



# Sangoma Technologies

Company Presentation

June 2022

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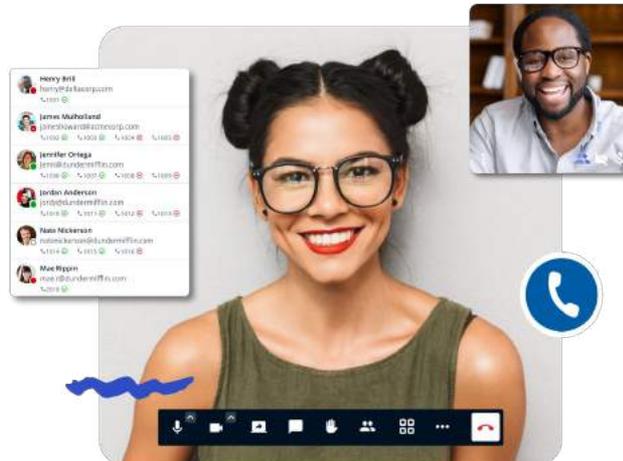
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# Presentation Overview

1. Company Overview
2. Investment Highlights
3. Financial Highlights

Nasdaq: SANG  
TSX: STC





## **Section 1: Company Overview**

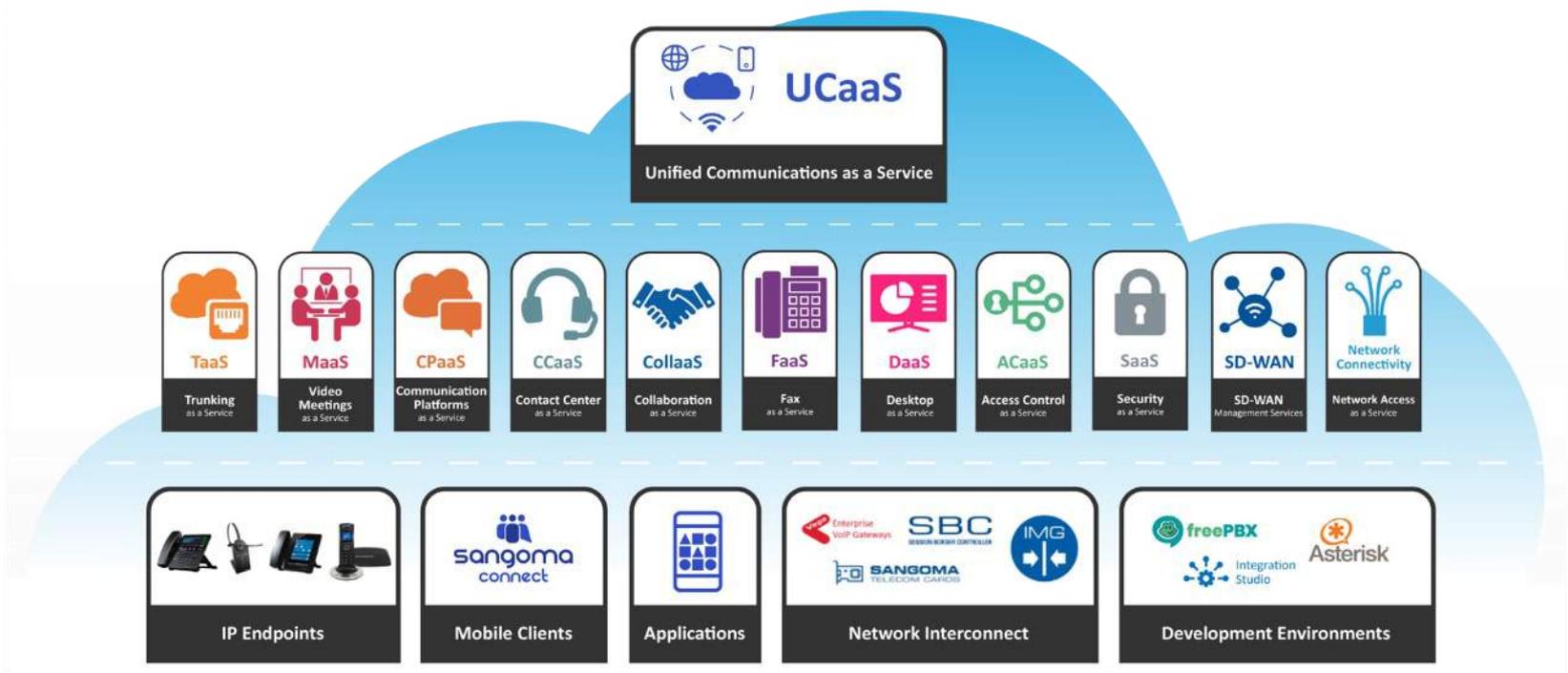
# A Disciplined, Top Tier “Cloud-Communications” Company

