



SANGOMA

+

Star2Star[®]
COMMUNICATIONS

Sangoma to Acquire Star2Star

Establishes One of the Industry's Top Cloud Communications Companies

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of applicable securities laws, including, but not limited to, statements relating to the anticipated completion of the transaction with StarBlue Inc. (dba Star2Star Communications) (“**Star2Star**”) and timing for such completion, sources and impact of funding of the transaction, and strategic, operational and financial benefits and accretion expected to result from the transaction, business strategy, future development and growth prospects, business integration, governance, business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. Forward-looking information can generally be identified by the use of words such as “may”, “will”, “should”, “estimate”, “expect”, “anticipate”, “plan”, “budget”, “scheduled”, “forecasts”, “intend”, “believe”, “projected”, “potential”, or other comparable terminology that states that certain events will or will not occur. It represents the estimates and expectations of Sangoma to its future results and developments as of the date of this presentation.

Forward-Looking Information includes future-oriented financial information or financial outlook within the meaning of securities laws, such as projected revenues, gross margins, pro-forma Adjusted EBITDA and pro-forma Adjusted EBITDA margins, to inform readers of the potential financial impact of expected results and of the potential financial impact of the transaction. Such information may not be appropriate for other purposes.

Forward-looking statements are based on certain key expectations and assumptions made by Sangoma, including expectations and assumptions concerning availability of capital resources; economic and financial conditions; and the timing of receipt of the requisite Sangoma shareholder, regulatory and other third-party approvals. Although Sangoma believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Sangoma gives no assurance that they will prove to be correct.

Since forward-looking statements address future events and conditions, they are by their very nature subject to inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the cloud communications industry in general such as execution of strategy; capital resources; current economic and financial condition; interest rate risk; and currency exchange rates.

There are also risks inherent to the transaction, including incorrect assessments of the value of Star2Star; failure to satisfy the closing conditions; exercise of termination rights by Sangoma or Star2Star; failure to obtain the requisite shareholder, regulatory and other third-party approvals, including the TSX Venture Exchange. Accordingly, there can be no assurance that the transaction will occur, or that it will occur on the terms and conditions, or at the time, contemplated by Sangoma. The transaction could be modified, restructured or terminated. There can also be no assurance that the strategic, operational or financial benefits expected to result from the transaction will be realized.

Forward-Looking Statements (continued)

If the transaction is not completed, and Sangoma and Star2Star continue as separate entities, there are risks that the announcement of the transaction and the dedication of substantial resources of Sangoma to the completion of the transaction could have an impact on its business and strategic relationships (including with future and prospective employees, customers, distributors, suppliers and partners), operating results and businesses generally, and could have a material adverse effect on the current and future operations, financial condition and prospects of Sangoma

Sangoma is relying on certain assumptions that it believes are reasonable at this time, including assumptions as to the time required to prepare meeting materials for mailing, the timing of receipt of the shareholder, regulatory and other third-party approvals and the time necessary to satisfy the conditions to the closing of the transaction. These dates may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary regulatory approvals in a timely manner or the need for additional time to satisfy the conditions to the completion of the transaction. Accordingly, readers should not place undue reliance on the forward-looking statements contained in this presentation concerning these times.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other risk factors that could affect the operations or financial results of Sangoma are included in the press release dated January 29, 2021 announcing the transaction with Star2Star and Sangoma's annual information form filed with applicable Canadian securities regulators and may be accessed through the SEDAR website (www.sedar.com).

The forward-looking statements contained in this presentation are made as of the date hereof and Sangoma undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Unless stated otherwise, all figures included in this presentation are in Canadian Dollars.

The financial information presented in this presentation with respect to Star2Star were derived from the interim reviewed and audited year-end financial statements of Star2Star that were prepared under US GAAP. This presentation also contains references to certain non-IFRS and non-US GAAP financial measures such as adjusted EBITDA. Non-IFRS and non-US GAAP financial measures are used by management to evaluate the performance of Sangoma and do not have any meaning prescribed by IFRS or US GAAP and therefore may not be comparable to similar measures presented by other reporting issuers. "EBITDA" means earnings before interest, income taxes, depreciation, amortization and one-time charges. EBITDA is a measure used by many investors to compare issuers on the basis of their ability to generate cash from operations.

