBX sold in the market. This is a good opportunity for us to monetise this market trend towards UCaaS, but inevitably SIP trunk revenues will continue to decline in near future, nevertheless the new "Operator Connect" product launch in early 2023 will provide new market segments to sign new customers with SIP trunk like telephony service into Microsoft Teams.

During 2022 we enhanced our channel partner programme addressing hundreds of Microsoft partners to promote our cloud communications services integrated into MS Teams, to provide training and developing lead generation campaigns. This is a growing opportunity we will continue to address and expand in the future, which will be strengthen with the Operator Connect product deployment in Spain expected in the first half of 2023. This is one of our growth levers in the market, giving us a competitive advantage against traditional large operators.

From the product side, we introduced a new Contact Centre solution into the channel, as an entry point to our UCaaS service, in a similar way to Gamma's "Horizon Contact" product in the UK, addressing CCaaS market opportunity while increasing product ARPU and margins too. The channel has received the product with enthusiasm and started to generate relevant sales during second half of the year.

Gamma Netherlands

Market growth is slowing down due to high penetration in the Dutch business market, nevertheless we continued to grow our Cloud and Mobile base. Revenue decreased as a result of call usage, with a reduction in pay as you go ("PAYG") traffic mix.

In Q2 2022 we launched Microsoft Operator Connect, being the first supplier of Operator Connect in the Dutch Soho/SME market. We have seen a high level of interest from our existing customers and partners base as well as new partners who are interested in this proposition. Furthermore, we relaunched our Gamma Internet and Mobile portfolio, as well as further expanding our Microsoft Direct Routing solutions. At the end of 2022 we launched a copper to fibre migration programme for internet which we expect to benefit from in 2023. For Mobile further expansion of the product portfolio resulted in double digit growth in revenue and customers.

Our multi-tenant business (Gamma Business Services) continued to grow. In addition to continuing our cross-sell programme of Cloud & Mobile services to our existing customers, we were also able to acquire customers in new buildings. Additionally, we see increased demand for the supply of hardware in combination with a service contract. Looking forward, we see an exciting pipeline that will further grow the business.

The launch of Microsoft Operator Connect is one of the examples of the benefits of developing a common pan-European product set.

Focusing on continued growth to 2026

Strategy

During 2021, we began a five-year strategic review mapping the competitive and market landscape out to 2026. This has been in the context of the pandemic and the resulting disruption in the natural evolution of the market. This is an evolution of our existing strategy. We are outlining our 2026 strategy through which Gamma will be developing the existing four-pillar framework described on pages 18 to 19.

Strategic priority

Develop multiple routes to market in each country in which we operate

Key Initiatives

We will develop products and supporting systems and/or make acquisitions which will enable us to reach end users through each of the following channels:

- Digital/Direct
- Dealer
- Resale
- Wholesale

Outcome

Channel partners operate differently in different European markets. The UK has a largely wholesale model whereas German partners are more likely to be dealers. However, we want to be able to work with partners whether they want to act as a dealer or as a reseller. We will therefore produce products and systems which support all models – including an ability to sell directly to end users whether "in person" or digitally. We will have an approach which meets the needs of all end users and partners.

Strategic priority

Develop a common pan-European product set for UCaaS and CCaaS for SMEs

Key initiatives

Where we have made acquisitions around Europe, we have inherited a number of different products which are sold in only one country. As markets evolve and customers demand more functionality, we will build up technical debt by supporting multiple products. Therefore we will (over time) sell only one product set in each market in which we serve.

Outcome

We are recognised as (1) the provider with the best service and (2) transparent and open by both our partners and the end users. We will also reduce the costs to support our customers because we will be supporting fewer products.

Product migration in our industry is hard as end users do not like to move between products because they have become familiar with the features and functionality of their existing product. Migration will therefore take time as we introduce new products in some countries. We will need to support our existing partners and end users through parallel selling and support.

EXISTING FOUR-PILLAR STRATEGIC FRAMEWORK
p.18-19

Strategic priority

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

Key initiatives

We recognise that the products we are building to serve SME customers will not always meet the needs of our Enterprise customers. We will therefore have multiple strategic partnerships with, for example, Microsoft, Amazon which enable us to serve customers across Western Europe, these will be strategically managed maximising the value to Gamma as a whole.

We have already launched Operator Connect in the Netherlands and we will launch in Germany and Belgium in 2023.

We will constantly evaluate additional products and services to be added into our portfolio and consider whether we build or acquire these – we will not "rest on our laurels" with our capability set.

Outcome

We will be seen as a key provider of UCaaS/CCaaS and managed communications in Europe. We will have Enterprise customers in each of the countries in which we operate and we will also serve customers across several markets.

Strategic priority

Create an organisation that engages all our people with a common set of values and goals

Key initiatives

The competition for talent in the technology space is significant. In order to achieve our goals we need to recruit and retain the best developers, engineers, customer service and support staff. In order to do this we have worked on the following areas:

- Culture
- Learning and Development
- Reward

Outcome

We are recognised as a leading employer in the European Tech Space.

A strategy driven by an engaging culture

Cloud telephony and UCaaS

Evolve our strong cloud telephony position into the UCaaS market

Our focus as stated in 2019

Having established market-leading positions in both the SIP and Hosted PBX markets, our focus is to build on that position and take advantage of the fast growing UCaaS market. This requires us to gain market share for both team collaboration (Instant messaging, Video conferencing, Screen Share) and Multi-Channel customer contact products and services. In both cases these need to be integrated with our core Hosted PBX and SIP offerings, underpinned by our fixed and mobile network solutions. The pandemic has accelerated adoption of these technologies and we are aligning our programmes accordingly.

Achievement

In 2022 the main strategic priority was to begin the programme to roll out our product portfolio across all Group businesses. There were product launches of CircleLoop (digital cloud-based small business phone system) in both the Netherlands and Germany; and of Operator Connect for Teams in the Netherlands. Tangible progress has been achieved during 2022 but this is a multi-year programme.

Going forward we will continue to evolve our strong position by building a common pan-European product set and making this available through multiple channels.

Links to KPIs

- 2 Gross profit
- 7 EPS
- 8 Fully diluted EPS

Links to principal risks

- 1 Product development becomes misaligned with market needs
- 2 Unplanned service disruption
- 3 Data loss and cyber attacks
- 4 Over-reliance on suppliers
- 5 Inability to attract and retain talent
- 6 Failure to adapt and develop new routes to market
- 7 An uncertain competitive landscape causes loss of market share

Fixed and Mobile telecom

Build on our fixed and mobile telecom strength to differentiate our proposition from pure Over-the-Top (“OTT”)

Our focus as stated in 2019

In anticipation of the forecasted market shift from low end ethernet to high speed broadband our focus is on strengthening our broadband proposition and adding value into these services. At the same time, we have to ensure we are competitive in high speed ethernet services. Whilst the mobile market is relatively flat, we see significant disruption through the adoption of 5G services and ‘Unlimited’ data bundles. This reinforces our decision in 2018 to move to a light MVNO model with an appropriate partnership model that allowed us to exploit this disruption.

Achievement

In 2022 we completed the implementation of the new operating model with Three and the migration of customers to the new platform. It should be noted that this was largely a background system process with minimal customer disruption.

In each country in which we operate we have a mobile offering with one or more MNOs.

We also work with a number of data providers in each country to be able to deliver business grade broadband and ethernet products which support our UCaaS product portfolio.

In future we will continue to be a network provider which will differentiate us from the OTT players. Our strategy is not changing in this regard.

Links to KPIs

- 1 Revenue
- 2 Gross profit
- 5 Cash
- 7 EPS

Links to principal risks

- 2 Unplanned service disruption
- 3 Data loss and cyber attacks
- 4 Over-reliance on suppliers
- 5 Inability to attract and retain talent
- 6 Failure to adapt and develop new routes to market
- 7 An uncertain competitive landscape causes loss of market share
- 9 Legal and regulatory non-compliance

LEARN ABOUT OUR PERFORMANCE IN OUR KPIs p.20

UNDERSTAND OUR PRINCIPAL RISKS p.23

During 2022 the Group's continued to progress its 2023 strategy which was presented back in 2019. Future priorities will be based on the 2026 strategy which is outlined on page 16 – this is an evolution of our previous strategy.

Group Expansion

Expand into Europe to gain continued growth and scale

Our focus as stated in 2019

There are a number of large European markets where the adoption of Cloud communications services is much lower than the UK. While each country will have its own unique reasons for this, we believe that the advent of UCaaS and the shift to desktop and mobile applications for communication in all forms, will be a new and disruptive driver for the adoption of cloud-based services (catalysed further by the pandemic). Our focus is to gain a position in relevant markets through acquisition and leverage our UK experience to gain significant market share through organic and inorganic growth.

Achievement

During 2022 we evaluated a number of acquisitions in continental Europe.

In October 2022 the Group acquired NeoTel in Spain as a bolt-on to help deliver greater operational scale which we expect will lead to improved performance in that market. We have started the introduction of our common product platforms, with Operator Connect and CircleLoop, and continue to establish the supporting group operating model. Teams across different countries are working more closely together to best utilise skills and experience.

We continue to assess options to deliver scale through acquisition and to evaluate a number of potential targets. Our strategy continues to be one of both organic and acquisitive growth.

Links to KPIs

- 1 Revenue
- 2 Gross profit
- 6 Cash generated by operations
- 8 Fully diluted EPS

Links to principal risks

- 1 Product development becomes misaligned with market needs
- 3 Data loss and cyber attacks
- 4 Over-reliance on suppliers
- 5 Inability to attract and retain talent
- 6 Failure to adapt and develop new routes to market
- 8 Unsuccessful M&A activity
- 9 Legal and regulatory non-compliance

Digital Progression

Continue to build on our digital capabilities to assure agility and sustain competitiveness

Our focus as stated in 2019

To ensure that we have straightforward sales, service management and product user interfaces which align with customer expectations and differentiate our overall proposition, whilst at the same time allowing us to optimise our operating model and grow efficiently.

Achievement

We have continued to build the customer base in CircleLoop following the acquisition of Mission Labs in the prior year. CircleLoop is a "Digital first" product with full self-service interfaces from initial enquiry, through provisioning, billing and support and is designed to address the micro end of the business market. The CircleLoop product has also been launched in the Netherlands and Germany.

Digital will remain a key route to market for Gamma in every country in which we operate.

Links to KPIs

- 1 Revenue
- 3 Gross margin
- 6 Cash generated by operations
- 7 EPS
- 8 Fully diluted EPS

Links to principal risks

- 3 Data loss and cyber attacks
- 5 Inability to attract and retain talent
- 6 Failure to adapt and develop new routes to market

Measuring our progress

Our progress / Outlook and strategic focus

Revenue (£m)

£484.6m +8%

Revenue from sales made to all customers (excluding intra-Group sales which eliminate on consolidation).

Revenue has grown in the year due to continued growth in our key products in the UK and Europe.

Continued growth as further adoption of cloud.

Gamma monitors growth in revenue as it shows how successful Gamma has been in expanding its markets and growing its customer base.

Gross profit (£m)

£247.7m +8%

Revenue less cost of sales.

Gross profit has continued to grow in the year in line with revenue.

Continued growth as further adoption of cloud.

Gross profit is the measure used to evaluate the performance of the Group as well as each of the operating segments.

Gross margin (%)

51.1% +0%

Gross profit as a percentage of revenue.

Gross margin is in line with the prior year.

Gross margin is expected to remain consistent as the product mix across the Group tends to an equilibrium.

Gross margin is a measure of the Group's profitability.

Adjusted EBITDA (£m)

105.1m +10%

Adjusted earnings before interest, taxation, depreciation, gains and losses on disposal of fixed assets, amortisation and exceptional items.

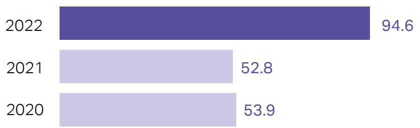
Adjusted EBITDA has continued to grow.

Continued growth as further adoption of cloud.

Adjusted EBITDA is the measure used to evaluate the performance of the Group as well as each of the operating segments, including their support functions.

LEARN ABOUT OUR STRATEGY
p.16

The assessment of our KPIs, their link to our strategy, movement in the year and their progression is described below.

	Our progress	Outlook and strategic focus
Cash (£m) £94.6m +79% Cash and cash equivalents held at the end of the year.	 Cash has grown.	The Group expects to increase the cash balance subject to any further acquisition opportunities that may arise. Cash demonstrates financial strength and the ability to pay sustainable dividends to our shareholders.
Cash generated by operations (£m) £99.1m +10% Net cash flows from operating activities before tax paid.	 Cash generated by operations has continued to grow.	Cash generated by operations is expected to grow in line with EBITDA – cash conversion is expected to remain strong. Cash generated by operations is a measure of the quality of Gamma's earnings. It provides financial strength and the ability to pay sustainable dividends to our shareholders.
EPS (p) 50.6p -8% Earnings after tax divided by the full diluted number of shares.	 EPS has declined as a result of an exceptional charge relating to the impairment of the Spanish CGU and disposal of ComyMedia (note 8). In 2020 there was a £20m exceptional gain related to the sale of The Loop.	Expected to grow in the absence of any unforeseen events. Long-term growth in EPS is a fundamental driver to increasing shareholder value.
Fully diluted adjusted EPS (p) 71.8p +12% Adjustments to earnings include in the current year amortisation arising on business combinations, change in fair value of acquisitions, exceptional items and related tax benefits.	 Fully diluted adjusted EPS has continued to grow.	Fully diluted adjusted EPS is expected to continue to grow. Fully diluted adjusted EPS is a measure of how successful we are in our strategy and ultimately how Gamma increases value for its shareholders.

Performance metrics

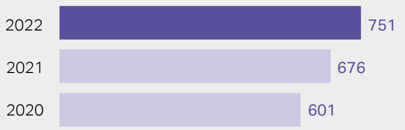
In addition to its key performance indicators, Gamma also tracks performance against additional metrics that further assist in measuring progress.

Our progress | **Outlook and strategic focus**

Number of UK hosted seats ('000s)

751 +11%

Number of billed seats at the end of the year on Horizon (Cloud PBX) products.



We have achieved growth from prior year as planned.

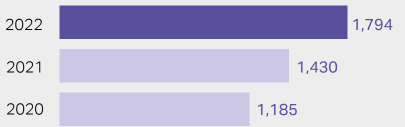
Continued growth.

Growth in this metric demonstrates the ability of the sales force to win new customers while also retaining existing relationships.

Number of UK SIP Channels ('000s)

1,794 +20%

Number of billed UK SIP channels at the end of the year.



We have continued to grow our number of SIP channels during the year.

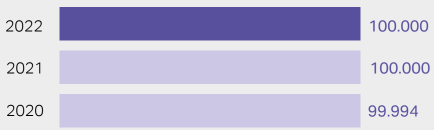
Continued growth.

Growth in this metric demonstrates the ability of the sales force to win new customers while also retaining existing relationships.

UK Network Availability (%)

100.0% +0%

Availability of UK strategic platforms.



The network has continued to have strong availability throughout the year.

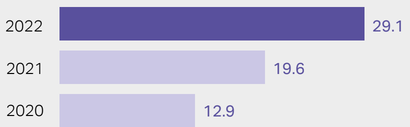
To continue to have strong availability.

By having a stable, available network this helps to attract and retain customers.

R&D Spend (£m)

£29.1m +48%

The sum of research costs expensed through the consolidated statement of profit or loss and capital expenditure on development costs in intangibles during the year.



We have continued to invest in research and development.

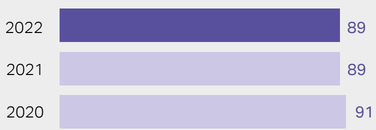
Continued investment.

New and continued development on our products contribute strongly to overall growth, maintaining high returns and strengthens our overall market position.

Recurring Revenue (%)

89% -0%

The percentage of revenue recognised over time over total revenue. See note 5 in the financial statements.



Recurring revenue is in line with the prior year.

Maintain a high proportion of recurring revenue.

Recurring revenue gives an indication of future performance of the business.

Understanding the risks that affect the Group

This section describes the principal risks that could have a material adverse impact on the Group and how those risks are identified, evaluated, and managed.

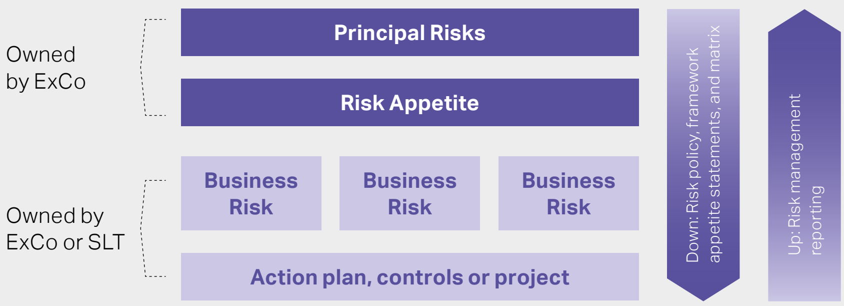
How Gamma manages risk

Gamma operates a robust and well-established structure for the management of risk in each area of its business. This process includes the identification, evaluation and scoring of risks based on the likelihood of occurrence, when it may impact Gamma and the potential impact when it does, alongside the adequacy of the mitigation or control actions in place. Risks are categorised and aligned to Gamma's business priorities to ensure appropriate senior visibility, evaluation and mitigation exists. An integrated risk management process provides visibility of risks across the Company and facilitates consistent data-driven decision making. Each generic area of risk has clearly assigned accountability within the Executive Committee and wider Leadership Team with reporting lines to the CEO and ultimately the Board. A centralised risk register is maintained which includes all identified risks, their scores, prioritisation, the status of existing controls and action planning.

Risk management happens at multiple levels within the organisation and all employees are encouraged to consider Company risks throughout their working routines. The organisation level at which risk is owned is determined by its severity. This ensures the owner has appropriate level of authority to decide upon the response to a risk. Alongside an ongoing education and training programme, the Company continues to build a risk aware culture.

The Company categorises and subsequently manages risk in two distinct ways. "Principal Risks" are the most significant areas of risk facing Gamma.

Gamma's Executive Committee or "ExCo" own the most significant risks to Gamma, which include Principal Risks and material Business Risks. They are supported by Gamma's Senior Leadership Team (SLT) who operate at N-1 to the ExCo members.



Risk management framework

They are strategically significant and could have a material adverse impact on the Group's financial performance or reputation. Principal risks are where Gamma sets its risk appetite. The company determines its appetite by agreeing how open it is to taking risk in a given area. The risk appetite is reviewed annually and approved by the Board. "Business Risks" enable Gamma to successfully manage Principal Risks. They are specific and more easily quantified and form the method that the Company uses to manage risk and action planning within specific areas of the business.

For example, the threat of "Data loss and cyber-attacks" is an area of Principal Risk for Gamma and within that area of risk are various Business Risks which articulate specific threats in each area of its business, such as a lack of server security patching within a live network environment, and/or a lack of skills in a development team to build to Gamma's defined security standards. By using this method, Gamma can tangibly assess how and where risks are building within every part of its business.

Gamma continues to grow and reinforce its position in core UK markets, whilst in parallel executing on strategic acquisitions to expand its addressable markets internationally, and in 2022 Gamma conducted a thorough review of its principal risks to ensure they are representative of the Group with adequate international perspective.

Risk governance

The Board has overall responsibility for the establishment and oversight of the Group's risk management policy and framework, for ensuring that an appropriate risk management culture exists within the organisation, and for ensuring the effective identification, assessment and management of individual risks.

To assist in this process, the Board in 2018, established a Group Risk Committee under the stewardship of Martin Lea, Independent Non-Executive Director. In addition to its Chair, the Risk Committee comprises the Company's Chair, three other Non-Executive Directors, the CEO, the CFO and the COO. It generally meets quarterly or as otherwise required and liaises where necessary with other Board committees.

The main tasks of the Risk Committee are to ensure that:

- Management has implemented an appropriate and effective risk assessment, management and internal control system.
- There is an effective system in place for the identification and assessment of new and emerging risks.
- The nature and extent of the principal risks faced is understood and that they are effectively managed and mitigated.
- An appropriate risk management culture exists within the organisation.

In line with the governance structures set out in our Group Data Protection policy, a subset of the Executive Committee forms the "Data Protection Committee". In addition to establishing strong governance controls for the protection of personal data and the business' GDPR obligations, the Committee also oversees Gamma data assets and ensures these are adequately protected in line with its Data Protection policy. This Committee is advised by the Data Protection Officer, Group Risk and Governance Director and Chief Architect to ensure all aspects of the data lifecycle are appropriately assessed, managed and protected.

Gamma utilises certified frameworks for the management of risk related to information security (ISO 27001), business continuity (ISO 22301) and environmental management (ISO 14001). These frameworks are also supported by associated policies.

Gamma also has a series of policies regarding anti-bribery and corruption, modern slavery and human trafficking, ethical behaviour and wider social and governance matters; but the Board does not consider there to be significant risks in these areas. There is also a whistleblowing policy in place.

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OUR STRATEGY
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The risk management process

Within the Risk Management governance framework, Gamma has a well-established process for managing risk. The process follows four simple steps:

1 **Identification** – All employees are encouraged to consider and document risks within their working routines and the risk management process supports this at every organisational level. Gamma's Executive Committee will raise and discuss risk within various regular forums and in addition there is a dedicated quarterly risk review forum where the most significant risks are discussed in greater depth.

2 **Assessment** – Risks are assessed by reference to likelihood (i.e., probability of occurrence), proximity and impact against the assessment criteria. By measuring risks against consistent criteria, it allows comparison of risks on a like-for-like basis and this assessment also sets out the thresholds which determine at which level a risk should be owned.

Based on the Framework Principal risks are owned by the relevant member of the Executive Committee, with Business risk ownership linked to the ability to influence and effectively manage the risk faced.

3 **Risk response** – Once assessed, a risk response option is selected and implemented which will determine any action that is required to reduce the risk impact and/or likelihood. Risk are either "tolerated", "treated", "avoided", e.g. by changing strategy or tactics, or "transferred", e.g. moving contractual liabilities to a third party. Risk management plans are developed for risks we wish to avoid, transfer or treat and incorporate the need for effective control development.

4 **Monitoring, Reporting and Escalation**

Every risk is monitored to keep the relative impact, likelihood and proximity current. A structured reporting model is implemented with:

- All business risks, and any related risk management plans, being reviewed quarterly by the respective owners.
- The most severe business risks, and any related risk management plans, being reviewed quarterly by the Executive Committee and Risk Committee.
- The principal risks being assessed biannually, with a desire to identify risks that may impact Gamma in the future.
- Control design and implementation being subject to internal audit activity.

Unpredictable and significant events

Where highly unpredictable, significant, and close proximity risks (sometimes referred to as black swan events) occur they are managed through Gamma's Risk Management Process and are closely managed by the relevant team within Gamma. They are assessed, scored and managed using the integrated framework, recognising the assessment must be completed at the pace of the event. An important aspect of an unpredictable risk is that, in hindsight, it may have been predictable or visible had certain data or knowledge been available. As such, a post-risk review occurs to ensure the Company learns and adjusts its risk framework where appropriate.

Given the magnitude of events such as the COVID-19 pandemic and the Russian/Ukrainian conflict in recent years Gamma has adopted "black swan events" as an other risk. This ensures the right level of focus is applied to planning how Gamma responds to unforeseen events.

Risk appetite

The Company's risk appetite is reflected in the way it assesses, scores, ranks, and then manages individual risks.

In 2022 Gamma conducted a review of its risk appetite surrounding its principal risks. Risk appetite statements have been developed and are owned by the Executive Committee and approved by the Risk Committee. Gamma's risk appetite statements are directional and ensure that those managing business risks understand Gamma's desires and willingness to take risk within a given area. The purpose of these statements is to strengthen risk assessment and allow prioritisation of risk response activities. This allows efficient use of time and resources when managing risk, whilst ensuring acceptable levels of risk are taken to deliver the strategic objectives. Gamma also publishes an overarching risk appetite statement in its Group Risk Policy.

An example of this is demonstrated within the "Unplanned service disruption" principal risk. This was assessed by the Executive Committee and the appetite set such that service interruption must be avoided, in particular across Gamma's mature products and services where a large number of customers rely upon them for business-critical operations.

Once the risk appetite is defined and approved by the Risk Committee, this then helps employees working within Gamma's development, engineering and operational teams understand the importance of maintaining high levels of service availability.

Gamma's principal risks and how they are mitigated

The assessment of the principal areas of risk, their potential impact on achieving Gamma's strategy, movement in the year and how the Company seeks to mitigate them are described in the table below.

Key to strategy, Pages 16-19

1. Cloud Telephony and UCaaS
2. Fixed and Mobile Telecom
3. Group Expansion
4. Digital Progression

The occurrence of any of these potential risk scenarios could, to a greater or lesser extent, result in damage to Gamma's reputation and/or business performance. The risk impact considers the financial impact of the risk, when it may impact Gamma and the likelihood of it occurring.

Gamma has developed a modern and integrated risk process with the help of specialist third party support. This process enables the company to assess risks at every level within the organisation, and determine both qualitative and quantitative impact to the Company. This process is maintained within a centrally managed framework and supported by dedicated personnel who are there to help the entire business apply a consistent assessment of Gamma's risks whilst also ensuring mitigating actions are kept up to date.

Alongside the management of individual risks, Gamma has established a programme of work which is dedicated to extending its risk management objectives and philosophy to all parts of its Group. In 2022 as part of this programme, Gamma introduced a new modern centralised risk management platform which will industrialise its risk management process and support risk owners by a simple way to track actions, report on risk trends and understand risk interdependencies.

Product development becomes misaligned with market needs

Risk Impact:	**High**
Change on prior year:	**Increasing**
Link to strategy:	1 3

Gamma is increasingly relying on its own development efforts to bring new products to market and at the same time the technical landscape continues to evolve rapidly to meet the requirements of business customers. It is therefore very important that Gamma's product development is guided by a market-led plan which embodies a clear understanding of what business customers require. This ensures Gamma's products remain attractive to existing and prospective customers, supporting the Company's organic growth ambition.

→ Potential impact

If Gamma fails to achieve this, it risks delivering products which do not meet market needs, and which are therefore likely to be unsuccessful and result in lost revenue and market share.

→ Mitigating actions

In 2022 Gamma undertook a comprehensive review of its processes which underpin how it gathers market input, defines customer product requirements and how these requirements inform each stage of the product development process. This process also enables employees with customer facing roles to input into the early definition of new products and services.

- In addition, Gamma appointed a new Product Management Director to oversee the management of its product portfolio and ensure this continues to be closely aligned to market needs.
- Gamma ensures that it maintains a two-way dialogue with its customers to understand their needs, primarily via direct customer and wholesale channel partner feedback processes.

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LEARN ABOUT OUR PERFORMANCE IN OUR KPIs p.20

Unplanned service disruption

Risk Impact:	**High**
Change on prior year:	**No change**
Link to strategy:	1 2

Reliable, high-quality business communications services are critical to Gamma's customers and are the core components of the Company's products and strategy. Therefore, maintaining very high levels of service availability is central to Gamma's credibility, competitive positioning and its financial performance. This is particularly so as it serves the business market and public sector, and any disruption to Gamma's service affects the ability of its customers to provide critical services.

→ Potential impact

If any of Gamma's services are disrupted and therefore unavailable to its customers for any material length of time, then this could result in loss of customer confidence, with consequential reputational impact and loss of customers. This would have a direct impact on product and revenue growth and could result in significant financial loss.

→ Mitigating actions

Gamma operates a comprehensive operational governance framework to manage the availability and performance of its services. This includes the design and architecture of its network for resilience, capacity planning, change management and security. Business continuity planning and rehearsals are routine components of the governance framework. This governance is subject to external audit via the ISO 22301 certification. The Company also has fraud management applications used to identify unusual voice traffic patterns quickly within its 24/7 operational monitoring.

Regular reviews take place with key suppliers and there is an internal fortnightly "Supplier Management Meeting" chaired by Gamma's Procurement Director, which seeks to improve supplier performance as well as address supply chain risks as they arise.

There is a mature Incident Management process that is rehearsed on a regular basis. This capability is available 24x7x365 and ensures the business can respond immediately to events that may impact the performance of the services provided to customers. This Incident Management process includes the potential to activate an Emergency Communications Committee, ensuring that the Company maintains effective communication both internally and externally with customers, suppliers and where necessary the media and regulatory bodies (the latter is supported by specialist agencies). This process is rehearsed at least once a year and was last tested during 2022.

Gamma recognises that occasional technology failures cannot be avoided despite rigorous change management and testing, particularly when it comes to the deployment of new products at pace to maintain a competitive advantage.

Data loss and cyber attacks

Risk Impact:	**High**
Change on prior year:	**No change**
Link to strategy:	1 2 3 4

By its very nature, Gamma's network infrastructure provides customers with open access to the internet and global voice networks. As such there is a risk from cyber threat and telephony fraud, as well as to the physical infrastructure.

Cyber attacks are constantly evolving, and Gamma recognises that it could be a target for both sophisticated attackers as well as nuisance attackers. Gamma may also be targeted through:

- Downstream services provided to key sectors e.g. where customer equipment is targeted.
- Upstream partners Gamma works with e.g. where Gamma products integrate with other products provided by partners such as Microsoft.
- Potential breaches of security within its own supply chain e.g., where critical corporate business applications could become compromised.

Gamma holds various types of data and its network carries customer communications, which heightens the risk of data related attacks.

→ Potential impact

A breach of security could have a significant reputational impact and in some cases also impact Gamma's commercial position. Potential fines could also be enforced if the Company was found to be in breach of its obligations relating to various regulations e.g., GDPR.

→ Mitigating actions

Gamma continues to adapt its governance structure to ensure best practice is followed in the identification and management of information and cyber security threats. This includes increased frequency and broadened scope of both routine and bespoke penetration testing; continuous compliance checks; integrated security behaviours training, which is mandatory for all employees; dedicated security roles to track how cyber threats are evolving and are best detected; and Board oversight of the maturity of the governance structure.

Gamma's core infrastructure and operations are certified under ISO 27001 for security. Gamma's Corporate infrastructure is certified against the National Cyber Security Centre's (NCSC) Cyber Essentials Plus scheme.

The Company is represented in various industry forums to ensure it is aware of emerging threats, methods employed by malicious actors and best practice in the identification and mitigation of cyber risk. Gamma has been actively engaged in industry discussions regarding the recent Telecommunications Security Bill and will be regulated under the resulting Code of Practice in the coming years.

Gamma carefully considers the cost vs benefit when it comes to investing in controls against cyber-attacks, as well as how its peers are approaching this risk. Targeted investments are made in preventative, detective and responsive controls but it is accepted that some service disruption resulting from cyber-attacks is possible.

In 2022 Gamma has ensured that acquired European subsidiaries have integrated security controls to the same level of maturity as in the UK.

Over-reliance on suppliers

Risk Impact:	**High**
Change on prior year:	**No change**
Link to strategy:	1 2 3

The business relies on a number of key suppliers to provide elements of its products and services. For example, cloud and software providers that are integral to the development of Gamma's products as well as equipment from various hardware and software suppliers that facilitate Gamma's operational activities.

→ Potential impact

Failure of one of these suppliers to perform may have an impact on the Company's ability to deliver products and services. Due to the nature of the services provided, over-reliance on any single supplier may result in delays with product development or unplanned service interruptions.

→ Mitigating actions

Where possible, the business avoids significant reliance on individual suppliers, dual sourcing wherever possible. This reduces the potential for operational issues and enhances Gamma's ability to react to market and customer developments. Gamma is more tolerant when it comes to reliance on dominant "tech suppliers" as their risk profile is lower and working with them is essential in certain selected markets or product segments.

Suppliers of important services are monitored carefully and are subject to regular performance reviews which include adherence to Gamma's information security requirements and broader service KPIs. In addition, Gamma undertakes annual audits with these suppliers to assure areas such as data protection and cyber security.

Inability to attract and retain talent

Risk Impact:	**High**
Change on prior year:	**No change**
Link to strategy:	1 2 3 4

The business has grown rapidly over the last few years and is facing increased risk regarding talent acquisition and retention due to conditions in the employment market and the scarcity of UCaaS skills. There is a risk to continued growth, product portfolio expansion and entry into new markets, should the business be unable to attract, develop, and retain enough people of the required skill and experience. This risk is exacerbated by the current inflationary environment as this applies increasing financial pressure on Gamma to maintain competitive salary levels.

→ Potential impact

Gamma is dependent upon recruiting and retaining enough skilled people to achieve its strategic priorities. The business has become increasingly reliant on employees with experience of modern technologies and design principles in order to develop and support its products.

Recruiting new people with skills which are in high demand is costly, as is the inability to retain people. Failure to attract and retain enough talent also has a compound effect on existing employees who feel pressures from additional workload and mental strain lowering productivity and employee engagement.

→ Mitigating actions

Gamma has a well-established reputation for being a good employer. This is achieved in part by encouraging internal development and promotion, and relying more on external recruitment for specialist skills. The business also recognises that employee reward remains a key factor in attracting and retaining talent and this has been actively reviewed and enhanced in 2022. For instance, Gamma took positive and decisive action for its lowest paid employees, increasing the minimum salary and in addition providing a one-off "Cost of living allowance". Gamma has also made various out of cycle salary adjustments to reduce the risk of people with specialist skills leaving the business. Employee reward will remain under continuous review into 2023 to ensure Gamma remains competitive within the employment market.

Employee satisfaction is measured formally annually using the "Gamma Pulse survey". Anonymous feedback is provided through this platform which has enabled managers to act more swiftly to reinforce positive trends and tackle any negative sentiment.

The Chief People Officer uses People-related KPIs that are shared with the Executive Committee and Board to measure various topics, from engagement and retention through to employee sickness (including mental ill-health), gender diversity and gender pay gap.

Gamma sees the opportunity that flexible working provides as part of its employee value proposition and moved to a hybrid working business model in 2022.

Gamma is committed to its People Agenda, with focus on development and leadership programmes, succession planning, employee wellbeing, developing its diversity and inclusion, charitable giving, as well as effective employee engagement initiatives.

Failure to adapt and develop new routes to market

Risk Impact:	**High**
Change on prior year:	**Increasing**
Link to strategy:	1 2 3 4

The market for buying and selling communication services is changing and businesses are researching and procuring services in a wider range of ways. Gamma must respond to this changing behaviour to be able to continue to drive customer acquisition, to increase the value of each customer relationship and to maintain the successful growth of the business.

One of the changes is an increase in the time spent researching and procuring services online, across all types of business. This means Gamma must continue to evolve its go to market model to capitalise on this opportunity.

→ Potential impact

Gamma's inability to adapt to the changes in a timely manner could limit its opportunity to grow as the business needs to have access to the largest possible proportion of its target audience for each of its key products and services.

→ Mitigating actions

Gamma has invested in both product management and marketing expertise in 2022, developing both areas of the business and rebranding its European businesses to drive brand awareness.

CircleLoop, Gamma's fully digital UCaaS product, which is available in the UK, was also launched in both German and Dutch markets in 2022 and is intended to capitalise on the growth opportunity linked to digital buyers.

Gamma is also focusing on the way each of its products and services align to the market it is serving. In 2022 Gamma started to implement changes designed to align its sales and marketing teams to customer segments and provide focused efforts towards addressing how each segment procures IT and communications products and services, with close monitoring of how these buying behaviours change over time. These structural changes will further strengthen Gamma's ability to understand and leverage buying behaviours and ensure its routes to market remain relevant.

An uncertain competitive landscape causes loss of market share

Risk Impact:	**High**
Change on prior year:	**No change**
Link to strategy:	1 2

The lack of a clear view of the competitive landscape could result in Gamma being unable to identify and leverage opportunities, recognise new entrants or potential competitive threats and respond accordingly. These threats could include for example, new market entrants such as software firms, aggressive competitor pricing strategies, disruptive technologies, and competitive market consolidation. In FY21 Gamma reported a separate risk related to the impact of price erosion within its markets. In FY22 this risk was subsumed into the wider threats Gamma sees within an uncertain competitive landscape.

→ Potential impact

These factors may impact Gamma's position in the market due to the loss of its customers and may dilute the addressable market and slow down the rate of business growth. If the Company does not at least keep pace with the evolving market, and its competitors, in terms of product, pricing strategy and service development, then its plans for revenue growth may be negatively impacted.

→ Mitigating actions

One of Gamma's strengths is in its close understanding of the business market and its evolving customer needs and the Company adapts to these needs by introducing new technologies, products and services. It is not an innovator of novel products but a fast follower and seeks to address growing markets, tailoring products for the target market quickly. However, considering the changing competitive landscape close monitoring is required to remain relevant and competitive.

Gamma does not seek to differentiate itself by offering the lowest prices in its markets and instead aims to provide products and supporting services which are more attractive to its customers than those of its competitors. The planning, development and marketing of products and customer service that Gamma provides are closely aligned to the evolution of market demands and of relevant technologies.

Market insight is gathered, both through recognised industry and market experts, and internal analysis. This insight informs decision making and execution plans across multiple time horizons.

Gamma takes a cautious approach to protect price and margin on its existing products and services, and has undergone a rigorous pricing review in 2022. This is tightly governed by its Pricing Committee in the UK.

In addition, the Company undertakes a thorough strategic review every three years, supported by the Board which constantly monitors management's assessment of market changes and evolving competitive landscape. This has driven complementary strategies to continue to grow market share within its UK and European geographies.

Unsuccessful M&A activity

Risk Impact:	**High**
Change on prior year:	**Increased**
Link to strategy:	3

M&A remains a critical part of Gamma's future growth plans in terms of extending its geographic reach, gaining further scale in existing markets as well as acquiring new technologies as part of its products and services offering.

If Gamma fails to identify, acquire, and successfully integrate sufficient acquisitions the company could fail to achieve its strategic goals and limit its growth potential. This risk could materialise, for example, where vendors have unrealistic valuation expectations or if the Company is unsuccessful in a competitive sale process.

→ Potential impact

The impact of this risk could cause Gamma not to realise its full potential as a leading UCaaS provider in Europe. The economic climate coupled with unrealistic valuations is the main reason why Gamma made no significant acquisitions in 2022.

→ Mitigating actions

Acquisition targets are identified based on Gamma's strategic objectives. Giving in depth consideration to what the new company could contribute to Gamma, such as geographical expansion into new markets or product and operational synergies. Potential targets are constantly sought out and analysed by dedicated personnel to support key areas of Gamma's growth strategy.

Acquisition of new businesses, particularly those in different countries, introduces both financial and operational risk. To reduce the risks associated with making acquisitions, Gamma applies specialist resource and third parties to conduct thorough due diligence, negotiation, and contractual preparation.

Gamma also ensures that its Executive Committee responsibilities are aligned to any new acquisition to support the ongoing development and growth post-acquisition.

Legal and regulatory non-compliance

Risk Impact:	**Medium**
Change on prior year:	**No change**
Link to strategy:	2 3

Gamma operates in a pan-European environment and is subject to various legislation and regulation in each territory. Failure to adhere to these laws and regulation may result in a loss of trust, financial penalties, suspension or loss of our licence to operate, personal sanctions and investigation costs.

Changes in regulation may also impact the UCaaS market as it develops, for example, local regulators may take a different view on the level of regulation required and therefore Gamma may either inadvertently breach local regulations (resulting in regulatory penalties and reputational damage) or could be slow to act and lose ground to competitors through over-compliance with regulation which no longer applies.

As Gamma broadens its routes to market, the territories in which it operates and its pricing strategies evolve, there could be a greater risk of non-compliance to local law.

→ Potential impact

The Company's activities can be impacted by the decisions of relevant legislative, regulatory, or judicial bodies both domestically and in other non-UK territories within which it operates, the outcomes of which could put Gamma at a competitive disadvantage in its target markets.

Legal and regulatory non-compliance could lead to significant reputational damage and resultant fines.

Changes in legislation or regulation could result in additional investment being required to comply, for example the recent UK Telecommunications Security Bill and future BEIS reform.

→ Mitigating actions

Gamma does not seek to influence regulations in every market, but may choose to do so in selected markets, considering various factors, such as the market size, our presence, and the regulatory maturity of that market.

Gamma mitigates this risk by continuing to monitor likely legislative or regulatory changes within the markets within which it operates, assessing their risk and potential impact, and by regularly engaging with regulators as appropriate.

In addition, Gamma carefully governs its pricing strategies, setting reasonable thresholds and a governance process that extends across the Gamma Group. In the UK where Gamma carries a large market share of Cloud PBX and SIP trunking, a central Pricing Committee operates to control and agree pricing limits and incentives.

Furthermore, specific training surrounding competition law and anti-competitive behaviour is provided to employees with roles where this risk may occur.

Emerging risks

In addition to the Principal Risks facing Gamma, the Company also considers emerging risks, which have different characteristics and are defined as potentially significant risks but which are ambiguous and therefore cannot yet be impact assessed.

Gamma undertakes horizon scanning across relevant functions within the business to gauge any changes to the type or significance of risk to its business.

As the UK enters a recession and faces heightened inflationary pressures, there are two emerging risks which Gamma began tracking in FY22. The risks are:

- Gamma's recurring revenue streams could become destabilised in a recession, given its reliance on the small business market. Small businesses have not yet fully recovered from the impact of the pandemic and as such, increased operating costs and lower revenues may drive companies to insolvency. Unlike during the pandemic there may be limited government-backed financial support to protect against this. Gamma holds a regular Credit Committee which reviews any building bad debt within its customer base and informs management of any developing trends so that appropriate mitigating actions can be taken.
- Increased operating costs for Gamma driven by inflationary pressures, coupled with a significant proportion of products in mature and increasingly commoditised markets may slow business growth in FY23 and beyond and leave Gamma performing below market expectation. Gamma is focused on being the provider of choice for product and service delivery to a wide range of customers in the UK and Europe. The Company's strategy is to penetrate less mature European markets and exploit existing market opportunities within the UK. As an example in 2022 the Company launched its Phoneline+ product to address UK market opportunities surrounding the PSTN switch-off and became a Microsoft Operator Connect partner, providing voice connectivity to Microsoft Teams within the UK and the Netherlands.

In addition, the multi-faceted impact of climate change on regulation, and investor choices continues as an emerging risk to Gamma. As the profile of climate change continues to build and influence investors and stakeholders this could result in the devaluation of Gamma were the Company to become out of step with stakeholder expectations. Furthermore, Gamma has published a target to become a carbon net-zero business by 2042 and could be further at risk should this not be achieved, for example, as a result of investment needs being compromised by other priorities.

Gamma has developed a strong environmental governance structure under its Board-level Environmental, Social and Governance (ESG) committee. The Company is also certified to ISO14001 standards for Environmental Management. A Group Sustainability Director was appointed at the start of 2022 and part of the role is to establish and oversee Gamma's carbon reduction programme. An Environmental Data Manager was also appointed to ensure climate planning scenarios and carbon reporting disclosures remain accurate. ESG objectives are also part of executive bonus schemes with specific incentives related to carbon reduction initiatives.

Other Risks

Black swan events

Black swan events are highly unpredictable, high impact, and proximate events. The associated risks to Gamma vary depending on the type of event and require regular assessment once the event has materialised to ensure the business impact and the proximity of related risks are well understood.

Black swan events are managed through Gamma's Risk Management Process and are closely monitored by the relevant team within Gamma. They are assessed, scored, and managed using an integrated framework, recognising the assessment must be completed at the pace of the event.

A well-established crisis management process can be invoked at any time during a black swan event. This process includes an executive level Emergency Communications Committee combined with specialist third party support for public relations.

During 2022, the significant black swan event causing risk to Gamma was the Russia and Ukraine conflict.

The risks to Gamma created by the Russia and Ukraine conflict have been assessed as energy scarcity, including the resultant cost exposure from exponential energy price rises, and cyberwarfare, where UK critical national infrastructure is targeted in retaliation to sanctions or defensive military assistance provided to Ukraine.

Risks associated with the Russia and Ukraine conflict have been minimised through the inherent resilient design of Gamma's UK network with back-up power supplies in place at all private and public data centres, which can be run indefinitely. In addition, Gamma has been focused on reducing its energy usage as part of its commitment to environmental management and by doing so has limited its exposure to energy price rises wherever possible.

Our Stakeholders

Maintaining strong stakeholder relationships is essential to Gamma's long-term success.

Shareholders

Shareholders are key beneficiaries in the value that we create. We are committed to transparent and open engagement with them.

