



NEWS RELEASE

SANGOMA REPORTS RESULTS FOR THE THIRD QUARTER OF FISCAL 2019 EBITDA exceeds \$3 million in the quarter for the first time

MARKHAM, ONTARIO, May 27, 2019 – 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 third quarter unaudited results of fiscal 2019, ended March 31, 2019.

For the third quarter of fiscal 2019, sales were \$28.92 million, 78% higher than in the same quarter last year and the seventeenth quarter in a row in which sales have grown from the prior year. For the first time, services revenue exceeded \$10 million, continuing to grow in both absolute and relative terms.

	Q3 FY2019	Q3 FY2018	Change	Q2 FY2019	Change
Sales	\$28.92 m	\$16.24 m	78%	\$29.22 m	(1%)
Gross profit	\$17.90 m	\$8.97 m	100%	\$17.83 m	0%
Operating expense	\$16.15 m	\$7.56 m	114%	\$17.03 m	(5%)
Operating income ¹	\$1.74 m	\$1.41 m		\$0.79 m	
Net income	\$1.07 m	\$0.75 m		-\$0.27 m	
Net earnings per share (fully diluted)	\$0.019	\$0.015		(\$0.005)	
EBITDA ¹	\$3.26 m	\$1.90 m	72%	\$2.40 m	36%

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.

“As we’ve shared previously, our third quarter would begin to show the impact of the integration work undertaken in December, with regards to our latest acquisition of Digium”, said Bill Wignall, President and CEO of Sangoma. “So I’m very pleased to see this quarter’s focus on cost alignment and EBITDA, begin to bear fruit. With spending adjusted in all three of our major cost centers (sales and marketing, R&D, and G&A), we spent about \$1 million less in operating expenses, compared to our second quarter, almost exactly as planned. That has produced over \$3 million in EBITDA for the first time, up 36% over our second quarter, also as anticipated. And while there remains considerable work to complete the re-configuration of our supply chain as part of the Digium integration, as previously communicated, we still expect that to be finished in the next few months.”

Gross profit was \$17.90 million in the third quarter of fiscal 2019, at a gross margin of 62%, ahead of last year and helped by the addition of the Digium business.

Operating expenses were \$16.15 million in the third quarter of fiscal 2019, 5% lower than for Q2, reflecting the actions taken in December and bringing the cost structure to the level consistent with going forward EBITDA expectations. Since the last quarterly results, Sangoma COO Tony Lewis has departed the company to pursue other interests and we thank him for his contribution to Sangoma. The COO position will not be replaced, as his duties are being absorbed by other members of the Sangoma executive team.

For the third quarter, EBITDA was \$3.26 million, up by 72% over the same period in fiscal 2018.

Net income for the period was \$1.07 million, the first time Sangoma has exceeded \$1 million in a single quarter since the turnaround commenced in Fiscal 2010.

Sangoma finished the quarter with a healthy cash balance of \$7.07 million and has generated \$5.60 million of adjusted cash flow from operations to date. As previously communicated, working capital will be higher than normal over the next several months, as Sangoma re-configures its supply chain, consolidates some of its contract manufacturers, and optimizes warehousing facilities during this period.

Outlook for fiscal year 2019

Sangoma expects Q4 revenue and EBITDA to be in line with the Q3 results issued today. As a result, we expect to exceed the previously issued guidance of \$100 million in revenue and \$11 million in EBITDA for the full year fiscal 2019.

Conference Call

President and CEO, Bill Wignall, and CFO, David Moore will host a conference call on Wednesday May 29, 2019 at 8am Eastern Daylight 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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