



NEWS RELEASE

SANGOMA REPORTS RESULTS FOR THE FIRST QUARTER OF FISCAL 2021

Quarterly revenue up 25% while EBITDA Expands 83% to over \$6.7 million

MARKHAM, ONTARIO, November 10, 2020 – Sangoma Technologies Corporation (TSX VENTURE:STC), a trusted leader in delivering cloud-based Communications as a Service (“CaaS”) solutions for companies of all sizes, today announced highlights of its first quarter financial results and unaudited condensed interim consolidated financial statements for the first quarter of its fiscal year 2021 ended September 30, 2020.

For the first quarter of fiscal 2021, sales were \$35.03 million, 25% higher than in the same quarter last year, and EBITDA was a record \$6.73 million, up 83% year over year.

| | Q1 FY2021 | Q1 FY2020 | Change | Q4 FY2020 | Change |
|---|------------------|------------------|---------------|------------------|---------------|
| Sales | \$35.03 m | \$28.01 m | 25% | \$34.82 m | 1% |
| Gross profit | \$23.18 m | \$17.48 m | 33% | \$22.64 m | 2% |
| Operating expense | \$19.64 m | \$15.88 m | 24% | \$19.63 m | 0% |
| Operating income ¹ | \$3.53 m | \$1.61 m | | \$3.01 m | |
| Net income | \$2.24 m | \$0.91 m | | \$2.63 m | |
| Net earnings/(loss) per share (fully diluted) | \$0.022 | \$0.013 | | \$0.035 | |
| EBITDA ¹ | \$6.73 | \$3.67 m | 83% | \$6.18 m | 9% |

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.

“Our fiscal first quarter has historically been our weakest quarter and is typically down sequentially from the immediately preceding fourth quarter”, said Bill Wignall, President and CEO of Sangoma. “So it’s encouraging to see revenue and EBITDA ahead of our fourth quarter this year, countering the seasonality we’ve often seen. And our Services revenue continues to grow, both in absolute terms and as a percentage of revenue, hitting 56% of sales in Q1 and again demonstrating the strength of our cloud offerings.”

Gross profit was \$23.18 million in the first quarter of fiscal 2021, with gross margin at 66% of revenue, about 4 percentage points better than same quarter of fiscal 2020.

Operating expenses were \$19.64 million in the first quarter of fiscal 2021, up from the first quarter of fiscal 2020, as a result of additional investment in growth and the VoIP Innovations acquisition.

EBITDA was a record \$6.73 million in the first quarter, and continues to benefit from the expense controls we undertook earlier this calendar year, as the first wave of the Covid pandemic hit. EBITDA at 19% of sales this quarter is slightly higher than our expectation, and as the crisis begins to subside, we will begin to prudently open up spending slightly again, which should bring EBITDA back closer to the range expected in our fiscal 2021 guidance, of around 17%.

Net income for the first quarter ended September 30, 2020 was \$2.24 million, more than double that of the same quarter in fiscal 2020.

Sangoma continues to maintain a strong balance sheet and finished the quarter with a cash balance of \$93.72 million, following the equity raise in July and debt repayments undertaken during the first quarter. Working capital closed at \$84.11 million as of September 30, 2020 and Adjusted Cash Flow from operations at \$3.91 million for the quarter, up by almost one million dollars from the same quarter last year.

Outlook for fiscal year 2021

As we indicated in our fiscal results release during October Sangoma expects between \$143 and \$147 million of revenue for fiscal 2021, and EBITDA of between \$24 and \$26 million.

Conference Call

President and CEO, Bill Wignall, Executive Vice President Corporate Development, John Tobia and CFO, David Moore will host a conference call on Tuesday November 10, 2020 at 5.30p.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 value-based Communications as a Service (CaaS) solutions for businesses of all sizes. Sangoma's cloud-based Services include Unified Communication (UCaaS) business communications, Meetings as a Service (MaaS), Communications Platform as a Service (CPaaS), Trunking as a Service (TaaS), Fax as a Service (FaaS), Device as a Service (DaaS), Access Control as a Service (ACaaS). In addition, Sangoma offers a full line of communications Products, including premise-based UC systems, a full line of deskphones and headsets, and a complete connectivity suite (gateways/SBCs/telephony cards). Sangoma's products and services are used in leading UC, PBX, IVR, contact center, carrier networks, office productivity, and data communication applications worldwide. Sangoma is also the primary developer and sponsor of Asterisk and FreePBX, the world's two most widely used open source communication software projects.

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 its management's discussion and analysis and annual information form (both available on www.sedar.com) include, but are not limited to risks and uncertainties associated with the COVID-19 pandemic, 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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