→ Key areas of interest
- Financial performance
- Dividends
- Share price appreciation
- Strategy
- Business model
- Behaviours towards other stakeholders including in Environmental, Social and Governance areas

→ Links to other relevant sections

Our strategy	Page 16
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→ How we engage

Our principal means of engaging with our shareholders are through:
- Communications such as trading updates and other announcements made through a regulatory information service, Annual Reports and notices of general meetings.
- Regular one-to-one meetings with shareholders, with the CEO and CFO being available to shareholders or potential shareholders.
- All members of the Board, including the chair and Senior Independent Director are available to meet with major shareholders, if such meetings are required.
- Attendance at roadshow events organised by the broker who also provide analyst coverage of the Group.
- Information on the investor section of our corporate website: **www.gammacommunicationsplc.com**.
- Discussions held during the Annual General Meeting (AGM).

→ What we have done
- Continued strategic investment both organically and through acquisition, bringing new capabilities, new geographies and new market opportunities to the Group.
- Gamma continues to comply with the Quoted Companies Alliance Corporate Governance Code (QCA Code).

Our People

Developing and attracting high-quality talent is a key driver of our success. As of 31 December 2022, we have 1,760 employees worldwide.

→ Key areas of interest
- Safe working environment
- Development and progression
- Competitive remuneration
- Diversity and inclusion
- Environmental footprint
- Workplace policies
- Collaboration
- Share price

→ Links to other relevant sections

Environment, Social and Governance	Page 41

→ How we engage
- Henrietta Marsh (Independent Non-Executive Director) is the Workforce Engagement Director.
- During 2022 the Gamma Pulse Survey was conducted on a biannual basis and provides valuable insight to senior management. Results are reported to the Board who have the opportunity to shape future surveys to areas of interest.
- Monthly webcasts led by the CEO and other senior management on Company performance and activities of the Group.
- Reviewed its existing culture values through stakeholder interviews and interactive workshops across the Gamma Group.
- During Wellness Week Gamma actively encouraged feedback and ideas from employees.

→ What we have done
- Continued to invest in our People function
- Acted upon feedback from the Pulse survey creating Company-wide and individual team action plans.
- Gamma focused on developing its Equality, Diversity, and Inclusion strategy. Aligning its future plans to support and strengthen its approach to attracting, developing and retaining under-represented groups.
- Gamma raised the importance of wellness during Mental Health Week to all employees.
- Launched mental health training for all managers.

Customers:
Channel partners

Gamma's ethos is to provide a robust product at a fair price. Where we are selling via channel partners, we want our partner to be able to make a fair margin for the value that they are adding to the end user.

→ Key areas of interest
- Innovative solutions
- Long-term relationships
- Value
- Service
- Product development

→ Links to other relevant sections

Our business model	Page 4

→ How we engage
- Gamma Channel Partner Programme.
- 24/7 UK-based technical help.
- Each channel partner will have a dedicated Business Development Manager who is responsible for ensuring that they have what they need from Gamma to build their own business. Channel partners also have access to the Senior Management Team.
- Regular in-person or virtual roadshows to showcase new products and to share the development roadmap.

→ What we have done
- Through the Gamma Channel Partner Programme, we offer a suite of additional training resources – The Gamma Academy. These resources, tools and information are all accessible online. The programme has been designed to help channel partners reach into the marketplace by increasing the knowledge base and partner expertise. It also creates a deeper, more collaborative relationship with Gamma. This programme has also been rolled out in the Netherlands.

Customers:
End users

To provide reliable, innovative products and services that meet the needs of the end users.

→ Key areas of interest
- Product quality
- Product availability
- Product cost

→ Links to other relevant sections

Our business model	Page 4
Our strategy	Page 16

→ How we engage
- We assign customer service managers to each account giving a consistent point of contact within Gamma.
- We offer 24/7 support through our support team.
- The support infrastructure is co-located, meaning that end users get through to the right person to handle the query.
- Gamma offers a service scheme to allow customers to choose the level of service required to match the end customer needs.
- Customer satisfaction surveys are completed utilising the Net Promoter Score methodologies.

→ What we have done
- Our UK Direct business unit organises an annual conference for our customers which allows them to stay in touch with the senior team at Gamma as well as to share knowledge with their peers.
- In our UK Direct business we have continued to develop our online sales and support platform in line with our strategic plan.

Suppliers

Developing strong operational relationships is key to success.

→ Key areas of interest
- Social and ethical impact
- Payment practices
- Long-term partnerships to develop innovative products and solutions

→ Links to other relevant sections

Environment, Social and Governance Page 41

→ How we engage
- We partner with key suppliers to ensure that we have common goals and strategy.
- We ensure responsible procurement, through the Board approved policy.
- Gamma's supplier payments policy is to pay suppliers on or before the agreed term (which will vary from contract to contract).

→ What we have done
- During the year we have continued to build our Group procurement function to ensure best practices are applied across the Group. Procurement headcount has been increased to deliver a robust Group shared service, with appropriate management and controls being rolled out. Every UK Gamma supplier now has an allocated owner in procurement to ensure a consistent approach to supplier management.
- To ensure that Gamma's business is conducted ethically, sustainably and within the local law, Gamma has implemented an Ethical Procurement Policy and expects its suppliers to meet the principles outlined in the Policy.
- Annual approval of the Modern Slavery Statement by the Board.

Regulators

We operate within the requirements of a regulated industry.

→ Key areas of interest

Ofcom's duties are set out in the Communications Act 2003.

Its primary duties are:
- To further the interests of citizens in relation to communications matters; and
- To further the interests of consumers in relevant markets, where appropriate, by promoting competition.

→ Links to other relevant sections

Environment, Social and Governance Page 41

→ How we engage
- Engaging with Ofcom both formally and informally.
- Responding to consultations published by Ofcom and other regulatory bodies either as a Group or as a member of industry bodies.

Working alongside industry to agree processes that ensure policy objectives achieve the desired outcomes for end users. Educating our partners of the changes to their business practices that result from changes in regulation, either directly or via our trade associations memberships.

→ What we have done
- Highlighted that complex supply chains require nuanced processes – we seek to share our experiences of how our partners operate in a diverse market that promotes choice and competition for businesses but only if industry processes are able to accommodate these routes to market now and in the future.
- Given a voice to businesses – regulation is often aimed at protecting the domestic consumer and, whilst businesses can benefit from these protections, there is a risk of unintended consequences when applied to business users.
- Challenged the cost assumptions of implementation – these can be underestimated.
- Contributed extensively to industry working groups – looking to find solutions to challenges facing industry which we hope will ultimately benefit of end users.

Communities

We have a duty to conduct business in a responsible way that aligns with our purpose and values.

→ Key areas of interest
- Environmental and social impact
- Improving quality of life
- Protecting people
- Diversity and Inclusion

→ Links to other relevant sections

Environment, Social and Governance Page 41

→ How we engage
- We are committed to supporting the communities in which we are based and are enhancing our charitable giving plan.

→ What we have done
- Supporting communities via financial donation including a matching scheme for funds raised by employees.
- Supporting through time donated, where employees are given one day a year to help support their chosen charity.
- Gamma's technology teams have continued to provide remote Hi-Tech Horizons sessions through an initiative run by the Education Business Partnership. The initiative aims to engage and inspire the future workforce, raising awareness of the hi-tech sector and the opportunities available. This year the sessions have continued to run virtually, with Gamma recently reaching over 300 pupils across years 7, 8 and 9. Pupils were encouraged to work on their creativity and collaboration skills to design an app that would improve the lives of others. Future plans will allow Gamma the flexibility to deliver in person sessions again.
- The Company has formally partnered with Speakers for Schools and is designing a nationwide programme to support young people with understanding the technology industry, raising their confidence levels, mentoring and providing opportunities for work experience.
- The Company also hosted a Workplace Safari where students from Manchester Communication Academy visited Gamma's local office to learn more about the Company. The event is part of local careers programme to encourage and create more interactions and work experience with local employers.
- Working in the communities in which the Company operate, Gamma has worked with local authorities in the Manchester and Portsmouth areas to support their efforts in tackling digital poverty, address emerging skills gaps and prepare young people for the world of work in addition to providing employment in the area.

Section 172

The Board of Directors consider, both individually and together, that they have acted in the way that they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172 (a)-(f) of the Companies Act in the decisions taken during the year.

The Board considers the matters set out in section 172 of the 2006 Act in all its discussions and decision making. That includes:

The likely consequences of any decision in the long term:

The Directors recognise that the decisions they make today will affect the Group's long-term success. During the year the Board continued to monitor the Group's strategy, which is discussed further on page 16, which shows how the Group will increase value for all our stakeholders. This guides the Board's decisions between short and long-term investments.

The interests of the Company's employees:

The Board recognises that our people are a key differentiator and they are always considered as part of the Board's discussions and decision making. The Board is committed to the people agenda, with focus on development and leadership programmes, succession planning as well as effective employee engagement initiatives. The Group has invested in our people function, including strengthening the Learning and Development teams. Regular employee engagement surveys are performed across the whole Group with results and actions being discussed at the Board level. Henrietta Marsh (SID) is the Workforce Engagement Director. The Remuneration Committee takes an active interest in the remuneration of employees at all levels to ensure that the overall reward is equitable.

The need to foster the Company's business relationships with suppliers, customers and others:

The Board understands the importance of fostering good relationships with its stakeholders. More detail about how it engages with its stakeholders is on pages 32 to 35. The Board also relies on its subcommittees and senior management to develop relationships and to share the views of the relevant stakeholders. Board members meet with customers as well as monitoring the relationship with key customers via the Executive Directors and the Executive Committee. The Board additionally actively monitor the relationships with key suppliers through the Executive Directors and the Executive Committee.

The impact of the Company's operations on the community and the environment:

The Board recognises the importance of its decisions on the community and the environment. The Board adopted the UN Sustainable Development Goals in January 2020 and since then Gamma has assessed each goal in depth to understand how the business is best placed to make a meaningful contribution. Through the ESG Committee, the Board ensures that environmental policies and suitable governance structures are established to align with Gamma's committed environmental targets. Gamma has held "Certified Carbon Neutral Company" status (conferred by Climate Impact Partners) since 2006 and has committed to become a carbon net-zero business by 2042. Gamma has committed to cutting emissions in line with halving Scope 1 and 2 emissions by 2030.

The desirability of the Company maintaining a reputation for high standards of business conduct:

The Board intends that Gamma be a positive contributor to society as a whole, to the UN Sustainable Development Goals, to its employees, customers, suppliers, shareholders and other stakeholders, and to the environment. To this end Gamma requires that all its employees and Directors: a) comply with the law in each jurisdiction where Gamma operates; b) where specified in a Company policy, meet a higher standard than basic 'compliance with local law', and c) maintain high ethical standards whenever representing Gamma or its Group companies. This is set out in the Ethical Conduct policy which is publicly available on the Group's website. There is a whistleblowing facility across all Group companies, using external specialist suppliers, and reporting in the first instance to two Independent Non-Executive Directors, which enables employees to raise concerns if they wish.

The need to act fairly as between members of the Company:

The Board recognises that it has to balance competing interests in reaching its decisions. Where there are conflicting interests, the Board will act as equitably and fairly as it is able to take into account the implication for each stakeholder.

Decisions made during the year:

The principal decisions taken by the Board during the year, along with how the Directors considered stakeholder interests when taking into consideration their duties under section 172 of the Companies Act, are set out below.

Principal decision and stakeholders considered	Board's decision making process	Long-term considerations
Dividend Shareholders, our people, customers and suppliers.	The Board considers its commitment to a progressive dividend policy which has seen the dividend increase by between 10-15% every year since IPO in 2014. It considers the financial resources required to execute our strategy, including organic investment needs and acquisition opportunities; maintaining a sufficient level of dividend cover and equitable treatment of our stakeholders.	The Board aims to ensure that dividends are consistent with the Company's financial performance without detriment to the strength of the balance sheet and future sustainability are paid.
Acquisitions Shareholders, operating companies, suppliers, future employees and partners, and professional advisers.	The Executive Directors provide information to the Board on potential acquisitions. The Board consider this information taking the Group's strategy as well as the impact on different stakeholders into account. The acquisition of NeoTel in October 2022 went through this process.	The Board considers the long-term benefits of the investment versus the short-term impact on different stakeholders.
Capital allocation Shareholders, our people and customers.	The Group's budget, approved by the Board, sets the allocation of capital to deliver our growth strategy through investment in R&D, capital expenditure, talent and acquisitions. The weighting of each is determined by our strategic priorities over the short to medium term.	Balancing investment for future growth whilst supporting our people and customers in the short term as well as meeting shareholder expectations.
Board Composition – Executives Shareholders and our people.	The role of CEO was recruited and offered to Andrew Belshaw (the Interim CEO). Bill Castell was recruited as CFO with emphasis being placed on the diversity of the long list to ensure that candidates of different ethnicities and both genders were considered.	The Board considered the different stakeholders when making the decision along with the Company's future strategic needs.
Board Composition – Non-Executive Directors Shareholders and our people.	During the year the Board appointed Rachel Addison and Shaun Gregory as Independent Non-Executive Directors and Henrietta Marsh as the Senior Independent Director.	There was consideration of the skills and experience of the existing Non-Executive Directors and their tenures with Gamma when considering the profiles of new candidates.

“ The Group delivered a strong financial performance with good gross profit growth flowing through to Adjusted EBITDA and significant cash generation.

Bill Castell
Chief Financial Officer

Revenue
£484.6m +8%
Grew from £447.7m to £484.6m

Gross profit
£247.7m +8%
Grew from £228.5m to £247.7m

Adjusted EBITDA
£105.1m +10%
Grew from £95.4m to £105.1m

Cash generated by operations
£99.1m +10%
Grew from £89.8m to £99.1m

EPS (fully diluted)
50.6p -8%
Fell to 50.6p from 55.2p

Adjusted EPS (fully diluted)
71.8p +12%
Grew from 64.0p to 71.8p

Overview

Gamma has performed well during the year increasing revenue by 8% to £484.6m (2021: £447.7m) and gross profit by 8% to £247.7m (2021: £228.5m). Group adjusted EBITDA increased by 10% to £105.1m (2021: £95.4m). EPS (FD) decreased to 50.6p (2021: 55.2p) whilst adjusted EPS (FD) increased by 12% to 71.8p (2021:64.0p).

Revenue and gross profit

UK Indirect

	2022 £m	2021 £m	Increase
Revenue	295.9	270.2	+10%
Gross Profit	155.6	143.2	+9%
Gross Margin	52.6%	53.0%	

Overall, the performance of the UK Indirect Business unit has been strong. Growth has been driven by both UCaaS and data products. ARPU has been supported through the successful up-sell of additional modules to UCaaS customers. Gross margin has been broadly consistent with previous periods, in line with expectations, as the mix of UCaaS and connectivity products is now reasonably stable.

UK Direct

	2022 £m	2021 £m	Increase
Revenue	115.5	104.8	+10%
Gross Profit	57.4	52.6	+9%
Gross Margin	49.7%	50.2%	

The significant levels of sales activity in late 2021 that started to flow through to the financials in early 2022 led to a 10% growth in revenue and 9% growth in gross profit. There were a number of significant SIP contract wins driven by Microsoft Teams users, including the Department for Work and Pensions. Minimal impact from the well-publicised supply chain shortage was seen in 2022. As expected there has been a small decrease in the gross margin due to mix, with a slightly higher proportion of installations and hardware sales.

Europe

	2022 £m	2021* £m	Increase
Revenue	73.2	72.7	+1%
Gross Profit	34.7	32.7	+6%
Gross Margin	47.4%	45.0%	

* In 2022 there was a review and alignment of European commission presentation between cost of sales and operating expenses resulting in an immaterial £1.6m reduction in cost of sales and equivalent increase in operating expenses in 2022. For comparative purposes, applying this alignment in 2021 gross profit would have been £34.3m resulting in year on year growth of 1%, with gross margin at 47.1%.

WATCH VIDEO
Discussing our 2022 financial performance and growth with CFO, Bill Castell.

Overall there was modest growth in European revenue and gross profit. The revenue and gross profit growth in UCaaS in our German business was relatively strong along with a good performance in the Epsilon business (our mobile focused distribution business in that market). Challenging local market economic conditions mean achievement of future business performance targets will take longer than originally forecast resulting in an impairment of the Spanish cash generating unit in 2022. The Spanish business started to show the benefit of the NeoTel acquisition in the second half of the year offsetting a small decrease in the Netherlands as a result of a reduction in call usage. The decline in our traditional products was in line with expectations.

Operating expenses

Operating expenses grew from £160.2m in 2021 to £182.3m (£169.8m net of £12.5m exceptional items outlined below). We break these down as follows:

	2022 £m	2021 £m	Change
Expenses included within cash generated from operations	142.6	133.1	7%
Depreciation and amortisation (excluding business combinations)	17.7	17.6	0%
Depreciation and amortisation arising due to business combinations	9.5	9.5	0%
Exceptional items	12.5	–	Not applicable
Total Operating Expenses	182.3	160.2	14%

Of the movements in "Expenses included within cash generated from operations" shown above, which increased by 7% (or a 6% increase when taking into account the immaterial £1.6m German commission reclassification from cost of sales to operating expenses):

- The UK Businesses' operating expenses grew by 5% (compared to gross profit growth of 9%). These expenses (the majority of which relate to staff) have been tightly controlled. These and other inflationary pressures have been actively managed and partially offset by pricing actions towards the end of the year.
- The underlying increase in European costs was 3% after taking into account the immaterial reallocation of £1.6m between cost of sales and operating costs, as a result of tightly managed cost control.
- Central costs have increased from the prior period which is due to continued growth in the Group function required to support the businesses we have acquired around Europe as well as an increase in governance costs.

Depreciation and amortisation on tangible and intangible assets (excluding business combinations) has increased slightly to £17.7m (2021: £17.6m). The annual depreciation and amortisation charge is below the annual capital expenditure spend but is expected to increase in future as more of our own developed software products come into service.

Exceptional Items

There were two exceptional items in the year (2021: none).

Impairment of goodwill on the Spain cash generating unit (CGU)

A non-cash impairment of the Spanish cash generating unit ("CGU") has been recognised (£12.2m). This CGU has been impacted by challenging local market economic conditions. It is anticipated that the achievement of future business performance targets may take longer than originally forecast. This, combined with the increase in discount rates applied, has resulted in an impairment.

Disposal of a subsidiary

On 5 August 2022 Gamma completed the sale of ComyMedia, previously part of the Spanish CGU, for €1. ComyMedia specialised in IT solutions and had little fit with the rest of our European business. An exceptional loss of £0.3m was recognised relating to proceeds on disposal less the book value of the net assets of the business. ComyMedia generated a negligible EBITDA contribution in 2022 prior to disposal.

Alternative performance measures

Our policy for alternative performance measures is set out in note 2.

The tables below reconcile the alternative performance measures used in this document:

Measure	Statutory Basis	Depreciation and amortisation on business combinations	Change in fair value of acquisitions	Adjusting tax items	Exceptional items **	Adjusted basis
2022						
PBT (£m)	64.9	9.5	0.9	-	12.5	87.8
PAT* (£m)	49.3	9.5	0.9	(2.2)	12.5	70.0
EPS (FD) (p)	50.6	9.8	0.9	(2.3)	12.8	71.8
2021						
PBT (£m)	67.2	9.5	0.5	-	-	77.2
PAT* (£m)	53.6	9.5	0.5	(1.5)	-	62.1
EPS (FD) (p)	55.2	9.8	0.5	(1.5)	-	64.0

* PAT is the amount attributable to the ordinary equity holders of the Company.

** See note 4 for further details.

- We believe that these measures provide a user of the accounts with important additional information by providing the following alternative performance metrics:
- Profit before tax is adjusted for exceptional items and also adjusted for the depreciation and amortisation on business combinations which were created on acquisition and the change in the fair value of acquisitions. This enables a user of the accounts to compare the core operational performance of the Group.
- Profit after tax is adjusted in the same way as Profit before tax but also considers the tax impact of these items. To exclude the items without excluding the tax impact would not give a complete picture.

- Adjusted earnings per share takes into account all of the factors above and gives users of the accounts information on the performance of the business that management is more directly able to influence and on a comparable basis from year to year.

In addition to the above adjustments to statutory measures, we add back the depreciation and amortisation charged in the year to Profit from Operations (2022: £65.4m; 2021: £68.3m) to calculate a figure for EBITDA (2022: £92.6m; 2021: £95.4m) which is commonly quoted by our peer group internationally and allows users of the accounts to compare our performance with those of our peers. We further adjust EBITDA for exceptional items as this gives a reader of the accounts a view of the trading picture which is comparable from year to year (adjusted EBITDA: 2022: £105.1m; adjusted EBITDA: 2021: £95.4m).

An adjustment to the cash has been presented because the Group believes that adjusted performance measures (APMs) provide valuable additional information for users of the financial statements in assessing the Group's performance as Net Cash is a better measure of liquidity. We do not consider contingent consideration or IFRS 16 lease liabilities as debt for the purpose of quoting a net cash figure.

	2022 £m	2021 £m
Cash and cash equivalents	**94.6**	52.8
Borrowings	**(2.1)**	(3.3)
Net Cash	**92.5**	49.5

Adjusted EBITDA

Adjusted EBITDA grew from £95.4m to £105.1m (10%) driven by the revenue growth in the UK and Group-wide cost control.

Taxation

The effective tax rate for 2022 was 24% (2021: 20%). The effective tax rate in 2022 applied to trading profits was above the 19% statutory UK rate due to expenses that are not deductible in determining taxable profit relating to the exceptional items. Excluding the exceptional items would result in an effective tax rate of 19%. The prior year rate was above the UK effective rate as a result of a change in the rate on deferred tax. The UK corporation tax rate increases to 25% on 6 April 2023 which will affect EPS growth from 2022 to 2023.

Net Cash and cash flows

The Group has Net Cash of £92.5m (2021: £49.5m). Cash generated by operations was £99.1m (2021: £89.8m). The ratio of cash generated from operations as a percentage of adjusted EBITDA was 94% (2021: 94%).

Items which are not directly related to trading were:

- Capital spend was £20.7m, which is an increase from £16.8m in the comparative period. This is discussed below.
- £9.8m was the total payment for acquisitions net of cash acquired (2021: £49.3m) of which £4.3m was paid for the acquisition of NeoTel (net of cash acquired), £1.6m was paid in deferred consideration for the acquisition of Mission Labs, £0.1m was paid in deferred consideration for the acquisition of Voz Telecom Andalucia and £3.8m for the exercise of options relating to acquiring some of the residual minority interests in HFO.
- £3.1m was received from the issue of shares (2021: £5.9m). This significant decrease on the prior year was as a result of the reinvestment in Gamma by former shareholders of Mission Labs in 2021 (£2.8m).
- £13.3m was paid as dividends (2021: £11.7m)
- Gamma's Group treasury policy is governed by the Audit Committee. Gamma manages cash centrally and seeks to maximise value and return whilst balancing associated risks. The policy manages concentration risk by setting an appropriate limit on the amount that can be placed with any one institution, and manages credit risk by setting a minimum requirement around the credit rating of the financial Institution. Given 85% of Group revenue is generated from our UK business, all deposit balances are held with large established UK financial institutions. Cash in Europe is held for working capital purposes and follows the credit rating requirements as set out above..

Capital spend

Capital spend in 2022 was £20.7m (2021: £16.8m) as follows:

- £6.8m was the spend on the core network, including increasing capacity as well as other minor items such as IT and fixtures and fittings (2021: £9.1m).
- £13.1m was the capitalisation of development costs incurred during the period (2021: £4.8m). The increase is due to development of our own voice applications products (in part using the capabilities acquired with Mission Labs) and is partially offset by the amounts paid to third parties as seen below.
- £0.8m was spent with third-party software vendors for the software which underpins our Cloud PBX products (2021: £2.9m).

Adjusted EPS (FD) and Statutory EPS (FD)

Adjusted EPS (fully diluted) increased from 64.0p to 71.8p (12%). Adjusted EPS is EPS adjusted for exceptional and other items as defined in note 2 and a reconciliation to the statutory measure is shown in the table above.

EPS (fully diluted) decreased from 55.2p to 50.6p (-8%). This is lower than the adjusted metric as a result of the exceptional charge relating to the impairment of the Spanish CGU and the disposal of ComyMedia.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic report. In assessing going concern management and the Board has considered:

- The principal risks faced by the Group.
- The financial position of the Group.
- The strong cash position – at 31 December 2022 the Group had cash and cash equivalents of £94.6m (2021: £52.8m). Net Cash (being cash and cash equivalents less borrowings) was £92.5m (2021: £49.5m). All borrowings were acquired with acquisitions made in previous years.
- Budgets, financial plans and associated future cash flows including liquidity and borrowings.
- Sensitivity analysis, which has shown that EBITDA would need to decrease by 100% for the Group to need additional borrowing (assuming no mitigating actions had been taken). We consider this to be highly unlikely.

The Directors are satisfied that the Group and Company has adequate financial resources to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of this report. Accordingly, the going concern basis of accounting continues to be used in the preparation of the Annual Report for the year ended 31 December 2022.

Dividends

As described above by the Chair, the Board is proposing a final dividend of 10.0p (2021: 8.8p). This is an increase of 14% and is in line with our progressive dividend policy.

Subject to shareholder approval, the final dividend is payable on Thursday 22 June 2023 to shareholders on the register on Friday 2 June 2023.

Bill Castell
Chief Financial Officer

20 March 2023

Environmental, Social and Governance report

Gamma takes its responsibilities towards the environment seriously and it is systematically assessing its environmental impacts and developing programmes to minimise them. The Company is committed to social responsibility and embeds this into its policies and practices. Gamma believes that sound corporate governance is essential and that everyone within the business has a duty to behave responsibly and ethically.

The ESG Committee oversees the development and activity of Gamma's ESG agenda, further details of which can be found on page 68.

The Gamma Board adopted the UN Sustainable Development Goals in January 2020 and since that time Gamma has assessed each goal in-depth to understand how the business is best placed to make a meaningful contribution. Four goals were selected by Gamma and these goals form the foundation on which to develop its environmental, social, and ethical policies and will influence how it does business in the future.

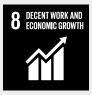
During 2021, supported by a specialist third party, Gamma undertook a materiality exercise of environmental, social and governance issues, with the aim of understanding the most impactful sustainability objectives, target areas and high-level actions that the Company should consider as part of its overall strategic plan.

The priorities identified as most material have been used to inform Gamma's ESG plans and strategic decision-making moving forwards.

Over the past 12 months, Gamma has made significant progress on ESG-related matters. Highlights have included the launch of a new ESG Hub on the main website, outlining its approach to ESG initiatives. The Hub contains published documents such as ESG policies, its Carbon Net Zero and carbon reduction plans, and the Sustainability report will be published there in due course.

The goals are:

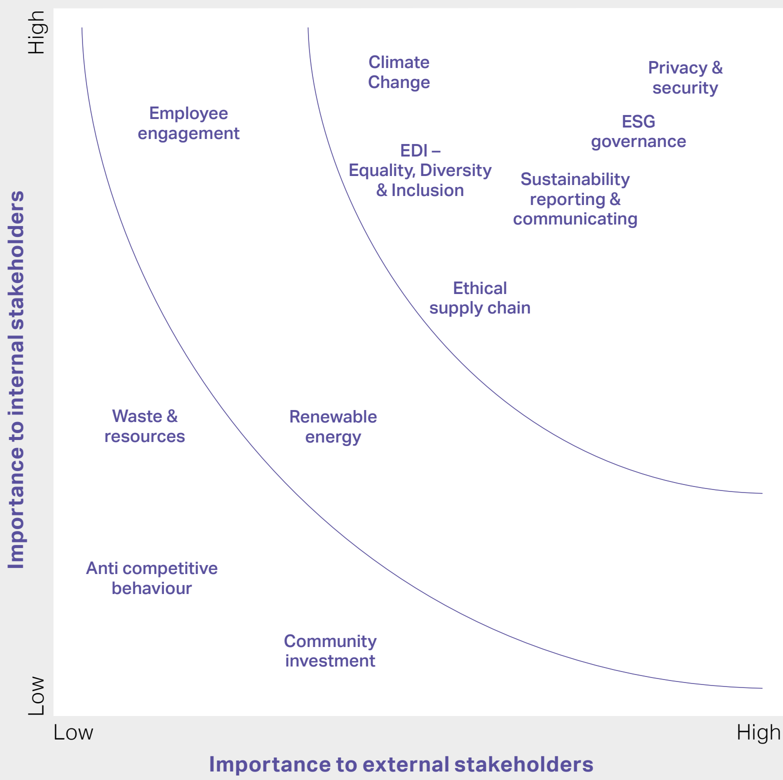
Goal 5: Achieve gender equality and empower all women and girls



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 10: Reduce inequality within and among countries

Goal 13: Take urgent action to combat climate change and its impacts



Environmental

Gamma takes its responsibilities towards the environment seriously and it is systematically assessing its environmental impacts and developing programmes to minimise them.

Understanding environmental impact

Gamma recognises the increasing risk climate change poses to our planet. Although it believes that many of its services have positive impacts; for example, reducing the need for consumables and travel, Gamma also understands that all companies have a responsibility to act.

Over the last 12 months Gamma has further increased its reporting scope to include Missions Labs (acquired in March 2021), adding to the Continental European inclusions made in 2021. It has also continued to improve the methodologies used to collate direct emissions data, as well as increasing the number of indirect emissions sources that have been estimated.

Gamma is pleased to announce it is a signatory to the Science Based Targets initiative (SBTi), and it will seek SBTi validation of the Group's net-zero target of 2042 for all emissions sources within its value chain. This adds to the historic commitment made to Carbon Neutrality which contributes towards both the Paris Treaty's aims to limit the temperature increase to 1.5°C globally and the UN Sustainable Development Goal 13: Climate Action.

Responsibilities

The Board has responsibility for oversight of environmental issues and risks related to climate change which are discussed below. The CEO is responsible for executing strategies that have been agreed with the Board and which maintain the values to which Gamma has subscribed since its foundation. Through the ESG Committee, the Board also ensures that environmental policies and suitable governance structures are established to align with Gamma's committed environmental targets.

As part of Gamma's executive management team, the Group Operations Director has responsibility for the Company's emissions reporting and carbon reduction planning. Gamma's Group Sustainability Director is responsible for the planning of all aspects of ESG, and in particular for Gamma's Group environmental policy and carbon net-zero commitment. Supporting the Group Sustainability Director is the Environmental Data Manager who is focused on the collation of Group-wide emissions data, as well as evaluating the impact of Gamma's supply chain on Scope 3 emissions. The EDM is also responsible for ensuring that the company retains its ISO14001 certification status through developing its environmental management system.

Gamma has published a Group Environmental Management Policy, available on the Gamma website, defining its commitment to reduce its impact on the environment and outlining the controls put in place to do so.

Measuring Gamma's impact on the environment

Gamma took the decision to re-baseline its energy and carbon emissions data in 2021, enabling the Company to better monitor the Group's environmental impact over time and remain accountable to all interested stakeholders in terms of progress towards targets. Gamma continues to commit to include all acquisitions in its Greenhouse Gas (GHG) assessment. In 2022, Mission Labs data was included for the first time. NeoTel was acquired in October 2022 and therefore is not included but will be in 2023.

The Group-wide emissions generated by Gamma are reported within three defined reporting scopes, as per the Greenhouse Gas Protocol. Gamma utilises a third-party to assess and validate its GHG data each year. Primarily used to identify sources of emissions and methodically address their reduction, this data is also used to manage Gamma's carbon offset. All carbon offset projects are validated and verified to the 'Carbon Neutral Protocol' global standard and carry guarantees of origin.

Gamma is ISO 14001 certified for Environmental Management in the UK.

Gamma is pleased to have developed its data gathering methodology for indirect emissions that had previously not been calculated. This work gives the Company more insight into its holistic environmental impact, in particular the supply chain, and the goods and services it procures. For the first time in 2022, the following Scope 3 emissions sources were estimated:

- Purchased goods and services (Category 1)
- Upstream transportation and distribution (Category 4)
- Downstream transportation and distribution (Category 9)

This enables Gamma to identify key opportunities for improvement with respect to Scope 3 sources, supporting its ambition and policy for continual improvement.

Having captured indirect emissions data in more detail and given the magnitude of emissions from "Purchased goods and services" in particular, Gamma has disaggregated Scopes 1 and 2 from Scope 3 in the following emissions disclosures.

GHG Emissions Results

GHG Emissions Intensity Ratio (Scope 1 and Scope 2)

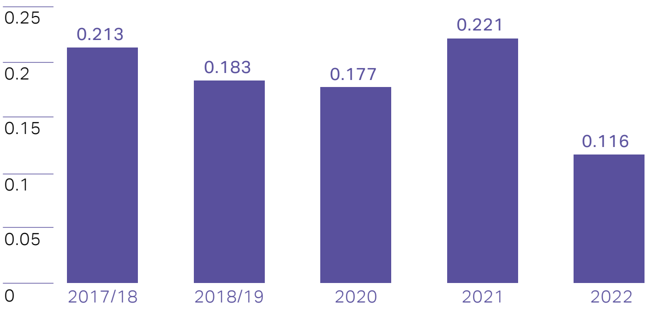
In 2022, Gamma's Scope 1 and 2 emissions totalled 1,843 tCO_2e, a reduction of 36.07% relative to the 2021 baseline.

This reduction has been consistent across both the UK (- 33.85%) and European businesses (- 41.66%), despite the addition of Mission Labs into the 2022 calculations. NeoTel was acquired in October 2022 and therefore is not included but will be in 2023.

	2020	2021	2022	Annual Change (%)
UK GHG Emissions (tCO_2e)	1,558	2,062	1,364	-33.85
Non-UK GHG Emissions (tCO_2e)	53	821	479	-41.66
Total GHG Emissions (tCO_2e)	1,627	2,883	1,843	-36.07
Total Floor area (m^2)	9,175	13,041	15,973	22.48
GHG Emissions per sqm floor space	0.177	0.221	0.116	-47.51
Total FTE	1,163	1,631	1,760	7.91
GHG Emissions per FTE	1.40	1.77	1.05	-40.68

Gamma's chosen emissions intensity metric is floorspace (m^2). In the 2022 GHG Assessment total floorspace increased by 22% year on year, which results in an encouraging direct emission intensity trend. For every m^2 reported in 2022, Scope 1 and 2 tCO_2e reduced by 47%, with a similar trend being seen in reported emissions relative to headcount.

Gamma emissions intensity (tCO_2e/m^2)



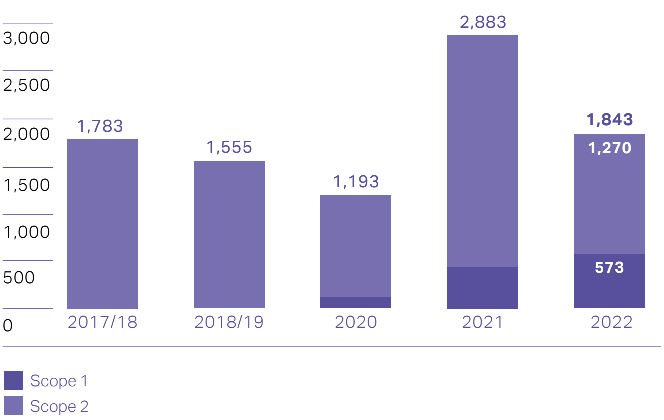
Gamma Scope 1 and Scope 2 emissions

The most significant contributor to Gamma's direct operational emissions is the consumption of electricity, accounted for under Scope 2 of the Greenhouse Gas Protocol.

Owned or controlled vehicles, fuels, heating gas and refrigerant gas (Scope 1) have contributed between 15% and 31% to emissions over the past two reporting years.

Gamma emissions by scope (tCO_2e)

Location-based



*Increased Scope 1 and Scope 2 emissions between 2020 and 2021 was driven by the inclusion of Gamma's European acquisitions to GHG reporting.

Gamma is pleased to report that Scope 2 emissions have fallen over 1,000 tCO_2e in 2022 (- 47.97%), while a small increase of 133 tCO_2e from Scope 1 sources has been recorded (+30.27%). Overall, Scope 1 and 2 emissions have fallen 1,040 tCO_2e (-36.07%).

The following table illustrates Scope 1 and Scope 2 emissions, as well as detailing the contribution of Scope 3 emissions to Gamma's total business carbon footprint.

Scope	Emissions Source Category	tCO_2e
Scope 1	Direct emissions from owned, leased or directly controlled stationary sources that use fossil fuels or emit fugitive gases	317
	Direct emissions from owned, leased or directly controlled mobile sources	256
Scope 2	Location-based emissions from the generation of purchased electricity	1,270
Scope 3	Purchased Goods & Services	33,448
	Capital Goods	167
	Fuel and energy related activities	537
	Upstream transportation and distribution	26
	Waste generated in operations	3
	Business Travel	402
	Employee Commuting (inc. homeworking)	859
	Downstream transportation and distribution	11
Total (using Scope 2 location figure)		37,296

Gamma emissions by Scope

The work undertaken to assess Gamma's supply chain/purchased goods and services shows that procurement activities account for upwards of 89% of total emissions.

Energy performance

In 2022, Gamma used 6,050,126 kWh of electricity and 552,353 kWh of gas. More than 87% of Gamma's electricity usage in 2022 was within the UK, with less than 13% used in non-UK locations. In 2022, 33% of gas was used within the UK and 66% of gas used in non-UK locations.

Electricity

	2020	2021	2022	Annual change
UK (kWh)	8,011,782	7,339,515	5,303,827	-27.74
UK (kWh/m^2)	916.62	839.71	506.04	-39.74
Non-UK (kWh)	36,953	2,008,130	746,299	-62.84
Non-UK (kWh/m^2)	84.98	466.79	135.88	-70.89
Total (kWh)	8,048,735	9,347,645	6,050,126	-35.28
Total (kWh/m^2)	877.21	716.70	378.77	-47.15

Gas

	2020	2021	2022	Annual change
UK (kWh)	86,881	198,411	181,287	-8.63
UK (kWh/m^2)	9.94	22.70	17.30	-23.79
Non-UK (kWh)	26,591	175,738	371,066	111.15
Non-UK (kWh/m^2)	61.16	40.85	67.56	65.39
Total (kWh)	113,472	374,149	552,353	47.63
Total (kWh/m^2)	12.37	28.69	34.58	20.53

Water management

From an emissions perspective, water consumption and wastewater are both low impact sources.

In 2022, Gamma consumed 1.21 megalitres of water, all supplied via landlord in offices/controlled datacentres, therefore incurring no direct withdrawal.

Gamma does not regard water as a material environmental aspect for its business operations, but it understands the need to consider 'water stress', which helps to describe how sufficient water resources are in a given region or country. Based on the floorspace of Gamma offices and controlled datacentres in 2022, 6.56% of the operation takes place in regions with high or extremely high baseline water stress.

Waste management

As well as producing CO_2, like any business, Gamma produces other waste. The larger waste items are network assets which need to be retired. These are disposed of in compliance with the Waste Electric and Electronic Equipment Directive (WEEE Directive). Such assets are sent to a WEEE certified operator which is engaged to dispose of the items appropriately in compliance with the certificates they provide to the Company.

In order to effectively implement the waste hierarchy once waste has been produced, general "office waste" is separated into recyclable and non-recyclable materials, with recycling rates monitored internally.

	Tonnage	tCO_2e diverted	tCO_2e landfill
UK	19.46	0.29	1.09
Non-UK	14.51	0.21	0.81
Total	33.97	0.5	1.9

Total mass estimated diverted from landfill = 83.9%, equal to 0.03 tonnes per FTE.

Gamma will aim to work collaboratively with suppliers and customers towards a common goal of promoting a more circular economy, using fewer resources and consumables in the process.

Key Biodiversity Areas

Gamma's operational impact on ecology and biodiversity is very low. At Group level there are three premises, all offices, within 1km of Key Biodiversity Areas (KBAs). Gamma will continue to assess proximity to KBAs in respect of staff premises and other facilities.

Taking climate action

Carbon Neutrality

Gamma has held "Certified Carbon Neutral Company" status (conferred by Climate Impact Partners) since 2006. Over the years Gamma has invested in a variety of "offset projects" which have been a combination of environmentally friendly power generation projects in the developing world and forest conservation. Gamma has invested in an expanded range of projects during 2022, all of which are aligned with its four chosen UN Sustainable Development Goals, and independently audited to internationally agreed standards. The offsetting projects for 2023 include:

- Acre Amazonian Rainforest Conservation Project (Brazil) – protection from deforestation.
- Meru and Nanyuki Community Reforestation Programme (Kenya) - individual tree planting activities.
- Improved Water Infrastructure Project (Uganda) – clean drinking water.
- Bondhu Chula Stoves (Bangladesh) – clean cooking.
- Kulera REDD+ and Cookstoves (Malawi) – forest conservation.
- Water Filtration and Improved Cookstoves (Guatemala) – clean drinking water.

Gamma's carbon net-zero ambition

Gamma acutely understands the need to contribute to the climate challenge with ever more ambitious plans and targets. Following the baselining of GHG emissions in 2021, Gamma set a long-term target of 2042 for achieving net-zero emissions (including Scope 3), and in doing so with the aim to at least half its reported emissions by the end of this decade.

In pursuing its net-zero ambition, Gamma is pleased to announce it is a signatory to the Science Based Target initiative (SBTi) and intends to have its net-zero targets validated within the 24-month SBTi timeframe. It is the intention of the company to reduce all emissions sources, including Scope 3, by at least 90% over the next twenty years. Upon SBTi validation Gamma will publish a revised net-zero emissions trajectory incorporating total Scope 3 emissions based on its now more robust data collection methodology.

Gamma understands that businesses must lead to ensure carbon reduction levels are consistent with the required trajectory outlined by the IPCC (Intergovernmental Panel on Climate Change) and others.

Gamma has spent much of 2022 refining its emissions data and planning for SBTi validation. As part of this work, carbon emission reduction proposals including all electric fleet transition and estate efficiency have been considered, as well as measures which support its staff in reducing their own personal emissions. A considerable amount of employee engagement and communication has also been carried out supporting Earth Day, Carbon Net-Zero Day, and surveying the impact of local government proposals on commuting.

Climate-related business risks and opportunities

As well as working to reduce Gamma's effect on the environment, the Board has also considered the business risks which are associated with climate change.

Working within the Company's risk management framework and using scenario-based risk and opportunity assessment criteria, Gamma has identified potential climate change risks, none of which are considered of material impact at present.

Transition risks are risks related to the transition to a lower-carbon economy. These might include risks relating to policy and legal changes, technology, market and finally reputation.

Physical risks are related to the physical impacts of climate change in the short term (acute) or longer term (chronic). These risks may have financial implications for Gamma, such as direct damage to network assets, or indirect impacts from its supply chain.

Opportunities are seen across its business operations, product set, and supporting key customer sectors with transparent and voluntary environmental disclosures. These are feeding into the wider programme of work being undertaken to achieve the Company's carbon net-zero date of 2042.

The reputational risk concerning lack of action around climate-related matters is mitigated through Gamma identifying robust and transparent environmental management as a significant opportunity, particularly for its enterprise and public sector customer bases.

Potential impact

The impact of both transition and physical risks to Gamma is assessed to be minimal at present.

Gamma recognises that current and emerging regulations in both the UK and Europe are likely to lead to enhanced disclosure requirements, with additional metrics and monitoring. Gamma's expansion strategy, the demand for carbon credits, as well as potential increases in carbon taxes, could have a negative impact on its financial performance. Additionally, the Company's existing commitment to remain carbon neutral could become prohibitively costly should carbon offset credits increase significantly in price.

Although Gamma's energy costs are a relatively small proportion of its costs, the increasing demand for low carbon energy is likely to drive up electricity prices, which will impact its operational costs. Given the material importance of climate change to Gamma's internal and external stakeholders, as demonstrated by the results of a materiality exercise conducted in 2021, Gamma considers that there is a risk of reputational damage if it does not continue to respond appropriately to reducing its contribution to global climate change.

Gamma has assessed the physical risks of climate change both in the short term and longer term to be minimal. There is potential for disruption to the power supply to Gamma's data centres during a prolonged, extreme heatwave, leading to higher consumption of diesel and costs for cooling. Additionally, an acute flooding event would increase the likelihood of damaged infrastructure both in buildings (data centres/offices) and below ground level (network equipment).

Longer term, temperature increases in its key locations has been identified as potentially impacting the cost of cooling offices and data centres, as well as increasing Gamma's impact on the environment through carbon emissions. Wildfires are considered low risk overall but using climate factors and scenario forecasting, Gamma appreciates that this risk is heightened in Spain and Morocco.

