



NEWS RELEASE

SANGOMA REPORTS Q4 AND FULL YEAR RESULTS FOR FISCAL 2018 Annual Revenue More Than Doubles, EBITDA Up By More Than 2.5 Times

MARKHAM, ONTARIO, October 22, 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 highlights of its fourth quarter financial results and audited consolidated financial statements for the full year of fiscal 2018, ended June 30, 2018.

For the fourth quarter of fiscal 2018, sales were a record \$17.54 million, 128% higher than the same quarter last year and 8% over the immediately preceding quarter. For the full year, revenue was \$57.36 million, the highest in Sangoma’s history and 113% above last year. These figures are all without any impact from the company’s most recently completed acquisition of Digium Inc., completed after the end of the 2018 fiscal year.

	Q4 FY2018	Q4 FY2017	Change	FY2018	FY2017	Change
Sales	\$17.54 m	\$7.68 m	128%	\$57.36 m	\$26.88 m	113%
Gross profit	\$9.83 m	\$4.93 m	99%	\$30.91 m	\$17.53 m	76%
Operating Expense	\$8.23 m	\$4.52 m	82%	\$26.24 m	\$16.05 m	63%
Operating Income ¹	\$1.60 m	\$0.41 m		\$4.67 m	\$1.47 m	
Net income	\$0.70 m	\$0.17 m		\$2.45 m	\$0.80 m	
Net earnings per share (fully diluted)	\$0.017	\$0.005		\$0.060	\$0.023	
EBITDA ¹	\$2.54 m	\$0.70 m		\$6.81 m	\$2.61 m	

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.

“Fiscal 2018 has been transformative for Sangoma, with revenue, EBITDA and EPS all more than doubling year-over-year”, said Bill Wignall, President and CEO of Sangoma. “It is great to see the combination of intrinsic growth and the two acquisitions closed in 2018, producing the expected impact on the top line with sales exceeding \$17m for the first time in Q4, and delivering EBITDA of over \$2.5m for the quarter. I’m thrilled about Sangoma’s prospects following the Digium acquisition, and I’d like to thank everyone at the combined company for their dedication and cooperation, as we work through the integration phase, a process that is going very well so far. Overall, fiscal 2018 was an extremely positive year for Sangoma. The entire team here is eager to deliver a \$100m business in 2019 and excited to have grown the company to that stage.”

Gross profit was \$30.91 million in fiscal 2018. This produced gross margins of 54% of revenue for the year, a figure that is expected to increase further in fiscal 2019.

Operating expenses were \$26.24 million in 2018, up 63% from fiscal 2017, reflecting the additional expense following the 2018 acquisitions, but down significantly as a percentage of revenue from 2017.

EBITDA was \$6.81 million for fiscal 2018, up from \$2.61 million in the prior year, and operating income was \$4.67 million, three times the \$1.47 million in fiscal 2017.

Net income for the year ended June 30, 2018 was \$2.45 million, over three times that of fiscal 2017. On a per share basis, the \$0.060 per share (fully diluted) is more than 2.5 times the \$0.023 per share earned last year.

Sangoma continues to manage its balance sheet prudently and finished the year with a cash balance of \$15.78 million, of which about \$12 million was subsequently used in the acquisition of Digium Inc. Adjusted cash flow from operations of \$5.15 million was well above the \$2.89 million in fiscal 2017.

Outlook for fiscal year 2019

As previously communicated, Sangoma expects revenue for fiscal 2019 to be approximately \$100 million, with about 35% of that being recurring/services revenue. Further the company anticipates generating adjusted EBITDA (excluding one-time costs associated with the Digium acquisition) of \$10 million this year, with adjusted EBITDA margins expanding to over 13% by fiscal 2020.

Conference Call

President and CEO, Bill Wignall, and CFO, David Moore will host a conference call on Friday October 26, 2018 at 1p.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.

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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