Highlights

- ✓ Sangoma is acquiring Star2Star, a leading provider of full spectrum, internally developed, cloud communication solutions
- ✓ S2S generates revenue of ~C\$107mm (80%+ recurring), gross margins of 80%+ and Adj. EBITDA of ~C\$19mm ⁽¹⁾
- ✓ Results in combined revenue of ~C\$245mm (70%+ recurring), GM of 70%+, and Adj. EBITDA of ~C\$44mm (~18% margin) ⁽¹⁾
- ✓ Total consideration of ~US\$437mm / ~C\$560mm ⁽²⁾, implying a revenue multiple of just over 5x
 - Cash: US\$105mm / ~C\$135mm ⁽²⁾
 - Shares: 110 million shares (~US\$332mm / ~C\$426mm) ⁽²⁾
- ✓ **Compelling strategic rationale:**
 - 1) Creates the necessary scale, establishing Sangoma as a top-tier cloud communications company in a consolidating space
 - 2) Results in the industry's most complete, fully-integrated, internally developed suite of cloud communications services and products
 - 3) Completes Sangoma's long-term evolution from a product company to a cloud services company
 - 4) Attractive financial profile at Star2Star with strategic agreement on 'growth with profitability' in the combined company
 - 5) A well-differentiated channel model that complements Sangoma, leading to a unique GTM approach in the merged entity
 - 6) International opportunity to expand proven cloud solutions to less penetrated regions where Sangoma operates
 - 7) Combination of two exceptional management teams with deep sector expertise

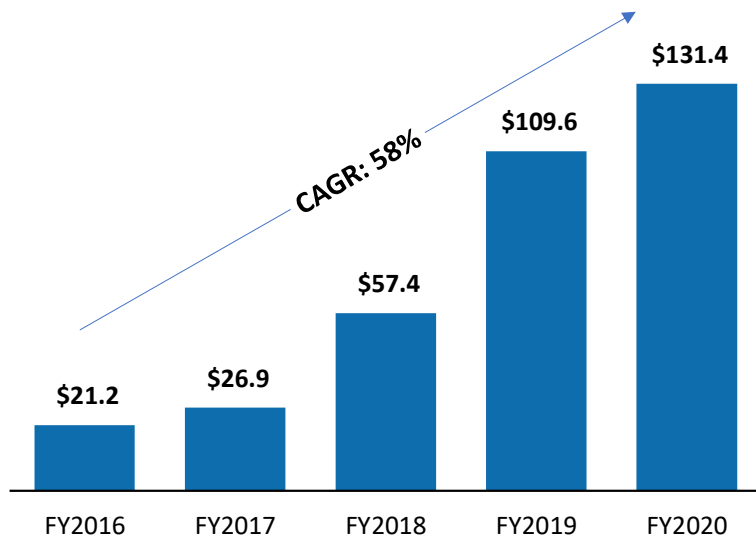
Agenda

- 1 Sangoma Today**
- 2 Overview of Star2Star**
- 3 Transaction Rationale**
- 4 Transaction Terms & Structure**
- 5 Snapshot of the Merged Company**

Sangoma Today

Sangoma's Proven Track Record of Value Creation

Revenue Growth



Track Record

- Sangoma is focused on growing two ways: organically and via highly strategic M&A
- Proven track record of identifying, acquiring, and integrating strategically compelling and financially accretive businesses
 - 9 acquisitions in 9 years
- 340 employees in 20+ countries, thousands of customers in 125+ countries
- Management has entirely transformed Sangoma
 - Our vision has been to build a high-value leader with a SaaS / subscription model
 - **Starting point:** single product, hardware business with one-time revenue (sales of ~C\$10mm and a market cap of ~C\$8mm)
 - **Today:** global company with a portfolio of cloud software, revenue of ~C\$138mm, solid growth, services at over 50% of sales, Adj. EBITDA of ~C\$25mm, and a market cap of ~C\$440mm ^(1,2)

... and we have now found the next critical step on our journey, in Star2Star!

Sangoma is Already a Large, Successful, Growing Cloud Company

- **Our *services* business is now C\$70mm+ annually and growing**
- **However, we believe cloud communications is much more than ‘just’ UCaaS!**
 - We offer a Communications-as-a-Service (“CaaS”) cloud-based portfolio
 - Unique positioning relative to most of the industry’s cloud players, who tend to focus more on one product category
- **Customers want a single solution, tightly integrated, from one provider, at a fair price (not 5 products from 5 vendors)**
- **AND Sangoma is a ‘Product Company’ as well!**
 - We remain interested in both on-premise (a ‘product’ sale) and cloud
 - Roughly half of new purchases in North America are still on-premise systems
 - The majority of the installed base remains on-premise
 - An on-premise product enables us to win:
 - New customers who still want on-premise
 - Migrate them to cloud when ready
 - And get hybrid deployments
 - It all works together:
 - Cloud and on-premise
 - Connectivity (SBCs, gateways, etc.)
 - Our own DeskPhones and Softphones



M&A Success and Strategy

Sangoma has completed 9 acquisitions in 9 years that have each been integral to the Company's growth & profitability



We have a deliberate, disciplined approach to M&A



Strategic Fit

What we look for

- ✓ Product, customers, channels, employee team (to contribute to ongoing growth)
- ✓ Cloud-based communications services, with customer acquisition traction and platform



Financial Screening

What we look at

- ✓ Revenue material enough to be impactful, % recurring, growth, profitability, and valuation
- ✓ Balancing the 'trade-offs' between those metrics