Gamma believes that there is opportunity presented to it by changing customers behaviour; the customer and end user preferences to utilise unified communication services in the markets in which Gamma operates drives a strategic business opportunity and these products sets enable end users to work remotely and reduce their own carbon footprint from business travel. Furthermore, the work being completed at present to address the climate-change challenge and understand its environmental impact strengthens Gamma's position in the UK public sector, with the ability to respond positively to customer queries and requirements.

Mitigating actions

Gamma has strengthened the governance around potential climate change impacts, ensuring that the Company submits to the Carbon Disclosure Project (CDP) annually. Gamma's CDP score in 2022 was B which was an improvement on its 2021 score of B-.

Activity required to support CDP disclosures include identification and management of transition risks relating to regulation changes, disclosure requirements and carbon offset costs. Gamma's environmental programme of work ensures that its understanding of the market and emerging regulation is understood and assessed. Any strategic acquisition will include climate-scenario planning and emissions assessments to understand the potential impact on the Company's net-zero ambition and the risks outlined here. Any new premises will also be assessed thoroughly in terms of environmental credentials, and impact assessments will also inform any office move proposals in future.

Gamma is committed to reducing its emissions and energy usage, and the Company will continue to remain Carbon Neutral by investing in carbon offset initiatives that are validated and verified to recognised global standards (Verified Carbon Standard (VCS), the Gold Standard, and Climate, Community and Biodiversity Standards (CCB). In order to mitigate against the likely increase of carbon offset project costs over the next few years, Gamma chose to purchase enough offset credits to support the ambition to remain Carbon Neutral for the next eight years.

Gamma announced its ambition to become carbon net-zero by 2042. To support this, the Company has committed to set near and long-term Company-wide emissions reductions in line with SBTi, the Business Ambition for 1.5°C and the UNFCCC Race to Zero campaign. Aligned to SBTi key principles, Gamma's net-zero commitment consists of five key emissions reduction periods, facilitating the setting of interim targets to track progress. Gamma has committed to cutting emissions in line with halving emissions by 2030 and is aiming to have its target officially validated by the SBTi within SBTi guidelines of 24 months.

Gamma's business continuity planning is certified to the ISO22301 standard and the business can rapidly respond to climate-related incidents. In the event of extreme weather Gamma has well-rehearsed procedures to protect all critical business operations. Additionally, Gamma has also undertaken a business continuity review of its energy supplies across Europe given the current global geopolitical situation.

There are "hot standby" operational sites, and the business can operate almost entirely remotely with secure, multi-factor authentication access to the network. Gamma has also installed back-up generators at key network and customer support sites to mitigate the risk of power cuts.

Gamma is also proud that one of its biggest contributions to mitigating climate change is through the products that its employees and customers utilise. Unified Communication products enable users to reduce their travel and thus, reduce their own carbon footprint.

Social

Gamma has established processes to consider the interests of all of its stakeholders systematically which are set out in detail below.

Customers

Gamma produces products which allow end users to communicate easily and reliably.

Gamma's ethos is to provide a robust product at a fair price. Where Gamma sells via channel partners the Company wants the partner to make a fair margin for the value that they are adding to the end user.

The Company has a strong reputation for service and support, and it invests time engaging with customers across a range of topics to ensure the Company continues to be responsive to customers and partners, and easy to do business with. Satisfaction surveys are run across the UK businesses in order to understand overall customer satisfaction levels and the "Likert Scale" continues to be used as the method to measure customer satisfaction. Gamma is pleased to report a 69% CSAT rating in 2022 with improved engagement from its partners. Gamma tracks an annual Net Promoter Score (NPS) and recorded a positive score of 47 for 2022, which remains well above the industry sector average. Gamma continues to work with its European businesses to align how customer satisfaction can be consistently measured and tracked in future.

Gamma continues to provide an online digital learning management system called the "Gamma Academy" to support channel partners with their product knowledge. A series of independent knowledge bases are available to end users with the aim of enabling them to improve their understanding of, and to get the best from their Gamma services, as well as reduce their reliance on the channel partner.

Suppliers

Gamma works with carefully chosen suppliers. The main suppliers are those who provide equipment both for the Gamma network and for onward sale to customers and other telecoms businesses. Suppliers are a key part of Gamma business operations and are treated ethically and with respect. Gamma works hard to promote the concept of a supplier ecosystem and seeks relationships that benefit both the supplier and Gamma.

The process of improving and standardising the management of suppliers is key to Gamma and is constant as the Company strives for continuous business improvement. Preferred and strategic suppliers have their performance managed, monitored and reviewed to ensure the supply relationship always represents best value to Gamma and to underpin constructive discussion and resolution of any issues that might arise.

Employees are asked to ensure that any issues relating to the supplier's service provision, quality of goods or any other indicator of performance (positive or negative) are reported to the procurement team, so accurate performance records can be maintained and supplier performance managed.

Regular performance reviews take place with key suppliers and there is also a fortnightly 'Supplier Management Meeting' chaired by Gamma's Director of Procurement, with inputs from key internal representatives on behalf of its Commercial, Customer, Network, Product and Regulatory functional areas. This forum is used to discuss supplier performance and risks.

To ensure that Gamma's business is conducted ethically, sustainably and within the local law, Gamma has implemented an Ethical Procurement Policy and expects its suppliers to meet the principles outlined in the Policy.

This policy is designed to support the procurement of goods and services from all its suppliers that minimise negative and enhance positive impacts on the environment and society whilst meeting business needs and maintaining alignment with its values. Gamma encourages suppliers to require the same of their supply chains.

Gamma requires suppliers to complete an Ethical Procurement Policy Questionnaire and assesses supplier responses as the mechanism to assess these risks. The Company audits its supply chain continuously to identify compliance risks. Failure to complete the questionnaire or unsatisfactory responses may result in suppliers being excluded from the Gamma supply chain. Where appropriate, Gamma works closely with suppliers where issues are identified, and collaborates with them to help them improve their responses and help their business.

Gamma people

Employee engagement

Employee engagement is fundamental to Gamma's success and attracting and retaining highly motivated employees contributes to the achievement of its strategic objectives.

By engaging with employees, the Company gives them a voice to create a culture in which everyone can thrive. Gamma wants its people to bring their best selves to the working environment which should be a place where they feel safe, they belong, and they matter. In 2022, Gamma commenced the process to review its existing culture and values by thorough stakeholder interviews and interactive workshops across Gamma group. Gamma will launch its new culture and values to the Group in 2023.

Gamma's engagement tool, The Gamma Pulse, is a resource tool for managers and employees that ensures Gamma not only engages with its people biannually, but quickly gives insights to enable actions to be implemented and to communicate results efficiently.

During 2022 the Company conducted two group surveys. In the most recent survey 1,735 people were surveyed in November, with an 81% participation rate and Gamma received 10,176 comments. Survey results are communicated directly to the CEO, Executive Committee, and the Gamma People Business Partners, and via a webcast and email communication to all employees. In addition, the results are shared with the Board. After each survey, the leadership reviews comments and scores and works with teams to take action. Many managers put their own local action plans in place, and we believe this is having a positive effect on our engagement. In addition, an email was sent out to all employees explaining the results and action we are taking, this included feedback from comments.

Social value

In 2022, Gamma linked employee engagement and employee experience with social value. Gamma believes that work should be a force for good; whether for its employees, customers or for society, the drive towards responsible and sustainable business starts with people. Employers play a significant role in society and Gamma's goal is to make a positive impact to the communities in which it operates. Gamma is committed to building a fair, compassionate and inclusive workplace, and to contributing to society.

For Gamma, social value is the positive impact created for society as a result of its contributions, and at its heart the Company aims to help society progress, benefit and thrive. This includes creating value for its employees, customers and stakeholders. Gamma's plan in 2023 is to focus on four key aims, linked to Gamma's chosen UN SDG's:

1. Create communities and a sense of belonging for our employees.
2. Bridge the digital divide (unequal access to technology) and create opportunities to improve the lives of others globally.
3. Give back to communities through charity work, raising funds and supporting certain demographics, for example – inspiring young people into a career in technology.
4. Raise awareness of important topics such as mental health, as well as improving employees' wellbeing.

Employee experience

Gamma is committed to creating an inclusive and collaborative environment that focuses on belonging for all. The aim is to ensure all employees are connected to Gamma and inspired to do their best work.

In 2022, Gamma focused on developing its Equality, Diversity, and Inclusion strategy.

The Company is committed to building a diverse and inclusive workplace to enable everyone to feel they belong and can deliver their best work. The Company's equality, diversity and inclusion priorities are to:

- Build a diverse and inclusive workplace where everyone is valued.
- Understand its current demographics and use this data to inform strategy
- Attract underrepresented groups to Gamma so the workplace is reflective of the communities the company operates in.
- Develop, engage, and provide opportunities for all employees to grow and deliver their best work.

The Company has partnered with the Employers Network for Equality and Inclusion (ENEI) and completed a benchmarking exercise to understand the gaps and strengths in its current approach. The exercise focused on key areas such as Gamma's workforce, strategy, leadership and accountability, recruitment and attraction, training and development and other employment practices. Gamma also collected demographics data to better understand its workforce and align its future plans to support and strengthen its approach to attracting, developing and retaining underrepresented groups.

Gamma is also targeting talent communities internally and externally. Internally, the Company will be creating employee communities, to strengthen inclusion and belonging.

Externally, its recruitment team has started to build networks to broaden the Company's connections with specific groups, focusing on Women in Technology, apprenticeships, and other underrepresented groups. This will include participation in hosted events and the creation of targeted recruitment campaigns to attract a more diverse talent pool. Gamma's Executive Committee has committed that all senior roles at Gamma must have a diverse shortlist and Gamma will ensure its partners in executive search are working to deliver this.

The experience Gamma employees have within the Company remains a key focus of Gamma's People Function agenda and across the business in general.

Gamma has a Wellbeing Team, consisting of 12 qualified Mental Health First Aiders working on a rota system across all UK office locations, sign posting to external organisations where applicable. In May 2022, Gamma raised the importance of Wellness during Mental Health Week to all employees. The aims for the week were to demonstrate its commitment to Wellbeing, promote a healthy mind and body, create an open and supportive culture, raise awareness of important topics such as Mental Health and connect with employees. Gamma held a week of activities focused on five key themes: Healthy Minds, Physical Health, Mental Health, Financial Wellbeing and Feeling Good. Activities included daily webinars, challenges and signposting to the support Gamma provides to demonstrate the importance of good mental health, how to support colleagues, identifying poor mental health and self-care strategies. During Wellness Week Gamma actively encouraged feedback and ideas from employees and employees scored Gamma 9 out of 10 for raising important topics related to wellbeing. Gamma continually monitors the effectiveness of its support to employees and in 2022 launched mental health training for all managers.

Financial wellbeing is also important to Gamma's employees and the Company offers a salary sacrifice pension scheme, life assurance and income protection. Gamma offers a reward package which includes: the government cycle to work scheme, childcare vouchers, as well as access to a health cashback plan. The flexible holiday trading package offers employees the opportunity to purchase additional holidays or sell back holidays. Gamma has also partnered with Reward Gateway to offer staff a variety of discounts from retail outlets and access to health and fitness discounts including gym memberships, saving employees over £36k in 2022. Gamma offers enhanced adoption, maternity and paternity pay and shared parental leave.

Wellbeing will continue to be a key focus in 2023 to help support employees with advice, training and assistance where needed.

Sharing in the success of Gamma's business growth

Gamma is keen to ensure that all employees who would like to be shareholders can do so in a tax-efficient way. In the UK Gamma has an optional Save As You Earn ("SAYE") scheme which allows eligible employees to acquire shares and a Share Incentive Plan ("SIP") to allow employees to buy shares on a monthly basis. In 2022 29% (2021: 34%, 2020: 43%) of eligible employees chose to participate in the SAYE scheme, with options being granted over 257,201 (2021: 155,514, 2020: 345,953) shares. The Gamma share schemes have been extended to Mission Labs. Gamma also provides long-term incentive schemes which offer options to key employees.

WATCH VIDEO
About some key People initiatives with our Chief People Officer, Chris Bradford.

Health and safety

Gamma experiences few workplace injuries and during 2022, Gamma had no fatalities or major injuries related to work. All employees complete risk assessments for their working environment, including remote working risks.

A quarterly report is provided to the Board that includes accident statistics, updates regarding health and safety initiatives, and other relevant metrics such as contact made to the Mental Health First Aiders.

Gamma's health and safety policy has developed alongside the new hybrid working environment and the Company continues to work with third-party specialists to ensure its employees are supported and environments are safe.

Skills and talent

Gamma is focused on attracting, retaining and developing the critical skills required to support its strategic ambitions.

During 2022 Gamma continued to use the induction and onboarding platform that was introduced in 2021. The platform provides a structured five week induction programme for all new joiners to equip them with a foundational understanding of the Gamma Group, its products, markets and customers, as well as its way of working, culture and values. The platform supports the additional role-specific onboarding activity that already takes place across the business, including interactive technical product training. In addition, regular Welcome days (face to face and virtual) have been run to ensure that new joiners onboard effectively and hear key messages directly from the Gamma Executive.

Learning and Development is further supported by the Gamma Academy and LinkedIn Learning, which provides employees with access to over 16,000 expert-led courses, enabling continuous growth and development.

Apprenticeships and Technology Graduate Programme

The Gamma apprenticeship programme has continued during 2022 with 8 apprentices in various functions. Most of Gamma's apprentices are continuing studies from previous years, in some cases up to degree level, or existing employees continuing their professional development through the apprenticeship model.

Alongside a newly launched Technology Careers Site, Gamma successfully recruited and onboarded eight graduates into its Technology function in September 2022. The aim of the programme is to offer graduates experience of four different areas of technology across a two-year period. Gamma guarantees the graduate a permanent position at the end of successfully completing the programme. A second cohort of graduates will be recruited to start in September 2023.

Gender pay gap

In 2023 Gamma will continue to assess its gender pay gap and look at ways to continually support closing the gap between male and female employees and working to ensure that all employees are treated fairly.

The gender pay gap report for the snapshot date of 5 April 2022 shows 1,199 employees within the Gamma Telecoms Holdings Ltd UK workforce, excluding Mission Labs: 817 men and 382 women.

Gender	% of Workforce 2022 vs (2021)
Male	68.14 (69.72)
Female	31.86 (30.28)

Below is the data from the UK Gender Pay Gap analysis.

The median pay gap is the difference between the midpoints in the ranges of hourly earnings of men and women. The mean gender pay gap is the difference between the average hourly earnings of men and women.

Pay and Bonus Gap

	Mean % 2022 vs (2021)	Median % 2022 vs (2021)
Pay Gap	19.17 (19.60)	22.46 (19.80)
Bonus Gap	72.34 (59.41)	25.56 (20.07)

Proportion of Males and Females receiving bonus

Gender	% receiving a bonus 2022 vs (2021)
Male	87.86 (94.66)
Female	91.71 (94.00)

Pay Quartiles

Quartile	Male % 2022 vs (2021)	Female % 2022 vs (2021)
Upper	76.00 (77.94)	24.00 (22.06)
Upper middle	73.67 (75.00)	26.33 (25.00)
Lower middle	61.54 (62.99)	38.46 (37.01)
Lower	61.33 (62.99)	38.67 (37.01)

Gamma operates in a sector where there is a shortage of technically skilled females who choose to pursue a career in telecommunications and technology. As seen across the sector, male employees continue to make up much of the workforce, however, we are seeing improvements in the mean figures.

Group employee numbers at 31 December 2022

	Male	Female	Total
Directors of Gamma Communications plc	6 (67%)	3 (33%)	9
Senior Managers of the Company (including subsidiary Directors)	56 (79%)	15 (21%)	71
Employees	1,147 (68%)	533 (32%)	1,680

Senior managers are as defined in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. Gamma reassessed the categorisations for 2022.

Group employee numbers at 31 December 2021

	Male	Female	Total
Directors of Gamma Communications plc	7 (78%)	2 (22%)	9
Senior Managers of the Company (including subsidiary Directors)	26 (96%)	1 (4%)	27
Employees	1,192 (68%)	553 (32%)	1,745

Whistleblowing scheme

Gamma has a Whistleblowing Policy and reporting system via an independent third party available to all employees, workers, and other relevant third parties.

The approach provides employees with a confidential channel in which to raise any wrongdoing anonymously. The system is available 24/7 either online or via the telephone with multi-language functionality.

To ensure concerns are treated objectively, wrongdoing reports initially are sent directly from the third-party provider to Gamma's Whistleblowing Officers who are Independent Non-Executives on the Board. After an initial assessment, the report will either be delegated to a panel which is made up of representatives of Gamma's Executive Committee or the Whistleblowing Officers may choose to deal with it independently, including obtaining external advice. Gamma has trained appropriate level employees to manage the investigation process. Whistleblowing incidents are reported to the Board on a regular basis.

The Gamma onboarding programme explains the Whistleblowing approach to all new starters and Gamma remains committed to providing awareness and training to existing staff.

2023 Activity

In 2023 Gamma will:

- Launch the Company's new culture and values.
- Launch its new Diversity, Equality, Inclusion and Belonging programme named "You Belong".
- Create new employee communities giving a voice to employees across Gamma group.
- Focus on Wellbeing continuing to raise awareness of important topics such as mental health and financial wellbeing.
- Support young people in the community through its outreach programme with Speakers for Schools.
- Contribute to bridging the digital divide by partnering with organisations to reuse IT equipment in different communities.

Giving back

As part of its 2022 social plan, Gamma is committed to supporting the communities in which it is based and enhancing its charitable giving plan.

Supporting the UN Sustainable Development Goal 8: Decent work and economic growth, Gamma's technology teams have continued to provide remote Hi-Tech Horizons sessions through an initiative run by the Education Business Partnership. The initiative aims to engage and inspire the future workforce, raising awareness of the hi-tech sector and the opportunities available.

This year the sessions have continued to run virtually, with Gamma recently reaching over 300 pupils across years 7, 8 and 9. Pupils were encouraged to work on their creativity and collaboration skills to design an app that would improve the lives of others. Future plans will allow Gamma the flexibility to deliver in person sessions again.

As part of Gamma's goal to impact and inspire young people the Company has formally partnered with Speakers for Schools and is designing a nationwide programme to support young people with understanding the technology industry, raising their confidence levels, mentoring and providing opportunities for work experience. During 2022, a cross functional Gamma team delivered a STEM (Science, Technology, Engineering, and Maths) insights day to school students across the UK for their Predict Digital Campaign. The aim was to inspire young people to learn more about the communications industry, Gamma and the world of work, The Company also hosted a Workplace Safari where students from Manchester Communication Academy visited Gamma's local office to learn more about the Company. The event is part of local careers programme to encourage and create more interactions and work experience with local employers. Gamma has a broad range of colleagues that volunteer to support these events to help inspire students and provide them with a wider perspective on what their options are for their future careers and opportunities. Gamma believes everyone should have access to connectivity and be able to communicate and connect to anyone in the world. The Company will focus on the following priorities for digital equity:

- Redeploy unused equipment to communities that need it.
- Bridge the digital divide.
- Increase IT literacy within its communities.

In 2022, the Company partnered with The Unconnected and have donated over a hundred laptops and redeployed them to low-income communities. Gamma donated laptops to a school in Uganda where digital literacy and connectivity is low, where the gender divide is high and connectivity for women is lower than men. Gamma's aim is to address this inequality at the early stages of education, and we will continue to donate equipment to low-income communities who need them.

Working in the communities in which the Company operates, Gamma's "Direct" customer business unit has worked with local authorities in the Manchester and Portsmouth areas to support their efforts in tackling digital poverty, address emerging skills gaps and prepare young people for the world of work in addition to providing employment in the area.

Gamma is committed to maintaining these relationships as well as building new ones during 2023 and the Company will endeavour to contribute to the UN Sustainable Development Goal 10: Reduced Inequalities, through the extension of initiatives. This includes Gamma's commitment to supporting and reducing inequality in the community. Gamma has committed to creating new job opportunities, including hiring apprentices and creating new job opportunities in 2023.

Gamma has always encouraged charitable initiatives, and often a worthy cause will find people's time just as valuable as any financial donation. Employees can contribute one day a year to help support their chosen charity or community support project and Gamma has continued to provide match funding across a range of charitable events that its staff has completed during 2022. A Charity Forum exists to support its employees to raise funds as well as use their charity day. Most notably in 2022, the Charity Forum organised the Gamma Anniversary Adventures, celebrating the Company's 20th Anniversary, cycling between all the Gamma offices in the UK, and linking all its European offices with virtual mileage, raising funds for the employee-chosen charity, UNICEF.

Giving something back is important to Gamma and its employees and, driven by the Gamma Charity Forum, the Company will continue to build on its community and charity plan in 2023 to help make a difference to good causes and local communities.

Our Governance

Gamma understands the importance of having a well-established governance regime across its business and how fundamental this is to its continued success.

Gammas approach to governance

Gamma understands the importance of having a well-established governance regime across its business and how fundamental this is to its continued success. Gamma recognises that different governance structures are appropriate at different stages of a company's development and as a rapidly growing business it is seeking to keep the maturity of governance structures in line with the level that would be deemed appropriate for the size of the business.

The Board is responsible to the shareholders for the proper management of the Group and more on Corporate Governance can be found in the Governance report.

Management oversees the establishment of controls across the Company which are managed through a combination of internal frameworks and externally recognised and audited standards. These take the form of Group and local-level administrative and technical controls. Examples of which may be access to internal systems, critical processes such as commercial approval or the management of network change, and policies setting expectations upon its employees and its stakeholders. These internal controls align to and inform Gamma's Corporate Governance ensuring Board level oversight.

Governance process

Gamma's risk management framework is closely coupled to its governance priorities and this connection ensures that these priorities are owned and managed at a suitable level within the Company.

Building on investment made in 2021 Gamma has been subject to both internal and external audit of various controls and drives a continuous improvement ethos.

The policy framework ensures its policies are owned, defined, implemented, and updated in an effective way. Specifically, this framework encourages greater consistency in policy design, clear behavioural guidelines and encourages greater use of conformance measures. All Group policies are signed off and reviewed annually by the Board. All policy is governed by the internal governance team to drive consistency.

Current Group policies include:

- Anti-bribery and Corruption policy
- Data Protection policy
- Environmental Management policy
- Equality, Diversity, and Inclusion policy
- Ethical Conduct policy
- Information Security policy
- Political Contributions policy
- Political Lobbying policy
- Risk Management policy
- Share Dealing policy
- Whistleblowing policy

Current UK policy includes:

- Ethical Procurement policy

The Company wants to ensure that it continues to empower employees to challenge boundaries whilst avoiding unnecessary risk.

External Certifications

Gamma holds various certifications within its UK business and it is the intention to apply common standards to its recently acquired subsidiaries within the UK and Europe. Gamma UK is certified to:

- ISO 27001: Information Security, certified since 2012
- ISO22301: Business Continuity Management, certified since 2013
- ISO 14001: Environmental Management, certified since 2013
- ISO 9001: Quality Management, certified since 2003
- Cyber Essentials Plus, certified since 2021

Group subsidiary "Gamma Benelux" attained ISO27001 certification in 2021.

Gamma has now brought its standards under a single Integrated Management System (IMS), which will ensure greater consistency in the way in which these standards are managed across the Gamma Group.

Internal Audit

Gamma's internal audit structure ensures it reviews a wide range of capabilities that align to its ISO certifications and Principal Risks. The output of the audits is shared with the teams subject to the audit to ensure a culture of continuous improvement is maintained.

Since the introduction of ISO standards within the Company Gamma has been conducting regular internal audits to assure ongoing compliance. Since this time the Company has continued to extend the reach of its internal audit function and is now in its third year of enhancing this capability, supported by an external partner where required. In addition, Gamma's UK business is regularly and successfully audited by its larger Enterprise and Public Sector customers.

The Strategic report was approved by the Board of Directors on 20 March 2023.

Bill Castell
Chief Financial Officer

Ensuring good governance and compliance

Role of the Board

- Responsible for the overall conduct of the Group's business including our long-term success.
- Setting the purpose, values, standards and strategic objectives.
- Reviewing the Group's performance.
- Ensuring a positive dialogue with our stakeholders is maintained.

Dear shareholder,

Welcome to the Corporate governance report for the year ended 31 December 2022, which I am pleased to present on behalf of the Board. The Board recognises that sound corporate governance is an essential underpinning for a growing, publicly quoted business, and is committed to ensuring the integrity of both its processes and of those of the Group as a whole.

Corporate Governance Code

The Directors support high standards of corporate governance. Since 2018, the Board has operated under the QCA Code. Gamma adopted this code as it feels it takes key elements of good governance and applies them in a manner which is workable for the different needs of growing companies. The Group's Corporate Governance Compliance Code document, approved on 1 September 2022, is available on the Company's website.

The Board

During the year, we have continued to keep under review the composition of the Board and its Committees to ensure that we have the right balance of skills, independence, experience and diversity and further information is provided on the Board changes in the Nomination Committee Report on pages 61 to 63.

The Company's remuneration policy is designed to ensure that the Company is able to attract, retain and motivate Executives and senior management of the right quality to enable the Company to fulfil its objectives and longer-term potential. Please refer to the Directors' Remuneration report for further details around Executive pay.

Relations with shareholders

Communication with shareholders is given high priority by the Board and is undertaken through press releases, general presentations at the time of the release of the annual and interim results and face-to-face meetings. The Group issues its results promptly to individual shareholders and also publishes the same on the Company's website.

In order to ensure that the members of the Board develop an understanding of the views and concerns of major shareholders there is regular dialogue with institutional shareholders, including meetings after the announcement of the Company's annual and interim results. The Board uses the AGM to communicate with private and institutional investors and welcomes their participation. The Chair also visits major shareholders.

Looking ahead

The Group's commitment to strong corporate governance and risk management will remain central to the business during 2023 and beyond.

Richard Last
Chair and Independent Non-Executive Director

Corporate governance framework

The Board has a coherent corporate governance framework, as illustrated below, with clearly defined responsibilities and accountabilities designed to safeguard and enhance long-term shareholder value and provide a robust platform to realise the Company's strategy.

Board of Directors

Chair
The Chair is responsible for the leadership of the Board.

Executive Directors
They are responsible for running the Company's business.

Non-Executive Directors
They bring an independent perspective to decision making; they hold senior management to account; they also support and mentor the CEO and senior management.

Richard Last	Chair and Independent Non-Executive Director
Andrew Belshaw	Chief Executive Officer
Bill Castell	Chief Financial Officer
Henrietta Marsh	Senior Independent Non-Executive Director
Rachel Addison	Independent Non-Executive Director
Charlotta Ginman	Independent Non-Executive Director
Shaun Gregory	Independent Non-Executive Director
Martin Lea	Independent Non-Executive Director
Xavier Robert	Independent Non-Executive Director

Board Committees

Audit Committee
The Audit Committee's role is: to provide effective governance over Gamma's financial reporting, including the adequacy of disclosures made in the financial statements; to review the performance of the external auditor, its independence and sets its remuneration; to provide oversight of the Group's systems of internal financial control; to review the performance of the internal audit function and to report to the Board on these matters.

→ **Audit Committee report**
See page 64

Nomination Committee
The Nomination Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any Committees of the Board.

→ **Nomination Committee report**
See page 61

Remuneration Committee
The Committee is primarily responsible for determining and agreeing with the Board the broad policy for the remuneration and employment terms of the Executive Directors, Chair and other senior executives and, in consultation with the CEO, for determining the remuneration packages of senior executive managers.

→ **Remuneration Committee report**
See page 70

Risk Committee
The Risk Committee assists the Board in its duty to carry out a robust assessment of the principal risks facing the Company. Its main function is to review the risk register prepared and maintained by management and to re-confirm that the principal risks have been identified and (where appropriate) mitigated.

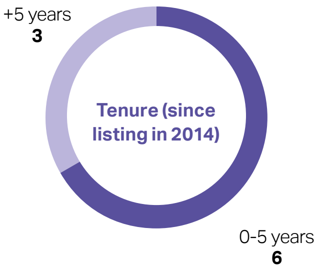
→ **Risk Committee report**
See page 66

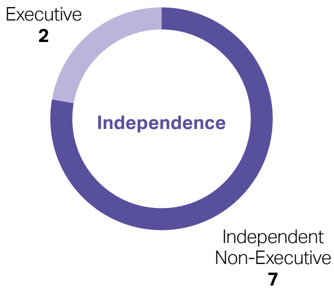
ESG Committee
The main purpose of the Committee is to represent the Board in defining the Company's strategy relating to ESG matters and in reviewing the practices and initiatives of the Company relating to those matters ensuring they remain effective and up to date. It oversees the development of the Group's ESG strategy and makes recommendations to the Board. It also oversees the establishment of policies and codes of practice and their effective implementation.

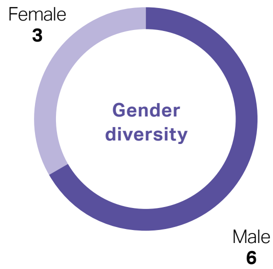
→ **ESG Committee report**
See page 68

Our highly experienced Board

Our Board blends industry expertise with public company experience and the knowledge and skills of our long-standing shareholders.







Richard Last

Chair and Independent Non-Executive Director

Appointed to the Board
2014

Committee Chair
Nomination

Committee member
ESG, Risk, Remuneration

Nationality
British

Skills and experience:
Richard has over 30 years' experience in technology and communication sectors having worked at board level for a number of publicly quoted and private companies in these industries.

Richard is a Fellow of the Institute of Chartered Accountants in England and Wales.

Other roles:
Richard is Chair and Non-Executive Director of Hyve Group plc, a leading international exhibition and conference organisation listed on the London Stock Exchange and of AIM-listed Tribal Group plc, an education software, systems and services group. He is also a Non-Executive Director of Corero Network Security plc, an AIM-quoted IT security solutions provider. Richard also chairs Greenstone + Limited an ESG solutions specialist.

Andrew Belshaw

Chief Executive Officer

Appointed to the Board
2014

Committee member
ESG, Risk

Nationality
British

Skills and experience:
A Chartered Accountant by background, Andrew has worked in both audit and corporate finance at Deloitte LLP and Ernst & Young, specialising in providing advice to a wide range of clients in the technology sector. After leaving private practice, Andrew worked alongside the Commercial Director in a new business development role at Xansa plc before joining Gamma in 2007.

Andrew has a degree in Maths from St John's College, Cambridge and gained an MBA from Warwick Business School. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Andrew was promoted to CEO in 2022 having previously held the roles of Interim CEO, Deputy CEO and CFO.

Bill Castell

Chief Financial Officer

Appointed to the Board
2022

Committee member
ESG, Risk

Nationality
British

Skills and experience:
Bill joined Gamma in 2022 from OVO Energy, where he held the role of Chief Financial Officer. Before joining OVO Energy in 2020, Bill spent three years at Virgin Media which he joined as Deputy Chief Financial Officer and later became acting Chief Financial Officer. From 2005 to 2017, Bill was at Barclays Bank where he held a number of senior finance roles including Chief Financial Officer at Barclays Corporate Bank and Chief Financial Officer of Barclaycard Europe.

Bill started his career as an Officer in the British Army and, as a qualified accountant (FCA), has worked in the technology, media and telecom sector as an auditor at Deloitte and investment banker with Goldman Sachs.

Bill is a Fellow of the Institute of Chartered Accountants in England and Wales.

Other roles:
Bill is also a Non-Executive Director of the Financial Ombudsman Service.

Henrietta Marsh

Senior Independent Non-Executive Director

Appointed to the Board
2019

Committee Chair
Remuneration

Committee member
Audit, ESG, Nomination

Nationality
British

Skills and experience:
Henrietta has more than 30 years' experience in investment and financial services having worked for 3i Group, Morgan Stanley and ISIS Equity Partners (now Living Bridge Equity Partners) where she founded and chaired the AIM VCT Managers Group. She was formerly a Non-Executive Director and Chair of the remuneration committees at Electric Word plc, Alternative Networks plc and Dods Group plc, all of which were traded on the Alternative Investment Market (AIM) and discoverIE Group plc, which is listed on the London Stock Exchange.

Henrietta has an MA in Mathematics from Cambridge University and an MBA from INSEAD.

Other roles:
Henrietta currently serves as a Non-Executive Director at Herald Investment Trust, which is listed on the London Stock Exchange. She is a member of the LSE's AIM Advisory Group.

Rachel Addison

Independent Non-Executive Director

Appointed to the Board
2022

Committee member
Audit, Risk

Nationality
British

Skills and experience:
Rachel has nearly 30 years of finance and operational management experience. She has held a number of senior financial, operational and board level roles including at Future plc (CFO), TI Media Limited (CFO), Reach Regionals (Managing Director), Local World Limited (CFO and COO), Northcliffe Media Limited (CFO and COO) and Boots the Chemist where she was Head of Risk Management.

Rachel is a chartered accountant and is a member of the Institute of Chartered Accountants in England and Wales.

Other roles:
Rachel is currently a Non-Executive Director of Marlowe plc, a business-critical services and software provider; Watkin Jones plc, housing developer and manager; Hyve Group plc, a global events business and Mango Publishing Group, an innovative independent publisher based in Florida, USA.

Charlotta Ginman

Independent Non-Executive Director

Appointed to the Board
2020

Committee Chair
Audit

Committee member
Risk, Nomination

Nationality
Finnish/British

Skills and experience:
Charlotta began her career at Ernst & Young, where she qualified as a Chartered Accountant. She was then appointed to a series of senior roles in investment banking with UBS, Deutsche Bank and JP Morgan both in London and Singapore, where she gained considerable M&A transactional experience.

Charlotta has also held senior roles within Nokia Corporation, including acting as CFO of its luxury mobile phone division Vertu Corporation Limited.

Other roles:
Charlotta is a Non-Executive Director and Chair of the Audit Committee of two investment trusts, Polar Capital Technology Trust PLC and Pacific Asset Trust PLC; Senior Independent Director and Chair of the Audit Committee of Keywords Studios plc (AIM); Senior Independent Director of Unicorn AIM VCT PLC, a Venture Capital Trust (AIM); and a Non-Executive Director of Boku Inc (AIM).

As three of Charlotta's roles are with investment companies that have only four or five meetings a year and the others are all AIM listed, with less regulatory burden than a premium listing, Charlotta has sufficient time to devote to each of her roles.

Shaun Gregory

Independent Non-Executive Director

Appointed to the Board
2022

Committee member
ESG

Nationality
British

Skills and experience:
Shaun has had an extensive career across media, advertising and telecommunications spanning over 30 years. He has held senior roles across Emap PLC, Telegraph Media Group, Blyk and Telefonica. More recently, he has been the CEO of Exterion Media and IYUNO Media Group and is currently the CEO of EMG Group.

Shaun has also been a Non-Executive Director on many company boards, including WEVE, Telefonica's WAYRA, Ocean Outdoor, Bliss Media and Proxama. He has also served on a number of Trade Body Boards, including the MMA and the Advertising Association.

Shaun studied at both Ashridge and Wharton Business School and is a Board member of Childline (NSPCC). He also chairs the Advisory Board for The Children's Hospital.

Martin Lea

Independent Non-Executive Director

Appointed to the Board
2014

Committee Chair
ESG, Risk

Committee member
Remuneration, Nomination

Nationality
British

Skills and experience:
Martin has over 20 years' experience leading businesses within the support services, telecommunications and network, integration and service sectors. Most recently, he served as interim CEO at Multicom Security Group and was President and CEO of Invitel from 2004 to 2011. Prior to Invitel, Martin was Executive Vice President of Intertek Group plc and Managing Director of Racal Telecom. Martin joined Gamma in June 2014 and is Chair of the Risk and ESG Committees.

Martin has a BA first class (Hons) degree in Business Studies and is a Fellow of the Institute of Directors.

Xavier Robert

Independent Non-Executive Director

Appointed to the Board
2020

Committee member
Remuneration, Risk, Nomination

Nationality
French

Skills and experience:
Xavier is a senior private equity professional with more than 20 years of experience in M&A and investment, deal experience across Europe and the US. He is the Chief Investment Officer of the global private equity firm Bridgepoint and sits on the Executive and Investment Committees. Previously Xavier was in charge of technology investment globally for his private equity firm.

Other roles:
Xavier is Chairman of Qualitest, the largest privately-owned software testing company. He is also on the Board of Kyriba, the number one software solution for corporate treasury management, and on the Board of MiQ, the number one programmatic advertising company.

At the AGM on 19 May 2022 Wu Long Peng stood down from the Board.

Executive Committee

We have a strong and talented leadership team who support the Board and are responsible for day-to-day operations within the business.

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❶ Andrew Belshaw
Chief Executive Officer

Biography available on page 54 Board of Directors.

❷ Bill Castell
Chief Financial Officer

Biography available on page 54 Board of Directors.

❸ Chris Bradford
Chief People Officer

Chris joined Gamma in 2021 to lead the Company's People and Engagement strategy, having worked as a Board level HR leader, and subsequently as a consultant, on business transformation and organisation design programmes for organisations across multiple sectors and geographies such as Vodafone, Equinix, Aviva Investors, the Financial Ombudsman Association and the British Olympic Association.

She holds a first class honours degree in English from Leeds University.

❹ Xavier Casajoana
Chief Executive Officer – Voz Telecom

Xavier joined Gamma in April 2020 following Gamma's acquisition of Voz Telecom.

After more than ten years in Information Systems Management, Xavier joined Worldonline as Director of Information Systems. After merging with Tiscali, he became Director of the Business Services Division and later held the role of General Manager for Spain. In February 2003 he co-founded Voz Telecom as the CEO.

He has a degree in Computer Science from the Universitat Politècnica de Catalunya and a Masters in Business and Technology from the Universitat Ramom Llull.

❺ Achim Hager
Chief Executive Officer – Gamma DE

Achim joined Gamma in July 2020 following Gamma's acquisition of HFO Holding (now Gamma DE), which he founded in 1998. He has over 25 years of experience in the telecommunications sector and is an expert in sales, marketing and strategic development. He also led acquisitions of other companies in his role at HFO Holding.

Achim is member of the supervisory board of the German Carrier association Breko. He also acted as a board member for different national economic organisations throughout his career.

Achim holds a master's degree in business economics from the University of Bayreuth.

❻ David Macfarlane
Managing Director – UK Direct

David joined Gamma in 2012 following Gamma's acquisition of his last start-up communications business, Varidion Limited, and built Gamma's direct go-to-market organisation.

A passionate advocate for technology disruption and an engineer by trade, David has built, owned, and run multiple IT and Communication service providers that have challenged and changed how organisations buy and use business technology.

Before this, David had senior IT roles in the NHS, a large city law firm and a Brokerage House and was the co-founder and CTO at Sirocom Limited and Group CTO at Azzurri Communications.

❼ Rachael Matzopoulos
Company Secretary

Rachael was appointed as Company Secretary of Gamma in January 2023 having previously gained governance experience in a variety of large multinational listed groups, most recently at GSK plc and Videndum plc. As Company Secretary, she is responsible for advising the Board, through the Chair, on all governance matters.

She is a Fellow of the Chartered Governance Institute and has a Masters degree in Business and Management from The University of Glasgow.

❽ John Murphy
Chief Operating Officer

John joined Gamma in 2011 bringing over 15 years of experience delivering successful customer service projects and large financial programmes within the telecoms, financial services and utilities industries. Having previously spent eight years as a change management consultant, he then took an operational role for Gamma in 2013 and since that time has worked in various senior operational roles before being appointed to Chief Operating Officer in 2023.

❾ Daryl Pile
Managing Director – UK Indirect

Daryl joined Gamma in 2003 and has been central to the development and execution of our Indirect Sales strategy which has delivered sustained revenue and margin growth every year. With over 25 years' of experience, he previously held a number of senior business development roles at Telia, Uniworld and Gamma. Prior to his current position, Daryl was Director of Public Sector at Gamma, joining the senior leadership team in 2015.

Daryl is a graduate of the University of Surrey with a degree in Economics.

❿ Phil Stubbs
Chief Technical Officer

Phil joined Gamma in 2018 to lead the Company's technical strategy and manage the end-to-end design and development of the Gamma network and products. He has over 20 years' experience in delivering high value solutions within communications companies, both within network operators and solution vendors.

Phil spent the early part of his career in software development at Vodafone and has degrees in Electronic Engineering and Mathematics.

⓫ Chris Wade
Chief Marketing and Products Officer

Chris joined Gamma in December 2020 from Aptitude Software where he held the role of Chief Product Officer. Prior to this Chris held a number of leadership roles in strategy, product management and marketing in several different operating businesses within The Sage Group plc, one of the leading provider of business management solutions to SMEs globally.

Chris holds a MPhys in Physics from Jesus College, Oxford.

⓬ Gerben Wijbenga
Chief Executive Officer – Gamma Communications Benelux

Gerben joined Gamma in August 2020 taking full responsibility for business activities across the Netherlands. Gerben worked at KPN for 10 years. After KPN Gerben was Directeur Général at Simyo France and CEO at Ortel Mobile, an ethnic MVNO with activities in six countries. Gerben spent time at Telefonica (Deutschland) and Tele2 (The Netherlands), where he was the CEO of Blau Mobilfunk and Managing Director of the Consumer market, respectively. In his most recent role, Gerben was CEO at Lebara Deutschland, a market leading MVNO based in Düsseldorf.

Corporate governance report

Operation of the Board

The Board comprises of nine Directors: two Executive Directors and seven Non-Executive Directors, reflecting a blend of different experience and backgrounds.

The Board regards all the Non-Executive Directors, being Richard Last, Rachel Addison, Charlotta Ginman, Shaun Gregory, Martin Lea, Henrietta Marsh and Xavier Robert as Independent Non-Executive Directors within the meaning of the QCA Corporate Governance Code (2018 edition) ("QCA Code").

The Board is responsible to shareholders for the proper management of the Group. It meets regularly to review trading performance, set and monitor strategy, examine acquisition and divestment possibilities, approve major capital expenditure projects and other significant financing matters, and report to shareholders. The Board delegates authority to management for the day-to-day business under a set of delegated authorities which cover routine operational matters, purchasing procedures, financial authority limits, contract approval procedures and the hiring of full-time and temporary staff and consultants.

Matters for review by the Board are communicated in advance of formal meetings. All of our Directors are subject to election by shareholders at the first AGM after their appointment to the Board. Thereafter, all Directors are subject to re-election by shareholders at each AGM.

The Chair and Non-Executive Directors have other third-party commitments including directorships of other companies. The Company is satisfied that these associated commitments have no measurable impact on their ability to discharge their responsibilities effectively.

Board activities in 2022

Strategy

- Approved the proposed acquisition of NeoTel
- Approved the disposal of ComyMedia
- Reviewed other potential acquisition targets which did not complete or were ongoing at year end.
- Approved the 2026 strategy planning.

Operational

- Monitored the focus of the software development team.
- Reviewed product launches.

Financial performance

- Monitored 2022 performance against the approved budget.
- Approved the 2021 Annual Report and Accounts and determined they were fair, balanced and understandable.
- Approved the 2022 half-year results.
- Approved the final dividend for 2021 and 2022 interim dividend.
- Approved the 2023 budget.
- Received reports from the Audit Committee concerning the overall level of financial governance of the Group.

Corporate governance

- Reviewed the Board composition of Non-Executive Directors and approved appointments as recommended to it by the Nomination Committee.
- Reviewed the Board composition of Executive Directors and approved appointments as recommended to it by the Nomination Committee.
- Reviewed and approved the Notice of AGM and corporate governance disclosures.
- Considered the key provisions of the QCA Code and its application to the Company.
- Reviewed and approved the Matters Reserved for the Board and each of the Committees' terms of reference.
- Chair and Non-Executive Directors met without the Executive Directors present.
- Review and approval of Group level policies.

Board meeting attendance

	Board meeting (scheduled)	Board meeting (short notice)	Audit Committee	Remuneration Committee	Nomination Committee	Risk Committee	ESG Committee
Executive Directors							
Andrew Belshaw	7/7	5/5[1]	n/a	n/a	n/a	4/4	4/4
Bill Castell	5/5	5/5	n/a	n/a	n/a	2/2	2/2
Andrew Taylor	3/3	4/4	n/a	n/a	n/a	2/2	2/2
Non-Executive Directors							
Richard Last	7/7	6/6	2/2	7/7	10/10	4/4	4/4
Rachel Addison	2/2	1/1[1]	1/1	n/a	n/a	1/1	n/a
Charlotta Ginman	7/7	5/5[1]	5/5	n/a	8/8	4/4	n/a
Shaun Gregory	4/4	2/2	n/a	n/a	n/a	n/a	2/2
Martin Lea	7/7	6/6	n/a	7/7	10/10	4/4	4/4
Henrietta Marsh	7/7	6/6	5/5	7/7	10/10	n/a	4/4
Xavier Robert	7/7	5/5[1]	n/a	5/7[3]	8/8	4/4	n/a
Wu Long Peng	2/2	1/2[2]	2/2	n/a	2/2	n/a	2/2

For changes in Committee memberships please see the Committee reports.