- ✓ **Compelling “Total Growth Model” delivering 62% L5Y Revenue CAGR<sup>(1)</sup>:** organic and M&A driven growth
- ✓ **Growth AND Profitability:** One of the only co’s in our space who believed in this, delivered for a decade! ~19% Adj EBITDA margin
- ✓ **Industry leader in consolidation:** 11 acquisitions in L11Y underscore the ability to source, finance, close and integrate
- ✓ **One of the broadest set of “...aaS” products in the industry:** tapping into the Cloud Comms TAM beyond just UCaaS
- ✓ **Differentiated on-prem and hybrid deployment capabilities:** Locking in customer already pre-cloud
- ✓ **Impressive turnaround/re-invent story:** recurring services revenue from 0% to 70% of sales and growing
- ✓ **Solid ‘rule of 40’ performer:** now at 30 and strengthening further
- ✓ **Opportunity to get exposure to sector through attractively valued company:** significant value creation potential with Sangoma currently valued at 1-2x Revenue and <10x EBITDA

**Notes:**

1. Represents growth in revenue between FY 2017 and expected revenue for FY 2022; FY 2017 revenue using average exchange rate for the year (0.77)

# Sangoma: a Communications-SaaS Company



Industry's most comprehensive, integrated, built in-house, cloud communications suite

The broadest product portfolio available... with the ability to provide a full end-to-end comms solution

Cloud, hybrid and "on-premise" deployment options

Selling to a global customer base spanning SMBs, mid-market, and enterprise clients

Channel-partner-centric G2M strategy, differentiated by one of the most diverse partner modalities

# Snapshot of Sangoma Today

## Global Company



## Healthy Financials (USD)

Revenue	EBITDA	MRR
\$231M FY22 estimated Revenue	\$43M FY22 estimated Adj. EBITDA	70% Recurring Revenue
\$276M FY22 estimated Annualized Revenue	\$48M FY22e Annualized Adj. EBITDA	
	19% Adj. EBITDA margin	

## Recent Acquisitions

2022	<b>NetFortris</b> A SANGOMA COMPANY
2021	<b>Star2Star</b> A SANGOMA COMPANY
2019	<b>VoIP INNOVATIONS</b> A SANGOMA COMPANY
2018	<b>Dialogic</b> CCD Division <b>digium</b>

## Rich and Diverse Customer Base

> 100,000  
Customers globally



### Typical Customer



Multi-location  
Business



Midsize  
Enterprise

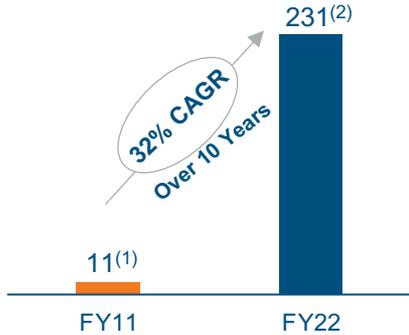


2.6 Million  
Unified  
Communications  
Seats

# A Complete “Re-Build” of the Company

## Scaling the Business

Revenue (US\$m)



## Repositioning the Business

### In the Past

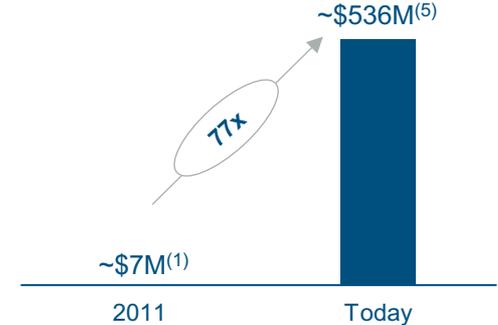
- ~\$10m in Sales
- <\$10m in EV
- No recurring revenue
- North America presence
- SMB only

### Today

- ~\$231m in Sales
- > \$0.5B in EV
- 70% services revenue
- Global presence
- SMB to Enterprise

## Enterprise Value Creation

Enterprise Value<sup>(3)(4)</sup>



## Product Suite Expansion

### In the Past

- Single product company
- All Hardware
- PSTN

### Today

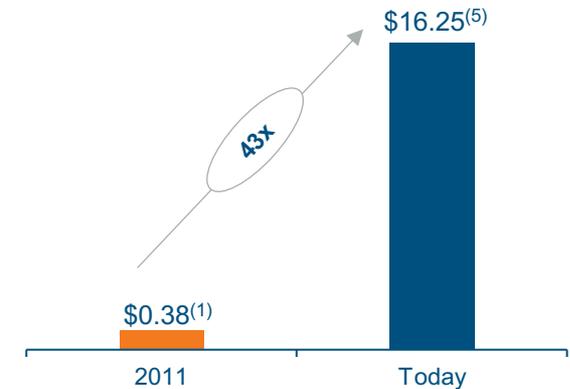
- Full portfolio
- SaaS suite
- Cloud-native

## M&A: 11 Acquisitions in 11 Years



## Shareholder Value Creation

Share Price<sup>(3)</sup>



### Notes:

1. Converted to USD using average CAD to USD exchange rate in FY 2011 (1.05)
2. Expected Total Revenue FY 2022
3. 30-day VWAP as of 5/30/2022 (C\$20.57)
4. Based on 33M share count, reflecting full vesting of deferred Star2Star stock consideration
5. Converted to USD using 5/30/2022 CAD to USD exchange rate (0.79)

# Growth: Organically and Inorganically

> 60% CAGR over the last 5 years and > 30% CAGR L10Y

## Organic Growth...



## ...Complemented by Strategic M&A

Sangoma is a very disciplined, proven acquirer!  
(11 successful acquisitions in 11 years)

