



## ***NEWS RELEASE***

### ***SANGOMA REPORTS Q4 AND ANNUAL RESULTS FOR FISCAL 2014***

**MARKHAM, ONTARIO, October 23, 2014** – 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 fourth quarter financial results and audited consolidated financial statements for the full year of fiscal 2014, ended June 30, 2014.

Revenue for the fiscal year 2014 at \$13.83 million was the highest in Sangoma’s history, about 7% above that in the prior year, and Operating Income for the year was almost \$1 million. For the fourth quarter of 2014, sales were \$3.98 million, approximately flat with the same quarter last year and 14% over the immediately preceding third quarter of fiscal 2014.

“I am pleased that we closed the year with another positive quarter resulting in a strong finish to the financial year”, said Bill Wignall, President and CEO of Sangoma. “This year we focused on delivering reasonable growth while generating healthy profitability, and our results confirm this, with operating income, cash flow and EBITDA of around \$1 million. I’m generally pleased that the uptake of new products continues, with nearly half our revenue now coming from products introduced in recent years, and I would like to see that rate accelerate even further. Further, the gradual decline in PSTN-based products slowed following the extra attention this year. Looking back on 2014 overall, I would like to personally thank our customers for their faith in Sangoma, our employees for their incredibly hard work this year, and our investors for their support.”

	<b>Q4 FY2014</b>	<b>Q4 FY2013</b>	<b>Change</b>	<b>FY2014</b>	<b>FY2013</b>	<b>Change</b>
Sales	\$3.98 m	\$4.00 m	-1%	\$13.83 m	\$12.95 m	7%
Gross profit	\$2.65 m	\$2.46 m	8%	\$9.25 m	\$8.48 m	9%
Operating Expense	\$2.04 m	\$2.04 m	0%	\$8.31 m	\$8.54 m	-3%
Operating Income <sup>1</sup>	\$0.61 m	\$0.42 m		\$0.94 m	-\$0.06 m	
Net income	\$0.52 m	-\$3.95 m		\$0.74 m	-\$4.33 m	
Net earnings per share (fully diluted)	\$0.018	(\$0.136)		\$0.026	(\$0.148)	
EBITDA <sup>1</sup>	\$0.51 m	\$0.55 m		\$1.19 m	\$0.43 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 \$2.65 million for the quarter and \$9.25 million for the year, both 67% of revenue. Gross margin as a percent of revenue in fiscal 2014 has held up well this year as Sangoma's expanded product portfolio has stabilized and service and software for new products is a bit higher than in prior years.

Operating expense for the fourth quarter was \$2.04 million in line with the same quarter in fiscal 2013 and expense for the year at \$8.31 million was 3% lower than in 2013 before one-time impacts. The company's 2013 restructuring lowered costs in administration and research some of which was used to undertake more expansive sales and marketing.

Operating income in the fourth quarter was \$0.61 million, up from \$0.41 million in the fourth quarter of 2013, and for the fiscal year was a \$0.94 million compared to a loss of \$0.06 million for fiscal year 2013. The increase in operating income for the year was driven by the higher revenue and margin, with modest reductions in spending year over year.

There were no one-time or impairments charges in fiscal 2014 though the costs associated with the restructuring provision established in 2013 were paid out in fiscal 2014.

Net income for the year ended June 30, 2014 was \$0.74 million (\$0.026 per share fully diluted), compared to a net loss of \$4.33 million (\$-0.148 per share fully diluted) for the year ended June 30, 2013.

Sangoma finished the year with a cash balance of \$4.98 million, up nearly \$1 million for the year, and had working capital of \$11.35 million on June 30, 2014, as compared to \$10.71 million on June 30, 2013.

President and CEO, Bill Wignall, and CFO, David Moore will host a conference call on Monday October 27, 2014 at 3:00 pm Eastern Standard Time to discuss the quarterly and annual 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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