Meeting figures above are reflective of individuals membership of the Board/Committee.

1 Not all Directors were required to attend a Board meeting which was held at short notice.

2 Wu Long Peng did not attend the Board meeting held at short notice on 11 May 2022 due to a prior commitment.

3 Xavier Robert did not attend the Remuneration Committee meetings on 24 March and 9 December 2022 due to prior commitments.

Risk
- Reviewed the status of the principal risks and progress with the implementation of any mitigation plans.
- Received regular reports from Chairs of the Committees on matters discussed.
- Received updates on regulatory developments.
- Reviewed any impact of the Russia and Ukraine war.

People and culture
- Discussed talent, diversity and succession planning.
- Reviewed the composition of the Executive Committee in the UK and equivalent management groups for the overseas entities.
- Reviewed the results of the employee surveys.
- Reviewed updates regarding health and safety within the Group.
- Reviewed the Company's values.
- Approved the cost of living salary increase for certain employees.

Shareholders
- Reviewed feedback following the virtual investor roadshows and other institutional shareholder meetings.
- The Chair met with shareholders as requested.

Time commitment
The Executive Directors are expected to devote substantially the whole of their time, attention and ability to their duties, whereas, as one would expect, the Non-Executives have a lesser time commitment. The Non-Executive Directors are required to spend sufficient time in the business to discharge their responsibilities. Typically, this is 50-60 days per year for the Chair, 25 to 30 days per year for Independent Non-Executives with Chair of Committee responsibilities and 16-20 days for Non-Executives. The Chair and Non-Executive Directors have other third-party commitments including directorships of other companies. The Company is satisfied that these associated commitments have no measurable impact on their ability to discharge their responsibilities effectively. The Executive Directors are permitted to have third-party commitments with the permission of the Chair. The CFO has one external appointment, details of which are included on page 54, the CEO has no external commitments.

During 2022, certain Directors who were not Committee members attended meetings of the Audit Committee and Remuneration Committee by invitation. These details have not been included in the attendance table. Where a Director is unable to attend meetings of the Board or of Board Committees, such Director is expected to review the relevant papers for the meetings and provide their comments to the Board or the Board Committees in advance of such meetings.

Training and development
New Directors receive an induction on their appointment to the Board which covers the activities of the Group including key market and product information, key business and financial risks, the latest financial information, and the terms of reference of the Board and its Committees. Meetings with all Board members, Executive Committee members and external advisors are held.

The Board ensures that they keep their skills up to date. They are made aware of accounting, regulatory, governance and legal changes via papers submitted to the Board, presentations and external documents. An annual review of compliance with the AIM Rules is also performed.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, the Company Secretary will ensure that the Directors receive appropriate training as necessary. The appointment and removal of the Company Secretary is a matter for the Board as a whole and a new Company Secretary was appointed in early 2023. All Directors are supplied with information in a timely manner in a form, and of a quality, appropriate to enable them to discharge their duties.

Board performance
The Company has a formal process of annual performance evaluation for the Board, its Committees and individual Directors. The Board and its Committees are satisfied that they are operating effectively.

The Nomination Committee concluded that it would be beneficial for there to be an externally-facilitated Board performance review and this review, in conjunction with Board Excellence Limited, was completed in 2022. The scope included evaluation of the performance of the Board, the Board Committees, individual Directors and of the Chair.

Board Excellence was selected via a competitive procurement process. It has no connection with the Company or any Director, although the Chair was subject to their review process in another company.

Committees
The following Committees deal with specified aspects of the Group's affairs. All Committees operate under written terms of reference which are available at www.gammacommunicationsplc.com.

Audit Committee
The composition and workings of the Audit Committee are set out in the Audit Committee report on page 64.

Remuneration Committee
The composition and workings of the Remuneration Committee, together with details of the Directors' remuneration, interest in options and information on service contracts, are set out in the Directors' Remuneration report on page 70. No Director is involved in the decision about their own remuneration.

Nomination Committee
The composition and workings of the Nomination Committee are set out in the Nomination Committee report on page 61.

The Company's policy is to attract and develop a highly qualified and diverse workforce, to ensure that all selection decisions are based on merit and that all recruitment activities are fair and non-discriminatory. We continue to focus on encouraging diversity of business skills and experience, recognising that Directors and managers with diverse skills sets, capabilities and experience gained from different backgrounds enhance the Group. When we recruit senior roles (including Senior Managers and Directors) we work with agencies who can produce a diverse shortlist. The bonus criteria of the senior team now contains a requirement that all shortlists for management roles must be diverse.

Risk Committee

The composition and workings of the Risk Committee are set out in the Risk Committee report on page 66. Its main function is to review the risk register prepared and maintained by management and to re-confirm that the principal risks have been identified and (where appropriate) mitigated. These are included on pages 26 to 31.

ESG Committee

The composition and workings of the ESG Committee are set out in the ESG Committee report on page 68.

Stakeholder engagement

Relations with shareholders

Communication with shareholders is given high priority by the Board and is undertaken through press releases, general presentations at the time of the release of the annual and interim results and face-to-face meetings. The Group issues its results promptly to shareholders and also publishes the same on the Company's website. Regular updates to record news in relation to the Company are also included on the website.

In order to ensure that the members of the Board develop an understanding of the views and concerns of major shareholders there is regular dialogue with institutional shareholders, including meetings after the announcement of the Company's annual and interim results. The Board uses the AGM to communicate with private and institutional investors and welcomes their participation. All the Non-Executive Directors and, in particular, the Chair and the Senior Independent Non-Executive Director are available to meet with major shareholders.

Relations with employees/employee engagement

The Group recognises the importance of employees to the success of the business and ensures that they are fully informed of events that directly affect them and their working conditions. Information on matters of concern to employees is given in briefings that seek to provide a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance through attendance at face to face meetings and employee webinars which take place regularly throughout the year. In addition to this, there is also a process in place which allows employees to contact the CEO anonymously if they wish to bring items to the attention of the Board. Henrietta Marsh, Senior Independent Director, acts as the Workforce Engagement Director, designated Non-Executive Director responsible for engagement with the workforce.

Business relationships

Relationships with suppliers and customers are paramount to the way that Gamma operates; the Executive Committee and the CEO engage on a regular basis with major suppliers and customers.

Suppliers

Gamma's supplier payments policy is to always pay suppliers on or before the agreed term (which will vary from contact to contract). If an invoice has been fully authorised on the system, it will pull through to the next available payment run even if this is before the contractual due date. For the year ended 31 December 2022, the average time taken to pay invoices was 29 days.

Gamma currently has a small number of suppliers who are paid via a netting agreement. The terms of these agreements are such that payment can only be processed once the netting is agreed by both sides. This can result in the days taken to pay being abnormally high on some invoices and therefore influencing Gamma's average days taken to pay suppliers. Due to Gamma's dispute policy whereby the disputed value of an invoice is withheld from payment until resolved, this can also result in average days taken to pay being influenced.

Any disputes are raised with the supplier directly at the earliest opportunity. Any valid charges on an invoice are paid, with the disputed amounts being held back until a credit is received or the dispute has been resolved.

Customers (and customer satisfaction)

Each customer has a Business Development, Information Assurance and Customer Development manager and is invited to our Customer Roadshows, which this year were virtual. These roadshows discuss the latest industry trends and opportunities for the channel to target, an update on Gamma's ever-expanding UCaaS and Connectivity product portfolio and panel discussions exploring the future of the Channel and define where the Channel's value lies in a digital world.

Signed on behalf of the Board by:

Richard Last
Chair and Independent Non-Executive Director

20 March 2023

Nomination Committee report

Nomination Committee

The Committee is responsible for overseeing succession planning for the Board and senior management and assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any Board Committees.

The purpose of this report is to highlight the role that the Nomination Committee plays in monitoring the Board's balance of skills, knowledge and experience and to provide the diversity of thinking and perspective required to provide effective leadership.

It is primarily responsible for:

- Leading the process and making recommendations to the Board for the appointment of new Directors.
- Regularly reviewing the Board structure, size and composition (including the skills, knowledge, independence, experience and diversity), recommending any necessary changes and considering plans for orderly succession.
- Making recommendations to the Board about suitable candidates for the role of Senior Independent Director, and membership of the Audit, Risk, ESG and Remuneration Committees in consultation with the Chairs of the relevant Committees.
- External and internal Board and Committee evaluations.

Meetings attended:

Richard Last (Chair)	10/10
Charlotta Ginman[1]	8/8
Martin Lea	10/10
Henrietta Marsh	10/10
Xavier Robert[1]	8/8
Wu Long Peng[2]	2/2

1 Charlotta Ginman and Xavier Robert joined the Nomination Committee on 19 May 2022.

2 Wu Long Peng left the Committee at the time he stood down from the Board at the AGM on 19 May 2022.

Dear Shareholder,

On behalf of the Nomination Committee, I am pleased to present our report for the year ended 31 December 2022. This report sets out the Committee's key activities in 2022 as well as the Committee's priorities for 2023.

2022 was an extremely important year for the Committee, during which it met ten times. The principal matters dealt with included:

- Succession planning for the Chair and Senior Independent Director roles.
- Succession planning and evaluation of candidates for the CEO role.
- Evaluation of potential Independent Non-Executive Director candidates.
- Recommendation to the Board of changes to the composition of the Audit Committee.
- Evaluation of candidates for the Company Secretary role.
- Appointment of external supplier to complete Board evaluation.

Long Peng retired from the Board in May 2022. Martin Lea and I will have each served on the Board for nine years in 2023 and Martin has confirmed his intention to step down from the Board at the conclusion of the AGM in May 2023. The Nomination Committee has therefore engaged a search agency to look for my successor which is detailed later in this report. Subject to that process, it is intended that I will step down, as Chair and Director, at the later of the AGM and the date on which my successor's appointment commences. I will therefore offer myself for re-election at the forthcoming AGM to ensure continuity and time for a handover with the incoming Chair. The Committee has therefore spent much of its time in the last year planning for these changes and ensuring that the Board has a diverse mix of directors with the appropriate skills and experience to guide Gamma in the future. Long Peng and Martin have supported Gamma, its Board and executive management team from being a private company, through IPO, to the substantial Company it is today and have contributed significantly to the development and execution of the Group's long-term planning and growth strategy and I want to thank them both for their noteworthy contributions.

Appointment of CEO

As reported last year, in May 2022 we appointed Andrew Belshaw as Deputy Chief Executive Officer as part of a structured plan to strengthen and broaden the scope and capacity of Gamma's management team. At the same time, Bill Castell joined as Chief Financial Officer, which I reported in the 2021 Annual Report. We subsequently commenced a process in 2022 to identify candidates for the role of Chief Executive Officer, following Andrew Taylor's retirement from Gamma, forming part of the Committee's executive succession planning programme. The Committee engaged Egon Zehnder, a leading firm of consultants who specialise in the recruitment of CEOs, to identify a long list of potential candidates, both internal and external. These were considered against a detailed brief for the role and criteria against which candidates would be assessed. Short-listed candidates were interviewed by representatives from the Nomination Committee. It was unanimously agreed that Andrew Belshaw was the preferred candidate based on his understanding of the markets in which Gamma operates, his focus on future strategy and his leadership skills. We were extremely pleased to confirm his appointment as Chief Executive Officer with effect from 30 November 2022.

Succession planning for the Chair and Senior Independent Director roles

In planning for the intended changes relating to myself and Martin retiring from the Board, the Nomination Committee therefore spent time during the year planning for successors in the roles of Board Chair and Senior Independent Director. After consideration of the skills and experience of the existing Non-Executive Directors and their tenures with Gamma, it was recommended to and agreed by the Board that Henrietta Marsh would assume the role of Senior Independent Director with effect from 20 December 2022.

As the Senior Independent Director, Henrietta has begun to lead the process for my replacement as Board Chair, commencing with a beauty parade to appoint a search firm to assist with the process. After receiving presentations from three firms and considering their experience against a set of objective criteria, Heidrick & Struggles were appointed in early 2023. The Committee has begun work on the role specification, desired characteristics and experiences that will be required of the Board Chair. I am not involved in the process given it relates to my replacement and further information will be announced when the Nomination Committee has made a recommendation to the Board and the Board has agreed the outcome.

Appointment of Non-Executive Directors

We were pleased to announce the appointments of Shaun Gregory with effect from 1 July 2022 and Rachel Addison with effect from 3 October 2022.

We engage with external consultants where appropriate who assist in defining the role specifications, compiling shortlists of candidates and supporting with the interview process. The appointments of Shaun and Rachel were made with the knowledge of the retirements of myself and Martin, to ensure that the Board continued to comprise Directors with a range of skills and experiences.

Shaun has wide experience in the digital media and technology area as both an executive and non-executive director. He has driven the growth and development of multi-national businesses and will provide valuable insight as Gamma continues to execute its strategy. Shaun joined the ESG Committee on appointment and will assume the role of Chair of the ESG Committee on Martin's retirement.

Rachel's experience as a listed company CFO along with listed non-executive board experience including as an audit committee chair will ensure that Gamma continues to have directors with relevant financial skills to support our strategy. Rachel joined the Audit Committee on appointment and will assume the role of Chair of the Risk Committee on Martin's retirement.

Further biographical details for both Shaun and Rachel can be found on page 55 and in the Notice of Meeting for the 2023 AGM.

Appointments to Board Committees

During 2022 the Committee and Board completed a review of the composition of the main Board Committees (Audit, Risk, ESG, Nomination and Remuneration) having regard to the skills, experience, diversity and the time required of each of the Directors in discharging their responsibilities. As stated above, Shaun and Rachel joined, and will assume the roles of Chair of, the ESG and Risk Committees, respectively, following Martin's retirement at the AGM. I stood down as a member of the Audit Committee following Rachel's appointment in October 2022.

Appointment of Company Secretary

We also oversaw the appointment of a new Company Secretary in 2022, with Rachael Matzopoulos joining us in January 2023 before Malcolm Goddard retires at the end of March 2023. Malcolm has acted as Company Secretary since the IPO in 2014 and I would like to thank him for his hard work and support as Company Secretary, which he has completed alongside his role as Commercial Director, and wish him well in his retirement.

Director induction and ongoing training

Upon appointment, each Director is provided with an induction to the Group. This includes meeting with all Board members, the Executive Committee, key members of the Executive Committee and the Company's main external advisors. Ongoing training for new and existing Directors is available on request. The Company Secretary coordinates the induction process and ongoing training requirements.

Time commitments

All Directors demonstrated strong time commitment to their roles on our Board and Committees during the year. The Directors have also given careful consideration to their external time commitments to confirm they are able to devote an appropriate amount of time to their roles on our Board and Committees.

Board and Committee evaluation

The Board completed its first external evaluation in 2023, facilitated by Board Excellence and led by their managing partner, Kieran Moynihan. Board Excellence is an independent third party organisation which specialises in Board evaluations and holds no connection with the Company or any individual Director. The evaluation was conducted over a three month period in late 2022 and was focused around a core objective of completing an independent assessment of the Board's effectiveness, performance, and compliance with the Quoted Companies Alliance Corporate Governance Code, the UK Financial Reporting Council Guidance on Board effectiveness, internationally recognised board best practices and Board Excellence's own experience of best practices. I agreed the objectives, process and scope with Kieran before an online questionnaire was designed and sent to all Board members to complete. Kieran spent time reviewing the previous 12 months of Gamma Board materials including Board and Committee meeting agendas, packs, minutes and all accompanying documentation; corporate governance materials; the risk register and risk management materials; and strategy documentation, providing him with a detailed overview of the framework under which the Board and its Committees operate. Individual and confidential interviews between Kieran and myself, all the Non-Executive Directors, the CEO, the CFO and the Commercial Director/Company Secretary were undertaken along with observation of a Board meeting. An initial report with accompanying recommendations was presented to the Board, and I will work with my fellow Directors and the Company Secretary to agree which of those recommendations we will prioritise for implementation in 2023.

The findings of our first evaluation concluded that Gamma's Board, Executive Committee and Company are strong in terms of culture, purpose and values with a deep commitment to "do the right thing" and excel on behalf of shareholders, employees and stakeholders. The Board has highly effective Audit, Risk, Remuneration and ESG Committees, which are well led by their respective Committee Chairs, have strong support from the Executive Committee and who are delivering significant value to the main Board. Improvements to the operations of the Nominations Committee will be adopted in 2023. The Board and the Executive Committee will spend time in 2023 developing relationships and the Committee will consider the appointment of a technology sector specialist Non-Executive Director, in recognition of the skills the Board will require following the retirement of Martin Lea.

The Board expects to carry out an internal evaluation in 2023 and will report on those findings in the 2023 Annual Report.

Reappointment of Directors

The reappointment of Directors is subject to their ongoing commitment to Board activities and satisfactory performance. All Directors, with the exception of Martin at the 2023 AGM, will stand for re-election annually. The Committee has confirmed to the Board that the contributions made by the Directors offering themselves for re-election at the AGM continue to benefit the Board and the Company should support their re-election.

Diversity

Gamma is committed to creating a workplace where every person feels valued and where diverse views and ideas are embraced, whilst facilitating the delivery of our strategic goals. The Board and the Nomination Committee believe that being an inclusive employer is essential for our long-term success and we are more focused than ever on recruiting, retaining and engaging the broadest range of talent at every level of our Company. Following the departure of Long Peng, the Committee recognises that there are no ethnically diverse Directors on the Board and will keep this under review, including ensuring that long and short lists for Non-Executive Directors are suitably diverse. The Committee will also keep under review the diversity of the Executive Committee.

Succession planning

The Committee has considered not only succession plans for the Directors but also has had oversight of a deeper review into the Company's management structure to identify those with potential to develop in the longer term into future leaders of the business taking into account the challenges and opportunities facing the Company in the medium to long term.

Priorities for 2023

The Committee's priorities for the coming year will in the first instance be focused on the recruitment of a Board Chair. Consideration will also be made to ensure the Board has the right Directors with a mix of skills and experience, and including specialist knowledge of the markets in which Gamma operates. The Committee will continue to focus on increasing the diversity within the Board, Executive Committee and throughout the organisation and management has been incentivised through bonus targets relating to diversity matters in 2023.

Richard Last
Nomination Committee Chair

20 March 2023

Audit Committee report

Audit Committee

The Audit Committee is responsible for ensuring the financial integrity of the Group through the regular review of financial processes and performance. It confirms to the Board that all material financial updates are fair, balanced and understandable and complies with all applicable UK legislation and regulation as appropriate. It is also responsible for oversight of the internal audit function and the relationship with the external auditor, monitoring their performance and reviewing the scope and terms of their engagements.

Composition and attendance in 2022

The Audit Committee, as a whole, has competence relevant to the industry and both Charlotta Ginman and Rachel Addison have recent and relevant financial and accounting experience. More information about the Committee members can be found on pages 54 and 55.

Meetings attended:

Charlotta Ginman (Chair)	5/5
Henrietta Marsh	5/5
Wu Long Peng[1]	2/2
Richard Last[2]	2/2
Rachel Addison[3]	1/1

1 Wu Long Peng left the Committee at the time he stood down from the Board at the AGM on 19 May 2022.

2 Richard Last was a member of the Audit Committee between 26 May 2022 and 3 October 2022.

3 Rachel Addison joined the Audit Committee when she joined the Board on 3 October 2022.

Dear shareholder,

As Chair of the Committee, I am pleased to present the Audit Committee report for the year ended 31 December 2022. This report details the work of the Committee over the past year, fulfilling our responsibilities to provide effective governance over the Group's financial activities.

Significant issues considered by the Audit Committee during the year

Key reporting issues

During the year and as part of the year end procedures, the Committee considered the following key financial matters in relation to the Group's financial statements and disclosures with input from both management and the external auditor:

- Revenue recognition: During the year, the Audit Committee received an update from management in relation to the Group's revenue recognition policies, as well as a deep dive into the Group's financial reporting and IT controls relating to the accuracy of the Group's indirect revenue usage, including understanding the results of the work performed by the external auditor in this area. The Committee continues to be satisfied with the overall treatment.
- Spain CGU Impairment Assessment – At the Audit Committee meeting in January 2023, management presented its annual impairment assessment work for the reporting period. The Audit Committee challenged the calculations used, including country specific discount rates. A detailed review of the Spanish impairment was presented to the Audit Committee at the March 2023 meeting. The Goodwill balance as at 31 December 2021 was £14.0m. An impairment of £12.2m was proposed. The key sensitivities of revenue growth were discussed. The Committee agreed with the revised underlying calculations.

Furthermore we also spent time talking about management estimates and judgements (note 2) as well as going concern. We also reviewed policies and discussed risk appetite in relation to taxation and treasury.

Internal Control Framework - a journey

Over the last couple of years Gamma has continued to build and strengthen its internal control framework. In 2020, we outsourced internal audit to PwC, and this arrangement is working well (see more below). As a result of the various deep dives undertaken by the internal auditor, we have been able to action and improve our internal controls whenever a weakness is found. No material issues have been detected, but improvements have been achieved.

Last year, we decided to start the task of mapping our material processes in a consistent manner and clarify our key controls, so that the latter could easily be tested going forward. This work also helps reinforce responsibilities across the business. This is a big task, and whilst we have made good progress, we have quite a lot of work still to do. With the various external pressures on the UK Company internal control environment we are very keen to ensure we end up with a fit for purpose, well documented internal control framework, and have for this reason at the end of 2022 taken the decision to upgrade our financial reporting systems towards a more efficient and automated system, with less reliance on manual work. A system selection process is underway, and the hope is that the end results is a fit for purpose financial system with many automated controls that can be relied upon by both internal and external auditors for their assurance work going forward. We will continue to map our processes but hope that many of our manual controls will eventually be fully automated. I will be pleased to report progress in my next Audit Committee report at the end of 2023.

Internal Audit

The activities of the internal audit function (PwC), are governed by an Internal Audit Charter. During the year, the Audit Committee received updates of the internal audit work for the following areas:

- Cost of Sales for UK Indirect Business – Voice
- IT General Controls for revenue in the UK Indirect Business
- Revenue and Billing Assurance for UK Direct business.

The Cyber incident simulation review which was in the internal audit plan for 2022 was deferred to 2023 as a result of a separate exercise being led by Group risk. Revenue and Billing Assurance for the UK Direct Business was added in, as a material revenue stream and having completed a review of UK Indirect revenue and billing assurance in 2021 it was considered appropriate to ensure that the level of controls were consistent within the two businesses.

The work did not reveal any significant failings in financial reporting controls but did result in some action plans, with improved processes and controls now being implemented by management to enhance the control environment in each area. The actions are tracked by the Committee, including the responsiveness of management to the findings and recommendations, and the progress of closing any overdue actions.

The Audit Committee approved the internal audit plan for 2023, which will focus on the following key financial processes:

- Cyber maturity assessment (UK)
- IT General Controls
- Business continuity and resilience review.

The PwC team is headed up by P-O Ahlstrom, who attends all Audit Committee meetings and with whom I also meet separately on a regular basis.

Management Fraud Risk Assessment
At the year-end Audit Committee meeting, management presented a "Management Fraud Risk Assessment" report outlining the fraud risk areas, the relevant controls in place for the various processes and business practices adopted for fraud detection and monitoring. The Audit Committee found this statement useful and reassuring.

Annual Report and Financial Statements
The Board has asked the Committee to confirm that in its opinion the Annual Report as a whole can be taken as fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position, performance, business model and strategy. In doing so the Committee has given consideration to:

- The way the Strategic Report (including the Chair's statement and reports of the CEO and CFO) presents the Group and its business, financial and business model, and the metrics management uses to measure performance.
- Whether suitable accounting policies have been adopted and have challenged the robustness of material management judgements and estimates reflected in the financial results.
- The comprehensive control framework around the production of the Annual Report, including the verification processes in place to deal with the factual content.
- The extensive levels of review that are undertaken in the production process, by both management and advisers.
- The Group's internal control environment.

The Group uses certain APMs to present its results, that are also used by management in running the business. These are non-GAAP measures but are designed to provide the users of the financial statements with additional useful information on the ongoing trading performance of the business. An explanation of the APMs and a reconciliation to the nearest statutory equivalent measure is provided on page 107.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31 December 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, and it has reported on these findings to the Board.

Group policies
The following Group policies were reviewed and reapproved by the Audit Committee during the year:

- Non-audit services policy
- Employment of former auditor's policy
- Group Treasury Policy.

External Audit
Audit services
The completion of the 2022 audit marks Deloitte LLP's eighth year as Group auditor and Mark Tolley's third year as audit partner. In accordance with the FRC's ethical guidelines, it is anticipated that the audit will be put out to tender at the latest during 2024.

The scope of the current annual audit was agreed in advance with the Committee with a focus on areas of significant audit risk and the appropriate level of audit materiality. The Committee also had discussions with the auditor on fees, internal controls over indirect revenues, accounting policies and areas of critical accounting estimates and judgements. The auditor attended all Audit Committee meetings and reported to the Audit Committee on the results of the audit work, highlighting any issue which the audit work had discovered, or the Committee had previously identified as significant or material in the context of the financial statements.

There were no adverse matters brought to the Audit Committee's attention in respect of the 2022 audit, which were material and should be brought to shareholders' attention.

Effectiveness
The Audit Committee monitored and evaluated the effectiveness of the auditor under the current terms of appointment based on an assessment of the auditor's performance, qualification, knowledge, expertise, results of regulatory reviews and deployed resources. The auditor's effectiveness was also considered along with other factors such as audit planning and interpretations of accounting standards and separate discussions with management (without the auditor present) and with the auditor (without management present). As Chair of the Committee, I also had discussions with the audit partner outside the formal meetings throughout the year.

The Committee was satisfied that the audit was effective and that Deloitte continues to demonstrate the skills and experience needed to fulfil its duties effectively.

Independence and non-audit fees
Any non-audit services are required to be pre-approved by the Audit Committee. During the year Deloitte provided non-audit services to the Company of £91k (2021: £51k) principally in relation to the performed interim reporting review.

In order to fulfil the Committee's responsibility regarding independence of the auditor, the Committee reviewed the senior staffing of the audit, the auditor's arrangements concerning any conflicts of interest, the extent of any non-audit services as per above, the fact that no former external auditors have been employed in the business, and the auditor's independence statement. The Committee was satisfied that the auditor remains independent.

For the financial year ending 31 December 2023, the Committee has recommended to the Board that Deloitte LLP be reappointed as auditor and the Board will be proposing their reappointment at the AGM.

Audit Committee effectiveness
During the year, as part of the wider Board Evaluation process, the Audit Committee evaluated its own effectiveness. I am glad to say that we had a positive outcome, something I am hoping we will continue to enjoy going forward.

Charlotta Ginman, FCA
Audit Committee Chair

20 March 2023

Risk Committee report

Risk Committee

The Risk Committee assists the Board in its duty to carry out a robust assessment of the principal risks facing the Company. Its main function is to review the risk register prepared and maintained by management and to re-confirm that the principal risks have been identified and (where appropriate) mitigated. It is primarily responsible for ensuring that:

- Management has implemented an appropriate and effective risk assessment, management and internal control system.
- There is an effective system in place for the identification and assessment of new and emerging risks.
- The nature and extent of the principal risks faced is understood and that they are effectively managed and mitigated.
- An appropriate risk management culture exists within the organisation.

Meetings attended

Andrew Belshaw (CEO)[1]	4/4
Andrew Taylor (CEO)[2]	2/2
Bill Castell (CFO)[3]	2/2
Charlotta Ginman	4/4
John Murphy (Chief Operating Officer)	4/4
Martin Lea (Chair)	4/4
Rachel Addison[4]	1/1
Richard Last	4/4
Xavier Robert	3/4

1 Andrew Belshaw attended two meetings as CFO, one as Interim CEO and one as CEO.
2 Andrew Taylor was a member of the Committee until 4 July 2022 when he retired from the Board.
3 Bill Castell joined the Committee from 3 May 2022.
4 Rachel Addison joined the Committee when she joined the Board on 3 October 2022.

In addition to the Committee members, quarterly meetings are also normally attended by the Company Secretary, the Group Financial Controller, the Group Risk and Governance Director, and an Internal Audit representative from PwC as well, from time to time, by other Executive Committee members.

Dear shareholder,

I am pleased to introduce the Risk Committee report for the year ended 31 December 2022.

There have been three changes to the composition of the Committee during the year, with Andrew Taylor ceasing to be a member when he retired from the Board, and Bill Castell and Rachel Addison joining the Committee at the time of their appointment to the Board. The Committee now comprises five of the Company's Non-Executive Directors, the CEO, CFO and the Chief Operating Officer.

Details of our overall risk management governance framework and processes, together with the Group's principal risks and how we mitigate them, can be found on pages 26 to 31 of the Strategic report.

Role of the Risk Committee

The Committee is responsible, on behalf of the Board, for ensuring that management has designed and implemented appropriate risk management and internal control systems, and for the ongoing monitoring and review of the effectiveness of those systems. This includes ensuring that the principal risks facing the Company are identified and there is a system in place for scanning the environment for new and emerging risks and responding to unexpected ones.

It also monitors the risk exposure of the Group and is responsible for agreeing with management how the principal risks will be managed and mitigated or tolerated. The Committee is further responsible for reviewing and approving the remit of the risk management activity, ensuring that it is adequately resourced and independent, and for ensuring that an appropriate and evolving risk awareness and risk management culture exists throughout the organisation.

Activities of the Risk Committee in 2022

The last year happily brought with it the relaxation of most COVID related restrictions and the Group has now successfully implemented a regularised hybrid working model to serve the best interests of our employees and customers.

We highlighted the Russia/Ukraine conflict as an emerging risk in our last annual report and this has sadly remained a backdrop to 2022. This has led to an increase in the potential for cyber-attacks and increased energy costs for Gamma, but fortunately has not resulted in material customer or non-energy supply chain issues. The Committee has continued to monitor the position.

The increase to the rate of inflation and the resultant increase in operating costs was a key new feature in 2022 presenting potential new risks for the business. This development has increased pressure on pay and challenges in terms of talent attraction and retention. The Committee and the Board have spent considerable time with management considering the potential impact and mitigation efforts in response to these developments.

The year also saw strike action from BT which led to a reduced number of engineers available for customer appointments and a subsequent impact to Gamma's customer SLAs. The Committee was regularly briefed on the implications of this and how management planned to proactively navigate the situations, minimising the impact to our employees and customers.

In 2021 we introduced a refreshed and revised Group risk management policy and framework. This improved the consistency of how risks are categorised, assessed, qualified and managed, as well as strengthening senior executive ownership of specific risks. During 2022 this was fully embedded into the organisation and we have completed a full year's cycle of Risk Committee and Executive Committee (ExCo) reviews of the most significant risks to Gamma.

The Committee, together with management, now undertakes a biannual review and challenge of the areas of principal risk and associated risk appetite statements and a quarterly review of the most material related business. In most cases the Executive Committee member responsible for the specific area of risk presents to the Committee. As can be seen on pages 26 to 31 following the Group Principal risk review, "Failure to adapt and develop new routes to market" and "Product development becomes misaligned with market needs" have been included as Group Principal Risks.

During the year the resourcing around our risk and control management activities was strengthened with the appointment of a Group Risk and Governance Director, and also the recruitment of a Head of Group Technical Security and a Head of Business Continuity. During the year management also implemented "Riskonnect", an integrated risk management platform to further improve the consistency and effectiveness of the implementation of the Company's risk management framework. The Committee also continued to support management in further developing general risk and security awareness throughout the business.

The Committee met four times in 2022, and in addition to the items above conducted the following regular items of business:

- Reviewing any unexpected and material service incidents or other corporate risk incidents.
- Reviewing the Company enterprise risk register focusing on the higher risk items and the status of associated mitigation plans.
- Receiving KPI based cyber security assurance and awareness status and planning updates from the Group Risk and Governance Director. Including the progress with the extension of cyber security assurance and controls into the Group's non-UK subsidiaries.
- Receiving reports on the activities of the Group data protection committee, ensuring a Group data protection risk assessment was completed and briefed to the Board.
- Receiving Business Continuity progress status and planning updates, including Cyber incident management processes.
- Conducting an annual review of the Group's Risk Management, Information Security and Data Protection policies, and their respective controls, prior to re-approval by the Board.
- Reviewing the "Risk Management" and "Our Principal Risks" sections of the Strategic report within the Group's Annual Report.
- Reviewing the Committee's terms of reference making recommendations to the Board.

Throughout the year, the Risk Committee continued to work closely with and liaise with the Audit Committee and the ESG Committee.

Looking forward

Our Group continues to grow in the breadth and sophistication of services provided as well as the diversity of geographic markets within which we operate. These factors, together with ongoing developments in environmental governance, expectations and standards, mean that risk awareness, identification, assessment and management will continue to be an important aspect of our overall activity and corporate governance.

The Committee's focus in the coming year will be on continuing to improve our effectiveness in the overall approach to risk management, maintaining strong oversight of our cyber security, and data protection activities, overseeing management's review of our business continuity strategy policy and practices, as well as continuing to increase risk and security awareness throughout the organisation.

Martin Lea
Risk Committee Chair

20 March 2023

ESG Committee report

ESG Committee

The ESG Committee is primarily responsible for:

- Overseeing the development of the Group's ESG strategy and governance structures and associated goals and policies.
- Ensuring that management establish appropriate ESG KPIs and related targets, and for overseeing their ongoing performance measurement and reporting.
- Monitoring ESG trends and related standards and legislative requirements and how those are likely to impact on the Group's strategy and financial performance.
- Making sure that the Group is transparent in its reporting of ESG matters to all its key stakeholders and that an ESG awareness is promoted throughout the organisation.

Meetings attended:

Andrew Belshaw (CEO) [1]	4/4
Andrew Taylor (CEO) [2]	2/2
Bill Castell (CFO) [3]	2/2
Henrietta Marsh	4/4
Martin Lea (Chair)	4/4
Richard Last	4/4
Shaun Gregory [4]	2/2
Wu Long Peng [5]	2/2

1 Andrew Belshaw attended two meetings as CFO and two as Interim CEO.
2 Andrew Taylor was a member of the Committee until 4 July 2022 when he retired from the Board.
3 Bill Castell joined the Committee from 3 May 2022.
4 Shaun Gregory joined the Committee when he joined the Board on 1 July 2022.
5 Wu Long Peng left the Committee at the time he stood down from the Board at the AGM on 19 May 2022.

In addition to the Committee members, quarterly meetings are also normally attended by the Group Operations Director, the Company Secretary, the Chief People Officer, the Group Sustainability Director, and the Group Procurement Director.

Dear shareholder,

I am pleased to introduce the ESG Committee report for the year ended 31 December 2022.

There have been four changes to the composition of the Committee during the year with Wu Long Peng and Andrew Taylor ceasing to be members when they retired from the Gamma Board and Bill Castell and Shaun Gregory joining the Committee at the time of their appointment to the Board. The Committee now comprises four of the Company's Non-Executive Directors, the CEO, and the CFO.

Details of our Environmental, Social and Governance related strategy, policies, activities and performance are presented on pages 41 to 51 of the Strategic report. In addition, more detailed disclosures can be found in the 'ESG Information Hub' on the Company's website.

Role of the ESG Committee

The Committee is responsible, on behalf of the Board, for overseeing the development of the Group's ESG strategy and governance structure and the establishment of related goals and policies. It also should ensure that appropriate KPIs are established, together with performance targets across each key area of the ESG spectrum, and for overseeing their ongoing monitoring and reporting. In addition, the Committee is responsible for making sure that the Group is effectively monitoring ESG trends, and in particular the evolution of standards and legislative requirements, and how those may impact the Group in terms of strategy and financial performance. The Committee works in conjunction with the Risk Committee to oversee the identification and mitigation of risks relating to ESG matters, and for the identification of related opportunities. It is also required to ensure that the Group provides appropriate information and is transparent in its reporting of ESG strategy, policies, activities and performance to all its key stakeholders. The Committee is responsible for ensuring that there is an evolving ESG awareness and culture throughout the organisation. In order to reinforce this commitment, we introduced ESG objectives into the 2022 senior executive bonus scheme and that will be repeated for 2023.

Activities of the ESG Committee in 2022

The Committee held four quarterly meetings during 2022, in order to review; strategy, risks and opportunities, policy, governance, key initiatives, reporting and communications developments across all areas of ESG. In addition, it received regular updates from management regarding the regulatory environment and the evolution of various ESG standards.

The Committee has overseen good progress in all three areas of environment, social, and governance during 2022. ESG priorities for the Group are well understood, with plans based on the 2021 materiality exercise and ongoing discussions with our key stakeholders. The ESG Executive Steering Committee, comprising members of the Executive Committee continued to oversee governance and ownership around our various ESG priorities. This together with ongoing ESG communications via newsletters, the 'Gammabox' vlog interview series, and surveys is helping to increase levels of awareness and engagement across the Group. During 2022, we also launched the new ESG Hub on the website, informing and updating the wider stakeholder community of our ESG plans, initiatives and progress.

Expanding on the climate and environmental work completed during 2021, we have continued to develop our carbon net-zero plan and published a Carbon Reduction Plan in July 2022, and are working towards the Science Based Targets initiative (SBTi) validation, which we plan to submit to by mid-2023.

Our understanding of Gamma's environmental impact is continually improving through the collation of more primary data, incorporating more of the GHG Scope 3 emissions categories. Recognising the demands of the SBTi validation process, a significant amount of work has been completed on analysing our supply chain and understanding the carbon emissions associated with purchased goods and services. The Committee also approved the undertaking of a climate-scenario analysis for all Gamma offices and key facilities in the UK and Europe, which was completed in November 2022. This has strengthened our understanding of risk exposure from climate change and we remain of the opinion that Gamma's risk is currently low. The Committee is pleased with the Group's Carbon Disclosure Project (CDP) score which has improved from our 2021 score of B- to B in 2022, demonstrating the progress achieved over the last 18 months.

With respect to Social impacts, in an earlier report we highlighted the UN Sustainability Goals where we thought Gamma could have the biggest positive impact, and these included Goals 5 and 10 dealing with Equality. Equality, Diversity and Inclusion (ED&I) has therefore continued to be a key focus area for the Group. A full diversity audit was completed in the first half of 2022, providing management with a clear overview of the opportunities and challenges that the Company faces. The changes in the job market and the challenges that businesses all face in terms of talent attraction and retention reinforces the importance of our focus on Employee Experience and Social Value. This work has led to the development of a number of initiatives including "You Belong" which is a three-year roadmap to support Gamma in maintaining an inclusive culture that enables us to attract, recruit, and retain a diverse workforce and to create an inclusive workplace where all Gamma employees feel they belong. In addition a framework for a more comprehensive set of key ED&I metrics has been developed and will facilitate improved measurement and reporting moving forwards.

The Committee is pleased that Gamma now has a Charity Forum comprised of volunteers from all of our business units supporting our "Giving Back" initiatives through either match funding of employee charitable initiatives or designing and coordinating our own charitable events. All Gamma employees are given a day each year to participate in charitable activity and the Charity Forum also supports those that need practical help such as by providing funding for equipment etc. Most notably in 2022, the Charity Forum organised the Gamma Anniversary Adventures which celebrated our 20th anniversary as a Company. Our employees and some of our suppliers took part in a physical bike ride, starting from our Glasgow office, going to Manchester, Newbury, Port Solent, and finally ending in London, linking up the Gamma offices in the UK. In parallel, we ran a virtual route whereby employees endeavoured to cover over 5,000 miles, equivalent to linking up all of our European and UK offices, through any means they wished – cycling, walking, running, swimming etc. Our employees voted to support UNICEF through this event, and we are proud that our customers, employees, and suppliers raised £16.8k for the charity.

In terms of Governance, our focus has been on the development of a new Group Policy Management framework which is now fully implemented. In addition we have introduced a number of key new policies and supporting controls including; Ethical Procurement, Equality Diversity and Inclusion, Data Protection and Information Security all of which are now published on the Company's website. The Committee is responsible for ensuring that all policies and their controls are subject to annual review, and re-approval by the Board.

Engagement with stakeholders

The Committee is responsible for ensuring that the Group provides appropriate visibility of its ESG credentials to the investment community, as well as other stakeholders. We are pleased to report that during the year the Company has received positive ratings from the Carbon Disclosure Project (CDP) (B) and Morgan Stanley Capital International (MSCI) (AA) as well as an updated assessment and rating from Sustainalytics. We have also engaged individually with a number of larger shareholders whose ESG teams have requested meetings.

We will continue to expand on the ESG-related information available on our ESG Hub providing our stakeholders with updates on our progress. We are pleased to be publishing a new Sustainability Report for 2022 which will be available on the Gamma ESG Hub. This reflects on progress made over the last 12 months across all ESG initiatives, as well as collating key metrics.

We continue to receive interest from employees and potential new recruits in ESG matters, for example in our plans for carbon net-zero and ED&I. In a competitive recruitment market, we believe our ESG efforts are a point of potential differentiation.

Some larger customers also require detailed questionnaires to be completed covering ESG matters and the results contribute directly to their decisions on contract awards. We consider that we are currently well placed competitively but need to keep investing in this area. We have worked closely with our public sector customers to ensure that our Carbon Reduction Plan meets their supplier selection criteria.

Looking forward

Looking to the year ahead, the Committee together with management, will focus on several areas. Considering the broad ESG scene, we will continue to carefully monitor progress by the International Sustainability Standards Board (ISSB) in achieving a harmonised set of ESG disclosure standards as well as any further developments with UK and European legislation. We are currently assessing the impact of the new EU Corporate Sustainability Reporting Directive (CSRD) on Gamma and believe we stand in good stead to react positively to any additional disclosure requirements.

On the environment, we will focus on submitting our carbon emissions reduction plan for SBTi validation. We will further improve the extent of our emissions measurement across the Group, aiming to collate as much primary data as possible. We will remain ISO14001 certified and we will also undertake an ESOS (Energy Savings Opportunity Scheme) Phase 3 review during 2023. We have also made good progress to be in the position to report in line with TCFD reporting requirements in 2023.

We will continue to further develop our social programmes relating to our employees and the broader community, and as part of that continue to develop metrics and KPIs that will enable us to objectively and transparently report our performance. In particular our focus will be on the deployment and adoption of our Group ED&I strategy, "You Belong".

From a governance perspective, we will continue to review key policies and monitor how they are being implemented. We will continue to roll out appropriate training packages to support our employees with understanding the requirements of our polices.

We remain strongly committed to our ESG programmes and the overarching principles of the UN Sustainable Development Goals. We will continue to develop Gamma's credentials as an environmentally and socially conscious business partner with high standards of governance and will endeavour to transparently disclose our progress and performance to all our key stakeholders.

Martin Lea
ESG Committee Chair

20 March 2023

Directors' Remuneration report

Remuneration Committee

The Committee is primarily responsible for determining and recommending to the Board the policy for the remuneration and employment terms of the Executive Directors and the Chair of the Board and, in consultation with the CEO, for determining the remuneration packages of executives on the Executive Committee, as well as those of the Company Secretary and the Group Counsel. The Committee is also responsible for the review of share incentive plans and performance related pay schemes and their associated targets, and for making recommendations, to the Board in connection with them. It is responsible for the oversight of employee benefit structures across the Group.

No Director or other senior executive is involved in any decisions as to their own remuneration.

The Committee's terms of reference are reviewed and approved by the Board annually and are available on the Company's website.

Meetings attended

Henrietta Marsh (Chair)	7/7
Martin Lea	7/7
Richard Last	7/7
Xavier Robert	5/7[1]

1 Xavier Robert did not attend the Remuneration Committee meetings on 24 March and 9 December 2022 due to prior commitments.

Directors' Remuneration report structure and content

This report for the year ended 31 December 2022 is split into the following main areas:

Dear shareholder,

I am pleased to introduce the Directors' Remuneration report for the year ended 31 December 2022.

Performance

The year has been one of continued positive progress at Gamma. The Chair's statement (on pages 2 to 3) provides an overview of the strong financial performance and the strategic steps the Group has achieved. The highlights include Revenue growth of 8% to £484.6m, and growth of 14% in Adjusted Profit Before Tax to £87.8m.

