



NEWS RELEASE

SANGOMA REPORTS RESULTS FOR THE SECOND QUARTER OF FISCAL 2020

Revenue up 10% to a record high of over \$32 million and EBITDA exceeds \$5 million per quarter for the first time ever

MARKHAM, ONTARIO, February 27, 2020 – Sangoma Technologies Corporation (TSX VENTURE:STC), a trusted leader in delivering Unified Communications solutions for SMBs, Enterprises, OEMs, and Service Providers, both on-premise and in the cloud, today announced highlights of its second quarter unaudited results of fiscal 2020, ended December 31, 2019.

For the second quarter of fiscal 2020, sales were a record \$32.29 million, 10% higher than the same quarter in fiscal 2019 and 15% above the immediately preceding first quarter of this year. EBITDA at \$5.19 million was an all-time high, and the first time ever that Sangoma has generated more than \$5 million in EBITDA in a single quarter.

	Q2 FY2020	Q2 FY2019	Change	Q1 FY2020	Change
Sales	\$32.29 m	\$29.22 m	10%	\$28.01 m	15%
Gross profit	\$21.32 m	\$17.83 m	20%	\$17.48 m	22%
Operating expense	\$19.17 m	\$17.03 m	13%	\$15.88 m	21%
Operating income¹	\$2.15 m	\$0.79 m		\$1.61 m	
Net income	-\$1.33 m	-\$0.27 m		\$0.91 m	
Net earnings per share (fully diluted)	(\$0.018)	(\$0.005)		\$0.013	
EBITDA¹	\$5.19 m	\$2.40 m	116%	\$3.67 m	41%

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.

“I’m pleased to see Sangoma grow from the prior year’s revenue for the twentieth straight quarter and I’m particularly proud to see EBITDA cross the \$5 million per quarter mark for the first time”, said Bill Wignall, President and CEO of Sangoma. “Our second quarter had a number of features worth noting including the acquisition of VoIP Innovations to kick off the quarter (which is delivering nicely to our expectations), the

really encouraging signs of continued solid growth in our services business, slightly softer demand for our one-time product sales like many companies are seeing these days given events around the globe, and a significant reduction in debt service costs as we locked in half of our loans at a lower interest rate of 4.2%. And subsequent to the end of our second quarter, we entered into an agreement to acquire e4 Strategies, in order to strengthen our sales capabilities in the open source market.”

Gross profit was \$21.32 million in the second quarter of fiscal 2020 at a gross margin of 66%, 5% higher than for the same quarter last year and continuing the trend of slightly stronger gross margins as the percentage of Sangoma revenue from recurring revenue continues to increase, bolstered this quarter by the inclusion of the VoIP Innovations acquisition for part of the quarter.

Operating expenses were \$19.17 million in the second quarter of fiscal 2020, \$2.14 million higher than last year almost entirely from the inclusion of VoIP Innovations early in the quarter.

For the second quarter of fiscal 2020, EBITDA at \$5.19 million was more than twice that in the same quarter last year, primarily resulting from the inclusion of VoIP Innovations for part of the quarter, growing services revenue, and the adoption of IFRS 16 at the beginning of this fiscal year.

Net loss for the second quarter ended December 31, 2019 was \$1.33 million, including the \$2.60 million of acquisition costs, compared to a net loss of \$0.27 million in the second quarter of fiscal 2019.

Sangoma finished the quarter with a cash balance of \$13.36 million, working capital of \$2.03 million and total debt of \$43.31 million. Adjusted cash from operations, excluding the impact of the acquisition of VoIP Innovations, was \$0.95 million. The lower than usual adjusted cash flow was caused primarily by the elimination of a large contract manufacturer to simplify our supply chain, requiring a temporary build in inventory (as had been previously communicated), together with modest movements in a few working capital items.

Guidance

Given the growing possibility of further disruption in supply chains due to the coronavirus, the increasing uncertainty regarding the global economy and the number of flashpoints around the world, the slightly softer demand for one-time product sales, and the impact of IFRS16, we have decided to revise our guidance. For fiscal 2020, Sangoma is slightly lowering revenue guidance to \$128 - 132 million, but is increasing our expected range for EBITDA up to \$19 - 21 million.

Conference Call

President and CEO, Bill Wignall, and CFO, David Moore will host a conference call on Thursday February 27, 2020 at 5.30 pm 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 EBITDA, 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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