



NEWS RELEASE

SANGOMA REPORTS Q4 AND FULL YEAR RESULTS FOR FISCAL 2019 Annual Revenue Grows by 91%

MARKHAM, ONTARIO, October 18, 2019 – Sangoma Technologies Corporation (TSX VENTURE:STC), a trusted leader in delivering Unified Communications solutions for SMBs, Enterprises, OEMs, and Service Providers, both on-premises and in the cloud, today announced highlights of its fourth quarter financial results and audited consolidated financial statements for the fiscal year ended June 30, 2019.

As previously announced, sales in the fourth quarter of fiscal 2019 were over \$30 million, the first time the company has exceeded this threshold. Annual revenue was \$109.6 million, 91% higher than the prior year, and another record. For the full year, EBITDA was \$12.3 million, the highest in Sangoma’s history and up very significantly from fiscal 2018.

	Q4 FY2019	Q4 FY2018	Change	FY2019	FY2018	Change
Sales	\$30.07 m	\$17.54 m	71%	\$109.65 m	\$57.36 m	91%
Gross profit	\$18.66 m	\$9.83 m	90%	\$66.83 m	\$30.91 m	116%
Operating Expense	\$15.96 m	\$8.23 m	94%	\$59.78 m	\$26.24 m	128%
Operating Income ¹	\$2.70 m	\$1.60 m		\$7.04 m	\$4.67 m	
Net income	\$1.74 m	\$0.70 m		\$1.54 m	\$2.45 m	
Net earnings per share (fully diluted)	\$0.032	\$0.017		\$0.028	\$0.060	
EBITDA ¹	\$4.12 m	\$2.54 m		\$12.30 m	\$6.81 m	

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 am very pleased with both top and bottom line results for the full year, the second consecutive year in which we have approximately doubled in size”, said Bill Wignall, President and CEO of Sangoma. “Early in fiscal 19, we announced guidance of \$100 million in sales and \$10 million of EBITDA, figures that seemed ambitious at the time. I’m particularly proud of our growing team at Sangoma because not only did we further increase our guidance part way through this fiscal year, we have now finished 2019 by exceeding even those revised estimates. We had previously stated that we expected in fiscal 2020 to reach 13% of revenue, and while our guidance for that year is contained in our important other press release being issued today, it’s gratifying to see us exit fiscal 19 being on track with that metric a quarter early. I’d like to thank everyone at the combined company for their strong commitment during the year and our customers around the globe for the trust they put in Sangoma every day with their mission critical needs.”

Gross profit was \$66.8 million in fiscal 2019, producing gross margins of over 60% of revenue for the year.

Operating expenses were \$59.8 million in 2019, up from fiscal 2018, reflecting the additional expense consistent with higher revenue and following the Digium acquisition early in fiscal 19.

EBITDA was \$12.3 million for fiscal 2019, up from \$6.8 million in the prior year.

Net income for the year ended June 30, 2019 was \$1.5 million, down from fiscal 2018 due to debt service costs, one-time acquisition expenses, and business integrations costs related to the Digium acquisition.

Sangoma continues to manage its balance sheet prudently and finished the fiscal year with a cash balance of \$11.7 million, which was further supplemented by the July equity raise. Working capital is \$5.3 million and Adjusted cash flow from operations of \$13.5 million was well above the \$5.9 million in fiscal 2018.

Outlook for fiscal year 2020

Guidance for fiscal 2020 is contained in the other press release being issued today by Sangoma, covering the acquisition which is being announced simultaneously.

Conference Call

President and CEO, Bill Wignall, and CFO, David Moore will host a conference call on Monday October 21, 2019 at 8.00a.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 Unified Communications solutions for SMBs, Enterprises, OEMs, Carriers and service providers. Sangoma's globally, scalable offerings include both on-premises and cloud-based phone systems, telephony services and 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. 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 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 the management's discussion and analysis include, but are not limited to 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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