



NEWS RELEASE

SANGOMA REPORTS Q4 AND FULL YEAR RESULTS FOR FISCAL 2021 Annual revenue grows by 27% while Adjusted EBITDA grows 50% to over \$32 million

MARKHAM, ONTARIO, September 29, 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 fourth quarter financial results and audited consolidated financial statements for the fiscal year 2021 ended June 30, 2021.

As a reminder, Sangoma completed its acquisition of StarBlue Inc (dba as Star2Star Communications LLC “Star2Star”) on March 31, 2021. As a result, this fiscal fourth quarter is the first one in which the income statement includes the contribution from Star2Star sales and operations.

Sales for the fiscal year 2021, were a record \$167.34 million and were in line with the most recent business update of approximately \$167 million provided on July 29. Sales for the fourth quarter were \$61.55 million, up 77% over the same quarter last year, led by the Star2Star addition.

	Q4 FY2021	Q4 FY2020	Change	FY 2021	FY 2020	Change
Sales	\$61.55 m	\$34.82 m	77%	\$167.34 m	\$131.42 m	27%
Gross profit	\$44.08 m	\$22.64 m	95%	\$113.96 m	\$84.91 m	34%
Operating expense	\$46.42 m	\$19.63 m	136%	\$105.88 m	\$74.77 m	42%
Adjusted operating Income ¹	(\$2.34) m	\$3.01 m		\$8.08 m	\$10.14 m	
Net income	(\$1.57) m	\$2.63 m		\$0.77 m	\$3.90 m	
Net earnings/(loss) per share (fully diluted)	(\$0.007)	\$0.035		\$0.004	\$0.054	
Adjusted EBITDA ¹	\$12.09 m	\$6.18 m	96%	\$32.29 m	\$21.56 m	50%

“I am very pleased with Sangoma’s performance this year, especially given the fact that the Covid pandemic continued on throughout all of fiscal 2021, lasting much longer than many of us expected, when we started this financial year,” said Bill Wignall, President and CEO of Sangoma. “To finish such a year with revenue up 27% to over \$167 million

and to have closed the transformative acquisition of Star2Star during a period in which the teams could not even meet, is quite an accomplishment. It's been gratifying to see our long term focus on transitioning to recurring revenue streams paying off, with the quarterly percentage of revenue from our Services business exceeding 70% for the first time, as expected, reflecting the incorporation of Star2Star's cloud-native services. Adjusted EBITDA¹ finished the year very strongly at over \$30 million, up by about 50% over last year, comfortably exceeding guidance, and at around 19% of revenue, all very healthy signs indeed. It's been another exciting year for Sangoma, so I'd like to express my gratitude to our customers, partners and investors, for their ongoing support. And I'd also like to thank our great team of employees around the world, for their contributions and commitment during a challenging year that almost none of us could have anticipated."

Gross profit for the year was \$113.96 million, delivering gross margin at 68% of sales, up by 3 points over the 65% in fiscal 2020. And in the fourth quarter, gross profit was \$44.08 million, producing over 70% gross margin, an indication of our going forward run rate as a single Company.

Operating expenses were \$105.88 million for the fiscal year and \$46.42 million for the quarter, both up materially year-over-year, and with the fourth quarter also up sequentially over our third quarter. These increases in spending reflect investments in growth, the acquisition of Star2Star, and the additional amortization of the acquired Intangible Assets (which does not have a cash impact).

Adjusted EBITDA¹ was \$12.09 million in the fourth quarter, or just over 19% of revenue, bringing the total for the year to \$32.29 million. This annual figure is about 50% more than in fiscal 2020, above guidance of \$30 million, and consistent with our July 29 Business Update in which we indicated that we expected Sangoma to exceed such guidance.

Net income for the year ended June 30, 2021 was \$0.77 million reflecting the additional non-cash items, together with \$4.89 million of one-time expenses associated with the Star2Star acquisition.

Sangoma continues to maintain a strong balance sheet, finished the quarter with a cash balance of \$27.39 million on June 30, and remains comfortably within its debt covenants.

Sangoma generated \$24.66 million of Adjusted Cash Flow¹ from operations during the fiscal year ended June 30, 2021 compared to \$15.01 million in the fiscal year ended June 30, 2020 with \$9.55 million coming from the fourth quarter inclusive of Star2Star.

Outlook for fiscal year 2022

Financial results for fiscal 2021 (and all prior years) were reported in Canadian dollars. As communicated previously, and with the support of investors, Sangoma will start reporting in US dollars for fiscal 2022 (which started on July 1, 2021) and all subsequent

periods, to help reduce the effects of foreign exchange. As such, Sangoma changed to US dollars on July 1, 2021 and thus the Fiscal 22 guidance below, is also in US dollars, as will all future guidance.

In accordance with past practice, Sangoma is today issuing guidance for fiscal 2022, at the time we release final results for fiscal 2021. For the fiscal 2022 year, commencing on July 1, 2021, we expect revenue of between \$209 and \$213 million, and Adjusted EBITDA in a range of \$41 to \$43 million.

To help investors the table below shows the US equivalent of the fiscal 2021 results, as well as the guidance provided today for fiscal 2022, in US dollars.

<u>2022 Guidance</u>	<u>Fiscal 2021 Actuals</u>	<u>Fiscal 2021 Comparable</u>	<u>Fiscal</u>
	(in \$C, millions)	(in USD, millions)	(in
USD, millions)			
Revenue	\$167.3	\$131.4	
\$209 - \$213			
Adjusted EBITDA ¹	\$32.3	\$24.5	
\$41 - \$43			

¹ Adjusted Operating Income, Adjusted 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, including a quantitative reconciliation for Adjusted EBITDA to the most directly comparable measure specified, defined or determined under the issuer's GAAP, may be found in the accompanying MD&A posted today at www.sedar.com.

The above outlook is based on the Company's assessment of many material assumptions, including:

- The successful integration of the Star2Star business as planned and the underlying sales continue in a manner consistent with its business preceding the acquisition closing.
- The gradual subsiding and/or sustainable management of the COVID-19 pandemic and the continuing recovery of the global economy from the effects of COVID-19, including with respect to product sales during the fiscal year 2022.
- There is continuing growth in the global UCaaS and cloud communications markets more generally.
- Forecasted sales of approximately \$210 million in products and services being achieved in fiscal year 2022, which forecast was based on certain management assumptions, including continuing demand for the Company's products and services, no material increase to the Company's manufacturing, labour or shipping costs.
- Changes in global exchange rates do not disrupt demand for the Company's

Products and Services.

- The ability of the Company's customers to continue their business operations without any material impact on their requirements for the Company's Products and Services.
- The Company's forecasted revenue from its internal sales teams and via channel partners meets expectations.
- The ongoing capability of the Company to purchase the components required by the Corporation for the production of its products and no material escalation of price for such components during the fiscal year 2022.
- There is no material further increase to the Company's cost of good sold.
- The Company's manufacturers and supply chain deliver ongoing quantities of finished products on schedule, and no material escalation in the cost to ship the Company's products to its warehouses and to its customers during the fiscal year 2022.
- That the Company can continue to secure electronic components and parts to support a largely uninterrupted supply chain.
- That the Company is able to attract and keep the employees needed to maintain the current momentum.
- The continued ability for the Company's operations employees to work at the Company's internal and outsourced facilities.
- Other employees are able to work from home as required without any material impact on productivity.

Conference Call

Management will host a conference call on Thursday September 30, 2021 at 8.00 am EDT to discuss today's 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), 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.

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 the guidance for fiscal 2022 with respect to revenue and Adjusted EBITDA, 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) 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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