



NEWS RELEASE

SANGOMA REPORTS RESULTS FOR THE FIRST QUARTER OF FISCAL 2020 Quarterly Revenue up 31%

MARKHAM, ONTARIO, November 14, 2019 – 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 first quarter unaudited results of fiscal 2020, ended September 30, 2019.

For the first quarter of fiscal 2020, sales were \$28.01 million, 31% higher than the same quarter last year and a record for Sangoma’s first quarter. Revenue this quarter was 7% lower than the immediately preceding quarter, reflecting the typically softer first quarter seasonality compared to the prior year’s fourth quarter, and the significant one-time order in the last quarter of fiscal 2019, both of had been previously communicated.

	Q1 FY2020	Q1 FY2019	Change	Q4 FY2019	Change
Sales	\$28.01 m	\$21.44 m	31%	\$30.07 m	(7%)
Gross profit	\$17.48 m	\$12.44 m	41%	\$18.66 m	(6%)
Operating expense	\$15.88 m	\$10.63 m	49%	\$15.96 m	(1%)
Operating income ¹	\$1.61 m	\$1.81 m		\$2.70 m	
Net income	\$0.91 m	-\$1.00 m		\$1.74 m	
Net earnings per share (fully diluted)	\$0.013	(\$0.019)		\$0.032	
EBITDA ¹	\$3.67 m	\$2.52 m	46%	\$4.12 m	(11%)

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 pleased to see revenue once again exceed the prior years quarterly sales for the nineteenth straight quarter”, said Bill Wignall, President and CEO of Sangoma. “And during our first quarter we had a successful, over-subscribed equity raise, to set the scene for the acquisition of VoIP Innovations, LLC (“VI”) during October. The accompanying debt financing also went well, with the transaction subsequently closing just after the end of our first quarter, and the first few of weeks of transition has gone smoothly. We will of course be including VI results from the October 18th acquisition date, in our second quarter financials. Finally, it was also gratifying to see our progress is being recognized in Deloitte’s ranking of Sangoma at number 11 in their Enterprise Fast 15 rank of Canadian companies for 2019.”

Gross profit was \$17.48 million in the first quarter of fiscal 2020 at a gross margin of 62%, 4% 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.

Operating expenses were \$15.88 million in the first quarter of fiscal 2020, higher than last year which had only one month of Digium expenses, and essentially consistent with the immediately preceding fourth quarter of fiscal 2019.

For the first quarter of fiscal 2020, EBITDA at \$3.67 million was 46% higher than in the same quarter last year resulting from the inclusion of Digium sales for the full quarter, the operational efficiencies introduced during fiscal 2019 and the adoption of IFRS 16 at the beginning of this fiscal year.

Net income for the first quarter ended September 30, 2019 was \$0.91 million compared to net loss of \$1.00 million in fiscal 2019 which included the \$2.10 million of one-time transaction costs incurred to complete the acquisition of Digium during the first fiscal quarter of 2019.

Sangoma finished the quarter with a cash balance of \$33.40 million, working capital of \$27.29 and total debt of \$21.70 million. Adjusted cash flow from operations, excluding the impact of acquisitions, was \$2.96 million.

Conference Call

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