



## NEWS RELEASE

### ***SANGOMA REPORTS Q4 AND FULL YEAR RESULTS FOR FISCAL 2017 EBITDA Exceeds Guidance on 27% Y-o-Y Revenue Growth***

**MARKHAM, ONTARIO, October 10, 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 fourth quarter financial results and audited consolidated financial statements for the full year of fiscal 2017, ended June 30, 2017.

For the fourth quarter of fiscal 2017, sales were a record \$7.68 million, 26% higher than the same quarter last year and 13% over the immediately preceding quarter. For the full year, revenue was \$26.88 million, the highest in Sangoma’s history and 27% above last year.

	<b>Q4 FY2017</b>	<b>Q4 FY2016</b>	<b>Change</b>	<b>FY2017</b>	<b>FY2016</b>	<b>Change</b>
Sales	\$7.68 m	\$6.10 m	26%	\$26.88 m	\$21.19 m	27%
Gross profit	\$4.93 m	\$3.75 m	32%	\$17.53 m	\$14.41 m	22%
Operating Expense	\$4.52 m	\$3.83 m	18%	\$16.04 m	\$14.02 m	14%
Operating Income <sup>1</sup>	\$0.41 m	-\$0.08 m		\$1.49 m	\$0.39 m	
Net income	\$0.17 m	-\$0.16 m		\$0.80 m	\$0.11 m	
Net earnings per share (fully diluted)	\$0.005	(\$0.005)		\$0.023	\$0.004	
EBITDA <sup>1</sup>	\$0.70 m	\$0.19 m		\$2.61 m	\$1.43 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).

“The hard work over the past few years is visible in our fiscal 2017 results, with sales up 27% and EBITDA nearly doubling from last year”, said Bill Wignall, President and CEO of Sangoma. “The transition of the company to one with a full unified communications suite, available in both Cloud and Premise based versions, has laid the foundation for further expansion. Sales this quarter exceeded \$7m for the first time, and Cloud-based services, software and support revenues continue to grow as an important part of our corporate strategy. I’m particularly pleased to see our operating margins continuing to strengthen, with EBITDA above 9% of sales this year, compared to about 7% in fiscal 2016. I’m pleased with the early impact of the VoIP Supply acquisition just after year end, and the company continues to seek further prudent acquisitions where appropriate. Overall, I’m excited by Sangoma’s consistent ability to build our business in this challenging environment of change and I am confident that we can maintain this progress.”

Gross profit was \$17.53 million for the year. Gross margin was 65% for the year and 64% in the most recent quarter. The company continues to experience the expected margin pressure due to competitive pricing, products in its portfolio at various gross margins, and differing sales models and regions. We expect this trend to continue.

Operating expenses were \$16.04 million in fiscal 2017, up 14% from fiscal 2016. These higher expenses result primarily from staff increases to handle the company's growth in customers and revenue.

EBITDA was \$2.61 million for fiscal 2017, up from \$1.43 million in the prior year, and operating income was \$1.49 million, up significantly from the \$0.39 million in fiscal 2016, driven by the increased revenue.

Net income for the year ended June 30, 2017 was \$0.80 million (\$0.023 per share fully diluted), compared to net income of \$0.11 million (\$0.004 per share fully diluted) for the year ended June 30, 2016.

Sangoma continues to maintain a healthy balance sheet and finished the year with a cash balance of \$6.76 million, of which \$3.88 million was in preparation for the closing of the VoIP Supply acquisition on July 5, 2017. Adjusted cash flow from operations of \$2.89 million was up 75% from the \$1.67 million in fiscal 2016.

### **Outlook for fiscal year 2018**

Sangoma's Board of Directors expects fiscal 2018 revenue to be approximately \$46 million and associated EBITDA to be about \$4 million.

### **Conference Call**

President and CEO, Bill Wignall, and CFO, David Moore will host a conference call on Friday October 13, 2017 at 2 p.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 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](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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