Our continued good growth underpinned a 13% increase in dividend to shareholders in respect of 2021 and paid in 2022. This maintained our record of having increased our dividend every year since IPO in 2014. A 14% increase is recommended for 2022.

Executive Director remuneration outcomes in 2022

The Executive Directors participate in a bonus scheme. The Committee awarded the CEO a bonus at 97% of opportunity and 97% in the case of the CFO. 25% of the bonus earned in both cases is subject to deferral into shares for three years. The awards reflected full achievement of the Adjusted PBT target, achievement of most of their personal objectives and a good start for the first year in which ESG objectives were set. A detailed breakdown of awards made is set out on page 82.

As part of the engagement package, the CFO was awarded a Special Conditional Recruitment payment of £400,000 which was paid in December 2022 to cover forfeited elements of the incentive structure he had with his previous employer maturing in the same year. It has been structured with appropriate clawback provisions.

The three-year performance conditions for the LTIP share option awards made in 2019 to the CEO were exceeded in the case of the EPS target and were partially achieved in the case of the absolute Total Shareholder Return target. Consequently, these options vested to the extent of 73.7% in 2022.

In line with the remuneration policy, LTIPs were granted in 2022 to the Executive Directors at 150% of salary. The share price used for calculating award numbers for the LTIPs for the CEO represented a 19% decrease on that for the LTIPs issued in 2021 and a 32% increase on the figure in 2020. For the CFO who joined in May the figures were a 30% decrease and a 14% increase respectively. The Committee decided not to adjust awards as it considers a consistent approach to be fair and in the long-term interests of the Company. The performance conditions were unchanged.

Whether the Policy operated as intended and exercise of discretion

The Committee considers that the Remuneration Policy has operated as intended. The LTIP scheme has rewarded the excellent long-term performance of the business but has also reflected the shareholder experience which has seen the Company's share price fall in recent months along with those of other technology businesses.

The bonus scheme has also operated as intended, incentivising collective effort across the senior team towards common financial goals as well as bringing individual focus on specific contributions to the major strategic goals. The Committee exercised discretion in the determination of the current Executive Directors' remuneration during 2022, in the case of the CEO's personal objectives to take account of his changed responsibilities during the year.

Appropriateness of Executive Director remuneration

In addition to considering the competitiveness of remuneration, incentivisation and alignment with shareholders, the Committee also considers appropriateness in the context of the workforce. We saw the significant competitive pressures on pay from 2021 continue in 2022. Consequently we made of out of cycle changes as required as part of a tightly managed process. As a result, the median pay increase for existing employees year on year was 6% (Gamma's annual pay review takes place in January) for the overall Group. We also saw pressure on CEO and CFO pay during the succession management processes which culminated during 2022 and which are described in the following section. However, the change in base pay of the person undertaking the CEO role for 2022 over 2021 was limited to 4.8% and the CFO's base pay was set in line with that of the previous CFO at the end of the year. More detail is provided in the Annual Report on Remuneration.

For 2023, the CEO has only recently been appointed and consequently no rise is considered appropriate. The CFO's pay has been increased by 5.0% in line with the year end increase across the Executive Committee. This increase is below the median pay increase across the workforce.

The CEO pay ratios have declined from those of 2021 which reflected full vesting of LTIPs in that year as well as the pay increases in the workforce as described earlier.

Management change

2022 has seen significant evolution in Gamma's senior management. In May, Bill Castell joined as CFO, in July, Andrew Taylor advised of his intention to retire and Andrew Belshaw became Interim CEO, and in November Andrew Belshaw was appointed CEO.

When deciding on the remuneration of each of the new CEO and the new CFO, the Committee took account of market information gained in the thorough recruitment processes which were run with the assistance of external agencies, as well as benchmarking exercises and the Company's remuneration policy. The Committee is satisfied that the remuneration being paid is competitive. From appointment as Interim CEO in July, the CEO's remuneration package was set in line with the remuneration package of the previous CEO. When he was appointed CEO in November, his base pay was increased by 7.5%, his bonus opportunity was unchanged and his LTIP award was increased to 175% of salary from 150%. On appointment the CFO's remuneration package was set in line with that of the previous CFO, this package having been brought into line with market during 2021.

Andrew Taylor announced his intention to retire in July 2022 and is due to leave the Company in July 2023. The Committee decided that he should leave on a good leaver basis. His LTIPs will be time pro-rated and subject to the performance conditions and to the two-year holding period. The Committee has awarded him a bonus for 2022 at 97% of opportunity in line with the scheme's normal operation. No bonus will be paid to Andrew Taylor for 2023.

Oversight of workforce remuneration

Employee remuneration

2022 has been an increasingly challenging year for employees. Although post pandemic we have codified more flexible patterns of working which have been well received by employees, inflation, energy prices and rising interest rates have impacted all employees but particularly those who are less well paid. In October, we brought in a mid-year assistance package. This provided for a minimum salary across the business of £23,000 pa and a one-off cost of living allowance of a minimum of £1,000 for those earning less than £30,000 as well as other more moderate measures for those employees in slightly higher pay grades.

Despite the toughening economic environment, we continued to see significant competition for staff, particularly in sales and software development and we made ad hoc pay rises where necessary. We maintained our previous practice of reviewing all employees' pay at the year-end but, given mid-year increases and adjustments, we evolved our practice to a differentiated approach which takes account of local market conditions and in year rises.

The Group is growing and requires increasing numbers of experienced and skilled staff. The total number of employees rose from 1,745 to 1,760. Through careful management, the overall rise in the cost of pay roll (excluding share-based payments) was contained to 6.8% as shown in note 9 to the accounts.

Employees in the Group generally participate in a bonus scheme that enables them to earn up to and in exceptional circumstances over 10% of basic salary based on a combination of personal and Group performance. This scheme continued in 2022.

During the year, the Group continued its use of employee surveys as described on pages 47 to 48. In the latest six-monthly survey, employees had the opportunity to comment on their pay and reward. Comments were reviewed by the central Reward Team and Executive Committee to enable actions to be taken where pay was not deemed to be fair.

Employee share schemes

In order to continue to strengthen the alignment of our employee and shareholder interests, the Group operates a Save As You Earn scheme ("SAYE") and a Share Incentive Plan ("SIP") which are open to all UK employees.

In addition, there is a Company Share Option Plan ("CSOP") which is designed to enable the Group to selectively incentivise key high-performing employees. In 2022 awards of 263,672 options were made to high-performing employees under the CSOP.

Under the SAYE scheme, employees who choose to participate are granted options at a 20% discount to market price, and then save a pre-determined sum over a period of three years. The money saved can then be used by the employee to exercise their options. In 2022 29% (2021: 34%) of all employees chose to participate, with options being granted over 257,201 (2021: 155,514) shares.

The SIP is evergreen. It allows staff to buy up to £150 of shares each month out of gross salary ("Partnership shares"). The shares need to be held for five years for the employees to keep the tax benefit. We have 189 employees who are buying shares monthly through our SIP scheme and 684 in total who hold shares through the SIP Trust.

Looking forward to 2023

Review of Executive Director remuneration

During 2022, the Committee reviewed its LTIP scheme with the assistance of its remuneration advisers h2glenfern Remuneration Advisory alongside its newly appointed share scheme lawyers and has incorporated their recommendations in a new set of Rules which will be proposed to shareholders at the 2023 AGM. While all major areas of best practice have been embraced in previous years, a number of modest changes are being included to align with market practice: the period over which performance is measured will start and finish with the Company's year ends; share prices at the beginning and end of the periods will be calculated using five-day averages; the award for threshold performance will be 25% rather than 30%; dividend equivalents are being introduced and will accrue during the first three-year vesting period; and awards will normally lapse ten years from grant.

The Committee considered whether to change the metrics for the LTIP awards which relate to the achievement of TSR and EPS growth goals over a three-year measurement period from absolute to relative. Given the Group's growth profile, its stage of development and the challenges of identifying a relevant peer group, the Committee considers that absolute performance goals remain more relevant than comparative performance measures.

While not relevant to Executive Directors, the new LTIP Rules allow for the award of restricted shares. It is intended that senior employees below the Board and Executive Committee may be issued lower levels of these instead of CSOPs.

The Committee conducted a full review of the bonus scheme. It reviewed the size of opportunities under the bonus scheme against comparators and decided not to make any changes. While the Committee felt that the broad structure continued to be appropriate, it has decided to replace part of the Adjusted PBT element with an element based on Gross Profit (GP). This element will account for 15% of bonus opportunity and the PBT element will reduce from 75% to 60%. The GP metric has been chosen rather than revenue to eliminate potential distortion from pass through revenues. The intention is to support the long-term growth of the business while continuing to incentivise Adjusted PBT. This structure is also being applied to the senior management with the GP target tailored to the appropriate part of the business.

The Committee has reviewed the Remuneration Policy and amended it to reflect the changes described above concerning LTIPs and to bring it more into line with Premium List standards in form and substance. The new policy is set out below. The key changes are: the normal LTIP award for the CEO is being increased from 150% to 175% of salary, which reflects the information gained in the competitive process to appoint him and benchmarking; there will be an ability to pay relocation expenses on recruitment; the limit on LTIP awards at 400% of base salary will exclude buyout of forfeited incentives; and there is an amendment to the post cessation shareholding requirement to exclude personal purchases so as not to disincentivise these. There is also a change to Committee discretions on change of control to align with market practice – performance conditions can no longer be waived.

Chair and Non-Executive Director remuneration

Remuneration of all Non-Executive roles was reviewed during the year (with no director involved in reviewing their own remuneration). All fees and expense allowances have been increased by 5.0% which is in line with the increase for the Executive committee and below the median rise across the workforce.

Improving reporting to shareholders and accountability

Governance disclosure and the year ahead

This report is included in line with the requirements of the QCA Corporate Governance code. As a matter of best practice, we are progressively aligning ourselves to the UK Corporate Governance Code in the area of remuneration and it is our intention to continue to increase the scope and content of the report. This year we have reviewed the format of the Remuneration Policy and we hope it is easier for shareholders to compare it with those of companies on the Premium List.

Engagement with shareholders

The Company regularly consults with institutional shareholders on strategic matters, including consultation through the Chair of the Board. At this stage in its development, the Company requires the flexibility associated with the AIM market to support its continued strong growth and we have not at this stage adopted the consultation processes outlined in the Corporate Governance Code. However, we welcome dialogue with shareholders and the Directors' Remuneration report will be put to an advisory vote at the forthcoming 2023 AGM. In addition, the new LTIP Rules, which we believe conform to best practice, are being submitted to shareholders for approval at the AGM.

The 2021 Directors' Remuneration report was approved on an advisory basis at the 2022 AGM with 99.87% of votes cast in favour.

On behalf of the Committee, I thank you for your support in 2022 and hope that you find this report increasingly helpful and informative.

Henrietta Marsh
Remuneration Committee Chair

20 March 2023

Main activities during 2022

January	Consideration of likely outcome of 2021 bonus scheme Determination of 2022 bonus scheme financial targets, personal objectives and ESG objectives for Executive Directors and senior executives Approval of revisions to the LTIP for introduction of post termination limits on share sales
March	Determination of 2021 bonus payments and deferral Consideration of the impact of employee share schemes on dilution Recommendation of 2022 LTIP awards to the Board together with performance conditions and targets Approval of gender pay gap report Approval of introduction of expense allowance for Chair in place of entitlement to certain expenses. Noting of same for NEDs.
April	Determination of vesting of 2019 LTIPs Recommendation of CSOP awards to the Board Review of remuneration of highly paid employees Approval of introduction of sabbatical policy for all employees Determination of bonus targets for new CFO
June	Tender for legal advice to Remuneration Committee and decision to appoint Travers Smith Approval of good leaver basis for retirement of former CEO
July	Review of shareholder and proxy agent feedback Review of terms of reference Review of advisors to Remuneration Committee Review of competitiveness of Executive Director remuneration Review of Executive Committee members remuneration Review of bonus scheme metrics Review of LTIP terms and decision to draft new rules for scheme Review of hybrid working arrangements for employees Review of HR system Mid-year review of appropriateness of bonus targets Discussion about inflation and less well paid employees
November	Approval of expenses policy Review of workforce annual pay increase in advance of budget Recommendation to the Board to replace CSOP scheme for certain employees with restricted shares Approval of remuneration and service contract of new CEO Approval of severance terms for member of Executive Committee Recommendation to Board that new LTIP Rules be subject to shareholder vote at AGM
December	Determination of Executive Director pay rises Determination of pay increases for members of the Executive Committee, Company Secretary and Group Counsel Approval of Chair of the Board's remuneration

Examples of how the Committee has worked towards provision 40 of the Code in 2022

Clarity	The Committee is committed to transparency and has improved disclosure. For example, this year we have improved presentation of the Remuneration Policy to allow better comparability and included a greater range of scenarios for Executive Directors.
Simplicity	The structure of the Remuneration Policy is broadly unchanged and is commonly used by premium listed companies. As described above a number of LTIP terms are being aligned with market practice.
Risk	The Committee recognises the risk of target-based plans and has sought to improve alignment in the coming year by introducing shareholding requirements for the Executive Committee. In 2022, in common with many larger businesses, we introduced an element in the bonus scheme to incentivise progress in our ESG strategy and applied it to the Executive Committee as well as the Executive Directors. Specific targets were set regarding risk management both for Executive Directors and the Executive Committee.
Predictability	A range of possible outcomes for Executive Director remuneration is set out set out on page 82.
Proportionality	There is a clear link between individual awards and the delivery of strategy, particularly through the non-financial objectives of the bonus scheme which are disclosed retrospectively in the Annual Report on Remuneration. The link of remuneration outcomes to long-term performance is primarily through the LTIP which has stretching targets based on EPS and absolute share price performance as well having vesting values which are directly linked with share price performance.
Alignment to culture	The Gamma core values were before the pandemic encapsulated in the expression "Working Smarter, Together". These core values have been further developed and expanded during 2022. There has been a particular emphasis on supportive behaviour with colleagues in order to support retention. During the year, the Committee endorsed the cost of living measures aimed at lower paid employees.

Comparator group used for Executive Director benchmarking in 2022

Avast plc

Softcat plc

Computacenter plc

RWS plc

GB Group plc

Kainos Group plc

FDM Group (Holdings) plc

Telecom Plus PLC

First Derivatives plc

EMIS Group plc

NCC Group plc

Remuneration Policy

This part of the Directors' Remuneration report sets out Gamma's Remuneration Policy with regard to its Directors.

Purpose

The Group's Remuneration Policy is designed to ensure that it can attract, retain and motivate executives and senior management of the right quality to enable it to fulfil its strategic objectives and deliver long-term sustainable growth. The retention of key management and the alignment of management incentives with the creation of shareholder value is a key objective of this policy. In addition, the Committee seeks to keep Executive Director remuneration consistent with the Company's culture and to take account of the effects of Executive Directors' remuneration on the workforce and other stakeholders.

Strategic rationale for Executive Director remuneration policies and structures

Setting base salary for Executive Directors at an appropriate level is key to attracting and retaining high quality management. Therefore, the Remuneration Committee seeks to ensure that salaries are market-competitive for comparable companies. In addition to base salary, there are market competitive benefits and pension contributions which are at the same level as those available to eligible employees across the wider workforce.
A significant proportion of total remuneration is performance-based using a structure which is common among AIM traded and premium listed companies. The Group's strategy has four key elements as set out on pages 16 to 19 and is designed to enable the business to grow both its profitability and revenues by developing new innovative communications products and services, and through acquisition.

In addition, the Company has applied a policy of using share incentives across the Group. This includes awards to more senior staff under the Company Share Option Plan ("CSOP") or restricted shares, as well as both, a Save as You Earn ("SAYE"), and a Share Incentive Plan ("SIP"), the participation in which is open to all UK employees.

We believe these policies help the Company to continue to grow profitably through the successful execution of its strategy as well as providing alignment between the interests of shareholders and all employees who can share in the Company's success.

Consideration of shareholders' views on remuneration

The Company welcomes dialogue with its shareholders over matters of remuneration. The Chair of the Remuneration Committee is available for contact with institutional investors concerning the approach to remuneration.

Consideration of pay and employment conditions elsewhere in the Group

The Committee considers the pay and conditions of employees throughout the Group when determining the remuneration arrangements for Directors although no direct comparison metrics are applied. In particular, the Committee considers the relationship between general changes to UK employees' remuneration and Executive Director reward. Whilst the Committee does not directly consult with employees as part of the process of determining executive pay, the Board does receive feedback from employee surveys that take into account remuneration in general. The Committee also receives updates from the Chief People Officer. One Independent Non-Executive Director is designated as Workforce Engagement Director with specific responsibility to engage with the workforce on a broad range of matters.

Summary of policy changes for 2023

Changes to the Remuneration Policy are set out in the Remuneration Policy Table. A statement of how the Company intends to implement its Remuneration Policy in 2023 is included in the Annual Report on Remuneration.

On 3 May 2022 a new Chief Financial Officer, Bill Castell, joined Gamma and Andrew Belshaw was appointed Deputy Chief Executive Officer. In July 2022, Andrew Taylor advised the Board of his intention to retire and Andrew Belshaw became Interim Chief Executive Officer. On 30 November 2022 Andrew Belshaw was appointed Chief Executive Officer. There is a change to the normal LTIP award for the CEO as a result of this which takes account of market information gained in the recruitment process which was run with the assistance of an external agency as well as that from a benchmarking exercise.

Remuneration Policy table

Purpose and link to strategy	Operation	Potential remuneration	Performance metric	Change to policy?
Base salary				
This is the core element of pay that reflects the individual's role and position within the Group. Staying competitive in the market allows us to attract and retain high calibre executives with the skills and experience to deliver our strategy.	Base salaries are typically reviewed annually, with any changes effective from 1 January, but exceptionally may take place at other times of the year. When determining an appropriate level of base salary, the Committee considers: • Group performance; • the role, responsibilities, experience and personal performance of the Director; • competitive pressures • the general salary increase for the workforce. In addition to the above, salaries are independently benchmarked from time to time against comparable roles at premium listed and AIM traded companies of a similar size and complexity.	The actual base salaries paid to the Executive Directors and those set for the current year are disclosed in the Annual Report on Remuneration.	Not applicable	No
Benefits				
A comprehensive benefits package is offered to complement basic salary to attract and retain executives.	Reviewed from time to time to ensure that benefits when taken together with other elements of remuneration remain market competitive. Benefits for the Executive Directors currently comprise participation in the Group's life assurance and income protection schemes, which are also available to all other UK employees. Executive Directors may participate in all employee share schemes which are designed to encourage share ownership across the wider UK workforce in line with HMRC guidelines and on the same basis as other eligible UK employees. These currently include regular Save as You Earn Option Plans ("SAYE" Plan) and an evergreen Share Incentive Plan ("SIP"). In the event that an individual is requested to relocate the Company would offer them additional support. This may cover (but is not limited to) relocation, cost of living allowance, housing, home leave, education support, tax equalisation and advice and legal fees if appropriate.	The cost of providing these benefits varies year on year depending on the schemes' premiums. The Remuneration Committee monitors the overall cost of the benefits package. Participation levels in employee share schemes are in accordance with HMRC limits as amended from time to time.	Not applicable	No
Pension				
Provides a competitive and appropriate pension package. To provide retirement benefits which, when taken together with other elements of the remuneration package, will enable the Group to attract and retain executives.	The Executive Directors (together with all other eligible staff) may participate in the Group's defined contribution (money purchase) pension scheme.	Employer contribution of up to 5.1% of salary per annum is paid into the scheme or by means of a cash alternative (provided there is no additional cost to the Company). This is the same level available to eligible employees across the wider workforce.	Not applicable	No

Purpose and link to strategy	Operation	Potential remuneration	Performance metric	Change to policy?
Annual Bonus				
To incentivise the achievement of the Group's annual financial targets, or other near-term strategic objectives.	The Executive Directors and other senior executives participate in a discretionary, annual, performance-related bonus scheme. The Remuneration Committee at its discretion may determine that a proportion of any bonus that it awards may be deferred into an allocation of shares or grant of options each with a three-year vesting period and governed by the terms of the Deferred Bonus Plan. Typically, 25% of any bonus awarded to the Executive Directors is deferred into shares. Other than to the extent deferred, under the terms of the deferred bonus plan, bonuses are paid in cash, based on audited financial results. The bonus scheme rules include a clawback and a malus provision.	The maximum bonus (including any part of the bonus deferred into share awards) deliverable under the plan is up to 125% of annual base salary in the case of the CEO and 100% in the case of the CFO.	Bonus awards are based on annual performance against stretching Company financial targets (e.g. Adjusted Profit before Tax), ESG objectives and personal performance objectives for the individual Directors. Targets are set by the Committee at the beginning of each year. The Committee has the discretion to vary targets and weightings from year to year.	No
Long-Term Incentive Plan ("LTIP")				
To align the interests of executives with those of shareholders; to motivate and incentivise delivering sustained business performance over the long-term; to aid retention of key executive talent long term.	The Executive Directors and other senior executives participate in a discretionary LTIP. The plan entitles participants to an allocation of, or options over, free (or nominal value) shares after a performance period of three years (or any other period as the Committee may decide), subject to certain performance and service conditions being met. Participation is at the discretion of the Board on the recommendation of the Remuneration Committee. Awards will typically be made annually based on a multiple of annual salary. Performance conditions are set at the time of the award. The plan rules amongst other things include clawback and malus provisions and a limitation to ensure that new shares issued, when aggregated with all other employee share awards, must not exceed 10% of issued share capital over any ten-year period. From 2021, LTIP awards to Executive Directors have been subject to a two-year post vesting holding period. Dividend equivalents may be applied to awards up to their vesting date.	The Remuneration Committee would in normal circumstances expect to make annual LTIP awards to the Executive Directors at a value of up to 175% of base salary to the CEO and 150% to the CFO, all with a maximum of 200%. In the event of recruitment only, there is a limit of 400%. At threshold performance, 25% of awards subject to that performance condition vest.	The vesting of LTIP awards is conditional upon the successful achievement of financial performance conditions over the performance period, which are set at the time of the award. Each year the Committee assesses what performance conditions and associated weightings it considers appropriate in supporting the Company's strategy and longer-term objectives.	Yes. Normal award to CEO increased from 150% to 175% of salary. Ability to use five-day smoothed pricing introduced. Dividend equivalents introduced during vesting period. Length of option term changed to a maximum of 10 years in line with market practice.
Shareholding guidelines				
Encourages Executive Directors to build a meaningful shareholding in Gamma to further align interests with shareholders.	Each Executive Director is expected to build up and maintain a shareholding in Gamma equivalent to 200% of base salary. The shareholding includes beneficially owned shares, vested LTIPs on an after-tax basis and bonuses deferred into shares on an after-tax basis. If an Executive Director does not meet the guidelines, the Remuneration Committee may delay the release of 50% of LTIPs at the end of the holding period until the requirement is met. The shareholding requirements apply for two years post cessation. Shares acquired by Executives for cash rather than through deferred bonus or LTIP awards will count towards the 200% minimum shareholding requirement but are not subject to any equivalent delayed release.	Not applicable.	Not applicable.	No

Explanation of performance conditions

Reflecting the strategic emphasis on profitability, short-term performance is incentivised with an annual bonus scheme which is based on Company financial objectives such as Adjusted PBT, personal performance objectives and ESG objectives.

Long-term performance is incentivised with a performance share plan ("LTIP"), which is typically based on the achievement of demanding Total Shareholder Return and Adjusted Earnings Per Share growth targets. Given the Company's growth profile, its stage of development and the challenges of identifying a relevant peer group, the Committee considers that absolute performance goals remain more relevant than comparative performance measures.

Targets are set to align with objectives with pitching of threshold and maximum targets in the light of the Company's outlook, balancing achievability and stretch.

The Committee retains the discretion to set different performance measures and/or to set different weightings on the performance goals from year to year for annual bonus and LTIP awards.

Differences in Remuneration Policy for employees and Executive Directors

The principles behind the Remuneration Policy for Executive Directors are cascaded down through the Group. They aim to attract and retain the best staff and to focus their remuneration on the delivery of long-term sustainable growth by using a mix of salary, benefits, bonus and longer-term incentives. As a result, no element of the Executive Director Remuneration Policy is operated exclusively for Executive Directors other than the two-year post vesting holding period and the post-employment shareholding policy:

- The annual bonus scheme for Executive Directors is largely the same as that of the rest of the Executive Committee. In the UK, all are aligned with similar business objectives. In the European subsidiaries, there are objectives relating to the subsidiaries' financial and business performance.
- Participation in the LTIP is extended to the rest of the Executive Committee and several other senior managers.
- Employees who are not Executive Directors or members of the Executive Committee may receive CSOPs or restricted share awards which are share awards which do not have performance conditions and are subject only to continued employment and are issued at lower multiples of salary.
- The pension scheme is operated for all permanent employees and the Executive Directors receive the same level of contribution as the majority of other employees.

The main difference between pay for Executive Directors and employees is that, for Executive Directors, the variable element of total remuneration is greater while the total remuneration opportunity is also higher to reflect the increased responsibility of the role.

Committee discretion, flexibility and judgement in operating the incentive plans

In line with market practice and the various scheme rules, the Committee retains discretion relating to operating and administering the annual bonus and the LTIP. This discretion includes, but is not limited to:

The Discretionary Annual Bonus Plan:

- The scheme participants.
- The review of and setting of annual performance measures and targets.
- The determination and calculation of any bonus payment, including upward or downward adjustment as appropriate.
- The timing of any bonus payments.
- The determination of the proportion of any bonus award that is deferred into an award under the terms of the deferred bonus plan.
- The determination of the treatment of leavers depending on the circumstances.
- The determination of bonus for new joiners during the year depending on the circumstances.
- The determination of bonus in the event of a change in control.
- Overriding Committee discretion.

The LTIP Plan:

- The scheme participants for recommendation to the Board.
- The form and timing of the grant of an award.
- The size of awards made.
- The setting of appropriate performance measures.
- Determining the treatment of leavers depending on the circumstances.
- Withholding the release of 50% of any year's LTIP award for Executive Directors not meeting the agreed shareholding requirements
- Discretion relating to vesting in the event of a change of control of the Company.
- Recommending that the Board substitute a cash equivalent in place of shares.
- Making appropriate adjustments to awards required in certain circumstances e.g. demerger, special dividend or other similar event which affects the market price of shares to a material extent.
- Determining that it would be appropriate to amend, waive or replace any performance or other condition applying to an award, provided that any amended or replaced performance or other condition shall not, in the reasonable opinion of the Committee, be materially more or less difficult to satisfy.
- Determining that the normal vesting date of an award shall be earlier than the third anniversary of its date of grant if the timing of the making of awards is delayed for regulatory reasons.
- Overriding Committee discretion to adjust formulaic outcomes.

Malus and clawback provisions

Malus provisions apply to awards granted under the LTIP which enable the Committee to determine that the awards will be cancelled or reduced before the underlying shares are delivered to the participant. Clawback provisions also apply, which enable the Committee to determine that, following the delivery of shares under an LTIP award, the participant must pay an amount to the Company up to the market value of the shares on the date that the award vested or was exercised (as applicable). The Committee may only apply the clawback provisions during the clawback period, which will be set on the date that the relevant award is granted and will usually be three years from the date that the LTIP award vests.

These malus and clawback provisions may only be applied in certain circumstances, including fraud, material wrongdoing, failure of risk management or corporate failure, material financial misstatement and failure to meet appropriate standards of fitness and propriety.

There are also malus and clawback provisions in the Discretionary Bonus Scheme. These last for up to three years from award.

Change in policy?

No. The malus and clawback provisions are materially similar to those in the previous LTIP and the unchanged bonus scheme.

Legacy arrangements

The Company will honour existing awards, incentives, benefits and contractual arrangements made to individuals prior to their promotion to the Board and/or prior to the approval and implementation of this policy. For the avoidance of doubt this includes payments in respect of any award granted under any previous Remuneration Policy. This will last until the existing incentives vest (or lapse) or the benefits or contractual arrangements no longer apply.

Service Agreements

The Executive Directors' service agreements summary is as follows:

Key element	CEO Andrew Belshaw	CFO Bill Castell
Effective date of contract	CFO 10 October 2014 CEO 30 November 2022	1 May 2022
Notice period	12 months' notice given by either party	6 months' notice given by either party and 12 months by the Company on the occasion of change of control
Termination payments	The Company has the discretion to make a payment of basic salary in lieu of notice to terminate the employment forthwith in the event of notice being given	The Company has the discretion to make a payment of basic salary in lieu of notice to terminate the employment forthwith in the event of notice being given

The maximum notice period for Executive Directors is 12 months.

Executive service agreements are available on request from the Company Secretary.

Policy on recruitment

When hiring a new Executive Director, the Committee will consider the overall remuneration package by reference to the Remuneration Policy set out in this report. Salary and annual bonus levels will be set so as to be competitive with comparable roles in companies in similar sectors, and also taking into account the experience, seniority and the scope of responsibility of the appointee coming into the role. New Executive Directors will be able to participate in the annual bonus scheme on a pro-rated basis for the portion of the financial year for which they are in post. New Executive Directors may receive benefits and pension contributions in line with the Company's existing policy. LTIP awards are made on an ongoing basis in line with our policy for Executive Directors and other senior executives. In the year of recruitment, a higher award may be made to the new recruit within the limits of the Remuneration Policy (maximum of 400% of salary). Such an award may be spread over the two years following recruitment.

The approach in respect of compensation for forfeited remuneration from a previous employer will be considered on a case-by-case basis taking into account all relevant factors, such as the form of compensation forfeited, performance achieved or likely to be achieved, and the proportion of the performance period remaining. If any compensation for forfeited remuneration is paid, it may be awarded outside the LTIP and may be made with non-standard performance conditions or without performance conditions and with a shorter vesting period and without a holding period to reflect the profile of forfeited awards. Any such arrangements would be disclosed in the following year's annual report. This discretion reflects that available to Premium List companies under Listing Rule 9.4.2.

In the case of an internal appointment to an Executive Director role, any variable pay element, annual bonus or LTIP, awarded in respect of a prior non-Board role would be allowed to pay out according to its terms.

Discretion to vary from policy may also be exercised in the following circumstances: (1) for a short term/interim appointment (2) where the Chair or a Non-Executive Director is appointed for a short period (3) where an Executive Director is appointed mid-year, performance conditions for annual bonus and LTIP may be tailored for this or amounts transferred pro-rata by month to following year (4) where an Executive Director is hired from a location with different benefits that the Remuneration Committee sees appropriate to buy out (but not variable remuneration which is covered above) (5) relocation expenses – one off and/or ongoing including tax equalisation (6) legal and similar expenses.

Change in policy?

Yes. While, the limit of 400% of salary for LTIP awards remains unchanged, the policy on compensation for forfeited remuneration has been amended so there is greater flexibility, reflecting the flexibility afforded to Premium List companies under Listing Rule 9.4.2.

Policy on loss of office

The following sets out the Company's policy in normal circumstances with regard to exit payments for each remuneration element for Executive Directors. The Group will pay any amounts it is required to in accordance with or in settlement of a Director's statutory employment rights and in accordance with their service contract. A Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as serious dishonesty, gross misconduct, incompetence, or willful neglect of duty.

Basic salary: This will be paid over the contractual notice period (CEO: 12 months: CFO: 6 months except 12 months by the Company on the occasion of change of control). However, the Company has the discretion to make a lump sum payment for termination in lieu of notice.

Benefits and Pension contributions: These will normally continue to be provided over the notice period; however, the Company has the discretion to make a lump sum payment on termination equal to the value of the benefits payable during the notice period.

Annual Bonus: The payment of any annual bonus would be entirely at the discretion of the Remuneration Committee and if made would normally be pro-rated to the time of active service in the year that employment ceased and be subject to the original performance conditions and policy on deferral. In such circumstances the decision of the Committee, would take into consideration the financial performance of the Company, the performance of the individual, and the circumstances of the termination of employment.

Long-Term Incentive Plan ("LTIP"): Awards are governed by the rules of the LTIP scheme at the time of award. In the case of good leavers, the plan rules specify that, on exit, awards will normally be pro-rated for time served and vest at the normal time in accordance with the performance conditions and be subject to the holding period other than in limited circumstances such as death. The Committee retains discretion to determine early vesting and to decide to waive time pro-rating if it feels that is appropriate in any particular circumstances. If an Executive Director ceases employment other than as a good leaver, any unvested portion of their award will lapse.

Post cessation shareholding requirements: The shareholding requirements, by which an Executive Director is expected to build up a shareholding (including beneficially owned shares, vested LTIPs on a post-tax basis and deferred bonuses on a post-tax basis) of twice salary apply for two years post cessation other than in limited circumstances such as death. Shares acquired by Executives for cash rather than through deferred bonus or LTIP awards will count towards the 200% minimum shareholding requirement but are not subject to any equivalent delayed release.

Change in policy?
Yes. The Remuneration Committee will have discretion to accelerate vesting for good leavers in line with market practice. Prorating for time will be by reference to the time elapsed during the vesting period whereas previously it was by reference to the performance period.

Change in control and corporate events
In the event of a change in control, for the annual bonus the Remuneration Committee will assess performance against targets, normally pro-rate amounts paid for time elapsed up to the point of change in control and settled in cash. Outstanding deferred bonus awards will vest in full.

The LTIP plan rules provide that awards will vest subject to the Remuneration Committee's assessment of the performance conditions and that awards will then be pro-rated for time. The holding period will not be applied. Awards may be exchanged for new awards if the acquiring company and the award holders consent. The Committee retains discretion to waive time pro-ration if it feels appropriate in any particular circumstances.

If a demerger occurs, distribution or other transaction which would affect the current or future value of any award, awards can vest on the same basis as for a change of control. Alternatively, an adjustment may be made to the number of shares if considered appropriate.

Change in policy?
Yes. The Committee no longer has discretion to disapply performance conditions on change of control.

External appointments
Executive Directors may accept one external non-executive directorship with the prior agreement of the Board, provided it does not conflict with the Group's interests and the time commitment does not impact upon the Executive Director's ability to perform their primary duty. The Executive Directors may retain the fee from external directorships.

Illustrations of application of the Remuneration Policy
The charts opposite represent estimates under four performance scenarios ("Minimum", "Target", "Maximum" and "Maximum assuming a 50% share price appreciation" between award and vesting under the LTIP scheme) of the potential remuneration outcomes for each Executive Director resulting from the application of the 2023 base salaries to awards made in accordance with the proposed policy for 2023. The majority of Executive Directors' remuneration is delivered through variable pay elements, which are conditional on the achievement of stretching targets.

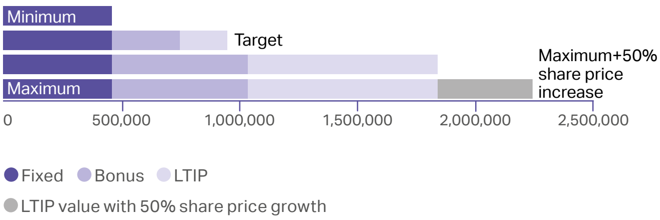
The Remuneration Committee will review the actual remuneration outcomes taking into account the quality of performance outcomes and, if appropriate, use its discretion to adjust these, taking into account Gamma's performance, the operation of the remuneration structures and any other relevant factors, to ensure that the highest variable pay outcomes are only achieved in years with the highest quality performance.

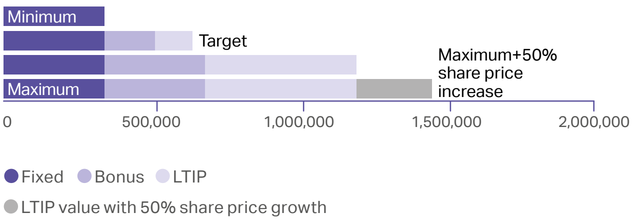
The scenario charts are based on the proposed policy award levels and are calculated on the same basis as the single figures of remuneration (on page 82). The pay scenarios are forward looking and only serve to illustrate the proposed policy. The scenarios are based on the current CEO and CFO roles.

Performance scenarios

	Minimum	Target	Maximum
Base salary (2023)	✔	✔	✔
Benefits (2022 actuals)	✔	✔	✔
Pension (2023 estimate)	✔	✔	✔
Bonus	Nil	Set at 50% of maximum opportunity CEO 62.5% of salary CFO 50% of salary	CEO 125% of salary CFO 100% of salary
LTIP	Nil	Set at threshold vesting CEO 53.6% of salary CFO 37.5% of salary	CEO 175% of salary CFO 150% of salary

The fourth scenario "Maximum assuming 50% share price appreciation" reflects the assumptions under Maximum above and incorporating 50% share price appreciation between award and vesting under the LTIP scheme.

Chief Executive Officer


Chief Financial Officer


Charts do not take account of dividend equivalents which may be applied to LTIP awards.

Policy on Non-Executive Director remuneration

Purpose and link to strategy	Approach to setting fees	Other items
Chair and Non-Executive Directors' fees		
To enable Gamma to recruit and retain Non-Executive Directors of the highest calibre, at an appropriate cost.	Non-Executive Directors are paid a basic annual fee. Additional fees may be paid to Non-Executive Directors who Chair the Board, Chair a Committee and to the SID to reflect additional responsibilities, as appropriate. The level of fees paid in 2022 is shown in the Annual Report on Remuneration as well as the expected levels for 2023. Non-Executive Directors fees are reviewed annually with changes effective from 1 January each year. Non-Executive Directors and the Chair of the Board are entitled to a taxable expense allowance to compensate for costs related to travel (other than air fares) to the Company's London and Newbury offices. The Company reimburses Non-Executive Directors in respect of other expenses incurred in performing their roles including expenses of travel to other locations. The Chair's fee is approved by the Board on the recommendation of the Remuneration Committee (excluding the Chair). The other Non-Executives' fees are approved by the Board on the recommendation of the Chair of the Board and the CEO. The Non-Executive Directors are not involved in any decisions about their own remuneration.	Non-Executive Directors are not entitled to receive any compensation for loss of office, other than fees for their notice period. They do not participate in the Group's bonus, LTIP, employee share plans or pension arrangements, and do not receive any employee benefits. The amounts are set out in the Annual Report on Remuneration under Implementation of Remuneration Policy in the financial year 2023.

Non-Executive Director letters of appointment

Non-Executive Directors have letters of appointment (as opposed to service contracts) and are appointed for an initial three-year term which may be extended by mutual agreement. All Non-Executive Directors are subject to annual re-election by the shareholders.

The Chair and Non-Executive Directors have notice periods of three months from either party which do not apply in the case of a Director not being re-elected by shareholders or retiring from office under the Articles of Association. Other than fees for this notice period, the Chair and Non-Executive Directors are not entitled to any compensation on exit.

The current Non-Executive Directors' initial appointments commenced on the following dates:

Director	Date of first appointment
Richard Last	17 June 2014
Martin Lea	17 June 2014
Henrietta Marsh	16 April 2019
Charlotta Ginman	8 September 2020
Xavier Robert	8 September 2020
Shaun Gregory	1 July 2022
Rachel Addison	3 October 2022

Letters of appointment are available for inspection on request from the Company Secretary.

Annual Report on Remuneration

This Annual Report on Remuneration sets out information about the remuneration of the Directors of the Company, for the year ended 31 December 2022. The information in this report is unaudited, unless indicated otherwise.

Single total figure of remuneration for Executive Directors (audited)

Director	Year	Salary	Benefits	Bonus	Long-term incentive ("LTIP")	Pension	Total	Fixed	Variable
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Andrew Belshaw[1]	2022	392	–	420	299	4	1,115	396	719
(CEO)	2021	269	–	256	627	3	1,155	272	883
Bill Castell[2] (CFO)	2022	224	–	610	–	3	837	227	610
Andrew Taylor[3]	2022	429	–	520	481	–	1,430	429	1,001
(Former CEO)	2021	418	–	496	1,968	–	2,882	418	2,464

1 Andrew Belshaw became Interim CEO on 4 July 2022 and was appointed CEO on 30 November 2022.

2 Bill Castell joined Gamma as CFO on 3 May 2022.

3 Andrew Taylor advised of his intention to retire and stepped down as CEO on 4 July 2022. He remains employed by the Company until 4 July 2023. The figures shown are for the whole year.

Bonuses are shown on an accrued basis and include both the cash and deferred share element. Bill Castell was awarded a Special Conditional Recruitment payment of £400,000 which was paid in December 2022 to cover forfeited elements of the incentive structure he had with his previous employer maturing in the same year. It has been structured with appropriate clawback provisions. The value of the LTIP in 2022 relates to the vesting of the 2019 LTIP awards, and the value has been calculated using the share price on the vesting date of 21 April 2022. Of the LTIP value of £480,640 for Andrew Taylor, £110,397 is attributable to share price appreciation. Of the LTIP value of £298,893 for Andrew Belshaw, £68,652 is attributable to share price appreciation. In 2022, Andrew Belshaw received £13,348 (2021: £8,727) salary in lieu of a contribution by the Company to his pension of £15,304 (2021: £9,931) and Bill Castell received £7,307 (2021: £nil) salary in lieu of a contribution by the Company to his pension of £8,383 (2021: £nil).

The Directors have no rights under any Company pension schemes that are designated as defined benefit schemes. In addition to the above, the Company provides life assurance and group income protection for the Executive Directors.

Annual performance bonus 2022

The maximum annual bonus award opportunity in respect of the year ended 31 December 2022 was 125% of salary for the CEO, the Interim CEO and the former CEO and 100% of salary for the CFO. In the case of Andrew Belshaw, the maximum award has been time pro-rated to take account of his change in award level. The structure of the bonus and the objectives for the Executive Directors are set out in the table and comments below.

Measure	Weighting	Threshold £m	Maximum £m	Outcome £m	Bonus Opportunity Payable %		
					A.Belshaw	B. Castell	A.Taylor
Adjusted profit before tax[1]	75%	79.5	86.5	87.7	100%	100%	100%
ESG Objectives	5%	n/a	n/a	n/a	80%	80%	80%
Personal Objectives	20%	n/a	n/a	n/a	90%	90%	90%
					97%	97%	97%

1 For the purpose of the bonus scheme Adjusted PBT was further adjusted by the Committee to exclude due diligence costs on potential acquisitions which were aborted during the year.

The personal objectives set for 2022 and main achievements were:

Andrew Belshaw:
- Recruit a Company Secretary and facilitate handover.
- In Europe build a pipeline of potential acquisitions, build an M&A team and deliver significant acquisitions in Europe.
- Produce a three-year growth plan incorporating operating efficiencies in the UK.
- Develop plans to deliver improved operating margins in Europe.

Bill Castell:
- Take on the role of managing the public markets.
- Take ownership of Gamma's Finance Transformation.
- Continue the work on documentation of Gamma's financial processes, systems and controls.
- In conjunction with the CEO and Deputy CEO, deliver a substantial European acquisition.

Andrew Taylor
- Develop and document a Development and Retention Plan for "C" Suite executives and their direct reports.
- Launch agreed new products and commence their migration.
- Identify and deliver significant acquisitions in the EU.

The ESG objectives for all Executive Directors were:
- Demonstrate how you have embraced and supported Gamma's carbon reduction efforts.
- Demonstrate actions taken and their success in achieving diversity in long and short lists during recruitment at n-1 and n-2 levels.
- Demonstrate how you have supported the introduction of the new Risk Management Policy and Framework.

The deferred bonus award is calculated as 25% of gross bonuses earned in 2022. The number of shares over which awards will be made will be determined by the share price on the trading day prior to the date of award. The value of each individual's award in respect of their bonus has been determined as follows:

Measure	Overall bonus outcome	Bonus for 2022 £000s	Cash-settled £000s	Value of 2022 deferred bonus award £000s
Andrew Belshaw	97%	420	315	105
Bill Castell	97%	210	157	53
Andrew Taylor	97%	520	390	130

Deferred bonus awards will be granted under the Deferred Bonus Plan shortly following their award in March 2023. These awards will not be subject to any further performance conditions and will vest in full on the third anniversary of the vesting commencement date.

Details on the options granted during 2022 in respect of the deferred bonus for 2021 are below:

Director	Type of scheme interest	Number of awards	Vesting date	Face value of award[1]	Exercise price
Andrew Belshaw	Nil-cost option	4,665	31 March 2025	62	£0.0025
Andrew Taylor	Nil-cost option	9,377	31 March 2025	124	£0.0025

1 The face value of the award has been calculated using the closing share price on the day of grant, being 25 March 2022.

