



## NEWS RELEASE

### ***SANGOMA REPORTS Q4 AND ANNUAL RESULTS FOR FISCAL 2016 Quarterly and Annual Revenue Both Reach All-Time Records with 30% Y-o-Y Growth***

**MARKHAM, ONTARIO, October 20, 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 fourth quarter financial results and audited consolidated financial statements for the full year of fiscal 2016, ended June 30, 2016.

For the fourth quarter of fiscal 2016, sales were a record \$6.10 million, 14% higher than the same quarter last year and 15% over the immediately preceding quarter. For the full year, revenue was \$21.19 million, the highest in Sangoma’s history and 30% above last year.

	<b>Q4 FY2016</b>	<b>Q4 FY2015</b>	<b>Change</b>	<b>FY2016</b>	<b>FY2015</b>	<b>Change</b>
Sales	\$6.10 m	\$5.34 m	14%	\$21.19 m	\$16.32 m	30%
Gross profit	\$3.75 m	\$3.57 m	5%	\$14.41 m	\$10.97 m	31%
Operating Expense	\$3.83 m	\$3.01 m	27%	\$14.02 m	\$10.04 m	40%
Operating Income <sup>1</sup>	-\$0.08 m	\$0.56 m		\$0.39 m	\$0.93 m	
Net income	-\$0.16 m	\$0.15 m		\$0.11 m	\$0.25 m	
Net earnings per share (fully diluted)	(\$0.005)	\$0.005		\$0.004	\$0.008	
EBITDA <sup>1</sup>	\$0.19 m	\$0.73 m		\$1.43 m	\$1.64 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).

“I’m very pleased this year, to see Sangoma achieve another important milestone, with revenue above \$6 million this quarter and above \$20 million annually, both for the first time”, said Bill Wignall, President and CEO of Sangoma. “The team has worked very hard during the past few years to transition the company from a single product line to a full telecom portfolio, now available in both Cloud and Premise based solutions. Sales of SaaS or Cloud based services, along with software sales and support, now represent over 40% of revenues. This is from a standing start just a few years ago, and all while the company has more than offset the decline of legacy products to deliver substantial net growth. I’m proud that we’ve done so while maintaining reasonable levels of EBITDA and generating positive operating cash flow during that period. While cash flow from operations was up year over year, our profitability this quarter is admittedly lower than I’d like. However, our primary focus has been on growth and investing in the launch of Sangoma’s phones and Cloud-based Hosted PBX offering, all easily self-configured and leveraging the Zero Touch Provisioning capability. I expect profitability to strengthen once again during the 2017 fiscal year, starting in Q1. Overall, I’m excited by the top line growth as well as our product portfolio, and satisfied with the \$1.4m in EBITDA this year as we seek to balance continuing growth with reasonable profitability and cash flow from operations.”

Gross profit was \$3.75 million for the quarter and \$14.41 million for the year. Gross margin at 68% for the year was in line with that for fiscal 2015.

Operating expenses were \$3.83 million for the quarter and \$14.02 million annually, up 27% and 40% respectively from fiscal 2015. These higher expenses result primarily from the foreign exchange impact of the stronger US dollar, the staff and other spending in the companies acquired in January 2015, that were part of Sangoma for the full 12 months of fiscal 2016 versus just 6 months in fiscal 2015, and the costs associated with the launch of Sangoma's IP phones and Cloud PBXact services.

EBITDA was \$1.43 million for fiscal 2016, down from \$1.64 million in the prior year, and operating income was \$0.39 million, down from the \$0.93 million in fiscal 2015, primarily due to increased operating expenses described above.

Net income for the year ended June 30, 2016 was \$0.11 million (\$0.004 per share fully diluted), compared to net income of \$0.25 million (\$0.008 per share fully diluted) for the year ended June 30, 2015.

Sangoma finished the year with a cash balance of \$2.09 million, down slightly from the \$2.52 million at the end of fiscal 2015 due to the payout of contingent consideration for the acquisitions. Cash flow from operations of \$1.44 million this year was higher than the \$0.86 million generated in fiscal 2015.

President and CEO, Bill Wignall, and CFO, David Moore will host a conference call on Tuesday October 25, 2016 at 11 a.m. Eastern Daylight 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](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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