



NEWS RELEASE

SANGOMA ANNOUNCES TRANSFORMATIVE ACQUISITION OF DIGIUM

MARKHAM, ON, Aug. 24, 2018 – 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, has entered into a definitive agreement on August 23, 2018 to acquire all of the outstanding shares of Digium, Inc. The deal is expected to close on or about August 31, 2018, subject to customary closing conditions.

Digium is the creator of Asterisk, the most widely used open source communication software in the world, along with Sangoma's FreePBX. The company offers a comprehensive product portfolio including Digium's cloud-based UCaaS (Unified Communication as a Service) platform, the Switchvox premise-based phone system, a complete range of IP phones, and a full suite of Asterisk software and connectivity products. Founded in 1999, Digium is a true pioneer in the communications market, launching the open source segment of telecom, and is one of the industry's best known, most respected brands. It is headquartered in Huntsville, Alabama, is privately held and venture-backed, with over 40% of sales in recurring services revenue to a huge customer base around the world.

Reaching a new milestone in scale

“Sangoma and Digium have a long history of working together, while also competing in the marketplace, and have gotten to know each other very well over the years. Our relationship and mutual respect allows us both to know that the strategic fit between the two businesses really is excellent”, said Bill Wignall, President and CEO of Sangoma. Wignall continued, “This transaction will add very meaningful sales, create market leadership in our segment, increase recurring revenue materially, and allow us to nicely leverage our complementary businesses. During a time of industry consolidation, this transformative merger is another bold step for us in implementing our strategy to scale up and increase shareholder value, by augmenting our organic growth with complementary M&A opportunities. To the new staff that will be joining us, I'd like to welcome you to the growing Sangoma family. To our Digium customers and partners around the globe, I'd like to assure you that everyone here at Sangoma remains committed to you, to the Digium products you rely upon, and to further contributing to your success. And of course, to the Asterisk community, I would like to reassure you that Sangoma recognizes the value of Asterisk and is committed to keeping it open source. We will continue to invest in its development and to seek input from the broad base of developers that has led to its outstanding success.”

The acquisition, Sangoma's seventh in seven years, provides the combined company with several strategic advantages, including: increased scale via significantly higher sales, expanded recurring revenue percentage, stronger gross margins, market leadership in our category, a more complete product portfolio, a larger team of excellent employees during a time when competition for talent is high, a much wider network of complementary channel partners around the world, and a larger base of enterprise and SMB customers. After closing, the merged company will have a combined workforce of over 300 employees.

“I created Asterisk and Digium to be disruptive in the communications industry”, said Mark Spencer, Founder and Chairman of Digium. Spencer continued, “I am really proud that it has grown under its current ownership and management to a very successful point, and it is now time to take it to the next stage as part of a larger, public company. Given the involvement of both companies in the history of Asterisk dating back to its creation in 1999, Sangoma is the natural home for the Asterisk project. For many years both companies have had teams working to improve Asterisk and make it more accessible. I believe Sangoma’s commitments should reassure the Asterisk community that Sangoma is dedicated to the project. I look forward to seeing the results of tighter collaboration between those teams, and the benefits to the community, now that they will be part of a single company.”

Transaction Details

Under the terms of the agreement, Sangoma expects to pay a total purchase price of US\$28 million on a debt-free and cash-free basis, subject to customary working capital adjustments. The purchase price consists of US\$24.3 million in cash and 3,943,025 Sangoma common shares (representing US\$3.7 million based on a ten (10) day volume weighted average price of \$1.2214 per common share). Digium generated approximately US\$30 million in revenue in its fiscal year ended December 31, 2017, with consolidated assets (net of cash) of approximately US\$11 million, no debt and a net loss of approximately US\$4 million. Further, for the most recently completed quarter ending June 30, 2018, Digium is operating at about EBITDA breakeven.

The cash portion of the consideration will be funded through a combination of cash on hand and, in order to minimize dilution, a new credit facility of approximately \$21 million from Sangoma’s existing Canadian Tier 1 bank, bringing Sangoma’s total credit facilities to about \$28 million, of which approximately \$25 million will be outstanding at Closing. The new credit facility will be drawn in US dollars, be repaid over 7 years and is expected to have an interest rate of 6.0% to 6.5% per annum at closing.

Transaction Advisors

INFOR Financial Inc. acted as the exclusive financial advisor to Sangoma in connection with the transaction.

Conference Call Information

Management will discuss this planned acquisition more fully on a conference call at 8:30am EDT today, Friday August 24, 2018. The dial-in number for the call is 1-800-319-4610 (International 1-604-638-5340) and 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 by visiting <https://www.sangoma.com>.

About Digium

Digium®, Inc. provides Asterisk® software, telephony hardware, and on-premises and hosted Switchvox business phone systems that deliver enterprise-class Unified Communications (UC) and UC as a Service (UCaaS) solutions at an affordable price. Digium is the creator, primary developer and sponsor of the Asterisk project; the world's most widely used open source communications software. Asterisk turns an ordinary computer into a feature-rich communications server. A community of more than 80,000 developers and users worldwide uses Asterisk to create VoIP communication solutions in more than 170 countries. Since 1999, Digium has empowered developers to create innovative communications solutions based on open standards and open source software, providing an alternative to proprietary phone systems. Digium Switchvox Cloud and other cloud-based products and services are offered through Digium Cloud Services, LLC, a wholly owned subsidiary of Digium, Inc. Digium's business communications products are sold through a worldwide network of reseller partners. More information is available at www.digium.com and www.asterisk.org.

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.

Readers are directed to Sangoma's filings on SEDAR with respect to Management's Discussion and Analysis of Financial Results for the basis of Sangoma's reconciliation of EBITDA to net income as calculated under IFRS

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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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