



NEWS RELEASE

SANGOMA REPORTS RESULTS FOR THIRD QUARTER OF FISCAL 2016 Record Revenue for Q3, Up 11% from Same Quarter Last Year and 37% Year to Date

MARKHAM, ONTARIO, May 25, 2016 – 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 for the third quarter of fiscal 2016, ended March 31, 2016.

Sales for the third quarter of fiscal 2016 were \$5.30 million, 11% higher than the \$4.79 million in the third quarter of fiscal 2015 and 4% above the immediately preceding quarter.

“This has been another sound quarter for Sangoma with continuing growth, healthy profitability, and solid cash flow from operations”, said Bill Wignall, President and CEO of Sangoma. “Over the past few years, Sangoma has worked very hard to steadily broaden its product portfolio, and more recently, that has included focus on delivering a full solution for business phone systems. I am therefore especially pleased with the launch in March of Sangoma’s line of IP phones, complete with Zero Touch Provisioning. For the first time, our customers can benefit from getting everything they need from Sangoma when purchasing a phone system, from PBX, to network connectivity via cards/gateways/SBCs, and now phones. And this allows Sangoma to benefit from winning a larger ‘share of wallet’. While the phone launch has been very well received, sales of our legacy products continue to be affected by the same softness seen by our competitors, by local currency prices being impacted with the strong US dollar, and by weak economic conditions in some geographical regions. Most exciting, our next step will be to provide our full business phone system as a hosted offering, based upon Sangoma’s PBXact. This way our customers can benefit from either cloud-based or on-premise solutions, and we can benefit from the positive impact on recurring revenue, consistent with our strategy.”

	Q3 FY2016	Q3 FY2015	Change	Q2 FY2016	Change
Sales	\$5.30 m	\$4.79 m	11%	\$5.08 m	4%
Gross profit	\$3.63 m	\$3.41 m	7%	\$3.67 m	(1%)
Operating Expense	\$3.46 m	\$3.08 m	12%	\$3.53 m	(2%)
Operating Income ¹	\$0.18 m	\$0.33 m		\$0.14 m	
Net income	\$0.10 m	\$0.25 m		\$0.08 m	
Net earnings per share (fully diluted)	\$0.003	\$0.008		\$0.002	
EBITDA ¹	\$0.45 m	\$0.57 m		\$0.41 m	

¹ 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.

Gross profit was \$3.63 million for the quarter, up 7% from last year and gross margin at 69% of sales was in line with expectations.

Operating expense for the third quarter was \$3.46 million, 12% higher than the same quarter in fiscal 2015 and similar to last quarter. The change year over year results from a mix of foreign exchange impact and an increase in resources for the launch of the company's new IP phone business.

EBITDA was \$0.45 million for the third quarter of fiscal 2016, down from \$0.57 million in the same period last year, with revenue growing but operating expenses increasing to offset that for the reasons explained above. Operating income in the third quarter was \$0.18 million, down from \$0.33 million in the third quarter of fiscal 2015, for the same reasons.

Net income for the third quarter ended March 31, 2016 was \$0.10 million (\$0.003 per share fully diluted), compared to a net income of \$0.25 million (\$0.008 per share fully diluted) for the quarter ended March 31, 2015.

Sangoma had working capital of \$6.51 million on March 31, 2016 up from the \$6.36 million on June 30, 2015. Exclusive of the earn out payments associated with the two acquisitions closed in January 2015, the company generated positive cash flow from operations of \$0.40 million during the third quarter and had a closing cash balance of \$1.45 million.

President and CEO, Bill Wignall, and CFO, David Moore will host a conference call on Friday May 27, 2016 at 11 a.m. 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, PBX, phone 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.

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.

Sangoma Technologies Corporation
David Moore
Chief Financial Officer
(905) 474-1990 Ext. 4107
dsmoore@sangoma.com
www.sangoma.com