



NEWS RELEASE

SANGOMA REPORTS RESULTS FOR THE THIRD QUARTER OF FISCAL 2020

Revenue up 26% to a record high of over \$36 million and quarterly EBITDA exceeded \$6 million for the first time ever

MARKHAM, ONTARIO, May 25, 2020 – Sangoma Technologies Corporation (TSX VENTURE:STC), a trusted leader in delivering Communications as a Service solutions for businesses of all sizes, OEMs and Service Providers, today announced highlights of its third quarter unaudited results of fiscal 2020, ended March 31, 2020.

For the third quarter of fiscal 2020, sales were a record \$36.31 million, 26% higher than the same quarter in fiscal 2019 and 12% above the immediately preceding second quarter of this year. EBITDA at \$6.51 million was an all-time high, and the first time ever that Sangoma has generated more than \$6 million of EBITDA in a single quarter.

	Q3 FY2020	Q3 FY2019	Change	Q2 FY2020	Change
Sales	\$36.31 m	\$28.92 m	26%	\$32.29 m	12%
Gross profit	\$23.47 m	\$17.90 m	31%	\$21.32 m	10%
Operating expense	\$20.09 m	\$16.15 m	24%	\$19.17 m	5%
Operating income ¹	\$3.37 m	\$1.74 m		\$2.15 m	
Net income	\$1.70 m	\$1.07 m		-\$1.33 m	
Net earnings/(loss) per share (fully diluted)	\$0.022	\$0.019		(\$0.018)	
EBITDA ¹	\$6.51 m	\$3.26 m	100%	\$5.19 m	25%

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 very solid progress, during a time in which Covid-19 emerged and started to create such significant problems for the world”, said Bill Wignall, President and CEO of Sangoma. As we had shared provisionally on April 30, Sangoma delivered record revenue and EBITDA in our third quarter, despite the complexity COVID-19 introduced. Our services revenue exceeded 50% of our revenue for the first time in our quarter as a result of ongoing growth in our recurring revenue and the inclusion of VoIP Innovations in our results for the full quarter. We navigated the supply chain challenges early in the quarter, meeting virtually all customer shipments around the globe on time, and then re-tooled our company to adapt to working from home and no travel to clients. We continued to innovate in spite of the disruptions from COVID-19, launching a new line of headsets and our Sangoma Meet cloud service for video based meetings, offering it free of charge during the pandemic. And we completed the acquisition of e4, in order to strengthen our

commitment to, and sales capabilities in, the open source market. All in all, a strong quarter during turbulent times.”

Gross profit was \$23.47 million in the third quarter of fiscal 2020 at a gross margin of 65%, 3% higher than for the same quarter last year and continuing the trend of slightly stronger gross margins as the percentage of Sangoma revenue from services increases.

Operating expenses were \$20.09 million in the third quarter of fiscal 2020, \$3.86 million higher than last year, due to the inclusion of VoIP Innovations for the full quarter.

For the third quarter of fiscal 2020, EBITDA at \$6.51 million was almost twice that in the same quarter last year.

Net income for the third quarter ended March 31, 2020 was \$1.70 million, compared to a net income of \$1.07 million in the third quarter of fiscal 2019.

Sangoma finished the quarter with cash of \$12.55 million, total debt of \$45.26 million, and continues to have a healthy balance sheet. Adjusted cash from operations, excluding the impact of the acquisition of VoIP Innovations, was \$3.72 million.

Guidance

As indicated in our “Covid Update” on April 30, we committed to updating Fiscal 2020 guidance at the time we released third quarter results. Short term uncertainty continues with the possibility of further disruption in supply chains if a second wave of coronavirus were to emerge, the unpredictability of the global economy, and the inconsistent timing of governments around the world re-opening their economies, all potentially affecting demand by our customers. However, given year-to-date results, and progress to-date in our fourth fiscal quarter, we are confirming our previously issued guidance and expect to generate revenues of \$128 - 132 million, and EBITDA of \$19 - 21 million.

Conference Call

As previously communicated, President and CEO, Bill Wignall, CFO, David Moore, and EVP Corporate Development, John Tobia will host a conference call on Wednesday May 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 this press release and management's discussion and analysis 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, 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

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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