Funding M&A

Four components

- ✓ Cash on our balance sheet, prudent debt, equity raises, Sangoma shares as currency
- ✓ Sangoma closed an ~C\$80mm equity raise in 2020 to prepare for the next transaction

As our 10th such transaction, Star2Star is a truly transformational acquisition on our proven path to a leading cloud/SaaS company

Overview of Star2Star

Star2Star Introduction

Business Overview

- Privately-held: Founder/employees ~58% ⁽¹⁾, NewSpring Capital ~15%, other ~27%
- ~260 employees, mostly in Sarasota, Florida (HQ)
- Revenue of ~C\$107mm, with 80%+ from subscriptions ⁽²⁾
- Strong gross margins (80%+) with adj. EBITDA of ~C\$19mm ⁽²⁾
- Almost 10,000 business customers
- Complete portfolio of rich, fully-owned, integrated cloud services
 - UCaaS, Collaboration, CPaaS, CCaaS, IPaaS, VMaaS
- Cloud-native, robust multi-tenant platform, developed in-house
- Unique, well diversified go-to-market strategy

By the Numbers

~C\$100m+

Revenue ⁽²⁾



80%+

Gross Margin ⁽²⁾



C\$19m

Adj. EBITDA ⁽²⁾



80%+

Subscription Revenue ⁽²⁾



99.4%

Avg. Monthly Retention Rate



8

Patents



~260

Employees



650+

Active Channel Partners



99.999%

Core Network Uptime



Star2Star is a leading provider of a full suite of internally developed, cloud-native communications solutions

Operating Snapshot Today

Market Opportunities

Targeting the Highest Value Segments that are now Adopting Cloud Solutions...

Mid-Market



Enterprise



Cloud Native Solutions

...with the Most Comprehensive Portfolio of Internally Developed Solutions...

Voice



Contact Center



Collaboration



Video



Next Gen CPaaS



Mobile



Differentiated Channels

...Selling into Established, Differentiated, Multi-Pronged Channels

Traditional Partners



Non-Communication Enterprise Partners



Wholesale Partners



White Label Partners



Financial Profile

- Excellent financial profile with highly material revenue (~C\$107mm) and proven profitability
- **Like Sangoma, Star2Star does not ‘buy’ growth-at-all-costs, like so many of the other industry players**
 - Instead, also like Sangoma, S2S is “dual-focused” on growth with healthy profitability
- Revenue: vast majority (80%+) from recurring revenue ⁽¹⁾ and no concentration (largest client <5% of sales) ⁽¹⁾
- Gross margins in excess of 80% ⁽¹⁾ and Adj. EBITDA margins of over 15% ⁽¹⁾

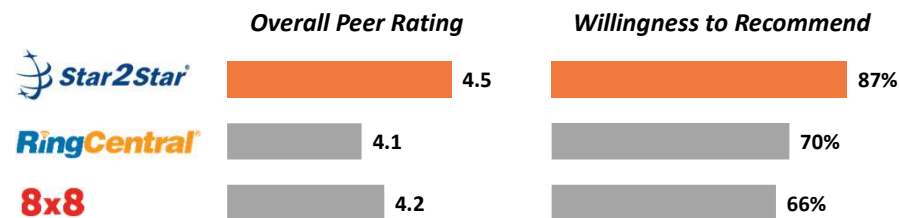


Customers

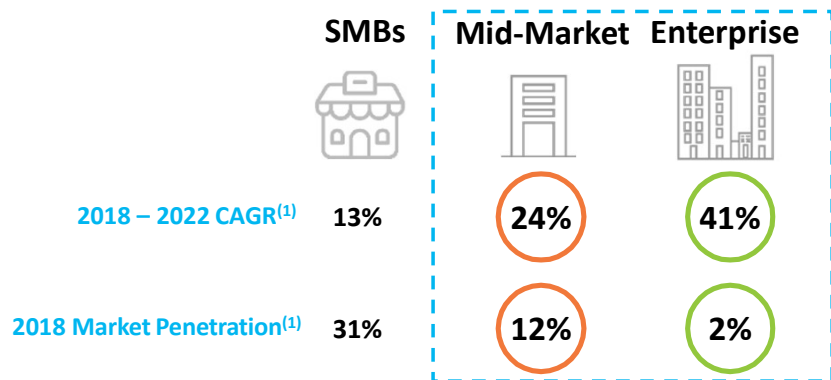
Tier-1 Customer Base ...