## What We Look For?

Complementary products and services  
Customers and channels, including geographic expansion  
High % of recurring revenue  
Growth AND profitability

## Opportunities

A large # of exciting acquisition opportunities exist  
Sangoma is seen as a highly attractive buyer (track record)

# Recent Acquisitions – Transformative and Complementary



## One-Stop-Shop

Further extends Sangoma's existing positioning of 'widest set of Comms SaaS' by adding the highly complementary MSP product line, at a time when customers increasingly want all their communications services from a single vendor

**NetFortris**  
2022



## Increases Scale

Continues to add much desired UCaaS scale, in a consolidating industry, with over 60,000 seats



## Recurring Revenue

Just over US\$50MM in expected annualized revenue, with an impressive MRR ratio of >90% of sales



## Compelling Valuation

Attractive transaction terms with a valuation at ~1.3x revenue in 'up front', fixed consideration. Minimized the issuance of new shares, given today's market conditions and stock price

Adds a complete portfolio of rich, fully-owned, integrated cloud services, including CCaaS, Collaboration, and CPaaS to Sangoma's existing cloud communications products, creating widest suite in the industry

**Star2Star**  
A SANGOMA COMPANY

2021

Creates necessary scale, adding hundreds of thousands of seats, right up to the enterprise segment, including numerous well-known Tier-1 customers

An attractive financial profile, including 80%+ from subscriptions, and strategic agreement with Sangoma on 'growth with profitability'. One of the few

Total consideration of US\$437MM implying a revenue multiple of just over 5x in cash and shares.

*Positions Sangoma squarely in the Upper Echelon of Cloud Communications Providers*



## **Section 2: Investment Highlights**

# Investment Highlights

1

## **In-Demand, One-Stop-Shop Solution for Our Customers**

- Offering the industry's widest set of 'aaS' products, including the compelling extension of MSP services and ability to offer cloud, on-prem and hybrid deployment options

2

## **Channel-Partner-Centric G2M Strategy**

- One of the most diverse set of channel 'types' with comprehensive partner enablement capability

3

## **Growing, Globally Distributed Base of ~100k Customers from SMBs to Enterprises**

- 1M cloud seats, 99%+ gross retention rate<sup>(1)</sup>, <5% revenue contribution from largest customer

4

## **Growth AND Strong Profitability**

- ~71% gross profit margin<sup>(2)</sup>, ~19% Adjusted EBITDA margin<sup>(2)</sup>

5

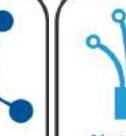
## **Positioned to Tap Into the Significant International Growth Opportunity**

- One of the few companies with true, established international presence

Note:  
1. Gross Retention Rate is calculated by dividing our Services revenue at the beginning of the period, less churn by the Services revenue at the beginning of the period.  
2. Expected FY 2022 results

# 1 In Demand, One-Stop-Shop Solution

## SERVICES: 70% of Revenue<sup>(1)</sup>

 <b>UCaaS</b> Unified Communication as a Service	 <b>TaaS</b> Trunking as a Service	 <b>MaaS</b> Video Meetings as a Service	 <b>CPaaS</b> Communication Platforms as a Service	 <b>CollaaS</b> Collaboration as a Service	 <b>CCaaS</b> Contact Center as a Service	 <b>DaaS</b> Desktop as a Service	 <b>FaaS</b> Fax as a Service	 <b>ACaaS</b> Access Control as a Service	 <b>SaaS</b> Security as a Service	 <b>SD-WAN</b> SD-WAN Management Services	 <b>Network Connectivity</b> Network Access as a Service
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## PRODUCTS: 30% of Revenue<sup>(1)</sup>

<b>Premise UC Software</b>	<b>DeskPhones</b>	<b>SoftPhones</b>	<b>SBC &amp; SD-wan</b>	<b>Gateways &amp; Cards</b>	<b>Opensource Software</b>
					

**Most customers do not want “5 different products from 5 different vendors” !**

- ✓ Award-winning Cloud-Native services and multi-tenant platform
- ✓ The broadest product portfolio in the market
- ✓ Creating a truly One-Stop solution








Note:  
1. Sangoma Q3 FY 2022

# 1 Differentiated from Competition

Tend to focus on 1 or 2 key, disparate point solutions

Fully integrated complete suite



	RingCentral	8x8	twilio	zoom	Five9	NICE inContact	slack	Microsoft Teams	bandwidth	SANGOMA
UCaaS	✓	✓		✓			✓	✓		✓
CCaaS	✓	✓			✓	✓				✓
MaaS	✓	✓		✓				✓		✓
CollaaS	✓	✓				✓	✓	✓		✓
ACaaS										✓
CPaaS		✓	✓						✓	✓
TaaS									✓	✓
DaaS										✓
FaaS										✓
SaaS										✓
SD-WAN										✓
NAaaS										✓

