



## *NEWS RELEASE*

### *SANGOMA REPORTS RESULTS FOR THE THIRD QUARTER OF FISCAL 2021 Record quarterly sales in US dollars, with both Services revenue and EBITDA up by over 30% YTD*

**MARKHAM, ONTARIO, May 20, 2021** – Sangoma Technologies Corporation (TSX VENTURE:STC), a trusted leader in delivering cloud-based Communications as a Service solutions for companies of all sizes, today announced highlights of its unaudited condensed interim consolidated financial statements for the third quarter of its fiscal year 2021 ended March 31, 2021.

As a reminder, Sangoma completed its acquisition of StarBlue Inc (dba as Star2Star Communications LLC “Star2Star”) on March 31. As a result, there is no impact from Star2Star on Sangoma’s income statement for the third quarter, except for the one-time transaction expenses and their effect on net income. For further clarity, third quarter revenue and EBITDA<sup>1</sup> are not affected by Star2Star during this period.

Sales for the quarter were \$35.44 million. For this period though, the comparison to the prior year was materially affected by the significant and rapid swing in exchange rates between quarters. In US dollars, the currency in which our sales are denominated, revenue for this quarter was about \$28 million<sup>2</sup> versus US\$26.6 million<sup>2</sup> in the third quarter of last year. So, quarter over quarter growth in US dollars was 5%.

	<b>Q3 FY2021</b>	<b>Q3 FY2020</b>	<b>Change</b>	<b>Q2 FY2021</b>	<b>Change</b>
<b>Sales</b>	<b>\$35.44 m</b>	<b>\$36.31 m</b>	<b>(2%)</b>	<b>\$35.32 m</b>	<b>0%</b>
<b>Gross profit</b>	<b>\$23.24 m</b>	<b>\$23.47 m</b>	<b>(1%)</b>	<b>\$23.46 m</b>	<b>(1%)</b>
<b>Operating expense</b>	<b>\$20.14 m</b>	<b>\$20.09 m</b>	<b>0%</b>	<b>\$19.68 m</b>	<b>2%</b>
<b>Operating income<sup>1</sup></b>	<b>\$3.10 m</b>	<b>\$3.37 m</b>		<b>\$3.78 m</b>	
<b>Net income</b>	<b>(\$2.37) m</b>	<b>\$1.70 m</b>		<b>\$2.46 m</b>	
<b>Net earnings/(loss) per share (fully diluted)</b>	<b>(\$0.021)</b>	<b>\$0.022</b>		<b>\$0.022</b>	
<b>EBITDA<sup>1</sup></b>	<b>\$6.63 m</b>	<b>\$6.51 m</b>	<b>2%</b>	<b>\$6.73 m</b>	<b>(2%)</b>

“We don’t normally comment on foreign exchange rates of course, but given the unusually material impact on Q3, I felt it was appropriate this quarter because it’s somewhat challenging to understand the figures without it,” said Bill Wignall, President and CEO of Sangoma. “We sell almost exclusively in US dollars around the globe, and in that currency, total revenue was up by 5% this quarter over the same quarter last year. This growth is driven by our Services business continuing to grow well at 15% in US dollars this quarter compared to the same quarter last year. As a result, our Services revenue expanded to 57% of total sales this quarter, up from 52% in the same quarter of the prior year. Our year-to-date Services revenue has grown 30% compared to the same nine months last year. And this solid growth in Services is partially offset by our Product sales declining 5% in US dollars this quarter, for the reasons I’ve spoken about many times, and due to the tightening of global supply chain for electronic components this quarter. EBITDA was up to about 19% of revenue, and on a year-to-date basis, EBITDA has grown by approximately 31% over last year. Finally, despite the travel restrictions, I am very pleased with the engagement between the Star2Star and Sangoma team members, and the early integration progress. I look forward to reporting more on that after our fourth quarter, the first in which our companies have actually been together.”

Gross profit was \$23.24 million in the third quarter of fiscal 2021 delivering gross margin of approximately 66% of revenue, up slightly from last year.

Operating expenses at \$20.14 million in the third quarter of fiscal 2021 were in line with those of the third quarter of fiscal 2020.

EBITDA was \$6.63 million in the third quarter, up by about 2% versus the same quarter last year. This level of EBITDA is 19% of total sales this quarter, up from about 18% in the third quarter of fiscal 2020.