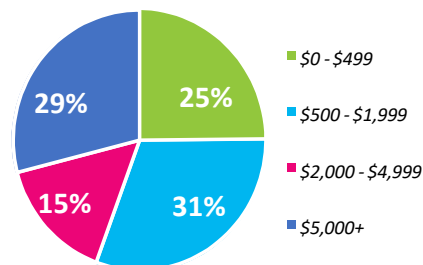
...With Top-of-Class Customer Satisfaction (Gartner)



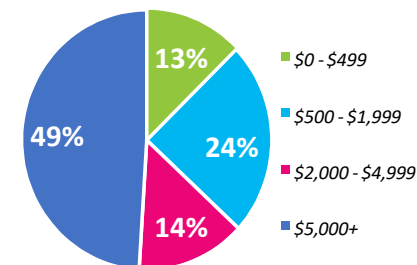
And Star2Star Increasingly Targets the Highest Value Market Segments



Total Booked MRR (Aug. 2019 – Jul. 2020)



Total MRR Pipeline (as of Jul. 31, 2020)

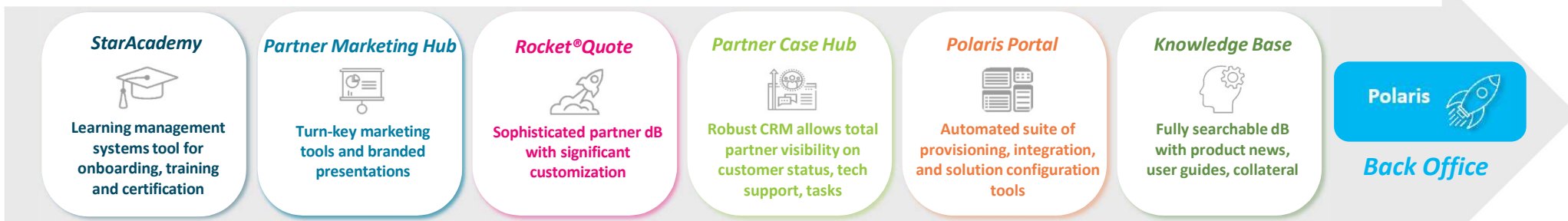


Channel

Uniquely differentiated go-to-market strategy using multiple types of channels (not solely Agent and Master Agents)...



...underpinned by the industry's most comprehensive partner enablement & customer management capabilities



Product

Star2Star's Complete Suite of Fully Integrated, Cloud-Native, Enterprise Grade Services



- Excellent alignment with Sangoma's existing competitive differentiation strategy: "CaaS"
- Both companies believe that most customers do not want 5 different cloud solutions, from 5 different cloud providers
- A single, **multi-tenant** cloud platform that Star2Star developed internally (not purchased from outside party)
- In multiple data centers (Dallas/Chicago), running in parallel, with redundant data paths & PSTN; full disaster recovery; 99.999% uptime
- Unique cloud architecture with high scalability, using optional "StarBox" for on-site traffic/admin/registrations/SD-WAN

...complete with the Next Generation of CPaaS/IPaaS/Integration Solutions

Studio

App Building Blocks



UI Widgets



iPaaS



Cloud Stream Integrations
Consumable Packaged Flows



Any-to-Any Data Integration
Custom Integration Flows

CPaaS APIs

Modules: Identity, permissions, objects, etc.

Communication APIs: Voice call, SMS, email, chat, etc.

Core Network Services: Number management, SIP calling services, etc.

Full suite of 150+ integrations

Growing suite of pre-built applications



Urgent response (e.g. severe weather), mass notification (e.g. school closure), curbside delivery/pick-up, etc.

Transaction Rationale

Transaction Rationale: Summary



1

Creates the Necessary Scale and Establishes Sangoma as a Top Tier Cloud Communications Company

- ✓ Global presence, combined revenue of ~C\$245mm ⁽¹⁾, positions Sangoma as a leading player
- ✓ Increasingly important in an environment of market consolidation

2

Results in the Industry's Most Complete, Fully-integrated Suite of Cloud Communications Solutions

- ✓ Allows Sangoma to meet customers' growing demand for a 'one-stop-shop', not 5 solutions from 5 vendors
- ✓ Combined with on-premise and hybrid options; all of our own product/tech/IP, not outsourced or procured from others

3

Completes Sangoma's Long-term Evolution from a Product Company to a Cloud Services/SaaS Business

- ✓ Sangoma has entirely transitioned from a pure hardware company (one-time revenue) to a software and services company
- ✓ Combined services revenue of 70%+ of sales ⁽¹⁾, now clearly positions Sangoma among top tier SaaS peers with compelling valuations

4

Highly Attractive Financial Profile with Complementary Corporate Strategies

- ✓ Adds ~C\$107mm of high-quality, mostly recurring revenue from Star2Star, with 80%+ gross margin and Adj. EBITDA margins of 15%+ ⁽¹⁾
- ✓ Combined revenue approaching ~C\$250mm with Adj. EBITDA of ~C\$44mm, places Sangoma among its largest peers, with healthy profitability ⁽¹⁾

5

Unique, Differentiated Go-To-Market Approaches

- ✓ Widest, most differentiated types of channels compared to any other competitor
- ✓ Deep, excellent relationships based on a reputation for ethical/fair dealings, strong support, and unique back-office