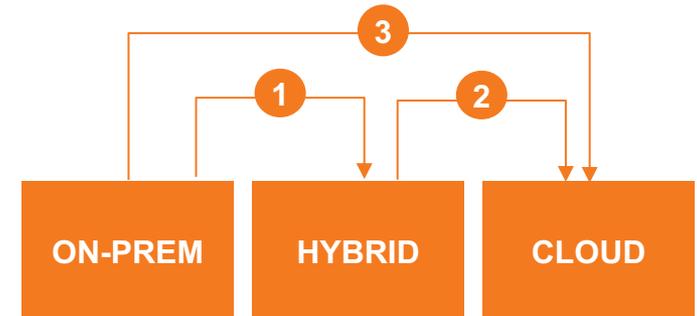
\* Suboptimal experience for end users, added cost for customers, complexity for IT managers

- ✓ Integrated experience for end users
- ✓ Simplicity for IT managers and real-time call-in support
- ✓ Cost savings for customers
- ✓ All underpinned by full product suite providing 'one throat to choke'
- ✓ And available in Cloud, Prem, Hybrid

# 1 Ability to Offer Cloud, On-Prem and Hybrid Options

## Why Sangoma Offers an On-Premise product?

- ✓ Differentiated from competition
- ✓ Capturing customer pre-cloud, to lock in relationship
- ✓ Difficult, especially for enterprises, to switch all sites simultaneously to cloud solutions at one-time
- ✓ Enables hybrid deployments (e.g., HQ prem, offices cloud)
- ✓ Multiple ways to migrate / upgrade to cloud

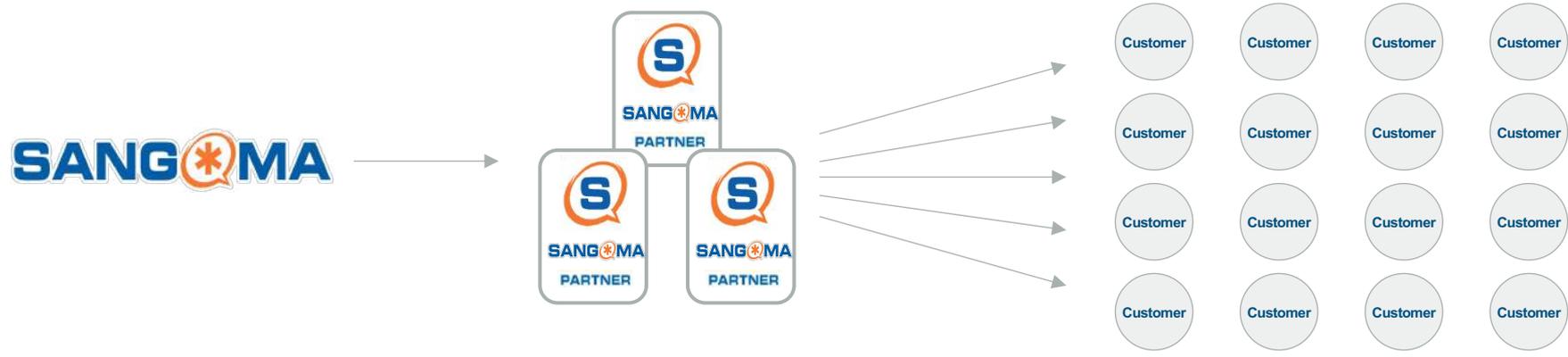


- 1 On-prem to hybrid
- 2 Hybrid to cloud
- 3 On-prem to cloud

# 2 Channel-Partner-Centric G2M Strategy

	Direct Sales			Partner Sales		
Annual Services Revenue Contribution	22% <sup>(1)</sup>			78% <sup>(1)</sup>		
Target Customers	SOHO	OEM/SP's	Lg Enterp.	SMBs	Mid-Market	Small Enterprises
Sales Stats	Dozens of Sales Reps			> 100 Sales Reps and Thousands of Partners		

## Partner Channel Network Provides Local Presence and Significant Expansion of Sales Reach



One Sangoma sales rep...

...through dozens of partners...

...can reach thousands of customers

Note:  
1. Sangoma PF FY 2021

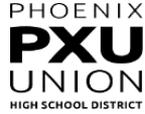
## 2 One of the Most Diverse Sets of Partner Modalities

	Most Competitors	SANG*MA	Example Partners
Agent/ Master Agent	✓	✓	 
Reseller/ Interconnect		✓	
Distributor		✓	
OEM		✓	
Carrier		✓	
MSP/CSP		✓	
Strategic Tech Partner		✓	
Wholesale/ White Label		✓	

# 3 Growing, Globally Distributed Customer Base

- 100k**  
# of Customers
- 1.0M  
2.6M**  
Cloud Seats  
Total Seats
- 100+**  
Countries with  
Customer Presence
- < 5%**  
Revenue from  
Largest Customer
- 99%+**  
Gross Retention  
Rate<sup>(1)</sup>
- 7+  
years**  
Weighted Average  
Customer Lifetime