Net income for the third quarter ended March 31, 2021 included the estimated one-time \$4.74 million of expense associated with the Star2Star acquisition, resulting in a one-time net loss of \$2.37 million.

While there is little impact from the Star2Star acquisition on Sangoma’s income statement for this quarter as mentioned, the balance sheets have been combined as of March 31, and thus there are material changes to Sangoma’s balance sheet as of the end of our third quarter. Sangoma continues to maintain a strong balance sheet and finished the quarter with a cash balance of \$28.94 million as of March 31.

Adjusted Cash Flow from Operations<sup>1</sup> for the quarter was \$4.88 million, compared to \$3.71 million in the same quarter of fiscal 2020, and is not affected by the Star2Star acquisition. For the first 9 months of fiscal 2021 on a year-to-date basis, Sangoma generated Adjusted Cash Flow from Operations of \$15.11 million, was almost double the \$7.60 million in the same nine-month period last year, and already more than the \$15.01 million generated in the full fiscal year 2020.

## Outlook for fiscal year 2021

Sangoma is increasing its guidance for fiscal 2021 to approximately \$166 million for revenue and \$30 million of EBITDA. These estimates factor in a number of considerations, such as the inclusion of the Star2Star business from April 1 onwards, the ongoing material swing in foreign exchange rates making it somewhat challenging to forecast revenue in Canadian dollars, the effect of the covid-19 pandemic on Product sales, and the impact of the global supply chain on availability of certain components (requiring a modest, temporary increase in investment into parts and finished goods inventory, so as to minimize the impact of these shortages where possible).

## Conference Call

Bill Wignall (President and CEO), David Moore (CFO), John Tobia (EVP Corporate Development), and Larry Stock (Chief Corporate Officer) will host a conference call on Thursday May 20, 2021 at 5.30 pm EDT 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.

<sup>1</sup> Operating Income, EBITDA and Adjusted Cash Flow from Operations are metrics used by the Company to monitor its performance and definitions of these terms, as well as other important information on these results, may be found in the accompanying MD&A posted today at [www.sedar.com](http://www.sedar.com).

<sup>2</sup> Revenues in Canadian and US dollars for the fiscal third quarters of 2021 and 2020 are shown in the table below.

### Revenues for the three months ended March 31 in Canadian and United States dollars

	\$C Thousands			\$US Thousands	
	Q3 FY2021	Q3 FY2020	%	Q3 FY2021	Q3 FY20
Services	20,034	18,837	6%	15,825	13,1
Product	15,404	17,473	(12%)	12,167	12,1
Total	35,438	36,310	(2%)	27,992	26,1

## About Sangoma Technologies Corporation

Sangoma Technologies is a trusted leader in delivering value-based Communications as a Service (CaaS) solutions for businesses of all sizes. Sangoma's cloud-based Services include Unified Communication (UCaaS) business communications, Meetings as a Service (MaaS), Communications Platform as a Service (CPaaS), Trunking as a Service (TaaS), Fax as a Service (FaaS), Device as a Service (DaaS), and Access Control as a Service (ACaaS). In addition, Sangoma offers a full line of communications Products, including premise-based UC systems, a full line of desk phones and headsets, and a

complete connectivity suite (gateways/SBCs/telephony cards). Sangoma's products and services are used in leading UC, PBX, IVR, contact center, carrier networks, office productivity, and data communication applications worldwide. Sangoma is also the primary developer and sponsor of Asterisk and FreePBX, the world's two most widely used open source communication software projects.

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](http://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 (including in respect of IT and security enhancements being implemented in response to the cyber attack), statements relating to expected future production and cash flows, statements relating to the ongoing investigation into and actions being undertaken in response to the cyber attack and the anticipated impact on our business, 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. Such risks and uncertainties include, but are not limited to, the outcome of our ongoing investigation into the cyber attack, costs related to our investigation and any resulting liabilities, our ability to recover any proceeds under our insurance policies, and costs related to and the effectiveness of our mitigation and remediation efforts. 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 its management's discussion and analysis, annual information form and management

information circular relating the special meeting to approve the acquisition of StarBlue Inc. (each available on [www.sedar.com](http://www.sedar.com)) 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, 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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