



## ***NEWS RELEASE***

### ***SANGOMA REPORTS RESULTS FOR SECOND QUARTER OF FISCAL 2013***

**MARKHAM, ONTARIO, February 25, 2013** – Sangoma Technologies Corporation (TSX VENTURE:STC), a leading provider of hardware and software components that enable or enhance IP Communications Systems for both voice and data, today announced highlights of its unaudited consolidated interim financial statements under IFRS for the second quarter of fiscal 2013, ended December 31, 2012.

Sales for the second quarter of fiscal 2013 were \$2.8 million, down from \$3.0 million in the immediately preceding quarter and from \$3.4 million in the same quarter last year.

“After producing consistent revenue growth almost every quarter for the past couple of years, and many quarters with all-time record revenues, it is not surprising that Sangoma will experience periodic down quarters, especially given the global economy and conditions in our industry”, said Bill Wignall, President and CEO of Sangoma. “Nevertheless, I am indeed disappointed in this quarter’s result. We have been investing in R&D to deliver new product innovation, which has worked extremely well, and in marketing and sales to bring us closer to existing and new customer segments. In spite of many of our competitors showing declining revenue over the past year or two, I have been pleased with Sangoma’s sales growth over the past eight quarters, and therefore I’m definitely not satisfied with our second quarter sales. We know that our revenue is lumpier these days than in Sangoma’s past, since we now win larger customers essential to our growth, and this lumpiness has impacted us this quarter. Larger customers placing larger orders leads naturally to longer sales cycles, and certain significant orders that we expected in Q2 did not materialize in the quarter. We remain optimistic that this was a timing anomaly, since we now believe that at least one of these will close in our third quarter and we of course continue to work hard on other new opportunities in this quarter. It is clear that we have to do even more to accelerate the increased sale of recently introduced new products to new customers, and the whole team is focused on exactly that. With this in mind, we have added a new sales executive to provide us with extra experience and attention on the carrier customer segment. A single quarter does not change Sangoma’s strategy. We continue to strive for growth by transitioning away from relying on TDM products and into a company that can offer both legacy and the pure-IP solutions of tomorrow. We have seen the benefits of a focused R&D program and roadmap in the launch of many new exciting products over the past year or so, and we are confident that Sangoma can deliver the same success in sales over time.”

	<b>Q2 FY2013</b>	<b>Q1 FY2013</b>	<b>Change</b>	<b>Q2 FY2012</b>	<b>Change</b>
Sales	\$2.8 m	\$3.0 m	(7%)	\$3.4 m	(18%)
Gross profit	\$1.9 m	\$2.2 m	(14%)	\$2.5 m	(24%)
Operating Expense	\$2.2 m	\$2.2 m	0%	\$2.3 m	(4%)
Operating Income <sup>1</sup>	-\$0.3 m	\$0.0 m		\$0.2 m	
Net income	-\$0.3 m	\$0.0 m		\$0.2 m	
Net earnings per share (fully diluted)	(\$0.009)	\$0.000		\$0.006	
EBITDA <sup>1</sup>	-\$0.2 m	\$0.1 m		\$0.3 m	

<sup>1</sup> Operating Income and EBITDA are metrics used by the Company to monitor its performance and the definitions may be found in the accompanying MD&A posted today at [www.sedar.com](http://www.sedar.com).

Gross profit was \$1.9 million for the quarter or 68% of revenue, in line with margin percentages experienced over recent quarters and consistent with the company's expectations.

Total operating expense for the first quarter was \$2.2 million, slightly down from the \$2.3 million recorded in the same quarter of fiscal 2012, due to lower sales.

Operating loss was \$0.3 million for the quarter, compared to the operating profit of \$0.2 million during the same quarter last year, driven primarily by the reduction in revenue and associated gross profit.

Net loss for the quarter ended December 31 2012 was \$0.3 million (-\$0.009 per share fully diluted), compared to net income of \$0.2 million (\$0.006 per share fully diluted) for the quarter ended December 31, 2012.