## Customers of all sizes, from SMB to Enterprise, across all Verticals

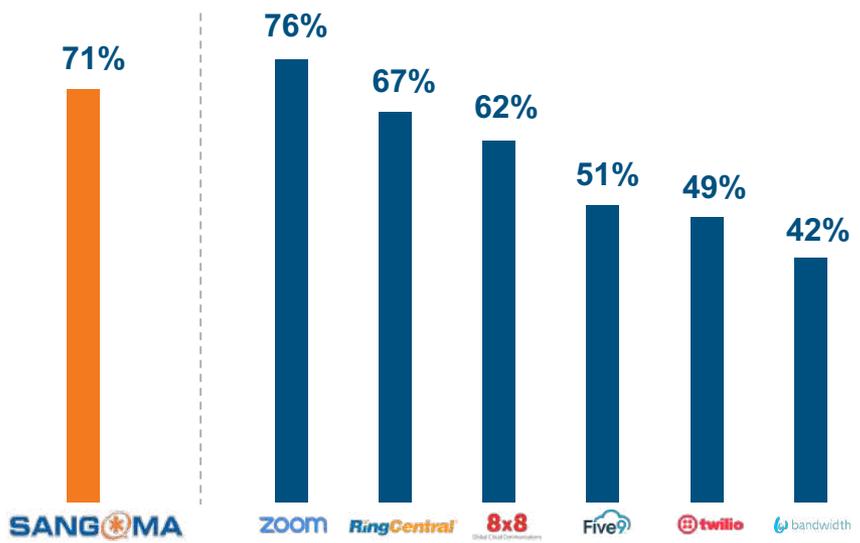
 SMB	 Mid-Enterprise	 Education	 Healthcare	 Multi-Location Enterprise
    	     	    	    	      

Note:  
1. Gross Retention Rate is calculated by dividing our Services revenue at the beginning of the period, less churn by the Services revenue at the beginning of the period.

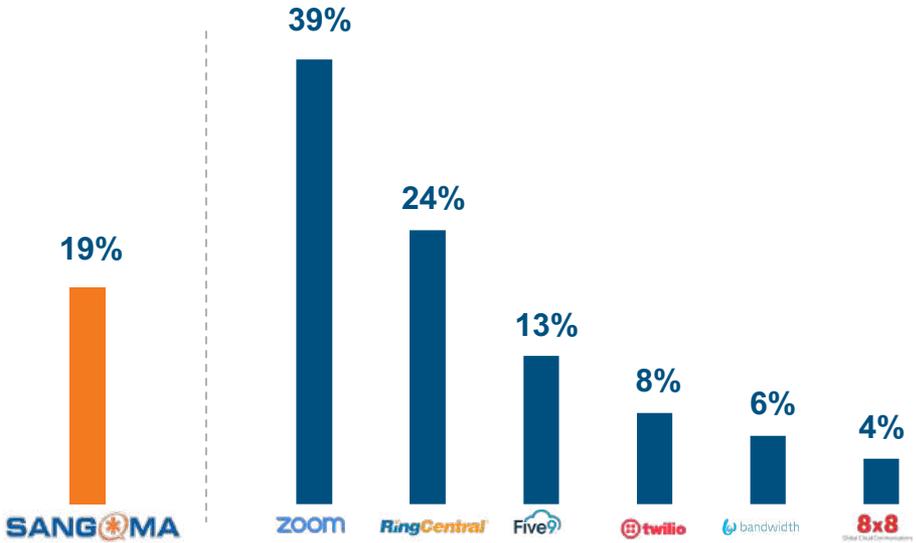
# 4 Growth AND Strong Profitability

Access to Cloud-Communications SaaS, via a company that has been committed to Growth AND Profitability for 10 years

Gross Profit Margin<sup>(1)</sup>



Adjusted EBITDA Margin<sup>(1)</sup>



Notes:  
1. Sangoma expected FY 2022; peer metrics as published or calculated based on current financials

# 5 Positioned to Tap into the International Growth Opportunity

The international market for Cloud Communications is significantly behind N.A. adoption rates! The opportunity for further, accelerated growth is very real for North American C-SaaS companies. Sangoma has positioned itself very well, already.