6

International Opportunity to Expand Cloud Solutions to Less Penetrated Regions

- ✓ Sangoma operates globally, where Star2Star does not (outside United States); those regions are much later to start Cloud Communications
- ✓ A complete, cost-effective, scalable solution on a multi-tenant platform is a prerequisite to this strategy

7

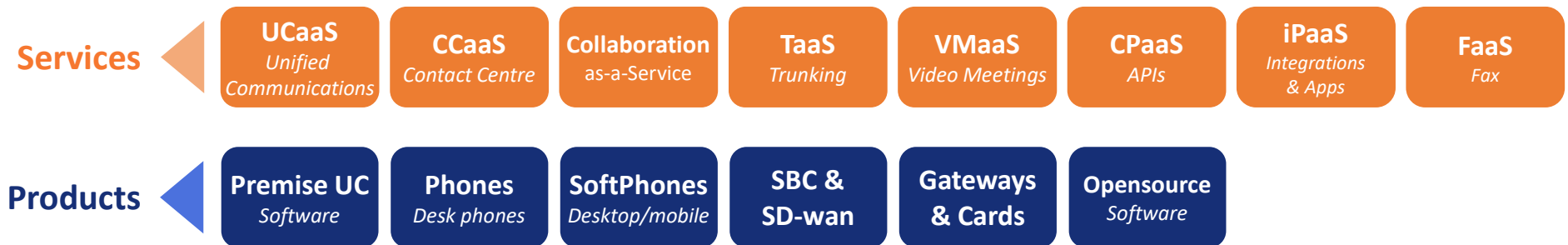
Combination of Two Exceptional Management Teams with Deep Sector Expertise

- ✓ Cultural alignment, decades of industry experience and matching strategies provide the foundation for continued growth

Transaction Rationale: Services & Products

- Customers are demanding an integrated, 'one-stop-shop' for all their communications needs (not 5 products from 5 vendors)
 - This combination enables us to satisfy that need with a “full-spectrum” of products and services, in any deployment model (on-premise, cloud, hybrid)
 - **No other competitor offers as complete of a solution as Sangoma today**
 - Sangoma designs and owns all the technology/IP; **not purchased from third-party vendors like many of our competitors**
- Cloud services will now be offered from an integrated, cloud-native, multi-tenant platform, with consistent UI/UX/SSO/etc.
- We will explore beyond 'communications' (e.g. ACaaS/IoT, Desktop aaS) leveraging the same channel/client/decisionmaker

Comprehensive, Full Suite of Cloud-Native Services & Products to Satisfy Customers' Needs



Transaction Rationale: Customers

- Sangoma has traditionally focused on the SMB segment, while Star2Star has been increasingly focused on mid-market/enterprise clients
- The combination allows us to satisfy the needs of any business, from small- to large-enterprise
- Also enables us to increase our focus on the highest growing, most valuable, but under-penetrated segments
- Facilitates Sangoma taking cloud services globally (Star2Star operates in the U.S., Sangoma has customers in 125+ countries)
 - Those regions are much later to start Cloud Communications, and thus are **much** less penetrated, with much lower competition
 - Targeting those international markets requires a cost-effective, scalable solution on a multi-tenant platform, which the combined company will now have

Ability to win customers both small and large...



























Transaction Rationale: Channel/GTM

- Sangoma and Star2Star have built out slightly different, but very complementary channel models
- Together, the combined company will capture every go-to-market avenue, with thousands of partners worldwide
- The ‘full-spectrum portfolio’ will appeal to both existing partners and to potential new ones as well
 - Existing partners are seeking full solutions, from a service provider that treats them well and cares, with comprehensive partner enablement capability
 - New channel partners, including those that traditionally played in the on-premise world, are important to scaling growth
 - The combination further secures mindshare/loyalty from partner relationships
- All sustained by a robust back-office, Partner Enablement infrastructure to support this differentiated channel approach

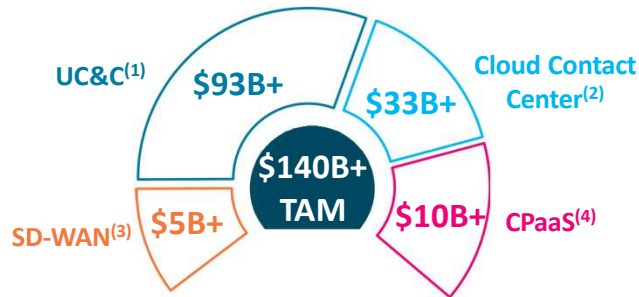


Pro-Forma

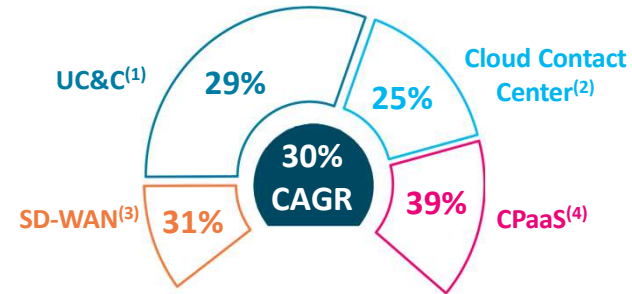
	SANGOMA	Star2Star COMMUNICATIONS	Pro-Forma
Reseller / Interconnect			
Distributor			
Agent / Master Agent			
OEM			
Carrier			
MSP / CSP			
Strategic Tech Partner			
Wholesale / White Label			

