



NEWS RELEASE

SANGOMA REPORTS RESULTS FOR THE FIRST QUARTER OF FISCAL 2019 ***Quarterly Revenue up 81% and EBITDA up 129% over last year***

MARKHAM, ONTARIO, November 22, 2018 – Sangoma Technologies Corporation (TSX VENTURE:STC), a trusted leader in delivering Unified Communications solutions, both in the cloud and on-premises, and the provider of the two most widely used open source communications software products in the world, today announced highlights of its first quarter unaudited results of fiscal 2019, ended September 30, 2018.

For the first quarter of fiscal 2019, sales were a record \$21.44 million, 81% higher than the same quarter last year and 22% more than the immediately preceding quarter. This quarter's results include one month of the most recently completed acquisition of Digium, which closed in September.

	Q1 FY2019	Q1 FY2018	Change	Q4 FY2018	Change
Sales	\$21.44 m	\$11.85 m	81%	\$17.54 m	22%
Gross profit	\$12.44 m	\$6.12 m	103%	\$9.83 m	27%
Operating Expense	\$10.63 m	\$5.37 m	98%	\$8.23 m	29%
Operating Income ¹	\$1.81 m	\$0.75 m		\$1.60 m	
Net income	-\$1.00 m	\$0.39 m		\$0.70 m	
Net earnings per share (fully diluted)	(\$0.019)	\$0.011		\$0.017	
EBITDA ¹	\$2.52 m	\$1.10 m	129%	\$2.54 m	(1%)

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.

“This is the first time in our history in which we have exceeded \$20 million in quarterly revenue, and it’s great to see the contribution from Digium on our top line right away”, said Bill Wignall, President and CEO of Sangoma. “The integration work unfolded pretty much as planned during our first quarter and the management teams are jointly working through expected savings during the second quarter, all of which is proceeding well. I’m pleased to see EBITDA more than doubling from last year and at \$2.5 million, the first quarter is a quick start that puts us well on track to achieve our \$10 million in guidance for the year. We remain very excited about Sangoma’s prospects following the Digium acquisition, and we are now even more confident in our ability to deliver a \$100 million business in 2019.”

Gross profit was \$12.44 million in the first quarter of fiscal 2019 at a gross margin on 58%, a figure that is expected to increase slightly in future quarters, as Digium results will be included for the entire quarter.

Operating expenses were \$10.63 million in the first quarter of fiscal 2019, essentially double those of the prior year as a result of the two acquisitions completed since then.

For the first quarter of fiscal 2019 ended September 30, 2018 both EBITDA at \$2.52 million and operating income at \$1.81 million were more than double the same period of fiscal 2018.

Net loss for the first quarter ended September 30, 2018 was \$1.00 million compared to net income of \$0.39 million in fiscal 2018, reflecting the estimated \$2.10 million of one-time transaction costs incurred to complete the acquisition of Digium during the quarter.

Sangoma finished the quarter with a cash balance of \$5.00 million and total debt of \$24.91 million following the completion of the Digium transaction. During the quarter adjusted cash flow from operations, to exclude the impact of the Digium acquisition, was \$1.70 million.

Outlook for fiscal year 2019

As previously communicated, Sangoma expects revenue for fiscal 2019 to be approximately \$100 million. 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 November 23, 2018 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 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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