



NEWS RELEASE

SANGOMA REPORTS RECORD RESULTS FOR THE SECOND QUARTER OF 2017 *Revenue grows by 29% Year-over-Year and EBITDA exceeds 10% of sales*

MARKHAM, ONTARIO, February 6, 2017 – Sangoma Technologies Corporation (TSX VENTURE:STC), a trusted leader in delivering Unified Communications solutions for SMBs, Enterprises, OEMs, and Service Providers, both on-premises and in the cloud, today announced highlights of its unaudited consolidated financial statements in Canadian dollars for the second quarter of fiscal 2017, ended December 31, 2016.

For the second quarter of fiscal 2017, sales were a record \$6.57 million, 29% higher than in the same quarter last year making this the eighth quarter in a row that Sangoma has grown significantly and consistently, over the same quarter in the prior year.

	Q2 FY2017	Q2 FY2016	Change	Q1 FY2017	Change
Sales	\$6.57 m	\$5.08 m	29%	\$5.82 m	13%
Gross profit	\$4.35 m	\$3.67 m	19%	\$3.77 m	15%
Operating Expense	\$3.86 m	\$3.53 m	9%	\$3.64 m	6%
Operating Income ¹	\$0.49 m	\$0.14 m		\$0.13 m	
Net income	\$0.29 m	\$0.08 m		\$0.06 m	
Net earnings per share (fully diluted)	\$0.009	\$0.002		\$0.002	
EBITDA ¹	\$0.76 m	\$0.41 m	85%	\$0.42 m	80%

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.

“After another solid result last quarter, Sangoma’s second quarter dramatically underlines the financial benefit we’ve been expecting from the work done over the last several years.” said Bill Wignall, President and CEO of Sangoma. “While sales from new products and recurring revenue/software/service continue to grow nicely, it is especially gratifying to see the operating leverage we’ve discussed over the past few quarters, beginning to play out in a substantial way. With sales and gross profit now growing faster than spending, a trend we expect to continue, we see the rewards in expanding EBITDA margins. This is precisely the impact we expected our business plan to deliver, and so it is particularly encouraging to see EBITDA at over \$3/4 million this quarter. I am pleased that this consistent trajectory and the continued growth of recurring revenue has enabled our Board to support the issuance of forward guidance for the first time, as laid out below.”

Gross profit was \$4.35 million for the second quarter, 19% above that of the same quarter last year, and gross margin was 66% of sales, slightly better than in the first quarter, and in line with our expectations.

Operating expenses were \$3.86 million for the second quarter, 9% higher than in the same quarter of fiscal 2016, but growing at a slower rate than revenue and gross profit.

EBITDA was \$0.76 million for second quarter of fiscal 2017, almost double the \$0.41 million earned in the same quarter last year. Operating income was \$0.49 million, three fold higher than in recent quarters.

Net income for the quarter ended December 31, 2016 was \$0.29 million (\$0.009 per share fully diluted), compared to net income of \$0.08 million (\$0.002 per share fully diluted) for the quarter ended December 31, 2015.

Sangoma finished the quarter with a cash balance of \$2.28 million having generated \$0.46 million from operations and spent \$0.55 million on an acquisition during the quarter. As of December 31, 2016 the company had healthy working capital of \$6.20 million.

Outlook for fiscal years 2017 and 2018

After a careful review of Sangoma's results, Sangoma's Board of Directors has decided that it is appropriate to commence providing limited forward guidance, to help investors better understand the company's future prospects. Sangoma will update guidance only when there is a material change in the expected results and investors are reminded that actual results for future periods may vary materially from the guidance presented.

Sangoma is establishing its initial guidance as follows: For the fiscal year 2017, Sangoma expects revenue of approximately \$25 million with EBITDA of about \$2.4 million. Further, for fiscal 2018 Sangoma expects revenue to grow about 15-20% and for EBITDA to exceed 10% as a percentage of sales.

Conference Call

President and CEO, Bill Wignall, and CFO, David Moore will host a conference call on Thursday February 9, 2017 at 12 noon 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 Technologies is a trusted leader in delivering Unified Communications solutions for SMBs, Enterprises, OEMs, Carriers and service providers. Sangoma's globally, scalable offerings include both on-premises and cloud-based phone systems, telephony services and industry leading Voice-Over-IP solutions, which together provide seamless connectivity between traditional infrastructure and new technologies. Sangoma's products and services are used in leading PBX, IVR, contact center, carrier networks and data-communication applications worldwide. Businesses can achieve enhanced levels of collaboration, productivity and ROI with Sangoma. Everything Connects, Connect with Sangoma!

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 future revenue, expected expenditures, 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.

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 are based on the opinions and estimates of management on the date that the statements are made and 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 or will differ materially from those expected. Although Sangoma believes that the expectations represented by such forward-looking statements are reasonable based on the current business environment, 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, the variability of sales between one reporting period and the next, changes in technology, changes in the business climate in one or more of the countries that Sangoma operates in, changes in the regulatory environment, the rate of adoption of the company's products in new markets, 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 and Sangoma undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by law.

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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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