The Remuneration Committee exercised discretion in determining Andrew Belshaw's bonus award in respect of his personal objectives which changed during the year due to his changed role.

Long-Term Incentive Plan ("LTIP") - Vesting of 2019 LTIP awards.

Details of the share options vesting during the year are set out below:

Director	Total number of shares	Face value at grant	% Vesting	Shares Vesting	Share price[1] £	LTIP value
Andrew Belshaw	31,693	£312,500	73.7%	23,351	12.80	298,893
Andrew Taylor	50,964	£502,509	73.7%	37,550	12.80	480,640

1 The long-term incentive figure for the year has been valued using the market value of the shares that vested in 2022 at the vesting date of 21 April 2022.

The 2019 LTIP was subject to a combination of performance conditions based on annual compound growth in total shareholder return ("TSR") and annual compound growth in earnings per share ("EPS") over the three-year period. Details of the performance against these performance conditions are shown below.

Measure	Weighting	Threshold performance (30% vesting)	Target performance (100% vesting)	Actual performance	% vesting
Annual compound growth in TSR	50%	8%	15%	9.7%	24%
Annual compound growth in adjusted EPS	50%	8%	20%	28.3%	100%

The Remuneration Committee did not exercise any discretion in determining the achievement of the performance criteria.

Share options awarded during the year ended 31 December 2022 under the LTIP (audited)

During the year ended 31 December 2022 the following LTIP awards were granted. The performance conditions are set out below the table.

2022 Director	Type of scheme interest	Basis of award	Number of awards	Share price at award	Vesting date[1]	Face value of award	Exercise price
Andrew Belshaw	Nil-cost option	150% of salary	36,820	£13.24	April 2025	487,497	£0.0025
Bill Castell	Nil-cost option	150% of salary	42,763	£11.40	April 2025	487,498	£0.0025
Andrew Taylor	Nil-cost option	150% of salary	48,568	£13.24	April 2025	643,040	£0.0025

1 The vesting date is approximately one month from the date of announcement of the Group's results, which historically has been in March, and is when the Remuneration Committee determines the extent to which the performance conditions have been satisfied.

2021 Director	Type of scheme interest	Basis of award	Number of awards	Share price at award	Vesting date	Face value of award	Exercise price
Andrew Taylor	Nil-cost option	150% of salary	38,253	£16.40	April 2024	627,358	£0.0025
Andrew Belshaw	Nil-cost option	150% of salary	23,789	£16.40	April 2024	390,141	£0.0025

At the time of making an award the Remuneration Committee sets challenging long-term performance targets to align the interests of the Directors with shareholders and which, together with continuous employment conditions, must be satisfied before an award vests.

The 2021 and 2022 LTIP awards have a performance period of three years starting from the vesting commencement date. The awards will vest as follows:

- 15% of the shares if annual compound total shareholder return ("TSR") over the performance period equals 8%, and 50% of the shares if annual compound TSR over the performance period equals 15% or higher with pro rata straight-line vesting in between; and
- 15% of the shares if the annual compound growth of the Company's adjusted earnings per share between the financial years at the beginning and the end of the performance period is equal to 8%, and 50% of the shares if the annual compound growth of the Company's adjusted earnings per share over the same period is equal to or in excess of 20% with pro rata straight-line vesting in between.

Save As You Earn ("SAYE") Share Scheme

During the year the Executive Directors were eligible to participate in Gamma's SAYE Scheme which is open to all UK employees.

The Scheme is an HM Revenue & Customs ("HMRC") approved scheme open to all staff permanently employed by a Gamma company in the UK as of the eligibility date. Options under the plan are granted at up to a 20% discount to market value. Executive Directors' participation is included in the option table below:

	Options										
	Grant date	At 1 Jan 2022	Granted in 2022	Exercised in 2022	Lapsed in 2022	At 31 Dec 2022	Option price (£)	Date Exercisable	Expiry date	Market price on exercise (£)	Gain on exercise (£000s)
Andrew Belshaw	1 July 2019	2,173	–	2,173	–	–	8.28	1 July 2022	31 December 2022	10.76	5
	1 July 2022	–	1,730	–	–	1,730	10.40	1 July 2022	31 December 2025	–	–

Single total figure of remuneration for Non-Executive Directors (audited)

	Directors' Fees		Committee Chair/SID Fees		Expense allowance		Taxable Expenses		Total	
Director	2022 £000s	2021 £000s	2022 £000s	2021 £000s	2022 £000s	2021 £000s	2022 £000s	2021 £000s	2022 £000s	2021 £000s
Current Directors										
Richard Last	140	104	–	–	4	–	–	–	144	104
Rachel Addison[1]	12	–	–	–	1	–	–	–	13	–
Charlotta Ginman[2]	51	50	8	5	2	–	–	–	61	55
Shaun Gregory[1]	26	–	–	–	1	–	–	–	27	–
Martin Lea[3]	51	50	25	24	2	–	–	–	78	74
Henrietta Marsh[4]	51	50	8	8	2	–	–	–	61	58
Xavier Robert	51	50	–	–	2	–	–	–	53	50
Former Director										
Wu Long Peng[5]	20	50	–	–	0	–	–	–	20	50

1 The 2022 fee shown is pro-rated as Rachel Addison and Shaun Gregory joined the Board in 2022.
2 Charlotta Ginman is Chair of the Audit Committee.
3 Martin Lea is Chair of the ESG Committee and the Risk Committee, he also received a fee for acting as SID in 2022, Henrietta Marsh took over as SID on 20 December 2022.
4 Henrietta Marsh is the Chair of the Remuneration Committee.
5 The fee shown for Wu Long Peng is pro-rated as he stood down from the Board at the AGM on 19 May 2022.

Statement of Directors' shareholding and share interests (audited)

Directors' share interests at 31 December 2022 are set out below:

Executive Directors are required to build up and maintain a shareholding of at least 200% of base salary in Gamma Communications plc shares. Andrew Belshaw meets this requirement. Having joined in May 2022, Bill Castell is in the process of building his shareholding requirement.

			Options			
2022	Percentage of shareholding requirement	Number of beneficially owned shares	With performance measures	Without performance measures	Vested but unexercised	Exercised during the year
Executive Director						
Andrew Belshaw	318%	96,678	92,640	16,434	–	25,524
Bill Castell[1]	0%	–	42,763	–	–	–
Non-Executive Director						
Richard Last		54,975	–	–	–	–
Henrietta Marsh		2,015	–	–	–	–
Charlotta Ginman		1,000	–	–	–	–
Shaun Gregory		–	–	–	–	–
Martin Lea		14,353	–	–	–	–
Rachel Addison		–	–	–	–	–
Xavier Robert		3,000	–	–	–	–

1 Bill Castell joined the Company in 2022. He does not currently meet the shareholding requirements. The first of the LTIPs awarded to him are currently expected to vest in April 2025.

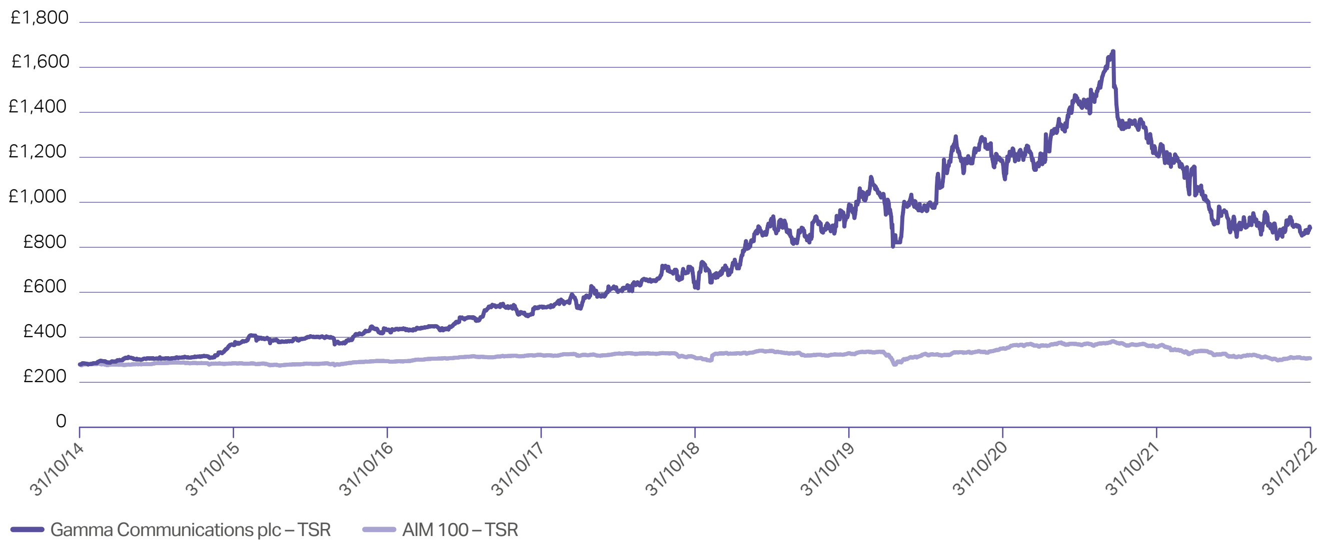
2 Andrew Taylor has been excluded from the above table as he is no longer an Executive Director. The Group continue to monitor his shareholdings.

Directors' share interests at 31 December 2021 are set out below:

			Options			
2021	Percentage of shareholding requirement	Number of beneficially owned shares	With performance measures	Without performance measures	Vested but unexercised	Exercised during the year
Executive Director						
Andrew Taylor	226%	57,173	140,724	31,125	–	108,381
Andrew Belshaw	611%	99,505	87,513	12,212	–	34,504
Non-Executive Director						
Richard Last		53,475	–	–	–	–
Charlotta Ginman		1,000	–	–	–	–
Martin Lea		13,368	–	–	–	–
Henrietta Marsh		2,015	–	–	–	–
Wu Long Peng		–	–	–	–	–
Xavier Robert		3,000	–	–	–	–

Performance graph and table

The Remuneration Committee has chosen to compare the TSR of the Company's Ordinary Shares against the AIM 100 Index because this index consists of the most comparable companies to the Group. The values indicated in the graph show the share price growth plus re-invested dividends from a £100 hypothetical holding of ordinary shares in Gamma Communications plc from the date of IPO.



Chief Executive's historical remuneration (audited)

The table below sets out the total remuneration of the individual undertaking the role of Chief Executive Officer over the last nine years for the period such individual was undertaking the CEO role valued using the methodology applied to the single total figure remuneration (page 82).

	CEO	Total remuneration	Annual bonus payment level achieved (% of maximum opportunity)	LTIP Vesting level achieved (% of maximum opportunity)
2022[1]	Andrew Belshaw	£436,056	97%	N/A[2]
	Andrew Taylor	£955,069	97%	73.7%
2021	Andrew Taylor	£2,882,813	95%	100%
2020	Andrew Taylor	£911,608	97%	N/A
2019	Andrew Taylor	£884,408	96%	N/A
2018[3]	Andrew Taylor	£655,990	100%	N/A
	Bob Falconer	£1,466,688	100%	92.83%[4]
2017	Bob Falconer	£2,243,428	100%	100%
2016	Bob Falconer	£599,760	100%	N/A[5]
2015	Bob Falconer	£2,320,287	100%	N/A[5]
2014	Bob Falconer	£544,793	100%	N/A[5]

1 Andrew Taylor advised of his intention to retire and stepped down as CEO on 4 July 2022. He remains employed by the Company until July 2023. Andrew Belshaw became Interim CEO on 4 July 2022 and was appointed CEO on 30 November 2022. The figure above show remuneration during the period of 2022 where the individual was undertaking the role of CEO.

2 LTIP excluded as it relates to the period when Andrew Belshaw was Deputy CEO rather than CEO.

3 Bob Falconer retired as CEO on 23 May 2018 and was replaced by Andrew Taylor.

4 92.827% represents the blended rate for the vesting of Bob Falconer's 2015, 2016 and 2017 LTIP schemes. These schemes achieved performance vesting percentages of 93.875%, 91.847% and 90.046% respectively.

5 Share options schemes prior to the 2015 LTIP scheme (which vested in 2017) did not have performance conditions attached to them.

Percentage change in remuneration of the Director undertaking the role of CEO

The table below outlines the year on year increase in salary, other pay and benefits and annual bonus for the year ended 31 December 2022 compared to those for the year ended 31 December 2021 for the individual undertaking the role of CEO in comparison to the wider workforce.

Andrew Taylor advised the Board of his intention to retire and stepped down as CEO on 4 July 2022 and was replaced by Andrew Belshaw as Interim CEO on 4 July 2022. On 30 November 2022 Andrew Belshaw was appointed CEO. To reflect this change we have compared the CEO's actual remuneration earned in 2021 with the remuneration earned by the Directors undertaking the role of CEO during the time they were in such a role, i.e., Andrew Taylor until 4 July 2022 and Andrew Belshaw from 4 July 2022 to 31 December 2022 and using the same methodology as in the table above and in the single total figure of Remuneration table on page 82.

The employee increases are averages for employees on the payroll at both 31 December 2021 and 31 December 2022. The employee bonus figures exclude bonuses paid in October 2022 which are advances on 2023 bonuses and were paid as part of measures to assist with cost of living.

	CEO % increase/(decrease)	Employee % increase
Salary, other pay and benefits	4.8%	8.5%
Annual bonus	4.9%	7.6%

The table below sets out the historical changes in CEO annual remuneration compared to those granted to the wider workforce as reported in previous years:

	% change in base salary				
	FY18	FY19	FY20	FY21	FY22
CEO	39.1%	2.0%	2.5%	2.5%	4.8%
Employee	3.1%	3.1%	5.3%	6.3%	8.5%

The 2018 CEO change reflects the appointment of Andrew Taylor to the role of CEO replacing Bob Falconer.
The 2022 CEO change reflects the appointment of Andrew Belshaw to the role of CEO replacing Andrew Taylor.

Pay ratio information in relation to the total remuneration of the Director undertaking the role of CEO

The table below sets out the ratio of the total remuneration received by the Group CEO to the total remuneration received by our UK employees at the median, 25th and 75th percentiles.

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2022	Option A	46.3:1	30.2:1	20.5:1
2021[1]	Option A	96.7:1	64.2:1	43.5:1
2020	Option A	29.4:1	20.2:1	13.4:1
2019	Option A	31.9:1	23.2:1	14.4:1

1 2021 ratio is driven by the vesting of 2018 LTIP which vested in full.

Pay data	Base salary	Total pay and benefits
Group CEO	438,237	1,391,125
UK employees 25th percentile	29,064	30,066
UK employees 50th percentile	43,475	46,026
UK employees 75th percentile	63,211	67,783

1 "Option A" methodology was selected on the basis that it provides the most robust and statistically accurate means of identifying the median, lower and upper quartile colleagues.

2 The Group Chief Executive remuneration is the total single figure remuneration for the year ended 31 December 2022 contained on page 82 pro-rated based on the individual undertaking the role of CEO. Andrew Taylor advised of his intention to retire and stepped down as CEO on 4 July 2022. He remains employed by the Company until July 2023. Andrew Belshaw became Interim CEO on 4 July 2022 and was appointed CEO on 30 November 2022.

3 The workforce comparison is based on actual payroll data for the period 1 January 2022 to 31 December 2022.

4 The total single figure remuneration calculated for each employee includes full-time equivalent base pay, annual bonuses paid, overtime, benefits, allowances and employer pension contributions.

5 Part-time workers have been included by calculating the full-time equivalent value of their pay and benefits.

6 Leavers and joiners have been included on a full-year equivalent basis but employees on reduced pay (due to sick pay, maternity leave, etc.) are included at the actual earnings for the year.

Relative importance of spend on pay (audited)

The following table shows the Group's actual spend on pay for all Group employees relative to dividends and pre-tax profit.

	2022 £m	2021 £m	Change %
Overall spend on pay, including Executive Directors	102.2	96.5	+5.8%
Profit before tax	64.9	67.2	-3.3%
Capital expenditure[1]	20.7	16.8	+23.2%
Dividends	13.3	11.7	+13.7%

1 Capital expenditure has been included in the above table as it represents a key expenditure, being the Group's investment in infrastructure to drive future growth.

Implementation of Remuneration Policy in the financial year 2023

The changes in the Remuneration Policy for 2023 are explained in the Remuneration Committee Chair's statement on page 70 and set out in the Remuneration Policy table. The principal changes to Executive Director remuneration that occurred during 2022 were: an increase in Andrew Belshaw's salary from £325k when he was CFO to £460k and in his LTIP award from 150% of salary to 175% of salary to reflect his promotion to CEO; the setting of Bill Castell's salary at £325k on recruitment in line with that of the previous CFO (Andrew Belshaw) reflecting market rates of pay.

Executive Directors

The following table summarises the Executive Director remuneration packages for 2023.

Director	Salary £000s	Benefits	Pension contribution (% of salary)	Maximum annual bonus opportunity (% of salary)	LTIP (% of salary)
Andrew Belshaw	460	–	5.1%	125%	175%
Bill Castell	341	–	5.1%	100%	150%

Salary: With effect from 1 January 2023, the salary of the CEO was increased by 0%, the salary of the CFO was increased by 5%.

Pension and Benefits: There are no changes to these arrangements for the year commencing 1 January 2023.

Annual performance bonus: The maximum annual bonus opportunity remains the same as it was in the prior year. The performance measures and weightings have been adjusted from the prior year with 60% (previously 75%) of the maximum potential bonus being based on growth in Adjusted PBT, 15% being based on Gross Profit (previously 0%), 5% on ESG related objectives and 20% based on personal objectives. The specific targets for the annual bonus for 2023 will be disclosed in the 2023 Annual Report on Remuneration.

Long-term incentive plan ("LTIP"): It is anticipated that further performance-based share option awards will be made in May 2023 following approval by shareholders of new LTIP rules at the 2023 AGM. The Committee will determine the levels, performance conditions, weighting and targets to be applied at the time of the award and will disclose them as appropriate in the announcement of the awards and in the 2023 Annual Report.

Summary of Non-Executive Director fees for the year ending 31 December 2022

The table below shows the fees payable to Non-Executive Director for each role on the Board. The Board reviews these fees annually and it was agreed that an increase of 5% would be applied to all fees with effect from the 1 January 2023, including the expense allowance.

Role	Annual Fees from 1 January 2022	Annual Fees from 1 January 2023
Board Chair	£140,000	£147,000
Senior Independent Director fee	£8,323	£8,739
Non-Executive Director basic fee	£51,186	£52,746
Committee Chair fee	£8,823	£8,739
Chair expense allowance	£4,000	£4,200
Non-Executive Director expense allowance	£2,000	£2,100

Advisers to the Remuneration Committee

During the year, h2glenfern Remuneration Advisory advised the Committee on certain aspects of the remuneration of the Executive Directors and the Chair of the Board. Fees of £40,000 exclusive of VAT were paid to h2glenfern Remuneration Advisory. h2glenfern Remuneration Advisory is a member of the Remuneration Consultants Group and, as such, voluntarily adheres to its Code of Conduct. The Committee considers the advice that it receives from h2glenfern to be independent.

Statement of Voting

At the 2022 AGM, a resolution was put to shareholders to approve, on an advisory only basis the Remuneration Committee report. 99.87% votes were cast in favour of the resolution.

This Directors' Remuneration report will again be put to an advisory vote at the forthcoming 2023 AGM. This report was approved by the Board of Directors and signed on its behalf by:

Henrietta Marsh
Remuneration Committee Chair

20 March 2023

Directors' report

The Directors present their Annual Report together with the Group's audited financial statements for the year ended 31 December 2022.

The Corporate Governance Statement set out on page 52 forms part of this report.

Details of any significant events since the reporting date are included in note 38 to the financial statements. An indication of likely future developments in the business of the Company and details of research and development activities are included in the Strategic report.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 30 to the Group financial statements.

Dividends

The Directors recommend a final dividend of 10.0p per ordinary share (2021: 8.8p) to be paid on 22 June 2023 to ordinary shareholders on the register on 2 June 2023 which, together with the interim dividend of 5.0p (2021: 4.4p), makes a total of 15.0p for the year (2021: 13.2p).

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the company's issued share capital during the year are shown in note 33.

The company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the company's shares that may result in restrictions on the transfer of securities or on voting rights. Over the period, the Company had five share incentive schemes by which Directors and employees may:

(i) be granted options under a long term incentive plan ("LTIP") to subscribe for nil cost shares in the Company;

(ii) be granted options under the Company Share Option Plan ("CSOP");

(iii) be issued shares under a Share Incentive Plan ("SIP");

(iv) be granted options under a Save As You Earn plan ("SAYE"); and

(v) be granted options under the deferred bonus scheme.

The maximum aggregate number of shares which may be issued in respect of these schemes is limited to 10% of the issued share capital.

In the period the Company has issued equity in connection with settlement of deferred consideration and options in respect of historical acquisitions.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Matters reserved to the Board and the Committees' Terms of Reference, copies of which are available on request, and the Corporate Governance Statement on page 52.

Under its Articles of Association, the Company has authority to issue 32,116,400 Ordinary Shares.

Substantial shareholdings

As at 17 March 2023, being the latest practicable date before publication, the company had been notified, in accordance with chapter 5 of the Disclosure Guidance and Transparency Rules, of the following voting rights as a shareholder of the Company:

Name	Number of voting rights	Percentage of total voting rights[1]
BlackRock, Inc	11,167,409[2]	11.53%
Liontrust Investment Partners LLP	9,739,446	10.07%
Octopus Investments Nominees Limited	6,614,518	6.97%
abrdn plc	5,530,454	5.71%
Jupiter Fund Management PLC	4,809,183	4.97%
Aegon NV	3,785,114[3]	3.94%
Kerry Group Limited	3,750,003	3.87%

1 As at date of notification to the company
2 includes 585,859 Contracts for Difference
3 includes 8,393 Contracts for Difference

Composition of the Group
Details concerning subsidiary undertakings are given in note 36 to the Group financial statements.

Directors
The names of the Directors during the year and up to the date of signing are disclosed on pages 54 to 55.

Directors' interest in share capital
The Directors' interest in share capital is shown within the Annual Report on Remuneration on page 85.

Directors' indemnities
The Company' Articles include qualifying third-party indemnity provisions for the benefit of the Directors and former Directors of the Company and its subsidiaries, which remain in force at the date of this report.

Going concern
The financial accounts are prepared on a going concern basis. Further detail can be found in the financial review on pages 38 to 40.

Treasury policy
The Group's treasury policy aims to manage the Group's financial risk and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on the cash flows of the Group. Note 31 sets out the particular risks to which the Group is exposed, and how these are managed.

Interests in contracts
At no time during the year did any if the Directors have a material interest in any significant contract with the Company or any of its subsidiaries.

Health, safety, the environment and the community
The Group has a formal Health, Safety and Environmental Policy which requires all operations within the Group to pursue economic development whilst protecting the environment. The Directors aim not to damage the environment of the areas in which the Group operates, to meet all relevant regulatory and legislative requirements and to apply responsible standards of its own where relevant laws and regulations do not exist.

It is the policy of the Group to consider the health and welfare of employees by maintaining a safe place and system of work as required by legislation in each of the countries where the Group operates.

Energy and carbon emission reporting
Information on energy and carbon emission reporting can be found on pages 41 to 46.

Political contributions
No political contributions were made in the year (2021: £nil).

Employee engagement
Information relating to how the Group engages with its workforce can be found on pages 47 to 48. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Engagement with suppliers, customers and others
Information relating to how the Group engages with its suppliers and customers can be found on page 47.

Auditors and their independence
Separate resolutions to appoint the auditor and to agree their fees for the year to 31 December 2023 will be proposed at the AGM. The Company has a policy for approval by the Audit Committee of non-audit services by the auditor, to preserve independence. The external auditor, Deloitte LLP have expressed their willingness to continue in office as auditor.

Disclosure of information to the auditor
Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the Board,

Bill Castell
Chief Financial Officer

20 March 2023

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Bill Castell
Chief Financial Officer

20 March 2023

Independent auditor's report to the members of Gamma Communications plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Gamma Communications Plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the consolidated related notes 1 to 38; and
- the parent company's notes 1 to 11.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion..

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • *Revenue: accuracy of volume and pricing of indirect usage revenue* • *Carrying amount of goodwill: revenue growth forecast within the Spain CGU* Within this report, the key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £3.8m which was determined on the basis of 5% of profit before tax excluding exceptional items.
Scoping	The Group engagement team have performed a full scope audit for the entire UK group with the exception of Mission Labs Limited, Exactive Holdings Limited ("Exactive") and Telsis Communication Services Limited ("Telsis"). The entities we perform full scope audit procedures over represent the principal business units and account for 84% of the Group's revenue, 85% of the Group's statutory profit before tax and 90% of the Group's net assets. The Group engagement team have performed specified procedures over Mission Labs Limited and worked with component auditors to perform specific audit procedures over the German subsidiaries Gamma Telecommunications GmbH and Epsilon Telecommunications GmbH (together "Gamma Germany"). We have performed analytical review procedures over the remainder of the Group.
Significant changes in our approach	As part of the annual impairment test, a £12.2m impairment was recognised in relation to the Spain CGU following revisions to the five-year forecast. We consider the key assumptions in relation to revenue growth within the value in use model to be a new key audit matter in the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the Group's process for assessing going concern, and relevant management review controls underpinning this assessment;
- Assessing the liquidity position of the Group and evaluating cash forecasts which were prepared for at least 12 months from the approval of accounts;
- Evaluating the historical accuracy of the Group's forecasts;
- Understanding the relevant assumptions including those in relation to the macroeconomic environment, used in the going concern models, including the Strategic Plan, and challenging them by comparison to our understanding of the business, external information and evidence gathered from other audit procedures; and
- Evaluating management's stress tests and break-even analyses, and performing our own independent analysis, in order to assess the reasonableness of the assumptions used.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue: accuracy of volume and pricing of indirect usage revenue

Key audit matter description	Revenue from the Group's indirect usage customer base, which wholly relates to the UK, is calculated based on the volume of call traffic and associated call rates. We identified a key audit matter relating to the accuracy of traffic volumes as well as the accuracy of the pricing within this revenue stream, due to the volume of transactions. Inaccuracies in call rates, whether due to fraud or error, could result in a material misstatement in revenue. In 2022 the group's revenues were £484.4m (2021: £444.7m) of which UK indirect usage revenue represents £73.4m (2021: 78.5m). The group's revenue recognition principles are disclosed in note 1.
How the scope of our audit responded to the key audit matter	With the involvement of our IT specialists we tested, and placed reliance on, IT controls relevant to UK indirect usage revenue, the most critical of which was the automated matching of the call rates input and call data records to calculate the billing for each transaction. We have also tested and relied upon a number of other controls relevant to revenue, specifically in relation to rate-change reviews, the revenue reconciliations performed thereof, and the analysis of monthly revenue trends. We have tested the volumes and prices involved in indirect usage revenues by tracing a sample of customers with changes through to call data records and evidence of rate changes. We recalculated the revenue in relation to the calls by multiplying the appropriate rate against the call minutes. In addition we performed substantive analytical procedures of total indirect usage revenues for the year based on the month-on-month trends, movements in minutes, as well as call rate fluctuations. We also traced a sample of credit notes raised post year end to supporting documentation to test for possible overstatement of revenue.
Key observations	We are satisfied that the UK indirect usage revenue is appropriate.

5.2. Carrying amount of goodwill: revenue growth forecast within the Spain CGU

Key audit matter description	The Group's evaluation of goodwill for impairment involves the comparison of the recoverable amount of each operating segment to which goodwill is allocated to its carrying amount. Recoverable amount represents the higher of fair value less costs to sell and value in use. The Group used a discounted cash flow model to estimate value in use, which requires significant estimates and assumptions. Changes in these assumptions could have a significant impact on the amount of any goodwill impairment charge and the disclosures made in the financial statements As part of the acquisition of Voz in 2020, goodwill of £14.5 million was recorded within the Spain CGU. As part of management's annual goodwill impairment test in which management assessed the fair value less costs to sale and the value in use, an impairment of £12.2m million was recorded. We identified a key audit matter in respect of revenue growth forecasts in the Spain CGU. Given the significant judgements made in determining the forecast revenue used in the value in use models, we have performed audit procedures requiring a high degree of auditor judgement and increased effort to evaluate the reasonableness of the estimates and assumptions. Further details are included within the audit committee report on page 64 and note 8 to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls in relation to the annual impairment evaluation process, in particular relevant controls that ensure the reasonableness of the Board-approved budget used in the value in use model, and the preparation and review of the impairment assessment. We evaluated management's ability to accurately forecast future revenues by comparing current year forecast of revenue growth to actual performance to assess historical accuracy of forecasting, with special focus on assessing the performance against forecasts. We obtained evidence of post year-end performance compared this to the initial forecast assumptions. We evaluated the reasonableness of the revenue growth rates assumed by management in the value in use models by comparing them to third party analyst and industry reports. We tested the mathematical accuracy of the fair value less costs to sell assessment and value in use models. We evaluated the appropriateness of the sensitivity disclosures included within the consolidated financial statements.
Key observations	We are satisfied that the carrying value of Spain goodwill is reasonable and that the revenue growth assumptions support management's impairment review are within an acceptable range of values.

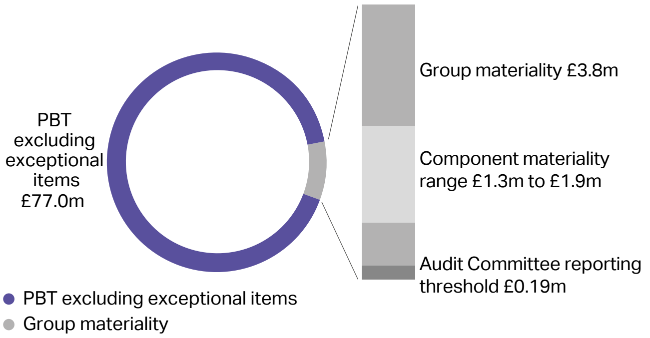
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£3.8m (2021: £3.4m)	£1.9m (2021: £1.2m)
Basis for determining materiality	5% of profit before tax excluding exceptional items (5.9% of statutory profit before tax) (2021 : 5% of profit before tax). Refer to note 8 for details of exceptional items.	2.5% of net assets (2021: 2% of net assets)
Rationale for the benchmark applied	We chose this measure as it is the primary statutory measurement used by the users of the accounts and key stakeholders to measure the performance of the group. There were no exceptional items to consider in the prior year.	We consider net assets to be the most appropriate benchmark as the Parent Company is a non-trading entity, whose primary function within the Gamma Group is to act as a holding company.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of group materiality	70% (2021: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • our historical knowledge of the group's business; • the quality of the control environment and the fact that we were able to rely on controls for revenue; • the nature of, and low volume and small size of, corrected and uncorrected misstatements identified in the previous audits; • management's willingness to investigate and correct misstatements; and • low turnover of management or key accounting personnel.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.19m (2021: £0.17m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

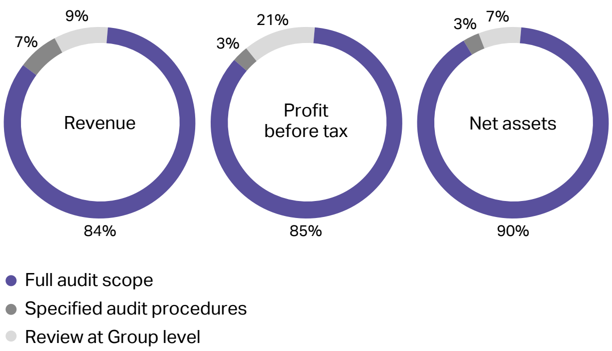
7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, the Group audit team have performed full scope audits at 5 components (2021: 4), being the five largest trading entities in the UK. These components represent the principal business units within the Group and account for 84% (2021: 89%) of the Group's revenue, 85% (2021: 87%) of the Group's statutory profit before tax and 90% (2021: 89%) of the Group's net assets.

Specified audit procedures around revenue, cash and trade receivables have also been performed for Gamma Germany by our component auditors, which has given us a further 7% (2021: 8%) coverage over revenue and 1% (2021: 1%) of net assets. The group engagement team also performed specified audit procedures on capitalised development costs in Mission Labs Limited increase net asset coverage by 2%.

We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit.



7.2. Our consideration of the control environment

We have taken controls reliance in relation to indirect usage revenue, we have identified areas for improvement in the controls processes consistent with those disclosed in the Audit Committee section on page 64. Please see section 5.1 for a description of our approach. We also obtained an understanding of controls relating to the risk of management override of controls and the impairment of the Spain CGU. We took a fully substantive approach for all other areas of the audit.

7.3. Our consideration of climate-related risks

The Group has assessed whether there is a material impact on the Group's carrying value of assets and liabilities at the balance sheet date as a result of climate-related risks and have concluded that there is not. We read the related disclosures in the strategic report to consider whether it is materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. Working with other auditors

The Group audit team engaged component audit team to perform the audit procedures as set out in section 7.1. The Group audit team held regular communication with the component auditors in planning for, and throughout, the audit process. Oversight of the component auditors included attending internal planning and status meetings, attending close meetings held with local management, reviewing relevant audit documentation, and discussing the results with both management and the component auditors.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1.Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, and the audit committee about their own identification and assessment of the risks of irregularities including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - the matters discussed among the audit engagement team including component audit teams and relevant internal specialists, including tax,
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
  - the matters discussed among the audit engagement team including component audit team and relevant internal specialists, including tax, valuations and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in relation to the accuracy of volume and pricing of indirect usage revenue. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Quoted Companies Alliance, AIM Listing Rules, and pensions legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Ofcom regulations, Health and Safety regulations, the Telecoms Act and GDPR compliance.

11.2. Audit response to risks identified
As a result of performing the above, we identified Revenue: accuracy of volume and pricing of indirect usage revenue as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Tolley FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

20 March 2023

Consolidated statement of profit or loss
For the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Revenue	5	**484.6**	447.7
Cost of sales		**(236.9)**	(219.2)
Gross profit		**247.7**	228.5
Operating expenses		**(182.3)**	(160.2)
Earnings before depreciation, amortisation and exceptional items		**105.1**	95.4
Exceptional items	8	**(12.5)**	–
Earnings before depreciation and amortisation		**92.6**	95.4
Depreciation and amortisation (excluding business combinations)	7	**(17.7)**	(17.6)
Depreciation and amortisation arising due to business combinations	7	**(9.5)**	(9.5)
Profit from operations	7	**65.4**	68.3
Finance income	10	**0.8**	0.1
Finance expense	11	**(1.3)**	(1.2)
Profit before tax		**64.9**	67.2
Tax expense	12	**(15.4)**	(13.2)
Profit after tax		**49.5**	54.0
Attributable to:			
Equity holders of Gamma Communications plc		**49.3**	53.6
Non-controlling interests		**0.2**	0.4
		49.5	54.0
Earnings per share			
Basic per Ordinary Share (pence)	13	**51.1**	55.9
Diluted per Ordinary Share (pence)	13	**50.6**	55.2

Adjusted earnings per share is shown in note 13.

All income recognised during the year was generated from continuing operations.

Consolidated statement of comprehensive income
For the year ended 31 December 2022

	2022 £m	2021 £m
Profit after tax	**49.5**	54.0
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to the income statement (net of tax effect)		
Exchange differences on translation of foreign operations	**2.9**	(3.5)
Total comprehensive income	**52.4**	50.5
Attributable to:		
Equity holders of Gamma Communications plc	**52.2**	50.1
Non-controlling interests	**0.2**	0.4
	52.4	50.5

The notes on pages 101 to 130 form part of these financial statements.

Consolidated statement of financial position
As at 31 December 2022

	Notes	2022 £m	2021 £m
Assets			
Non-current assets			
Property, plant and equipment	15	**33.8**	36.8
Right of use assets	16	**9.1**	10.2
Intangible assets	17	**124.3**	129.3
Deferred tax assets	29	**5.5**	7.0
Trade and other receivables	20	**13.0**	14.3
		185.7	197.6
Current assets			
Inventories	19	**10.2**	7.9
Trade and other receivables	20	**109.4**	98.4
Cash and cash equivalents	21	**94.6**	52.8
Current tax asset		**6.9**	5.1
		221.1	164.2
Total assets		**406.8**	361.8
Liabilities			
Non-current liabilities			
Other payables	22	**2.7**	2.0
Borrowings	23	**1.7**	2.5
Lease liabilities	24	**8.6**	9.8
Provisions	25	**0.9**	1.1
Contract liabilities	26	**7.8**	10.0
Contingent consideration	27	**1.5**	3.7
Put option liability	28	**–**	2.3
Deferred tax	29	**11.3**	10.0
		34.5	41.4
Current liabilities			
Trade and other payables	22	**54.0**	48.1
Borrowings	23	**0.4**	0.8
Lease liabilities	24	**2.5**	2.1
Provisions	25	**0.7**	0.9
Contract liabilities	26	**9.2**	7.4
Contingent consideration	27	**3.5**	2.6
Put option liability	28	**1.8**	3.4
Current tax liability		**0.5**	0.9
		72.6	66.2
Total liabilities		**107.1**	107.6
Net assets		**299.7**	254.2
Equity			
Share capital	33	**0.2**	0.2
Share premium reserve		**18.0**	14.9
Other reserves	34	**9.0**	4.5
Retained earnings		**273.9**	239.1
Equity attributable to owners of Gamma Communications plc		**301.1**	258.7
Non-controlling interests		**0.8**	2.2
Written put options over non-controlling interests		**(2.2)**	(6.7)
Total equity		**299.7**	254.2

The financial statements on pages 97 to 130 were approved and authorised for issue by the Board of Directors on 20 March 2023 and were signed on its behalf by:

Bill Castell
Chief Financial Officer

The notes on pages 101 to 130 form part of these financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Cash flows from operating activities			
Profit for the year before tax		**64.9**	67.2
Adjustments for:			
Depreciation of property, plant and equipment	15	**9.5**	8.3
Depreciation of right of use assets	16	**2.8**	2.7
Amortisation of intangible assets	17	**14.9**	16.1
Impairment of goodwill	8	**12.2**	–
Change in fair value of contingent consideration/put option liability		**(0.9)**	–
Share-based payment expense		**4.3**	4.8
Interest income	10	**(0.8)**	(0.1)
Finance expense	11	**1.3**	1.2
Loss on disposal of subsidiary undertaking	8	**0.3**	–
		108.5	100.2
Increase in trade and other receivables		**(10.1)**	(5.4)
(Increase)/decrease in inventories		**(2.6)**	0.2
Increase/(decrease) in trade and other payables		**4.1**	(6.2)
(Decrease)/increase in contract liabilities		**(0.4)**	1.5
Decrease in provisions		**(0.4)**	(0.5)
Cash generated by operations		**99.1**	89.8
Taxes paid		**(14.4)**	(13.3)
Net cash flows from operating activities		**84.7**	76.5
Investing activities			
Gain on disposal of property, plant and equipment	15	**0.4**	0.1
Purchase of property, plant and equipment	15	**(6.8)**	(9.1)
Purchase of intangible assets	17	**(13.9)**	(7.7)
Interest received		**0.8**	0.1
Acquisition of subsidiaries net of cash acquired	18	**(9.8)**	(49.3)
Disposal of subsidiary net of disposed cash		**(0.3)**	–
Net cash used in investing activities		**(29.6)**	(65.9)
Financing activities			
Lease liability repayments	24	**(2.8)**	(3.1)
Repayment of borrowings	23	**(0.7)**	(2.3)
Interest paid		**(0.1)**	(0.5)
Share issues		**3.1**	5.9
Dividends	14	**(13.3)**	(11.7)
Net cash used in financing activities		**(13.8)**	(11.7)
Net increase/(decrease) in cash and cash equivalents		**41.3**	(1.1)
Cash and cash equivalents at beginning of year		**52.8**	53.9
Effects of exchange rate changes on cash and cash equivalents		**0.5**	–
Cash and cash equivalents at end of year		**94.6**	52.8

The notes on pages 101 to 130 form part of these financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2022

	Share capital[2] £m	Share premium reserve £m	Other reserves[2] £m	Retained earnings £m	Total £m	Non-controlling interests £m	Written put options over non-controlling interests £m	Total equity £m
1 January 2021	0.2	9.0	6.1	197.5	212.8	3.0	(11.4)	204.4
Issue of shares	–	5.9	(2.2)	2.2	5.9	–	–	5.9
Share-based payment expense	–	–	4.1	–	4.1	–	–	4.1
Tax on share-based payment expense:								
Current tax	–	–	–	1.7	1.7	–	–	1.7
Deferred tax	–	–	–	(0.7)	(0.7)	–	–	(0.7)
Non-controlling interests on acquisition of subsidiary	–	–	–	1.2	1.2	(1.2)	–	–
Equity put rights	–	–	–	(4.7)	(4.7)	–	4.7	–
Dividend paid[1]	–	–	–	(11.7)	(11.7)	–	–	(11.7)
Transaction with owners	–	5.9	1.9	(12.0)	(4.2)	(1.2)	4.7	(0.7)
Profit for the year	–	–	–	53.6	53.6	0.4	–	54.0
Other comprehensive expense	–	–	(3.5)	–	(3.5)	–	–	(3.5)
Total comprehensive (expense)/income	–	–	(3.5)	53.6	50.1	0.4	–	50.5
31 December 2021	**0.2**	**14.9**	**4.5**	**239.1**	**258.7**	**2.2**	**(6.7)**	**254.2**
1 January 2022	**0.2**	**14.9**	**4.5**	**239.1**	**258.7**	**2.2**	**(6.7)**	**254.2**
Issue of shares	–	3.1	(2.7)	2.7	3.1	–	–	3.1
Share-based payment expense	–	–	4.3	–	4.3	–	–	4.3
Tax on share-based payment expense:								
Current tax	–	–	–	0.1	0.1	–	–	0.1
Deferred tax	–	–	–	(1.1)	(1.1)	–	–	(1.1)
Non-controlling interests on acquisition of subsidiary	–	–	–	1.6	1.6	(1.6)	–	–
Equity put rights				(4.5)	(4.5)	–	4.5	–
Dividend paid[1]	–	–	–	(13.3)	(13.3)	–	–	(13.3)
Transaction with owners	–	3.1	1.6	(14.5)	(9.8)	(1.6)	4.5	(6.9)
Profit for the year	–	–	–	49.3	49.3	0.2	–	49.5
Other comprehensive income	–	–	2.9	–	2.9	–	–	2.9
Total comprehensive income	–	–	2.9	49.3	52.2	0.2		52.4
31 December 2022	**0.2**	**18.0**	**9.0**	**273.9**	**301.1**	**0.8**	**(2.2)**	**299.7**

1 Refer to note 14.

2 Refer to note 33 and 34.

The notes on pages 101 to 130 form part of these financial statements.

1. Accounting policies

Basis of preparation

These financial statements are prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") as adopted by the United Kingdom ("UK"). The financial statements are prepared on a going concern basis and have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value.

The financial statements are presented in Pounds Sterling and, unless otherwise stated, have been rounded to the nearest 0.1 million (£m).

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The Group continues to adopt the going concern basis of accounting in preparing the financial statements. Further details can be found in the Financial review on pages 38 to 40.

Basis of consolidation

The Group financial statements consolidate the financial statements of Gamma Communications plc ("the Company") and the entities controlled by the Company (its subsidiaries). All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests or amounts previously recognised in other comprehensive income in relation to that subsidiary.

The consolidated financial statements consist of the results of the entities shown in note 36.

Exemption from audit

For the year ending 31 December 2022 the following UK subsidiaries will take advantage of the audit exemption under s479A of the Companies Act 2006.

Subsidiary name	Company registration number
Gamma Europe Holdco Limited	12651762
Gamma Group Holdings Limited	12648657
Gamma Telecom Holdings Limited	04287779
Gamma Telecom Limited	04340834
Gamma Business Communications Limited	02998021
Gamma Network Solutions Limited	06783485
Exactive Limited	SC285583
Exactive Holdings Limited	SC293070
Mission Labs Limited	10040088
Telsis Communication Services Limited	09235326
Telsis Direct Limited	02977905
Telsis Services Limited	02304971
Gamma Communications No1 Limited	14311174

For the year ending 31 December 2022, Gamma Communications Europe B.V. and Gamma Communications Benelux B.V. were entitled to exemption from the preparation of consolidated financial statements under Section 408 of the Dutch Civil Code (consolidation exemption for intermediate holding companies).

