



## ***NEWS RELEASE***

### ***SANGOMA COMPLETES ACQUISITION OF DIGIUM***

**MARKHAM, ON, September 5, 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, today announced that it completed its previously disclosed acquisition of Digium.

“We are very excited to come together with Digium,” said Bill Wignall, President and CEO of Sangoma. “Our customers will be the ultimate benefactors of this transaction, with the combined company establishing itself as the leader in enterprise, value-based communications. We remain committed to innovation in our product portfolio and I look forward to seeing the Asterisk and FreePBX communities at Astricon in just over a month.”

#### **Outlook for fiscal year 2019 to include the Digium acquisition**

Sangoma had previously provided guidance of \$55 million in revenue and \$6 million in EBITDA for fiscal year 2018 which ended on June 30. On August 2, the company announced that preliminary, unaudited revenue for the full fiscal 2018 year was approximately \$57 million, and that adjusted EBITDA<sup>1</sup> would exceed guidance. Further financial details for fiscal 2018 will be released in October as is customary, after Sangoma’s audit cycle is complete.

Typically, the company would provide guidance for its fiscal 2019 year, once the 2018 audited results are released. Given the significance of this transaction and requests from shareholders for additional information, Sangoma is releasing its outlook for FY2019 earlier than normal this year. This will provide investors with an indication of how the integration of Digium will affect our outlook for the consolidated company.

It is expected that this transaction will increase revenue to about \$100 million in fiscal 2019, with over 35% of that being recurring/services revenue. The company anticipates generating adjusted EBITDA<sup>1</sup> of between \$9 and \$10 million this fiscal year and further expects adjusted EBITDA<sup>1</sup> margins to expand to over 13% by fiscal 2020, after overall synergies from this transaction are fully in place (anticipated to be about \$4 million).

#### **Transaction Financing**

Sangoma secured additional debt of approximately \$21 million with TD Bank, its existing lender, bringing Sangoma’s total credit facilities to about \$28 million, of which approximately \$25 million will be outstanding at closing. The new credit facility with TD Bank was drawn in US dollars and will be repaid over 7 years. The new debt is a mix of fixed rate and variable rate loans with about US\$12 million at a fixed rate of 6.18% and the balance of about US\$4 million at a variable rate of TD’s US dollar base rate plus 1.25%, which is currently 6.25%. Sangoma’s net debt-to-adjusted EBITDA ratio at closing (as defined in the TD Bank facility) is about 2.5 (well under the requirements of the TD loan) and is expected to decline during fiscal 2019. In addition to the cash on hand at closing of approximately \$2 million, Sangoma has \$3.5 million available under its currently unused revolving credit facility with TD Bank.

1. *Sangoma defines adjusted EBITDA as earnings before interest, taxes, depreciation, amortization, and one-time acquisition and associated expenses.*

## **About Sangoma Technologies Corporation**

Sangoma Technologies provides Asterisk® software and is a trusted leader in delivering Unified Communications and Unified Communications as a Service (UCaaS) solutions for SMBs, Enterprises, OEMs, Carriers and service providers. Sangoma's globally scalable offerings also include 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. Sangoma is the primary developer and sponsor of the Asterisk project, the world's most widely used open source communications software and FreePBX, the world's most widely used open source PBX software. 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>.

## **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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