Transaction Rationale: Market Dynamics

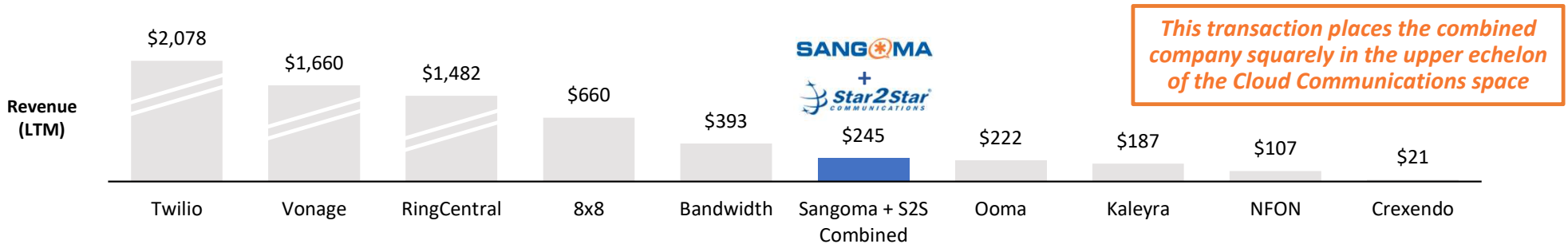
Cloud Communications is a large market ...



... that is growing quickly



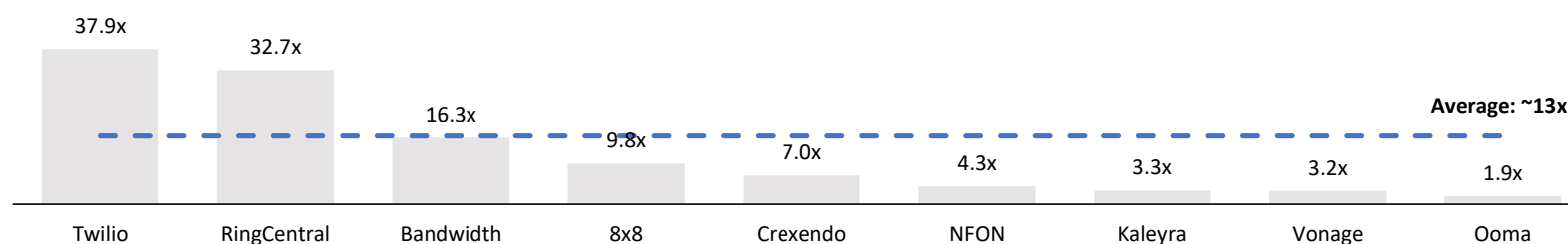
- As a competitive industry that is starting to consolidate, **getting to a position in the 'Top Tier' of the industry is very important**
 - The transition to VoIP and Hosted is well-established; however, the transition to converged, cloud-native solutions is in its infancy
 - There are no "very large", global players yet and most of the 'runway' is still in front of us



Transaction Rationale: Potential Re-Rating

- Sangoma currently trades at ~3x EV/Revenue; **this is well below the peer group**
- This transaction puts Sangoma in the top tier of Cloud Communications, with much stronger gross margins and Adj. EBITDA
- We see a very real, very significant opportunity for share price appreciation through not only continued execution/results, but also through material multiple expansion; **peers trade at an average of ~13x EV/Revenue**

Cloud Communication Companies: EV/Revenue Multiple (LTM)



	Twilio	RingCentral	Bandwidth	8x8	Crexendo	NFON	Kaleyra	Vonage	Ooma
% Recurring Revenue	n/a	92%	~99%	93%	89%	87%	76%	90%	93%
Gross Profit Margin	52%	73%	46%	55%	67%	79%	18%	56%	62%
Adj. EBITDA Margin	4%	13%	7%	(1%)	8%	4%	4%	13%	7%

Avg.

