



## NEWS RELEASE

### ***SANGOMA REPORTS Q4 AND FULL YEAR RESULTS FOR FISCAL 2020 Annual Revenue Grows by 20% while EBITDA Expands 75% to over \$21 million***

**MARKHAM, ONTARIO, October 20, 2020** – Sangoma Technologies Corporation (TSX VENTURE:STC), a trusted leader in delivering cloud-based Communications as a Service (“CaaS”) solutions for companies of all sizes, today announced highlights of its fourth quarter financial results and audited consolidated financial statements for the fiscal year ended June 30, 2020.

Sangoma’s annual revenue was a record \$131.4 million, 20% higher than in fiscal 2019, with fourth quarter sales up by 16% year-over-year as well. EBITDA exceeded guidance and was also a record at \$21.6 million in fiscal 2020, up 75% from last year.

	<b>Q4 FY2020</b>	<b>Q4 FY2019</b>	<b>Change</b>	<b>FY2020</b>	<b>FY2019</b>	<b>Change</b>
<b>Sales</b>	<b>\$34.82 m</b>	<b>\$30.07 m</b>	<b>16%</b>	<b>\$131.42 m</b>	<b>\$109.65 m</b>	<b>20%</b>
<b>Gross profit</b>	<b>\$22.64 m</b>	<b>\$18.66 m</b>	<b>21%</b>	<b>\$84.91 m</b>	<b>\$66.83 m</b>	<b>27%</b>
<b>Operating Expense</b>	<b>\$19.63 m</b>	<b>\$15.96 m</b>	<b>23%</b>	<b>\$74.77 m</b>	<b>\$59.78 m</b>	<b>25%</b>
<b>Operating Income<sup>1</sup></b>	<b>\$3.01 m</b>	<b>\$2.70 m</b>		<b>\$10.14 m</b>	<b>\$7.04 m</b>	
<b>Net income</b>	<b>\$2.63 m</b>	<b>\$1.74 m</b>		<b>\$3.90 m</b>	<b>\$1.54 m</b>	
<b>Net earnings per share (fully diluted)</b>	<b>\$0.035</b>	<b>\$0.032</b>		<b>\$0.054</b>	<b>\$0.028</b>	
<b>EBITDA<sup>1</sup></b>	<b>\$6.18 m</b>	<b>\$4.12 m</b>		<b>\$21.55 m</b>	<b>\$12.30 m</b>	

<sup>1</sup> 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](http://www.sedar.com).

“I am extremely pleased with the way Sangoma performed this year, especially given how very challenging it has been for everyone during the COVID-19 crisis,” said Bill Wignall, President and CEO of Sangoma. “It is truly gratifying to see the resilience of the business during times like these, by delivering a year with 20% revenue growth and with EBITDA expanding 75% to over \$20 million for the first time. While our fourth quarter revenue was slightly softer than our record third quarter, as expected due to the COVID-19 shutdowns, that is mostly in Product sales and its good to see Services revenue holding up, once again exceeding half our sales. Sangoma enters fiscal 2021 with a talented team, a robust business model, a broadening suite of cloud services, a very strong balance sheet, and a healthy acquisition pipeline. There is a lot to be proud of

at Sangoma, and I'd particularly like to thank our staff for their strength and commitment during this really difficult year. And I'd also like to express our gratitude to our customers and investors for the ongoing trust they put in Sangoma every day."

Gross profit was \$84.9 million in fiscal 2020, producing gross margin at 65% of revenue for the year, about 4 percentage points better than in 2019.

Operating expenses were \$74.8 million in 2020, up 25% from fiscal 2019, reflecting the additional expense consistent with the revenue growth.

EBITDA exceeded 16% of revenue this year and at \$21.6 million for fiscal 2020, was up from \$12.3 million in the prior year, and above the top end of guidance.

Net income for the year ended June 30, 2020 was \$3.9 million, more than double that of fiscal 2019.

Sangoma continues to maintain a strong balance sheet and finished the fiscal year with a cash balance of \$27.2 million, which was further supplemented by the \$75.6 million equity raise, net of costs, completed in July subsequent to year-end. Working capital closed at \$4.9 million as of June 30, and Adjusted Cash Flow from operations at \$15.0 million for the year was comfortably above the \$13.5 million generated in fiscal 2019.

### **Outlook for fiscal year 2021**

While there continues to be uncertainty regarding the ongoing impact of COVID-19 on business, Sangoma has taken multiple steps in an attempt to appropriately respond to that impact. As we committed to in our Business Update of August 13, Sangoma is today issuing guidance for its fiscal year 2021 that started on July 1, 2020. Revenue is expected to be between \$143 and \$147 million, and EBITDA is expected to be between \$24 and \$26 million for the year.

### **Conference Call**

President and CEO, Bill Wignall, Executive Vice President Corporate Development, John Tobia and CFO, David Moore will host a conference call on Tuesday October 20, 2020 at 5.30p.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 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), 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 deskphones 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, 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 its management's discussion and analysis and annual information form (both 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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