Dormant companies

For the year ending 31 December 2022 the following dormant UK subsidiaries will prepare and file individual accounts under s394A and s448A of the Companies Act 2006.

Subsidiary name	Company registration number
CircleLoop Limited	11056242
Exactive Online Limited	SC377506
Gamma Managed Services Limited	07136383

Revenue recognition

Revenue represents the fair value of the consideration received or receivable for communication services and equipment sales, net of discounts and sales taxes. One of the Group's German subsidiaries also has revenue from the commission earned on the sale of mobile phone contracts.

Revenue is recognised when the Group has fulfilled its performance obligations under the relevant customer contract.

The Group sells a number of communications products each of which typically consists of all or some of four main types of revenue – voice and data traffic, a subscription or rental, equipment sales and installation fees. Revenue for each element of the sale of the product is recognised as described below.

To the extent that invoices are raised in a different pattern to the revenue recognition described below, appropriate adjustments are made through contract liabilities and contract assets to account for revenue when the performance obligations have been met.

The Group has two types of channel partners. For the majority of the channel partners, the Group receives payment for products and services from channel partners who onwardly sell to end users. These channel partners are treated as the principal in that transaction because the channel partner has the primary responsibility for providing the products or services to the end user; carries the inventory risk; is free to establish its own prices either with or without bundling in other goods or services which are not supplied by the Group; and bears the credit risk for the amount receivable from the end user. The Group therefore recognises revenue based on the transactions with the channel partner and not the end user.

1. Accounting policies continued

The Group also has other channel partners that do not meet the criteria above and hence are not recognised as the principal in the transaction. For sales relating to these channel partners the Group recognises revenue based on transactions with the end user and recognises commission paid to the channel partner as an expense.

Voice and data traffic
Revenue from traffic is recognised at the time the call is made or data is transferred.

Revenue arising from the interconnection of voice and data traffic between other telecommunications operators is recognised at the time of transit across the Group's network.

Subscriptions and rentals
Revenue from the rental of analogue and digital lines is recognised evenly over the period to which the charges relate. Subscription fees, consisting primarily of monthly charges for access to ethernet, broadband, UCaaS services and other internet access or voice services, are recognised as revenue as the service is provided.

A minority of sales of the Cloud PBX product are made under an "upfront" model whereby a channel partner buys the right to use a service for an unspecified period of time into the future. This is treated as an option to obtain future services at a discount and the revenue is spread equally over the estimated future period of usage of that service.

Equipment sales
Revenue from the sale of peripheral and other equipment is recognised when control of the asset has transferred to the buyer, normally the date the equipment is delivered and accepted by the customer.

Installation fees
Revenue from installations which cannot be separated from an ongoing service contract, i.e. installations with no standalone value to the customer, are allocated to initial equipment sale (if any) and ongoing service revenues. The latter element results in a contract liability which is released over the length of the contract.

Arrangements with multiple deliverables
Where goods and/or services are sold in a bundled transaction, the total arrangement consideration is allocated to the individual elements based on their relative fair values. This fair value is based on amounts charged on a standalone basis, or by using comparable pricing arrangements observable in the market.

Commission from mobile network operators
Our German business (Epsilon Telecommunications GmbH) receives commission from mobile network operators in relation to the activation of SIMs. It recognises the revenue in the month in which it is activated by the mobile network operators. Annual commission is recognised on an accruals basis once the performance obligations can be measured reliably.

Advances made to channel partners
Advances are sometimes made to channel partners as part of an incentive deal. Where the Group can demonstrate recovery of the advances through contractual clawback provisions and past evidence of recovery, they are deferred and recognised over the period of the contract. Where this is not possible, they are charged directly to the Consolidated statement of profit or loss.

Incentive deals
Where the Group enters into incentive deals the costs are spread over the period of the deal and attributes a proportion of revenue against these costs. Where there is no revenue the credit is shown against revenue over the period of the deal.

Business combinations
The acquisition method of accounting is used for the acquisition of subsidiaries. The cost of the acquisition is measured at the aggregate fair value of consideration given. Acquisition-related costs are recognised in the Consolidated statement of profit or loss as incurred.

On acquisition, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value. Certain assets and liabilities are not recognised at fair value at the acquisition date as they are accounted for using other applicable IFRSs. These include deferred tax assets/liabilities.

The interest of the non-controlling shareholders in the acquiree may initially be measured either at fair value or at the non-controlling shareholders' proportion of the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed. The choice of measurement basis is made on an acquisition-by-acquisition basis.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period of one year from the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs.

Foreign currency
The consolidated financial statements are presented in Pounds Sterling, which is the functional currency of the Company.

Foreign currency transactions are translated into the functional currency at the prevailing rates when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

On consolidation, the results of European operations are translated into Pounds Sterling at rates approximating those prevailing when the transactions took place. The balance sheets of European operations are translated at the prevailing rate at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of European operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in the profit or loss of Group entities on the translation of long-term monetary items forming part of the Group's net investment in the European operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified as either fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification and subsequent remeasurement depends on the Group's business model for managing the financial asset and its cash flow characteristics. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

All financial assets are recognised and derecognised on a trade date basis, where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe of the market concerned.

Financial assets

Trade and other receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets measured at amortised cost. Trade receivables do not contain significant financing components and therefore are initially recognised at their transaction price, and subsequently treated in line with other financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment of financial assets

Except for trade receivables, impairment provisions are recognised as an expected credit loss provision under the general approach, being the expected credit loss over the next 12 months. Where there is a credit risk on a financial asset that has increased significantly, the impairment provision is measured at the lifetime expected credit loss. Impairment for trade receivables will be measured under the simplified approach with an expected credit loss percentage applied to each ageing category. All financial assets will be reported net of impairment; when the Group has no reasonable expectation of recovering a financial asset, the portion that is not recoverable is derecognised.

Financial liabilities

Trade payables

Trade payables are other financial liabilities initially measured at fair value and subsequently measured at amortised cost.

Derivatives

Forward exchange contracts are entered into to mitigate foreign exchange risk. These contracts are derivatives and therefore measured at fair value through profit or loss. Hedge accounting has not been applied.

Borrowings

Borrowings represent bank loans, initially measured at net proceeds and subsequently measured at amortised cost, using the effective rate method.

Equity instruments

Equity instruments are recorded as the proceeds received, net of direct issue costs. Gamma Communications plc Ordinary Shares held by the Group are classified in equity as Own Shares. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, and are not subsequently reclassified to the Group income statement, including on derecognition.

Hedge accounting

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, as well as the risk management objective and the strategy for undertaking the hedge transaction. The Group also documents its assessment of whether the hedge is expected to be, and has been, highly effective in offsetting the risk in the hedged item, both at inception and on an ongoing basis.

Changes in the fair value of hedging instruments that are designated and qualify as a hedge of a net investment in a foreign operation (net investment hedges) or a hedge of a future cash flow attributable to a recognised asset or liability, a highly probable forecast transaction or a firm commitment (cash flow hedges), and that prove to be highly effective in relation to the hedged risk, are recognised in other comprehensive income and a separate reserve within equity. Gains and losses accumulated in this reserve are included in the statement of profit or loss on disposal of the relevant investment or occurrence of the cash flow as appropriate.

Changes in the fair value of hedging instruments that are designated and qualify as a hedge of the fair value of a recognised asset or liability (fair value hedges) are recognised in the statement of profit or loss. The gain or loss on the hedged item that is attributable to the hedged risk is recognised in the statement of profit or loss. This applies even if the hedged item is an available for sale financial asset or is measured at amortised cost. If a hedging relationship no longer meets the criteria for hedge accounting, the cumulative adjustment made to the carrying amount of the hedged item is amortised to the statement of profit or loss, based on a recalculated effective interest rate over the residual period to maturity. In cases where the hedged item has been derecognised, the cumulative adjustment is released to the statement of profit or loss immediately.

Offsetting financial instruments

Financial assets and liabilities are offset and presented on a net basis in the Consolidated statement of financial position, only if the Group holds an enforceable legal right of set-off for such amounts and there is an intention to settle on a net basis or to realise an asset and settle the liability simultaneously. In all other instances they are presented gross in the Consolidated statement of financial position.

Dividends

Dividends are accounted for when they become legally payable. In the case of interim dividends to equity shareholders, this is upon payment. For final dividends, this is when they are approved by the shareholders at the AGM. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date. Dividends are disclosed in note 14.

Share-based payment expense

Equity-settled share-based payments awarded to employees are measured at the fair value of the options at the grant date. The fair value excludes the effect of non-market based vesting conditions. The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

Each year end, the Group revises its estimate of the number of equity instruments expected to vest as a result of non-market based vesting conditions. The impact of the revision of the estimate, if any, is recognised in the Consolidated statement of comprehensive income so that, ultimately, the cumulative amount recognised reflects the latest estimates with a corresponding adjustment to the share option reserve.

1. Accounting policies continued

Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated statement of profit and loss over the remaining vesting period.

The fair value of the options is measured by use of either the Black-Scholes method or the Monte Carlo method. The latter methodology is used where there are market conditions attached to the share awards.

Leased assets

Leased assets consist of rental property, cars and fibre networks where the Group has the right to control the identified asset.

A right of use asset and corresponding lease liability are recognised at commencement of a lease. The right of use asset is measured at cost, which consists of the initial measurement of the lease liability, any initial direct costs and any dilapidation or restoration costs. The right of use asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

The lease liability is measured at the present value of the lease payments, discounted at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprises of fixed or variable payments, amounts expected to be payable under the residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequently, the liability will be reduced for payments made and increased for the interest applied and it is remeasured to reflect any reassessment or contract modifications. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset or in the Consolidated statement of profit or loss if the right of use asset is already reduced to zero.

Where lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Short term leases of 12 months or less and leases of low value are expensed to the Consolidated statement of profit or loss.

Where the Group has a contract to use part of a fibre or copper pathway and does not have substantially all of the capacity of the asset this is not classified as a lease and payments are expensed. In some instances, a pathway may have a small incidental linkage where the Group is using substantially all of the capacity of a very minor part of the pathway. In this instance the whole contract is not treated as a lease.

Taxation

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years, it includes items that are tax deductible but do not affect net profit and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is charged or credited in the statement of profit or loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment is stated at costs less accumulated depreciation and any accumulated impairment losses. Costs comprise purchase price, any other directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is calculated by charging equal annual instalments to the Consolidated profit or loss at the following rates:

Category	Depreciation rate
Land and buildings	3% – 6% per annum straight line
Network assets	14% – 25% per annum straight line
Computer equipment	15% – 33% per annum straight line
Fixtures and fittings	8% – 33% per annum straight line

The charge in respect of periodic depreciation is calculated after establishing an estimate of the asset's useful life and the expected residual value at the end of its life. The useful lives of Group assets are determined by management at the time the assets are acquired and reviewed annually for appropriateness. These lives are based on historical experience with similar assets.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

Assets in the course of construction for use in the supply of communication products, or for administration purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Intangible assets

Goodwill

Goodwill arises on business combinations and represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired business at the acquisition date. Goodwill is recognised as an intangible asset.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment charges. Impairment charges on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to the Consolidated statement of profit or loss on the acquisition date.

Goodwill on acquisitions prior to the date of transition to IFRS have been retained at the previous UK GAAP amounts subject to impairment testing.

Brands

Separately acquired brands are recognised at fair value (regarded as cost) at the date of purchase. Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands acquired separately or through a business combination are assessed at the date of acquisition as to whether they have an indefinite life. The assessment includes whether the brand name will continue to trade, and the expected lifetime of the brand. All brands acquired to date have been assessed as having an indefinite life as they are expected to continue to contribute to the long-term future of the Group. The brands are reviewed annually for impairment, being carried at cost less accumulated impairment charges.

The fair value of a brand at the date of acquisition is based on the Relief from Royalties method, which is a valuation model based on discounted cash flows.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value (regarded as cost) at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

The fair value of the customer relationships at the acquisition date is based on the Multiple Excess Earnings Method ("MEEM") which is a valuation model based on discounted cash flows. The useful lives of customer relationships are based on the churn rate of the acquired portfolio and are up to 10 years corresponding to a yearly amortisation of between 10% and 25%. The useful lives of all intangible assets are reviewed annually and amended, as required, on a prospective basis.

Development costs

Expenditure on the research phase of an internal project is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects (whether in respect of new products or enhancement of existing products) are capitalised when all the following conditions are satisfied:

- completion of the asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the asset and use or sell it;
- the Group has the ability to use or sell the asset and the asset will generate probable future economic benefits (over and above cost);
- there are adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred. The cost of an internally generated asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. These typically include employee costs incurred and third-party costs.

Judgement is applied when deciding whether the recognition requirements for development costs have been met. Judgements are based on the information available at each statement of financial position date. In addition, all internal activities related to the research and development of new projects are continuously monitored. Amortisation is charged to the Statement of profit or loss on a straight-line basis over the estimated useful life from the date the asset is available for use.

Software

Software is comprised of licences purchased from third parties and is initially recognised at cost. Amortisation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Amortisation is provided on software over the useful economic life assigned, but no more than five years.

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Impairment is reviewed by assessing the asset's value in use when compared to its carrying value.

Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Inventory

Inventory (which is all finished goods) are valued at the lower of cost and net realisable value. Cost comprises all purchase costs, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

1. Accounting policies continued

Put option arrangements

The cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled by exchange of cash.

The amount that may become payable under the option on exercise is initially recognised within liabilities with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries. The Group recognises the cost of writing such put options, determined as the excess of the fair value on the option over any consideration paid, as a financing cost.

Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financing cost.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. The amount recognised as a provision is the best estimate of the cost required to settle the obligation at the reporting date, after taking account of the risks and uncertainties surrounding the obligation. Provisions are disclosed in note 25.

Employee Benefit Trust ("EBT")

As the Company is deemed to have control of its EBT, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements.

2. Critical accounting estimates and judgements

Preparation of the consolidated financial statements requires the Group to make certain estimations, assumptions and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including best estimates of future events. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment within the next financial year are discussed below.

Critical accounting judgements

Critical judgements, apart from those involving estimations, applied in the preparation of the consolidated financial statements are discussed below:

(a) Principal vs agent classification of channel partners

The Group receives payment for products and services from channel partners who onwardly sell to end users. The Group has considered whether channel partners are acting as a principal or an agent under the criteria in IFRS 15.

Where a channel partner has the primary responsibility for providing the products or services to the end user, carries the inventory risk, is free to establish its own prices and bears the credit risk for the amount receivable from the end user then the channel partner is treated as the principal in that transaction. The Group therefore recognises revenue earned in this way based on the transactions with the channel partner and not the end user. For more information on the Group's revenue please see note 5, Segment information.

(b) Revenue recognition

Revenue recognition on contracts may involve providing services over multiple years and involving a number of products. In such instances, judgement is required to identify the date of transaction of separable elements of the contract and the fair values which are assigned to each element. The Group also regularly assesses customer credit risk inherent in the carrying amounts of receivables, contract costs and estimated earnings. For more information on the Group's revenue recognition policy please see note 1, Accounting policies.

Key accounting estimates

There are no key accounting estimates that will have a significant risk of causing a material adjustment within the next financial year.

3. Alternative performance measures

Adjustments to the income statement have been presented because the Group believes that adjusted performance measures (APMs) provide valuable additional information for users of the financial statements in assessing the Group's performance, and also represent the underlying performance of the Group. These are also used by the Board and management as KPIs to understand how the business is performing. Moreover, they provide information on the performance of the business that management is more directly able to influence and on a basis comparable from year to year. Reference to 'underlying' reflects the trading results of the Group without the impact of depreciation and amortisation of acquired intangible assets, exceptional items, changes in fair value consideration and any tax related effects that would otherwise impact the users understanding of the Group's performance. The Directors believe that adjusted results provide additional useful information on the core operational performance of the Group, and review the results of the Group on an adjusted basis internally.

The measures are adjusted for the following items:

(a) Depreciation and amortisation

Depreciation and amortisation relate to the assets which were acquired by the Group. These are omitted from adjusted operating expenses to allow users of the accounts to compare against other external data sources.

(b) Depreciation and amortisation arising due to business combinations

This adjustment is made to improve the comparability between acquired and organically grown operations, as the latter cannot recognise internally generated intangible assets. Adjusting for amortisation provides a more consistent basis for comparison between the two.

(c) Change in fair value of acquisitions

The change in fair value of deferred consideration and put option liability is adjusted for to improve the comparability between acquired and organically grown operations, providing a more consistent basis for comparison between the two.

(d) Exceptional items

The Group treats certain items which are considered to be one-off or not representative of the underlying trading of the Group as exceptional in nature.

The Directors apply judgement in assessing the particular items, which by virtue of their scale or nature should be classified as exceptional items. The Directors consider that separate disclosure of these items is relevant to an understanding of the Group's financial performance. Any changes to items that are initially identified as exceptional in one year will consistently be treated as exceptional in subsequent periods.

Changes in deferred consideration, impairment of intangible assets and goodwill, and profit or loss upon disposal of a subsidiary are considered to be exceptional where of a certain scale as they are not representative of the principal activities of the Group.

(e) Adjusting tax items

Where movements to tax balances arise and these do not relate to the underlying trading current year tax charge, these are adjusted in determining certain APMs as they do not reflect the underlying performance in that year.

The impact of these adjustments is shown in the table below:

2022

Measure	Statutory Basis	Depreciation and amortisation on business combinations	Change in fair value of acquisitions	Exceptional items**	Adjusting tax items	Adjusted basis
PBT (£m)	64.9	9.5	0.9	12.5	–	87.8
PAT* (£m)	49.3	9.5	0.9	12.5	(2.2)	70.0
EPS (FD) (p)	50.6	9.8	0.9	12.8	(2.3)	71.8

2021

Measure	Statutory Basis	Depreciation and amortisation on business combinations	Change in fair value of acquisitions	Exceptional items**	Adjusting tax items	Adjusted basis
PBT (£m)	67.2	9.5	0.5	–	–	77.2
PAT* (£m)	53.6	9.5	0.5	–	(1.5)	62.1
EPS (FD) (p)	55.2	9.8	0.5	–	(1.5)	64.0

* Profit after tax (PAT) is the amount attributable to the ordinary equity holders of the Company.

** See note 8 for further details.

In addition to the above we add back the depreciation and amortisation charged in the year to Profit from Operations (2022: £65.4m; 2021: £68.3m) to calculate a figure for EBITDA (2022: £92.6m; 2021: £95.4m) which is commonly quoted by our peer group internationally and allows users of the accounts to compare our performance with those of our peers. We further adjust EBITDA for exceptional items as this gives a reader of the accounts a view of the underlying trading picture which is comparable from year to year (2022: £105.1m; 2021: £95.4m).

An adjustment to cash and cash equivalents has been presented because the Group believes that adjusted performance measures (APMs) provide valuable additional information for users of the financial statements in assessing the Group's performance as Net Cash is a better measure of liquidity.

	2022 £m	2021 £m
Cash and cash equivalents	**94.6**	52.8
Borrowings (excluding IFRS16)	**(2.1)**	(3.3)
Net Cash	**92.5**	49.5

4. Changes in accounting policies

New standards, amendments and interpretations applied for the first time are shown below. There were no new standards, amendments or interpretations applied for first time that had a material impact on the Consolidated Financial Statements. The accounting policies set out in the 2022 Annual Report and Accounts have been applied consistently to both periods presented in these Consolidated Financial Statements:

- Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use
- Annual Improvements to IFRS Standards 2018–2020 (May 2020) - Reference to the Conceptual Framework
- Amendments to IFRS 3 (May 2020) - Reference to the Conceptual Framework
- Amendments to IAS 37 (May 2020) - Onerous Contracts - Cost of Fulfilling a Contract

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases have not yet been adopted by the UK:

- IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17) – Insurance Contracts
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

5. Segment information

The Group's main operating segments are outlined below:

UK Indirect – This division sells Gamma's products to channel partners and contributed 61% (2021: 60%) of the Group's external revenue.

UK Direct – This division sells Gamma's products to end users in the SME, Enterprise and Public Sector together with an associated service wrap. It contributed 24% (2021: 24%) of the Group's external revenues.

European – This division consists of sales made in Europe by Gamma Communications Benelux B.V. and its subsidiaries in the Netherlands, by VozTelecom Oigaa360 S.A.U. and its subsidiaries in Spain and by Gamma DE GmbH (formerly HFO Holding GmbH) and its subsidiaries in Germany contributing 15% (2021: 16%) of the Group's external revenues.

Central functions – This is not a revenue-generating segment but is made up of the central management team and wider Group costs.

Factors that Management used to identify the Group's operating segments

The Group's reportable segments are strategic business units that offer products and services into different markets. They are managed separately because each business requires different marketing strategies and are reported separately to the Board and Executive Committee to use for decision making. Management are reviewing the go-to-market segments and will start to report against the new segments during 2023.

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations but excluding non-recurring losses, such as goodwill impairment and exceptional items.

Inter-segment sales are priced in line with sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior year.

2022	UK Indirect £m	UK Direct £m	European £m	Central functions £m	Total £m
Segment revenue	320.5	116.4	73.4	–	510.3
Inter-segment revenue	(24.6)	(0.9)	(0.2)	–	(25.7)
Revenue from external customers	295.9	115.5	73.2	–	484.6
Timing of revenue recognition					
At a point in time	17.5	6.7	28.7	–	52.9
Over time (recurring)	278.4	108.8	44.5	–	431.7
	295.9	115.5	73.2	–	484.6
Gross profit	155.6	57.4	34.7	–	247.7
Operating expenses	(93.8)	(29.3)	(48.8)	(10.4)	(182.3)
Earnings before depreciation, amortisation and exceptional items	76.7	29.8	9.0	(10.4)	105.1
Exceptional items	–	–	(12.5)	–	(12.5)
Earnings before depreciation and amortisation	76.7	29.8	(3.5)	(10.4)	92.6
Depreciation and amortisation (excluding business combinations)	(12.7)	(1.3)	(3.7)	–	(17.7)
Amortisation arising due to business combinations	(2.2)	(0.4)	(6.9)	–	(9.5)
Profit/(loss) from operations	61.8	28.1	(14.1)	(10.4)	65.4

External revenue of customers has been derived principally in the geographical area of the operating segment and no single customer contributes more than 10% of revenue.

	UK Indirect £m	UK Direct £m	European £m	Central functions £m	Total £m
Additions to non-current assets	18.7	0.9	3.2	–	22.8
Reportable segment assets	295.7	49.6	61.5	–	406.8
Reportable segment liabilities	50.9	25.6	30.6	–	107.1

2021	UK Indirect £m	UK Direct £m	European £m	Central functions £m	Total £m
Segment revenue	293.6	104.8	72.7	–	471.1
Inter-segment revenue	(23.4)	–	–	–	(23.4)
Revenue from external customers	270.2	104.8	72.7	–	447.7
Timing of revenue recognition					
At a point in time	17.5	2.7	27.4	–	47.6
Over time (recurring)	252.7	102.1	45.3	–	400.1
	270.2	104.8	72.7	–	447.7
Gross profit	143.2	52.6	32.7	–	228.5
Operating expenses	(90.3)	(27.6)	(34.3)	(8.0)	(160.2)
Earnings before depreciation, amortisation and exceptional items	66.7	27.3	9.4	(8.0)	95.4
Exceptional items	–	–	–	–	–
Earnings before depreciation and amortisation	66.7	27.3	9.4	(8.0)	95.4
Depreciation and amortisation (excluding business combinations)	(12.8)	(0.9)	(3.9)	–	(17.6)
Amortisation arising due to business combinations	(1.0)	(1.4)	(7.1)	–	(9.5)
Profit/(loss) from operations	52.9	25.0	(1.6)	(8.0)	68.3

External revenue of customers has been derived principally in the geographical area of the operating segment and no single customer contributes more than 10% of revenue.

	UK Indirect £m	UK Direct £m	European £m	Central functions £m	Total £m
Additions to non-current assets	13.3	2.4	2.7	–	18.4
Reportable segment assets	241.7	18.9	101.2	–	361.8
Reportable segment liabilities	56.1	17.0	34.5	–	107.6

6. Contract costs

Capitalised contract costs consist of commissions from the UK Direct division which are directly associated with specific customer contracts and installation costs.

	2022 £m	2021 £m
Commissions		
Capitalised	**1.5**	1.3
Amortised	**1.0**	2.2
Installation costs		
Capitalised	**1.7**	1.6
Amortised	**1.6**	1.7

There was £nil impairment loss in relation to the costs capitalised (2021: £nil).

7. Profit on ordinary activities

Profit on ordinary activities is stated after charging/(crediting) the following amounts:

	2022 £m	2021 £m
Net foreign exchange	**(0.1)**	0.7
Research costs	**16.0**	14.8
Employee costs[1] (note 9)	**102.2**	96.5
Depreciation of property, plant and equipment	**9.5**	8.3
Depreciation on right of use assets	**2.8**	2.7
Amortisation of intangible assets (excluding business combinations)	**5.4**	6.6
Amortisation arising due to business combinations	**9.5**	9.5
Cost of inventories recognised as an expense[2]	**12.3**	11.9
Fees payable to the Group's auditor	**0.5**	0.4

1 Employee costs includes £13.6m (2021: £12.1) of costs included in research costs.

2 Included in the cost of inventory recognised as an expense is the movement of the provision of £0.2m.

7. Profit on ordinary activities continued

Fees payable to the Group's auditor for the audit of the Company and the consolidated financial statements totalled £536k (2021: £380k), which includes £91k (2021: £51k) principally in respect of the half-year review which is considered a non-audit service.

8. Exceptional items

	2022 £m	2021 £m
Impairment of goodwill[1]	**12.2**	–
Loss on disposal of subsidiary[2]	**0.3**	–
Total exceptional items	**12.5**	–

1 An impairment of the Spanish CGU has been recognised. This CGU has been impacted by the challenging local market economic conditions. It is anticipated that the achievement of future business performance targets may take longer than originally forecast as a result of the timing of growth in the Spanish UCaaS market. This, combined with the increase in discount rates has resulted in an impairment, see note 18. There is no tax impact of this item.

2 Relates to the sale of ComyMedia, previously part of the Spanish CGU, on 5 August 2022, see note 18. There is no tax impact of this item.

9. Employee costs

	2022 £m	2021 £m
Employee costs (including Directors) comprise:		
Wages and salaries	**80.4**	76.9
Defined contribution pension cost	**6.1**	5.4
Social security contributions and similar taxes	**11.4**	9.4
	97.9	91.7
Share-based payment expense (note 35)	**4.3**	4.8
	102.2	96.5

Employee costs are shown net of amounts capitalised of £10.3m (2021: £4.8m). The Group operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are administered by trustees in a fund independent from those of the Group.

Employee numbers

The average monthly number of Group employees was:

	2022 Number	2021 Number
Operational	**899**	934
Selling, administration and distribution	**808**	737
	1,707	1,671

Key management personnel compensation

Key management personnel comprise the Executive Directors and the Executive Committee (listed on pages 56 to 57).

	2022 £m	2021 £m
Salary	**5.0**	4.5
Defined contribution pension cost	**0.2**	0.1
Social security contributions and similar taxes	**1.3**	1.0
	6.5	5.6
Share-based payment expense (note 35)	**2.8**	2.8
	9.3	8.4

Remuneration in respect of the Board of Directors is summarised below:

	2022 £m	2021 £m
Salaries and fees	**2.4**	1.9
Social security contributions and similar taxes	**0.4**	0.3
	2.8	2.2
Share-based payment expense (note 35)	**1.5**	1.3
	4.3	3.5

During the year, the aggregate amount of gains made by the Executive Directors on the exercise of share options was £0.8m (2021: £2.6m).

The average number of employees in Gamma Communications plc during the financial year was four (2021: three).

During the year, two Executive Directors (2021: one) participated in a private money purchase defined contribution pension scheme.

10. Finance income

	2022 £m	2021 £m
Finance income		
Interest received on bank deposits	**0.8**	0.1
Total finance income	**0.8**	0.1

11. Finance expense

	2022 £m	2021 £m
Finance expense		
Lease liability interest costs	**(0.4)**	(0.5)
Unwinding of put option liability and contingent consideration	**(0.8)**	(0.5)
Interest on borrowings	**(0.1)**	(0.2)
Total finance expense	**(1.3)**	(1.2)

12. Tax expense

	2022 £m	2021 £m
Current tax expense		
Current tax on profits for the year	**13.7**	13.4
Adjustment in respect of prior year	**(0.4)**	0.6
Overseas tax	**1.1**	1.0
Total current tax	**14.4**	15.0
Deferred tax expense		
Origination and reversal of temporary differences	**(0.2)**	(1.7)
Adjustment in respect of prior years	**0.2**	(0.5)
Tax rate change	**1.0**	0.4
Total deferred tax (note 29)	**1.0**	(1.8)
Total tax expense	**15.4**	13.2

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2022 £m	2021 £m
Profit before income taxes	**64.9**	67.2
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 19% (2021: 19%)	**12.3**	12.8
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	**2.8**	0.2
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(0.2)**	(0.1)
Tax rate change	**1.0**	0.4
Other tax items	**(0.3)**	(0.2)
Adjustment in respect of prior year	**(0.2)**	0.1
Total tax expense	**15.4**	13.2

Deferred tax was calculated based on the tax laws and rates that were enacted or substantively enacted at the balance sheet date.

13. Earnings per share

	2022	2021
Earnings per Ordinary Share – basic (pence)	**51.1**	55.9
Earnings per Ordinary Share – diluted (pence)	**50.6**	55.2

The calculation of the basic and diluted earnings per share is based on the following data:

	2022 £m	2021 £m
Profit attributable to the ordinary equity holders of the Company	**49.3**	53.6
Shares	No.	No.
Weighted average number of Ordinary Shares for basic earnings per share	**96,543,985**	95,894,913
Effect of dilution resulting from share options	**948,689**	1,166,725
Diluted weighted average number of Ordinary Shares	**97,492,674**	97,061,638

In 2022, as part of Gamma's acquisition of Gamma Holding GmbH (formerly HFO) the vendor reinvested £0.5m and purchased 44,558 Ordinary Shares.

Adjusted earnings per share is detailed below:

	2022	2021
Adjusted earnings per Ordinary Share – basic (pence)	**72.5**	64.8
Adjusted earnings per Ordinary Share – diluted (pence)	**71.8**	64.0

Adjusted profit used in the calculation of adjusted earnings per share is detailed below:

	2022 £m	2021 £m
Profit attributable to the ordinary equity holders of the Company	**49.3**	53.6
Amortisation arising on business combinations	**9.5**	9.5
Movement in fair value on put option liability and deferred consideration	**0.9**	0.5
Exceptional items (disposal of subsidiary)	**0.3**	–
Exceptional items (reduction in carrying value of goodwill)	**12.2**	–
Tax effect of adjusting items	**(2.2)**	(1.5)
Adjusted profit after tax for the year	**70.0**	62.1

14. Dividends

The following dividends were paid by the Group to its shareholders:

	2022 £m	2021 £m
Final dividend for the year ended 31 December 2020 of 7.8p per ordinary share	**–**	7.5
Interim dividend for the year ended 31 December 2021 of 4.4p per ordinary share	**–**	4.2
Final dividend for the year ended 31 December 2021 of 8.8p per ordinary share	**8.5**	–
Interim dividend for the year ended 31 December 2022 of 5.0p per ordinary share	**4.8**	–
	13.3	11.7

A final dividend of 10.0p will be proposed at the 2023 Annual General Meeting but has not been recognised as it requires shareholder approval. The total amount of dividends proposed for the year ended 31 December 2022 is 15.0p. The payments of these dividends do not have any tax consequences for the Group.

15. Property, plant and equipment

	Land and buildings £m	Network assets £m	Computer equipment £m	Fixtures and fittings £m	Total £m
Cost					
At 1 January 2022	4.5	78.7	12.3	2.4	97.9
Additions	0.2	5.5	1.0	0.1	6.8
Acquisition of subsidiary	–	–	0.1	–	0.1
Disposals	–	(16.7)	–	–	(16.7)
Disposal of subsidiary	–	–	(0.1)	–	(0.1)
Exchange difference	–	(0.1)	0.2	0.3	0.4
At 31 December 2022	**4.7**	**67.4**	**13.5**	**2.8**	**88.4**
Depreciation					
At 1 January 2022	0.3	50.3	9.0	1.5	61.1
Charge for the year	0.1	7.5	1.6	0.3	9.5
Disposals	–	(16.3)		–	(16.3)
Disposal of subsidiary			(0.1)		(0.1)
Exchange difference	(0.1)	0.3	0.2	–	0.4
At 31 December 2022	**0.3**	**41.8**	**10.7**	**1.8**	**54.6**
Net book value					
At 1 January 2022	4.2	28.4	3.3	0.9	36.8
At 31 December 2022	**4.4**	**25.6**	**2.8**	**1.0**	**33.8**

	Land and buildings £m	Network assets £m	Computer equipment £m	Fixtures and fittings £m	Total £m
Cost					
At 1 January 2021	4.8	71.9	11.6	2.0	90.3
Additions	–	7.5	1.1	0.5	9.1
Acquisition of subsidiary	–	–	0.1	–	0.1
Disposals	–	(0.6)	(0.3)	(0.1)	(1.0)
Exchange difference	(0.3)	(0.1)	(0.2)	–	(0.6)
At 31 December 2021	4.5	78.7	12.3	2.4	97.9
Depreciation					
At 1 January 2021	0.1	44.7	7.9	1.3	54.0
Charge for the year	0.2	6.1	1.7	0.3	8.3
Disposals	–	(0.5)	(0.3)	(0.1)	(0.9)
Exchange difference	–	–	(0.3)	–	(0.3)
At 31 December 2021	0.3	50.3	9.0	1.5	61.1
Net book value					
At 1 January 2021	4.7	27.2	3.7	0.7	36.3
At 31 December 2021	**4.2**	**28.4**	**3.3**	**0.9**	**36.8**

Refer to note 23 for information on non-current assets pledged as security by the Group. The property, plant and equipment has been considered for impairment indicators and there was no impairment in the year.

16. Right of use assets

	Land and buildings £m	Other £m	Total £m
Cost			
At 1 January 2022	15.1	1.5	16.6
Acquisition of subsidiary	–	–	–
Additions	1.8	0.3	2.1
Disposals	(0.9)	(0.6)	(1.5)
At 31 December 2022	**16.0**	**1.2**	**17.2**
Depreciation			
At 1 January 2022	5.7	0.7	6.4
Charge for the year	2.4	0.4	2.8
Disposals	(0.5)	(0.6)	(1.1)
At 31 December 2022	**7.6**	**0.5**	**8.1**
Net book value			
At 1 January 2022	9.4	0.8	10.2
At 31 December 2022	**8.4**	**0.7**	**9.1**

The Group's lease commitments are predominantly made up of office premises, other leases for land and buildings, and cars.

Disposals of right of use assets relate to the decision to exercise break clauses for office premises and the expiration of car leases.

Two replacement leases have been committed to in the year ended 31 December 2022 (2021: none).

	Land and buildings £m	Other £m	Total £m
Cost			
At 1 January 2021	13.3	2.6	15.9
Reclassification[1]	1.8	(1.8)	–
Acquisition of subsidiary	–	0.1	0.1
Additions	1.0	0.6	1.6
Disposals	(1.0)	–	(1.0)
At 31 December 2021	**15.1**	**1.5**	**16.6**
Depreciation			
At 1 January 2021	3.7	0.7	4.4
Reclassification[1]	0.4	(0.4)	–
Charge for the year	2.3	0.4	2.7
Disposals	(0.7)	–	(0.7)
At 31 December 2021	**5.7**	**0.7**	**6.4**
Net book value			
At 1 January 2021	9.6	1.9	11.5
At 31 December 2021	**9.4**	**0.8**	**10.2**

1 Management performed a review of the classification of assets which has resulted in a reclassification of £1.8m.

17. Intangible assets

	Goodwill £m	Customer contracts £m	Brand £m	Development costs £m	Software £m	Total £m
Cost						
At 1 January 2022	91.8	47.6	2.2	28.1	18.5	188.2
Additions	–	–	–	13.1	0.8	13.9
Acquisition of subsidiaries	4.0	1.3	0.1	–	–	5.4
Disposal of subsidiaries	–	–	–	(0.2)	–	(0.2)
Disposals	–	–	(0.9)	(0.8)	–	(1.7)
Exchange difference	1.7	2.0	–	0.2	–	3.9
At 31 December 2022	**97.5**	**50.9**	**1.4**	**40.4**	**19.3**	**209.5**
Amortisation and impairment						
At 1 January 2022	8.7	20.2	0.9	14.8	14.3	58.9
Charge for the year	–	7.9	0.7	4.0	2.3	14.9
Impairment charge	12.2	–	–	–	–	12.2
Disposal of subsidiaries	–	–	–	(0.2)	–	(0.2)
Disposals	–	–	(0.9)	(0.8)	–	(1.7)
Exchange difference	(0.1)	1.0	–	0.2	–	1.1
At 31 December 2022	**20.8**	**29.1**	**0.7**	**18.0**	**16.6**	**85.2**
Carrying value						
At 1 January 2022	83.1	27.4	1.3	13.3	4.2	129.3
At 31 December 2022	**76.7**	**21.8**	**0.7**	**22.4**	**2.7**	**124.3**

In 2022 an impairment of the goodwill of the Spanish CGU was recognised, for more detail see note 8. Included in development costs are assets not yet in service of £10.2m (2021: £1.4m).

	Goodwill £m	Customer contracts £m	Brand £m	Development costs £m	Software £m	Total £m
Cost						
At 1 January 2021	55.0	48.6	2.4	17.6	16.6	140.2
Additions	–	–	–	4.8	2.9	7.7
Acquisition of subsidiaries	38.7	1.5	0.9	5.2	–	46.3
Transfer	–	–	–	0.8	(0.8)	–
Disposals	–	–	(1.0)	–	–	(1.0)
Exchange difference	(1.9)	(2.5)	(0.1)	(0.3)	(0.2)	(5.0)
At 31 December 2021	**91.8**	**47.6**	**2.2**	**28.1**	**18.5**	**188.2**
Amortisation and impairment						
At 1 January 2021	8.8	13.5	0.7	10.1	11.8	44.9
Charge for the year	–	7.4	1.3	4.3	3.1	16.1
Transfer	–	–	–	0.4	(0.4)	–
Disposals	–	–	(1.0)	–	–	(1.0)
Exchange difference	(0.1)	(0.7)	(0.1)	–	(0.2)	(1.1)
At 31 December 2021	**8.7**	**20.2**	**0.9**	**14.8**	**14.3**	**58.9**
Carrying value						
At 1 January 2021	46.2	35.1	1.7	7.5	4.8	95.3
At 31 December 2021	**83.1**	**27.4**	**1.3**	**13.3**	**4.2**	**129.3**

Amortisation on intangible assets is charged to the consolidated statement of profit or loss and included in operating expenses.

The carrying amount of goodwill is allocated to the groups of cash generating units ("CGUs") as follows:

	2022 £m	2021 £m
UK Direct	**13.3**	13.3
UK Indirect	**40.0**	40.0
The Netherlands	**7.8**	7.3
Spain	**2.4**	14.0
NeoTel	**4.0**	–
Germany	**9.2**	8.5
Total	**76.7**	83.1

The carrying value of the Group's goodwill was tested for impairment at 30 September 2022 and 2021.

17. Intangible assets continued

The recoverable amount has been determined on a value-in-use basis on each CGU group, using the Board approved budgets, where gross margin percentage is assumed to be held principally constant and budgeted revenue and overheads are forecasted to grow. These budgets are built on the entity's past experience and are over a five-year period plus terminal value. The key assumption for the UK, Spain and Netherlands cash-generating unit on which the impairment tests are based on is the short term growth rates which have a single figure growth. The long-term growth rates used were 2% (2021: 2%).

Post-tax discount rates increased from 2021 to 2022 as a result of macro economic conditions. The post-tax rates calculated were UK 9.1% (2021: 6.9%), The Netherlands 9.6% (2021: 7.0%), Spain 9.7% (2021: 8.9%) and Germany 9.3% (2021: 8.9%). The UK pre-tax discount rate is 11.9% (2021: 9.1%). The rate used for The Netherlands was 11.7% (2021: 9.4%), 10.5% for Spain (2021: 11.5%) and 12.5% (2021: 10.0%) for Germany. In 2022 the more accurate back solve method was used to calculate the pre-tax discount rate.

When considering the recoverable amount, the break-even point for the assumptions is calculated to understand the sensitivity of the assumptions. Based on the results of the impairment reviews carried out for each year the recoverable amount is greater than the carrying amount of goodwill with the exception of the Spanish CGU where an impairment of £12.2m was recognised, for more detail see note 8.

Customer contracts include the following material balances at 31 December 2022:

- Gamma Communications Benelux B.V. and its subsidiaries, £5.8m (2021: £7.0m) carrying value with six years of amortisation remaining.
- VozTelecom Oigaa360 S.A.U. and its subsidiaries, £3.1m (2021: £4.3m) carrying value with three years of amortisation remaining.
- HFO Holding GmbH and its subsidiaries, £5.3m (2021: £7.2m) carrying value with three years of amortisation remaining.

Development cost includes technology acquired on acquisition of Mission Labs, £3.5m (2021: £4.2m) carrying value with six years of amortisation remaining. In addition, there is £7.5m (2021: £1.0m) relating to a technology platform.

18. Business combinations

Summary of acquisitions

On 11 October 2022, the Group acquired 100% of NeoTel 2000 S.L.U. ("NeoTel"). NeoTel is a leading developer of applications to manage cloud contact centres and enhance customer experience in the Spanish market.

The final fair value of identifiable assets acquired and liabilities assumed are as follows:

	Neotel £m
Tangible fixed assets	0.1
Intangible – customer contracts	1.3
Intangible – brand	0.1
Cash	0.2
Other receivables	0.3
Other payables	(0.4)
Deferred tax liability	(0.4)
Total identifiable assets	1.2
Add: Goodwill	4.0
Net assets acquired	5.2

	NeoTel £m
Satisfied by:	
Cash paid	4.5
Deferred consideration[1]	0.5
Contingent consideration[2]	0.2
Total	5.2

1 An amount equal to 10% of the initial purchase payment shall be retained for 18 months from closing date. Once the period has elapsed and provided that the retained amount has not been offset against the price adjustment or against claims or damages and losses the amount will be released to the seller.

2 Contingent consideration is based on the growth rate for the 12 month period ending 30 June 2023. Consideration of up to £3.1m may be payable. The fair value of £5.2m at acquisition is based on a payout of £0.2m which takes into account the weighted probability of expected payout.

Net cash outflow on acquisitions:

	NeoTel £m	Other £m	Total £m
Cash consideration	4.5	–	4.5
Less: cash acquired	(0.2)	–	(0.2)
Net outflow of cash for acquisitions in the year	4.3	–	4.3
Contingent consideration payments during the year	–	1.7	1.7
Put option liability payment in the year	–	3.8	3.8
Net outflow of cash – investing activities	4.3	5.5	9.8

Valuations of intangible assets
Customer contracts were valued under the Income Method and the Brand under the Relief-from-royalty methodology.

Goodwill
The goodwill is attributable to the acquired entity. The goodwill is not deductible for tax purposes.

Acquired receivables
The fair value of acquired trade receivables for NeoTel was £0.0m. The gross contractual amount for trade receivables due is £0.0m.

Revenue and profit contribution
From the date of acquisition, NeoTel has contributed £0.5m of revenue and £0.0m of profit after taxation attributable to the equity holders of Gamma Communications plc. If the acquisition occurred on 1 January 2022, NeoTel would have contributed £2.0m revenue and £0.5m profit after taxation attributable to the equity holders of Gamma Communications plc. These amounts are unaudited.

Summary of Disposal
During the year ended 31 December 2022, the Group completed the disposal of ComyMedia for consideration of €1. The assets and liabilities disposed of were as follows:

	2022 £m
Inventories	**0.3**
Trade and other receivables	**0.7**
Cash and cash equivalents	**0.3**
Deferred tax asset	**0.3**
Trade and other payables	**(0.7)**
Bank loans	**(0.6)**
Net assets disposed	**0.3**
Consideration/Equity value	**–**
Loss on disposal	**0.3**

19. Inventories

	2022 £m	2021 £m
Raw materials and consumables	**10.2**	7.9

The replacement cost of inventories equals the statement of financial position amount.