SANGOMA
+
Star2Star
COMMUNICATIONS

90% **70%**

56% **76%**

7% **18%**

Transaction Terms & Structure

Transaction Terms & Structure

Transaction Summary	<ul style="list-style-type: none">▪ Acquisition of 100% of outstanding shares of StarBlue Inc. (holdco for Star2Star)
Consideration ⁽¹⁾	<ul style="list-style-type: none">▪ Cash Consideration (~24% of total consideration)<ul style="list-style-type: none">– US\$105mm on closing (~C\$135mm)▪ Share Consideration (~76% of total consideration)<ul style="list-style-type: none">– 110 million shares of Sangoma common stock (approximate value of ~US\$332mm or ~C\$426mm)– 22 million shares issued at closing, and the remainder to be issued in instalments commencing on April 1, 2022 and continuing for the next 14 quarters▪ Total Consideration<ul style="list-style-type: none">– Total implied consideration of ~US\$437mm or ~C\$560mm
Financing and Leverage	<ul style="list-style-type: none">▪ Majority of Cash Consideration to be funded with cash on hand from equity financing previously completed in 2020▪ Remainder of Cash Consideration to be funded through incremental debt draw<ul style="list-style-type: none">– Existing banking syndicate fully supportive of this transaction and will provide an additional ~C\$67mm in new debt– Bringing gross debt outstanding to ~C\$101 million outstanding at close; ~2.4x Gross Debt/EBITDA

Process from Here to Closing

Circular Mailed	<ul style="list-style-type: none">▪ Estimated late February or early March
Special Meeting of Sangoma Shareholders	<ul style="list-style-type: none">▪ Vote to consider and approve the transaction▪ Estimated end of March or early April
Closing	<ul style="list-style-type: none">▪ Estimated shortly after Special Meeting▪ Closing subject to regulatory approvals and other closing conditions

Snapshot of the Merged Company

The Combination: Initial ‘Snapshot’

Integration

- Star2Star is financially healthy, so we expect more ‘upside synergies’ from combining, than from ‘cost synergies’
- There will be cost savings (e.g. traffic, data centers, duplicate marketing spend, etc.), but this will not be the initial focus
- We will not rush integration; COVID-19 has prevented travel; personnel have only met via ‘Sangoma Meet’ video meeting
 - Our respective teams will remain ‘as is’ in the immediate term, with final integration expected later in 2021
- Bill Wignall will remain CEO of the combined company, with S2S founder/CEO (Norm Worthington) joining the Sangoma board as Chair

Growth Strategy

- Organic growth driven by investment into R&D/Cloud customer acquisition (incl. international expansion), to capitalize on TAM with most of runway ahead
- Combined with ongoing M&A, based upon Sangoma’s proven track record

Competitive Differentiation

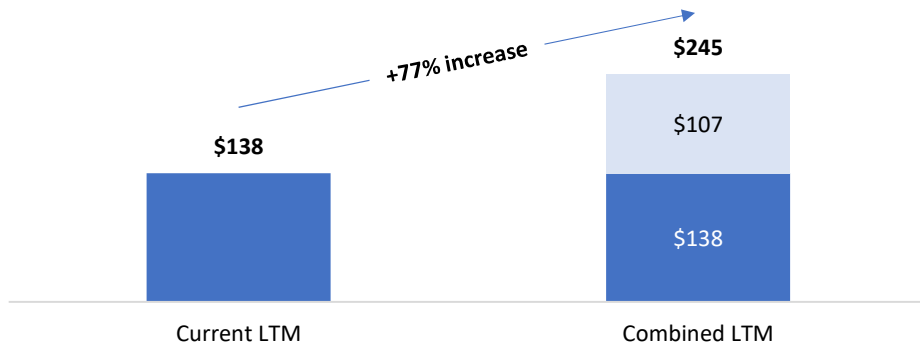
- Emphasize one-stop-shop / full CaaS portfolio, along with on-prem/hybrid solution
- Combined channels approach provides full coverage of all go-to-market options
- Increasingly target larger customers as cloud moves up-market (highest value, highest growth, lowest penetration)
- Ability to move beyond ‘general purpose’ communications to purpose-built applications (using CPaaS/iPaas) and eventually diversify even beyond communications (to other B2B cloud services used by the same customers)

Capital Markets

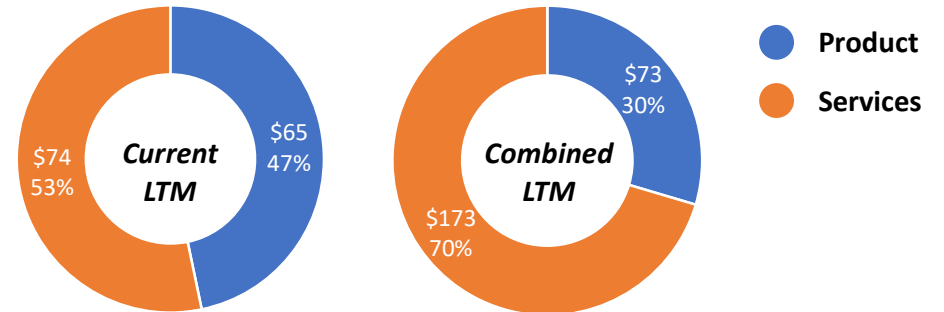
- Sangoma intends to explore possible up-listing(s) to larger stock exchanges, including a U.S. exchange (NASDAQ or NYSE)

Combined Financial KPIs (LTM)