## Sangoma's Established Global Presence



Notes:  
1. Sangoma expected FY 2022



## **Section 3: Financial Highlights**

# Financial Highlights

## Key Statistics

**62% L5Y Revenue CAGR<sup>(1)</sup>**

**70% Services Revenue<sup>(2)</sup>**

**< 5% Revenue from Largest Customer**

**99%+ PF FY '22 Gross Retention Rate<sup>(2)(3)</sup>**

**71% Q3 FY '22 Gross Profit Margin**

**19% PF FY '22 Adjusted EBITDA Margin <sup>(2)</sup>**

**12% FY '18 Adjusted EBITDA Margin**

## Business Model Implications

**Organic and M&A driven growth expected to continue**

**Rapid migration to predictable, sustainable recurring revenue business; no customer concentration risk**

**Strong gross retention and gross profit margin resulting in highly compelling unit economics**

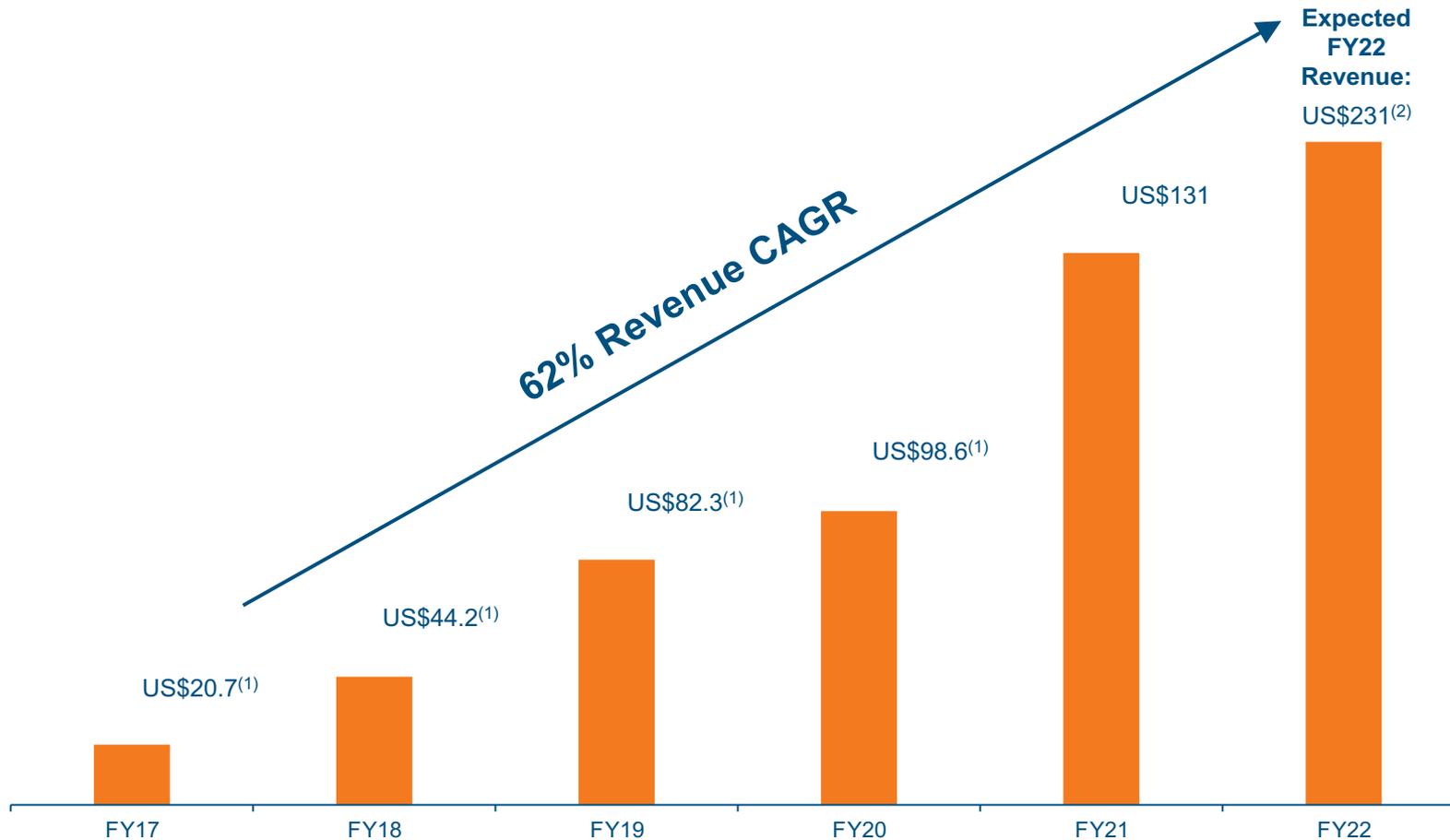
**Strong and improving profitability supported by embedded operating leverage**

### Notes:

1. Represents growth in revenue between FY 2017 and expected revenue for FY 2022; FY 2017 revenue using average exchange rate for the year (0.77)
2. Expected for FY 2022
3. Gross Retention Rate is calculated by dividing our Services revenue at the beginning of the period, less churn by the Services revenue at the beginning of the period.

# Total Growth Model: Organic and M&A Driven Growth

Revenue (\$M)



**NOTE:**  
Annualized Q4 implied guidance is for \$276m of Revenue<sup>(3)</sup>

**Notes:**

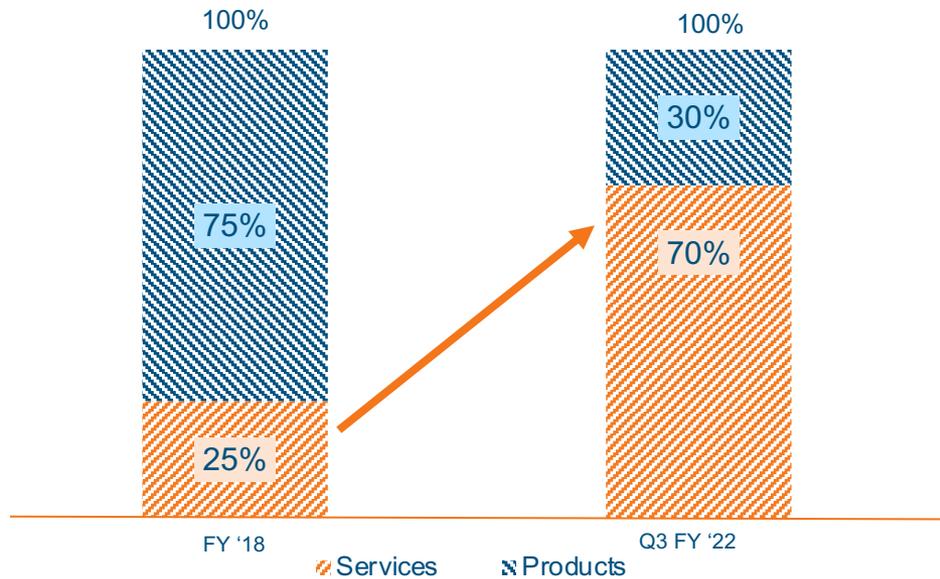
1. Revenue prior to FY2021 was converted to USD using average exchange rate for the applicable year.
2. Per FY22 guidance as described in our MD&A dated May 12, 2022 (available at [www.sedar.com](http://www.sedar.com)).

