

June 13, 2008

RESEARCH NOTE:

SANGOMA TECHNOLOGIES CORPORATION – (TSXV: STC)

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- *Privately held Fonality issued a press release yesterday highlighting its continued strong growth in the low-cost PBX market. Fonality is a leading provider of low cost, open source PBX systems for small and medium sized businesses.*
- *Fonality's niche is that its PBX systems are sold at up to 40% to 80% less than traditional PBX vendors such as Cisco, Avaya and Nortel.*
- *Sangoma is a preferred supplier to Fonality as its PC connectivity cards are used in Fonality's PBX systems. In January 2008, Fonality announced a contract with Dell to resell its systems to Dell's enterprise and small business customers, which we believe has been a strong source of revenue for both Fonality and Sangoma.*
- *We are maintaining our STRONG BUY recommendation and our 12-month target price to \$3.40*

SANGOMA TECHNOLOGIES CORPORATION

Equity Research | Technology

Ticker

Recommendation

12-month Target

Please see important disclosures at the end of this document

TSXV: STC
\$1.19

STRONG BUY
(unchanged)

\$3.40
(unchanged)

Sangoma Customer Fidelity Reports Continuing Strong Growth in Low-Cost PBX Market

June 13, 2008

Market Data

52-week High-Low	\$1.72-\$0.86
Shares Outstanding	
– Basic	28.1 million
– Fully diluted	28.9 million
Market Capitalization	\$34.4 million
Cash	\$5.2 million
Enterprise Value	\$29.2 million
Total Debt	Nil
Fiscal Year End	June 30
Major Shareholders	Insiders: 23%

Financial Data

(millions, except EPS)	FY06A	FY07A	FY08E	FY09E
Revenue	\$4,776	\$8,223	\$12,803	\$17,626
Net Earnings	\$1,008	\$1,988	\$3,403	\$5,066
EPS FD	\$0.04	\$0.07	\$0.12	\$0.18
P/S	7.2x	4.2x	2.7x	2.0x
P/E	32.3x	17.1x	10.0x	6.8x

Event

Yesterday (June 12), major Sangoma customer Fidelity reported strong quarterly growth.

Highlights

Privately held Fidelity issued a press release yesterday highlighting its continued strong growth in the low-cost PBX market. The release described the company's Q1-08 results as its fifteenth consecutive quarter of high-growth and noted that the company has doubled in size each year since its founding in 2004. Since Fidelity is a private company, exact revenue figures were not provided.

Fidelity is a leading provider of low cost, open source PBX systems for small and medium sized businesses. The company's niche is that its PBX systems are sold at up to 40% to 80% less than traditional PBX vendors such as Cisco, Avaya and Nortel. Fidelity's products utilize industry standard hardware as well as open source software. The company claims to have over 5,000 customers with over 100,000 end users in more than 100 countries. Fidelity was founded in 2004 and is venture backed, major investors include Intel Capital and Azure Capital Partners.

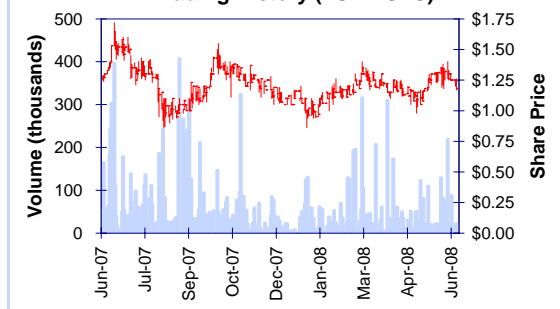
Sangoma is a preferred supplier to Fidelity as its PC connectivity cards are used in Fidelity's PBX systems. In January 2008, Fidelity announced a contract with Dell to resell its systems to Dell's enterprise and small business customers, which we believe has been a strong source of revenue for both Fidelity and Sangoma.

Overall, bullish comments from both Sangoma's management and Fidelity reinforce our thesis that the market for PBX systems is shifting from traditional vendors to lower cost, open source solutions. We believe the shift is particularly strong in the small and medium sized business market where Fidelity is having such strong success.

Investment Conclusion

We are maintaining our STRONG BUY recommendation and our 12-month target price to \$3.40, based on an P/E multiple of 15x our earnings per share forecast of \$0.23 for the 12 months ending March 31, 2010.

Trading History (TSXV:STC)



Company Description

Sangoma Technologies Corporation provides connectivity hardware and software products for PBX and LAN/WAN infrastructure. The Company's products, in combination with open source software products, can enable industry standard PCs and servers to perform routing and PBX functions. Sangoma's products are distributed globally through its network of regional distribution partners and integrators that service local businesses.

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IMPORTANT DISCLOSURES

June 13, 2008

Company	Ticker	Ex	Rating	Price Target	Last Price	Market Cap (millions)	Shares o/s (millions)	Previous Volume	52 Week		Applicable Disclosures
									High	Low	
Sangoma Technologies Corporation	STC	V	StrB	\$3.40	\$1.19	\$34	28.4	21,500	\$1.72	\$0.86	8

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Investment Opinion Definition

- STRONG BUY:** NSI expects the share price to appreciate 30% or more over the next 12 months.
BUY: NSI expects the share price to appreciate 10% to 30% over the next 12 months.
HOLD: NSI expects the share price to appreciate 10% or less over the next 12 months.
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