For the six months of fiscal 2013 to date, Sangoma's revenue of \$5.8 million was 11% lower than the same period of 2012, resulting almost entirely from the drop in the second quarter described above. Net loss of \$0.3 million which was \$0.9 million lower than the net income of \$0.6 million earned in the first half of fiscal 2012, resulted from the lower revenue, lower gross margin and the impact of a \$0.5 million foreign exchange gain realized in the second quarter of last year not repeating this year. Total operating expense was otherwise only 3% higher than the prior year and has stabilized as expected.

Sangoma continues to have a very strong balance sheet, with working capital of \$11.0 million on December 31, 2012 as compared to \$11.4 million on June 30, 2012, and a solid cash balance of \$3.4 million.

## **Intention to commence normal course issuer bid.**

Sangoma Technologies Inc. (TSXV: STC) is in the process of filing materials with the TSX Venture Exchange ("TSXV") to permit it, subject to regulatory approval, to make a normal course issuer bid for up to 1,453,990 (5% of the issued and outstanding common shares of Sangoma) of its common shares for cancellation through the facilities of the TSXV at the prevailing market price of the common shares. The number of common shares purchased by Sangoma will in no event be in excess of 5% of the issued and outstanding common shares at the date the bid commences, nor more than 2% in any 30 day period. Sangoma may undertake purchases at varying times commencing three trading days after acceptance by TSXV of the normal course issuer bid and terminating one year after such date, or on such earlier date as Sangoma completes its purchases. Sangoma believes that, from time to time, the market price of its common shares does not fully reflect the value of its business and its future prospects. As such, Sangoma believes that the repurchase of its common shares will, in the appropriate circumstances, provide an economically worthwhile investment for Sangoma and it is an appropriate and legitimate use of its available funds. The member and broker that will be conducting the normal course issuer bid is PI Financial Corp. Under Sangoma's previous normal course issuer bid which expired on December 18, 2012, the Company purchased 758,000 Common Shares at an average price of \$0.42. All purchases were made through the TSXV and all shares purchased were cancelled. After approval by the TSXV, a copy of the Form 5G - Notice of Intention to make a Normal Course Issuer Bid to be filed by the Company with the TSXV can be obtained without charge by contacting Sangoma's Chief Financial Officer, David Moore at 905-474-1990 x107.

President and CEO, Bill Wignall, and CFO, David Moore will host a conference call on Wednesday February 27, 2013 at 11.30am Eastern Standard Time to discuss the quarterly results. The dial-in number for the call is 1-800-319-4610 (International 1-604-638-5340). Investors are requested to dial in 5 to 10 minutes before the scheduled start time and ask to join the Sangoma call.

## **About Sangoma Technologies Corporation**

Sangoma is a leading provider of hardware and software components that enable or enhance IP Communications Systems for both telecom and datacom applications. Sangoma's data boards, voice boards, gateways and connectivity software are used in leading PBX, IVR, contact center and data-communication applications worldwide. The product line includes both hardware and software components that offer a comprehensive toolset for deploying cost-effective, powerful, and flexible communication solutions.

Founded in 1984, Sangoma Technologies Corporation is publicly traded on the TSX Venture Exchange (TSX VENTURE: STC). Additional information on Sangoma can be found at: [www.sangoma.com](http://www.sangoma.com).

### **Cautionary Statement Regarding Forward Looking Statements**

This press release contains forward-looking statements, including statements regarding the future success of our business, development strategies and future opportunities.

Forward-looking statements include, but are not limited to, statements concerning estimates of expected expenditures, statements relating to expected future production and cash flows, and other statements which are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions indicate forward-looking statements.

Although Sangoma believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Forward-looking statements are based on the opinions and estimates of management at the date that the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in forward-looking statements. Sangoma undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by law.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other events contemplated by the forward-looking statements will not occur. Although Sangoma believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct as these expectations are inherently subject to business, economic and competitive uncertainties and contingencies. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in the management's discussion and analysis include, but are not limited to changes in exchange rate between the Canadian Dollar and other currencies, changes in technology, changes in the business climate, changes in the regulatory environment, the decline in the importance of the PSTN and new competitive pressures. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

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*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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