# Rapid Migration to Recurring Revenue Business

## Highly Successful transformation of Business Model

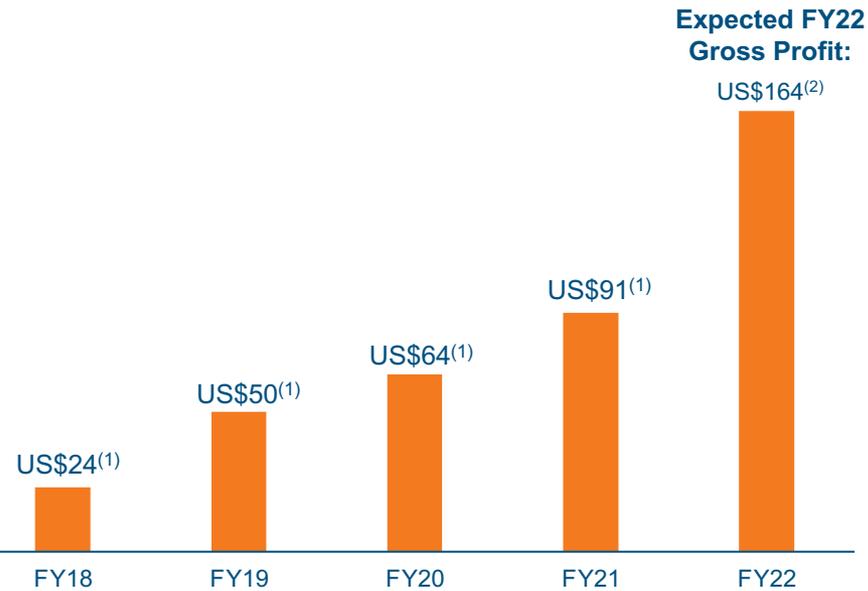
- 1 From zero Services Revenue several years ago...
- 2 ...to 25% three years ago...
- 3 ...to >70% now (and growing)

## Revenue Breakdown: Services vs. Product

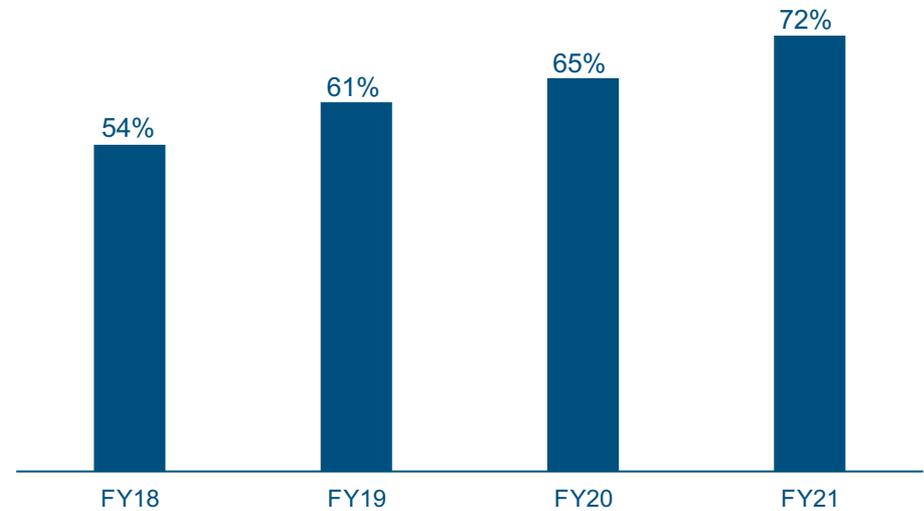


# Strong Gross Profit Margin

Gross Profit (M)



Gross Profit Margin (%)