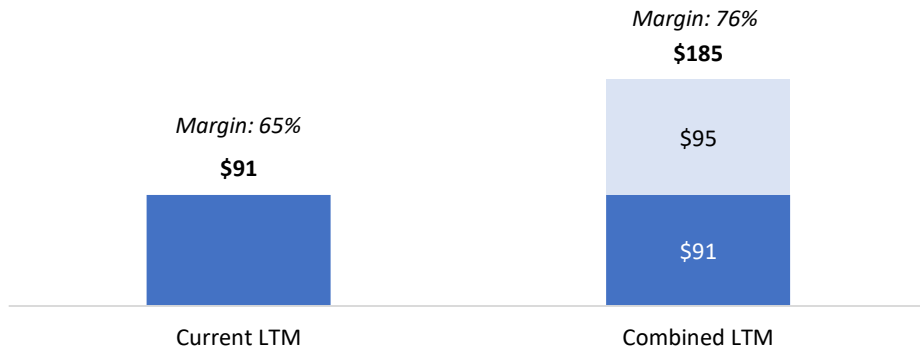
Revenue



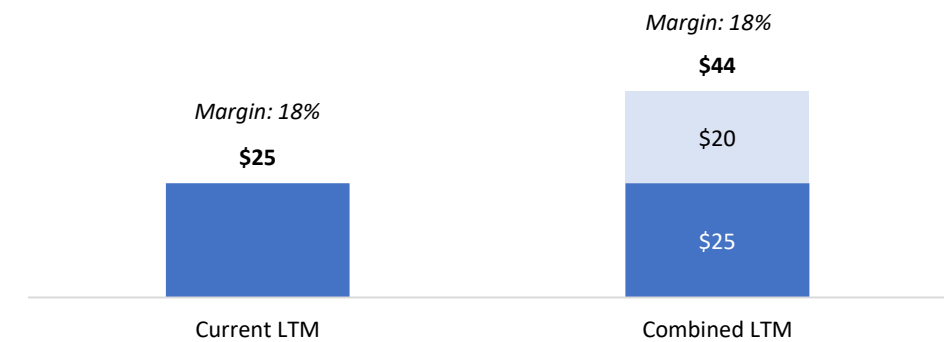
Revenue by Type



Gross Profit



Adjusted EBITDA



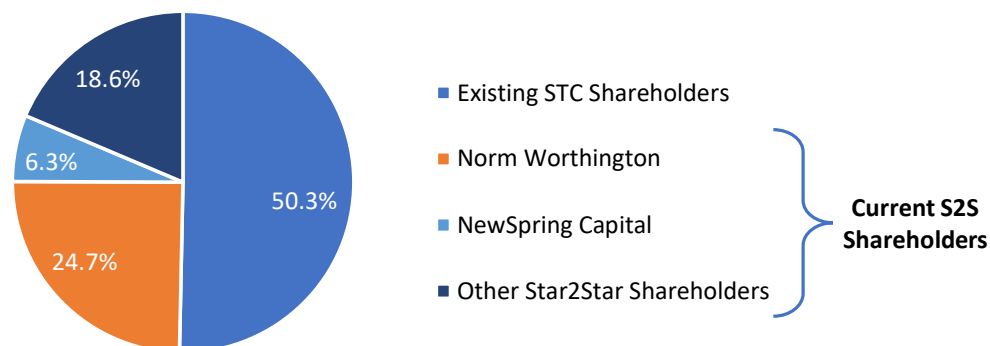
Pro-Forma Capitalization & Shareholder Summary

- Star2Star to be issued 110 million shares as part of the consideration paid
- Cash portion of consideration funded mostly from 2020 equity raise, but with a portion of additional debt
 - Brings Gross Debt/EBITDA to ~2.4x
- S2S will be entitled to nominate two members to the current five-person Board of Directors
 - Norm Worthington (chair), Bill Wignall, two others from current Sangoma board, one nominee from Star2Star (likely from NewSpring)

Pro-Forma Capitalization

Cash	Approximately C\$20 million
Debt	C\$101 million
Debt/EBITDA	2.4x combined LTM Adj. EBITDA
Shares O/S	221 million ⁽¹⁾

Pro-Forma Shareholders ^(1,2)



THANK YOU & SUMMARY

Bill Wignall, President and CEO

- 1 Creates the necessary scale, establishing Sangoma as a top-tier cloud communications company in a consolidating space
- 2 Results in the industry's most complete, fully-integrated, internally developed suite of cloud communications services and products
- 3 Completes Sangoma's long-term evolution from a product company to a cloud services company
- 4 Attractive financial profile at Star2Star with strategic agreement on 'growth **with** profitability' in the combined company
- 5 A well-differentiated channel model that complements Sangoma, leading to a unique GTM approach in the merged entity
- 6 International opportunity to expand proven cloud solutions to less penetrated regions where Sangoma operates
- 7 Combination of two exceptional management teams with deep sector expertise and proven experience growing profitably

SANG  **MA**