20. Trade and other receivables

	2022 £m	2021 £m
Trade receivables	**53.2**	46.1
Less: provision for impairment of trade receivables	**(7.6)**	(7.1)
Trade receivables – net	**45.6**	39.0
Contract assets	**42.6**	41.4
Prepayments	**31.2**	25.8
Other receivables	**3.0**	6.5
Total trade and other receivables	**122.4**	112.7
Of which:		
Due within one year	**109.4**	98.4
Due after more than one year	**13.0**	14.3

The carrying value of the trade and other receivables is considered to be approximately equal to their fair value.

20. Trade and other receivables continued

Movements on the provision for impairment of trade receivables are as follows:

	2022 £m	2021 £m
At 1 January	**7.1**	6.4
Provided during the year	**0.7**	0.9
Receivable written off during the year as uncollectible	**(0.2)**	(0.2)
At 31 December	**7.6**	7.1

The movement on the provision for impaired receivables has been included in revenue or operating expenses as appropriate in the Consolidated statement of profit or loss.

The main factors considered by the finance function in determining that amounts due are impaired are that the customers are unlikely to be trading or the debts are three months and more past due. We provide for all receivables based on knowledge of customer and historical experience and estimate irrecoverable amounts by reference to past default experience. The ageing of these receivables is as follows:

	2022 £m	2021 £m
Not due	**3.0**	0.7
Up to 3 months	**1.9**	1.8
3 to 6 months	**0.3**	1.9
6 to 12 months	**0.4**	0.3
Older than 1 year	**2.0**	2.4
	7.6	7.1

The Group does not have any concentration of credit risk. No customers represent more than 10% of trade receivables.

The ageing analysis of trade receivables that were past due but not impaired are detailed below. They relate to customers with no default history or where we have an offset arrangement.

	2022 £m	2021 £m
Up to 3 months	**6.3**	7.9
3 to 6 months	**1.8**	0.5
6 to 12 months	**0.6**	0.1
Older than 1 year	**0.1**	–
	8.8	8.5

21. Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank	**50.3**	38.3
Short-term deposits	**44.3**	14.5
Total cash and cash equivalents	**94.6**	52.8

22. Trade and other payables

	2022 £m	2021 £m
Current and non-current		
Trade payables	**9.5**	5.7
Other payables	**4.7**	5.6
Accruals – Cost of sales	**10.8**	10.3
Accruals – Operating expenses (excluding payroll)	**10.7**	8.9
Accruals – Payroll (excluding tax and social security)	**12.4**	11.6
Tax and social security	**5.3**	4.5
Deferred income	**3.3**	3.5
Total trade and other payables	**56.7**	50.1
Book values approximate to fair value at 31 December		
Of which:		
Due within one year	**54.0**	48.1
Due after more than one year	**2.7**	2.0

23. Borrowings

	2022 £m	2021 £m
Secured		
Bank loans	**1.7**	1.8
Total secured borrowings	**1.7**	1.8
Unsecured		
Bank loans	**0.2**	1.0
Other borrowings	**0.2**	0.5
Total unsecured borrowings	**0.4**	1.5
Total borrowings	**2.1**	3.3
Of which:		
Current	**0.4**	0.8
Non-current	**1.7**	2.5

	2022 £m	2021 £m
At 1 January	**3.3**	5.9
Disposal of subsidiaries	**(0.6)**	–
Repayments of borrowings	**(0.7)**	(2.3)
Exchange difference	**0.1**	(0.3)
At 31 December	**2.1**	3.3

All loans are held by trading subsidiaries outside of the UK and pre-date acquisition by Gamma.

Of the bank loans, £1.7m (2021:£1.8m) are secured on the Group's land and buildings.

Maturity analysis of borrowings is shown in note 30.

24. Lease liabilities

	2022 £m
At 1 January 2022	**11.9**
Acquisition of subsidiary	**–**
Additions	**1.8**
Disposals	**(0.5)**
Repayments	**(2.8)**
Finance expense	**0.4**
Exchange differences	**0.3**
At 31 December 2022	**11.1**

	2022 £m	2021 £m
Lease liabilities included in the statement of financial position at 31 December		
Current	**2.5**	2.1
Non-current	**8.6**	9.8
	11.1	11.9
Amounts recognised in the statement of comprehensive income		
Interest expense on lease liabilities	**0.4**	0.3
Expenses relating to short-term leases	**–**	–
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	**–**	–

The amounts recognised in the consolidated statement of cash flows is £2.8m (2021: £3.1m).

Gamma had no variable lease payments not included in the measurement of lease liabilities, no sale and leaseback transactions and no income from sub-leasing right of use assets in 2022 (2021: £nil).

Maturity analysis of leases representing undiscounted contractual cash flows is detailed below:

	2022 £m	2021 £m
Less than 1 year	**2.6**	2.4
Between 1 and 5 years	**6.9**	8.2
Over 5 years	**2.5**	2.7

25. Provisions

	Leasehold dilapidation provision £m	Onerous contracts £m	Other provisions £m	Total £m
At 1 January 2022	1.1	0.3	0.6	2.0
Additional provision in the year	0.3	0.1	–	0.4
Utilisation of provision	(0.1)	(0.3)	(0.4)	(0.8)
At 31 December 2022	**1.3**	**0.1**	**0.2**	**1.6**
Of which:				
Due within one year				0.7
Due after more than one year				0.9

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to a defined condition at the end of the lease in accordance with the lease terms. These balances relate to pre-transition to IFRS 16 and the Group chose to apply the modified retrospective approach. Under IFRS 16, dilapidations costs are accounted for within the right of use asset and released to the profit and loss account through depreciation. The main uncertainties relate to estimating the cost that will be incurred at the end of the lease and also whether the option to break from the lease will be exercised. Leasehold dilapidation provisions relate to property rentals and vary from less than 12 months to in excess of five years.

From time to time the Group engages in contracts with suppliers where there is a minimum commitment. This is done in instances where the minimum purchase commitment is considered to be comfortably achievable and there is a material commercial advantage to making that commitment. Rarely, there may be an unforeseen change in circumstances which means that the commitment becomes onerous and a provision is made at the point it appears that the minimum commitments will not be achieved. Provisions for onerous contracts related to contracts less than 12 months in length.

26. Contract liabilities

	2022 £m	2021 £m
Contract liabilities	**17.0**	17.4

Contract liabilities are deferred income arising from installations and Horizon upfront subscriptions, which are released to the statement of profit or loss over the life of the contract.

The movement on contract liabilities can be explained as below:

	2022 £m
At 1 January 2022	**17.4**
Additions	**11.5**
Amortisation	**(11.9)**
At 31 December 2022	**17.0**

The amount of revenue recognised in 2022 for performance obligations satisfied (or partially satisfied) in previous periods is £nil (2021: £nil).

27. Contingent consideration

	2022 £m	2021 £m
Current	**3.5**	2.6
Non-current	**1.5**	3.7
	5.0	6.3

The reconciliation of the carrying amounts of contingent consideration is as follows:

	Exactive £m	Voz Telecom £m	Mission Labs £m	NeoTel £m	Total £m
1 January 2022	0.9	0.2	5.2	–	6.3
Acquisition of subsidiary	–	–		0.2	0.2
Contingent consideration paid	–	(0.1)	(1.6)	–	(1.7)
Adjustment to contingent consideration	–	(0.1)	0.3	–	0.2
31 December 2022	0.9	–	3.9	0.2	5.0

Contingent consideration for Exactive was based on the EBITDA performance for 2021.

Contingent consideration for the Voz subsidiary relates to acquisitions made by Voz Telecom prior to the acquisition by the Group.

Contingent consideration relating to Mission Labs is based on milestones being achieved in 2022 and 2023. Consideration of up to £4.4m may be payable. The fair value of £3.9m at 31 December 2022 is based on a payout of £4.1m which takes into account the weighted probability of payout.

Contingent consideration for NeoTel is based on gross profit for the period July 2022 to July 2023, consideration of up to £3.1m may be payable. The fair value of £0.2m at 31 December 2022 is based on a payout of £0.2m which takes into account the weighted probability of expected payout.

28. Put option liability

	2022 £m	2021 £m
Current	**1.8**	3.4
Non-current	**–**	2.3
	1.8	5.7

The Group has an option to acquire the remaining 3.95% of the shares in Gamma Holding GmbH, formerly HFO Holding GmbH, (which are held by management). This is based on growth targets on cloud seats in 2022, as well as certain financial metrics. This additional consideration will in aggregate be between €1.5m and €4.5m and will be payable in cash. This has been included as a put option liability based on the estimated gross obligation.

29. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the tax rate at which it is expected to unwind, being 25% (2021: 25%) for UK companies.

The movement on the deferred tax account is as shown below:

	2022 £m	2021 £m
Net liability at 1 January	**(3.0)**	(3.3)
Tax charge recognised in profit or loss	**(1.0)**	1.8
Recognised directly in equity	**(1.1)**	(0.7)
Tax arising on acquisition and disposal	**(0.6)**	(1.4)
Exchange difference	**(0.1)**	0.6
Net liability at 31 December	**(5.8)**	(3.0)

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. All deferred tax has been recognised as the Group is consistently profitable and so expects to have sufficient profits against which deferred tax can be utilised.

The deferred tax asset/(liability) consists of the tax effect of temporary differences as follows:

2022	Asset £m	Liability £m	Net £m	Credited/ (charged) to profit or loss £m	Credited/ (charged) to equity £m
Difference in capital allowances and depreciation/amortisation	–	(4.6)	(4.6)	(3.1)	–
Other temporary and deductible differences	4.0	–	4.0	(0.1)	–
Deferred tax on share options	1.5	–	1.5	0.1	(1.1)
Deferred tax on acquisition of subsidiaries	–	(6.7)	(6.7)	2.1	–
Deferred tax asset/(liability)	5.5	(11.3)	(5.8)	(1.0)	(1.1)

2021	Asset £m	Liability £m	Net £m	Credited/ (charged) to profit or loss £m	Credited/ (charged) to equity £m
Difference in capital allowances and depreciation/amortisation	0.2	(1.7)	(1.5)	(1.6)	–
Other temporary and deductible differences	4.3	(0.1)	4.2	1.5	–
Deferred tax on share options	2.5	–	2.5	0.3	(0.7)
Deferred tax on acquisition of subsidiaries	–	(8.2)	(8.2)	1.6	–
Deferred tax asset/(liability)	7.0	(10.0)	(3.0)	1.8	(0.7)

30. Financial instruments

Financial assets

	2022 £m	2021 £m
Cash and cash equivalents	**94.6**	52.8
Trade receivables – net	**45.6**	39.0
Contract assets	**42.6**	41.4
Other receivables	**3.0**	6.5
Financial assets at amortised cost	**185.8**	139.7

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December 2022 was £185.8m (2021: £139.7m).

30. Financial instruments continued

Financial liabilities

	2022 £m	2021 £m
Trade payables	**9.5**	5.7
Other payables	**4.1**	5.6
Accruals – Cost of sales	**10.8**	10.3
Accruals – Operating expenses (excluding payroll)	**10.7**	8.9
Accruals – Payroll (excluding tax and social security)	**12.4**	11.6
Lease liabilities	**11.1**	11.9
Borrowings	**2.1**	3.3
Financial liabilities at amortised cost	**60.7**	57.3

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities at amortised cost (excluding lease liabilities):

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
2022	43.6	5.0	1.5	–
2021	40.9	2.7	1.8	–

Fair value of financial instruments

The financial instruments included on the Consolidated statement of financial position are measured at fair value or amortised cost. The measurement of this fair value can in some cases be subjective and can depend on the inputs used in the calculations. The different valuation methods are called "hierarchies" and are described below:

- Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair values measured using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly.
- Level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data.

Set out below is the fair values of financial liabilities. All liabilities are classified as Level 3.

Financial liabilities	2022 £m	2021 £m
Contingent consideration (note 27)	**5.0**	6.3
Put option liability (note 28)	**1.8**	5.7

The Group's finance team performs valuations of financial items for financial reporting purposes and in consultation with third-party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the CFO.

The valuation techniques used for instruments categorised in Level 3 are described below.

Contingent consideration relates to the acquisition of Exactive (£0.9m) Mission Labs (£3.9m) and Neotel (£0.2m). Please refer to note 27 for further details.

The put option liability was valued using a probability weighted expected returns methodology, using a discount rate appropriate to the transaction. Movements in the fair value of the put option liability are charged through the profit and loss.

31. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange risk and interest rate risk), and liquidity risk. The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Executive Committee. The Board receives monthly reports from the Executive Committee through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or banking institution fails to meet its contractual obligations.

Trade receivables

Credit risk relating to trade receivables is managed on a Group basis. It is Group policy, implemented locally, to assess the credit risk of new customers before entering into contracts. The Group's review includes external ratings where available. If there is no independent rating, risk control processes assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set by the Credit Committee, based on internal or external ratings. The utilisation of credit limits is regularly monitored. Purchase limits are established for each customer, which represent the maximum open amount without requiring further approval from the Credit Committee.

The Credit Committee determines concentrations of credit risk by monitoring the creditworthiness rating of existing customers and through regular reviews of the trade receivables' ageing analysis. Expected impairment for trade receivables is calculated based on historical default rates. Details of this provision are shown in note 22. At the reporting date does not expect any losses from non-performance by the counterparties in addition to those already provided against

Cash and cash equivalents
For banks and financial institutions, only independently rated parties with a credit rating above medium-grade are accepted, unless Board approval is obtained.

Market risk

Foreign exchange risk
Foreign exchange risk arises because the Group has operations located in Europe and the acquired companies under Gamma Communications Benelux B.V., Voz Telecom Oigaa360 S.A.U. and Gamma Holding GmbH which are not in the Group's functional currency. The Group's operational risk is reduced by the fact that its European operations are small compared to those in the UK. The Group's net assets arising from such European operations are exposed to currency risk resulting in gains or losses on retranslation into Pounds Sterling. Given the levels of materiality, the Group does not hedge its net investments in European operations as the cost of doing so is disproportionate to the exposure.

As of 31 December 2021 and 31 December 2022 the Group's exposure to foreign exchange risk was not material. A sensitivity analysis for foreign exchange risk has not been prepared as the risk is immaterial.

Cash flow hedges
At 31 December 2022, the Group had foreign exchange contracts outstanding designated as hedges of future purchases from suppliers outside the UK for which the Group have firm commitments.

	Foreign currency m	Average rate	Pounds Sterling £m
Foreign currency bought			
US Dollar	4.5	1.1858	3.8

The terms of the forward exchange contracts have been negotiated to match the terms of the commitments.

The cash flow hedge of expected future purchases was assessed to be effective and an unrealised loss of £0.1m relating to the hedging instrument is included in other comprehensive income.

Timing of cash outflows/(inflows) relating to foreign currency is as follows:

	1 – 6 months	7 – 12 months
Foreign currency in millions		
US Dollar	3.4	1.1

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the year end the Group had £2.1m in borrowings and therefore the exposure to interest rate risk is limited. A sensitivity analysis for interest rate risk has not been prepared as the risk is immaterial.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. It is the Group's aim to settle balances as they become due.

The Group generates positive cash flows from operating activities and these fund short-term working capital requirements. Annually, the Board receives five-year projections. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Capital risk management

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group's overall strategy remains unchanged from the prior year. The Group monitors "adjusted capital" which comprises all components of equity that are managed as capital (i.e. share capital, share premium reserve, merger reserve, share option reserve and retained earnings).

The Group has historically maintained very low levels of gearing and is not exposed to externally imposed capital requirements. The Group will continue to manage the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

31. Financial risk management continued

	2022 £m	2021 £m
Borrowings (note 23)	**(2.1)**	(3.3)
Lease liabilities (note 24)	**(11.1)**	(11.9)
Cash and cash equivalents (note 21)	**94.6**	52.8
Total equity	**299.8**	254.2
Capital	**381.2**	291.8

32. Capital commitments

As at 31 December 2022, amounts contracted for but not provided in the financial statements amounted to £nil for the Group (2021: £nil).

33. Share capital

At 31 December the share capital was as follows:

	2022 Number	2022 £m	2021 Number	2021 £m
Authorised, allotted and fully paid				
Ordinary Shares of £0.0025 each	**96,847,301**	**0.2**	96,323,054	0.2

Ordinary Share movement in the year is as follows:

	Number	Notes
As at 1 January 2022	96,323,054	
January	5,291	(a)
March	10,516	(a)
April	14,401	(a)
June	13,591	(a)
July	264,824	(a)
July	44,558	(b)
September	91,911	(a)
October	43,264	(a)
November	11,655	(a)
December	24,236	(a)
As at 31 December 2022	**96,847,301**	

(a) Ordinary shares were issued to satisfy options which had been exercised.

(b) Ordinary shares were issued to a certain vendor of Gamma DE, formerly HFO Holding GmbH, as a result of reinvestment in Gamma.

34. Other reserves

A breakdown of other reserves is shown below:

	Merger reserve £m	Share option reserve £m	Foreign exchange reserve £m	Own shares £m	Total Other Reserves £m
1 January 2021	2.3	5.2	(0.7)	(0.7)	6.1
Issue of shares	–	(2.2)	–	–	(2.2)
Share-based payment expense	–	4.1	–	–	4.1
Other comprehensive expense	–	–	(3.5)	–	(3.5)
31 December 2021	**2.3**	**7.1**	**(4.2)**	**(0.7)**	**4.5**
1 January 2022	2.3	7.1	(4.2)	(0.7)	4.5
Issue of shares	–	(2.7)	–	–	(2.7)
Share-based payment expense	–	4.3	–	–	4.3
Other comprehensive income	–	–	2.9	–	2.9
31 December 2022	**2.3**	**8.7**	**(1.3)**	**(0.7)**	**9.0**

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium reserve	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Represents the share capital and share related movements of the previous holding company Gamma Telecom Holdings Limited following the common control transaction in 2014. These financial statements incorporate the results of business combinations using the acquisition method with the exception of the common control transaction on the forming of the Group. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.
Share option reserve	Represents credit to equity relating to share-based payment expense on share options.
Foreign exchange reserve	Exchange differences relating to the translation of the net assets of the Group's foreign subsidiaries from their functional currency into the parent's functional currency.
Own shares	Purchase of own shares under a SIP scheme.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Non-controlling interest	Proportion of equity relating to subsidiaries which are not 100% owned.
Written put options over non-controlling interest	Represents debit to equity in relation to the put option liability.

35. Share-based payment expense

Share options granted

On 31 March 2022, the Board approved awards under the Deferred Bonus Plan for the senior management team. 14,042 options were granted over £0.0025 Ordinary Shares at an exercise price of £0.0025 per share which will vest on 31 March 2025. The awards granted will not be subject to any performance conditions and will vest in full on the third anniversary of the vesting commencement date, being 1 April 2022.

On 31 March 2022 and 6 May 2022, the Board approved awards under the long-term incentive plan for the Executive Directors. 243,017 and 42,763 options were granted over £0.0025 Ordinary Shares at an exercise price of £0.0025 per share which will vest on 1 April 2025 subject to performance conditions. The awards granted will have a performance period of three years starting from the vesting commencement date, being 31 March 2022.

The awards issued under the long-term incentive plan will vest as follows:

- 15% of the shares are subject to an award if annual compound total shareholder return (TSR) over the performance period equals 8% and 50% of the shares are subject to an award if the annual compound TSR over the period exceeds or equals 15% with pro rata straight-line vesting in between; and
- 15% of the shares are subject to an award if annual compound growth of the Group's adjusted earnings per share (EPS) over the performance period equals 8% between the financial years at the beginning and the end of the performance period and 50% of the shares are subject to an award if the annual compound growth of the Group's adjusted EPS exceeds or equals 20% with pro rata straight-line vesting in between.

On 25 March 2022 the Board approved an issue of options under the Company Share Option Plan which granted 266,330 options over £0.0025 Ordinary Shares at an exercise price of £13.24. These will vest in May 2025.

On 6 May 2022 the Board approved an issue of options under a Save As You Earn scheme which granted 257,201 options over £0.0025 Ordinary Shares at an exercise price of £10.40. These options will vest in July 2025.

The weighted average fair value of awards granted during the year was £4.98 (2021: £6.93).

35. Share-based payment expense continued

Share options movements

Movements in the number of options during the year were as follows:

The options below were exercised at a weighted average share price of £11.16, and weighted average exercise price of £5.29, and the weighted average exercise price of share options exercisable at 31 December 2022 was £7.68.

2022 Date of grant	Start of year	Granted	Forfeited/ Cancelled	Exercised	End of year	Exercise price	Class of share	Notes
8 May 2015	10,309	–	–	(2,000)	8,309	£2.7000	Ordinary	(a)
15 April 2016	2,294	–	–	–	2,294	£4.3575	Ordinary	(a)
5 April 2017	23,439	–	–	(2,020)	21,419	£4.9325	Ordinary	(a)
8 May 2018	1,457	–	(550)	(907)	–	£5.5520	Ordinary	(a)
23 May 2018	77,293	–	–	(18,529)	58,764	£7.3400	Ordinary	(a)
8 May 2019	298,433	–	(7,777)	(267,435)	23,221	£8.2800	Ordinary	(a)
13 May 2019	128,654	–	(6,438)	(10,634)	111,582	£10.9000	Ordinary	(a)
3 June 2019	217,590	–	(56,314)	(161,276)	–	£0.0025	Ordinary	(a)
20 September 2019	3,422	–	(901)	(2,521)	–	£0.0025	Ordinary	(a)
22 November 2019	9,209	–	–	(9,209)	–	£0.0025	Ordinary	(a)
28 April 2020	292,486	–	(37,713)	(2,861)	251,912	£8.000	Ordinary	(b)(o)
7 May 2020	181,188	–	(14,403)	(2,041)	164,744	£12.6500	Ordinary	(c)(o)
14 September 2020	237,301	–	(2,357)	–	234,944	£0.0025	Ordinary	(d)
14 September 2020	18,310	–	–	–	18,310	£0.0025	Ordinary	(e)
1 April 2021	168,490	4,651	(16,289)	–	156,852	£0.0025	Ordinary	(f)
1 April 2021	11,405	–	–	–	11,405	£0.0025	Ordinary	(g)
6 May 2021	174,186	–	(22,243)	–	151,943	£17.9600	Ordinary	(h)
7 May 2021	145,856	–	(73,715)	(112)	72,029	£14.1120	Ordinary	(i)(o)
25 March 2022	–	266,330	(13,764)	–	252,566	£13.2400	Ordinary	(j)
31 March 2022	–	14,042	–	–	14,042	£0.0025	Ordinary	(k)
31 March 2022	–	243,017	(42,601)	–	200,416	£0.0025	Ordinary	(l)
6 May 2022	–	42,763	–	–	42,763	£0.0025	Ordinary	(m)(o)
6 May 2022	–	257,201	(22,628)	(144)	234,429	£10.4000	Ordinary	(n)

Notes:
(a) Options have vested and are exercisable.
(b) The awards granted will have a performance period of three years starting from the vesting commencement date, being 1 July 2020.
(c) The awards granted will have a performance period of three years starting from the grant date, being 7 May 2020.
(d) The awards granted will have a performance period of three years starting from the vesting commencement date, being 31 March 2020.
(e) The awards granted will vest in full on the third anniversary of the vesting commencement date, being 31 March 2020.
(f) The awards granted will have a performance period of three years starting from the vesting commencement date, being 31 March 2021.
(g) The awards granted will vest in full on the third anniversary of the vesting commencement date, being 1 April 2021.
(h) The awards granted will vest in full on the third anniversary of the vesting commencement date, being 6 May 2021.
(i) The awards granted will vest in full on the third anniversary of the vesting commencement date, being 1 July 2021.
(j) The awards granted will vest in full on the third anniversary of the vesting commencement date, being 25 March 2022.
(k) The awards granted will vest in full on the third anniversary of the vesting commencement date, being 31 March 2022.
(l) The awards granted will have a performance period of three years starting from the vesting commencement date, being 31 March 2022.
(m) The awards granted will have a performance period of three years starting from the vesting commencement date, being 31 March 2022.
(n) The awards granted will vest in full on the third anniversary of the vesting commencement date, being 1 July 2022.
(o) Options for good leavers vested early on a time pro rata basis and hence exercised before the rest of the scheme becomes exercisable in accordance with the terms of the scheme rules at the time of the award. The unvested shares were cancelled.

There were no lapsed share options during the year (2021: none).

Apart from the options noted as exercisable, all other options above are outstanding. The share options outstanding at 31 December 2022 represented 2% of the issued share capital as at that date (2021: 2%) and would generate additional funds of £15.6m (2021: £14.4m) if fully exercised. The weighted average remaining life of the share options was 15 months (2021: 15 months), with a weighted average remaining exercise price of £7.68 (2021: £7.21).

Movements in the number of options during the prior year were as follows:

The options below were exercised at a weighted average share price of £19.27, and weighted average exercise price of £3.10, and the weighted average exercise price of share options exercisable at 31 December 2021 was £5.68.

2021 Date of grant	Start of year	Granted	Forfeited/ Cancelled	Exercised	End of year	Exercise price	Class of share	Notes
8 May 2015	34,810	–	–	(24,501)	10,309	£2.7000	Ordinary	(a)
15 April 2016	11,470	–	–	(9,176)	2,294	£4.3575	Ordinary	(a)
5 April 2017	61,758	–	–	(38,319)	23,439	£4.9325	Ordinary	(a)
3 April 2018	307,334	–	(1,742)	(305,592)	–	£0.0025	Ordinary	(a)
8 May 2018	192,718	–	(2,066)	(189,195)	1,457	£5.5520	Ordinary	(a)(m)
23 May 2018	169,755	–	(4,540)	(87,922)	77,293	£7.3400	Ordinary	(a)(m)
8 May 2019	329,333	–	(27,542)	(3,358)	298,433	£8.2800	Ordinary	(b)(m)
13 May 2019	147,335	–	(12,987)	(5,694)	128,654	£10.9000	Ordinary	(c)(m)
3 June 2019	220,276	–	(2,686)	–	217,590	£0.0025	Ordinary	(d)
20 September 2019	3,422	–	–	–	3,422	£0.0025	Ordinary	(d)
1 October 2019	4,183	–	(1,194)	(2,989)	–	£0.0025	Ordinary	(d)
22 November 2019	9,209	–	–	–	9,209	£0.0025	Ordinary	(d)
28 April 2020	335,536	–	(42,706)	(344)	292,486	£8.000	Ordinary	(e)
7 May 2020	200,839	–	(17,690)	(1,961)	181,188	£12.6500	Ordinary	(f)
14 September 2020	264,936	–	(27,635)	–	237,301	£0.0025	Ordinary	(g)
14 September 2020	18,310	–	–	–	18,310	£0.0025	Ordinary	(h)
1 April 2021	–	178,320	(9,830)	–	168,490	£0.0025	Ordinary	(i)
1 April 2021	–	11,405	–	–	11,405	£0.0025	Ordinary	(j)
6 May 2021	–	183,643	(9,457)	–	174,186	£17.9600	Ordinary	(k)
7 May 2021	–	155,514	(9,658)	–	145,856	£14.1120	Ordinary	(l)

Notes:

(a) Options have vested and are exercisable.
(b) The awards granted will have a performance period of three years starting from the vesting commencement date, being 1 July 2019.
(c) The awards granted will have a performance period of three years starting from the grant date, being 13 May 2019.
(d) The awards granted will have a performance period of three years starting from the vesting commencement date, being 1 April 2019.
(e) The awards granted will have a performance period of three years starting from the vesting commencement date, being 1 July 2020.
(f) The awards granted will have a performance period of three years starting from the grant date, being 7 May 2020.
(g) The awards granted will have a performance period of three years starting from the vesting commencement date, being 31 March 2020.
(h) The awards granted will vest in full on the third anniversary of the vesting commencement date, being 31 March 2020.
(i) The awards granted will have a performance period of three years starting from the vesting commencement date, being 31 March 2021.
(j) The awards granted will vest in full on the third anniversary of the vesting commencement date, being 1 April 2021.
(k) The awards granted will vest in full on the third anniversary of the vesting commencement date, being 6 May 2021.
(l) The awards granted will vest in full on the third anniversary of the vesting commencement date, being 1 July 2021.
(m) Options for good leavers vested early on a time pro rata basis and hence exercised before the rest of the scheme becomes exercisable in accordance with the terms of the scheme rules at the time of the award. The unvested shares were cancelled.

35. Share-based payment expense continued

Share-based payment expense

Equity-settled share-based payments are measured at fair value (excluding the effect of market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Application of the fair value measurement results in a charge to operating expenses within the subsidiary company Gamma Telecom Limited. The charge has been made to the profit or loss account of the subsidiary as the employees' services are provided to the subsidiary company. The charge for each year is as listed below:

	2022 £m	2021 £m
Share options issued to key management	**2.8**	2.8
Share options issued to other employees	**1.5**	2.0
Total share-based payment expense	**4.3**	4.8

Included within the total share-based payment expense of £4.3m (2021: £4.8m) is National Insurance of £0.0m (2021: £0.7m).

Fair value is measured using the Black-Scholes model and the Monte Carlo model (where market performance conditions are imposed). The information set out in the table below is used in the calculations. The expected life used in the model assumes that vesting conditions will be met and all options will be exercised at the earliest opportunity.

	2022 £m	2021 £m
Share price at grant date (pence)	**1142 – 1356**	1700 – 1798
Exercise price (pence)	**0.25 –1324**	0.25 – 1796
Expected volatility	**28.5 – 29%**	28%
Risk–free rate	**0.1430 – 0.1580%**	0.1357 – 0.1730%
Expected dividend yield	**0.0 – 1.16%**	0.0 – 0.6%

The assumptions relating to volatility and the risk-free rate are calculated with reference to other comparable companies within the telecommunications sector.

The Group did not enter into any share-based payment transactions with parties other than employees during 2022 and 2021.

36. Subsidiaries

The Company's subsidiaries at 31 December 2022 are detailed below.

Name	Registered Address	Country	Ownership %	Class
CircleLoop Limited	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	United Kingdom	100%	Ordinary shares
Epsilon Telecommunications GmbH	Ziegeleistraße 2, 95145, Oberkotzau, Germany	Germany	96.05%	Ordinary shares
Exactive Holdings Limited	30 & 34 Reform Street, Dundee, Scotland, DD1 1RJ	United Kingdom	100%	Ordinary shares
Exactive Limited	30 & 34 Reform Street, Dundee, Scotland, DD1 1RJ	United Kingdom	100%	Ordinary shares
Exactive Online Limited	30 & 34 Reform Street, Dundee, Scotland, DD1 1RJ	United Kingdom	100%	Ordinary shares
Gamma Development Poland Sp. Zoo. (formerly Exactive Poland sp. zoo.)	ul. Abrahama 1A, 80-307 Gdańsk, Poland	Poland	100%	Ordinary shares
Gamma Business Communications Limited	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	United Kingdom	100%	Ordinary shares
Gamma Business Services BV	Evert van de Beekstraat 1-63, 1118CL Schiphol, the Netherlands	Netherlands	100%	Ordinary shares
Gamma Communications Benelux BV	Krijgsman 12 1186DM Amstelveen, the Netherlands	Netherlands	100%	Ordinary shares
Gamma Communications Europe BV	Office address: The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	Netherlands	100%	Ordinary shares
Gamma Communications Germany GmbH	Ziegeleistraße 2, 95145, Oberkotzau, Germany	Germany	100%	Ordinary shares
Gamma Communications Ireland Limited	6th Floor, 2 Grand Canal Square, Dublin, Ireland	Ireland	100%	Ordinary shares
Gamma Communications Nederlands BV	Krijgsman 12 1186DM Amstelveen, the Netherlands	Netherlands	100%	Ordinary shares
Gamma Development KfT	Futo utca 37-45, 1082 Budapest, Hungary	Hungary	100%	Ordinary shares
Gamma Europe Holdco Limited	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	United Kingdom	100%	Ordinary shares
Gamma Group Holdings Limited	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	United Kingdom	100%[1]	Ordinary shares
Gamma Network Solutions Limited	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	United Kingdom	100%	Ordinary shares
Gamma Telecom Holdings Limited	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	United Kingdom	100%	Ordinary and B1 shares
Gamma Telecom Limited	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	United Kingdom	100%	Ordinary shares
Gamma Telecomunicaciones Spain Holdings SL	Avda. Universitat, 3, 1B, 08290 Cerdanyola del Vallés, Spain	Spain	100%	Ordinary shares
gnTel GmbH	Stadttor 1, 40219 Dusseldorf, Germany	Germany	100%	Ordinary shares
Gamma Holding GmbH	Ziegeleistraße 2, 95145, Oberkotzau, Germany	Germany	96.05%	Ordinary shares
Gamma Communications GmbH	Ziegeleistraße 2, 95145, Oberkotzau, Germany	Germany	96.05%	Ordinary shares
Mission Labs Limited	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	United Kingdom	100%	A, B, C, D ordinary shares
NeoTel 2000 S.L.U.	Calle Fiscal Luís Portero Garcia, 3, 7º, 1ª,Oficina 1A - 29010 Malaga, Spain	Spain	100%	Ordinary shares
Telsis Communications Services Limited	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	United Kingdom	100%	Ordinary shares
Telsis Direct Limited	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF 7RD	United Kingdom	100%	Ordinary shares
Telsis GmbH	Robert-Bosch-Straße 7, 64293 Darmstadt, Germany	Germany	100%	Ordinary shares
Telsis Services Limited	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	United Kingdom	100%	Ordinary shares
Gamma Managed Services Limited (formerly Uniworld Bureau Services Limited)	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	United Kingdom	100%	Ordinary shares
VozTelecom Andalucía SL	Calle Isaac Newton 3, Edificio Bluenet PCT Cartuja, 41092 Sevilla, Spain	Spain	100%	Ordinary shares
VozTelecom Comunicación Inteligente SLU	Avda. Universitat, 3, 1B, 08290 Cerdanyola del Vallés, Spain	Spain	100%	Ordinary shares
VozTelecom Maroc, SARL AU	Park Tetouanshore route de Cabo Negro Shore 3 Local 004, Comune de Martil – Tétouan CP 93150, Morocco	Morocco	100%	Ordinary shares
VozTelecom Oigaa360 S.A.U.	Avda. Universitat, 3, 1B, 08290 Cerdanyola del Vallés, Spain	Spain	100%	Ordinary shares
VozTelecom Puntos de Servicio SLU	C/Marie Curie, 7 Beta Building, office 6.1 Rivas Vacia Madrid 28521 Madrid Spain	Spain	100%	Ordinary shares

1 Directly held by the Company.

36. Subsidiaries continued

Gamma Telecom Limited is also a member of NP4UK Limited which is a dormant company (limited by guarantee) incorporated in the United Kingdom.

The Group also consolidates the Gamma Communications plc SIP Trust.

Through the acquisition of the Voz Telecom Group, the Group acquired a 40.87% stake in VozTelecom Latinoamerica Sa de CV, registered in Mexico. The investment value is £0.025m and is accounted for under the equity method. The Group holds no other interests in unconsolidated structured entities.

37. Related party transactions

Details of key management's remuneration are given in note 9.

Dividends of £0.02m (2021: £0.04m) were paid to Directors during the year and no dividends were payable to Directors at the year end.

During the year, £3.7m was paid to a member of key management personnel who holds a non-controlling interest in Gamma Holding GmbH (formerly HFO Holding GmbH). There are future commitments with this party, details of which can be found in note 28.

There were no other transactions with related parties outside of the wholly owned Group during the year.

38. Subsequent events

There have been no subsequent events that the Directors of the Group are aware of at the date of signing.

Company statement of financial position
As at 31 December 2022

	Notes	2022 £m	2021 £m
Assets			
Non-current assets			
Investments	3	**24.5**	19.9
Other receivables	4	**–**	19.3
		24.5	39.2
Current assets			
Other receivables	4	**2.8**	0.3
Cash and cash equivalents		**65.3**	27.2
		68.1	27.5
Total assets		**92.6**	66.7
Creditors: amounts falling due within one year	5	**(16.7)**	(1.4)
Net assets		**75.9**	65.3
Capital and reserves			
Called up share capital	6	**0.2**	0.2
Share premium account		**18.0**	14.9
Share option reserve		**24.5**	19.9
Profit and loss account		**33.2**	30.3
Shareholders' funds		**75.9**	65.3

As a consolidated statement of comprehensive income is published, a separate profit or loss account for Gamma Communications plc is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The profit in respect of the Company for the year was £16.2m (2021 loss: £4.3m).

The financial statements of Gamma Communications plc (registered number 08943488) on pages 131 to 134 were approved and authorised for issue by the Board of Directors on 20 March 2023 and were signed on its behalf by:

Bill Castell
Chief Financial Officer

The notes on pages 133 to 134 form part of these financial statements.

Company statement of changes in equity
For the year ended 31 December 2022

	Notes	Share capital £m	Share premium reserve[1] £m	Share option reserve[1] £m	Profit and loss account £m	Total equity £m
1 January 2021		0.2	9.0	15.6	46.3	71.1
Dividends paid	7	–	–	–	(11.7)	(11.7)
Share-based payments		–	–	4.3	–	4.3
Issue of shares		–	5.9	–	–	5.9
Transaction with owners		–	5.9	4.3	(11.7)	(1.5)
Loss for the year		–	–	–	(4.3)	(4.3)
Total comprehensive expense		–	–	–	(4.3)	(4.3)
31 December 2021		0.2	14.9	19.9	30.3	65.3
1 January 2022		0.2	14.9	19.9	30.3	65.3
Dividends paid	7	–	–	–	(13.3)	(13.3)
Share-based payments		–	–	4.6	–	4.6
Issue of shares		–	3.1	–	–	3.1
Transaction with owners		–	3.1	4.6	(13.3)	(5.6)
Profit for the year		–	–	–	16.2	16.2
Total comprehensive income		–	–	–	16.2	16.2
31 December 2022		**0.2**	**18.0**	**24.5**	**33.2**	**75.9**

1 These reserves are not distributable.

The notes on pages 131 to 134 form part of these financial statements.

1. Accounting policies

General information

Gamma Communications plc ("the Company") is a public company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF. The principal activity of the Company is to act as a holding company for Group subsidiaries and includes the day-to-day running costs of the plc.

Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS101).

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Pounds Sterling and unless otherwise stated, have been rounded to the nearest 0.1 million (£m).

The financial statements are prepared on the going concern basis as set out in note 1 of the consolidated financial statements of the Group.

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented the income statement or a statement of comprehensive income for the Company alone. The loss in respect of the Company for the year was £3.8m (2021: £4.3m).

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

(a) certain disclosures regarding the Company's capital;

(b) a statement of cash flows;

(c) the effect of future accounting standards not yet adopted;

(d) the disclosure of the remuneration of key management personnel;

(e) disclosure of related party transactions with other wholly owned members of the Group headed by Gamma Communications plc;

(f) disclosures in respect of financial instruments; and

(g) disclosures in respect of IFRS 2 share-based payments.

Where required equivalent disclosures are given in the consolidated financial statements of the Group.

A summary of the Company's significant accounting policies is set out below.

Investments

Shares in Group undertakings are initially recorded at cost and subsequently adjusted for capital contributions related to share-based payments and any provisions for impairment.

The cost of acquisition is the amount of cash or cash equivalents paid and the fair value of other purchase consideration given by the acquirer, together with the expenses of the acquisition. Where the payment of consideration for an acquisition is to be made after the date of acquisition, reasonable estimates of the amounts expected to be paid are included in the cost of acquisition at their present values.

The cost of acquisition is adjusted when revised estimates are made, with consequential corresponding adjustments continuing to be made to the cost of the investment, and therefore goodwill, until the ultimate amount is known.

Financial assets

The Company does not have any financial assets which it would classify at fair value through profit or loss, available for sale or held to maturity. Therefore, all financial assets are classed as loans and receivables as defined below.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise amounts due from Group undertakings, other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Dividends and distributions relating to equity instruments are debited directly to equity.

2. Critical accounting judgements and estimates

Gamma Communications plc is a non-complex entity primarily holding intercompany debtors and creditors. As such there are no critical judgements or accounting estimates that represent a risk of material misstatement over the next 12 months.

3. Investments

	2022 £m	2021 £m
At 1 January	**19.9**	15.9
Transfer of ownership of subsidiary[1]	**–**	(0.2)
Capital contributions arising from share-based payments	**4.6**	4.2
At 31 December	**24.5**	19.9

[1] In December 2021 the ownership of Gamma Telecom Holdings Limited was transferred to another member within the Gamma Group.

Details of the subsidiaries held directly or indirectly by Gamma Communications plc are given in note 36 to the consolidated financial statements.

4. Other receivables

	2022 £m	2021 £m
Amounts due from Group undertakings	**0.7**	19.3
Prepayments	**0.2**	0.3
Current tax asset	**1.9**	–
	2.8	19.6

Amounts due from Group undertakings are payable on demand. The expected credit loss on amounts due from Group undertakings is £nil.

5. Creditors: amounts falling due within one year

	2022 £m	2021 £m
Amounts due to Group undertakings	**14.9**	–
Accruals	**1.8**	1.4
	16.7	1.4

6. Called up share capital

Details of the share capital and movement during the year are given in note 33 to the consolidated financial statements.

7. Dividends paid

Details of the dividends paid during the year are given in note 14 to the consolidated financial statements.

8. Contingent liabilities

The Company had no contingent liabilities at 31 December 2022 or 31 December 2021.

9. Capital commitments

The Company had no capital commitments at 31 December 2022 or 31 December 2021.

10. Related party transactions

The Company has taken advantage of the exemption available within FRS 101 Reduced Disclosure Framework not to disclose transactions with other members of the Group headed by the Company. See note 37 to the consolidated financial statements for details of the disclosed related party transactions.

11. Subsequent events

There have been no subsequent events that the Directors of the Company are aware of at the date of signing.

Company information

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EC3M 7AF

Head Office
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RG14 5BY

Nominated Adviser and Broker
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London
EC2V 7QP

Company auditor
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Abbots House
Abbey Street
Reading
RG1 3BD

Legal Advisers to the Company
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12 New Fetter Lane
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EC4A 1JP

Registrar
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Company website
www.gammacommunicationsplc.com

Company number
08943488

Glossary

Carbon net-zero	Net zero is all about "balancing" or cancelling out any carbon we produce. We reach net zero when the amount of greenhouse gas we produce is no more than the amount taken away.
Carbon neutral	Counteracting carbon emissions through investment in carbon offset.
CircleLoop	A cloud-based telephony product which is fully serviced through web, desktop and mobile applications and aimed at the micro-business market.
Cloud PBX	A virtual PBX system rooted on the internet, which automatically answers all calls and routes them to the right department or user extension.
CloudUCX™	CloudUCX™ is a collection of leading cloud solutions delivered as a service and designed to enhance the standard Microsoft Teams offering.
Contact Centre as a Service (CCaaS)	Software platform that allows contact centres to operate over the internet. Increasing these are moving beyond telephone calls to allowing conversations to occur and be actively managed through multiple media (email, social media, etc.).
Horizon	Gamma's complete business phone system – a hosted communications service that provides businesses with extensive fixed and mobile telephony capabilities.
Horizon Collaborate	Built on the Horizon business phone system, Horizon Collaborate satisfies internal and external communication needs including voice and video calls, instant messaging, video conferencing, desktop sharing and document sharing.
Horizon Contact	Horizon Contact is a cloud-based contact centre solution that is designed specifically to work in conjunction with Horizon and Horizon Collaborate.
Internet of Things (IoT)	Technologies that connect and exchange data between machines (devices and systems) over the Internet or other communications networks.
Operator Connect	A service which is designed to enable seamless and integrated calling between Teams and the local telephony infrastructure (known as the PSTN).
PhoneLine+	Simple phone line replacement service using VoIP technology to deliver voice calls over the broadband network.
Public Switched Telephone Network (PSTN)	The world's collection of interconnected voice-oriented public telephone networks.
Session Initiation Protocol (SIP Trunking)	SIP is a signalling protocol, widely used for voice and video calls over the Internet. One SIP trunk allows for one channel of voice. This can be an alternative to ISDN or Analogue channels.
Single Order Generic Ethernet Access (SoGea)	A standalone broadband line, without any associated voice service.
SIP Trunk Call Manager	All the benefits of Gamma SIP Trunks together with a centralised inbound call management service.
Software as a Service (SaaS)	Software which is delivered through the internet and which is consumed on a subscription basis.
Software-defined wide area network (SDWAN)	Enhanced connectivity between an organisation's locations which using improved software to more effectively control, route and distribute traffic across the network and improve the overall experience.
Unified Communications as a Service (UCaaS)	Software platform that allow communication using multiple different media and which run over the internet.

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together.

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