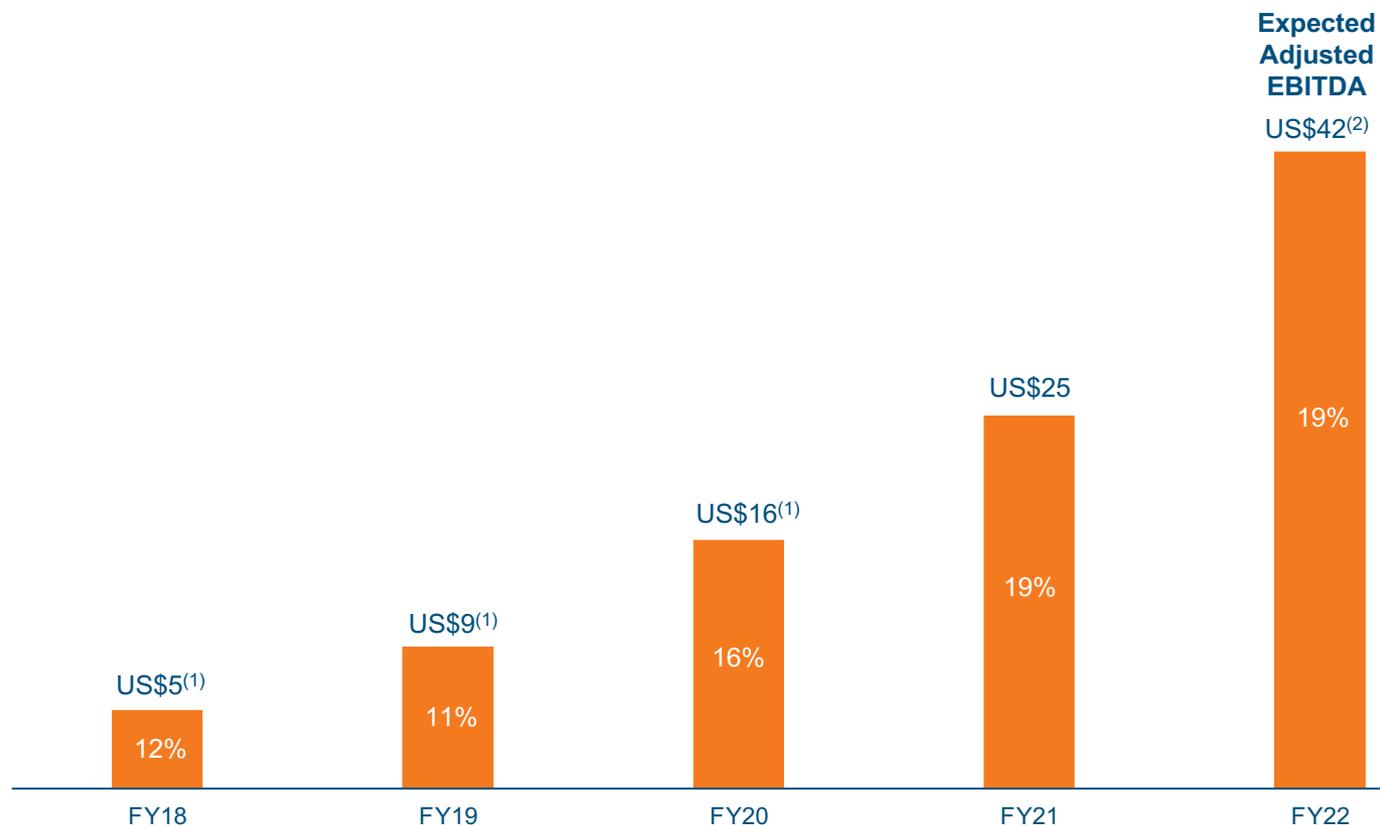
Consistent gross profit margin % improvement through solid execution and repositioning of company to cloud-based SaaS business

**Notes:**

1. Gross profit prior to FY2022 was converted to USD using average exchange rate for the year
2. Expected for FY 2022

# Strong, Growing adjusted EBITDA Margins

## Adjusted EBITDA (M) and Adjusted EBITDA Margin



**Notes:**

1. Adjusted EBITDA prior to FY2021 was converted to USD using average exchange rate for the applicable year
2. Per FY22 guidance as described in our MD&A dated May 12, 2022 (available at [www.sedar.com](http://www.sedar.com)).

# Capitalization and Ownership

Selected Balance Sheet Information	
Cash @ March 31, 2022	\$16.2M
Debt @ March 31, 2022	\$109.1M
Net Debt @ March 31, 2022	\$92.9M <sup>(1)</sup>
Net Debt / Adjusted EBITDA @ March 31, 2022	2.20x
Shares O/S	33.3 million <sup>(2)</sup>

✓ **Company expects leverage to remain at a level that is consistent with the historical range of 2.0 – 3x**

- Future acquisitions to be funded through a combination of cash, debt and equity issuances

✓ **Top 10 Shareholders today represent ~35% of TSO:**

- 3 individuals: S2S founder (~23%), founder (~8%), CEO (1-2%)

**Notes:**

1. Net Debt calculated using Debt minus Cash.
2. Includes deferred consideration for Star2Star acquisition

**We would be happy to take your questions !**



## **Investment Highlights:**

- **In-Demand, One-Stop-Shop Solution for Our Customers with the industry's widest suite of cloud comm's**
- **Total Growth Model of organic and M&A, delivering impressive 60% CAGR over 5 yrs and 30% over 10 yrs**
- **Growth AND Profitability, with some of the highest GM and EBITDA margins in the space, for a decade**
- **Growing, Globally Distributed Based of ~100k Customers and > 1m cloud seats**
- **Channel-Partner-Centric G2M Strategy with one of the most diverse set of channel 'types'**
- **Well-Positioned to Tap Into the Significant International Growth Opportunity**