



NEWS RELEASE

SANGOMA REPORTS RESULTS FOR THE SECOND QUARTER OF FISCAL 2019 Revenue More than Double that of Last Year, EBITDA up by 89%

MARKHAM, ONTARIO, February 14, 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 second quarter unaudited results of fiscal 2019, ended December 31, 2018.

For the second quarter of fiscal 2019, sales were a record \$29.22 million, 149% higher than the same quarter last year, already putting Sangoma over \$50 million in revenue at the mid year point. This quarter’s results included a full quarter of the most recently completed acquisition of Digium, which closed in September of 2018.

	Q2 FY2019	Q2 FY2018	Change	Q1 FY2019	Change
Sales	\$29.22 m	\$11.74 m	149%	\$21.44 m	36%
Gross profit	\$17.83 m	\$5.99 m	198%	\$12.44 m	43%
Operating Expense	\$17.03 m	\$5.08 m	235%	\$10.63 m	60%
Operating Income ¹	\$0.79 m	\$0.91 m		\$1.81 m	
Net income	-\$0.27 m	\$0.61 m		-\$1.00 m	
Net earnings per share (fully diluted)	(\$0.005)	\$0.017		(\$0.019)	
EBITDA ¹	\$2.40 m	\$1.27 m	89%	\$2.52 m	(5%)

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.

“We are all thrilled to see sales approaching \$30 million for the first time this quarter”, said Bill Wignall, President and CEO of Sangoma. “As anticipated, the Digium transaction is contributing very positively. Integration is progressing well, organization alignment was completed in December, and customers/partners have embraced the combined entity. As evidenced by revenue growing to almost 2.5 times last year, the company has maintained strong sales momentum, even with all the integration focus. And despite most of the cost savings being realized late in the quarter, EBITDA nearly doubled and we now expect to meet the 13% EBITDA target we had projected for fiscal 2020, well ahead of plan, and by Q4 at the latest.”

Gross profit was \$17.83 million in the second quarter of fiscal 2019, resulting in gross margin of 61%, which is well ahead of last year.

Operating expenses were \$17.03 million in the second quarter of fiscal 2019, but as indicated, these will come down next quarter as the cost savings realized late in this quarter will be in place for all of Q3.

For the second quarter, EBITDA at \$2.40 million was up by 89% over the same period in fiscal 2018.

Net loss for the period was \$0.27 million, resulting from the one-time integration costs already completed.

Sangoma generated \$3.76 million of adjusted cash flow from operations, is already paying down the debt taken on for the Digium transaction, and finished the quarter with a cash balance of \$6.79 million.

Outlook for fiscal year 2019

With revenue past the half way mark and adjusted EBITDA ahead of plan, Sangoma now expects to exceed its previously issued guidance of \$100 million in revenue and has raised its adjusted EBITDA (excluding one-time costs associated with the Digium acquisition) to \$11 million from \$10 million.

Conference Call

President and CEO, Bill Wignall, and CFO, David Moore will host a conference call on Friday February 15, 2019 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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